

City of Phoenix, Arizona Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Efficient delivery of outstanding public services

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Efficient Delivery of Outstanding Public Services

A mission statement defines what an organization is all about. It guides the actions of the organization and sets the framework for strategies that move decision-making forward. Phoenix's newly adopted mission statement does just that:

“To improve the quality of life in Phoenix through efficient delivery of outstanding public services.”

Our employees play a major role in a well-run organization that constantly strives for efficient delivery of outstanding public services. The challenge of spending less and creating a smaller, more efficient government has been met with new ideas and new ways of pursuing excellence.

The Water Services Department's Senior Water Quality Inspector Roger Vail works at the 91st Avenue Waste Water Treatment Plant. Employees at the plant perform multiple water quality control tests on a daily basis. Roger suggested measures to streamline a multiple step testing and analysis process. The plan received necessary regulatory approval and now is saving the city nearly \$100,000 a year.

Solid Waste Foreman Robert Martinez in the Public Works Department realized that cleaning up trash yards a bit could generate revenue. He started collecting scrap metal material from the various yards and created a bid process to sell the materials to a local metal recycler. The process generated \$25,000 from the first recycling event and is expected to generate additional revenue depending on the amount recycled.

There are stories like this throughout the organization; these are just a couple of examples that demonstrate the city's commitment to excellence and to innovation and efficiency. The organization, from the Mayor, City Council, city management, police officers, firefighters, librarians and more are all working together to accomplish our mission and provide the very best services to this great community.



City of Phoenix, Arizona



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

City Council

Greg Stanton, Mayor
Thelda Williams, District 1
Jim Waring, District 2
Bill Gates, District 3
Tom Simplot, District 4
Daniel Valenzuela, District 5
Sal DiCiccio, District 6
Michael Nowakowski, District 7
Michael Johnson, Vice Mayor, District 8

Administrative Staff

David Cavazos, City Manager

Prepared By

Finance Department
Jeff DeWitt, Chief Financial Officer



City of Phoenix

Comprehensive Annual Financial Report

Table of Contents

For the Fiscal Year Ended June 30, 2012

	<u>Exhibit</u>	<u>Page</u>
<u>Introductory Section</u>		
Letter of Transmittal		I
Certificate of Achievement for Excellence in Financial Reporting		VII
Organizational Chart		VIII
Council Members and District Boundaries		IX
<u>Financial Section</u>		
Independent Auditor's Report		1
Management's Discussion and Analysis (required supplementary information)		3
Basic Financial Statements		
<u>Government-Wide Financial Statements</u>		
Statement of Net Assets	A-1	13
Statement of Activities	A-2	14
<u>Fund Financial Statements</u>		
Governmental Fund Financial Statements		
Balance Sheet	B-1	18
Reconciliation of the Balance Sheet to the Statement of Net Assets	B-2	19
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	B-4	21
Budgetary Comparison Statement - General Fund	B-5	22
Budgetary Comparison Statements-Transit Special Revenue Fund		
Transit 2000	B-6	23
Transit Other Agency	B-7	24
Transit - Federal Transit Grants	B-8	25
Enterprise Fund Financial Statements		
Statement of Net Assets	B-9	26
Statement of Revenues, Expenses and Changes in Net Assets	B-10	28
Statement of Cash Flows	B-11	30
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Assets	B-12	32
Statement of Changes in Fiduciary Net Assets	B-13	33
<u>Notes to the Financial Statements</u>		35
<u>Required Supplementary Information</u>		93
Nonmajor Governmental Funds		
<u>Combining Fund Financial Statements</u>		
Fund Descriptions		95
Combining Balance Sheet	C-1	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	102

Table of Contents

For the Fiscal Year Ended June 30, 2012
(Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information		
<u>Nonmajor Governmental Funds - Budgetary Comparison Schedules</u>		
General Fund Schedule of Expenditures and Encumbrances	D-1	107
Excise Tax Special Revenue Fund	D-2	108
Highway User Revenue Special Revenue Fund	D-3	109
Municipal Court Awards Special Revenue Fund	D-4	110
Development Services Special Revenue Fund	D-5	111
Community Reinvestment Special Revenue Fund	D-6	112
Federal Operating Trust Grants Special Revenue Fund	D-7	113
Community Development Grants Special Revenue Fund	D-8	114
Human Services Grants Special Revenue Fund	D-9	115
Public Housing Special Revenue Fund	D-10	116
Public Housing Hope VI Grant Special Revenue Fund	D-11	117
Sports Facilities Special Revenue Fund	D-12	118
Capital Construction Special Revenue Fund	D-13	119
Parks and Preserves Special Revenue Fund	D-14	120
Other Restricted Special Revenue Funds	D-15	121
Neighborhood Protection Special Revenue Fund	D-16	122
Public Safety Enhancement Special Revenue Fund	D-17	123
Public Safety Expansion Special Revenue Fund	D-18	124
Regional Wireless Cooperative	D-19	125
Secondary Property Tax Debt Service Fund	D-20	126
City Improvement Debt Service Fund	D-21	127
<u>Enterprise Funds - Comparative Statements and Schedules</u>		
Aviation Enterprise Fund		
Comparative Statements of Net Assets	E-1	130
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-2	132
Comparative Statements of Cash Flows	E-3	133
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Aviation	E-4	134
Aviation Operating (Non-Pledged)	E-5	135
Phoenix Convention Center Enterprise Fund		
Comparative Statements of Net Assets	E-6	136
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-7	138
Comparative Statements of Cash Flows	E-8	139
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-9	140
Water System Enterprise Fund		
Comparative Statements of Net Assets	E-10	142
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-11	144
Comparative Statements of Cash Flows	E-12	145
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Water	E-13	146
Water - Val Vista	E-14	147

Table of Contents

For the Fiscal Year Ended June 30, 2012

(Continued)

	<u>Exhibit</u>	<u>Page</u>
Wastewater Enterprise Fund		
Comparative Statements of Net Assets	E-15	148
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-16	150
Comparative Statements of Cash Flows	E-17	151
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Wastewater	E-18	152
Wastewater - SROG	E-19	153
Solid Waste Enterprise Fund		
Comparative Statements of Net Assets	E-20	154
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-21	156
Comparative Statements of Cash Flows	E-22	157
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-23	158
Golf Courses Enterprise Fund		
Comparative Statements of Net Assets	E-24	160
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-25	162
Comparative Statements of Cash Flows	E-26	163
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-27	164
<u>Fiduciary Funds</u>		
Combining Statement of Fiduciary Net Assets	F-1	166
Combining Statement of Changes in Fiduciary Net Assets	F-2	170
Agency Fund - Combining Statement of Changes in Assets and Liabilities	F-3	172
<u>Component Units</u>		
Phoenix Housing Financing Corporations		
Combining Statement of Net Assets	G-1	176
Combining Statement of Revenues, Expenses and Changes in Net Assets	G-2	178
<u>Other Supporting Schedules</u>		
Summary of Operating Funds - Budget Basis	H-1	182
Summary of Capital Project Funds - Budget Basis	H-2	184
Capital Improvement Program - Expenditures and Encumbrances	H-3	188
Transfers To/From Other Funds	H-4	190
Budgetary Transfers - Budget Basis	H-5	192
Bonds and Certificates Payable	H-6	194
Debt Service Requirements		
General Obligation Bonds		
Limited to Six Percent of Assessed Valuation	H-7	195
Limited to Twenty Percent of Assessed Valuation	H-8	196
By Type of Security to Bondholders	H-9	198
By General Purpose of Assets Acquired	H-10	199
Bond Ratings	H-11	200

Table of Contents

For the Fiscal Year Ended June 30, 2012
(Continued)

Table **Page**

Statistical Section (Unaudited)

Financial Trends

Net Assets by Component	1	202
Changes in Net Assets	2	204
Fund Balances of Governmental Funds	3	210
Changes in Fund Balances of Governmental Funds	4	212
Tax Revenues by Source - Governmental Funds	5	216
Intergovernmental Revenues by Source - Governmental Funds	6	218

Revenue Capacity

City Transaction Privilege Taxes by Category	7	222
Direct and Overlapping Sales Tax Rates	8	224
City Transaction Privilege Taxpayers by Category	9	226
City Property Tax Levies and Collections	10	229
Property Tax Rates and Levies - Direct and Overlapping Governments	11	230
Property Tax Levies Applicable to Phoenix Property Owners	12	232
Secondary Assessed Valuation and Estimated True Valuation	13	234
Principal Property Taxpayers	14	236

Debt Capacity

Legal Debt Margin - General Obligation Bonds	15	238
Ratio of Debt Service Expenditures for General Bonded Debt to General Governmental Operating Expenditures	16	240
Revenue Bond Coverage	17	241
Ratio of Outstanding Debt by Type	18	243
Direct and Overlapping Bonded Debt per Capita	19	244
Direct and Overlapping Bonded Debt	20	245

Economic and Demographic Information

Demographic Statistics	21	247
Principal Employers	22	248

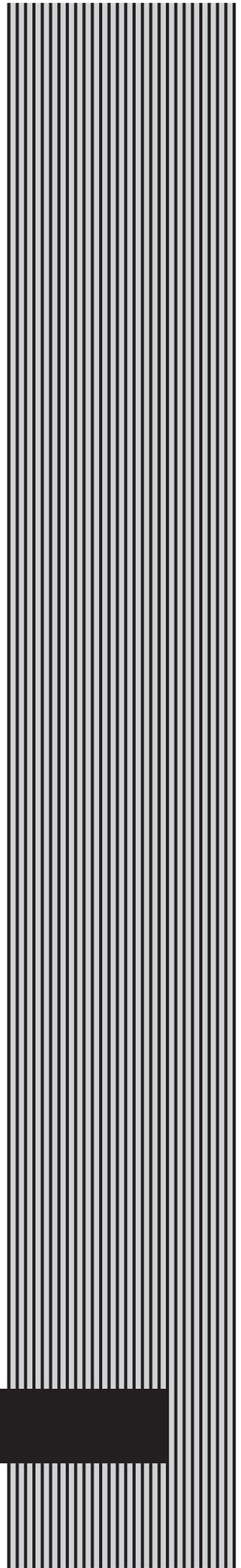
Operating Information

Statistical Profile	23	250
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Introductory Section

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





City of Phoenix

FINANCE DEPARTMENT
FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 21, 2012

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, 2012. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To provide a reasonable basis for making these representations, the City has established a comprehensive framework of internal controls 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 Grant Thornton LLP to perform the audit of the City's CAFR for fiscal year 2011-2012. 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 (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Grant Thornton 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 9th floor of 251 W. Washington Street, Phoenix, Arizona, 85003, or on the City's internet site: <http://phoenix.gov/citygovernment/financial/reports/singleaudit/index.html>.

City Profile

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

Phoenix is the sixth largest City in the United States, the state capital of Arizona, and the center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Goodyear, Tolleson, El Mirage, Surprise, Litchfield Park and Avondale; the towns of Buckeye and Gilbert; and all unincorporated areas of the County. Phoenix is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is widely known for; its mild winters, having over 300 days of sunshine a year, a variety of outdoor recreation activities, and its close proximity to the Grand Canyon National Park.

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

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,445,632. As of June 30, 2012, the City encompassed 519.20 square miles, with the City of Phoenix Development Services and Planning Department estimating the City's population at 1,464,405 making it the sixth most populous city in the United States.

Major employers of the Phoenix metropolitan area include the State of Arizona, Wal-Mart Stores, Inc., Banner Health Systems, City of Phoenix, Wells Fargo and Company, Apollo Group Inc., Maricopa County, Arizona State University, Bank of America and Intel Corporation.

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 fund, Secondary Property Tax Debt Service, City Improvement Debt Service and enterprise funds and several special revenue funds on a modified accrual basis plus encumbrances. The level of legal budget control is by fund, except 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 (reappropriated) 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

According to the National Bureau of Economic Research, the recession ended June 2009 and signs that the national economy is stabilizing are beginning to emerge. Phoenix continues to be an attractive place to live and work and has been one of the most rapidly growing metropolitan areas in the country in recent decades. Although the economic downturn severely affected Greater Phoenix, a recovery appears to have begun in terms of population, employment, affordable housing and retail sales. In response to changes to the economy, the City continues to implement policies and standards to; remain structurally balance, maintain or improve current service levels, and attract wealth generating companies.

The local economy was significantly impacted by the recession of 2007-2009 causing a decline in both population and jobs in the Phoenix area. However, from 2001 to 2011, population growth was 25.8% in the Phoenix area as compared to 9.3% for the U.S. For years 2001 through 2011, the Phoenix area unemployment rate has also been consistently been lower than the rate for the U.S. As of August 2012, the unemployment rate for the Phoenix area was 7.1% which is lower than the U.S. rate of 8.1%. The Phoenix area has a mix of service industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (52.6%); trade, transportation, and utilities (20.7%); government (13.6%); manufacturing (6.5%); and construction (4.8%); and information (1.6%); and natural resources and mining (0.2%).

Data produced by the National Association of Realtors, indicates that as of the first quarter of 2012 the U.S. median sales price for an existing single-family home was \$158,600 and the median sales price for a similar home in Greater Phoenix was \$129,900. The recent drop in home prices has made Phoenix housing very affordable compared to most other western cities including Los Angeles, San Diego, Denver, Albuquerque, and Seattle. While the decrease in home values has negative repercussions, affordable housing is expected to be a positive factor in Phoenix's emergence from the recent recession.

According to the W.P. Carey School of Business, Arizona State University, retail sales in the Phoenix area were up 7.6% in 2006, but declined 0.1% in 2007, 11.1% in 2008, 11.2% in 2009, and 0.7% in 2010. Retail sales then increased 11.3% in 2011. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.5% in 2012 and 7.0% in 2012.

The national and local economy has resulted in a decrease of assessed valuations and declining property taxes over the last few years. The City has continued to monitor these revenues closely and adjust budgets and bond programs accordingly. Property taxes declined from a total secondary assessed valuation at \$12.3 billion in fiscal year 2011-12 to \$10.8 billion in fiscal year 2012-13. This represents a 12.1% reduction from fiscal year 2011-12 values. The City's total property tax rate (primary and secondary) for fiscal year 2012-13 remains at \$1.82 per \$100 of assessed valuation. The City's general obligation bond property tax reserves of \$324 million as of June 30, 2012 and deferral of capital projects in the bond program allow the City to maintain the current property tax rate. During the period of August 2011 to August 2012, home prices in the Phoenix area have increased at an annual rate exceeding 18% per the S&P/Case-Shiller home price index. Recently, the Phoenix area had led the recovery by having the highest annual growth rate compared to other large cities according to the S&P Dow Jones Indices. This indicates the trend for assessed values will be positive in the future as the national and local economy recover.

The City's Excise Taxes, consisting primarily of City sales taxes, increased from \$689 million in fiscal year 2010-11 to \$721 million in fiscal year 2011-12. This is an increase of \$32 million or 4.6%. This increase was due to a slight improvement in the local economy.

The 2010-11 General Fund budget deficit of \$277.3 million was eliminated by implementing a two percent tax on food for home consumption, employee wage and benefit concessions, the elimination of approximately 593 positions, general fund program and service cuts, and department innovation and efficiency initiatives. The Phoenix City Manager created an Innovation and Efficiency (I&E) Task Force comprised of City staff and public members to explore, develop and implement innovative processes that would result in a more efficient delivery of City services. Since the inception, the I&E Task Force suggestions have produced over \$59.7 million in citywide savings in less than three years. The City has

eliminated 635 positions over the last two years and a new goal of \$100 million in savings has been set by the City Manager to be achieved by 2015.

Finally, the City of Phoenix has aggressively attracted new businesses during the downturn in the economy. The City along with the Greater Phoenix Economic Council, are working together to attract wealth generating companies from outside the region to Phoenix. Employers that have recently relocated their headquarters or major operations to Phoenix include Amazon, Cornerstone Service, Cosma Power Systems, DIRTT Environmental Solutions, Faist Green Tek, Genco ATC, i/o Data Centers and OMCO Solar. The long term outlook remains positive for the metropolitan Phoenix area due to expectations that strong population and employment growth will resume, and will continue through the next two decades.

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 fiscal year (3+9) and information is updated after the seventh month of the fiscal year (7+5). The budget process also includes input from the departments, the City Manager's Office, City Council, and citizens including numerous community budget hearings. 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 and 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 as part of their annual rate review process. The City Council reviews the financial plans and the associated rates necessary to support the enterprise funds and their capital programs for the upcoming year.

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

Major Initiatives and Awards

The City of Phoenix was the recipient of the National Civic League's All-America City award in June 2009. This is the fifth time the City has earned the recognition, and won the award for its collaborative projects that involve the community and address critical issues. The City highlighted the newly developed urban education campuses (Arizona State University Downtown Phoenix Campus and Phoenix Biomedical Campus), the Phoenix Parks and Preserve Initiative and the innovative library teen spaces. Phoenix previously won the All-America City Award in 1950, 1958, 1980 and 1989. It is the country's most prestigious community recognition award, honoring communities of all sizes for collaborative projects addressing critical issues.

In November 2012, it was announced that Phoenix has been selected as a finalist for the Bloomberg Philanthropies' Mayors Challenge, a competition created to inspire American cities to generate innovative ideas that solve major challenges and improve city life. Phoenix was selected based on its innovation idea to transform Phoenix into the Smartest Energy City in the World by creating community-driven "smart-energy districts". Phoenix will now compete against 19 other cities across the country for the \$5 million grand prize as well as one of four additional prizes of \$1 million each. Winners will be announced in spring 2013.

In October 2012, the City of Phoenix Human Services Department received the Engineering News-Record (ENR) Best 2012 Projects award for the construction of the new Helen Drake Senior Center. The new 12,766 square-foot center is built in a residential neighborhood, replacing its previous home in an outdated local strip mall. The new facility creates a safe accessible, warm and comfortable environment not only for seniors but also for everyone. The Helen Drake Senior Center was one of the projects recognized and was awarded the Best Small Project under \$10 million.

In April 2012, the City of Phoenix received an Outstanding Achievement in Innovation Award from the Alliance for Innovation, a nonprofit organization that promotes innovation among local governments. Phoenix was recognized for its Innovation and Efficiency Task Force, which consisted of members of the public and city staff. More than 70 cities and local government agencies applied for the innovation awards.

In March 2012, the Sunshine Review, a non-profit organization dedicated to state and local government transparency recognized phoenix.gov with a 2011 Sunny Award for exceeding transparency standards for the content it provides to residents. This is the third year in a row Phoenix has received the award.

One of the City's largest projects is the PHX Sky Train which is an automated people mover designed to carry over 35 million riders annually through five stations at Sky Harbor International Airport (Sky Harbor) along a guideway spanning approximately five miles. Stage one of the PHX Sky Train will connect Phoenix's light rail system, Sky Harbor's east economy parking garages and Terminal 4, which serves 80% of Sky Harbor's passengers. Stage one has a budget of approximately \$644 million and is expected to be completed in early 2013. Stage 1a, Terminal 3 Line Extension will run from Terminal 4 to Terminal 3 with a walkway to Terminal 2. Stage 1a has a budget of \$240 million and is expected to be completed in 2015. Future stages will extend the PHX Sky Train to the Rental Car Center.

CityScape is a 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and includes restaurants, a grocery store, offices, and outdoor event space. The project encompasses two blocks in downtown Phoenix and is one block from the US Airways Center and is within two blocks of Chase Field. Construction on CityScape began in the fall of 2007 and the first phase opened in March 2010. The first phase includes 660,000 square feet of Class A office space, 186,000 square feet of retail, 1,300 parking spaces and the redevelopment of Patriot's Square Park. The next phase included construction of a 242 room Palomar hotel that commenced construction in February 2011 and was completed June 2012. The final phases of the project will be built out over several years based on market demand.

In May 2011, the City of Phoenix Housing Department was awarded \$20 million grant for the revitalization of the Frank Luke Addition Community public housing project and to construct new energy efficient housing with a total of 456 rental units. The grant funding is part of \$153 million awarded to eight public housing agencies across the country through HUD's HOPE VI Revitalization Program to transform severely distressed public housing into mixed-income communities.

A major effort initiated by the City Manager and approved by the Mayor and City Council to ensure City government is operating as efficiently as possible was the creation of the Innovation and Efficiency Task Force. The task force, initiated by the City Manager in December 2009, is comprised of private sector members appointed by the Mayor and City Council, and City staff. The objective of the task force is to explore, develop and implement innovative processes that will result in a more efficient delivery of City services and maximize the use of limited taxpayer dollars. Highlights of the recent I&E Task Force accomplishments include:

- Organizational Review – the third year of City departments looking closely at organization structure and operations has resulted in removal of supervisory layers, increased span of control and the elimination of management positions.
- Rightsourcing – Citywide outsourcing levels for FY 2011-12 totaled about \$477 million which is a 38% increase from five years earlier resulting in \$9.9 million in savings
- Same-day garbage and recycling resulting in savings of \$2.3 million

- Water efficiencies resulting in \$9 million in annual savings
- Employee Suggestion programs resulting in savings of \$3.4 million
- Marketing Partnership Program – The new program to establish mutually beneficial business partnerships generating more than \$340,000 for the general fund to date.

The recent reductions and efficiency savings have resulted in a structurally balanced budget for fiscal year 2012-13. The Task Force will continue to explore technology as an important tool in efforts to innovate and better position the City for a strong future.

During the economic downturn the City was able to maintain its high quality credit ratings on General Obligation, Excise Tax, Water Revenue, Sewer Revenue and General Airport Revenue Bonds. These high quality credit ratings provided an opportunity to favorably refinance Excise Tax Revenue Bonds in fiscal year 2010-11 and will provide additional opportunities in the future. The City also provides critical information about City finances on an investor website at www.phoenix.gov/finance/investor. This site provides historical and investment information about the City's various credits. To see a listing of all Bond Ratings for the City of Phoenix, please refer to page 200.

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, 2011. 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 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. The CAFR for fiscal year ended June 30, 2012 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements.

The component unit financial report for COPERS for the year ended June 30, 2011 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

Acknowledgements

I want to thank the staff of the Finance Department for their efforts in preparing this report and all City departments for their cooperation and assistance throughout the past year. I also want to thank the City Manager and his staff, and the Mayor and City Council in providing leadership and taking necessary actions to continue a standard of financial excellence for the City.

Respectfully submitted,



Jeff DeWitt
Chief Financial Officer

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, 2011

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.

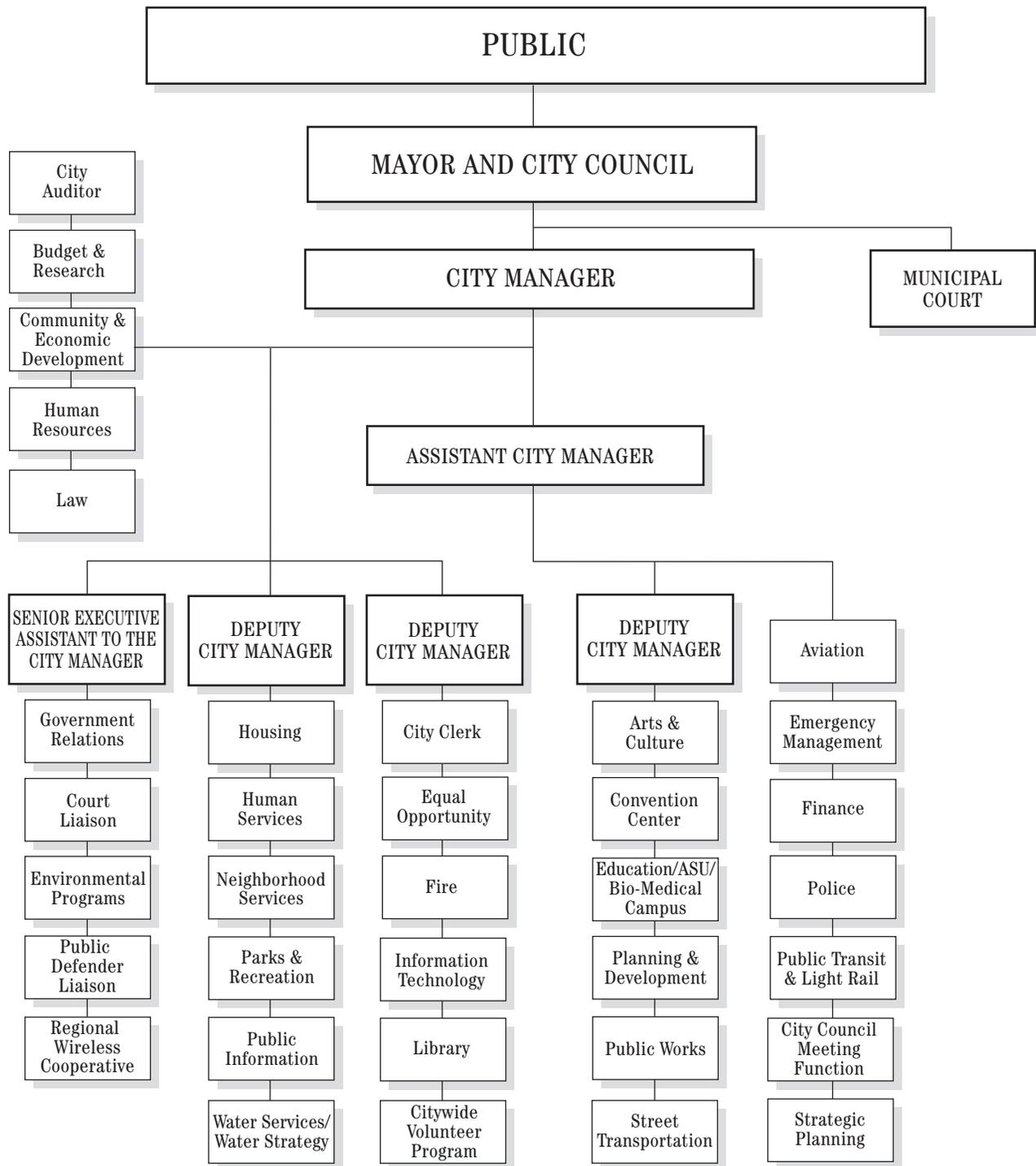


Linda C. Davison

President

Jeffrey R. Emery

Executive Director



Note: Interim organization chart pending national recruitment for two vacant Deputy City Manager positions.

City of Phoenix Council members and district boundaries



Mayor Greg Stanton
602-262-7111
mayor.stanton@phoenix.gov



Thelda Williams
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Jim Waring
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Bill Gates
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Tom Simplot
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Sal DiCiccio
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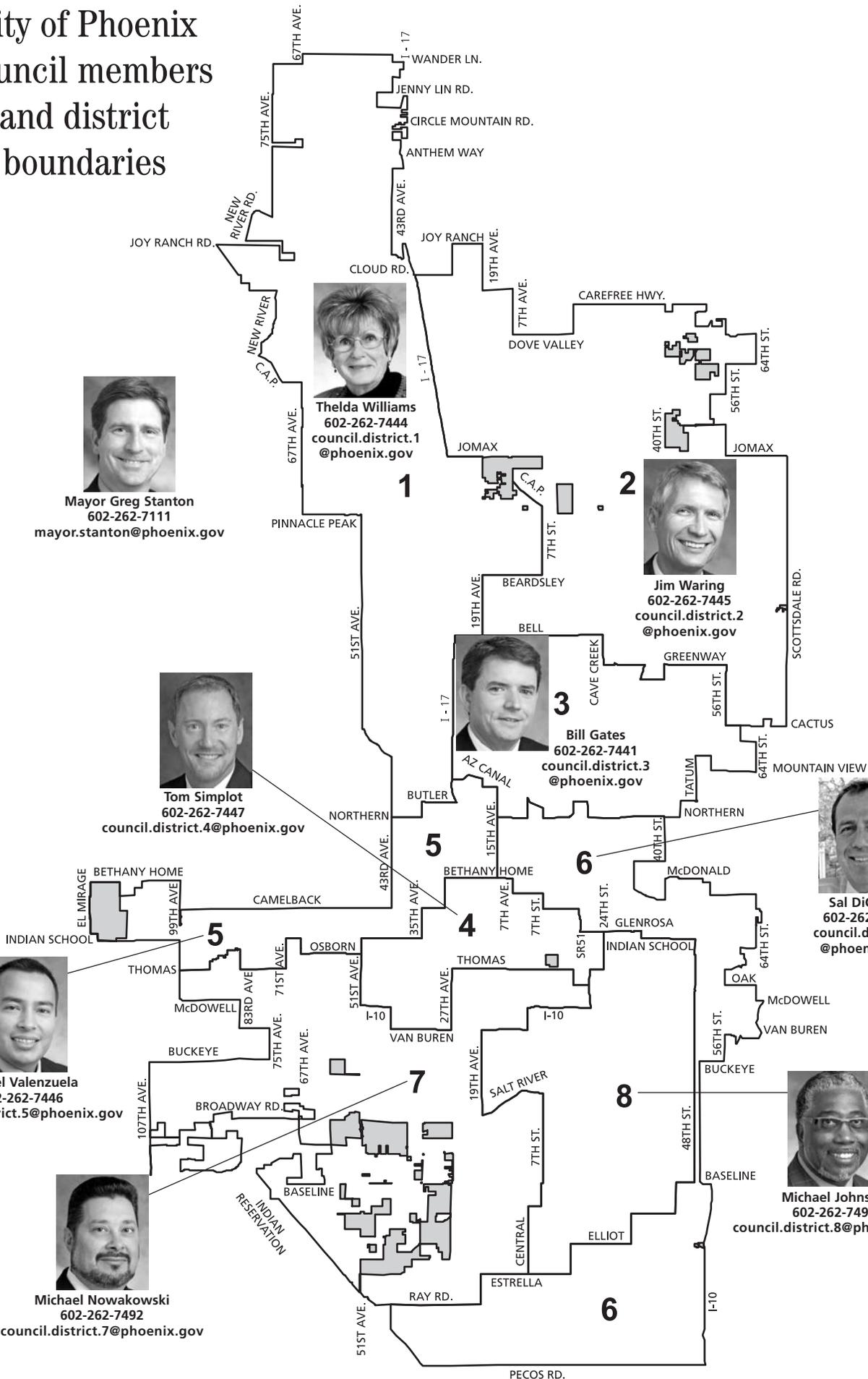
Daniel Valenzuela
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Michael Johnson
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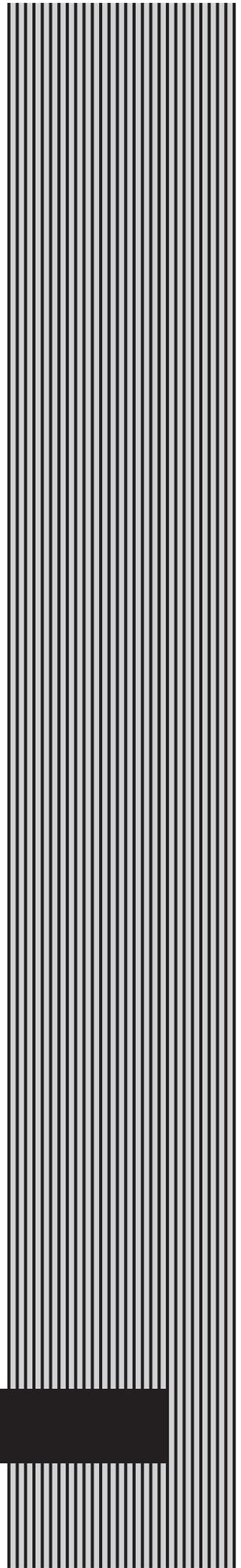


City of Phoenix

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Financial Section

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





Report of Independent Certified Public Accountants

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

Grant Thornton LLP
2398 E Camelback Road, Suite 600
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We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2012, 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 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 established by the American Institute of Certified Public Accountants 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the transit special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the City's internal control over financial reporting and on 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 effectiveness of the City's 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress on pages 3 through 12 and 93, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The non-major governmental funds and other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section and the statistical section are presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

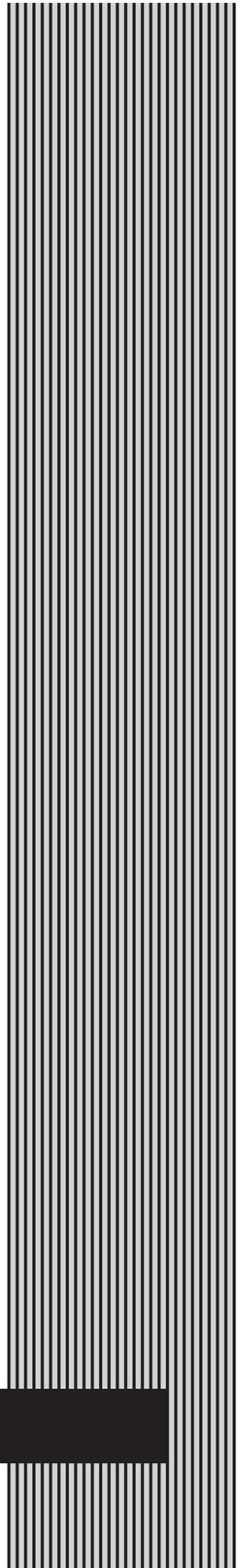
GRANT THORNTON LLP

Phoenix, Arizona
December 21, 2012

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Financial Section

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



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2012. Readers are encouraged to consider this overview and analysis in combination with the traditional transmittal letter that can be found on pages I – VI of this report.

FINANCIAL HIGHLIGHTS

- On the Government-Wide Financial Statements, total assets of the City exceeded its total liabilities at the close of the fiscal year by \$8.5 billion (net assets). Of this amount, \$1.8 billion (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. The Government-Wide Financial Statements report the City and its component units as a whole.
- On the Government-Wide Financial Statements, the City's total net assets remained stable with a slight decrease of \$105 thousand which is less than 0.01 percent as compared to fiscal year ended June 30, 2011.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.5 billion, a decrease of \$16.1 million from last fiscal year. Approximately 28.4 percent of the total governmental fund balance amount, or \$412.9 million, is designated by the City as committed, assigned and unassigned. The remaining 71.6 percent or \$1,042.1 million is designated as non-spendable or restricted. See Note 3 on page 47 for a detailed description of fund balance classifications per GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1) Basic Financial Statements - Government-Wide Financial Statements

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

The *Statement of Net Assets*, Exhibit A-1, presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of changes in the City's financial position.

The *Statement of Activities*, Exhibit A-2, presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. This is the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net Assets and the Statement of Activities divide the functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, Phoenix Convention Center, water services, wastewater services, solid waste and golf courses. In addition, financial information is also presented for the City's

discretely presented component units, the Downtown Phoenix Hotel Corporation and the Phoenix Housing Finance Corporations. See Note 1 on page 35 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, 2012.

Net Assets. As noted above, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets, the amount by which assets exceeded liabilities, were \$8.5 billion at the close of the fiscal year.

The largest portion of the City's net assets (\$5.3 billion or 62.1 percent) reflects its investments in capital assets, e.g., land, buildings, improvements, 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.

**City of Phoenix
Net Assets
as of June 30
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,629,906	\$ 2,676,046	\$ 2,316,949	\$ 2,405,700	\$ 4,946,855	\$ 5,081,746
Capital assets	<u>4,672,088</u>	<u>4,655,082</u>	<u>7,124,376</u>	<u>6,994,038</u>	<u>11,796,464</u>	<u>11,649,120</u>
Total assets	<u>7,301,994</u>	<u>7,331,128</u>	<u>9,441,325</u>	<u>9,399,738</u>	<u>16,743,319</u>	<u>16,730,866</u>
Other Liabilities	274,974	288,833	574,854	472,353	849,828	761,186
Long-term liabilities outstanding	<u>2,618,211</u>	<u>2,595,175</u>	<u>4,765,924</u>	<u>4,865,044</u>	<u>7,384,135</u>	<u>7,460,219</u>
Total liabilities	<u>2,893,185</u>	<u>2,884,008</u>	<u>5,340,778</u>	<u>5,337,397</u>	<u>8,233,963</u>	<u>8,221,405</u>
Net assets:						
Invested in capital assets, net of related debt	2,313,680	2,325,050	2,968,536	2,992,285	5,282,216	5,317,335
Restricted	1,233,603	1,017,009	188,682	187,755	1,422,285	1,204,764
Unrestricted	<u>861,526</u>	<u>1,105,061</u>	<u>943,329</u>	<u>882,301</u>	<u>1,804,855</u>	<u>1,987,362</u>
Total net assets	<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>	<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>	<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>

The *restricted* portion of the City's net assets (\$1.4 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* (\$1.8 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, 2012, was \$11.8 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$147.3 million, an increase of \$17.0 million for Governmental Activities and an increase of \$130.3 million for Business-Type Activities.

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

- Design and construction related to the Sky Harbor Sky Train valued at \$178.6 million.
- Various street and storm sewer projects throughout the City valued at \$84.5 million.
- New and replacement water and sewer mains throughout the City valued at \$69.4 million.
- Design and construction at various water treatment facilities valued at \$47.3 million.
- Acquisition of parks and preserve land valued at \$36.4 million.
- Construction and maintenance of Sky Harbor and Goodyear Airports runways, taxiways and aprons valued at \$18.4 million.
- Land acquisition by the Aviation Department valued at \$15.9 million.
- Sky Harbor security improvements at \$13.9 million.

The following table provides a listing of the capital assets, net of accumulated depreciation.

City of Phoenix Capital Assets (net of depreciation) as of June 30 (in thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,214,704	\$ 1,195,836	\$ 715,122	\$ 729,235	\$ 1,929,826	1,925,071
Artwork	6,191	5,980	8,341	8,332	14,532	14,312
Construction-in-Progress	205,626	255,476	1,106,321	1,002,157	1,311,947	1,257,633
Buildings	920,976	915,815	1,645,454	1,695,335	2,566,430	\$ 2,611,150
Improvements	253,576	249,952	1,907,061	1,816,663	2,160,637	2,066,615
Infrastructure	1,808,597	1,753,122	1,097,897	1,069,410	2,906,494	2,822,532
Equipment	239,658	255,314	495,297	510,475	734,955	765,789
Intangible Assets	22,760	23,587	148,883	162,431	171,643	186,018
Total	\$ 4,672,088	\$ 4,655,082	\$ 7,124,376	\$ 6,994,038	\$ 11,796,464	\$ 11,649,120

Additional information regarding the City's capital assets can be found in Note 9 to the financial statements.

Long-term Liabilities. The City had total long-term liabilities or obligations of \$7.4 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 \$1.6 billion, while municipal corporation obligations account for \$5.4 billion and certificates of participation account for \$27.2 million of the total. Revenue bonds total \$24.4 million and an additional \$0.2 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 the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's net secondary assessed valuation.

The City's available debt margin at June 30, 2012 was \$602 million in the 6% capacity and \$953 million in the 20% capacity. Additional information regarding the debt limitations and capacities can be found in Note 12 to the financial statements and also in Table 15 in the statistical section.

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	
	2012	2011	2012	2011	2012	2011
General obligation bonds, net	\$ 1,529,586	\$ 1,462,234	\$ 80,360	\$ 91,442	\$ 1,609,946	\$ 1,553,676
Revenue bonds	5,875	12,141	18,560	17,896	24,435	30,037
Certificates of Participation, net	27,183	27,241	-	-	27,183	27,241
Municipal Corporation						
Obligations, net	795,564	828,157	4,561,336	4,649,759	5,356,900	5,477,916
Special assessment bonds	200	259	-	-	200	259
Insurance claims payable	92,242	103,543	-	-	92,242	103,543
Compensated absences	140,828	137,177	20,597	20,064	161,425	157,241
Landfill Closure/Post-closure costs	-	-	71,116	71,274	71,116	71,274
Pollution Remediation	24,432	22,000	13,955	14,437	38,387	36,437
Other	2,301	2,423	-	172	2,301	2,595
Total	\$ 2,618,211	\$ 2,595,175	\$ 4,765,924	\$ 4,865,044	\$ 7,384,135	\$ 7,460,219

The City's total long-term obligations decreased by \$76.1 million during the fiscal year just ended, which represents a decrease of 1.0 percent. Although total long-term obligations decreased, long-term obligations for governmental activities increased by \$23.0 million. In June, 2012, the City issued \$120 million of new general obligation bonds to finance various capital requirements and \$176 million of general obligation refunding bonds to refinance and restructure existing bonds. Additionally, in fiscal year 2012, the Civic Improvement Corporation issued \$352 million of refunding bonds used to refinance and restructure existing water, wastewater and excise tax bonds. The City maintains the following ratings on its general obligation debt: "AAA" from Standard & Poor's and "Aa1" from Moody's Investors Service. Both Standard & Poor's and Moody's Investors Service list the City's outlook as "Stable".

Further detail pertaining to the City's long-term obligations is available in Note 10 to the financial statements.

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

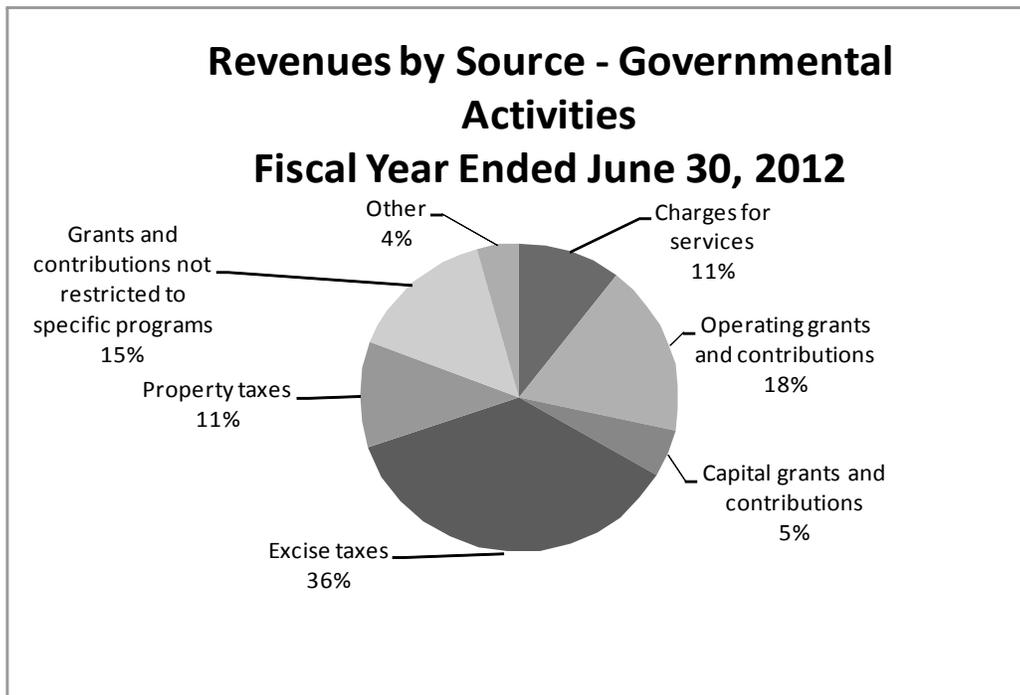
**City of Phoenix
Changes in Net Assets
For the year ended June 30
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 207,176	\$ 197,479	\$ 1,059,368	\$ 1,031,375	\$ 1,266,544	\$ 1,228,854
Grants and contributions						
Operating	358,692	400,525	-	-	358,692	400,525
Capital	101,019	191,856	173,149	184,019	274,168	375,875
General revenues						
Excise taxes	722,998	690,687	-	-	722,998	690,687
Other taxes	221,390	280,238	-	-	221,390	280,238
Grants/contributions not restricted to specific programs	297,342	299,593	-	-	297,342	299,593
Other	85,068	83,374	7,585	9,019	92,653	92,393
Total revenues	<u>1,993,685</u>	<u>2,143,752</u>	<u>1,240,102</u>	<u>1,224,413</u>	<u>3,233,787</u>	<u>3,368,165</u>
Expenses						
General government	88,178	76,270	-	-	88,178	76,270
Criminal justice	35,703	36,345	-	-	35,703	36,345
Public safety	850,636	847,244	-	-	850,636	847,244
Transportation	421,680	416,344	-	-	421,680	416,344
Community enrichment	245,713	245,417	-	-	245,713	245,417
Community development	218,847	229,902	-	-	218,847	229,902
Environmental services	42,326	39,003	-	-	42,326	39,003
Interest on long-term debt	109,412	95,462	-	-	109,412	95,462
Aviation	-	-	435,675	439,911	435,675	439,911
Phoenix Convention Center	-	-	103,420	127,569	103,420	127,569
Water services	-	-	361,751	329,457	361,751	329,457
Wastewater services	-	-	178,258	179,466	178,258	179,466
Solid waste	-	-	133,414	133,118	133,414	133,118
Golf courses	-	-	8,879	8,790	8,879	8,790
Total expenses	<u>2,012,495</u>	<u>1,985,987</u>	<u>1,221,397</u>	<u>1,218,311</u>	<u>3,233,892</u>	<u>3,204,298</u>
Increase/(Decrease) in net assets before transfers	(18,810)	157,765	18,705	6,102	(105)	163,867
Transfers	(19,501)	(39,512)	19,501	39,512	-	-
Increase/(Decrease) in net assets	(38,311)	118,253	38,206	45,614	(105)	163,867
Net Assets - July 1	<u>4,447,120</u>	<u>4,328,867</u>	<u>4,062,341</u>	<u>4,016,727</u>	<u>8,509,461</u>	<u>8,345,594</u>
Net Assets - June 30	<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>	<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>	<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>

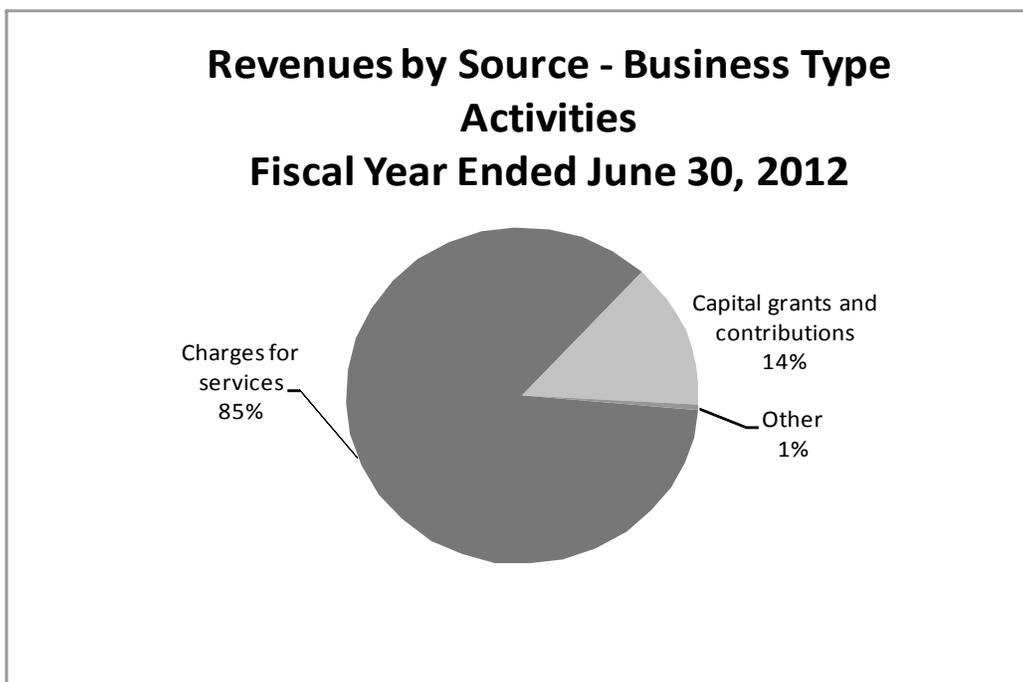
As shown above, Total Government net assets decreased by \$105 thousand. Governmental Activities decreased the City's net assets by \$38.3 million, this was partially offset by an increase in the City's net assets from Business-Type Activities of \$38.2 million.

During fiscal year ended 2012, excise tax revenues and charges for services increased by 4.6 and 3.1 percent, respectively due to continued growth in the economy. However, due to lag time in the calculation both property taxes and state-shared revenues decreased reflecting the previous decline in the economy. Additionally, operating and capital grants decreased by 18.4 percent due to the slowing of the stimulus program. Total expenses increased by less than 1 percent due to continued cost cutting measures from innovation and efficiency efforts, including employee wage and benefit concessions.

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



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 36 percent of the total. Additional information about tax revenues is presented in Table 5 in the Statistical Section.



As shown in this chart, charges for services account for the majority of the Business-Type Activities revenues, which is to be expected for these types of activities.

2) Basic Financial Statements - Fund Financial Statements

The Fund Financial Statements are presented in Exhibits B-1 through B-13 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-8), Enterprise Funds (Exhibits B-9 through B-11) and Fiduciary Funds (Exhibits B-12 and B-13).

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 inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year, which is the modified accrual basis of accounting. 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-five 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, Transit Special Revenue Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under Governmental Accounting Standards Board (GASB) Statement No. 34. Data from the other twenty-two Governmental Funds are combined into a single, aggregated presentation as Non-major Governmental Funds. 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 budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-8) 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-9 through B-11 on pages 26-31) 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-8 on pages 18-25) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented separately 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, 2012
(in thousands)

	Fund Balances June 30, 2011	Net Change in Fund Balances	Fund Balances June 30, 2012
General Fund	\$ 307,715	\$ (3,303)	\$ 304,412
Transit Special Revenue Fund	219,670	37,177	256,847
G.O./Secondary Property Tax	336,696	(12,621)	324,075
Nonmajor Governmental	<u>607,083</u>	<u>(37,362)</u>	<u>569,721</u>
Total	<u>\$ 1,471,164</u>	<u>\$ (16,109)</u>	<u>\$ 1,455,055</u>
Total Nonspendable	\$ 22,770	\$ (1,522)	\$ 21,248
Spendable - Restricted	1,017,009	3,859	1,020,868
Spendable - (Committed, Assigned, Unassigned)	<u>431,385</u>	<u>(18,446)</u>	<u>412,939</u>
Total Governmental Balances	<u>\$ 1,471,164</u>	<u>\$ (16,109)</u>	<u>\$ 1,455,055</u>

Note: See Exhibit B-1 on page 18 and Note 3 on page 47 for detailed information on fund balances.

As shown in the above table, at the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.5 billion, a decrease of \$16.1 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.5 percent of this amount, or \$1.4 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$412.9 million available at the City's discretion and has been categorized as committed, assigned or unassigned. Examples include the General Fund, Insurance Claims, Sports Facilities and Community Development funds. The remaining 71.6 percent or \$1,042.1 million is designated as non-spendable or restricted. Examples of restricted fund balances are mostly Debt Service Reserve funds, Special Revenue funds and Capital Projects funds. Non-spendable funds include inventory and prepaid items. See Note 3 on page 47 for a detailed description of fund balance classifications per GASB Statement No. 54.

The General Fund is the main operating fund of the City and accounts for many of the major functions of the government including general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. As presented in the table above, the General Fund balance decreased by \$3.3 million. This decrease in fund balance was primarily due to increased expenditures relating to the restoration of City services.

The Transit Special Revenue Fund accounts for the voter approved excise taxes dedicated to the construction, operation and maintenance of the public transit system. The fund balance increased by \$37.1 million. This fund balance is expected to decrease as construction of the next phase of the Light Rail System begins.

The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund decreased by \$12.6 million. This decrease was due to the planned use of the fund balance to pay for general obligation debt service while maintaining current property tax rates.

The nonmajor governmental funds, consisting of the special revenue, capital projects and debt service funds, had a combined decrease in fund balance of \$37.4 million. The decrease is primarily due to decreased revenues from the Highway User Revenue Fund and a decrease in the fund balance for the Public Safety Enhancement Fund. The City has implemented a plan to balance the Public Safety Enhancement Fund by fiscal year 2015-16.

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 (RSI) after the Notes to the Financial Statements. The City has chosen to present the General Fund budgetary statement (Exhibit B-5), and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-8) in the Basic Financial Statements. The following table summarizes Exhibit B-5.

**City of Phoenix
General Fund
Budgetary Comparison Statement
Fiscal Year Ended June 30, 2012
(in thousands)**

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 297,710	\$ 300,186	\$ 2,476
Expenditures and Encumbrances	<u>1,072,448</u>	<u>995,771</u>	<u>76,677</u>
Deficiency of Revenues Under Expenditures and Encumbrances	(774,738)	(695,585)	79,153
Other Financing Sources (Uses)	<u>704,485</u>	<u>695,487</u>	<u>(8,998)</u>
Net Change in Fund Balance	<u>\$ (70,253)</u>	<u>(98)</u>	<u>\$ 70,155</u>
Fund Balance July 1		<u>92,908</u>	
Fund Balance June 30		<u>\$ 92,810</u>	

The total revenues in the General Fund were within one percent of the final amended budget and total expenditures were less than the final amended budget. The final amended general fund budget projected fiscal year expenditures of \$1.1 billion. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2012, were \$995.8 million which is \$76.7 million less than the amended budget (see Exhibit B-5). The actual general fund expenditures reflect department efficiencies, service cuts and controlling costs during the fiscal year.

Enterprise Funds. The Enterprise Fund Financial Statements (Exhibits B-9 through B-11) 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-9 and B-10.

**City of Phoenix
Changes in Enterprise Fund Net Assets
Fiscal Year Ended June 30, 2012
(in thousands)**

	Net Assets July 1, 2011	Change in Net Assets	Net Assets June 30, 2012
Aviation	\$ 1,770,001	\$ 19,612	\$ 1,789,613
Phoenix Convention Center	176,851	(46,725)	130,126
Water System	1,272,025	20,479	1,292,504
Wastewater	812,770	36,636	849,406
Solid Waste	31,260	10,074	41,334
Golf Courses	<u>(566)</u>	<u>(1,870)</u>	<u>(2,436)</u>
Total	<u>\$ 4,062,341</u>	<u>\$ 38,206</u>	<u>\$ 4,100,547</u>

As shown in the table, Net Assets for the Enterprise Funds increased in total by \$38.2 million during the fiscal year. Aviation, the Water System and the Wastewater System comprised the majority of this total with increases of \$76.7 million offset by a decrease in Phoenix Convention Center of \$46.7 million. The increases were due to increased revenues combined with continued efficiency efforts and debt restructuring. The decline in net assets for the Phoenix Convention Center reflects the decreased sales tax revenues committed to the Convention Center, particularly tourism and construction contracting taxes. The Aviation, Water, and Wastewater System Funds comprise 95.9 percent (\$1.8 billion, \$1.3 billion, and \$849.4 million respectively) of the total Enterprise Fund Net Assets at June 30, 2012.

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 Basic Financial Statements can be found beginning on page 35 of this report. Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 19 and Note 20 to the financial statements, and as required supplemental information.

ECONOMIC FACTORS

- The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,445,632 which is a 47.0% change. As of June 30, 2012, the City encompasses 519.2 square miles and has an estimated population of 1,464,405.
- Since the most recent expansion began in June 2009 through December 2011, Phoenix-Mesa-Glendale Metropolitan Statistical Area employment increased 2.9% compared to 1.1% nationally. Employment statistics indicate signs of the economy stabilizing and slow steady growth.
- Following several years of robust growth, the City's property tax base decreased in 2012 due to the downturn in the national economy and the overbuilding that occurred in the real estate sector during the mid 2000's. The 2012 total secondary assessed valuation is \$10.8 billion, which represents 12.1 percent reduction from 2011 assessed value of \$12.3 billion.
- During the period of August 2011 to August 2012, home prices in the Phoenix area have increased at an annual rate exceeding 18% per the S&P/Case-Shiller home price index. This indicates a gradual trend upward for assessed values of single family homes. Recently, the Phoenix area had led the recovery by having the highest annual growth rate compared to other large cities according to the S&P Dow Jones Indices.
- Arizona was the second-fastest growing state over the past decade, even though population growth decreased during the recent recession. Low mobility rates will limit Arizona's growth for a few more years, but it is forecasted growth will return to more historical levels by mid-decade. Over the next 30 years, it is forecasted Arizona will add 3.7 million residents of which 3.1 million will be in the Phoenix area according to Marshall J. Vest of University of Arizona's Eller College of Management.

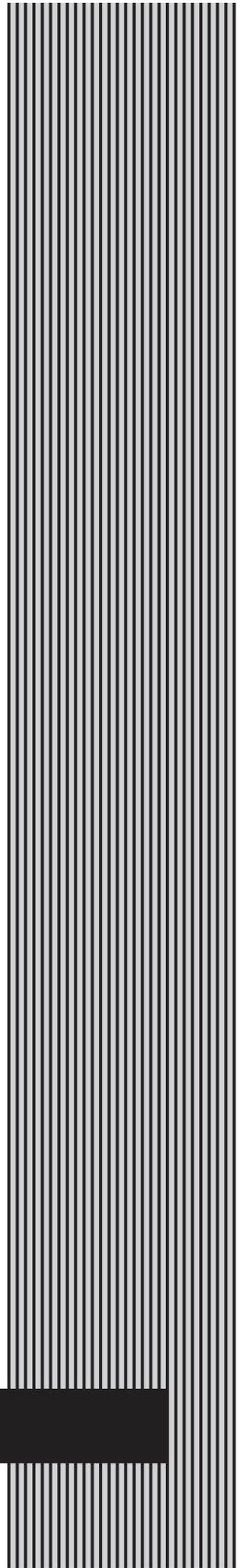
REQUESTS FOR FINANCIAL INFORMATION

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.

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Financial Section

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



City of Phoenix, Arizona
Government-Wide Financial Statements

Exhibit A-1

Statement of Net Assets

June 30, 2012

(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations
ASSETS					
Cash and Cash Equivalents	\$ 384,887	\$ 62,352	\$ 447,239	\$ 2,744	\$ 855
Cash Deposits	1,161	338	1,499	-	166
Cash and Securities with Fiscal Agents/Trustees	156,926	-	156,926	-	625
Investments	853,945	510,075	1,364,020	-	-
Internal Balances	13,085	(13,085)	-	-	-
Receivables, Net of Allowances	317,900	108,198	426,098	1,916	26,550
Prepaid Items	5,027	3,463	8,490	912	20
Inventories	16,238	8,572	24,810	225	-
Restricted Assets	-	934,336	934,336	56,520	-
Investment in Joint Use Agreements	879,929	702,521	1,582,450	-	-
Other Postemployment Benefits Asset	808	179	987	-	-
Other Noncurrent Assets	-	-	-	105	-
Capital Assets, at Cost					
Non-depreciable	1,896,331	1,829,784	3,726,115	1,245	20,386
Depreciable, net	2,775,757	5,294,592	8,070,349	253,361	10,597
Total Assets	<u>7,301,994</u>	<u>9,441,325</u>	<u>16,743,319</u>	<u>317,028</u>	<u>59,199</u>
LIABILITIES					
Accounts Payable	57,380	49,999	107,379	3,741	3,002
Trust Liabilities and Deposits	42,883	1,026	43,909	485	154
Unearned Revenue	19,745	9,864	29,609	-	-
Liabilities Payable from Restricted Assets	-	298,143	298,143	23,648	-
Matured Bonds and Certificates Payable	94,111	108,687	202,798	-	-
Interest Payable	60,855	107,135	167,990	-	252
Noncurrent Liabilities					
Due Within One Year					
Insurance Claims Payable	24,104	-	24,104	-	-
Accrued Compensated Absences	17,845	2,798	20,643	-	-
Pollution Remediation	347	3,124	3,471	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	2,475	2,475	-	-
General Obligation Bonds	33,170	10,275	43,445	-	-
Revenue Bonds	5,875	858	6,733	4,890	-
Certificates of Participation	1,315	-	1,315	-	-
Municipal Corporation Obligations	50,280	121,853	172,133	-	-
Special Assessment Bonds	32	-	32	-	-
Due in More Than One Year					
Insurance Claims Payable	68,138	-	68,138	-	-
Accrued Compensated Absences	122,983	17,799	140,782	-	-
Pollution Remediation	24,085	10,831	34,916	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	68,641	68,641	-	-
General Obligation Bonds, net	1,496,416	70,085	1,566,501	-	-
Revenue Bonds, net	-	17,702	17,702	329,136	-
Certificates of Participation, net	25,868	-	25,868	-	-
Municipal Corporation Obligations, net	745,284	4,439,483	5,184,767	-	-
Special Assessment Bonds	168	-	168	-	-
Notes Payable	-	-	-	-	40,286
Utility/Water Contractual Agreements	2,301	-	2,301	-	-
Total Liabilities	<u>2,893,185</u>	<u>5,340,778</u>	<u>8,233,963</u>	<u>361,900</u>	<u>43,694</u>
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt	2,313,680	2,968,536	5,282,216	(29,134)	8,047
Restricted For:					
Capital Projects	245,683	-	245,683	5,335	-
Debt Service	328,629	87,432	416,061	27,315	-
Customer Facility Charges (CFC) Reserves	-	18,905	18,905	-	-
Other	659,291	82,345	741,636	-	-
Unrestricted	861,526	943,329	1,804,855	(48,388)	7,458
Total Net Assets (Deficit)	<u>\$ 4,408,809</u>	<u>\$ 4,100,547</u>	<u>\$ 8,509,356</u>	<u>\$ (44,872)</u>	<u>\$ 15,505</u>

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

City of Phoenix, Arizona
Government-Wide Financial Statements
Statement of Activities
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 88,178	\$ 16,469	\$ 1,869	\$ -
Criminal Justice	35,703	24,864	-	-
Public Safety	850,636	72,081	18,680	-
Transportation	421,680	38,035	140,144	88,561
Community Enrichment	245,713	5,589	137,189	4,226
Community Development	218,847	49,618	11,452	8,232
Environmental Services	42,326	520	49,358	-
Interest on Long-Term Debt	109,412	-	-	-
Total Governmental Activities	2,012,495	207,176	358,692	101,019
Business-Type Activities				
Aviation	435,675	299,783	-	152,754
Phoenix Convention Center	103,420	15,888	-	331
Water Services	361,751	380,679	-	11,475
Wastewater Services	178,258	212,361	-	8,141
Solid Waste	133,414	144,004	-	-
Golf Courses	8,879	6,653	-	448
Total Business-Type Activities	1,221,397	1,059,368	-	173,149
Total Primary Government	\$ 3,233,892	\$ 1,266,544	\$ 358,692	\$ 274,168
Component Units:				
Downtown Phoenix Hotel Corp.	\$ 63,766	\$ 50,930	\$ -	\$ -
Phoenix Housing Finance Corp.	\$ 5,472	\$ 3,685	\$ -	\$ -
General Revenues (Expenses)				
Taxes				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues (Expenses) and Transfers				
Change in Net Assets (Deficit)				
Net Assets (Deficit) - July 1				
Net Assets (Deficit)- 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 Corporations
\$ (69,840)	\$ -	\$ (69,840)		
(10,839)	-	(10,839)		
(759,875)	-	(759,875)		
(154,940)	-	(154,940)		
(98,709)	-	(98,709)		
(149,545)	-	(149,545)		
7,552	-	7,552		
(109,412)	-	(109,412)		
<u>(1,345,608)</u>	<u>-</u>	<u>(1,345,608)</u>		
-	16,862	16,862		
-	(87,201)	(87,201)		
-	30,403	30,403		
-	42,244	42,244		
-	10,590	10,590		
-	(1,778)	(1,778)		
<u>-</u>	<u>11,120</u>	<u>11,120</u>		
<u>(1,345,608)</u>	<u>11,120</u>	<u>(1,334,488)</u>		
			\$ (12,836)	
				\$ (1,787)
722,998	-	722,998	-	-
128,943	-	128,943	-	-
92,447	-	92,447	-	-
297,342	-	297,342	-	3,030
6,671	7,585	14,256	47	44
78,397	-	78,397	-	-
(19,501)	19,501	-	-	-
<u>1,307,297</u>	<u>27,086</u>	<u>1,334,383</u>	<u>47</u>	<u>3,074</u>
<u>(38,311)</u>	<u>38,206</u>	<u>(105)</u>	<u>(12,789)</u>	<u>1,287</u>
<u>4,447,120</u>	<u>4,062,341</u>	<u>8,509,461</u>	<u>(32,083)</u>	<u>14,218</u>
<u>\$ 4,408,809</u>	<u>\$ 4,100,547</u>	<u>\$ 8,509,356</u>	<u>\$ (44,872)</u>	<u>\$ 15,505</u>

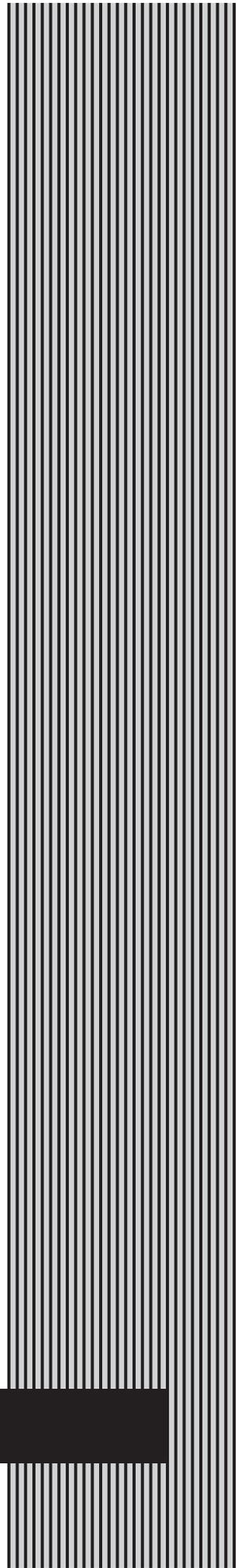


City of Phoenix

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Financial Section

**Basic Financial Statements –
Fund Financial Statements**





City of Phoenix

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

Exhibit B-1

June 30, 2012
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 29,791	\$ 26,417	\$ 124,159	\$ 204,520	\$ 384,887
Cash Deposits	1,132	-	-	29	1,161
Cash and Securities with Fiscal Agents/Trustees	-	-	85,432	71,494	156,926
Investments	87,859	212,582	198,218	355,286	853,945
Due from Other Funds	76,039	-	-	85,137	161,176
Receivables, Net of Allowance					
Accounts Receivable	23,431	5,903	-	12,746	42,080
Taxes Receivable	73,952	-	1,620	27	75,599
Delinquent Taxes Receivable	3,882	-	3,282	-	7,164
Intergovernmental	21,414	3,650	-	94,089	119,153
Accrued Interest	66	-	78	140	284
Notes Receivable	-	21,731	-	51,889	73,620
Prepaid Items	11	892	-	4,124	5,027
Inventories	15,346	892	-	-	16,238
Total Assets	<u>\$ 332,923</u>	<u>\$ 272,067</u>	<u>\$ 412,789</u>	<u>\$ 879,481</u>	<u>\$ 1,897,260</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 148,091	\$ 148,091
Accounts Payable	13,527	15,184	-	28,669	57,380
Insurance Claims Payable	340	-	-	-	340
Trust Liabilities and Deposits	7,596	36	-	35,251	42,883
Matured Bonds Payable	-	-	56,520	37,591	94,111
Interest Payable	-	-	28,912	31,943	60,855
Deferred Revenue	7,048	-	3,282	28,215	38,545
Total Liabilities	<u>28,511</u>	<u>15,220</u>	<u>88,714</u>	<u>309,760</u>	<u>442,205</u>
Fund Balances					
Non-Spendable					
Inventories	15,346	892	-	-	16,238
Prepaid Items	11	892	-	4,107	5,010
Spendable					
Restricted	37,913	250,648	324,075	408,232	1,020,868
Committed	-	-	-	58,703	58,703
Assigned	50,250	4,415	-	135,621	190,286
Unassigned	200,892	-	-	(36,942)	163,950
Total Fund Balances	<u>304,412</u>	<u>256,847</u>	<u>324,075</u>	<u>569,721</u>	<u>1,455,055</u>
Total Liabilities and Fund Balances	<u>\$ 332,923</u>	<u>\$ 272,067</u>	<u>\$ 412,789</u>	<u>\$ 879,481</u>	<u>\$ 1,897,260</u>

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

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

Exhibit B-2

June 30, 2012
(in thousands)

Fund balances - total governmental funds balance sheet \$ 1,455,055

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	6,360,010	
Accumulated depreciation	<u>(1,687,922)</u>	
		4,672,088

The equity in joint ventures are not a financial resource and, therefore, are not reported in the funds.

Valley Metro Rail Inc.	806,536	
Regional Wireless Cooperative	<u>73,393</u>	
		879,929

The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds. 808

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 18,800

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	(2,358,408)	
Pollution Remediation	(24,432)	
Compensated absences	(140,828)	
Insurance claims payable	(91,902)	
Water repayment agreements	<u>(2,301)</u>	
		<u>(2,617,871)</u>

Net assets of governmental activities - statement of net assets \$ 4,408,809

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

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

Exhibit B-3

For the Fiscal Year Ended June 30, 2012
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
City Taxes	\$ 578,692	\$ 106,185	\$ 94,436	\$ 167,699	\$ 947,012
Licenses and Permits	16,039	-	-	-	16,039
Intergovernmental	284,254	49,739	5,088	417,972	757,053
Charges for Services	67,712	35,138	-	60,558	163,408
Fines and Forfeitures	18,332	-	-	-	18,332
Parks and Recreation	-	-	-	2,414	2,414
Special Assessments	-	-	-	55	55
Investment Income					
Net Change in Fair Value of Investments	(1,901)	(2,996)	(4,205)	(3,847)	(12,949)
Interest	2,817	4,589	6,141	6,073	19,620
Dwelling Rentals	-	-	-	6,987	6,987
Other	23,699	16,646	587	35,241	76,173
Total Revenues	989,644	209,301	102,047	693,152	1,994,144
EXPENDITURES					
Current Operating					
General Government	65,410	-	-	4,295	69,705
Criminal Justice	33,308	-	-	2,064	35,372
Public Safety	646,394	3	-	149,598	795,995
Transportation	37,779	167,975	-	47,211	252,965
Community Enrichment	139,195	-	-	54,160	193,355
Community Development	19,955	-	-	176,354	196,309
Environmental Services	16,509	-	-	2,527	19,036
Capital Outlay	11,174	3,284	-	332,521	346,979
Debt Service					
Principal	-	-	56,520	37,649	94,169
Interest	-	-	62,144	48,596	110,740
Bond Issuance Costs	-	-	1,033	869	1,902
Arbitrage Rebate and Fiscal Agent Fees	-	-	7	16	23
Other	-	-	-	499	499
Total Expenditures	969,724	171,262	119,704	856,359	2,117,049
Excess (Deficiency) of Revenues Over Expenditures	19,920	38,039	(17,657)	(163,207)	(122,905)
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	24,479	-	-	104,642	129,121
Transfers to Other Funds	(47,702)	(862)	-	(100,058)	(148,622)
Issuance of Debt					
General Obligation and Revenue Bonds	-	-	-	120,000	120,000
Premium on General Obligation and Revenue Bonds	-	-	25,354	526	25,880
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	4,889	4,889
Refunding Bonds	-	-	172,310	65,810	238,120
Deposit to Refunding Escrow	-	-	(192,628)	(69,964)	(262,592)
Total Other Financing Sources and (Uses)	(23,223)	(862)	5,036	125,845	106,796
Net Change in Fund Balances	(3,303)	37,177	(12,621)	(37,362)	(16,109)
FUND BALANCES, JULY 1	307,715	219,670	336,696	607,083	1,471,164
FUND BALANCES, JUNE 30	\$ 304,412	\$ 256,847	\$ 324,075	\$ 569,721	\$ 1,455,055

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

**City of Phoenix, Arizona
Fund Financial Statements
Governmental Funds**

Exhibit B-4

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities**

For the Fiscal Year Ended June 30, 2012
(in thousands)

Net change in fund balances - total governmental funds \$ (16,109)

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 (\$179,340) minus the decrease in the equity share of the joint venture (\$15,750) exceeded depreciation (\$159,573) and loss on disposals of capital assets (\$2,761) in the current period. 1,256

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (459)

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.

Additions to bonded debt, net of deferred loss	(126,296)
Bond principal payments and other reductions	94,169
Amortization of bond premium/discount	3,751

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

Compensated absences	(3,651)
Insurance claims	11,641
Other Postemployment Benefit (OPEB) Asset	(303)
Pollution Remediation	(2,432)
Water Repayment Agreements	122

Change in net assets of governmental activities - statement of activities \$ (38,311)

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

City of Phoenix, Arizona
Fund Financial Statements
General Fund
Budgetary Comparison Statement
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit B-5

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
City Taxes	\$ 128,236	\$ 128,236	\$ 129,578	\$ 1,342
Licenses and Permits	14,314	14,314	13,093	(1,221)
Intergovernmental	49,927	49,927	48,225	(1,702)
Charges for Services	69,240	69,240	69,432	192
Fines and Forfeitures	17,397	17,397	17,957	560
Interest	275	275	827	552
Miscellaneous	18,321	18,321	21,074	2,753
Total Revenues	<u>297,710</u>	<u>297,710</u>	<u>300,186</u>	<u>2,476</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	104,122	104,122	98,577	5,545
Criminal Justice	35,662	35,662	33,542	2,120
Public Safety	655,377	664,877	647,049	17,828
Transportation	41,758	41,758	39,161	2,597
Community Enrichment	145,460	145,460	140,026	5,434
Community Development	21,468	21,468	19,393	2,075
Environmental Services	17,378	17,378	15,723	1,655
Capital	3,733	3,833	2,300	1,533
Contingency	37,890	37,890	-	37,890
Total Expenditures and Encumbrances	<u>1,062,848</u>	<u>1,072,448</u>	<u>995,771</u>	<u>76,677</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(765,138)	(774,738)	(695,585)	79,153
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Staff and Administrative	29,549	29,549	31,573	2,024
In-Lieu Property Taxes	21,575	21,575	20,778	(797)
Excise Taxes and Other	653,638	653,638	643,017	(10,621)
Transfers to Other Funds				
Miscellaneous	(1,777)	(1,777)	(657)	1,120
Recovery of Prior Years Expenditures	1,500	1,500	776	(724)
Total Other Financing Sources and (Uses)	<u>704,485</u>	<u>704,485</u>	<u>695,487</u>	<u>(8,998)</u>
Net Change in Fund Balance	<u>\$ (60,653)</u>	<u>\$ (70,253)</u>	<u>(98)</u>	<u>\$ 70,155</u>
Fund Balance, July 1			<u>92,908</u>	
Fund Balance, June 30			<u>\$ 92,810</u>	

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

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit 2000 Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit B-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 46,560	\$ 46,560	\$ 46,299	\$ (261)
Interest	2,272	2,272	1,893	(379)
Miscellaneous	3,494	3,494	3,703	209
Total Revenues	52,326	52,326	51,895	(431)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	150,503	150,503	131,040	19,463
Capital	16,426	16,426	3,100	13,326
Contingency	10,000	10,000	-	10,000
Total Expenditures and Encumbrances	176,929	176,929	134,140	42,789
Deficiency of Revenues Over Expenditures and Encumbrances	(124,603)	(124,603)	(82,245)	42,358
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	107,640	107,640	106,185	(1,455)
Transit - Other Agency Special Revenue	4,474	4,474	3,535	(939)
Federal Transit Grants Special Revenue	-	-	3,688	3,688
Capital Construction Special Revenue	-	-	667	667
Capital Projects Fund	-	-	155	155
Transfers to Other Funds				
General Fund				
Staff and Administrative	(407)	(407)	(390)	17
Capital Projects Fund	-	-	(123)	(123)
City Improvement Debt Service Fund	(48,396)	(48,396)	(653)	47,743
Infrastructure Repayment Agreement Trust	(129)	(129)	(86)	43
Recovery of Prior Years Expenditures	2,000	2,000	3,168	1,168
Total Other Financing Sources and Uses	65,182	65,182	116,146	50,964
Net Change in Fund Balance	<u>\$ (59,421)</u>	<u>\$ (59,421)</u>	33,901	<u>\$ 93,322</u>
Fund Balance, July 1			234,259	
Fund Balance, June 30			<u>\$ 268,160</u>	

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

Exhibit B-7

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 28,767	\$ 28,767	\$ 24,893	\$ (3,874)
Charges for Services	-	-	272	272
Interest	97	97	21	(76)
Total Revenues	28,864	28,864	25,186	(3,678)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	20,487	20,487	21,797	(1,310)
Capital	8,766	8,766	375	8,391
Total Expenditures and Encumbrances	29,253	29,253	22,172	7,081
Excess of Revenues Over Expenditures and Encumbrances	(389)	(389)	3,014	3,403
OTHER FINANCING USES				
Transfers to Other Funds				
Transit 2000 Special Revenue	(4,474)	(4,474)	(3,535)	939
Total Other Financing Uses	(4,474)	(4,474)	(3,535)	939
Net Change in Fund Balance	\$ (4,863)	\$ (4,863)	(521)	\$ 4,342
Fund Balance, July 1			2,554	
Fund Balance, June 30			\$ 2,033	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Federal Transit Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit B-8

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,983	\$ 9,983	\$ 22,917	\$ 12,934
Total Revenues	9,983	9,983	22,917	12,934
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	-	-	3	(3)
Transportation	8,958	13,958	13,564	394
Capital	1,025	1,025	580	445
Total Expenditures and Encumbrances	9,983	14,983	14,147	836
Deficiency of Revenues Over Expenditures and Encumbrances	-	(5,000)	8,770	13,770
OTHER FINANCING SOURCES				
Transfers to Other Funds				
Transit 2000	-	-	(3,688)	(3,688)
Recovery of Prior Years Expenditures	-	-	95	95
Total Other Financing Sources	-	-	(3,593)	(3,593)
Net Change in Fund Balance	\$ -	\$ (5,000)	5,177	\$ 10,177
Fund Balance, July 1			(2,804)	
Fund Balance, June 30			\$ 2,373	

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

Exhibit B-9

June 30, 2012
(in thousands)

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 32,425	\$ 4,120
Investments	257,449	31,205
Receivables, Net of Allowances	12,162	190
Prepaid Items	-	-
Cash Deposits	338	-
Inventories, at Average Cost	1,593	215
Total Unrestricted Current Assets	<u>303,967</u>	<u>35,730</u>
Restricted Assets		
Cash and Cash Equivalents	2,408	1,936
Cash Deposits	-	2,589
Cash and Securities with Fiscal Agents/Trustees	234,589	25,398
Investments	121,482	12,958
Receivables, Net of Allowances	21,272	-
Total Restricted Current Assets	<u>379,751</u>	<u>42,881</u>
Total Current Assets	<u>683,718</u>	<u>78,611</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,815,460	805,578
Investment in Joint Use Agreement	-	-
OPEB Asset	50	13
Total Noncurrent Assets	<u>2,815,510</u>	<u>805,591</u>
Total Assets	<u>3,499,228</u>	<u>884,202</u>
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	16,474	1,033
Due to Other Funds	-	-
Trust Liabilities and Deposits	1,012	-
Deferred Revenue	9,708	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Pollution Remediation	3,124	-
Current Portion of Accrued Compensated Absences	889	207
Total Current Liabilities Payable from Current Assets	<u>31,207</u>	<u>1,240</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	33,548	15
Trust Liabilities and Deposits	-	2,589
Bond Anticipation Notes Payable	-	-
Matured Bonds and Certificates Payable	33,975	2,460
Interest Payable	40,597	8,427
Current Portion of General Obligation Bonds	710	-
Current Portion of Revenue Bonds	-	-
Current Portion of Municipal Corporation Obligations	41,460	16,888
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	<u>150,290</u>	<u>30,379</u>
Total Current Liabilities	<u>181,497</u>	<u>31,619</u>
Noncurrent Liabilities		
General Obligation Bonds, Net	8,766	-
Revenue Bonds	-	-
Municipal Corporation Obligations, Net	1,502,880	721,169
Pollution Remediation	10,831	-
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	5,641	1,288
Total Noncurrent Liabilities	<u>1,528,118</u>	<u>722,457</u>
Total Liabilities	<u>1,709,615</u>	<u>754,076</u>
NET ASSETS (DEFICIT)		
Invested in Capital Assets, Net of Related Debt	1,325,444	65,274
Restricted for Debt Service	87,432	-
Restricted for CFC Transportation O&M / Improvement Reserves	18,905	-
Restricted for Development Impact Fees	-	-
Unrestricted	357,832	64,852
Total Net Assets (Deficit)	<u>\$ 1,789,613</u>	<u>\$ 130,126</u>

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

Exhibit B-9

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 6,096	\$ 14,717	\$ 4,980	\$ 14	\$ 62,352
63,358	116,077	41,986	-	510,075
58,853	23,583	13,410	-	108,198
3,463	-	-	-	3,463
-	-	-	-	338
5,519	1,011	-	234	8,572
137,289	155,388	60,376	248	692,998
23,625	14,990	4,011	-	46,970
4,683	31	123	-	7,426
67,939	46,951	11,289	-	386,166
208,576	94,171	35,214	-	472,401
88	13	-	-	21,373
304,911	156,156	50,637	-	934,336
442,200	311,544	111,013	248	1,627,334
2,319,528	1,015,608	156,994	11,208	7,124,376
241,414	461,107	-	-	702,521
61	24	28	3	179
2,561,003	1,476,739	157,022	11,211	7,827,076
3,003,203	1,788,283	268,035	11,459	9,454,410
15,913	10,883	5,609	87	49,999
-	-	-	13,085	13,085
-	-	-	14	1,026
10	1	-	145	9,864
-	-	2,475	-	2,475
-	-	-	-	3,124
981	276	369	76	2,798
16,904	11,160	8,453	13,407	82,371
5,137	649	317	-	39,666
4,683	31	123	-	7,426
175,000	75,000	-	-	250,000
35,955	28,252	8,045	-	108,687
34,911	19,956	3,244	-	107,135
5,310	4,255	-	-	10,275
196	662	-	-	858
31,970	24,420	7,115	-	121,853
-	-	1,051	-	1,051
293,162	153,225	19,895	-	646,951
310,066	164,385	28,348	13,407	729,322
36,739	14,528	10,052	-	70,085
4,042	13,660	-	-	17,702
1,353,560	744,518	117,356	-	4,439,483
-	-	-	-	10,831
-	-	68,641	-	68,641
6,292	1,786	2,304	488	17,799
1,400,633	774,492	198,353	488	4,624,541
1,710,699	938,877	226,701	13,895	5,353,863
959,676	587,126	19,808	11,208	2,968,536
-	-	-	-	87,432
-	-	-	-	18,905
46,940	32,883	2,522	-	82,345
285,888	229,397	19,004	(13,644)	943,329
\$ 1,292,504	\$ 849,406	\$ 41,334	\$ (2,436)	\$ 4,100,547

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

Exhibit B-10

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Landing and Terminals Fees	\$ 154,389	\$ -
Sales	-	-
Rentals	116,754	6,595
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Golf Fees	-	-
Concessions	-	7,824
Other	28,624	1,469
Total Operating Revenues	<u>299,767</u>	<u>15,888</u>
Operating Expenses		
Administration and Engineering	-	22,967
Operation and Maintenance	217,942	14,483
Promotion	-	2,999
Depreciation and Amortization	127,699	26,761
Staff and Administrative	5,889	1,990
Environmental, Studies & Noise Program	8,218	-
Other	-	2,377
Total Operating Expenses	<u>359,748</u>	<u>71,577</u>
Operating Income (Loss)	<u>(59,981)</u>	<u>(55,689)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	(5,105)	(1,003)
Interest on Investments	7,855	1,489
Interest on Capital Debt	(75,927)	(31,841)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	16	(2)
Total Non-Operating Revenues (Expenses)	<u>(73,161)</u>	<u>(31,357)</u>
Income (Loss) Before Contributions and Transfers	<u>(133,142)</u>	<u>(87,046)</u>
Capital Contributions	152,754	331
Transfers from Other Funds	-	40,030
Transfers to Other Funds	-	(40)
Change in Net Assets	<u>19,612</u>	<u>(46,725)</u>
Net Assets (Deficit), July 1	1,770,001	176,851
Net Assets (Deficit), June 30	<u>\$ 1,789,613</u>	<u>\$ 130,126</u>

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

Exhibit B-10

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ -	\$ -	\$ -	\$ -	\$ 154,389
313,158	-	-	-	313,158
-	-	-	-	123,349
-	156,224	-	-	156,224
-	-	129,118	-	129,118
-	-	-	4,360	4,360
-	-	-	1,629	9,453
67,521	56,137	14,238	664	168,653
380,679	212,361	143,356	6,653	1,058,704
30,598	16,617	19,261	567	90,010
155,668	63,784	80,215	7,416	539,508
-	-	-	-	2,999
99,912	40,964	16,293	687	312,316
7,856	4,577	5,443	200	25,955
-	-	-	-	8,218
-	-	7,018	1	9,396
294,034	125,942	128,230	8,871	988,402
86,645	86,419	15,126	(2,218)	70,302
(3,835)	(3,734)	(1,283)	182	(14,778)
5,641	5,719	1,933	(274)	22,363
(48,407)	(34,354)	(5,184)	-	(195,713)
(7,954)	(17,912)	-	-	(25,866)
(11,356)	(50)	648	(8)	(10,752)
(65,911)	(50,331)	(3,886)	(100)	(224,746)
20,734	36,088	11,240	(2,318)	(154,444)
11,475	8,141	-	448	173,149
-	-	-	-	40,030
(11,730)	(7,593)	(1,166)	-	(20,529)
20,479	36,636	10,074	(1,870)	38,206
1,272,025	812,770	31,260	(566)	4,062,341
\$ 1,292,504	\$ 849,406	\$ 41,334	\$ (2,436)	\$ 4,100,547

City of Phoenix, Arizona
Fund Financial Statements
Enterprise Funds

Exhibit B-11

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2012
(in thousands)

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 295,426	\$ 15,958
Payments to Suppliers	(149,845)	(22,674)
Payments to Employees	(71,622)	(20,236)
Payment of Staff and Administrative Expenses	(5,889)	(1,990)
Net Cash Provided (Used) by Operating Activities	<u>68,070</u>	<u>(28,942)</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	-	40,030
Transfers to Other Funds	-	(40)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>39,990</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	1	-
Principal Paid on Capital Debt	(28,525)	(1,895)
Interest Paid on Capital Debt	(81,879)	(16,597)
Loans from Other Funds	-	-
Acquisition and Construction of Capital Assets	(269,720)	(115)
Proceeds from Sales of Capital Assets	52	3
Capital Contributions	149,886	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(230,185)</u>	<u>(18,604)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(736,548)	(13,066)
Proceeds from Sale and Maturities of Investment Securities	936,589	22,266
Net Activity for Short-Term Investments	(34,507)	(11)
Interest on Investments	3,087	315
Net Cash Provided (Used) by Investing Activities	<u>168,621</u>	<u>9,504</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,506</u>	<u>1,948</u>
Cash and Cash Equivalents, July 1	263,254	32,095
Cash and Cash Equivalents, June 30	<u>\$ 269,760</u>	<u>\$ 34,043</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities	\$ (59,981)	\$ (55,689)
Operating Income (Loss)		
Adjustments		
Depreciation and Amortization	127,699	26,761
(Increase) Decrease in Assets		
Receivables	(3,447)	(86)
Allowance for Doubtful Accounts	164	-
Prepaid Items	-	-
Inventories	(175)	(8)
OPEB Asset	18	7
Increase (Decrease) in Liabilities		
Accounts Payable	5,034	(49)
Trust Liabilities and Deposits	331	156
Deferred Revenue	(1,389)	-
Pollution Remediation	(482)	-
Accrued Compensated Absences	298	(34)
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 68,070</u>	<u>\$ (28,942)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 331
Bond Capital Appreciation	-	16,645
Refunding Issuance in Excess of Bond Retirement	450	62
Increase (Decrease) in Fair Value of Investments	85	(238)
Total Noncash Transactions Affecting Financial Position	<u>\$ 535</u>	<u>\$ 16,800</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 32,425	\$ 4,120
Cash Deposits	338	-
Total Unrestricted	<u>32,763</u>	<u>4,120</u>
Restricted		
Cash and Cash Equivalents	2,408	1,936
Cash and Securities with Fiscal Agents/Trustees	234,589	25,398
Cash Deposits	-	2,589
Total Restricted	<u>236,997</u>	<u>29,923</u>
	<u>\$ 269,760</u>	<u>\$ 34,043</u>

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

Exhibit B-11
(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 373,914	\$ 212,517	\$ 143,395	\$ 6,656	\$ 1,047,866
(101,975)	(53,651)	(63,220)	(2,830)	(394,195)
(84,319)	(24,737)	(41,425)	(5,068)	(247,407)
(7,856)	(4,577)	(5,443)	(200)	(25,955)
179,764	129,552	33,307	(1,442)	380,309
-	-	-	-	40,030
(11,730)	(7,593)	(1,166)	-	(20,529)
(11,730)	(7,593)	(1,166)	-	19,501
177,835	(23,979)	85	-	153,942
(54,706)	(45,737)	(13,235)	-	(144,098)
(70,495)	(42,208)	(6,967)	-	(218,146)
-	-	-	2,132	2,132
(143,563)	(36,004)	(15,085)	(611)	(465,098)
44	45	1,431	2	1,577
8,904	5,928	-	-	164,718
(81,981)	(141,955)	(33,771)	1,523	(504,973)
(414,294)	(218,115)	(78,014)	-	(1,460,037)
374,453	222,035	87,998	-	1,643,341
(50,023)	9,693	(14,810)	-	(89,658)
1,718	1,992	679	(93)	7,698
(88,146)	15,605	(4,147)	(93)	101,344
(2,093)	(4,391)	(5,777)	(12)	(3,819)
104,436	81,080	26,180	26	507,071
\$ 102,343	\$ 76,689	\$ 20,403	\$ 14	\$ 503,252
\$ 86,645	\$ 86,419	\$ 15,126	\$ (2,218)	\$ 70,302
99,912	40,964	16,293	687	312,316
(5,500)	(36)	(144)	5	(9,208)
(1,175)	185	185	(5)	(646)
68	-	-	-	68
1,542	34	-	-	1,393
27	6	11	1	70
(1,886)	1,977	3,789	30	8,895
(90)	7	(2)	-	402
-	-	-	3	(1,386)
-	-	-	-	(482)
221	(4)	(3)	55	533
-	-	(1,948)	-	(1,948)
\$ 179,764	\$ 129,552	\$ 33,307	\$ (1,442)	\$ 380,309
\$ 2,571	\$ 2,213	\$ -	\$ 448	\$ 5,563
67	-	-	-	16,712
1,438	2,492	(747)	-	3,695
(57)	4	29	-	(177)
\$ 4,019	\$ 4,709	\$ (718)	\$ 448	\$ 25,793
\$ 6,096	\$ 14,717	\$ 4,980	\$ 14	\$ 62,352
-	-	-	-	338
6,096	14,717	4,980	14	62,690
23,625	14,990	4,011	-	46,970
67,939	46,951	11,289	-	386,166
4,683	31	123	-	7,426
96,247	61,972	15,423	-	440,562
\$ 102,343	\$ 76,689	\$ 20,403	\$ 14	\$ 503,252

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

Exhibit B-12

June 30, 2012
(in thousands)

	Pension and Other Employee Benefit Trusts	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 32,950	\$ 3,693
Investments		
Treasurer's Pooled Investments	16,600	27,083
Temporary Investments	87,622	-
Fixed Income	455,449	-
Domestic Equities	1,138,892	-
International Equities	399,578	-
Real Return	32,092	-
Absolute Return	15,861	-
Receivables		
Accounts Receivable	50,773	-
Contributions Receivable	2,990	-
Interest and Dividends	2,447	-
Prepaid Items	5,150	-
Total Assets	<u>2,240,404</u>	<u>30,776</u>
<u>LIABILITIES</u>		
Accounts Payable	167,574	-
Accrued Payroll Payable	-	30,776
Claims Payable	24,238	-
Total Liabilities	<u>191,812</u>	<u>30,776</u>
<u>NET ASSETS</u>		
Held in trust for pension and other employee benefits	<u>\$ 2,048,592</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-13

For the Fiscal Year Ended June 30, 2012
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>
<u>ADDITIONS</u>	
Contributions	
City of Phoenix	\$ 279,424
Employees	101,221
Inter-System Transfers	13,892
Other	5,412
Total Contributions	<u>399,949</u>
Investment Income (Loss)	
From Investing Activities	
Net Decrease in Fair Value of Investments	(38,598)
Interest	14,700
Dividends	22,411
Other	190
Investment Loss	<u>(1,297)</u>
Less: Investment Expense	<u>4,618</u>
Net Investment Loss	
from Investing Activities	(5,915)
Security Lending Activity Gross Income	1,024
Security Lending Expenses	<u>(336)</u>
Total Net Investment Loss	<u>(5,227)</u>
Total Additions	<u>394,722</u>
<u>DEDUCTIONS</u>	
Benefit Payments	384,379
Refunds of Contributions	2,351
Inter-System Transfers	11,227
Other	10,858
Total Deductions	<u>408,815</u>
Net Decrease	(14,093)
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	<u>2,062,685</u>
End of Year, June 30	<u>\$ 2,048,592</u>

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



City of Phoenix

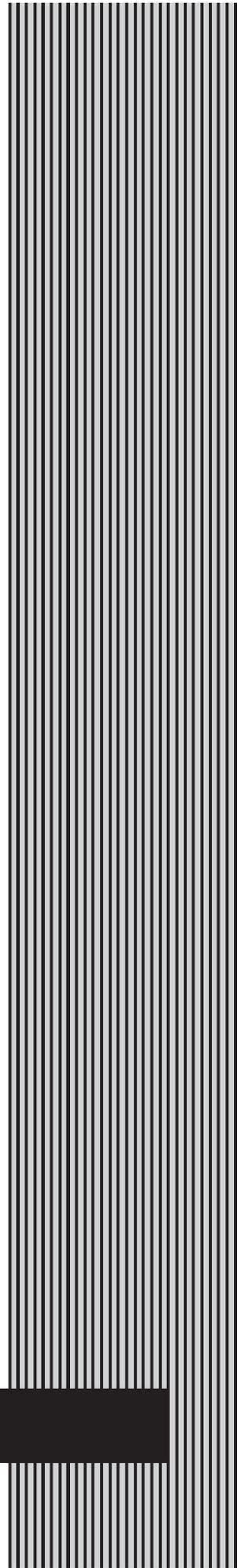
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Financial Section

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:

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



City of Phoenix, Arizona
Notes to the Financial Statements
As of and for the Fiscal Year Ended June 30, 2012

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

1. Summary of Significant Accounting Policies

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

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

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

a. Reporting Entity

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

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

All full-time general employees participate in COPERS, which is governed by a nine-member Retirement Board (the “Board”). Four statutory Board members are members of City management. Three Board members are elected from and by the COPERS’ active members. One Board member is a citizen and one is a retiree. Employees contribute 5% of their covered compensation, with the City funding all remaining costs based on actuarial valuations. COPERS is reported in the accompanying financial statements as an employee pension trust fiduciary fund. Separate financial statements for COPERS can be obtained through COPERS’ administrative office at 200 W. Washington Street, 10th Floor, Phoenix, Arizona, 85003.

City of Phoenix Civic Improvement Corporation (“CIC”)

The CIC was organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The corporation is governed by a self-perpetuating board of directors, who are responsible for approving the corporation’s bond sales. Bond sales must also be ratified by the Mayor and City Council. Although the CIC is legally separate from the City, the corporation is reported as if it were part of the primary government, using the blending method, because its sole purpose is to finance and construct public facilities for the City. Separate financial statements for the CIC can be obtained from the City’s Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9th floor, Phoenix, Arizona, 85003.

Phoenix Housing Finance Corporations (“PHFC”)

The PHFC are individual nonprofit corporations which were incorporated under the laws of the State of Arizona. The corporations were created to act as instrumentalities of the City to aid in the development and financing of various housing projects for low income persons. The corporations are governed by self-perpetuating Board of Directors consisting of at least three persons who are appointed by and consist of City management. Although the corporations are legally separate from the City, governmental accounting standards require the corporations to be reported as a non-major discretely presented component unit of

Notes to the Financial Statements

(Continued)

the City for financial reporting purposes because of the City's accountability via the appointment of the board members. Separate financial statements for the corporations can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9th floor, Phoenix, Arizona, 85003.

Downtown Phoenix Hotel Corporation ("DPHC")

The DPHC is an Arizona nonprofit corporation duly organized and existing under the laws of the State. The Corporation was formed in January, 2005, for the sole purpose of owning, acquiring, constructing, equipping, financing and taking any other actions that an Arizona nonprofit corporation may take with respect to a full-service downtown hotel. 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 at 251 W. Washington Street, 9th floor, Phoenix, Arizona, 85003.

b. Jointly Governed Organizations

Valley Metro 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.

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.

Phoenix-Mesa Gateway Airport ("PMGA")

PMGA is a nonprofit corporation established and funded by the City of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become PMGA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City of Phoenix contributed \$1.3 million this fiscal year (life to date \$11.7 million) to the PMGA operating and capital budget.

c. Basic Financial Statements

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

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

Notes to the Financial Statements

(Continued)

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.

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.

Commitments or assignments 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.

Notes to the Financial Statements

(Continued)

The proprietary (enterprise) funds and fiduciary funds 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.

Transit Special Revenue Fund

The Transit Fund is the only special revenue fund that is presented as a major fund in the basic financial statements. It is used 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.

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

Eight 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.

Capital Projects Funds

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

Debt Service Funds

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

Notes to the Financial Statements

(Continued)

Proprietary Funds

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

Enterprise Funds

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

Fiduciary Funds

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

Pension and Other Employee Benefit Trust Funds

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

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

Agency Funds

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

e. Basis of Accounting

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

Proprietary funds and fiduciary 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, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets for proprietary funds. Statements of changes in net assets present increases and decreases in total assets for fiduciary funds.

Notes to the Financial Statements

(Continued)

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

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

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

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

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

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

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

f. Budget and Budgetary Accounting

An operating budget is legally adopted by ordinance each fiscal year for the General Fund, all special revenue funds, Secondary Property Tax Debt Service Fund, City Improvement Debt Service Fund and all enterprise funds on a modified accrual basis plus encumbrances. Due to the number of individual special revenue funds, the Transit, Development Services, Grants, and Public Housing special revenue funds include two or more budgeted funds with similar purposes for GAAP financial statement presentation. The level of legal budgetary control is by fund, except for the General Fund, for which the control is by program (i.e., 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 2011-12, the reappropriation budget was \$1,179,081,000.

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 2011-12 expenditure limit supplied by the Economic Estimates Commission was \$1,269,018,311. The City increased this limit to \$5,480,270,000 to adjust for additional voter-approved modifications, as follows:

- The Constitution exempts certain expenditures from the limitation. The principal exemptions for the City of Phoenix are payments for debt service and other long-term obligations, as well as expenditures of federal funds and certain state-shared revenues. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may also be adjusted for the transfer of functions between governmental jurisdictions.
- The Constitution provides four processes, all requiring voter approval, to modify the expenditure limitation:
 1. A four-year home rule option.
 2. A permanent adjustment to the 1979-80 base.
 3. A one-time override for the following fiscal year.
 4. An accumulation for pay-as-you-go capital expenditures.

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2007 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 2011-12. Previously established exclusions for pay-as-you-go capital projects continue to apply. On August 30, 2011, the voters approved a similar home rule option to be in effect for the four year period of fiscal year 2012-13 through 2015-16.

Notes to the Financial Statements
(Continued)

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.

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. 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 twenty two 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 90 days 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.

Notes to the Financial Statements
(Continued)

i. 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. An amount equal to the inventories in the governmental funds is shown as non-spendable fund balance as it is not available for future expenditure.

j. 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.

The largest category of intangible assets in the City is software which includes both externally acquired and internally developed software packages. Other intangible assets include water rights, studies, master plans, and manuals.

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 9 for presentation of capital additions and interest costs capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

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

k. 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.

Notes to the Financial Statements

(Continued)

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.

i. 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. Bond liabilities are reported net of unamortized bond premiums or discounts 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.

m. Fund Deficits

At June 30, 2012, two special revenue funds reported fund deficits: Neighborhood Protection \$6,025,000 and Public Safety Enhancement \$25,553,000. The deficits occurred due to lower than planned receipts of voter approved local sales taxes. The City Council has approved a multi-year plan to resolve these fund deficits over the next several years. The plan includes a combination of efforts including cost cutting measures, and the reduction of positions funded by these taxes through a hiring freeze and attrition. In addition, the Golf Courses Enterprise Fund had a fund deficit of \$2,436,000. As part of the fiscal year 2012/13 budget the City is developing a plan to address the deficit.

n. 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 in the Water 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.

o. Statements of Cash Flows

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with original maturities of 90 days or less when purchased are considered to be cash equivalents. Under the provisions of GASB No. 9, the trust funds are not required to present a statement of cash flows.

p. New Accounting Pronouncements

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, improves financial reporting by addressing issues related to service concession arrangements (SCAs). The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

Notes to the Financial Statements

(Continued)

GASB Statement No. 61, ***The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34***, improves financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2012. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 62, ***Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, improves financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This requirement will bring the authoritative accounting and financial reporting literature together in one place. This Statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of applicable guidance. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 63, ***Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 64, ***Derivative Instruments: Application of Hedge Accounting Termination Provisions***, clarifies the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2011. The City currently has no effective hedging relationships and therefore is not impacted by this Statement.

GASB Statement No. 65, ***Items Previously Reported as Assets and Liabilities***, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 68, ***Accounting and Financial Reporting for Pensions***, improves accounting and financial reporting for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. The City will implement this Statement in fiscal year 2015.

The City has not fully determined the effects that implementation of Statements No. 60, No. 61, No. 62, No. 63, No. 65 and No. 68 will have on the City’s financial statements.

Notes to the Financial Statements
(Continued)

2. Budget Basis of Accounting

The City's budget is adopted on a basis other than GAAP. The Budgetary Comparison Statement for the General Fund (Exhibit B-5) is 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	Not recognized
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
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, 2012 on the budget basis to the GAAP basis are as follows (in thousands):

**Excess (Deficiency) of Sources of Financial Resources
Over (Under) Uses of Financial Resources**

	General
Budget basis	\$ (98)
Entity differences - amounts not budgeted	(3,318)
Transfers not recognized for budget purposes	(722,411)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	688,136
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	33,050
Unrealized gain or loss on investments	(320)
Encumbrances at June 30 recognized as expenditures for budget purposes	<u>1,658</u>
GAAP basis	<u>\$ (3,303)</u>

Notes to the Financial Statements
(Continued)

Adjustments necessary to convert the fund balances at June 30, 2012 on the budget basis to the GAAP basis are as follows (in thousands):

	General
Budget basis	\$ 92,810
Entity differences - amounts not budgeted	205,472
Transfers not recognized for budget purposes	(719,812)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	688,803
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	27,283
Unrealized gain or loss on investments	(5,282)
Encumbrances at June 30 recognized as expenditures for budget purposes	15,138
GAAP basis	\$ 304,412

3. Fund Balances

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

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

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

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of budget appropriations. The City Manager or his designees are authorized by City Charter to assign fund balance in carrying out the administration of the City.

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

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

Notes to the Financial Statements
(Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table.

	General	Transit Special Revenue	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances (in thousands):					
Nonspendable:					
Inventory/Prepaid	\$ 15,357	\$ 1,784	\$ -	\$ 4,107	\$ 21,248
Spendable:					
Restricted for:					
Capital Construction	-	-	-	344,853	344,853
Debt Service	-	-	324,075	4,554	328,629
Public Transit Operations	-	250,648	-	-	250,648
Insurance Claims	37,913	-	-	-	37,913
Low Income Housing Programs	-	-	-	22,962	22,962
Court Operations	-	-	-	8,164	8,164
Police and Fire Personnel	-	-	-	5,364	5,364
Other	-	-	-	22,335	22,335
Committed to:					
Debt Service	-	-	-	39,162	39,162
Capital Construction	-	-	-	14,951	14,951
Court Operations	-	-	-	4,590	4,590
Assigned to:					
Capital Construction	-	-	-	90,515	90,515
Insurance Claims	39,466	-	-	-	39,466
Development Services	-	-	-	32,048	32,048
Low Income Housing Programs	-	-	-	5,236	5,236
Public Transit Operations	-	4,415	-	-	4,415
Other	10,784	-	-	7,822	18,606
Unassigned	200,892	-	-	(36,942)	163,950
Total fund balances	\$ 304,412	\$ 256,847	\$ 324,075	\$ 569,721	\$ 1,455,055

4. 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.

Notes to the Financial Statements
(Continued)

Secondary tax levies do not have a limitation. City of Phoenix assessed valuations for tax year 2012 are: primary \$10,803,375,535 and secondary \$10,849,743,656.

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.

Property taxes receivable for the year were as follows (in thousands):

	<u>2011 Levy</u>			<u>Prior Levies</u>	<u>Total</u>
	<u>Primary</u>	<u>Secondary</u>	<u>Total</u>		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 12,341	\$ 12,341
Current Tax Levy	128,955	94,528	223,483	-	223,483
Adjustments by County Assessor	(440)	(261)	(701)	(2,915)	(3,616)
	128,515	94,267	222,782	9,426	232,208
Less: Collections, net	(124,867)	(91,590)	(216,457)	(6,854)	(223,311)
Taxes Receivable, June 30	\$ 3,648	\$ 2,677	\$ 6,325	\$ 2,572	\$ 8,897

In fiscal 2011-12, current property tax collections were \$216,457,000, or 96.9% 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 2012-13, 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 balance in the General Obligation/Secondary Property Tax Debt Service Fund must 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.

Notes to the Financial Statements
(Continued)

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 2011-12, 0.002% 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.

5. Cash and Investments

Cash and cash equivalents at June 30, 2012, was comprised of the following (in thousands):

	<u>Total</u>
Cash in Bank	\$ 39,740
Cash on Hand	3,382
Short-Term Pooled Investments	159,543
Short-Term Non-Pooled Investments	<u>331,786</u>
Total Cash and Cash Equivalents	<u>\$ 534,451</u>

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

Primary Government	
Unrestricted	
General Fund	\$ 29,791
Transit Special Revenue Fund	26,417
General Obligation/Secondary Property Tax	124,159
Non-Major Governmental Funds	204,520
Enterprise Funds	
Aviation	32,425
Phoenix Convention Center	4,120
Water System	6,096
Wastewater	14,717
Solid Waste	4,980
Golf Courses	<u>14</u>
Total Unrestricted	447,239
Restricted	
Enterprise Funds	
Aviation	2,408
Phoenix Civic Plaza	1,936
Water System	23,625
Wastewater	14,990
Solid Waste	<u>4,011</u>
Total Restricted	<u>46,970</u>
Total Primary Government	494,209
Component Unit - DPHC	2,744
Component Unit - PHFC	855
Fiduciary Funds	
Employee Pension Trust	29,532
Employee Benefit Trust	3,418
Payroll Agency	<u>3,693</u>
Total Reporting Entity	<u>\$ 534,451</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, 2012 was \$65,532,000 and the bank ledger balance was \$49,389,000.

Cash with fiscal agents and trustees are subject to custodial risk. The City's contracts with the fiscal agents and trustees call for these deposits to be fully covered by collateral held in the fiscal agents' and trustees' trust departments but not in the City's name. Each trust department pledges a pool of collateral against all trust deposits it holds. The carrying amount of the City's cash with fiscal agents and trustees and the bank ledger balance at June 30, 2012 was \$529,723,000. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount of the City's securities with fiscal agents and trustees and the bank ledger balance at June 30, 2012 were \$36,080,000.

Investments

The City Charter and ordinances authorize the City to invest in U.S. Treasury securities, securities guaranteed, insured or backed by the full faith and credit of the U.S. Government, U.S. Government agency securities, repurchase agreements, commercial paper, money market accounts, certificates of deposit, the State Treasurer's Local Government Investment Pool "LGIP", highly rated securities 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, the LTD and MERP Trusts' assets are invested in separate, externally managed portfolios, mutual funds and commingled funds. These externally managed portfolios and funds consist of investments in U.S. equities, non-U.S. equities, core fixed income, real return securities and absolute return securities.

In addition to the types of investments described above, COPERS is also authorized to invest in certain types of common stocks, real property, and investment derivative instruments, which include swaps, forwards, options on swaps, and options on forwards. The City Charter allows COPERS to invest up to 60% (at cost) in domestic common stocks and up to 22% (at fair value) in international equities.

Total investments at June 30, 2012, stated at fair value, were \$4,044,022,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

Notes to the Financial Statements
(Continued)

	<u>Credit Quality Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
City Investments			
Pooled Investments			
Short-Term Investment Funds	Aaa-mf	\$ 1,000	0.003
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	133,499	0.011
U.S. Treasury Securities	N/A (1)	979,562	2.105
U.S. Government Agency Securities			
FNMA Notes	AA+	34,372	0.092
FHLMC Notes	AA+	32,751	0.363
FHLB Notes	AA+	102,600	0.266
FFCB Notes	AA+	2,044	0.297
HUD	N/A (1)	<u>8,055</u>	1.340
Total U.S. Government Agency Securities		179,822	0.299
Pre-Refunded Municipal Securities	AA+ (2)	197,164	1.228
FDIC Corporate Notes	N/A (1)	10,075	0.494
Mortgage Backed Securities			
GNMA	N/A (1)	56,219	2.597
FNMA Notes	AA+	523	1.881
FHLMC Notes	AA+	<u>3,174</u>	1.099
Total Mortgage Backed Securities		<u>59,916</u>	2.511
Collateralized Mortgage Obligations			
FNMA Notes	AA+	6,072	1.040
FHLMC Notes	AA+	<u>651</u>	0.330
Total Collateralized Mortgage Obligations		<u>6,723</u>	0.971
Total Pooled Investments		1,567,761	1.608
Less: Joint Venture Pooled Investments		(46,554)	
Less: Short-Term Pooled Investments		<u>(182,441)</u>	
Net Pooled Investments		1,338,766	
Non-Pooled Investments			
U.S. Treasury Securities	N/A (1)	446,311	2.165
U.S. Government Agency Securities			
FNMA Notes	AA+	127,510	0.113
FHLMC Notes	AA+	72,519	0.198
FHLB Notes	AA+	<u>284,172</u>	0.119
Total U.S. Government Agency Securities		484,201	0.129
Pre-Refunded Municipal Securities	AA+ (2)	157	3.645
FDIC Corporate Notes	N/A (1)	<u>2,001</u>	0.033
Less: Short-Term Non-Pooled Investments		<u>932,670</u>	1.103
Total Non-Pooled Investments		<u>629,601</u>	
Total City Investments		<u>\$ 1,968,367</u>	

(1) U.S. Government Guaranteed

(2) Pre-Refunded Municipal Securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities.

Notes to the Financial Statements (Continued)

	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)
COPERS Investments			
Fixed Income Investments			
Total Derivatives	Not Rated	\$ 12,998	0.506
Total U. S. Treasury Securities	Not Rated	60,514	12.071
U.S. Government Agency Securities	Not Rated	165	4.434
U.S. Government Agency Securities	AA	5,219	9.014
U.S. Government Agency Securities	A	745	6.504
Total U.S. Government Agency Securities		<u>6,129</u>	
Mortgage Backed Securities	Not Rated	15,133	41.433
Mortgage Backed Securities	AAA	15,275	30.709
Mortgage Backed Securities	AA	64,708	35.467
Mortgage Backed Securities	A	2,095	27.705
Mortgage Backed Securities	BBB	498	23.599
Mortgage Backed Securities	BB	991	22.572
Mortgage Backed Securities	B	2,443	24.031
Mortgage Backed Securities	CCC	1,530	24.360
Mortgage Backed Securities	CC	405	23.651
Mortgage Backed Securities	D	197	23.718
Total Mortgage Backed Securities		<u>103,275</u>	
Asset Backed Securities	AAA	2,069	13.520
Asset Backed Securities	AA	2,049	12.987
Asset Backed Securities	A	456	30.429
Asset Backed Securities	BBB	209	18.943
Asset Backed Securities	B	19	5.071
Asset Backed Securities	CCC	713	31.975
Total Asset Backed Securities		<u>5,515</u>	
Municipal Bonds	AAA	1,179	24.970
Municipal Bonds	AA	5,473	28.010
Municipal Bonds	A	4,016	23.765
Municipal Bonds	B	505	34.942
Total Municipal Bonds		<u>11,173</u>	
Corporate Bonds	Not Rated	47,441	6.804
Corporate Bonds	AAA	2,209	33.553
Corporate Bonds	AA	4,212	6.558
Corporate Bonds	A	12,032	11.877
Corporate Bonds	BBB	26,016	9.235
Corporate Bonds	BB	4,217	9.379
Corporate Bonds	B	222	19.968
Corporate Bonds	CCC	225	23.167
Corporate Bonds	C	355	35.090
Total Corporate Bonds		<u>96,929</u>	
International Bonds	Not Rated	4,605	0.163
International Bonds	AAA	5,002	2.990
International Bonds	AA	4,153	6.007
International Bonds	A	7,220	6.039
International Bonds	BBB	10,075	6.707
International Bonds	B	67	37.529
Total International Bonds		<u>31,122</u>	
Total Fixed Income Investments		<u>327,655</u>	
Temporary Investments from Securities Lending Collateral		87,622	
Domestic Equities:			
Common Stocks		759,623	
Commodities Exchange Traded Fund		17,710	
Commingled Equity Index Fund		178,729	
Real Estate		144,227	
Total Domestic Equities		<u>1,100,289</u>	
International Equities		366,365	
Total COPERS Investments		<u>\$ 1,881,931</u>	

Notes to the Financial Statements
(Continued)

	<u>Credit Quality Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Fiduciary Fund External Investments			
Employee Benefit Trust			
Bond Mutual Funds			
Artio Total Return Bond Fund	Not Rated	\$ 19,758	6.810
PIMCO Total Return Fund Fund II	Not Rated	<u>19,773</u>	5.930
Total Bond Mutual Funds		<u>39,531</u>	
Stock Mutual Funds			
Pacific Hedged Strategies Funds	Not Rated	103,909	
Total Fiduciary Fund External Investments		<u>15,860</u>	
		<u>\$ 159,300</u>	
Downtown Phoenix Hotel Corporation			
U.S. Treasury Securities	N/A (1)	\$ 34,424	1.559

(1) U.S. Government Guaranteed

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

Primary Government	
Unrestricted	
General Fund	\$ 87,859
Transit Special Revenue Fund	212,582
General Obligation/Secondary Property Tax	198,218
Non-Major Governmental Funds	355,286
Enterprise Funds	
Aviation	257,449
Phoenix Convention Center	31,205
Water System	63,358
Wastewater	116,077
Solid Waste	<u>41,986</u>
Total Unrestricted	1,364,020
Restricted	
Enterprise Funds	
Aviation	121,482
Phoenix Convention Center	12,958
Water System	208,576
Wastewater	94,171
Solid Waste	<u>35,214</u>
Total Restricted	<u>472,401</u>
Total Primary Government	1,836,421
Component Unit - DPHC	34,424
Fiduciary Funds	
Employee Pension Trust	1,882,597
Employee Benefit Trust	263,497
Payroll Agency	<u>27,083</u>
Total Reporting Entity	<u>\$ 4,044,022</u>

Notes to the Financial Statements

(Continued)

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
Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government	5 year final maturity
U.S. Government Agency Securities	5 year final maturity
Repurchase Agreements	60 days
Municipal Obligations	5 years for long-term issuances
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 twelve years at the time of purchase for MBS and five years at the time of purchase for CMO.

For the LTD and MERP Trusts, investment activity has been delegated from the Trust funds' Boards to professionally managed mutual funds that diversify the composition of the Trusts' assets into core fixed income securities. The funds, as of June 30, 2012, have weighted average maturities ranging from 5.93 to 6.81 years.

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 management agreement with Artio Global Management LLC specifies a weighted average duration of +/- one year of the Barclays Capital US Aggregate Index. The investment management agreement with PIMCO requires a weighted average duration of +/- two years of the Barclays Capital US Aggregate Index. COPERS' investment services agreement with Western Asset Management Company directs them to maintain an average weighted duration of portfolio security holdings, including futures and options positions, within +/- 20% of the Barclays Capital U.S. Aggregate Index.

Credit Risk

The City's investment policy limits its purchase of 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 are rated Aaa by Moody's and AA+ by S&P. Repurchase agreements are generally collateralized by U.S. Treasuries and U.S. Government Agency Securities at 102%. In addition, the portfolio is invested in pre-refunded municipal securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities. 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-mf 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.

The City has invested in commercial paper and corporate notes issued by various financial institutions. These investments are insured by the Federal Deposit Insurance Corporation (FDIC) via the Temporary Liquidity Guarantee Program (TLGP). The FDIC created this program to strengthen confidence and encourage liquidity in the banking system by guaranteeing newly issued senior unsecured debt of banks, thrifts, and certain holding companies, and by providing full coverage of non-interest bearing deposit transaction accounts, regardless of dollar amount.

Notes to the Financial Statements

(Continued)

The City's LTD and MERP trusts are invested in fixed income mutual funds which do not receive a credit quality rating from a national rating agency and can be sold at any time. The mutual funds have invested the majority of their assets in fixed income securities with an average portfolio quality of investment grade.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. COPERS' investment policy permits purchasing any security that is included in the Barclays Capital U.S. Aggregate Index and relies on the methodology used by Barclays Capital to determine if a security is investment grade. For fixed income securities and their futures or options derivatives, emphasis will be on high-quality securities. COPERS' currently has three managers responsible for fixed income investments. Artio Global Management LLC, PIMCO and Western Asset Management Company (Western) are active bond managers. As part of their portfolio, Western may enter into futures, options, and swaps contracts for hedging purposes and/or as a part of the overall portfolio strategy and will be incidental to its securities trading activities for the account.

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Fair Value</u>
FNMA	\$ 168,477
FHLMC	\$ 109,095
FHLB	\$ 386,772

COPERS' investment policy does not allow for an investment in any one issuer that is in excess of five percent of COPERS' total investments which includes futures, options and swaps, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2012, COPERS did not have any investments with any one issuer in excess of five percent.

The LTD and MERP Trust have allocated 25% of their total assets to core fixed income mutual funds which have mandates to be well diversified over a broad range of various issuers.

Foreign Currency Risk

COPERS' investment policy includes a target of 21% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 19.2% of total COPERS' assets as of June 30, 2012. The fair value of COPERS' international commingled equity funds at June 30, 2012 was \$366,365,000, of which \$291,718,000 managed by Baillie Gifford, GMO and Mondrian was exposed to foreign currency risk. The funds managed by Research Affiliates and Western Asset Management totaling \$74,647,000 were not exposed to foreign currency risk. Dollar denominated holdings and non-dollar denominated holdings accounted for 95.2% and 4.8%, respectively, of the foreign fixed income investments at June 30, 2012.

Securities Lending

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions, and COPERS has, via a Securities Lending Authorization Agreement effective March 5, 2002, authorized State Street Company ("State Street") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. The Agreement was amended effective November 16, 2006 directing State Street to invest cash collateral in the Funds for Short-Term Investment – Quality D, replacing the requirement to invest in the Quality A Fund.

During 2012, State Street lent, on behalf of COPERS, certain securities held by State Street as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the market value of the loaned securities.

Notes to the Financial Statements
(Continued)

COPERS did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf and State Street indemnified COPERS by agreeing to purchase replacement securities or return cash collateral in the event borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or State Street.

During 2012, COPERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool and a duration pool. As of June 30, 2012, the liquidity pool had an average duration of 36 days and an average weighted final maturity of 73 days and the duration pool had an average duration of 40 days and an average weighted final maturity of 1,329 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2012, COPERS had no credit risk exposure to borrowers. The collateral held, and the market value of securities on loan for COPERS as of June 30, 2012, was \$87,622,000 and \$87,206,000, respectively.

6. Receivables

Receivables at June 30, 2012 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Intergov- ernmental (1)</u>	<u>Notes</u>	<u>Total</u>
Unrestricted						
Governmental Activities						
General Fund	\$ 23,431	\$ 77,834	\$ 66	\$ 21,414	\$ -	\$ 122,745
Transit Special Revenue	5,903	-	-	3,650	21,731	31,284
G.O./Secondary Property Tax	-	4,902	78	-	-	4,980
Nonmajor	12,746	27	140	94,089	51,889	158,891
	<u>42,080</u>	<u>82,763</u>	<u>284</u>	<u>119,153</u>	<u>73,620</u>	<u>317,900</u>
Business-Type Activities						
Aviation	12,094	-	-	68	-	12,162
Phoenix Convention Center	190	-	-	-	-	190
Water System	54,578	-	-	4,275	-	58,853
Wastewater	20,459	-	-	3,124	-	23,583
Solid Waste	13,406	-	-	4	-	13,410
	<u>100,727</u>	<u>-</u>	<u>-</u>	<u>7,471</u>	<u>-</u>	<u>108,198</u>
	<u>142,807</u>	<u>82,763</u>	<u>284</u>	<u>126,624</u>	<u>73,620</u>	<u>426,098</u>
Restricted						
Business-Type Activities						
Aviation	10,755	-	46	10,471	-	21,272
Water System	-	-	88	-	-	88
Wastewater	-	-	13	-	-	13
	<u>10,755</u>	<u>-</u>	<u>147</u>	<u>10,471</u>	<u>-</u>	<u>21,373</u>
	<u>\$ 153,562</u>	<u>\$ 82,763</u>	<u>\$ 431</u>	<u>\$ 137,095</u>	<u>\$ 73,620</u>	<u>\$ 447,471</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 at June 30, 2012 (in thousands):

Allowance for Doubtful Accounts			
	Accounts	Taxes	Total
Governmental			
General Fund	\$ 27,895	\$ 16,562	\$ 44,457
Transit Special Revenue Fund	54	-	54
Nonmajor	3,130	-	3,130
Business-Type			
Aviation	2,261	-	2,261
Phoenix Convention Center	23	-	23
Water System	2,291	-	2,291
Wastewater	1,602	-	1,602
Solid Waste	1,445	-	1,445
Golf Courses	8	-	8
	\$ 38,709	\$ 16,562	\$ 55,271

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2012, as follows (in thousands):

Aviation	\$ 6,939
Water System	23,893
Wastewater	7,433
Solid Waste	4,956
	\$ 43,221

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. In fiscal year 2010, the City renegotiated the loan agreement with NACI, adjusting the terms of the payment agreement. As of June 30, 2012, the note amount is \$859,016, with a maturity date of January 1, 2021, and an interest rate of 3.0%.

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, 2012, is \$21,731,051. The first of four annual installment lease payments began June 1, 2011 and include an annual interest rate of 5.1%.

The City has entered into intergovernmental agreements with the Arizona Department of Transportation and the Regional Transportation Plan to accelerate two road construction projects. The intergovernmental agreements have been recorded as notes receivable in the Streets Improvement Capital Projects Fund. The receivable amount as of June 30, 2012 is \$27,889,898. The agreements are payable to the City in fiscal years 2022 and 2023.

Notes to the Financial Statements
(Continued)

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Phoenix Central City Revitalization Corp & LLC; Phoenix Green Housing Corporation Pine Crest, LLC; Phoenix South Mountain Housing Transformation Corp & Summit LLC; and Phoenix Inner Beltway Housing Corporation & LLC for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. Payments on these loans are only required to be made from the project's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$55,531,243.

The City has entered into various loan agreements with third parties related to its public housing programs. The purpose of these loans is to establish, preserve and rehabilitate public housing and the terms of these loans are more generous (soft) as compared to regular loan agreements. Payments on these loans are only required to be made from the property's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$54,192,531 as of June 30, 2012.

The City has also entered into various loan agreements with third parties related to its public housing programs that have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. The loans are secured by an interest in the property being acquired and/or improved. Interest rates range from 0% to 5% with amortization periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2016 and as late as fiscal year ending 2050. Total amount of the notes outstanding is \$15,444,557 as of June 30, 2012. The payments received from these loans are restricted by the Federal Government for public housing programs. Therefore the City records a trust liability within the Public Housing Special Revenue Fund for the outstanding balance of the notes.

The City has entered into loan agreements with Phoenix Residential Investment Development Effort Inc. (PRIDE) for various public housing properties. As of June 30, 2012, the loans total \$7,695,222 of which \$5,000,000 is a notes receivable for the Grants Special Revenue Fund and \$2,695,222 is a notes receivable for the Public Housing Special Revenue Fund. These loans are at interest rates from 0% to 5% and are amortized over a 30 year period.

7. Interfund Transactions

Net interfund receivables and payables between governmental activities and business-type activities in the amount of \$13,085,000 are included in the government-wide financial statements at June 30, 2012. The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2012 (in thousands):

	<u>Payable Funds</u>	
	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
	Nonmajor Governmental	Golf Courses
Receivable Funds		
Governmental Funds		
General Fund	\$ 62,954	\$ 13,085
Nonmajor Governmental	85,137	
Total Governmental Funds	<u>148,091</u>	<u>13,085</u>

Notes to the Financial Statements
(Continued)

Interfund balances at June 30, 2012 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Interfund balances in the Neighborhood Protection, and Public Safety Enhancement Special Revenue Funds, and the Golf Courses Enterprise Fund of \$43,648,000 are not scheduled to be repaid in the subsequent year.

Net transfers of \$19,501,000 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, 2012 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 47,702	\$ 24,479
Transit Special Revenue Fund	862	-
Nonmajor Governmental	<u>100,058</u>	<u>104,642</u>
Total Governmental Funds	148,622	129,121
Enterprise Funds		
Phoenix Convention Center	40	40,030
Water System	11,730	-
Wastewater	7,593	-
Solid Waste	<u>1,166</u>	<u>-</u>
Total Enterprise Funds	<u>20,529</u>	<u>40,030</u>
Total Transfers	<u>\$ 169,151</u>	<u>\$ 169,151</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 general fund to the Phoenix Convention Center Enterprise Fund.

Notes to the Financial Statements
(Continued)

8. Restricted Assets and Liabilities Payable from Restricted Assets

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2012, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 46,970
Cash Deposits	7,426
Cash and Securities with Fiscal Agents/Trustees	386,166
Investments	472,401
Receivables, Net of Allowances	<u>21,373</u>
Total Restricted Assets	<u>\$ 934,336</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 39,666
Trust Liabilities and Deposits	7,426
Bond Anticipation Notes Payable	250,000
Accrued Landfill Closure Costs	<u>1,051</u>
Subtotal	<u>298,143</u>
Matured Bonds and Certificates Payable	108,687
Interest Payable	107,135
Current Portion of General Obligation Bonds	10,275
Current Portion of Revenue Bonds	858
Current Portion of Municipal Corporation Obligations	<u>121,853</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 646,951</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2012, are summarized as follows (in thousands):

Restricted Assets	
Cash with Fiscal Agent	\$ 22,084
Investments	34,424
Receivables, Net of Allowances	<u>12</u>
Total Restricted Assets	<u>\$ 56,520</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 49
Trust Liabilities and Deposits	10,328
Matured Bonds Payable	4,565
Interest Payable	<u>8,706</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 23,648</u>

Notes to the Financial Statements
(Continued)

9. Capital Assets

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

	Balances July 1, 2011	Additions	Deletions	Balances June 30, 2012
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,195,836	\$ 18,991	\$ (123)	\$ 1,214,704
Infrastructure	462,203	7,607	-	469,810
Artwork	5,980	211	-	6,191
Construction-in-Progress	255,476	81,636	(131,486)	205,626
Total non-depreciable assets	1,919,495	108,445	(131,609)	1,896,331
Depreciable assets:				
Buildings	1,370,009	44,513	(12,002)	1,402,520
Improvements	449,366	24,433	(7,057)	466,742
Infrastructure	1,815,069	101,455	(20,719)	1,895,805
Equipment	620,772	29,058	(18,514)	631,316
Intangible Assets	64,459	2,922	(85)	67,296
Total depreciable assets	4,319,675	202,381	(58,377)	4,463,679
Less accumulated depreciation for:				
Buildings	(454,194)	(39,013)	11,663	(481,544)
Improvements	(199,414)	(19,558)	5,806	(213,166)
Infrastructure	(524,150)	(53,555)	20,687	(557,018)
Equipment	(365,458)	(43,700)	17,500	(391,658)
Intangible Assets	(40,872)	(3,747)	83	(44,536)
Total accumulated depreciation	(1,584,088)	(159,573)	55,739	(1,687,922)
Total depreciable assets, net	2,735,587	42,808	(2,638)	2,775,757
Governmental activities, capital assets, at cost, net	<u>\$ 4,655,082</u>	<u>\$ 151,253</u>	<u>\$ (134,247)</u>	<u>\$ 4,672,088</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 729,235	\$ 8,008	\$ (22,121)	\$ 715,122
Artwork	8,332	9	-	8,341
Construction-in-Progress	1,002,157	426,728	(322,564)	1,106,321
Total non-depreciable assets	1,739,724	434,745	(344,685)	1,829,784
Depreciable assets:				
Buildings	2,482,081	34,351	(4,528)	2,511,904
Improvements	3,098,265	216,259	(21,597)	3,292,927
Infrastructure	1,499,832	66,027	(468)	1,565,391
Equipment	882,282	45,726	(19,242)	908,766
Intangible Assets	267,082	2,768	(339)	269,511
Total depreciable assets	8,229,542	365,131	(46,174)	8,548,499
Less accumulated depreciation for:				
Buildings	(786,746)	(82,435)	2,731	(866,450)
Improvements	(1,281,602)	(117,680)	13,416	(1,385,866)
Infrastructure	(430,422)	(37,092)	20	(467,494)
Equipment	(371,807)	(58,994)	17,332	(413,469)
Intangible Assets	(104,651)	(16,115)	138	(120,628)
Total accumulated depreciation	(2,975,228)	(312,316)	33,637	(3,253,907)
Total depreciable assets, net	5,254,314	52,815	(12,537)	5,294,592
Business-type activities, capital assets, at cost, net	<u>\$ 6,994,038</u>	<u>\$ 487,560</u>	<u>\$ (357,222)</u>	<u>\$ 7,124,376</u>

Notes to the Financial Statements

(Continued)

Component Units

Downtown Phoenix Hotel Corporation:

	Balances		Balances	
	July 1, 2011	Additions	Deletions	June 30, 2012
Non-depreciable assets:				
Land	\$ 1,150	\$ -	\$ -	\$ 1,150
Intangible Assets	95	-	-	95
Construction in Progress	14	-	(14)	-
Total non-depreciable assets	1,259	-	(14)	1,245
Depreciable assets:				
Buildings	276,149	-	(6)	276,143
Improvements	537	-	-	537
Equipment	3,638	77	(26)	3,689
Intangible Assets	31	50	-	81
Total depreciable assets	280,355	127	(32)	280,450
Less accumulated depreciation for:				
Buildings	(18,958)	(6,909)	-	(25,867)
Improvements	(99)	(35)	-	(134)
Equipment	(727)	(345)	8	(1,064)
Intangible Assets	-	(24)	-	(24)
Total accumulated depreciation	(19,784)	(7,313)	8	(27,089)
Total depreciable assets, net	260,571	(7,186)	(24)	253,361
Component Unit, capital assets, at cost, net	\$ 261,830	\$ (7,186)	\$ (38)	\$ 254,606

Phoenix Housing Finance Corporations:

	Balances		Balances	
	July 1, 2011	Additions	Deletions	June 30, 2012
Non-depreciable assets:				
Land	\$ 5,035	\$ -	\$ -	\$ 5,035
Construction in Progress	3,671	11,680	-	15,351
Total non-depreciable assets	8,706	11,680	-	20,386
Depreciable assets:				
Buildings	9,550	511	-	10,061
Improvements	-	1,215	-	1,215
Equipment	-	265	-	265
Total depreciable assets	9,550	1,991	-	11,541
Less accumulated depreciation for:				
Buildings	(301)	(615)	-	(916)
Improvements	-	(21)	-	(21)
Equipment	-	(7)	-	(7)
Total accumulated depreciation	(301)	(643)	-	(944)
Total depreciable assets, net	9,249	1,348	-	10,597
Component Unit, capital assets, at cost, net	\$ 17,955	\$ 13,028	\$ -	\$ 30,983

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, 2012, as follows (in thousands):

General Government	\$	9,019
Criminal Justice		126
Public Safety		27,807
Transportation		75,758
Community Enrichment		25,410
Community Development		11,115
Environmental Services		<u>10,338</u>
	\$	<u>159,573</u>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2012, was as follows (in thousands):

Aviation	\$	3,251
Convention Center		71
Water System		15,609
Wastewater		5,036
Solid Waste		<u>719</u>
	\$	<u>24,686</u>

Impaired Capital Assets

The City has closed the Verde Water Treatment Plant and the Cave Creek Water Reclamation Plant due to decreased demand resulting from the economic downturn. The Verde Water Treatment Plant has been closed permanently and all related assets have been written down to zero carrying value. This resulted in an impairment loss of \$10,728,723 which is reported in Water Services expenses in the Government-Wide Statement of Activities.

The Cave Creek Water Reclamation Plant has been closed temporarily and is expected to re-open when demand increases. Therefore, no impairment loss will be recognized. The carrying value of the assets at June 30, 2012 is \$44,209,880.

Notes to the Financial Statements
(Continued)

10. Long-Term Obligations

Changes in long-term obligations during fiscal year 2011-12 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	\$ 1,450,024	\$ 292,310	\$ 236,984	\$ 1,505,350	\$ 33,170
Revenue Bonds					
Street and Highway User Revenue	12,141	-	6,266	5,875	5,875
Certificates of Participation	26,970	-	25	26,945	1,315
Municipal Corporation Obligations	821,455	65,810	97,815	789,450	50,280
Special Assessment Bonds	259	-	59	200	32
	<u>2,310,849</u>	<u>358,120</u>	<u>341,149</u>	<u>2,327,820</u>	<u>90,672</u>
Discounts/Premiums	45,217	30,768	8,893	67,092	-
Deferred Loss on Refunding	(26,034)	(16,428)	(5,958)	(36,504)	-
Total Bonds and Notes Payable	<u>2,330,032</u>	<u>372,460</u>	<u>344,084</u>	<u>2,358,408</u>	<u>90,672</u>
Other Liabilities:					
Insurance Claims Payable	103,543	20,917	32,218	92,242	23,764
Accrued Compensated Absences	137,177	140,828	137,177	140,828	17,845
Utility/Water Contractual Agreements	2,423	-	122	2,301	-
Pollution Remediation	22,000	2,636	204	24,432	347
Total Other Liabilities	<u>265,143</u>	<u>164,381</u>	<u>169,721</u>	<u>259,803</u>	<u>41,956</u>
Total Governmental Activities	<u>\$ 2,595,175</u>	<u>\$ 536,841</u>	<u>\$ 513,805</u>	<u>\$ 2,618,211</u>	<u>\$ 132,628</u>
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 94,465	\$ 4,155	\$ 15,695	\$ 82,925	\$ 10,275
Revenue Bonds	17,896	1,497	833	18,560	858
Municipal Corporation Obligations	4,433,822	285,800	417,220	4,302,402	121,853
	<u>4,546,183</u>	<u>291,452</u>	<u>433,748</u>	<u>4,403,887</u>	<u>132,986</u>
Discounts/Premiums	157,906	43,789	17,248	184,447	-
Deferred Loss on Refunding	(28,441)	(9,286)	(9,487)	(28,240)	-
Cumulative Capital Appreciation on General Obligation Minibonds	743	68	-	811	-
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	82,706	16,780	135	99,351	-
Total Bonds and Notes Payable	<u>4,759,097</u>	<u>342,803</u>	<u>441,644</u>	<u>4,660,256</u>	<u>132,986</u>
Other Liabilities:					
Accrued Compensated Absences	20,064	20,597	20,064	20,597	2,798
Utility/Water Contractual Agreements	892	-	892	-	-
Rebatable Arbitrage	172	-	172	-	-
Accrued Landfill Closure and Postclosure Care Costs	71,274	2,130	2,288	71,116	2,475
Pollution Remediation	14,437	1,535	2,017	13,955	3,124
Total Other Liabilities	<u>106,839</u>	<u>24,262</u>	<u>25,433</u>	<u>105,668</u>	<u>8,397</u>
Total Business-Type Activities	<u>\$ 4,865,936</u>	<u>\$ 367,065</u>	<u>\$ 467,077</u>	<u>\$ 4,765,924</u>	<u>\$ 141,383</u>
Component Units					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 350,000	\$ -	\$ 4,565	\$ 345,435	\$ 4,890
Discounts/Premiums/Issuance Costs	(11,740)	-	(331)	(11,409)	-
Phoenix Housing Finance Corporations					
Notes Payable	20,549	19,917	180	40,286	-
Total Component Units	<u>\$ 358,809</u>	<u>\$ 19,917</u>	<u>\$ 4,414</u>	<u>\$ 374,312</u>	<u>\$ 4,890</u>

(1) Additions include \$68,000 for accreted interest on capital appreciation enterprise general obligation minibonds and \$16,780,000 for accreted interest on capital appreciation State of Arizona distribution revenue bonds. Reductions include \$135,000 for accreted interest on the July 1, 2012 maturity of State of Arizona distribution revenue bonds. Also included in additions and reductions for bonds and notes payable are new deferred gains and losses 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 in the previous table have been reduced by deposits made with the City's fiscal agents for July 1, 2012 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2012, were as follows (in thousands):

	Principal	Interest	Total
Governmental Funds			
General Obligation Bonds	\$ 56,520	\$ 28,912	\$ 85,432
Street and Highway User Revenue Bonds	6,266	15,734	22,000
Municipal Corporation Obligations	31,300	16,180	47,480
Special Assessment Bonds	-	5	5
	<u>94,086</u>	<u>60,831</u>	<u>154,917</u>
Enterprise Funds			
General Obligation Bonds	11,310	1,683	12,993
Municipal Corporation Obligations	93,980	104,665	198,645
	<u>105,290</u>	<u>106,348</u>	<u>211,638</u>
	<u>\$ 199,376</u>	<u>\$ 167,179</u>	<u>\$ 366,555</u>

Issues of long-term debt, excluding deferred losses of \$64,744 and accumulated appreciation on general obligation mini-bonds (\$811) and State of Arizona distribution revenue bonds (\$99,351) were as follows at June 30, 2012 (dollars in thousands):

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
General Obligation Bonds								
12/01/93	Water Improvements (Minibonds)	7/1/04-14	4.98	13.8	\$ 17,229	\$ 2,252	\$ 1,142	\$ -
07/01/95	Refunding	7/1/10-17	5.56	19.9	85,000	22,995	6,489	-
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	3,398	659	-
05/21/03	Refunding	7/1/05-16	3.25	9.1	83,320	30,320	2,943	(456)
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	79,350	45,130	(1,363)
03/01/04	Refunding	7/1/11-19	3.74	11.7	50,870	38,520	6,919	(1,148)
07/01/05	Various Improvements	7/1/11-25	4.23	13.9	257,000	212,480	79,402	(2,678)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	317,080	132,868	(3,001)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	135,730	46,341	(4,148)
06/13/07	Various Improvements - Taxable	7/1/08-13	5.44	3.4	77,550	7,070	370	-
10/27/09	Various Improvements - Taxable	7/1/20-34	3.42	18.4	280,955	280,955	229,959	-
10/27/09	Various Improvements - Taxable	7/1/15-20	3.97	7.9	69,045	69,045	14,074	-
10/27/09	Refunding	7/1/11-23	2.70	6.7	117,195	92,615	15,616	(1,753)
06/12/12	Various Improvements	7/1/23-34	3.55	17.2	103,360	103,360	67,843	(4,417)
06/12/12	Various Improvements - Taxable	7/1/21-23	2.76	9.8	16,640	16,640	4,395	-
06/12/12	Refunding	7/1/15-27	2.39	9.2	176,465	176,465	62,378	(21,979)
	Total General Obligation Bonds				2,035,124	1,588,275	716,528	(40,943)
Revenue Bonds								
12/15/92	Street/Highway Refunding (2)	7/1/94-13	6.33	15.0	58,226	5,875	16,125	-
05/26/10	Wastewater Revenue	7/1/10-18	2.97	5.3	6,000	4,126	428	-
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,287	1,879	-
11/12/10	Water Revenue	7/1/11-16	2.97	2.8	1,022	648	41	-
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	2,093	511	-
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,804	-
09/14/11	Water Revenue	7/1/24-29	2.97	15.8	1,497	1,497	666	-
	Total Revenue Bonds				\$ 79,034	\$ 24,435	\$ 21,454	\$ -

(Continued)

Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
Certificates of Participation								
07/21/04	Amphitheatre Refunding (2) (3b)	8/1/05-19	4.71	13.3	\$ 10,900	\$ 6,040	\$ 1,218	\$ (19)
07/21/04	Amphitheatre, Stadium and Housing (2) (3b)	8/1/05-24	4.71	13.3	9,555	5,895	1,832	(17)
07/21/04	Superblock Refinancing (2) (3b)	8/1/20-24	4.71	13.3	15,010	15,010	7,316	79
	Total Certificates of Participation				35,465	26,945	10,366	43
Municipal Corporation Obligations								
08/01/01	Water System Refunding (2) (4)	7/1/02-24	4.68	14.1	99,980	64,835	24,878	(1,859)
05/01/02	Airport Sr. Lien Refunding (2) (5a)	7/1/08-13	4.82	9.5	23,225	6,100	351	(43)
05/01/02	Airport Sr. Lien Revenue (2) (5a)	7/1/14-32	5.53	22.7	231,390	231,390	153,648	1,376
05/01/03	New City Hall Refunding (3a)	7/1/04-29	4.43	15.6	47,600	990	50	(3)
05/01/03	Solid Waste Improvements (2)(7)	7/1/04-14	4.17	12.3	80,000	7,690	582	(69)
05/01/03	Municipal Facilities (2)(3b)	7/1/05-25	4.03	11.8	25,000	1,535	77	(3)
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.64	20.8	25,000	615	29	3
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.66	20.8	10,000	245	12	2
10/01/03	Water System Refunding (4)	7/1/05-22	4.53	15.6	11,325	10,720	3,464	102
06/01/04	Excise Tax Revenue (2)(3b)	7/1/06-25	4.14	8.4	22,000	3,165	261	(14)
06/02/04	Rental Car Facility (Taxable) (2)(8)	7/1/07-29	6.20	16.5	260,000	220,185	141,500	-
07/21/04	Water Rights Land Acq. Ref. (2)(4)	8/1/06-17	4.13	8.3	27,775	14,200	1,817	1
12/10/04	Transit Excise Tax Revenue (2)(9)	7/1/06-20	4.08	10.9	500,000	381,950	96,755	(15,432)
12/16/04	Wastewater System Revenue (2)(6)	7/1/10-29	4.59	16.6	180,000	157,690	81,599	(4,508)
01/11/05	Wastewater System Ref. (10)(11)	7/1/06-15	3.67	10.9	102,020	39,045	3,968	(1,078)
06/01/05	Water System Revenue (2)(4)	7/1/10-29	4.28	16.4	600,000	545,010	277,914	(26,639)
09/13/05	Excise Tax Revenue (2)(3b)	7/1/17-41	4.62	26.3	300,000	300,000	290,631	(13,760)
10/06/05	State Distribution Revenue (2)(12)	7/1/12-44	4.72	28.9	275,362	274,902	576,829	(23,471)
06/01/06	Solid Waste Improvements (2)(7)	7/1/07-26	4.45	12.4	84,265	67,920	27,114	(892)
06/01/06	Municipal Facilities (2)(3b)	7/1/07-13	3.89	3.7	28,230	2,270	91	(1)
06/01/06	Municipal Facilities (Taxable) (2)(3b)	7/1/07-35	6.10	19.0	41,920	38,600	33,466	(2)
06/01/07	Excise Tax Revenue Refunding (3a)	7/1/09-29	4.51	14.5	103,605	97,685	47,853	(2,042)
06/01/07	Excise Tax Revenue (2)(3b)	7/1/08-27	4.46	12.0	21,115	17,465	7,387	(313)
06/01/07	Excise Tax Revenue Refunding (2)(3b)	7/1/09-23	4.33	10.5	71,820	64,365	19,743	(1,688)
06/01/07	Excise Tax Revenue Ref. (Taxable) (2)(3b)	7/1/08-22	5.81	9.2	35,670	27,290	9,287	95
11/27/07	Wastewater System Revenue (2)(6)	7/1/12-37	4.65	20.0	300,000	294,540	230,821	(10,820)
06/18/08	Airport Revenue (5a)	7/1/20-38	5.02	22.5	206,840	206,840	190,695	(550)
06/18/08	Airport Revenue (Taxable) (5a)	7/1/12-19	4.68	7.8	43,160	38,655	8,490	(795)
06/18/08	Airport Revenue Refunding (5a)	7/1/09-22	4.26	8.0	109,850	83,070	22,924	(1,972)
06/18/08	Airport Revenue Refunding (Taxable) (5a)	7/1/09-20	4.58	5.6	68,520	33,560	8,167	(980)
11/18/08	Wastewater System Revenue Ref. (10)	7/1/16-24	5.02	11.9	133,400	133,400	61,508	(4,321)
06/02/09	Water System Revenue (4)	7/1/14-39	4.63	20.5	450,000	450,000	391,122	(19,414)
06/02/09	Water System Revenue Refunding (4)	7/1/10-19	2.78	6.0	90,295	67,670	13,148	(4,692)
09/01/10	Airport Revenue (5b)(15)	7/1/13-40	4.69	19.0	642,680	642,680	552,813	(24,244)
09/01/10	Airport Revenue (Taxable) (5b)(15)(16)	7/1/2040	3.67	29.8	21,345	21,345	39,446	-
09/01/10	Airport Revenue Refunding (5b)	7/1/23-25	4.33	13.9	32,080	32,080	19,300	(2,118)
06/07/11	Excise Tax Revenue (3a)	7/1/14-31	2.86	7.6	27,530	27,530	7,637	(2,349)
06/07/11	Excise Tax Revenue (Taxable) (3a)	7/1/15-36	4.86	13.1	59,195	59,195	35,253	-
06/07/11	Excise Tax Revenue Refunding (3a)	7/1/21-28	3.79	12.6	24,305	24,305	13,735	(2,698)
06/07/11	Excise Tax Revenue Ref. (Taxable) (3a)	7/1/15-21	3.91	7.6	22,805	22,805	5,616	-
06/07/11	Multipurpose Arena Ref. (Taxable) (3b)	7/1/12-19	3.71	5.1	27,500	26,705	4,012	-
11/22/11	Water System Revenue Refunding (4)	7/1/14-26	3.12	9.3	167,510	167,510	70,432	(21,985)
12/22/12	Wastewater System Revenue Ref. (6)	7/1/14-24	2.58	8.4	118,290	118,290	44,135	(18,574)
06/21/12	Excise Tax Revenue Refunding (3a)	7/1/14-29	2.97	9.7	15,205	15,205	6,935	(2,252)
06/21/12	Excise Tax Revenue Refunding (3b)	7/1/14-25	2.30	6.7	17,510	17,510	5,413	(2,637)
06/21/12	Excise Tax Revenue Ref. (Taxable) (3b)	7/1/16-33	4.01	13.7	33,095	33,095	17,964	-
	Total Municipal Corporation Obligations				5,818,417	5,091,852	3,548,872	(210,639)
Special Assessment Bonds								
Various	Unredeemed Matured Bonds	-	-	-	44	44	-	-
2003	Various Improvements	1/1/04-13	6.90	10.0	136	13	-	-
2008	Various Improvements	1/1/09-18	6.90	10.0	22	13	3	-
2010	Various Improvements	1/1/11-20	6.90	10.0	163	130	36	-
	Total Special Assessment Bonds				365	200	39	-
Total Primary Government Bonds					\$ 7,968,405	\$ 6,731,707	\$ 4,297,259	\$ (251,539)

(Continued)

Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
Component Units								
12/20/05	Senior Revenue (Hotel) (2)(13)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 155,240	\$ 145,520	\$ (3,426)
12/20/05	Subordinate Revenue (Hotel) (2)(14)	7/1/19-40	5.09	26.2	164,425	164,425	160,080	(2,691)
12/20/05	Subord.Revenue-Taxable (Hotel) (2)(14)	7/1/12-19	5.67	10.2	28,865	25,770	5,571	-
Total Component Unit Bonds					\$ 350,000	\$ 345,435	\$ 311,171	\$ (6,117)
Total Bonds					\$ 8,318,405	\$ 7,077,142	\$ 4,608,430	\$ (257,656)

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Insured by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- (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 made a junior lien pledge of Water System revenues as security.
- (5) The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:
 - (a) Senior lien pledge on all outstanding airport obligations.
 - (b) Junior lien pledge on all outstanding airport obligations.
- (6) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (11) The scheduled payment of principal and interest on the 2004B bonds maturing July 1 2009 through and including July 1, 2015, are guaranteed by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.
- (12) 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. The schedule of State distributions will be sufficient to make loan payments when due.
- (13) 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.
- (14) 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, and secured on a basis junior and subordinate 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.
- (15) The City has further pledged an irrevocable commitment of net proceeds of a passenger facility charge for these bonds. The Passenger Facility Charge (PFC) is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- (16) The City currently intends to irrevocably elect to treat these bonds as "Recovery Zone Economic Development Bonds" (RZEDB) for purposes of the Recovery Act and the Code. In addition to the senior lien pledge and the irrevocable commitment of the PFC revenues, the junior lien interest requirement of these bonds will be further secured by an irrevocable commitment of the 2010 RZEDB subsidy payments. The subsidy payments rebate 45% of the interest requirement for these 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.

- In June 2012, the City issued \$103,360,000 of Various Purpose General Obligation Bonds, Series 2012A. Proceeds of the bonds were used for various purpose projects. The bonds have an average life of 17.2 years and were sold at a true interest cost of 3.55%.
- In June 2012, the City issued \$16,640,000 of Various Purpose General Obligation Bonds, Taxable Series 2012B. Proceeds of the bonds were used for various purpose projects. The bonds have an average life of 9.8 years and were sold at a true interest cost of 2.76%.

Notes to the Financial Statements

(Continued)

- In June 2012, the City issued \$176,465,000 of General Obligation Refunding Bonds, Series 2012C. Proceeds of the bonds refunded \$184,535,000 of outstanding general obligation bonds. The bonds have an average life of 9.2 years, were sold at a true interest cost of 2.39% and produced present value savings, net of transaction costs, of \$15,461,601.

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. 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.

Effective November 19, 2009, Arizona state legislation was passed that allows a city or town, during fiscal years 2009-10 and 2010-11, to enter into a financial loan repayment agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) without voter approval, if the agreement is financed with funding made available to WIFA under the American Recovery and Reinvestment Act of 2009 (ARRA).

The City has entered into various loan agreements with WIFA. Loan proceeds received by the City from WIFA pursuant to the ARRA will be used to fund various capital projects of the Water and Wastewater systems of the City. The following loans were made in fiscal year 2011-12 and are reflected in the financial statements of the City as of June 30, 2012:

- In September 2011, the City received \$1,496,737 pursuant to a loan agreement with WIFA, from funding made available to WIFA under the ARRA. The City made a junior lien pledge of operating revenues of the water system for the payment of principal and interest on the loan. The loan has an average life of 15.8 years and a true interest cost of 3.0%.

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 equipment, 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 November 2011, the CIC issued \$167,510,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2011. Proceeds of the bonds refunded \$183,930,000 of outstanding Junior Lien Water System Revenue Bonds, Series 2002. The bonds have an average life of 9.3 years, were sold at a true interest cost of 3.12% and produced present value savings, net of transaction costs, of \$21,024,657.
- In December 2011, the CIC issued \$118,290,000 of Junior Lien Wastewater System Revenue Refunding Bonds, Series 2011. Proceeds of the bonds refunded \$137,060,000 of outstanding Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001. The bonds have an average life of 8.4 years, were sold at a true interest cost of 2.58% and produced present value savings, net of transaction costs, of \$22,448,980.
- In June 2012, the CIC issued \$15,205,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012. Proceeds of the bonds refunded \$16,570,000 of outstanding Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003. The bonds have an average life of 9.7 years, were sold at a true interest cost of 2.97% and produced present value savings, net of transaction costs, of \$1,346,378.

Notes to the Financial Statements

(Continued)

- In June 2012, the CIC issued \$17,510,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A. Proceeds of the bonds refunded a total of \$18,900,000 of Subordinated Excise Tax Bonds. Specifically, proceeds refunded \$13,470,000 of outstanding Subordinated Excise Tax Revenue Bonds, Series 2003B and \$5,430,000 of outstanding Subordinated Excise Tax Revenue Bonds, Series 2004. The bonds have an average life of 6.7 years, were sold at a true interest cost of 2.30% and produced present value savings, net of transaction costs, of \$1,345,535.
- In June 2012, the CIC issued \$33,095,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable). Proceeds of the bonds refunded a total of \$31,045,000 of Subordinated Excise Tax Bonds. Specifically, proceeds refunded \$22,170,000 of outstanding Subordinated Excise Tax Revenue Bonds, Taxable Series 2003C and \$8,875,000 of outstanding Subordinated Excise Tax Revenue Bonds, Taxable Series 2003D. The bonds have an average life of 13.7 years, were sold at a true interest cost of 4.01% and produced present value savings, net of transaction costs, of \$3,396,052.

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 for 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.

Various Phoenix Housing Finance Corporations have entered into loan agreements with the City for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. The outstanding balance on these loans at June 30, 2012 is \$40,286,000.

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		Total Other Obligations (1)		Debt Service Total	
	Principal	Interest	Principal	Interest	Principal	Interest		
2013	\$ 33,170	\$ 67,063	\$ 5,875	\$ 16,125	\$ 51,627	\$ 39,001	\$ 212,861	
2014	23,770	65,141	-	-	56,493	36,510	181,914	
2015	66,195	64,228	-	-	65,303	33,946	229,672	
2016	86,895	61,606	-	-	71,419	31,001	250,921	
2017	85,845	57,719	-	-	77,898	27,726	249,188	
2018-22	487,365	226,557	-	-	321,231	80,552	1,115,705	
2023-27	489,495	115,779	-	-	99,880	32,438	737,592	
2028-32	164,830	38,784	-	-	51,885	12,460	267,959	
2033-37	67,785	4,836	-	-	20,815	2,542	95,978	
2038-42	-	-	-	-	-	-	-	
2043-47	-	-	-	-	-	-	-	
	<u>\$ 1,505,350</u>	<u>\$ 701,713</u>	<u>\$ 5,875</u>	<u>\$ 16,125</u>	<u>\$ 816,551</u>	<u>\$ 296,176</u>	<u>\$ 3,341,790</u>	

Authorized \$ 2,238,990 \$ 356,966

Unissued \$ 152,355 \$ -

Interest Rates 2.0 - 7.4% 3.3 - 7.6%

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

Fiscal Years	Municipal Corporation Obligations		Certificates of Participation		Special Assessment Bonds		Total Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 50,280	\$ 37,710	\$ 1,315	\$ 1,281	\$ 32	\$ 10	\$ 51,627	\$ 39,001
2014	55,110	35,273	1,365	1,229	18	8	56,493	36,510
2015	63,865	32,765	1,420	1,174	18	7	65,303	33,946
2016	70,170	29,881	1,230	1,115	19	5	71,419	31,001
2017	76,585	26,669	1,295	1,053	18	4	77,898	27,726
2018-22	308,380	76,573	12,800	3,974	51	5	321,231	80,552
2023-27	92,360	31,898	7,520	540	-	-	99,880	32,438
2028-32	51,885	12,460	-	-	-	-	51,885	12,460
2033-37	20,815	2,542	-	-	-	-	20,815	2,542
2038-42	-	-	-	-	-	-	-	-
2043-47	-	-	-	-	-	-	-	-
	<u>\$ 789,450</u>	<u>\$ 285,771</u>	<u>\$ 26,945</u>	<u>\$ 10,366</u>	<u>\$ 156</u>	<u>\$ 39</u>	<u>\$ 816,551</u>	<u>\$ 296,176</u>

Notes to the Financial Statements
(Continued)

Fiscal Years	City of Phoenix Bonds - Business-Type Activities							Component Units	
	General Obligation		Revenue Obligations		Municipal Corporation Obligations		Debt Service	Downtown Phoenix Hotel Corporation	
	Principal	Interest	Principal	Interest	Principal	Interest	Total	Principal	Interest
2013	\$ 10,275	\$ 3,287	\$ 858	\$ 551	\$ 121,853	\$ 208,415	\$ 345,239	\$ 4,890	\$ 17,179
2014	6,544	3,914	884	525	138,475	218,439	368,781	5,230	16,930
2015	13,975	2,732	910	499	135,610	211,701	365,427	5,595	16,662
2016	27,367	2,271	937	472	144,835	205,061	380,943	5,980	16,374
2017	8,116	1,201	964	444	168,905	197,792	377,422	6,390	16,061
2018-22	16,648	1,410	5,269	1,776	955,068	857,911	1,838,082	38,480	75,257
2023-27	-	-	6,099	945	952,955	610,069	1,570,068	51,710	64,584
2028-32	-	-	2,639	117	700,464	393,646	1,096,866	68,750	50,218
2033-37	-	-	-	-	593,238	240,635	833,873	90,790	31,023
2038-42	-	-	-	-	352,394	98,042	450,436	67,620	6,883
2043-47	-	-	-	-	38,605	21,390	59,995	-	-
	<u>\$ 82,925</u>	<u>\$ 14,815</u>	<u>\$ 18,560</u>	<u>\$ 5,329</u>	<u>\$ 4,302,402</u>	<u>\$ 3,263,101</u>	<u>\$ 7,687,132</u>	<u>\$ 345,435</u>	<u>\$ 311,171</u>
Authorized	\$ 227,634		\$ 24,111					\$ 350,000	
Unissued	\$ -		\$ -					\$ -	
Interest Rates	2.0 - 7.4%		2.0 - 3.0%					4.0 -5.3%	

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, 2012 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 \$145,222,000, including \$81,485,000 that has already been paid out and an estimated \$63,737,000 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 decreased by \$2,857,000 during fiscal 2011-12 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$55,825,000, which will be paid out in future years. \$8,430,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 15.1% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$1,051,000 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 \$9,549,000 (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)

Pollution Remediation

The City has recorded pollution remediation liabilities in both the Governmental and Business-Type Activities. The liability in the Governmental Activities pertains to a leaking underground storage tank at the Glenrosa Service Center. The situation was identified by the City Public Works Department in 1986. The City created and has been implementing a corrective action plan which was approved by the Arizona Department of Environmental Quality (ADEQ), to ensure the contamination does not spread. As of June 30, 2012, the total remaining liability is \$24,432,000 and it is estimated that the remediation will be completed in 87 years.

The liability in the Business-Type Activities is primarily a result of leaking underground storage tanks at the Sky Harbor International Airport and Phoenix Goodyear Airport. The tanks at Sky Harbor International Airport were discovered to be leaking in 1988 and the City is implementing a corrective action plan which was approved by the ADEQ to ensure the contamination does not spread. The remediation of a fuel release at Phoenix Goodyear Airport discovered in the 1980's is being implemented as approved by the United States Environmental Protection Agency (US EPA). The total remaining liability for all remediation activities at the City airports as of June 30, 2012 is \$13,954,510, and is recorded in the Aviation Enterprise Fund.

11. Refunded, Refinanced and Defeased Obligations

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

During fiscal year 2011-12, the City issued Junior Lien Water System Revenue Refunding Bonds, Series 2011, Junior Lien Wastewater System Revenue Refunding Bonds, Series 2011, Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012, Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A, Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable) and General Obligation Refunding Bonds, Series 2012C. These bonds reduced 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 effect of the refundings are summarized as follows (in thousands):

	<u>City of Phoenix</u>		<u>Civic Improvement Corporation</u>			
	<u>General Obligation Bonds</u>	<u>Junior Lien Water Revenue</u>	<u>Junior Lien Wastewater Revenue</u>	<u>Senior Lien Excise Tax Revenue</u>	<u>Subordinated Excise Tax Revenue</u>	<u>Subordinated Excise Tax Revenue (Taxable)</u>
Series	2012C	2011	2011	2012	2012A	2012B
Closing Date	06/12/12	11/22/11	12/22/11	06/21/12	06/21/12	06/21/12
Net Interest Rate	2.53%	3.36%	2.78%	3.22%	2.43%	3.99%
Refunding Bonds Issued	\$ 176,465	\$ 167,510	\$ 118,290	\$ 15,205	\$ 17,510	\$ 33,095
Premium (Discount)	21,197	22,721	19,264	2,182	2,562	(170)
Issuance Costs and Insurance	(387)	(575)	(490)	(96)	(110)	(209)
Net Proceeds	<u>\$ 197,275</u>	<u>\$ 189,656</u>	<u>\$ 137,064</u>	<u>\$ 17,291</u>	<u>\$ 19,962</u>	<u>\$ 32,716</u>
Refunded Amount	\$ 184,535	\$ 183,930	\$ 137,060	\$ 16,570	\$ 18,900	\$ 31,045
Decrease (Increase) in Debt Service	\$ 1	21,751	26,397	1,544	1,400	3,400
Economic Gain (Loss)	\$ 15,462	21,025	22,449	1,346	1,346	3,396
Number of Years Affected	16	15	13	17	13	21

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, 2012, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions (Gains)/Losses	Reductions due to Refundings	Amortization Gains/(Losses)	Deferred Amount June 30
General Government					
General Obligation	\$ 4,960	\$ 12,998	\$ (2,238)	\$ (799)	\$ 14,921
Certificates of Participation	(200)	-	-	33	(167)
Civic Improvement Corporation	21,274	3,397	(498)	(2,423)	21,750
	<u>\$ 26,034</u>	<u>\$ 16,395</u>	<u>\$ (2,736)</u>	<u>\$ (3,189)</u>	<u>\$ 36,504</u>
Enterprise Funds					
Aviation					
General Obligation	\$ 509	\$ 122	\$ (122)	\$ (207)	\$ 302
Civic Improvement Corporation	1,134	-	-	(244)	890
Convention Center					
Civic Improvement Corporation	684	-	-	(62)	622
Water					
General Obligation	3,208	-	-	(638)	2,570
Civic Improvement Corporation	5,120	4,580	-	(800)	8,900
Wastewater					
General Obligation	1,411	42	(14)	(195)	1,244
Civic Improvement Corporation	16,737	3,518	(4,631)	(2,296)	13,328
Solid Waste					
General Obligation	361	779	(278)	185	1,047
Civic Improvement Corporation	(723)	-	-	60	(663)
	<u>\$ 28,441</u>	<u>\$ 9,041</u>	<u>\$ (5,045)</u>	<u>\$ (4,197)</u>	<u>\$ 28,240</u>

Notes to the Financial Statements

(Continued)

Advanced refunding and defeasance arrangements at June 30, 2012 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds		Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type		
07/19/06	07/01/95 - 7/01/05	General Obligation General Government	\$ 43,620	\$ 42,551
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 18,675	\$ 18,684
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 45,610	\$ 45,632
03/28/08	07/01/01 - 12/01/04	Civic Improvement Corporation Wastewater System Revenue	\$ 4,960	\$ 5,073
06/26/09	08/30/00 - 06/27/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 7,945	\$ 7,640
06/07/11	08/01/00 - 06/01/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 1,250	\$ 1,905
06/12/12	06/01/02 - 06/13/07	General Obligation General Government	\$ 104,380	\$ 112,697
06/21/12	05/01/03	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 16,570	\$ 17,288
06/21/12	05/01/03 - 06/01/04	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 18,900	\$ 19,960
06/21/12	05/01/03 - 06/01/04	Civic Improvement Corporation Subordinated Excise Tax Revenue (Taxable)	\$ 31,045	\$ 32,699

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

Notes to the Financial Statements

(Continued)

12. Legal Debt Margin

As discussed in Note 4, 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, streets, 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, 2012 was as follows (in thousands):

Six Percent Bonds	\$	602,241
Twenty Percent Bonds		<u>952,680</u>
	\$	<u>1,554,921</u>

13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2012, as described below.

General Fund and Transit Special Revenue Fund

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

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

Workers' Compensation – The City maintained a self-insured retention of \$15,000,000 for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Workers' Compensation for Phoenix Transit employees was self-insured up to \$400,000 and excess workers' compensation insurance was purchased for losses exceeding that amount through June 30, 2010. Effective July 1, 2010, the contracted transit service providers are responsible for new claims.

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

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

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

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the Government-Wide Statement of Net Assets, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. Settlements have not exceeded coverages for each of the last three fiscal years. At June 30, 2012, claims payable totaled \$92.2 million. Changes in this liability for the last two fiscal years follow (in thousands):

Notes to the Financial Statements
(Continued)

	Year Ended June 30	
	2012	2011
Claims Payable, July 1	\$ 103,543	\$ 99,671
Current Year Claims and Changes in Estimates	20,917	28,805
Claim Payments	<u>(32,218)</u>	<u>(24,933)</u>
Claims Payable, June 30	<u>\$ 92,242</u>	<u>\$ 103,543</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	
	2012	2011
Amounts due within one year	\$ 24,104	\$ 29,034
Amounts due in more than one year	<u>68,138</u>	<u>74,509</u>
	<u>\$ 92,242</u>	<u>\$ 103,543</u>

In addition, assets of \$77,378,210 and \$1,712,721 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2012 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Assets. As a result, of the General Fund Balance \$37,912,674 is restricted and \$39,465,536 is assigned for payment of claims.

Fiduciary Funds

Health and Dental – The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased for individual losses exceeding \$1,000,000 and aggregate losses exceeding \$259,020,133. Dental coverage was provided through two plans. A dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust and a dental HMO was provided through commercial insurance accounted for in the General Fund.

Long-Term Disability benefits were self-insured through the City of Phoenix Long-Term Disability Trust fiduciary fund. As a partially funded other post-employment benefit, no liability is reflected in the Government-Wide Statement of Net Assets. See Note 20 for additional information.

At June 30, 2012, claims payable totaled \$24.2 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2012	2011
Claims Payable, July 1	\$ 25,861	\$ 25,008
Current Year Claims and Changes in Estimates	200,582	199,544
Claim Payments	<u>(202,205)</u>	<u>(198,691)</u>
Claims Payable, June 30	<u>\$ 24,238</u>	<u>\$ 25,861</u>

Notes to the Financial Statements

(Continued)

Claims are accounted for in the Health Care Benefits Trust and the Long Term Disability Trust Fiduciary Funds Statements of Net Assets. Claims are expected to be paid with expendable available financial resources. These balances were as follows (in thousands):

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Amounts due within one year	<u>\$ 24,238</u>	<u>\$ 25,861</u>

14. 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 \$49,333,181 for the fiscal year ended June 30, 2012.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2012 were as follows (in thousands):

<u>Years Ending</u> <u>June 30</u>	
2013	\$ 58,739
2014	53,058
2015	51,209
2016	50,958
2017	34,953
2018-2068	<u>243,673</u>
	<u>\$ 492,590</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 \$17,383,300 for the fiscal year ended June 30, 2012. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2012 is as follows (in thousands):

Buildings	\$ 1,198,247
Less: Accumulated Depreciation	<u>(546,558)</u>
	<u>\$ 651,689</u>

Notes to the Financial Statements

(Continued)

15. Contractual and Other Commitments

Public Transit

The City provides public transit service through the following private contractors: Veolia Transportation Service, First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA" and light rail service from Valley Metro Rail. 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, 2013 are as follows (in thousands):

<u>Contractor</u>	<u>Type of Service</u>	<u>Expiration Date</u>	<u>Estimated Annual Subsidy</u>
MV Transportation Service	Dial-a-Ride	June 30, 2013	\$ 13,111
First Transit Inc.	Fixed Route Bus Service	June 30, 2013	23,662
Veolia Transportation Service	Fixed Route Bus Service	June 30, 2015	71,313
Valley Metro Rail	Light Rail Service	June 30, 2013	23,793
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2013	4,934
MV Transportation Service	Fixed Route Bus Service	June 30, 2013	388
			<u>\$ 137,201</u>

Approximately 15.4% of the total net transit costs, excluding light rail service, 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 12.5% of the total transit costs for fiscal 2012-13. The City has been the designated recipient for these grants since 1975.

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, 2012, as follows (in thousands):

Aviation	\$ 232,901
Phoenix Convention Center	992
Water System	73,833
Wastewater	30,822
Solid Waste	16,368
Golf	388
	<u>\$ 355,304</u>

Notes to the Financial Statements

(Continued)

Encumbrances

Governmental fund encumbrances at June 30, 2012, were as follows (in thousands):

General Fund	\$ 15,147
Transit Special Revenue Fund	13,748
Non-Major Funds	<u>106,213</u>
	<u>\$ 135,108</u>

16. 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 with 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, 2012.

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 notes only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2012 were \$501,667.

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.

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).

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

Middle management and Executive General City employees who have accumulated 750 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement are eligible to receive a payment up to 20% of their base hourly rate. Sworn Police and Fire Middle Managers and Executives who have accumulated 1,000 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement (1,400 for 56-hour employees) are eligible to receive a payment up to 40% of their base hourly rate of hours in excess of 500 hours (700 for 56-hour employees). Payment percentage is increased by 1% for each full year of service in excess of 20 years to a maximum of 50%.

Notes to the Financial Statements

(Continued)

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, 2012, 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>2012</u>
General	\$ 179,366
Police	124,764
Fire	<u>44,854</u>
	348,984
Less: Amounts Accrued as a Liability	<u>(72,299)</u>
	<u>\$ 276,685</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, 2012 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. City management believes any such claims would be immaterial to the City's financial position at June 30, 2012.

Verde Water Treatment Plant

In December 2011, Verde Water Treatment Plant (VWTP) closed. The VWTP had a total treatment capacity of 50 mgd. The Salt River Pima Maricopa Indian Community land lease for the VWTP expires in 2015 and will not be renewed. According to the lease agreement, the City is responsible to restore the land to its native state. The City is currently in negotiations with the Salt River Pima Maricopa Indian Community to determine the outcome resulting from the restoration.

17. 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. Valley Metro Rail, Inc. "VMRI" is the management agency that was incorporated to administer the joint powers agreement between the cities. 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, 2012, was \$806,536,100.

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

Notes to the Financial Statements

(Continued)

Regional Wireless Cooperative “RWC”

The City currently participates with seventeen cities and districts in the Regional Wireless Cooperative agreement for the construction, operation and maintenance of a regional communications network. The City is both the Network Managing Member and the Administrative Managing Member. As the Network Managing Member, Phoenix operates and maintains the network. As the Administrative Managing Member, Phoenix is responsible for accounting, budgeting, procurement and contracting for the RWC.

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2012, was \$73,392,485.

Separate financial statements may be obtained from RWC Director's Office, 200 W. Washington Street, 12th Floor, 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 was \$461,106,558 at June 30, 2012, 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 year ended June 30, 2012 is provided below (in thousands).

	<u>2012</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 33,725
Receivables	10,675
Inventories, at average cost	512
Capital Assets, Net of Accumulated Depreciation	<u>868,922</u>
Total Assets	913,834
Liabilities	<u>(35,952)</u>
Net Assets	<u>\$ 877,882</u>
Total Revenues	\$ 76,906
Total Expenses	<u>(103,445)</u>
Decrease in Net Assets	<u>\$ (26,539)</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the AMWUA office at 3003 N. Central Avenue, Suite 1550, 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 was \$241,413,777 at June 30, 2012, 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 year ended June 30, 2012 is provided below (in thousands).

	<u>2012</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 11,277
Receivables	4,663
Inventories, at average cost	364
Capital Assets, Net of Accumulated Depreciation	<u>307,856</u>
Total Assets	324,160
Liabilities	<u>(11,509)</u>
Net Assets	<u>\$ 312,651</u>
Total Revenues	\$ 39,587
Total Expenses	<u>(30,636)</u>
Increase in Net Assets	<u>\$ 8,951</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona 85003.

18. Deferred Compensation and Defined Contribution Plans (DCP)

The City established the Deferred Compensation Plan and the Defined Contribution Plan to provide eligible employees with a means to supplement retirement income.

The Deferred Compensation Plan was created in accordance with Internal Revenue Code Section 457. It allows eligible employees to defer up to \$17,000 of their salaries during calendar year 2012. The plan has numerous investment options and allows enrollment or changes on an ongoing basis. A 1996 federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No.S-25613 that amended the Plan to comply with the 1996 federal law. The Ordinance established a trust into which all assets of the Plan were transferred December 4, 1998.

The Defined Contribution Plan was created in accordance with Internal Revenue Code Section 415(c)(1)(A) and provides employees with an additional option for tax-deferred retirement savings. Eligible employees may make personal contributions to the Plan by electing to defer a designated percentage of their salary to the Plan. Employee contribution elections are irrevocable. The 2012 annual contribution limit is \$50,000. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of employee's base annual salary.

A governing board makes decisions about fund options available under both plans. Due to the tax-deferred nature of the Plans, generally speaking, the funds cannot be withdrawn while still employed by the City, unless a severe financial hardship exists. IRS regulations provide guidance regarding hardship withdrawals. The City contributed \$25,574,669 for the year ended June 30, 2012. Nationwide Investment Services Corporation is currently the administrator for both Plans.

Notes to the Financial Statements

(Continued)

19. 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, 200 West Washington, 10th Floor, Phoenix, Arizona 85003.

The Arizona Public Safety Personnel Retirement System ("APSPRS") is an agent multiple-employer defined benefit pension and health insurance premium subsidy plan for all sworn police officers and fire fighters. Members are eligible for normal retirement benefits and a health insurance premium subsidy after 20 years of service or at age 62 with completion of 10 years of service. It is authorized by and administered in accordance with Arizona Revised Statutes Title 38, Chapter 5, Article 4, Section 38.841-859. Authority to make amendments rests with the Arizona State Legislature. Benefits are projected based on benefit levels and cost-sharing arrangements as of the date of valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations. The Plan is administered by local boards consisting of the City Mayor or designee, 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, including a health insurance premium subsidy, upon ceasing to hold office and meeting one of the following age and service requirements:

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

Notes to the Financial Statements

(Continued)

Benefits are based on 4% of the member's final annual salary multiplied by the years of credited service. The maximum is 80% of the member's highest average 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, 3010 East Camelback Road, Phoenix, Arizona 85016 or on the internet at www.psprs.com.

Funding Policy and Annual Pension Cost

The City contributes an actuarially determined amount to COPERS to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over an open period of 20 years from July 1, 2011. 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.

In fiscal year 2011-12, members of the APSPRS contributed 7.65% of compensation. However, on April 29, 2011, the Governor signed into law Senate Bill 1609 ("SB 1609") which gradually increases the member contribution rate from 9.55% in fiscal year 2012-13 to 11.65% in fiscal year 2015-16 and thereafter. The City contributes normal cost less a credit (spread over an open period of twenty years) for the amount by which valuation assets exceed the actuarial accrued liability or plus a debit (spread over a closed period of twenty-four years) for the amount by which the actuarial accrued liability exceeds the valuation assets.

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

	Contributions Required and Contributions Made			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
General City	6/30/12	\$ 106,483,325	100 %	N/A
Employees	6/30/11	92,145,262	100	N/A
	6/30/10	86,591,498	100	N/A
APSPRS Employees (1):				
Police Pension	6/30/12	59,887,847	100	N/A
Police Health	6/30/12	2,624,897	100	N/A
Police Pension	6/30/11	55,905,758	100	N/A
Police Health	6/30/11	2,680,707	100	N/A
Police Pension	6/30/10	61,977,622	100	N/A
Police Health	6/30/10	2,433,457	100	N/A
Fire Pension	6/30/12	29,679,259	100	N/A
Fire Health	6/30/12	1,575,259	100	N/A
Fire Pension	6/30/11	27,584,206	100	N/A
Fire Health	6/30/11	1,541,703	100	N/A
Fire Pension	6/30/10	30,617,992	100	N/A
Fire Health	6/30/10	1,388,600	100	N/A

Contribution rates for EORPA are specified by State statute, with a 7% employee share and an actuarially determined employer's share equal to a level percent of compensation to fund normal cost and unfunded accrued liability over a closed period of 30 years from July 1, 2006. SB 1609 will increase the member contribution rate to 11.5% in fiscal year 2012-13 and to 13% in fiscal year 2013-14 and thereafter.

Notes to the Financial Statements

(Continued)

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

	Contributions Required and Contributions Made			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Elected Officials				
Pension	6/30/12	\$ 169,988	100 %	N/A
Health	6/30/12	9,753	100	N/A
Pension	6/30/11	\$ 145,978	100	N/A
Health	6/30/11	9,221	100	N/A
Pension	6/30/10	125,896	100	N/A
Health	6/30/10	9,768	100	N/A

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

	(3) COPERS	APSPRS		EORPA Pension/Health
		Police (1) Pension/Health	Fire (1) (2) Pension/Health	
Contribution Rates:				
City	18.18%	24.21%/1.42%	24.35%/1.41%	31.2%/1.79%
Plan Members	5.00%	7.65%	7.65%	7.00%
Annual Pension Cost (in thousands)	\$ 106,483	\$59,888/\$2,625	\$29,679/\$1,575	\$170/\$10
Contributions Made (in thousands)	\$ 106,483	\$59,888/\$2,625	\$29,679/\$1,575	\$170/\$10
Actuarial Valuation Date	6/30/12	6/30/12	6/30/12	6/30/12
Actuarial Cost Method	Entry Age, Normal	Entry Age, Normal	Entry Age, Normal	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years	24 years	24 years	24 years
Asset Valuation Method	4-year smoothed market	7-year smoothed market	7-year smoothed market	7-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases *	5.0 - 8.8%	5.0 - 9.0%	5.0 - 9.0%	4.75%
* Includes Inflation at	4.5%	5.0%	5.0%	4.5%
Cost-of-Living Adjustments	-	-	-	-

- (1) Contribution rates for APSPRS pension and health are based on actuarial estimates. Actual contributions for the health subsidy are based on actual expenses for the year with the balance of the required rate applied to the pension requirement
- (2) A fire premium tax levied by the State is credited toward the City's contribution for firefighters employed by the City of Phoenix. The amount reported above is before the fire insurance premium tax credit allowance of \$3,125,711.
- (3) COPERS' amount includes \$801,000 allocated to the Excess Benefit Arrangement.

Notes to the Financial Statements
(Continued)

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

Schedule of Funding Progress (in thousands)							
Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)	
General City							
Employees	6/30/12	\$ 1,827,528	\$ 2,939,374	\$ 1,111,846	62.2 %	\$ 506,017	219.7 %
APSPRS							
Police - Pension	6/30/12	\$ 1,252,168	\$ 2,115,506	\$ 863,338	59.2 %	\$ 241,080	358.1 %
Police - Health	6/30/12	0	50,913	50,913	0.0	241,080	21.1
APSPRS							
Fire - Pension	6/30/12	\$ 704,733	\$ 1,153,074	\$ 448,341	61.1 %	\$ 120,264	372.8 %
Fire - Health	6/30/12	0	26,643	26,643	0.0	120,264	22.2

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

20. Other Postemployment Benefits (OPEB)

Postemployment Healthcare

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

Medical Expense Reimbursement Plan

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

The purpose of the monthly subsidy is to reimburse retirees for qualified medical expenses. The subsidy varies with length of service or bargaining unit, from \$117 to \$202 per month. Retirees may be eligible for additional subsidies depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program. Current and future eligible retirees who purchase health insurance through the City's plan during retirement will receive an additional subsidy to minimize the impact of unblending health insurance rates for active and retired employees.

The City established the City of Phoenix MERP Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.42 – Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners. A five-member Board of Trustees has been delegated responsibility for fiduciary oversight of the MERP Trust, subject to oversight of the City Council.

The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Notes to the Financial Statements

(Continued)

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

Annual required contribution	\$ 33,456
Interest on OPEB Asset	-
Contributions from the City	33,456
Decrease in net OPEB asset	-
Net OPEB asset, beginning of year	-
Net OPEB asset, end of year	-

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2012	\$ 33,456	\$ 33,456	100.0%	\$ -
6/30/2011	38,007	38,007	100.0	-
6/30/2010	37,574	17,204	45.8	-
6/30/2009	37,967	43,579	114.8	20,370
6/30/2008	39,000	53,758	137.8	14,758

As of August 1, 2011, the most recent actuarial valuation date, MERP benefits were funded by the City to a dedicated MERP Trust. The actuarial accrued liability for benefits was \$423,057,990 and the actuarial value of assets was \$86,964,144, resulting in an unfunded actuarial accrued liability (UAAL) of \$336,093,846. The covered payroll (annual payroll of active employees covered by the plan) was \$510,560,570 and the ratio of the UAAL to the covered payroll was 65.8 percent.

The following table summarizes the more significant actuarial methods and assumptions used to calculate the ARC.

Valuation date	08/01/2011
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	4%
Inflation rate	0%
Pre-medicare healthcare cost trend	6.3%
Post-medicare healthcare cost trend	6.6%

The number of participants as of August 1, 2011, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	General City	Public Safety	Total
Active employees	4,553	2,955	7,508
Retirees and Beneficiaries	4,517	2,151	6,668
Total	9,070	5,106	14,176

Notes to the Financial Statements

(Continued)

Post Employment Health Plan

Employees eligible to retire in more than 15 years from August 1, 2007 who have payroll deductions for City medical insurance coverage are entitled to a \$150 monthly contribution to a Post Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a 100% employer-paid defined contribution. Funds accumulated in the account can be used upon termination of employment for qualified medical expenses. The current administrator of the plan is Nationwide Retirement Solutions.

Long-Term Disability Program

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

The City established the City of Phoenix Long-Term Disability Trust to fund all or a portion of the City's liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.323 City of Phoenix Long-Term Disability Program. A five-member Board of Trustees has been delegated responsibility for fiduciary oversight of the LTD Trust, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

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

Annual required contribution*	\$ 2,486
Interest on Net OPEB Asset	95
Contributions made	2,018
Decrease in OPEB Asset	(373)
Net OPEB asset, beginning of year	1,360
Net OPEB asset, end of year	\$ 987

* The City does not calculate an adjustment to the ARC based on the value of the OPEB Asset.

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset since implementation were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2012	\$ 2,486	\$ 2,018	81.2%	\$ 987
6/30/2011	3,198	997	31.2	1,360
6/30/2010	2,456	848	34.5	3,328
6/30/2009	(323)	-	N/A	4,936
6/30/2008	-	-	N/A	4,613

Notes to the Financial Statements

(Continued)

As of July 1, 2011, the most recent actuarial valuation date, the LTD was 99.5 percent funded. The actuarial accrued liability for benefits was \$68,413,406, and the actuarial value of assets was \$68,087,278, resulting in an unfunded actuarial accrued liability (UAAL) of \$326,128. The covered payroll (annual payroll of active employees covered by the plan) was \$816,962,000, and the ratio of the UAAL to the covered payroll was .04 percent.

The following table summarizes the more significant actuarial methods and assumptions used to calculate the ARC.

Valuation date	07/01/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	4%
Inflation rate	3%
Healthcare cost trend	N/A

The number of participants as of July 1, 2011, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number or category of employees covered since that date.

	Fire	Police	General City	Total
Current Active Employees	1,557	3,063	8,458	13,078
Currently Disabled Employees	6	33	292	331
Total Covered Participants	1,563	3,096	8,750	13,409

Actuarial Valuations

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

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

Notes to the Financial Statements

(Continued)

21. Subsequent Events

Debt Issuances

On July 11, 2012, the City of Phoenix Civic Improvement Corporation prepaid the remaining principal amount of \$14,200,000 payable by the City under the City Purchase Agreement with respect to the Arizona Municipal Financing Program of 1992 Refunding Certificates of Participation, Series 17 due on or before July 26, 2014. With such deposit, these certificates have been defeased and are no longer outstanding.

On November 7, 2012, The City of Phoenix Civic Improvement Corporation issued \$100,000,000 of Airport Revenue Bond Anticipation Notes, Series 2011B-1. The notes were issued as commercial paper in varying maturities up to 270 days and at various interest rates.

Pension Reform

On September 25, 2012, the Phoenix City Council adopted city staff's recommended pension reforms to be presented to the voters in March 2013, with changes effective July 1, 2013. The recommended changes for new hires are:

- Employee contribution rate based on a 50/50 split of actuarially determined rate
- Change the pension multiplier to a graduated multiplier based on years of service, matching the Arizona State Retirement System (ASRS) schedule
- Change Rule of 80 provision to Rule of 87
- Increase time of service requirements and eliminate minimum pensions as recommended by the Pension Reform Task Force
- Allow new city hires with service on account with ASRS prior to July 1, 2011 to join COPERS under current provisions

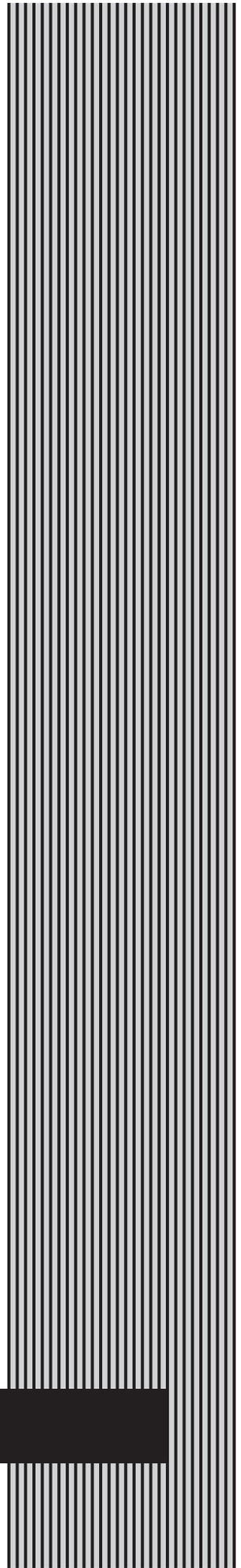


City of Phoenix

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Financial Section

**Required Supplementary
Information**



REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited) Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
PENSION PLANS:						
General City Employees						
6/30/12	\$ 1,827,528	\$ 2,939,374	\$ 1,111,846	62.2 %	\$ 506,017	219.7 %
6/30/11	1,834,620	2,752,909	918,289	66.7	513,322	178.9
6/30/10	1,868,093	2,697,288	829,195	69.3	550,175	150.7
APSPRS - Police Pension						
6/30/12	\$ 1,252,168	\$ 2,115,506	\$ 863,338	59.2 %	\$ 241,080	358.1 %
6/30/11	1,208,248	1,924,691	716,443	62.8	243,641	294.1
6/30/10	1,171,920	1,781,556	609,636	65.8	261,335	233.3
APSPRS - Police Health						
6/30/12	\$ -	\$ 50,913	\$ 50,913	0.0 %	\$ 241,080	21.1 %
6/30/11	-	51,323	51,323	0.0	243,641	21.1
6/30/10	-	45,790	45,790	0.0	261,335	17.5
APSPRS - Fire Pension						
6/30/12	\$ 704,733	\$ 1,153,074	\$ 448,341	61.1 %	\$ 120,264	372.8 %
6/30/11	673,410	1,058,345	384,935	63.6	117,789	326.8
6/30/10	665,142	981,113	315,971	67.8	129,802	243.4
APSPRS - Fire Health						
6/30/12	\$ -	\$ 26,643	\$ 26,643	0.0 %	\$ 120,264	22.2 %
6/30/11	-	26,923	26,923	0.0	117,789	22.9
6/30/10	-	24,652	24,652	0.0	129,802	19.0
MERP (1)						
8/01/11	\$ 86,964	\$ 423,058	\$ 336,094	20.6 %	\$ 510,561	65.8 %
8/01/09	60,459	424,989	364,530	14.2	593,932	61.4
8/01/06	-	345,579	345,579	0.0	563,570	61.3
LTD (2)						
7/01/11	\$ 68,087	\$ 68,413	\$ 326	99.5 %	\$ 816,962	0.04 %
7/01/09	60,992	66,523	5,531	91.7	876,001	0.63
7/01/07	64,956	60,344	(4,612)	107.6	856,510	(0.54)

(1) The initial valuation for MERP was dated August 1, 2006. Valuations are performed biennially beginning with the valuation dated August 1, 2009.

(2) Valuations are performed biennially beginning with the valuation dated July 1, 2007. The funding value for the August 1, 2007 valuation has been adjusted to reflect \$9,100,000 reduction during fiscal year 2007-08.

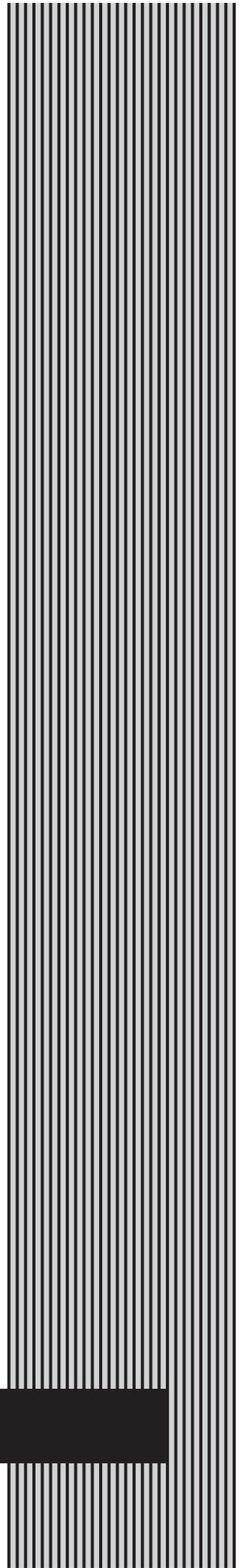


City of Phoenix

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Financial Section

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



Fund Descriptions - Special Revenue Funds

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

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

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.

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

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

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

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.

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

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

Fund Descriptions

(continued)

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.

Transit - to account for the purchase, construction and equipping of facilities and vehicles to provide public transit service.

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.

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

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.

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, 2012
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
ASSETS					
Cash and Cash Equivalents	\$ 3,640	\$ 2,072	\$ 12,352	\$ 4,673	\$ 23
Cash Deposits	29	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	2,009
Investments	27,633	17,734	92,656	-	26,822
Due from Other Funds	-	-	-	-	-
Receivables, Net of Allowance					
Accounts Receivable	-	-	433	-	899
Taxes Receivable	-	-	-	-	-
Intergovernmental	8,803	-	53	26,398	3,158
Accrued Interest	-	-	-	-	6
Notes Receivable	-	-	-	5,000	18,140
Prepaid Items	-	-	-	17	4,107
Total Assets	<u>\$ 40,105</u>	<u>\$ 19,806</u>	<u>\$ 105,494</u>	<u>\$ 36,088</u>	<u>\$ 55,164</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 8,650	\$ -
Accounts Payable	1,515	382	668	6,825	3,216
Trust Liabilities and Deposits	1,519	6,670	4,571	1,356	19,177
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	6,108	18,530	1,193
Total Liabilities	<u>3,034</u>	<u>7,052</u>	<u>11,347</u>	<u>35,361</u>	<u>23,586</u>
Fund Balances					
Non-Spendable					
Prepaid Items	-	-	-	-	4,107
Spendable					
Restricted	37,071	8,164	62,099	727	22,235
Committed	-	4,590	-	-	-
Assigned	-	-	32,048	-	5,236
Unassigned	-	-	-	-	-
Total Fund Balances	<u>37,071</u>	<u>12,754</u>	<u>94,147</u>	<u>727</u>	<u>31,578</u>
Total Liabilities and Fund Balances	<u>\$ 40,105</u>	<u>\$ 19,806</u>	<u>\$ 105,494</u>	<u>\$ 36,088</u>	<u>\$ 55,164</u>

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 3,570	\$ 253	\$ -	\$ 26,583	\$ 2,010	\$ 4,961	\$ 18,750	\$ 3,953
-	-	-	29	-	-	-	-
-	-	-	2,009	-	-	-	-
27,396	-	-	192,241	14,885	37,975	24,432	11,330
-	-	-	-	-	-	-	22,660
221	-	-	1,553	-	-	701	-
27	-	-	27	-	-	-	-
160	-	-	38,572	-	-	45,888	-
-	-	-	6	-	-	24	-
-	-	-	23,140	-	-	27,890	-
-	-	-	4,124	-	-	-	-
\$ 31,374	\$ 253	\$ -	\$ 288,284	\$ 16,895	\$ 42,936	\$ 117,685	\$ 37,943
\$ -	\$ 5,013	\$ 25,550	\$ 39,213	\$ -	\$ -	\$ 12,169	\$ -
948	-	3	13,557	1,944	1,477	3,597	897
269	1,265	-	34,827	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	25,831	-	-	-	-
1,217	6,278	25,553	113,428	1,944	1,477	15,766	897
-	-	-	4,107	-	-	-	-
22,335	3,952	1,412	157,995	-	41,459	37,306	37,046
-	-	-	4,590	14,951	-	-	-
7,822	-	-	45,106	-	-	64,613	-
-	(9,977)	(26,965)	(36,942)	-	-	-	-
30,157	(6,025)	(25,553)	174,856	14,951	41,459	101,919	37,046
\$ 31,374	\$ 253	\$ -	\$ 288,284	\$ 16,895	\$ 42,936	\$ 117,685	\$ 37,943

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds

Exhibit C-1
(Continued)

June 30, 2012
(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 1,262	\$ 1,739	\$ 124,754	\$ 133
Cash Deposits	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	-	-	-	6,401	30,825
Due from Other Funds	20,321	18,923	10,169	-	-
Receivables, Net of Allowance					
Accounts Receivable	-	-	-	7,122	-
Taxes Receivable	-	-	-	-	-
Intergovernmental	-	-	-	-	9,629
Accrued Interest	-	-	-	43	-
Notes Receivable	-	-	-	859	-
Prepaid Items	-	-	-	-	-
Total Assets	\$ 20,321	\$ 20,185	\$ 11,908	\$ 139,179	\$ 40,587
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 96,709	\$ -
Accounts Payable	921	117	2,205	2,457	417
Trust Liabilities and Deposits	-	423	-	-	1
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	2,115	-
Total Liabilities	921	540	2,205	101,281	418
Fund Balances					
Non-Spendable					
Prepaid Items	-	-	-	-	-
Spendable					
Restricted	19,400	16,900	9,703	30,516	40,169
Committed	-	-	-	-	-
Assigned	-	2,745	-	7,382	-
Unassigned	-	-	-	-	-
Total Fund Balances	19,400	19,645	9,703	37,898	40,169
Total Liabilities and Fund Balances	\$ 20,321	\$ 20,185	\$ 11,908	\$ 139,179	\$ 40,587

Exhibit C-1

(Continued)

Capitla Projects Funds		Debt Service Funds					Total
Sports and Cultural Facilities	Total	Sports Facilities	Streets and Highways	City Improvement	Special Assessment	Total	Non-Major Governmental Funds
\$ 16,524	\$ 174,086	\$ 2,914	\$ -	\$ 856	\$ 81	\$ 3,851	\$ 204,520
-	-	-	-	-	-	-	29
-	-	-	22,000	47,480	5	69,485	71,494
384	126,232	33,066	-	3,747	-	36,813	355,286
13,064	85,137	-	-	-	-	-	85,137
-	7,823	3,182	-	-	188	3,370	12,746
-	-	-	-	-	-	-	27
-	55,517	-	-	-	-	-	94,089
67	134	-	-	-	-	-	140
-	28,749	-	-	-	-	-	51,889
-	-	-	-	-	-	-	4,124
\$ 30,039	\$ 477,678	\$ 39,162	\$ 22,000	\$ 52,083	\$ 274	\$ 113,519	\$ 879,481
\$ -	\$ 108,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,091
1,080	15,112	-	-	-	-	-	28,669
-	424	-	-	-	-	-	35,251
-	-	-	6,266	31,325	-	37,591	37,591
-	-	-	15,734	16,204	5	31,943	31,943
-	2,115	-	-	-	269	269	28,215
1,080	126,529	-	22,000	47,529	274	69,803	309,760
-	-	-	-	-	-	-	4,107
13,184	245,683	-	-	4,554	-	4,554	408,232
-	14,951	39,162	-	-	-	39,162	58,703
15,775	90,515	-	-	-	-	-	135,621
-	-	-	-	-	-	-	(36,942)
28,959	351,149	39,162	-	4,554	-	43,716	569,721
\$ 30,039	\$ 477,678	\$ 39,162	\$ 22,000	\$ 52,083	\$ 274	\$ 113,519	\$ 879,481

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, 2012
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
REVENUES					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	90,363	-	-	152,816	73,386
Charges for Services	35	11,427	40,005	942	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	(444)	(165)	(962)	(71)	(258)
Interest	685	252	1,473	116	385
Dwelling Rentals	-	-	-	-	6,987
Other	152	3	2,951	7,475	4,595
Total Revenues	<u>90,791</u>	<u>11,517</u>	<u>43,467</u>	<u>161,278</u>	<u>85,095</u>
EXPENDITURES					
Current Operating					
General Government	-	270	-	1,888	-
Criminal Justice	-	2,064	-	-	-
Public Safety	-	7,985	934	16,823	-
Transportation	45,180	-	-	42	-
Community Enrichment	-	-	-	48,159	-
Community Development	-	-	29,974	62,230	76,970
Environmental Services	-	-	-	619	-
Capital Outlay	35,008	446	10,457	30,790	13,842
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	<u>80,188</u>	<u>10,765</u>	<u>41,365</u>	<u>160,551</u>	<u>90,812</u>
Excess (Deficiency) of Revenues Over Expenditures	10,603	752	2,102	727	(5,717)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	439	-	-	-	-
Transfers to Other Funds	(22,000)	-	(1,395)	-	(361)
Issuance of Debt					
General Obligation and Revenue Bonds	-	-	-	-	-
Premium/(Discount) on General Obligation and Revenue Bonds	-	-	-	-	-
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(21,561)</u>	<u>-</u>	<u>(1,395)</u>	<u>-</u>	<u>(361)</u>
Net Change in Fund Balances	<u>(10,958)</u>	<u>752</u>	<u>707</u>	<u>727</u>	<u>(6,078)</u>
FUND BALANCES, JULY 1					
	48,029	12,002	93,440	-	37,656
FUND BALANCES, JUNE 30					
	<u>\$ 37,071</u>	<u>\$ 12,754</u>	<u>\$ 94,147</u>	<u>\$ 727</u>	<u>\$ 31,578</u>

Exhibit C-2

(Continued)

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 6,666	\$ 26,503	\$ 76,754	\$ 109,923	\$ 16,560	\$ 26,546	\$ -	\$ -
388	-	-	316,953	-	-	8,294	-
8,144	-	-	60,553	4	1	-	-
2,414	-	-	2,414	-	-	-	-
-	-	-	-	-	-	-	-
(217)	110	106	(1,901)	(188)	(576)	(98)	(49)
315	(152)	(146)	2,928	289	895	259	63
-	-	-	6,987	-	-	-	-
10,996	132	-	26,304	9	1	724	-
<u>28,706</u>	<u>26,593</u>	<u>76,714</u>	<u>524,161</u>	<u>16,674</u>	<u>26,867</u>	<u>9,179</u>	<u>14</u>
2,028	-	-	4,186	-	-	-	-
-	-	-	2,064	-	-	-	-
7,490	23,530	91,730	148,492	-	-	-	-
1,860	-	-	47,082	129	-	-	-
3,451	-	-	51,610	-	2,056	-	-
5,259	-	-	174,433	-	-	-	-
1,832	-	-	2,451	76	-	-	-
5,566	-	266	96,375	16,089	30,130	42,024	16,870
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	15	284
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>27,486</u>	<u>23,530</u>	<u>91,996</u>	<u>526,693</u>	<u>16,294</u>	<u>32,186</u>	<u>42,039</u>	<u>17,154</u>
1,220	3,063	(15,282)	(2,532)	380	(5,319)	(32,860)	(17,140)
-	-	-	439	-	-	-	-
(462)	(22)	(32)	(24,272)	-	(21)	-	-
-	-	-	-	-	-	2,220	39,855
-	-	-	-	-	-	4	196
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(462)</u>	<u>(22)</u>	<u>(32)</u>	<u>(23,833)</u>	<u>-</u>	<u>(21)</u>	<u>2,224</u>	<u>40,051</u>
758	3,041	(15,314)	(26,365)	380	(5,340)	(30,636)	22,911
29,399	(9,066)	(10,239)	201,221	14,571	46,799	132,555	14,135
<u>\$ 30,157</u>	<u>\$ (6,025)</u>	<u>\$ (25,553)</u>	<u>\$ 174,856</u>	<u>\$ 14,951</u>	<u>\$ 41,459</u>	<u>\$ 101,919</u>	<u>\$ 37,046</u>

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

Exhibit C-2

(Continued)

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
REVENUES					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	4,226	8,232	-	80,267
Charges for Services	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	-	(29)	-	(469)	(20)
Interest	-	45	-	643	99
Dwelling Rentals	-	-	-	-	-
Other	27	386	253	7,136	5
Total Revenues	<u>27</u>	<u>4,628</u>	<u>8,485</u>	<u>7,310</u>	<u>80,351</u>
EXPENDITURES					
Current Operating					
General Government	-	-	-	-	-
Criminal Justice	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community Enrichment	-	-	-	-	-
Community Development	-	-	-	-	-
Environmental Services	-	-	-	-	-
Capital Outlay	4,889	10,397	19,479	11,760	76,662
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	93	223	24	44	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	<u>4,982</u>	<u>10,620</u>	<u>19,503</u>	<u>11,804</u>	<u>76,662</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,955)	(5,992)	(11,018)	(4,494)	3,689
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	-	-	1,029	123
Transfers to Other Funds	-	-	-	(18,932)	(47,741)
Issuance of Debt					
General Obligation and Revenue Bonds	12,940	31,390	3,740	3,020	-
Premium/(Discount) on General Obligation and Revenue Bonds	66	147	-	15	-
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>13,006</u>	<u>31,537</u>	<u>3,740</u>	<u>(14,868)</u>	<u>(47,618)</u>
Net Change in Fund Balances	8,051	25,545	(7,278)	(19,362)	(43,929)
FUND BALANCES, JULY 1	11,349	(5,900)	16,981	57,260	84,098
FUND BALANCES, JUNE 30	<u>\$ 19,400</u>	<u>\$ 19,645</u>	<u>\$ 9,703</u>	<u>\$ 37,898</u>	<u>\$ 40,169</u>

Exhibit C-2

(Continued)

Capital Projects Funds			Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	Streets and Highways	City Improve- ment	Special Assess- ment	Total		
\$ -	\$ 43,106	\$ 14,670	\$ -	\$ -	\$ -	\$ 14,670	\$ 167,699	
-	101,019	-	-	-	-	-	417,972	
-	5	-	-	-	-	-	60,558	
-	-	-	-	-	-	-	2,414	
-	-	-	-	-	55	55	55	
-	-	-	-	-	-	-	-	
(3)	(1,432)	(514)	-	-	-	(514)	(3,847)	
2	2,295	850	-	-	-	850	6,073	
-	-	-	-	-	-	-	6,987	
239	8,780	155	-	-	2	157	35,241	
238	153,773	15,161	-	-	57	15,218	693,152	
-	-	109	-	-	-	109	4,295	
-	-	-	-	-	-	-	2,064	
-	-	1,106	-	-	-	1,106	149,598	
-	129	-	-	-	-	-	47,211	
-	2,056	494	-	-	-	494	54,160	
-	-	1,921	-	-	-	1,921	176,354	
-	76	-	-	-	-	-	2,527	
7,846	236,146	-	-	-	-	-	332,521	
-	-	-	-	-	-	-	-	
-	-	-	6,266	31,325	58	37,649	37,649	
-	-	-	15,734	32,849	13	48,596	48,596	
186	869	-	-	-	-	-	869	
-	-	-	-	16	-	16	16	
-	-	-	-	499	-	499	499	
8,032	239,276	3,630	22,000	64,689	71	90,390	856,359	
(7,794)	(85,503)	11,531	(22,000)	(64,689)	(14)	(75,172)	(163,207)	
15,776	16,928	-	22,000	65,221	54	87,275	104,642	
-	(66,694)	(7,920)	-	(1,029)	(143)	(9,092)	(100,058)	
26,835	120,000	-	-	-	-	-	120,000	
98	526	-	-	-	-	-	526	
-	-	-	-	4,889	-	4,889	4,889	
-	-	-	-	65,810	-	65,810	65,810	
-	-	-	-	(69,964)	-	(69,964)	(69,964)	
42,709	70,760	(7,920)	22,000	64,927	(89)	78,918	125,845	
34,915	(14,743)	3,611	-	238	(103)	3,746	(37,362)	
(5,956)	365,892	35,551	-	4,316	103	39,970	607,083	
\$ 28,959	\$ 351,149	\$ 39,162	\$ -	\$ 4,554	\$ -	\$ 43,716	\$ 569,721	



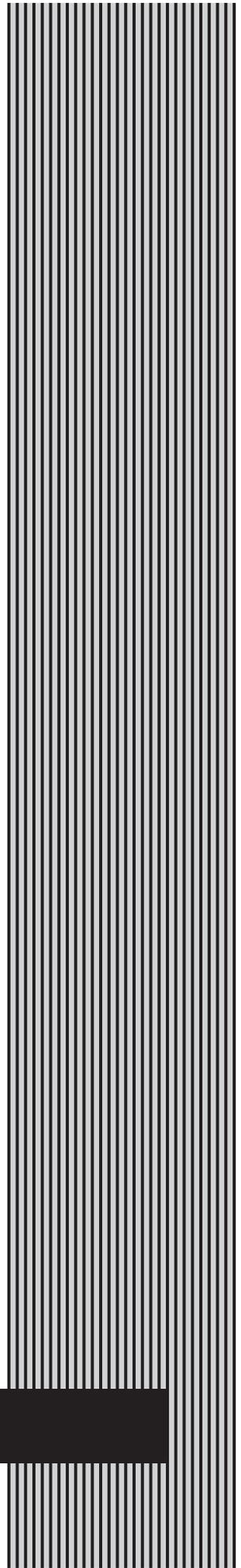
City of Phoenix

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Financial Section

Other Supplementary Information

**Nonmajor Governmental Funds –
Budgetary Comparison Schedules**



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

Exhibit D-1

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expend- itures	Encum- brances	Total	
General Government							
Mayor	\$ 1,428	\$ -	\$ 1,428	\$ 1,472	\$ (29)	\$ 1,443	\$ (15)
City Council	3,323	-	3,323	3,214	(57)	3,157	166
City Manager	1,973	-	1,973	1,907	(77)	1,830	143
City Auditor	2,575	-	2,575	2,043	(51)	1,992	583
Information Technology	32,418	-	32,418	28,416	902	29,318	3,100
Equal Opportunity	2,288	-	2,288	2,232	(67)	2,165	123
City Clerk	4,969	-	4,969	4,648	(83)	4,565	404
Elections	1,299	-	1,299	1,808	129	1,937	(638)
Human Resources	11,008	-	11,008	10,107	85	10,192	816
Law	18,234	-	18,234	18,838	(550)	18,288	(54)
Budget and Research	3,191	-	3,191	2,990	(102)	2,888	303
Finance	17,160	-	17,160	16,206	426	16,632	528
Other	1,485	-	1,485	1,443	(5)	1,438	47
Total General Government	101,351	-	101,351	95,324	521	95,845	5,506
Criminal Justice							
Municipal Court	30,954	-	30,954	29,069	(283)	28,786	2,168
Public Defender	4,708	-	4,708	4,781	(25)	4,756	(48)
Total Criminal Justice	35,662	-	35,662	33,850	(308)	33,542	2,120
Public Safety							
Police	428,455	9,500	437,955	435,488	(10,492)	424,996	12,959
Fire	226,892	-	226,892	226,107	(4,055)	222,052	4,840
Other	30	-	30	1	-	1	29
Total Public Safety	655,377	9,500	664,877	661,596	(14,547)	647,049	17,828
Transportation							
Street Transportation	20,956	-	20,956	18,722	519	19,241	1,715
Public Transit	19,231	-	19,231	18,770	(66)	18,704	527
Total Transportation	40,187	-	40,187	37,492	453	37,945	2,242
Community Enrichment							
Parks & Recreation	89,567	-	89,567	90,298	(734)	89,564	3
Library	35,277	-	35,277	31,446	1,132	32,578	2,699
Human Services	18,493	-	18,493	16,415	(274)	16,141	2,352
Other	2,123	-	2,123	1,736	7	1,743	380
Total Community Enrichment	145,460	-	145,460	139,895	131	140,026	5,434
Community Development							
Economic Development	4,886	-	4,886	4,438	(133)	4,305	581
Neighborhood Services	11,530	-	11,530	10,948	(253)	10,695	835
Other	5,052	-	5,052	4,518	(125)	4,393	659
Total Community Development	21,468	-	21,468	19,904	(511)	19,393	2,075
Environmental Services							
Public Works	16,400	-	16,400	13,605	1,362	14,967	1,433
Other	978	-	978	782	(26)	756	222
Total Environmental Services	17,378	-	17,378	14,387	1,336	15,723	1,655
Cable							
General Government	2,771	-	2,771	2,768	(36)	2,732	39
Transportation	1,571	-	1,571	1,216	-	1,216	355
Total Cable	4,342	-	4,342	3,984	(36)	3,948	394
Capital							
General Government	1,686	-	1,686	475	1,066	1,541	145
Community Enrichment	45	130	175	57	-	57	118
Environmental Services	2,002	(30)	1,972	377	325	702	1,270
Total Capital	3,733	100	3,833	909	1,391	2,300	1,533
Contingency	37,890	-	37,890	-	-	-	37,890
Totals	\$ 1,062,848	\$ 9,600	\$ 1,072,448	\$ 1,007,341	\$ (11,570)	\$ 995,771	\$ 76,677

City of Phoenix, Arizona
Fund Financial Statements
Budgetary Comparison Statement

Exhibit D-2

Excise Tax Special Revenue Fund

For the Fiscal Year Ended June 30, 2012

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
City Taxes	\$ 730,754	\$ 730,754	\$ 720,937	\$ (9,817)
Licenses and Permits	3,270	3,270	2,945	(325)
Intergovernmental	232,761	232,761	236,030	3,269
Total Revenues	<u>966,785</u>	<u>966,785</u>	<u>959,912</u>	<u>(6,873)</u>
OTHER FINANCING USES				
Transfers to Other Funds				
General Fund	(637,188)	(637,188)	(640,881)	(3,693)
Transit 2000	(107,640)	(107,640)	(106,185)	1,455
Parks and Preserves	(26,910)	(26,910)	(26,545)	365
Sports Facilities	(14,386)	(14,386)	(14,670)	(284)
Capital Construction	(17,377)	(17,377)	(16,560)	817
Police Neighborhood Protection	(18,837)	(18,837)	(18,583)	254
Block Watch Neighborhood Protection	(1,345)	(1,345)	(1,320)	25
Fire Neighborhood Protection	(6,726)	(6,726)	(6,600)	126
Police Public Safety Enhancement	(15,257)	(15,257)	(14,675)	582
Fire Public Safety Enhancement	(9,354)	(9,354)	(8,995)	359
Police Public Safety Expansion	(43,012)	(43,012)	(42,467)	545
Fire Public Safety Expansion	(10,754)	(10,754)	(10,617)	137
City Improvement	(13,749)	(13,749)	(7,179)	6,570
Phoenix Convention Center	(39,685)	(39,685)	(40,030)	(345)
Other Restricted Funds	(4,565)	(4,565)	(4,605)	(40)
Total Other Financing Uses	<u>(966,785)</u>	<u>(966,785)</u>	<u>(959,912)</u>	<u>6,873</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>	

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

Exhibit D-3

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Highway User	\$ 90,226	\$ 90,226	\$ 90,368	\$ 142
State Government	-	-	(5)	(5)
Interest	600	600	289	(311)
Miscellaneous	300	300	187	(113)
Total Revenues	91,126	91,126	90,839	(287)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	44,528	44,528	45,181	(653)
Capital	44,485	44,485	29,722	14,763
Debt Service				
Principal	6,266	6,266	6,266	-
Interest	15,735	15,735	15,734	1
Total Expenditures and Encumbrances	111,014	111,014	96,903	14,111
Deficiency of Revenues Over Expenditures and Encumbrances	(19,888)	(19,888)	(6,064)	13,824
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
General Fund	450	450	439	(11)
Transfers To Other Funds				
Streets Capital Project Fund	-	-	(538)	(538)
Recovery of Prior Years Expenditures	800	800	530	(270)
Total Other Financing Sources and Uses	1,250	1,250	431	(819)
Net Change in Fund Balance	<u>\$ (18,638)</u>	<u>\$ (18,638)</u>	(5,633)	<u>\$ 13,005</u>
Fund Balance, July 1			21,911	
Fund Balance, June 30			<u>\$ 16,278</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Municipal Court Awards Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-4

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 11,425	\$ 11,425	\$ 9,250	\$ (2,175)
Total Revenues	11,425	11,425	9,250	(2,175)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	282	282	286	(4)
Public Safety	11,152	11,152	8,821	2,331
Total Expenditures and Encumbrances	11,434	11,434	9,107	2,327
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(9)	(9)	143	152
Net Change in Fund Balance	<u>\$ (9)</u>	<u>\$ (9)</u>	143	<u>\$ 152</u>
Fund Balance, July 1			216	
Fund Balance, June 30			<u>\$ 359</u>	

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

Exhibit D-5

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 33,130	\$ 33,130	\$ 32,736	\$ (394)
Miscellaneous	(30)	(30)	(40)	(10)
Total Revenues	33,100	33,100	32,696	(404)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	1,064	1,064	935	129
Community Development	30,163	30,163	26,683	3,480
Capital	66	66	64	2
Total Expenditures and Encumbrances	31,293	31,293	27,682	3,611
Excess of Revenues Over Expenditures and Encumbrances	1,807	1,807	5,014	3,207
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,930)	(2,930)	(2,930)	-
Recovery of Prior Years Expenditures	-	-	2	2
Total Other Financing Sources and Uses	(2,930)	(2,930)	(2,928)	2
Net Change in Fund Balance	<u>\$ (1,123)</u>	<u>\$ (1,123)</u>	2,086	<u>\$ 3,209</u>
Fund Balance, July 1			14,650	
Fund Balance, June 30			<u>\$ 16,736</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Reinvestment Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 3,112	\$ 3,112	\$ 92	\$ (3,020)
Rentals	590	590	2,817	2,227
Interest	152	152	126	(26)
Miscellaneous	-	-	174	174
Total Revenues	<u>3,854</u>	<u>3,854</u>	<u>3,209</u>	<u>(645)</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	333	433	345	88
Capital	<u>4,400</u>	<u>5,100</u>	<u>279</u>	<u>4,821</u>
Total Expenditures and Encumbrances	<u>4,733</u>	<u>5,533</u>	<u>624</u>	<u>4,909</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(879)	(1,679)	2,585	4,264
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Other	(3,721)	(3,721)	(1,395)	2,326
Recovery of Prior Years Expenditures	-	-	5	5
Total Other Financing Sources and Uses	<u>(3,721)</u>	<u>(3,721)</u>	<u>(1,390)</u>	<u>2,331</u>
Net Change in Fund Balance	<u>\$ (4,600)</u>	<u>\$ (5,400)</u>	<u>1,195</u>	<u>\$ 6,595</u>
Fund Balance, July 1			<u>13,751</u>	
Fund Balance, June 30			<u>\$ 14,946</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Federal Operating Trust Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-7

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 122,048	\$ 122,048	\$ 80,320	\$ (41,728)
Interest	15	15	42	27
Miscellaneous	7,898	7,898	6,878	(1,020)
Total Revenues	129,961	129,961	87,240	(42,721)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	1,616	1,616	1,638	(22)
Public Safety	13,030	13,030	18,867	(5,837)
Transportation	23	23	42	(19)
Community Enrichment	984	984	1,489	(505)
Community Development	82,548	78,048	44,094	33,954
Environmental Services	442	442	560	(118)
Capital	31,318	35,818	25,465	10,353
Total Expenditures and Encumbrances	129,961	129,961	92,155	37,806
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(4,915)	(4,915)
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds				
Other Restricted Special Revenue Fund	-	-	(50)	(50)
Recovery of Prior Years Expenditures	-	-	4,965	4,965
Total Other Financing Sources and Uses	-	-	4,915	4,915
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Development Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-8

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 34,675	\$ 34,675	\$ 16,722	\$ (17,953)
Charges for Services	200	200	218	18
Interest	6	6	4	(2)
Miscellaneous	(216)	(216)	526	742
Total Revenues	34,665	34,665	17,470	(17,195)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	245	245	250	(5)
Community Enrichment	675	675	615	60
Community Development	30,436	30,436	16,453	13,983
Capital	3,309	3,309	244	3,065
Total Expenditures and Encumbrances	34,665	34,665	17,562	17,103
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(92)	(92)
OTHER FINANCING SOURCES				
Recovery of Prior Years Expenditures	-	-	92	92
Total Other Financing Sources	-	-	92	92
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, 2012
(in thousands)

Exhibit D-9

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 42,341	\$ 42,341	\$ 47,799	\$ 5,458
Interest	8	8	6	(2)
Miscellaneous	417	417	68	(349)
Total Revenues	42,766	42,766	47,873	5,107
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	42,766	49,266	47,883	1,383
Total Expenditures and Encumbrances	42,766	49,266	47,883	1,383
Deficiency of Revenues Over Expenditures and Encumbrances	-	(6,500)	(10)	6,490
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	10	10
Total Other Financing Sources and Uses	-	-	10	10
Net Change in Fund Balance	\$ -	\$ (6,500)	-	\$ 6,500
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

Exhibit D-10

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 77,006	\$ 77,006	\$ 71,015	\$ (5,991)
Interest	126	126	71	(55)
Dwelling Rentals	4,984	4,984	5,192	208
Miscellaneous	115	115	1,489	1,374
Total Revenues	82,231	82,231	77,767	(4,464)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	13	13	8	5
Community Development	73,824	73,824	73,704	120
Capital	24,506	24,506	10,309	14,197
Total Expenditures and Encumbrances	98,343	98,343	84,021	14,322
Deficiency of Revenues Over Expenditures and Encumbrances	(16,112)	(16,112)	(6,254)	9,858
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Public Housing Capital Projects Fund	-	-	1,982	1,982
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(302)	(302)	(289)	13
City Improvement	(72)	(72)	(72)	-
Recovery of Prior Years Expenditures	-	-	1,645	1,645
Total Other Financing Sources and Uses	(374)	(374)	3,266	3,640
Net Change in Fund Balance	\$ (16,486)	\$ (16,486)	(2,988)	\$ 13,498
Fund Balance, July 1			22,941	
Fund Balance, June 30			\$ 19,953	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Housing Hope VI Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-11

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,229	\$ 1,229	\$ 1,099	\$ (130)
Interest	-	-	4	4
Miscellaneous	-	-	82	82
Total Revenues	1,229	1,229	1,185	(44)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	152	452	746	(294)
Capital	1,077	1,277	548	729
Total Expenditures and Encumbrances	1,229	1,729	1,294	435
Deficiency of Revenues Over Expenditures and Encumbrances	-	(500)	(109)	391
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (500)</u>	(109)	<u>\$ 391</u>
Fund Balance, July 1			2,264	
Fund Balance, June 30			<u>\$ 2,155</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Sports Facilities Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-12

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 395	\$ 395	\$ 395	\$ -
Miscellaneous	-	-	155	155
Total Revenues	395	395	550	155
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	129	129	109	20
Public Safety	1,106	1,106	1,106	-
Community Enrichment	474	474	472	2
Community Development	135	135	135	-
Lease-Purchase Payments	23,291	23,291	9,512	13,779
Total Expenditures and Encumbrances	25,135	25,135	11,334	13,801
Deficiency of Revenues Over Expenditures and Encumbrances	(24,740)	(24,740)	(10,784)	13,956
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	14,386	14,386	14,670	284
Transfers to Other Funds				
General Fund				
Staff and Administrative	(105)	(105)	(113)	(8)
Other	(79)	(79)	(79)	-
Total Other Financing Sources and Uses	14,202	14,202	14,478	276
Net Change in Fund Balance	<u>\$ (10,538)</u>	<u>\$ (10,538)</u>	3,694	<u>\$ 14,232</u>
Fund Balance, July 1			37,477	
Fund Balance, June 30			<u>\$ 41,171</u>	

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

Exhibit D-13

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 125	\$ 125	\$ 121	\$ (4)
Miscellaneous	-	-	13	13
Total Revenues	125	125	134	9
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	135	135	129	6
Environmental Services	70	70	64	6
Capital	26,250	26,250	17,626	8,624
Total Expenditures and Encumbrances	26,455	26,455	17,819	8,636
Deficiency of Revenues Over Expenditures and Encumbrances	(26,330)	(26,330)	(17,685)	8,645
OTHER FINANCING SOURCES				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	17,377	17,377	16,560	(817)
Streets Capital Projects	-	-	20	20
Transfers to Other Funds				
Transit 2000 Special Revenue	-	-	(667)	(667)
Recovery of Prior Years Expenditures	-	-	82	82
Total Other Financing Sources	17,377	17,377	15,995	(1,382)
Net Change in Fund Balance	<u>\$ (8,953)</u>	<u>\$ (8,953)</u>	<u>(1,690)</u>	<u>\$ 7,263</u>
Fund Balance, July 1			8,991	
Fund Balance, June 30			<u>\$ 7,301</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Parks and Preserves Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-14

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 600	\$ 600	\$ 380	\$ (220)
Miscellaneous	-	-	2	2
Total Revenues	600	600	382	(218)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	2,002	2,002	2,056	(54)
Capital	46,534	46,534	25,159	21,375
Total Expenditures and Encumbrances	48,536	48,536	27,215	21,321
Deficiency of Revenues Over Expenditures and Encumbrances	(47,936)	(47,936)	(26,833)	21,103
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	26,910	26,910	26,545	(365)
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(33)	(33)	(21)	12
Recovery of Prior Years Expenditures	400	400	9	(391)
Total Other Financing Sources and Uses	27,277	27,277	26,533	(744)
Net Change in Fund Balance	<u>\$ (20,659)</u>	<u>\$ (20,659)</u>	(300)	<u>\$ 20,359</u>
Fund Balance, July 1			38,473	
Fund Balance, June 30			<u>\$ 38,173</u>	

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

Exhibit D-15

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions/Donations	\$ 2,195	\$ 2,195	\$ 4,162	\$ 1,967
Licenses and Permits	8	8	-	(8)
City Taxes	2,103	2,103	2,061	(42)
Intergovernmental	-	-	560	560
Charges for Services	10,817	10,817	10,326	(491)
Fines and Forfeitures	54	54	96	42
Parks and Recreation	2,171	2,171	2,750	579
Rentals	7,401	7,401	5,267	(2,134)
Interest	240	240	310	70
Miscellaneous	2,270	2,270	4,303	2,033
Total Revenues	27,259	27,259	29,835	2,576
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	1,431	1,431	1,400	31
Criminal Justice	6,568	6,568	2,302	4,266
Public Safety	9,410	9,410	7,483	1,927
Transportation	3,055	3,055	2,131	924
Community Enrichment	4,308	4,308	3,535	773
Community Development	5,108	5,108	5,721	(613)
Environmental Services	2,796	2,796	1,860	936
Capital	16,140	16,140	11,659	4,481
Total Expenditures and Encumbrances	48,816	48,816	36,091	12,725
Deficiency of Revenues Over Expenditures and Encumbrances	(21,557)	(21,557)	(6,256)	15,301
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	-	-	4,605	4,605
Federal Operating Trust Grants	-	-	50	50
Public Housing Capital Projects Fund	-	-	138	138
Transfers to Other Funds				
General Fund				
Staff and Administrative	(202)	(202)	(202)	-
Other	(648)	(648)	(462)	186
Recovery of Prior Years Expenditures	-	-	53	53
Total Other Financing Sources and Uses	(850)	(850)	4,182	5,032
Net Change in Fund Balance	<u>\$ (22,407)</u>	<u>\$ (22,407)</u>	(2,074)	<u>\$ 20,333</u>
Fund Balance, July 1			44,958	
Fund Balance, June 30			<u>\$ 42,884</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Neighborhood Protection Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-16

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ (192)	\$ (192)	\$ (74)	\$ 118
Miscellaneous	240	240	131	(109)
Total Revenues	48	48	57	9
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	28,272	28,272	23,376	4,896
Total Expenditures and Encumbrances	28,272	28,272	23,376	4,896
Deficiency of Revenues Over Expenditures and Encumbrances	(28,224)	(28,224)	(23,319)	4,905
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	26,908	26,908	26,503	(405)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(109)	(109)	(109)	-
Infrastructure Repayment Agreement Trust	(33)	(33)	(22)	11
Total Other Financing Sources and Uses	26,766	26,766	26,372	(394)
Net Change in Fund Balance	<u>\$ (1,458)</u>	<u>\$ (1,458)</u>	3,053	<u>\$ 4,511</u>
Fund Balance, July 1			(9,749)	
Fund Balance, June 30			<u>\$ (6,696)</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Safety Enhancement Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-17

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	\$ 31,058	\$ 31,258	\$ 29,782	\$ 1,476
Total Expenditures and Encumbrances	31,058	31,258	29,782	1,476
Deficiency of Revenues Over Expenditures and Encumbrances	(31,058)	(31,258)	(29,782)	1,476
OTHER FINANCING SOURCES				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	24,611	24,611	23,670	(941)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(55)	(55)	(55)	-
Recovery of Prior Years Expenditures	-	-	2	2
Total Other Financing Sources	24,556	24,556	23,617	(939)
Net Change in Fund Balance	<u>\$ (6,502)</u>	<u>\$ (6,702)</u>	(6,165)	<u>\$ 537</u>
Fund Balance, July 1			(9,087)	
Fund Balance, June 30			<u>\$ (15,252)</u>	

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

Exhibit D-18

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 140	\$ 140	\$ (56)	\$ (196)
Total Revenues	140	140	(56)	(196)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	62,798	65,798	61,614	4,184
Total Expenditures and Encumbrances	62,798	65,798	61,614	4,184
Deficiency of Revenues Over Expenditures and Encumbrances	(62,658)	(65,658)	(61,670)	3,988
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	53,766	53,766	53,084	(682)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(278)	(278)	(278)	
Infrastructure Repayment Agreement Trust	(65)	(65)	(32)	33
Total Other Financing Sources and Uses	53,423	53,423	52,774	(649)
Net Change in Fund Balance	<u>\$ (9,235)</u>	<u>\$ (12,235)</u>	<u>(8,896)</u>	<u>\$ 3,339</u>
Fund Balance, July 1			(1,004)	
Fund Balance, June 30			<u>\$ (9,900)</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Regional Wireless Cooperative
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit D-19

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 3,622	\$ 3,622	\$ 2,846	\$ (776)
Interest	-	-	34	34
Total Revenues	3,622	3,622	2,880	(742)
EXPENDITURES AND ENCUMBRANCES				
Operations	3,630	4,330	4,330	-
Total Expenditures and Encumbrances	3,630	4,330	4,330	-
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(8)	(708)	(1,450)	(742)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
RWC Capital Fund	-	-	118	118
Recovery of Prior Years Expenditures	-	-	60	60
Total Other Financing Sources	-	-	178	178
Net Change in Fund Balance	<u>\$ (8)</u>	<u>\$ (708)</u>	<u>(1,272)</u>	<u>\$ (564)</u>
Fund Balance, July 1			2,886	
Fund Balance, June 30			<u>\$ 1,614</u>	

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

Exhibit D-20

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 94,529	\$ 94,529	\$ 94,436	\$ (93)
Intergovernmental	5,088	5,088	5,088	-
Interest	140	140	68	(72)
Miscellaneous	-	-	587	587
Total Revenues	99,757	99,757	100,179	422
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Obligation Bond Debt Service				
Principal	65,120	65,220	56,520	8,700
Interest	71,712	71,712	62,144	9,568
Early Redemption	(37,084)	(36,184)	(19,079)	(17,105)
Arbitrage Rebate and Fiscal Agent Fees	9	9	7	2
Other Debt Service Costs	-	-	269	(269)
Total Expenditures and Encumbrances	99,757	100,757	99,861	896
Deficiency of Revenues Over Expenditures and Encumbrances	-	(1,000)	318	1,318
OTHER FINANCING SOURCES (USES)				
Proceeds from General Obligation Bonds	-	-	196,900	196,900
Deposit to Refunding Escrow	-	-	(192,628)	(192,628)
Total Other Financing Sources and Uses	-	-	4,272	4,272
Net Change in Fund Balance	\$ -	\$ (1,000)	4,590	\$ 5,590
Fund Balance, July 1			100	
Fund Balance, June 30			\$ 4,690	

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

Exhibit D-21

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive
	Original	Final		(Negative)
EXPENDITURES AND ENCUMBRANCES				
Lease-Purchase Payments	\$ 63,852	\$ 63,852	\$ 56,256	\$ 7,596
Fiscal Agent Fees	18	18	14	4
Other Debt Service Costs	3	3	184	(181)
Total Expenditures and Encumbrances	63,873	63,873	56,454	7,419
Deficiency of Revenues Over Expenditures and Encumbrances	(63,873)	(63,873)	(56,454)	7,419
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding Bonds	-	-	70,384	70,384
Transfers from Other Funds				
Excise Tax Special Revenue Fund	13,749	13,749	7,179	(6,570)
Transit 2000 Special Revenue Fund	48,396	48,396	653	(47,743)
Public Housing Special Revenue Fund	72	72	72	-
Capital Projects Fund	1,656	1,656	49,397	47,741
Deposits to Refunding Escrow	-	-	(69,964)	(69,964)
Transfers to Other Funds				
Capital Projects Fund	-	-	(1,029)	(1,029)
Total Other Financing Sources and Uses	63,873	63,873	56,692	(7,181)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	238	<u>\$ 238</u>
Fund Balance, July 1			40	
Fund Balance, June 30			<u>\$ 278</u>	



City of Phoenix

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Financial Section

Other Supplementary Information

Enterprise Funds – Comparative Statements and Schedules

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

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

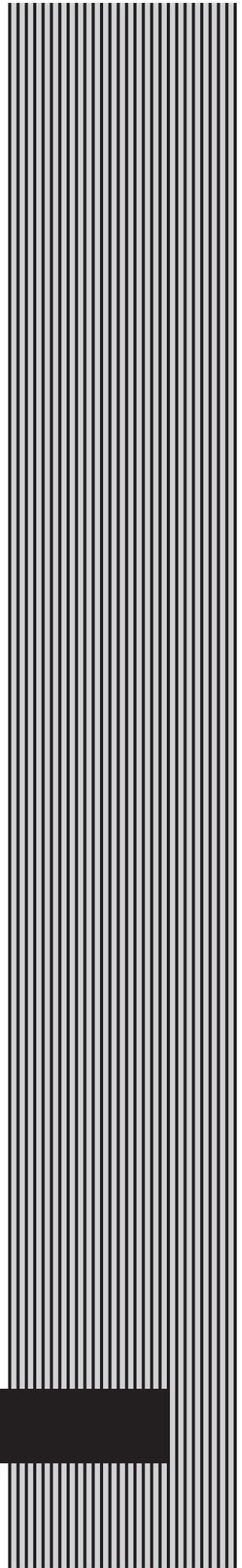
Phoenix Convention Center – to account for the operations of the Phoenix Convention Center and theatrical facilities.

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

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

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

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





City of Phoenix

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Net Assets
June 30, 2012 and 2011
(in thousands)

Exhibit E-1

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 32,425	\$ 22,722
Investments	257,449	258,406
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2012, \$2,261 and 2011, \$2,097)	12,094	8,879
Intergovernmental	68	-
Deposits in Escrow	338	334
Inventories, at Average Cost	1,593	1,418
Total Unrestricted Current Assets	<u>303,967</u>	<u>291,759</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	202,897	198,135
Accrued Interest Receivable	46	383
Customer Facility Charge		
Cash and Cash Equivalents	728	482
Cash with Fiscal Agent/Trustee	31,692	24,166
Investments	23,708	23,761
Accounts Receivable	2,913	2,810
Capital Projects		
Cash and Cash Equivalents	1,680	17,415
Investments	97,774	262,298
Receivables		
Intergovernmental	10,471	7,438
Passenger Facility Charges	7,842	8,110
Total Restricted Current Assets	<u>379,751</u>	<u>544,998</u>
Total Current Assets	<u>683,718</u>	<u>836,757</u>
Noncurrent Assets		
Capital Assets		
Land	554,261	569,150
Buildings	1,198,247	1,183,963
Improvements Other Than Buildings	1,251,096	1,189,631
Equipment	360,086	352,052
Intangibles	22,002	21,595
Construction in Progress	783,364	578,883
Less: Accumulated Depreciation	(1,353,596)	(1,226,637)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,815,460</u>	<u>2,668,637</u>
OPEB Asset	50	68
Total Noncurrent Assets	<u>2,815,510</u>	<u>2,668,705</u>
Total Assets	<u>3,499,228</u>	<u>3,505,462</u>

Exhibit E-1

(Continued)

<u>LIABILITIES</u>	<u>2012</u>	<u>2011</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	16,474	11,440
Trust Liabilities and Deposits	1,012	681
Deferred Revenue	9,708	11,097
Current Portion of Pollution Remediation	3,124	2,882
Current Portion of Accrued Compensated Absences	889	878
Total Current Liabilities Payable from Current Assets	<u>31,207</u>	<u>26,978</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	33,975	28,525
Interest Payable	40,597	41,284
Current Portion of General Obligation Bonds	710	885
Current Portion of Rental Car Facility Revenue Bonds	7,845	7,435
Current Portion of Municipal Corporation Obligations	33,615	25,655
Capital Projects		
Accounts Payable	33,548	31,960
Total Current Liabilities Payable from Restricted Assets	<u>150,290</u>	<u>135,744</u>
Total Current Liabilities	<u>181,497</u>	<u>162,722</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2012, \$302 and 2011, \$509)	8,603	9,106
Rental Car Facility Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2012, \$0 and 2011, \$0)	212,340	220,185
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2012, \$890 and 2011, \$1,134)	1,261,215	1,294,586
Unamortized Premium (Discount)	29,488	31,953
Pollution Remediation	10,831	11,555
Accrued Compensated Absences	5,641	5,354
Total Noncurrent Liabilities	<u>1,528,118</u>	<u>1,572,739</u>
Total Liabilities	<u>1,709,615</u>	<u>1,735,461</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,325,444	1,312,605
Restricted for Bond Reserve	87,432	87,432
Restricted for CFC Transportation O&M / Improvement Reserves	18,905	18,918
Unrestricted	357,832	351,046
Total Net Assets	<u>\$ 1,789,613</u>	<u>\$ 1,770,001</u>

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, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Landing and Terminals Fees	\$ 154,389	\$ 151,007
Parking and Car Rentals	116,754	112,462
Other	28,624	25,191
Total Operating Revenues	<u>299,767</u>	<u>288,660</u>
Operating Expenses		
Operation and Maintenance	217,942	216,366
Environmental, Studies & Noise Program	8,218	15,364
Depreciation	127,699	128,697
Staff and Administrative	5,889	4,364
Other	-	4,508
Total Operating Expenses	<u>359,748</u>	<u>369,299</u>
Operating Loss	(59,981)	(80,639)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(5,105)	(4,254)
Interest	7,855	6,863
Interest on Capital Debt	(75,927)	(70,612)
Gain on Disposal of Capital Assets	16	7,803
Total Non-Operating Revenues (Expenses)	<u>(73,161)</u>	<u>(60,200)</u>
Net Loss Before Contributions	(133,142)	(140,839)
Capital Contributions	152,754	152,976
Change in Net Assets	<u>19,612</u>	<u>12,137</u>
Net Assets, July 1	1,770,001	1,757,864
Net Assets, June 30	<u>\$ 1,789,613</u>	<u>\$ 1,770,001</u>

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

Exhibit E-3

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 295,426	\$ 290,928
Payments to Suppliers	(149,845)	(166,428)
Payments to Employees	(71,622)	(69,904)
Payment of Staff and Administrative Expenses	(5,889)	(4,364)
Net Cash Provided by Operating Activities	<u>68,070</u>	<u>50,232</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	1	491,056
Principal Paid on Capital Debt	(28,525)	(26,735)
Interest Paid on Capital Debt	(81,879)	(61,371)
Acquisition and Construction of Capital Assets	(269,720)	(296,741)
Proceeds from Sales of Capital Assets	52	8,479
Capital Contributions	149,886	158,558
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(230,185)</u>	<u>273,246</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(736,548)	(2,526,597)
Proceeds from Sale and Maturities of Investment Securities	936,589	2,359,739
Net Activity for Short-Term Investments	(34,507)	(89,649)
Interest on Investments	3,087	2,729
Net Cash Provided (Used) by Investing Activities	<u>168,621</u>	<u>(253,778)</u>
Net Increase in Cash and Cash Equivalents	<u>6,506</u>	<u>69,700</u>
Cash and Cash Equivalents, July 1	<u>263,254</u>	<u>193,554</u>
Cash and Cash Equivalents, June 30	<u>\$ 269,760</u>	<u>\$ 263,254</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	\$ (59,981)	\$ (80,639)
Adjustments		
Depreciation	127,699	128,697
(Increase) Decrease in Assets		
Receivables	(3,447)	(3,044)
Allowance for Doubtful Accounts	164	1,135
Prepaid Items	-	170
Inventories	(175)	34
OPEB Asset	18	90
Increase (Decrease) in Liabilities		
Accounts Payable	5,034	1,682
Trust Liabilities and Deposits	331	195
Deferred Revenue	(1,389)	3,982
Polution Remediation	(482)	(2,503)
Accrued Compensated Absences	298	433
Net Cash Provided by Operating Activities	<u>\$ 68,070</u>	<u>\$ 50,232</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 450	\$ 433
Contributions of Capital Assets	-	5
Increase (Decrease) in Fair Value of Investments	85	(560)
Total Noncash Transactions Affecting Financial Position	<u>\$ 535</u>	<u>\$ (122)</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, 2012
(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>				
Landing Area	\$ 42,000	\$ 42,000	\$ 42,978	\$ 978
Terminal Area	108,250	108,250	108,011	(239)
Ground Transportation	111,033	111,033	113,871	2,838
Interest on Investments	1,620	1,620	833	(787)
Other	29,133	29,133	32,363	3,230
Total Revenues	<u>292,036</u>	<u>292,036</u>	<u>298,056</u>	<u>6,020</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Personal Services	101,543	101,528	98,468	3,060
Contractual Services	84,331	83,117	78,459	4,658
Supplies	9,981	9,787	10,629	(842)
Equipment/Minor Improvements	1,748	3,171	2,571	600
Contingency	14,000	14,000	-	14,000
Total Operating Expenditures	<u>211,603</u>	<u>211,603</u>	<u>190,127</u>	<u>21,476</u>
Net Revenue Available for Revenue Bond Debt Service	<u>80,433</u>	<u>80,433</u>	<u>107,929</u>	<u>27,496</u>
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	25,655	25,655	25,655	-
Interest	32,164	32,164	32,164	-
Total Senior Lien Revenue Bond Debt Service	<u>57,819</u>	<u>57,819</u>	<u>57,819</u>	<u>-</u>
Net Revenue Available for Junior Lien Revenue Bond Debt Service	<u>22,614</u>	<u>22,614</u>	<u>50,110</u>	<u>27,496</u>
Junior Lien Revenue Bond Debt Service				
Interest	1,604	1,604	1,604	-
Total Junior Lien Revenue Bond Debt Service	<u>1,604</u>	<u>1,604</u>	<u>1,604</u>	<u>-</u>
Net Revenue Available After Junior Lien Revenue Bond Debt Service	<u>21,010</u>	<u>21,010</u>	<u>48,506</u>	<u>27,496</u>
Other Expenditures				
Capital Improvement Program	54,721	54,721	40,470	14,251
General Obligation Bond Debt Service				
Principal	885	885	885	-
Interest	430	430	430	-
Total Other Expenditures	<u>56,036</u>	<u>56,036</u>	<u>41,785</u>	<u>14,251</u>
Total Expenditures and Encumbrances	<u>327,062</u>	<u>327,062</u>	<u>291,335</u>	<u>35,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(35,026)</u>	<u>(35,026)</u>	<u>6,721</u>	<u>41,747</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(5,673)	(5,673)	(5,889)	(216)
Aviation Capital Fund	-	-	(14,193)	(14,193)
Recovery of Prior Years Expenditures	-	-	1,577	1,577
Total Other Financing Sources (Uses)	<u>(5,673)</u>	<u>(5,673)</u>	<u>(18,505)</u>	<u>(12,832)</u>
Net Decrease in Fund Balance	<u>\$ (40,699)</u>	<u>\$ (40,699)</u>	<u>(11,784)</u>	<u>\$ 28,915</u>
FUND BALANCE, JULY 1			<u>161,356</u>	
FUND BALANCE, JUNE 30			<u>\$ 149,572</u>	

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

Exhibit E-5

For the Fiscal Year Ended June 30, 2012
(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>				
Customer Facility Charge	\$ 37,000	\$ 37,000	\$ 41,150	\$ 4,150
Interest on Investments	-	-	102	102
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>41,252</u>	<u>4,252</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Rental Car Center	12,640	12,640	12,593	47
Total Operating Expenditures	<u>12,640</u>	<u>12,640</u>	<u>12,593</u>	<u>47</u>
Net Revenue Available for Revenue Bond Debt Service	<u>24,360</u>	<u>24,360</u>	<u>28,659</u>	<u>4,299</u>
Revenue Bond Debt Service				
Principal	7,435	7,435	7,435	-
Interest	13,838	13,838	13,838	-
Total Revenue Bond Debt Service	<u>21,273</u>	<u>21,273</u>	<u>21,273</u>	<u>-</u>
Net Revenue Available After Revenue Bond Debt Service	<u>3,087</u>	<u>3,087</u>	<u>7,386</u>	<u>4,299</u>
Total Expenditures and Encumbrances	<u>33,913</u>	<u>33,913</u>	<u>33,866</u>	<u>47</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>3,087</u>	<u>3,087</u>	<u>7,386</u>	<u>4,299</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
Aviation Capital Fund	-	-	(6,462)	(6,462)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,462)</u>	<u>(6,462)</u>
Net Increase in Fund Balance	<u>\$ 3,087</u>	<u>\$ 3,087</u>	<u>924</u>	<u>\$ (2,163)</u>
FUND BALANCE, JULY 1			<u>35,725</u>	
FUND BALANCE, JUNE 30			<u>\$ 36,649</u>	

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

Exhibit E-6

June 30, 2012 and 2011
(in thousands)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 4,120	\$ 3,615
Investments	31,205	38,959
Accounts Receivable, Net of Allowance for Doubtful Accounts (2012, \$23 and 2011, \$72)	190	104
Inventories, at Average Cost	215	207
Total Unrestricted Current Assets	<u>35,730</u>	<u>42,885</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	25,398	25,366
Capital Projects		
Cash and Cash Equivalents	1,936	681
Investments	12,958	14,393
Receivables		
Accrued Interest	-	1
Customer and Other Deposits	2,589	2,433
Total Restricted Current Assets	<u>42,881</u>	<u>42,874</u>
Total Current Assets	<u>78,611</u>	<u>85,759</u>
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	939,285	938,946
Improvements Other Than Buildings	13,079	12,748
Equipment	23,562	22,760
Intangible Assets	312	283
Construction in Progress	1,462	2,600
Less: Accumulated Depreciation	(201,540)	(174,888)
Total Capital Assets, Net of Accumulated Depreciation	<u>805,578</u>	<u>831,867</u>
OPEB Asset	13	20
Total Noncurrent Assets	<u>805,591</u>	<u>831,887</u>
Total Assets	<u>884,202</u>	<u>917,646</u>

<u>LIABILITIES</u>	<u>2012</u>	<u>2011</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	1,033	1,082
Current Portion of Accrued Compensated Absences	207	218
Total Current Liabilities Payable from Current Assets	1,240	1,300
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	2,460	1,895
Interest Payable	8,427	8,344
Current Portion of Municipal Corporation Obligations	16,888	2,460
Capital Projects		
Accounts Payable	15	15
Customer Deposits	2,589	2,433
Total Current Liabilities Payable from Restricted Assets	30,379	15,147
Total Current Liabilities	31,619	16,447
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2012, \$622 and 2011, \$684)	684,033	684,214
Unamortized Premium (Discount)	37,136	38,651
Rebatable Arbitrage	-	172
Accrued Compensated Absences	1,288	1,311
Total Noncurrent Liabilities	722,457	724,348
Total Liabilities	754,076	740,795
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	65,274	104,851
Unrestricted	64,852	72,000
Total Net Assets	\$ 130,126	\$ 176,851

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, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 6,595	\$ 5,947
Concessions	7,824	7,225
Box Office Services	500	386
Other	969	19,553
Total Operating Revenues	<u>15,888</u>	<u>33,111</u>
Operating Expenses		
Administration	22,967	25,300
Operation and Maintenance	14,483	15,105
Promotion	2,999	2,813
Depreciation	26,761	26,657
Staff and Administrative	1,990	1,725
Security	2,377	2,474
Total Operating Expenses	<u>71,577</u>	<u>74,074</u>
Operating Loss	(55,689)	(40,963)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(1,003)	(781)
Interest	1,489	2,998
Interest on Capital Debt	(31,841)	(31,332)
Loss on Disposal of Capital Assets	(2)	(22,163)
Total Non-Operating Revenues (Expenses)	<u>(31,357)</u>	<u>(51,278)</u>
Loss Before Contributions and Transfers	(87,046)	(92,241)
Capital Contributions - Municipalities	331	14,786
Transfers from Excise Tax Fund	40,030	37,835
Transfers to Infrastructure Repayment Agreement Trust Fund	-	(173)
Transfers to Special Risk Trust	(40)	-
Change in Net Assets	<u>(46,725)</u>	<u>(39,793)</u>
Net Assets, July 1	176,851	216,644
Net Assets, June 30	<u>\$ 130,126</u>	<u>\$ 176,851</u>

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

Exhibit E-8

	2012	2011
Cash Flows from Operating Activities		
Receipts from Customers	\$ 15,958	\$ 33,225
Payments to Suppliers	(22,674)	(24,044)
Payments to Employees	(20,236)	(21,527)
Payment of Staff and Administrative Expenses	(1,990)	(1,725)
Net Cash Used by Operating Activities	<u>(28,942)</u>	<u>(14,071)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	40,030	37,835
Operating Transfers to Other Funds	(40)	(173)
Net Cash Provided by Noncapital Financing Activities	<u>39,990</u>	<u>37,662</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(1,895)	(1,795)
Interest Paid on Capital Debt	(16,597)	(16,738)
Acquisition and Construction of Capital Assets	(115)	(10,092)
Proceeds from Sales of Capital Assets	3	3
Capital Contributions	-	9,491
Net Cash Used by Capital and Related Financing Activities	<u>(18,604)</u>	<u>(19,131)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(13,066)	(46,008)
Proceeds from Sale and Maturities of Investment Securities	22,266	48,915
Net Activity for Short-Term Investments	(11)	(3,902)
Interest on Investments	315	446
Net Cash Provided (Used) by Investing Activities	<u>9,504</u>	<u>(549)</u>
Net Increase in Cash and Cash Equivalents	<u>1,948</u>	<u>3,911</u>
Cash and Cash Equivalents, July 1	32,095	28,184
Cash and Cash Equivalents, June 30	<u>\$ 34,043</u>	<u>\$ 32,095</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (55,689)	\$ (40,963)
Adjustments		
Depreciation and Amortization	26,761	26,657
(Increase) Decrease in Assets		
Accounts Receivable	(86)	146
Inventories	(8)	(8)
OPEB Asset	7	28
Increase (Decrease) in Liabilities		
Accounts Payable	(49)	135
Customer Deposits	156	(32)
Accrued Compensated Absences	(34)	(34)
Net Cash Used by Operating Activities	<u>\$ (28,942)</u>	<u>\$ (14,071)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 331	\$ 5,295
Bond Capital Appreciation	16,645	16,071
Refunding Issuance in Excess of Bond Retirement	62	62
Increase (Decrease) in Fair Value of Investments	(238)	(346)
Total Noncash Transactions Affecting Financial Position	<u>\$ 16,800</u>	<u>\$ 21,082</u>

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

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Rental of Facilities and Equipment	\$ 6,036	\$ 6,036	\$ 4,989	\$ (1,047)
Concessions	9,268	9,268	8,999	(269)
Box Office Services	149	149	208	59
Interest	600	600	373	(227)
Other	1,653	1,653	1,743	90
Total Revenues	17,706	17,706	16,312	(1,394)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	49,984	49,984	41,614	8,370
Capital Improvement Program	2,167	2,167	1,583	584
Lease-Purchase Payments	19,180	19,180	19,180	-
Total Expenditures and Encumbrances	71,331	71,331	62,377	8,954
Deficiency of Revenues Over Expenditures and Encumbrances	(53,625)	(53,625)	(46,065)	7,560
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Excise Tax Fund	39,685	39,685	40,030	345
Debt Service Fund	-	-	799	799
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,277)	(2,277)	(1,990)	287
Infrastructure Repayment Agreement Trust Fund	(83)	(83)	(40)	43
Recovery of Prior Years Expenditures	-	-	9	9
Total Other Financing Sources (Uses)	37,325	37,325	38,808	1,483
Net Decrease in Fund Balance	<u>\$ (16,300)</u>	<u>\$ (16,300)</u>	<u>(7,257)</u>	<u>\$ 9,043</u>
FUND BALANCE, JULY 1			46,444	
FUND BALANCE, JUNE 30			<u>\$ 39,187</u>	



City of Phoenix

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

Exhibit E-10

June 30, 2012 and 2011
(in thousands)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 6,096	\$ -
Investments	63,358	27,579
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2012, \$2,291 and 2011, \$3,466)	54,578	49,981
Intergovernmental	4,275	2,197
Prepaid Items	3,463	3,531
Inventories, at Average Cost	5,519	7,061
Total Unrestricted Current Assets	<u>137,289</u>	<u>90,349</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	67,939	85,115
Capital Projects		
Cash and Cash Equivalents	23,625	14,548
Investments	208,576	154,487
Receivables		
Accrued Interest	88	-
Customer and Other Deposits	4,683	4,773
Total Restricted Current Assets	<u>304,911</u>	<u>258,923</u>
Total Current Assets	<u>442,200</u>	<u>349,272</u>
Noncurrent Assets		
Capital Assets		
Land	90,638	89,870
Buildings	218,557	218,473
Improvements Other Than Buildings	774,320	712,889
Equipment	273,371	266,049
Mains, Hydrants, Meters and Service Connections	1,565,391	1,499,832
Intangibles	196,033	196,062
Construction in Progress	239,895	280,420
Less: Accumulated Depreciation	<u>(1,038,677)</u>	<u>(961,236)</u>
Total Capital Assets, Net of Accumulated Depreciation	2,319,528	2,302,359
Other Assets		
Investment in Val Vista Treatment Plant Joint Use Agreement	241,414	229,001
OPEB Asset	61	88
Total Other Assets	<u>241,475</u>	<u>229,089</u>
Total Noncurrent Assets	<u>2,561,003</u>	<u>2,531,448</u>
Total Assets	<u>3,003,203</u>	<u>2,880,720</u>

<u>LIABILITIES</u>	<u>2012</u>	<u>2011</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	15,913	17,799
Utility/Water Contractual Agreements	-	892
Deferred Revenue	10	10
Current Portion of Accrued Compensated Absences	981	989
Total Current Liabilities Payable from Current Assets	<u>16,904</u>	<u>19,690</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	175,000	-
Matured Bonds Payable	35,955	53,814
Interest Payable	34,911	36,048
Current Portion of General Obligation Bonds	5,310	5,180
Current Portion of Revenue Bonds	196	190
Current Portion of Municipal Corporation Obligations	31,970	38,945
Capital Projects		
Accounts Payable	5,137	18,030
Customer and Other Deposits	4,683	4,773
Total Current Liabilities Payable from Restricted Assets	<u>293,162</u>	<u>156,980</u>
Total Current Liabilities	<u>310,066</u>	<u>176,670</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2012, \$2,571 and 2011, \$3,208)	36,218	40,824
Revenue Bonds	4,042	2,741
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2012, \$8,899 and 2011, \$5,120)	1,279,075	1,322,885
Unamortized Premium (Discount)	75,006	59,512
Accrued Compensated Absences	6,292	6,063
Total Noncurrent Liabilities	<u>1,400,633</u>	<u>1,432,025</u>
Total Liabilities	<u>1,710,699</u>	<u>1,608,695</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	959,676	970,425
Restricted for Enabling Legislation	46,940	50,235
Unrestricted	285,888	251,365
Total Net Assets	<u>\$ 1,292,504</u>	<u>\$ 1,272,025</u>

Water System Enterprise Fund

Comparative Statements of Revenues, Expenses and
Changes in Net AssetsFor the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Water Sales	\$ 313,158	\$ 278,400
Environmental Charges	50,585	47,293
Other	16,936	15,808
Total Operating Revenues	<u>380,679</u>	<u>341,501</u>
Operating Expenses		
Administration and Engineering	30,598	28,278
Operation and Maintenance		
Customer Service	17,574	23,482
Production and Treatment	80,712	75,704
Distribution and Centralized Functions	57,382	34,125
Depreciation and Amortization	99,912	93,763
Staff and Administrative	7,856	4,772
Total Operating Expenses	<u>294,034</u>	<u>260,124</u>
Operating Income	86,645	81,377
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(3,835)	(2,823)
Interest	5,641	4,945
Interest on Capital Debt	(48,407)	(59,952)
Equity Interest in Joint Use Agreement Operating Loss	(7,954)	(7,339)
Loss on Disposal of Capital Assets	(11,356)	(2,042)
Total Non-Operating Revenues (Expenses)	<u>(65,911)</u>	<u>(67,211)</u>
Net Income Before Contributions and Transfers	20,734	14,166
Capital Contributions	11,475	14,416
Transfers from Wastewater Impact Fees	-	8,000
Transfers from Debt Service Fund	-	14,051
Transfers to General Fund - In Lieu Property Taxes	(11,730)	(11,657)
Transfers to General Fund - Reserve	-	(2,050)
Change in Net Assets	<u>20,479</u>	<u>36,926</u>
Net Assets, July 1	1,272,025	1,235,099
Net Assets, June 30	<u>\$ 1,292,504</u>	<u>\$ 1,272,025</u>

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

Exhibit E-12

	2012	2011
Cash Flows from Operating Activities		
Receipts from Customers	\$ 373,914	\$ 345,663
Payments to Suppliers	(101,975)	(72,672)
Payments to Employees	(84,319)	(88,806)
Payment of Staff and Administrative Expenses	(7,856)	(4,772)
Net Cash Provided by Operating Activities	<u>179,764</u>	<u>179,413</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	-	22,051
Operating Transfers to Other Funds	(11,730)	(13,707)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(11,730)</u>	<u>8,344</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	177,835	3,116
Principal Paid on Capital Debt	(54,706)	(59,861)
Interest Paid on Capital Debt	(70,495)	(75,567)
Acquisition and Construction of Capital Assets	(143,563)	(196,591)
Proceeds from Sales of Capital Assets	44	2,126
Capital Contributions	8,904	9,329
Net Cash Used by Capital and Related Financing Activities	<u>(81,981)</u>	<u>(317,448)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(414,294)	(56,799)
Proceeds from Sales and Maturities of Investment Securities	374,453	132,951
Net Activity for Short-Term Investments	(50,023)	30,093
Interest on Investments	1,718	2,464
Net Cash Provided (Used) by Investing Activities	<u>(88,146)</u>	<u>108,709</u>
Net Decrease in Cash and Cash Equivalents	<u>(2,093)</u>	<u>(20,982)</u>
Cash and Cash Equivalents, July 1	104,436	125,418
Cash and Cash Equivalents, June 30	<u>\$ 102,343</u>	<u>\$ 104,436</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 86,645	\$ 81,377
Adjustments		
Depreciation and Amortization	99,912	93,763
(Increase) Decrease in Assets		
Receivables	(5,500)	3,297
Allowance for Doubtful Accounts	(1,175)	1,248
Prepaid Expenses	68	168
Inventories	1,542	270
OPEB Asset	27	119
Increase (Decrease) in Liabilities		
Accounts Payable	(1,886)	(485)
Deferred Revenue	-	8
Customer and Other Deposits	(90)	(391)
Accrued Compensated Absences	221	39
Net Cash Provided by Operating Activities	<u>\$ 179,764</u>	<u>\$ 179,413</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 2,571	\$ 5,087
Bond Capital Appreciation	67	63
Refunding Issuance in Excess of Bond Retirement	1,438	1,239
Increase (Decrease) in Fair Value of Investments	(57)	738
Total Noncash Transactions Affecting Financial Position	<u>\$ 4,019</u>	<u>\$ 7,127</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, 2012
(in thousands)

Exhibit E-13

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Water Sales	\$ 291,473	\$ 291,473	\$ 312,191	\$ 20,718
Environmental Charges	48,884	48,884	51,551	2,667
Development Occupational Fees	1,500	1,500	1,820	320
Water Service Fees	6,155	6,155	5,686	(469)
Distribution	2,830	2,830	3,120	290
Interest	1,254	1,254	1,885	631
Other	5,111	5,111	6,163	1,052
Total Revenues	357,207	357,207	382,416	25,209
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	170,512	170,422	146,239	24,183
Operation and Maintenance - Val Vista	20,674	20,674	12,008	8,666
Total Operating Expenditures and Encumbrances	191,186	191,096	158,247	32,849
Net Revenue Available for Revenue Bond Debt Service	166,021	166,111	224,169	58,058
Junior Lien Revenue Bond Debt Service				
Principal	38,945	38,945	30,775	8,170
Interest	68,095	68,095	66,780	1,315
Total Junior Lien Revenue Bond Debt Service	107,040	107,040	97,555	9,485
Net Revenue Available After Junior Lien Revenue Bond Debt Service	58,981	59,071	126,614	67,543
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	1,000	1,000	87	913
Operating Capital Outlay	1,700	1,789	840	949
Capital Improvement Program	111,395	97,905	64,141	33,764
General Obligation Bond Debt Service				
Principal	5,180	5,180	5,180	-
Interest	1,810	1,810	1,810	-
Total Other Expenditures and Encumbrances	121,085	107,684	72,058	35,626
Total Expenditures and Encumbrances	419,311	405,820	327,860	77,960
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(62,104)	(48,613)	54,556	103,169
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Water Impact Fees Fund	4,000	4,000	4,000	-
Transfers to Other Funds				
General Fund				
Staff and Administrative	(8,818)	(8,818)	(7,856)	962
In-Lieu Property Taxes	(12,130)	(12,130)	(11,730)	400
Recovery of Prior Years Expenditures	-	-	2,838	2,838
Total Other Financing Sources (Uses)	(16,948)	(16,948)	(12,748)	4,200
Net Increase (Decrease) in Fund Balance	\$ (79,052)	\$ (65,561)	41,808	\$ 107,369
FUND BALANCE, JULY 1			115,660	
FUND BALANCE, JUNE 30			\$ 157,468	

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, 2012
(in thousands)

Exhibit E-14

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Val Vista Water System	\$ 9,395	\$ 9,395	\$ 6,365	\$ (3,030)
Operating Revenue - Water	20,674	20,674	12,008	(8,666)
Interest	44	44	34	(10)
Other	-	-	1	1
Total Revenues	30,113	30,113	18,408	(11,705)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	26,885	26,885	16,804	10,081
Capital Outlay				
Operating	34	34	-	34
Capital Improvement Program	1,763	1,753	1,655	98
Total Expenditures and Encumbrances	28,682	28,672	18,459	10,213
Excess of Revenues Over Expenditures and Encumbrances	1,431	1,441	(51)	(1,492)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,397)	(1,397)	(648)	749
Total Other Financing Sources (Uses)	(1,397)	(1,397)	(648)	749
Net Increase (Decrease) in Fund Balance	\$ 34	\$ 44	(699)	\$ (743)
FUND BALANCE, JULY 1			3,914	
FUND BALANCE, JUNE 30			3,215	
Members' Contributed Operating Reserve			2,510	
Members' Contributed Replacement Reserve			1,613	
FUND DEFICIT, UNRESERVED			\$ (908)	

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
June 30, 2012 and 2011
(in thousands)

Exhibit E-15

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 14,717	\$ 7,639
Investments	116,077	95,892
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2012, \$1,602 and 2011, \$1,417)	20,459	21,115
Intergovernmental	3,124	2,617
Inventories, at Average Cost	1,011	1,045
Total Unrestricted Current Assets	<u>155,388</u>	<u>128,308</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	46,951	56,605
Capital Projects		
Cash and Cash Equivalents	14,990	16,812
Investments	94,171	127,971
Receivables		
Accrued Interest	13	20
Customer Deposits and Other Trust Liabilities	31	24
Total Restricted Current Assets	<u>156,156</u>	<u>201,432</u>
Total Current Assets	<u>311,544</u>	<u>329,740</u>
Noncurrent Assets		
Capital Assets		
Land	22,481	22,473
Buildings	73,311	71,628
Improvements Other Than Buildings	1,203,273	1,136,485
Equipment	133,475	126,972
Intangibles	45,747	43,740
Construction in Progress	77,656	119,337
Less: Accumulated Depreciation	(540,335)	(499,818)
Total Capital Assets, Net of Accumulated Depreciation	<u>1,015,608</u>	<u>1,020,817</u>
Other Assets		
Investment in SROG Joint Use Agreement	461,107	473,581
OPEB Asset	24	30
Total Noncurrent Assets	<u>1,476,739</u>	<u>1,494,428</u>
Total Assets	<u>1,788,283</u>	<u>1,824,168</u>

	2012	2011
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	10,883	8,906
Deferred Revenue	1	1
Current Portion of Accrued Compensated Absences	276	289
Total Current Liabilities Payable from Current Assets	11,160	9,196
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	75,000	100,000
Matured Bonds Payable	28,252	45,737
Interest Payable	19,956	21,580
Current Portion of General Obligation Bonds	4,255	4,278
Current Revenue Bonds	662	643
Current Portion of Municipal Corporation Obligations	24,420	32,975
Capital Projects		
Accounts Payable	649	2,615
Customer Deposits and Other Trust Liabilities	31	24
Total Current Liabilities Payable from Restricted Assets	153,225	207,852
Total Current Liabilities	164,385	217,048
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2012, \$1,244 and 2011, \$1,411)	14,140	18,227
Revenue Bonds	13,660	14,322
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2012, \$13,327 and 2011, \$16,737)	705,218	735,353
Unamortized Premium (Discount)	39,688	24,671
Accrued Compensated Absences	1,786	1,777
Total Noncurrent Liabilities	774,492	794,350
Total Liabilities	938,877	1,011,398
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	587,126	575,106
Restricted for Enabling Legislation	32,883	28,669
Unrestricted	229,397	208,995
Total Net Assets	\$ 849,406	\$ 812,770

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, 2012 and 2011
(in thousands)

	2012	2011
Operating Revenues		
Sewer Service Charges	\$ 156,224	\$ 159,185
Environmental Charges	35,867	36,597
Other	20,270	15,920
Total Operating Revenues	<u>212,361</u>	<u>211,702</u>
Operating Expenses		
Administration	16,617	11,930
Operation and Maintenance		
Wastewater Treatment Plants	35,709	35,734
Sewer Maintenance and Collections	23,104	19,259
Industrial Waste/Pre-Treatment	4,971	4,457
Depreciation	40,964	41,920
Staff and Administrative	4,577	958
Total Operating Expenses	<u>125,942</u>	<u>114,258</u>
Operating Income	86,419	97,444
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(3,734)	(2,109)
Interest	5,719	3,655
Interest on Capital Debt	(34,354)	(39,929)
Equity Interest in Joint Use Agreement Operating Loss	(17,912)	(21,912)
Loss on Disposal of Capital Assets	(50)	(3,367)
Total Non-Operating Revenues (Expenses)	<u>(50,331)</u>	<u>(63,662)</u>
Net Income Before Contributions and Transfers	36,088	33,782
Capital Contributions	8,141	1,756
Transfers from Debt Service Fund	-	19,096
Transfers to General Fund - In Lieu Property Taxes	(7,593)	(7,997)
Transfers to General Fund - Reserve	-	(13,677)
Transfers to Water Operating Fund	-	(8,000)
Change in Net Assets	<u>36,636</u>	<u>24,960</u>
Net Assets, July 1	812,770	787,810
Net Assets, June 30	<u>\$ 849,406</u>	<u>\$ 812,770</u>

Wastewater Enterprise Fund

Comparative Statements of Cash Flows

For the Fiscal Years Ended June 30, 2012 and 2011

(in thousands)

	2012	2011
Cash Flows from Operating Activities		
Receipts from Customers	\$ 212,517	\$ 217,710
Payments to Suppliers	(53,651)	(50,198)
Payments to Employees	(24,737)	(21,370)
Payment of Staff and Administrative Expenses	(4,577)	(958)
Net Cash Provided by Operating Activities	129,552	145,184
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	-	19,096
Operating Transfers to Other Funds	(7,593)	(29,674)
Net Cash Used by Noncapital Financing Activities	(7,593)	(10,578)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	(23,979)	3,909
Principal Paid on Capital Debt	(45,737)	(31,345)
Interest Paid on Capital Debt	(42,208)	(43,957)
Acquisition and Construction of Capital Assets	(36,004)	(39,681)
Proceeds from Sales of Capital Assets	45	33
Capital Contributions	5,928	516
Net Cash Used by Capital and Related Financing Activities	(141,955)	(110,525)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(218,115)	(80,298)
Proceeds from Sales and Maturities of Investment Securities	222,035	93,024
Net Activity for Short-Term Investments	9,693	(37,878)
Interest on Investments	1,992	1,528
Net Cash Provided (Used) by Investing Activities	15,605	(23,624)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,391)	457
Cash and Cash Equivalents, July 1	81,080	80,623
Cash and Cash Equivalents, June 30	\$ 76,689	\$ 81,080
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 86,419	\$ 97,444
Adjustments		
Depreciation	40,964	41,920
(Increase) Decrease in Assets		
Receivables	(36)	5,978
Allowance for Doubtful Accounts	185	189
Inventories	34	106
OPEB Asset	6	41
Increase (Decrease) in Liabilities		
Accounts Payable	1,977	(270)
Customer Deposits	7	(159)
Accrued Compensated Absences	(4)	(65)
Net Cash Provided by Operating Activities	\$ 129,552	\$ 145,184
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 2,213	\$ 1,240
Refunding Issuance in Excess of Bond Retirement	2,492	2,601
Increase (Decrease) in Fair Value of Investments	4	(22)
Total Noncash Transactions Affecting Financial Position	\$ 4,709	\$ 3,819

Wastewater Enterprise Fund

Schedule of Revenues, Expenditures and Changes in

Fund Balance - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2012

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Sewer Service Charges	\$ 158,249	\$ 158,249	\$ 156,224	\$ (2,025)
Environmental Charges	36,276	36,276	35,867	(409)
Development Occupational Fees	1,400	1,400	1,670	270
Interest	1,716	1,716	2,166	450
Other	6,133	6,133	16,069	9,936
Total Revenues	203,774	203,774	211,996	8,222
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	55,497	55,602	47,774	7,828
Operation and Maintenance - SROG	21,201	21,201	24,247	(3,046)
Total Operating Expenditures and Encumbrances	76,698	76,803	72,021	4,782
Net Revenue Available for Revenue Bond Debt Service	127,076	126,971	139,975	13,004
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	11,805	11,805	11,805	-
Interest	9,874	9,874	9,874	-
Total Senior Lien Revenue Bond Debt Service	21,679	21,679	21,679	-
Net Revenue Available for Junior Lien Revenue Bond Debt Service	105,397	105,292	118,296	13,004
Junior Lien Revenue Bond Debt Service				
Principal	21,170	21,170	12,168	9,002
Interest	31,170	31,170	29,605	1,565
Total Junior Lien Revenue Bond Debt Service	52,340	52,340	41,773	10,567
Net Revenue Available After Junior Lien Revenue Bond Debt Service	53,057	52,952	76,523	23,571
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	12,750	12,750	211	12,539
Operating Capital Outlay	444	339	301	38
Capital Improvement Program	68,529	54,558	28,434	26,124
General Obligation Bond Debt Service				
Principal	4,278	4,278	4,278	-
Interest	897	897	891	6
Total Other Expenditures and Encumbrances	86,898	72,822	34,115	38,707
Total Expenditures and Encumbrances	237,615	223,644	169,588	54,056
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(33,841)	(19,870)	42,408	62,278
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Wastewater Capital Project Funds	-	-	53	53
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,149)	(1,149)	(4,577)	(3,428)
In-Lieu Property Taxes	(8,024)	(8,024)	(7,593)	431
Recovery of Prior Years Expenditures	-	-	994	994
Total Other Financing Sources (Uses)	(9,173)	(9,173)	(11,123)	(1,950)
Net Increase (Decrease) in Fund Balance	\$ (43,014)	\$ (29,043)	31,285	\$ 60,328
FUND BALANCE, JULY 1			160,432	
FUND BALANCE, JUNE 30			\$ 191,717	

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, 2012
(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	\$ 14,486	\$ 14,486	\$ 15,747	\$ 1,261
Operating Revenue - Wastewater	21,201	21,201	24,247	3,046
Sales of By-Products	12,336	12,336	5,043	(7,293)
Interest	246	246	46	(200)
Other	40	40	11	(29)
Total Revenues	<u>48,309</u>	<u>48,309</u>	<u>45,094</u>	<u>(3,215)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	42,220	42,192	39,415	2,777
Capital Outlay				
Operating	137	137	158	(21)
Capital Improvement Program	5,000	5,000	4,871	129
Total Expenditures and Encumbrances	<u>47,357</u>	<u>47,329</u>	<u>44,444</u>	<u>2,885</u>
Excess of Revenues Over				
Expenditures and Encumbrances	952	980	650	(330)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,114)	(1,114)	(1,093)	21
Recovery of Prior Years Expenditures	-	-	130	130
Total Other Financing Sources (Uses)	<u>(1,114)</u>	<u>(1,114)</u>	<u>(963)</u>	<u>151</u>
Net Decrease in Fund Balance	<u>\$ (162)</u>	<u>\$ (134)</u>	<u>(313)</u>	<u>\$ (179)</u>
FUND BALANCE, JULY 1 as reported			<u>7,879</u>	
FUND BALANCE, JUNE 30			<u>7,566</u>	
Members' Contributed Replacement Reserve			5,746	
Members' Contributed Operating Reserve			5,687	
FUND DEFICIT, UNRESERVED			<u>\$ (3,867)</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
June 30, 2012 and 2011
(in thousands)

Exhibit E-20

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 4,980	\$ 2,080
Investments	41,986	32,678
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2012, \$1,445 and 2011, \$1,260)	13,406	13,447
Intergovernmental	4	4
Total Unrestricted Current Assets	<u>60,376</u>	<u>48,209</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	11,289	16,804
Capital Projects		
Cash and Cash Equivalents	4,011	7,171
Investments	35,214	39,696
Receivables		
Accrued Interest	-	29
Customer Deposits	123	125
Total Restricted Current Assets	<u>50,637</u>	<u>63,825</u>
Total Current Assets	<u>111,013</u>	<u>112,034</u>
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	79,917	66,484
Improvements Other Than Buildings	37,110	32,881
Equipment	122,198	118,873
Intangibles	5,357	5,342
Construction in Progress	3,944	20,917
Less: Accumulated Depreciation	<u>(104,872)</u>	<u>(98,324)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>156,994</u>	<u>159,513</u>
OPEB Asset	28	39
Total Noncurrent Assets	<u>157,022</u>	<u>159,552</u>
Total Assets	<u>268,035</u>	<u>271,586</u>

<u>LIABILITIES</u>	<u>2012</u>	<u>2011</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	5,609	1,820
Accrued Landfill Postclosure Care Costs	2,475	2,490
Current Portion of Accrued Compensated Absences	369	383
Total Current Liabilities Payable from Current Assets	8,453	4,693
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	8,045	13,235
Interest Payable	3,244	3,570
Current Portion of General Obligation Bonds	-	1,280
Current Portion of Municipal Corporation Obligations	7,115	6,765
Capital Projects		
Accounts Payable	317	1,564
Accrued Landfill Closure Costs	1,051	2,841
Customer Deposits	123	125
Total Current Liabilities Payable from Restricted Assets	19,895	29,380
Total Current Liabilities	28,348	34,073
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment (2012, \$1,048 and 2011, \$361)	9,337	9,939
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2012, \$(663) and 2011, \$(723))	114,943	122,118
Unamortized Premium (Discount)	3,128	3,119
Accrued Landfill Closure and Postclosure Care Costs	68,641	68,784
Accrued Compensated Absences	2,304	2,293
Total Noncurrent Liabilities	198,353	206,253
Total Liabilities	226,701	240,326
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	19,808	18,453
Restricted for Enabling Legislation	2,522	2,501
Unrestricted	19,004	10,306
Total Net Assets	\$ 41,334	\$ 31,260

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, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Solid Waste Service Fees	\$ 122,009	\$ 121,669
Landfill Fees	7,109	8,640
Recycling	11,924	9,621
Other	2,314	2,390
Total Operating Revenues	<u>143,356</u>	<u>142,320</u>
Operating Expenses		
Administration	19,261	22,627
Solid Waste Collections	45,426	45,702
Environmental Services	-	73
Landfills		
Operations	29,151	26,011
Closure and Postclosure Care Costs	1,446	4,613
Recycling	4,192	3,194
Depreciation	16,293	15,177
Staff and Administrative	5,443	4,668
Other	7,018	4,732
Total Operating Expenses	<u>128,230</u>	<u>126,797</u>
Operating Income	15,126	15,523
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(1,283)	(693)
Interest	1,933	1,218
Interest on Capital Debt	(5,184)	(6,197)
Gain (Loss) on Disposal of Capital Assets	648	(124)
Total Non-Operating Revenues (Expenses)	<u>(3,886)</u>	<u>(5,796)</u>
Net Income Before Contributions and Transfers	11,240	9,727
Capital Contributions - Municipalities	-	33
Transfers from Debt Service Fund	-	7,544
Transfers to General Fund - In Lieu Property Taxes	(1,166)	(1,087)
Transfers to General Fund - Other	-	(2,373)
Change in Net Assets	<u>10,074</u>	<u>13,844</u>
Net Assets, July 1	31,260	17,416
Net Assets, June 30	<u>\$ 41,334</u>	<u>\$ 31,260</u>

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

Exhibit E-22

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 143,395	\$ 142,447
Payments to Suppliers	(63,220)	(62,814)
Payments to Employees	(41,425)	(41,859)
Payment of Staff and Administrative Expenses	(5,443)	(4,668)
Net Cash Provided by Operating Activities	<u>33,307</u>	<u>33,106</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	-	7,544
Operating Transfers to Other Funds	(1,166)	(3,460)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,166)</u>	<u>4,084</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	85	-
Principal Paid on Capital Debt	(13,235)	(7,265)
Interest Paid on Capital Debt	(6,967)	(7,308)
Acquisition and Construction of Capital Assets	(15,085)	(36,112)
Proceeds from Sales of Capital Assets	1,431	1,233
Capital Contributions	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(33,771)</u>	<u>(49,452)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(78,014)	(62,835)
Proceeds from Sales and Maturities of Investment Securities	87,998	76,577
Net Activity for Short-Term Investments	(14,810)	(2,423)
Interest on Investments	679	498
Net Cash Provided (Used) by Investing Activities	<u>(4,147)</u>	<u>11,817</u>
Net Decrease in Cash and Cash Equivalents	<u>(5,777)</u>	<u>(445)</u>
Cash and Cash Equivalents, July 1	<u>26,180</u>	<u>26,625</u>
Cash and Cash Equivalents, June 30	<u>\$ 20,403</u>	<u>\$ 26,180</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 15,126	\$ 15,523
Adjustments		
Depreciation and Amortization	16,293	15,177
(Increase) Decrease in Assets		
Receivables	(144)	34
Allowance for Doubtful Accounts	185	81
OPEB Asset	11	53
Increase (Decrease) in Liabilities		
Accounts Payable	3,789	63
Customer Deposits	(2)	12
Accrued Compensated Absences	(3)	154
Accrued Landfill Closure and Postclosure Care	(1,948)	2,009
Net Cash Provided by Operating Activities	<u>\$ 33,307</u>	<u>\$ 33,106</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 33
Refunding Issuance in Excess of Bond Retirement	(747)	-
Increase (Decrease) in Fair Value of Investments	29	(38)
Total Noncash Transactions Affecting Financial Position	<u>\$ (718)</u>	<u>\$ (5)</u>

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit E-23

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Solid Waste Service Fees	\$ 122,050	\$ 122,050	\$ 122,243	\$ 193
City Landfill Fees	17,158	17,158	18,807	1,649
Interest	750	750	501	(249)
Other	2,610	2,610	2,892	282
Total Revenues	<u>142,568</u>	<u>142,568</u>	<u>144,443</u>	<u>1,875</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	130,446	128,246	109,105	19,141
Capital Improvement Program	14,682	16,882	11,655	5,227
General Obligation Bond Debt Service				
Principal	1,280	1,280	1,280	-
Interest	566	566	472	94
Lease-Purchase Payments	12,874	12,874	12,874	-
Total Expenditures and Encumbrances	<u>159,848</u>	<u>159,848</u>	<u>135,386</u>	<u>24,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(17,280)</u>	<u>(17,280)</u>	<u>9,057</u>	<u>26,337</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(5,035)	(5,035)	(5,443)	(408)
In-Lieu Property Taxes	(1,119)	(1,119)	(1,166)	(47)
Solid Waste Capital Reserve	(600)	(600)	(632)	(32)
Recovery of Prior Years Expenditures	-	-	375	375
Total Other Financing Sources (Uses)	<u>(6,754)</u>	<u>(6,754)</u>	<u>(6,866)</u>	<u>(112)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ (24,034)</u>	<u>\$ (24,034)</u>	<u>2,191</u>	<u>\$ 26,225</u>
FUND BALANCE, JULY 1			<u>51,406</u>	
FUND BALANCE, JUNE 30			<u>\$ 53,597</u>	



City of Phoenix

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

Exhibit E-24

June 30, 2012 and 2011
(in thousands)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 14	\$ 26
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2012, \$8 and 2011, \$13)	-	-
Inventories, at Average Cost	234	234
Total Current Assets	<u>248</u>	<u>260</u>
Noncurrent Assets		
Capital Assets		
Land	4,984	4,984
Buildings	2,587	2,587
Improvements Other Than Buildings	14,049	13,631
Equipment	4,415	3,908
Intangibles	60	60
Less: Accumulated Depreciation	(14,887)	(14,325)
Total Capital Assets, Net of Accumulated Depreciation	<u>11,208</u>	<u>10,845</u>
OPEB Asset	3	4
Total Noncurrent Assets	<u>11,211</u>	<u>10,849</u>
Total Assets	<u>11,459</u>	<u>11,109</u>

	2012	2011
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	87	57
Current Portion of Accrued Compensated Absences	76	72
Deferred Revenue	145	142
Trust Liabilities and Deposits	14	14
Due to Other Funds	13,085	10,953
Total Current Liabilities	13,407	11,238
Noncurrent Liabilities		
Accrued Compensated Absences	488	437
Total Noncurrent Liabilities	488	437
Total Liabilities	13,895	11,675
<u>NET ASSETS (DEFICIT)</u>		
Invested in Capital Assets, Net of Related Debt	11,208	10,845
Unrestricted	(13,644)	(11,411)
Total Net Assets (Deficit)	\$ (2,436)	\$ (566)

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, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Fees	\$ 4,360	\$ 4,134
Concessions	1,629	1,474
Coffee Shops	78	73
Other	586	596
Total Operating Revenues	<u>6,653</u>	<u>6,277</u>
Operating Expenses		
Administration	567	352
Operation and Maintenance	7,416	7,539
Depreciation	687	622
Parks Administrative Charges	200	276
Other	1	1
Total Operating Expenses	<u>8,871</u>	<u>8,790</u>
Operating Loss	<u>(2,218)</u>	<u>(2,513)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	182	(1)
Interest	(274)	1
Gain (Loss) on Disposal of Capital Assets	(8)	1
Total Non-Operating Revenues (Expenses)	<u>(100)</u>	<u>1</u>
Net Loss Before Contributions and Transfers	<u>(2,318)</u>	<u>(2,512)</u>
Capital Contributions - Municipalities	448	52
Change in Net Assets (Deficit)	<u>(1,870)</u>	<u>(2,460)</u>
Net Assets, July 1	(566)	1,894
Net Assets (Deficit), June 30	<u>\$ (2,436)</u>	<u>\$ (566)</u>

City of Phoenix, Arizona
Golf Courses Enterprise Fund

Exhibit E-26

Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 6,656	\$ 6,302
Payments to Suppliers	(2,830)	(2,683)
Payments to Employees	(5,068)	(5,234)
Payment of Staff and Administrative Expenses	(200)	(276)
Net Cash Used by Operating Activities	<u>(1,442)</u>	<u>(1,891)</u>
Cash Flows from Capital and Related Financing Activities		
Loans from Other Funds	2,132	2,048
Acquisition and Construction of Capital Assets	(611)	(132)
Proceeds from Sale of Capital Assets	2	1
Net Cash Provided by Capital and Related Financing Activities	<u>1,523</u>	<u>1,917</u>
Cash Flows from Investing Activities		
Interest on Investments	(93)	-
Net Cash Used by Investing Activities	<u>(93)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(12)</u>	<u>26</u>
Cash and Cash Equivalents, July 1	26	-
Cash and Cash Equivalents, June 30	<u>\$ 14</u>	<u>\$ 26</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities		
Net Operating Loss	\$ (2,218)	\$ (2,513)
Adjustments		
Depreciation and Amortization	687	622
(Increase) Decrease in Assets		
Accounts Receivable	5	-
Allowance for Doubtful Accounts	(5)	-
Inventories	-	(39)
OPEB Asset	1	6
Increase (Decrease) in Liabilities		
Accounts Payable	30	17
Accrued Compensated Absences	55	(9)
Deferred Revenue	3	25
Net Cash Used by Operating Activities	<u>\$ (1,442)</u>	<u>\$ (1,891)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	<u>\$ 448</u>	<u>\$ 52</u>
	<u>\$ 448</u>	<u>\$ 52</u>

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

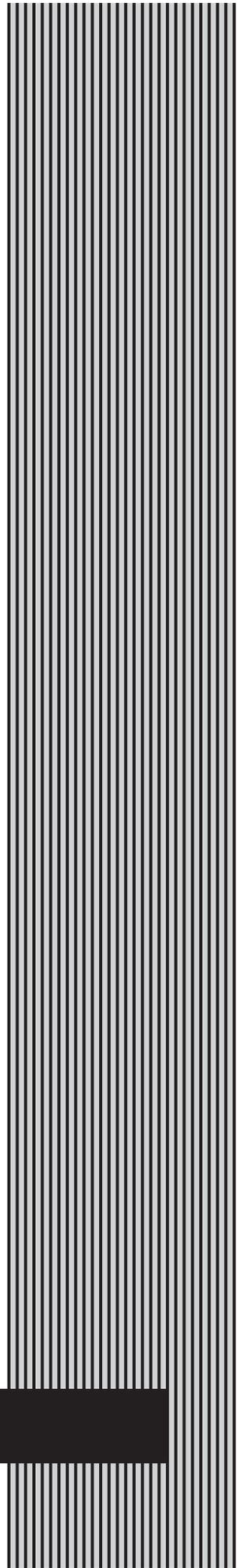
For the Fiscal Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Fees	\$ 3,901	\$ 3,901	\$ 3,967	\$ 66
Concessions	2,008	2,008	2,036	28
Coffee Shops	78	78	78	-
Interest	(185)	(185)	(114)	71
Other	328	328	95	(233)
Total Revenues	6,130	6,130	6,062	(68)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	8,392	8,592	8,261	331
Total Expenditures and Encumbrances	8,392	8,592	8,261	331
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(2,262)	(2,462)	(2,199)	263
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Other	(253)	(253)	(200)	53
Total Other Financing Sources (Uses)	(253)	(253)	(200)	53
Net Decrease in Fund Balance	\$ (2,515)	\$ (2,715)	(2,399)	\$ 316
FUND DEFICIT, JULY 1			(12,418)	
FUND DEFICIT, JUNE 30			<u>\$ (14,817)</u>	

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Financial Section

**Other Supplementary Information –
Fiduciary Funds –
Combining Fund Financial
Statements**





City of Phoenix

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

Exhibit F-1

June 30, 2012
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 28,403	\$ 1,129
Investments		
Treasurer's Pooled Investments	-	666
Temporary Investments	87,622	-
Fixed Income	327,655	-
Domestic Equities	1,100,289	-
International Equities	366,365	-
Real Return	-	-
Absolute Return	-	-
Receivables		
Accounts Receivable	48,803	-
Contributions Receivable	1,587	-
Interest and Dividends	2,224	2
Prepaid Items	-	-
Total Assets	<u>1,962,948</u>	<u>1,797</u>
<u>LIABILITIES</u>		
Accounts Payable	167,258	86
Accrued Payroll Payable	-	-
Claims Payable	-	-
Total Liabilities	<u>167,258</u>	<u>86</u>
<u>NET ASSETS</u>		
Held in trust for pension and other employee benefits	<u>\$ 1,795,690</u>	<u>\$ 1,711</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 2,943	\$ -	\$ 15	\$ 460	\$ 32,950
-	15,438	206	290	16,600
-	-	-	-	87,622
88,264	-	23,527	16,003	455,449
-	-	23,743	14,860	1,138,892
-	-	19,465	13,748	399,578
-	-	19,087	13,005	32,092
-	-	9,436	6,425	15,861
1,970	-	-	-	50,773
1,403	-	-	-	2,990
215	6	-	-	2,447
5,150	-	-	-	5,150
<u>99,945</u>	<u>15,444</u>	<u>- 95,479</u>	<u>64,791</u>	<u>2,240,404</u>
224	-	-	6	167,574
-	-	-	-	-
<u>24,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,238</u>
<u>24,462</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>191,812</u>
<u>\$ 75,483</u>	<u>\$ 15,444</u>	<u>\$ 95,479</u>	<u>\$ 64,785</u>	<u>\$ 2,048,592</u>

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

Exhibit F-1
(continued)

June 30, 2012
(in thousands)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 3,693	\$ 3,693
Investments				
Treasurer's Pooled Investments	-	-	27,083	27,083
Temporary Investments	-	-	-	-
Fixed Income	-	-	-	-
Domestic Equities	-	-	-	-
International Equities	-	-	-	-
Real Return	-	-	-	-
Absolute Return	-	-	-	-
Receivables				
Accounts Receivable	-	-	-	-
Contributions Receivable	-	-	-	-
Interest and Dividends	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>30,776</u>	<u>30,776</u>
<u>LIABILITIES</u>				
Accounts Payable	-	-	-	-
Accrued Payroll Payable	-	-	30,776	30,776
Claims Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>30,776</u>	<u>30,776</u>
<u>NET ASSETS</u>				
Held in trust for pension and other employee benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



City of Phoenix

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Assets

For the Fiscal Year Ended June 30, 2012
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<u>ADDITIONS</u>		
Contributions		
City of Phoenix	\$ 105,682	\$ 801
Employees	28,140	-
Inter-System Transfers	4,030	-
Other	-	-
Total Contributions	<u>137,852</u>	<u>801</u>
Investment Income (Loss)		
From Investing Activities		
Net Decrease in Fair Value of Investments	(34,306)	(7)
Interest	9,969	11
Dividends	22,411	-
Other	190	-
Investment Income (Loss)	<u>(1,736)</u>	<u>4</u>
Less: Investment Expense	4,616	-
Net Investment Income (Loss) from Investing Activities	<u>(6,352)</u>	<u>4</u>
Security Lending Activity Gross Income	1,024	-
Security Lending Expenses	(336)	-
Total Net Investment Income (Loss)	<u>(5,664)</u>	<u>4</u>
Total Additions	<u>132,188</u>	<u>805</u>
<u>DEDUCTIONS</u>		
Benefit Payments	156,679	663
Refunds of Contributions	2,333	-
Inter-System Transfers	1,365	-
Other	328	-
Total Deductions	<u>160,705</u>	<u>663</u>
Net Increase (Decrease)	<u>(28,517)</u>	<u>142</u>
Net Assets Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	1,824,207	1,569
End of Year, June 30	<u>\$ 1,795,690</u>	<u>\$ 1,711</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 137,467	\$ -	\$ 33,456	\$ 2,018	\$ 279,424
73,081	-	-	-	101,221
9,862	-	-	-	13,892
5,152	-	-	260	5,412
<u>225,562</u>	<u>-</u>	<u>33,456</u>	<u>2,278</u>	<u>399,949</u>
(309)	-	(2,084)	(1,892)	(38,598)
779	23	2,253	1,665	14,700
-	-	-	-	22,411
-	-	-	-	190
<u>470</u>	<u>23</u>	<u>169</u>	<u>(227)</u>	<u>(1,297)</u>
<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,618</u>
468	23	169	(227)	(5,915)
-	-	-	-	1,024
-	-	-	-	(336)
<u>468</u>	<u>23</u>	<u>169</u>	<u>(227)</u>	<u>(5,227)</u>
<u>226,030</u>	<u>23</u>	<u>33,625</u>	<u>2,051</u>	<u>394,722</u>
197,149	-	24,833	5,055	384,379
18	-	-	-	2,351
9,862	-	-	-	11,227
9,955	-	277	298	10,858
<u>216,984</u>	<u>-</u>	<u>25,110</u>	<u>5,353</u>	<u>408,815</u>
9,046	23	8,515	(3,302)	(14,093)
66,437	15,421	86,964	68,087	2,062,685
<u>\$ 75,483</u>	<u>\$ 15,444</u>	<u>\$ 95,479</u>	<u>\$ 64,785</u>	<u>\$ 2,048,592</u>

City of Phoenix, Arizona
 Agency Fund
Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended June 30, 2012
 (in thousands)

Exhibit F-3

Post Employment Health Plan

	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 9,862	\$ 9,862	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ 9,862</u>	<u>\$ -</u>

LIABILITIES

Accrued Payroll Payable	\$ -	\$ 9,862	\$ 9,862	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ 9,862</u>	<u>\$ -</u>

Deferred Compensation Plan

	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 86,979	\$ 86,979	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 86,979</u>	<u>\$ 86,979</u>	<u>\$ -</u>

LIABILITIES

Accrued Payroll Payable	\$ -	\$ 86,979	\$ 86,979	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 86,979</u>	<u>\$ 86,979</u>	<u>\$ -</u>

City of Phoenix, Arizona
 Agency Fund
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended June 30, 2012
 (in thousands)

Exhibit F-3
 (continued)

	Accrued Payroll			
	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 6,293	\$ 240,596	\$ 243,196	\$ 3,693
Treasurer's Pooled Investments	63,630	1,746,887	1,783,434	27,083
Total Assets	<u>\$ 69,923</u>	<u>\$ 1,987,483</u>	<u>\$ 2,026,630</u>	<u>\$ 30,776</u>

<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 69,923	\$ 1,987,483	\$ 2,026,630	\$ 30,776
Total Liabilities	<u>\$ 69,923</u>	<u>\$ 1,987,483</u>	<u>\$ 2,026,630</u>	<u>\$ 30,776</u>

	Totals			
	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 6,293	\$ 337,437	\$ 340,037	\$ 3,693
Treasurer's Pooled Investments	63,630	1,746,887	1,783,434	27,083
Total Assets	<u>\$ 69,923</u>	<u>\$ 2,084,324</u>	<u>\$ 2,123,471</u>	<u>\$ 30,776</u>

<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 69,923	\$ 2,084,324	\$ 2,123,471	\$ 30,776
Total Liabilities	<u>\$ 69,923</u>	<u>\$ 2,084,324</u>	<u>\$ 2,123,471</u>	<u>\$ 30,776</u>



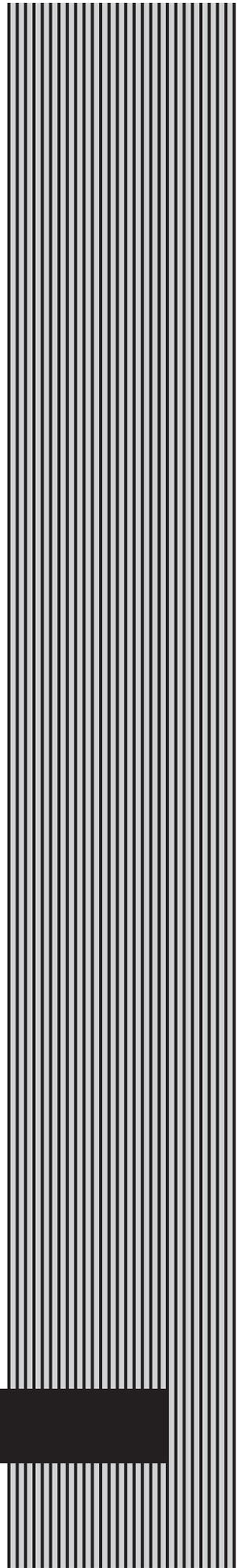
City of Phoenix

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Financial Section

**Other Supplementary
Information –**

**Component Units – Phoenix
Housing Financing
Corporations – Combining
Financial Statements**





City of Phoenix

Phoenix Housing Finance Corporations (Discretely Presented Component Units)

Combining Statement of Net Assets

June 30, 2012

(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 52	\$ 29
Cash Deposits	-	-	6
Cash and Securities with Fiscal Agents/Trustees	-	-	-
Receivables, Net of Allowances	4,837	-	775
Prepaid Items	-	-	-
Capital Assets, at Cost			
Non-depreciable	-	-	10,205
Depreciable (net)	-	-	2,387
Total Assets	<u>4,837</u>	<u>52</u>	<u>13,402</u>
LIABILITIES			
Accounts Payable	173	-	-
Reimbursement Agreement to City	-	-	2,738
Trust Liabilities and Deposits	-	-	33
Interest Payable	-	-	252
Noncurrent Liabilities			
Due in More Than One Year			
Notes Payable to City	-	-	13,160
Total Liabilities	<u>173</u>	<u>-</u>	<u>16,183</u>
NET ASSETS (DEFICIT)			
Invested in Capital Assets, Net of Related Debt	-	-	(477)
Unrestricted	4,664	52	(2,304)
Total Net Assets (Deficit)	<u>\$ 4,664</u>	<u>\$ 52</u>	<u>\$ (2,781)</u>

Phoenix South Mountain Housing Corporation	Phoenix Green Housing Corporation Pine Crest, LLC	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation & LLC	Total
\$ -	\$ 2	\$ 422	\$ -	\$ 350	\$ 855
-	71	89	-	-	166
131	-	-	494	-	625
2,218	3,208	4,256	-	11,256	26,550
-	14	6	-	-	20
-	2,680	1,163	-	6,338	20,386
-	786	5,499	-	1,925	10,597
2,349	6,761	11,435	494	19,869	59,199
-	-	-	-	-	173
-	91	-	-	-	2,829
-	30	47	-	44	154
-	-	-	-	-	252
-	4,909	4,400	-	17,817	40,286
-	5,030	4,447	-	17,861	43,694
-	(50)	6,649	-	1,925	8,047
2,349	1,781	339	494	83	7,458
\$ 2,349	\$ 1,731	\$ 6,988	\$ 494	\$ 2,008	\$ 15,505

City of Phoenix, Arizona
Phoenix Housing Finance Corporations (Discretely Presented Component Units)
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit G-2

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC
<u>Revenues</u>			
Housing Assistance	\$ -	\$ -	\$ -
Rental Income	-	-	636
Vending Income	-	-	-
Other Income	-	68	17
Interest Income	-	-	1
Construction Period Interest	-	-	-
Contribution from City of Phoenix	-	-	594
Total Revenues	-	68	1,248
<u>Operating Expenses</u>			
Salaries	-	-	598
Temporary Labor	-	-	16
Advertising	-	-	39
Maintenance	-	-	322
Administrative Costs	-	-	357
Utilities	-	-	377
Insurance	-	-	49
Interest Expense	2	-	(281)
Other	-	1,187	-
Depreciation	-	-	311
Total Operating Expenses	2	1,187	1,788
Net Income	(2)	(1,119)	(540)
Net Assets, July 1	4,666	1,171	(2,241)
Net Assets (Deficit), June 30	\$ 4,664	\$ 52	\$ (2,781)

Exhibit G-2
(continued)

Phoenix South Mountain Housing Corporation	Phoenix Green Housing Corporation Pine Crest, LLC	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation & LLC	Total
\$ -	\$ -	\$ -	\$ -	\$ 246	\$ 246
-	593	1,077	-	86	2,392
-	-	16	-	-	16
-	366	54	494	32	1,031
-	-	-	-	-	1
43	-	-	-	-	43
-	430	15	-	1,991	3,030
43	1,389	1,162	494	2,355	6,759
-	285	312	-	75	1,270
-	1	4	-	1	22
-	16	21	-	-	76
-	281	168	-	121	892
-	133	122	-	8	620
-	220	251	-	76	924
-	44	22	-	-	115
-	-	-	-	-	(279)
-	-	-	-	-	1,187
-	34	234	-	66	645
-	1,014	1,134	-	347	5,472
43	375	28	494	2,008	1,287
2,306	1,356	6,960	-	-	14,218
\$ 2,349	\$ 1,731	\$ 6,988	\$ 494	\$ 2,008	\$ 15,505



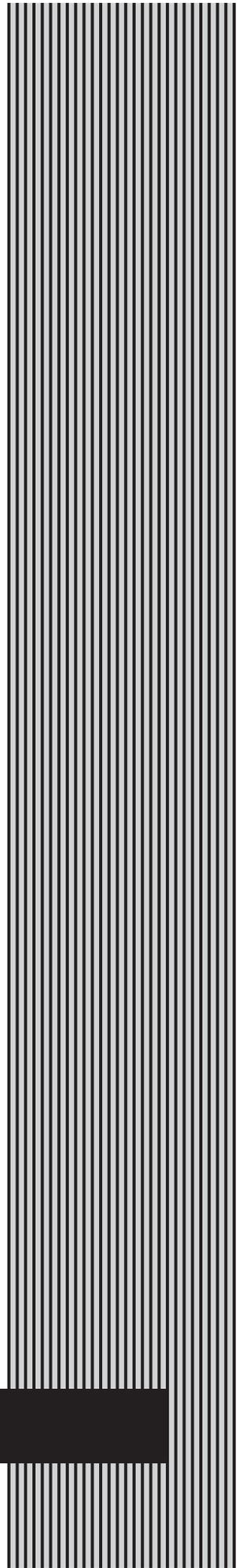
City of Phoenix

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Financial Section

**Other Supplementary
Information –**

**Other Supporting
Schedules**





City of Phoenix

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

Exhibit H-1

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Resources					
	Fund Balances		Recov-eries	Fund Transfers		Total
	July 1	Revenues		From	To	
General Purpose Funds						
General Fund	\$ 92,908	\$ 300,186	\$ 776	\$ 695,368	\$ (657)	\$ 1,088,581
Excise Tax	-	959,912	-	-	(959,912)	-
Total General Purpose Funds	92,908	1,260,098	776	695,368	(960,569)	1,088,581
Federal Funds						
Transit - Federal Grants	(2,804)	22,917	95	-	(3,688)	16,520
Grants						
Human Services	-	47,873	10	-	-	47,883
Community Development	-	17,470	92	-	-	17,562
Federal Operating Trust	-	87,240	4,965	-	(50)	92,155
Public Housing Hope VI	2,264	1,185	-	-	-	3,449
Total Federal Funds	(540)	176,685	5,162	-	(3,738)	177,569
Other Special Revenue and Debt						
Service Funds						
Highway User Revenue	21,911	90,839	530	439	(538)	113,181
Transit 2000	234,259	51,895	3,168	114,230	(1,252)	402,300
Transit - Other Agency	2,554	25,186	-	-	(3,535)	24,205
Court Awards	216	9,250	-	-	-	9,466
Parks and Preserves	38,473	382	9	26,545	(21)	65,388
Development Services	14,650	32,696	2	-	(2,930)	44,418
Community Reinvestment	13,751	3,209	5	-	(1,395)	15,570
Public Housing	22,941	77,767	1,645	1,982	(361)	103,974
Sports Facilities	37,477	550	-	14,670	(192)	52,505
Capital Construction	8,991	134	82	16,580	(667)	25,120
Other Restricted	44,958	29,835	53	4,793	(664)	78,975
Neighborhood Protection	(9,749)	57	-	26,503	(131)	16,680
Public Safety Enhancement	(9,087)	-	2	23,670	(55)	14,530
Public Safety Expansion	(1,004)	(56)	-	53,084	(310)	51,714
Secondary Property Tax Debt Service	100	100,179	-	196,900	(192,628)	104,551
City Improvement	40	-	-	127,685	(70,993)	56,732
Regional Wireless Cooperative	2,886	2,880	60	118	-	5,944
Total Other Funds	423,367	424,803	5,556	607,199	(275,672)	1,185,253
Enterprise Funds						
Aviation	161,356	298,056	1,577	-	(20,082)	440,907
Aviation - Operating (Non-Pledged)	35,725	41,252	-	-	(6,462)	70,515
Phoenix Convention Center	46,444	16,312	9	40,829	(2,030)	101,564
Water System	115,660	382,416	2,838	4,000	(19,586)	485,328
Water System - Val Vista	3,914	18,408	-	-	(648)	21,674
Wastewater	160,432	211,996	994	53	(12,170)	361,305
Wastewater - SROG	7,879	45,094	130	-	(1,093)	52,010
Solid Waste	51,406	144,443	375	-	(7,241)	188,983
Golf Courses	(12,418)	6,062	-	-	(200)	(6,556)
Total Enterprise Funds	570,398	1,164,039	5,923	44,882	(69,512)	1,715,730
Total Operating Funds	\$ 1,086,133	\$ 3,025,625	\$ 17,417	1,347,449	(1,309,491)	\$ 4,167,133
Other Transfers - Non-budgeted Funds				23,396	(56,662)	
Debt Service Adjustment (2)				(267,284)	262,592	
				\$ 1,103,561	\$ (1,103,561)	

(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 H-1
(Continued)

Expenditures and Encumbrances						Fund
Current	Capital Impr.	Debt	Lease-	Total	Balances	
Operating (1)	Program	Service	Purchase		June 30	
\$ 993,471	\$ 2,300	\$ -	\$ -	\$ 995,771	\$	92,810
-	-	-	-	-	-	-
993,471	2,300	-	-	995,771	-	92,810
13,567	580	-	-	14,147	-	2,373
47,883	-	-	-	47,883	-	-
17,318	244	-	-	17,562	-	-
66,690	25,465	-	-	92,155	-	-
746	548	-	-	1,294	-	2,155
146,204	26,837	-	-	173,041	-	4,528
45,181	29,722	22,000	-	96,903	-	16,278
131,040	3,100	-	-	134,140	-	268,160
21,797	375	-	-	22,172	-	2,033
9,107	-	-	-	9,107	-	359
2,056	25,159	-	-	27,215	-	38,173
27,618	64	-	-	27,682	-	16,736
345	279	-	-	624	-	14,946
73,712	10,309	-	-	84,021	-	19,953
1,822	-	-	9,512	11,334	-	41,171
193	17,626	-	-	17,819	-	7,301
24,432	11,659	-	-	36,091	-	42,884
23,376	-	-	-	23,376	-	(6,696)
29,782	-	-	-	29,782	-	(15,252)
61,614	-	-	-	61,614	-	(9,900)
-	-	99,861	-	99,861	-	4,690
-	-	-	56,454	56,454	-	278
4,330	-	-	-	4,330	-	1,614
456,405	98,293	121,861	65,966	742,525	-	442,728
190,127	40,470	60,738	-	291,335	-	149,572
12,593	-	21,273	-	33,866	-	36,649
41,614	1,583	-	19,180	62,377	-	39,187
159,174	64,141	104,545	-	327,860	-	157,468
16,804	1,655	-	-	18,459	-	3,215
72,533	28,434	68,621	-	169,588	-	191,717
39,573	4,871	-	-	44,444	-	7,566
109,105	11,655	1,752	12,874	135,386	-	53,597
8,261	-	-	-	8,261	-	(14,817)
649,784	152,809	256,929	32,054	1,091,576	-	624,154
\$ 2,245,864	\$ 280,239	\$ 378,790	\$ 98,020	\$ 3,002,913	-	\$ 1,164,220

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

Exhibit H-2

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
General Government					
2001 Bond Program	\$ (470)	\$ -	\$ -	\$ -	\$ 17
2006 Bond Program	6,665	-	46	-	29
2010 Hail Storm	4,690	-	-	7,042	3
2010 Lease Purchase	15,318	-	14	-	103
General Gov't Lease Purchase	4,673	-	10	-	-
Mega IV Lease Purchase	19,131	-	22	-	-
Mega V Lease Purchase	361	-	3	245	-
Sports Facilities Capital Reserve	-	-	-	-	-
Trunked Radio System	179	-	-	-	-
	<u>50,547</u>	<u>-</u>	<u>95</u>	<u>7,287</u>	<u>152</u>
Public Safety					
1988 Bond Program	27	-	-	-	-
2001 Bond Program	(1,763)	-	-	-	128
2006 Bond Program	(240)	-	-	-	996
CIC Excise Tax Rev Bonds POLICE	3,911	-	4	-	-
Impact Fees	888	-	14	750	369
Other Cities Reimbursement - 800Mhz	308	(19)	-	-	-
	<u>3,131</u>	<u>(19)</u>	<u>18</u>	<u>750</u>	<u>1,493</u>
Transportation					
1988 Bond Program	846	-	-	-	-
2001 Bond Program	(476)	-	-	-	-
2004 CIC Transit LRT Revenue Bonds	62,729	-	96	(1)	18,093
2006 Bond Program	18,023	-	-	2	187
AHUR Capital Reserve	20,806	15,066	80	-	2,572
American Rec. & Reinv. Act of 2009	(5,032)	5,569	-	-	295
Federal Aid - Street Transportation	-	4,662	-	-	308
Federal Transportation Administration Grants	(3,478)	1,925	-	-	3
Impact Fees	16,335	-	130	-	-
State Aid - Street Transportation	(80)	4,345	-	(62)	151
	<u>109,673</u>	<u>31,567</u>	<u>306</u>	<u>(61)</u>	<u>21,609</u>
Public Works					
2001 Bond Program	(1,244)	-	-	-	26
2006 Bond Program	7,072	-	-	27	325
Capital Replacement Fund	8,075	-	70	766	-
Impact Fees	8,492	-	72	460	104
	<u>22,395</u>	<u>-</u>	<u>142</u>	<u>1,253</u>	<u>455</u>
Community Enrichment					
1988 Bond Program	413	-	-	-	-
2001 Bond Program	4,982	-	-	-	1
2006 Bond Program	(23,201)	-	-	-	426
Impact Fees	23,328	-	254	2,807	-
Parks & Rec Grants	312	4,226	-	-	-
Parks and Rec Dept Capital Gifts	1,090	-	-	100	-
Parks land sale proceeds	2,675	-	19	286	-
State Grants	-	237	-	-	-
	<u>9,599</u>	<u>4,463</u>	<u>273</u>	<u>3,193</u>	<u>427</u>
Community Development					
1989 Bond Program	37	-	-	-	-
2001 Bond Program	6,703	-	-	(6)	50
2006 Bond Program	4,057	-	-	22	2,089
2010 Hail Storm	-	-	-	-	-
830 E Jefferson Remodel	(18)	-	-	-	-
American Rec. & Reinv. Act of 2009	(1,678)	2,179	-	-	-
Downtown Education	268	-	-	-	-
Federal Modernization Grants	(3,226)	5,816	-	-	67
Impact Fees	1,729	-	23	3,161	-
	<u>\$ 7,872</u>	<u>\$ 7,995</u>	<u>\$ 23</u>	<u>\$ 3,177</u>	<u>\$ 2,206</u>

Exhibit H-2

(Continued)

			USES			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Ending Balances, June 30	Bonds Available for Sale	
\$ 1,597	\$ -	\$ 1,144	\$ (206)	\$ 938	\$ 615	
1,355	-	8,095	(2,833)	5,262	4,790	
-	(1,773)	9,962	(4,873)	5,089	-	
-	3,663	19,098	(4,726)	14,372	-	
-	-	4,683	-	4,683	-	
-	(14,747)	4,406	-	4,406	-	
-	(3,663)	(3,054)	(11)	(3,065)	-	
-	15,776	15,776	-	15,776	-	
-	-	179	-	179	-	
2,952	(744)	60,289	(12,649)	47,640	5,405	
-	-	27	-	27	-	
2,141	(328)	178	(476)	(298)	1,915	
35,222	727	36,705	(14,552)	22,153	36,700	
-	(1,656)	2,259	(874)	1,385	-	
-	(399)	1,622	(124)	1,498	-	
-	-	289	-	289	-	
37,363	(1,656)	41,080	(16,026)	25,054	38,615	
-	-	846	(1)	845	1,000	
-	-	(476)	(31)	(507)	2,225	
-	(47,619)	33,298	(3,668)	29,630	-	
2,209	-	20,421	(3,602)	16,819	23,865	
-	-	38,524	(1,539)	36,985	-	
-	-	832	(1,276)	(444)	-	
-	286	5,256	(5,256)	-	-	
-	-	(1,550)	(1,209)	(2,759)	-	
-	179	16,644	(2,160)	14,484	-	
-	(703)	3,651	(3,651)	-	-	
2,209	(47,857)	117,446	(22,393)	95,053	27,090	
1,716	65	563	(203)	360	305	
13,911	(44)	21,291	(5,372)	15,919	9,669	
-	-	8,911	(366)	8,545	-	
-	689	9,817	(2,366)	7,451	-	
15,627	710	40,582	(8,307)	32,275	9,974	
-	-	413	-	413	-	
274	-	5,257	(1,849)	3,408	7,400	
50,750	-	27,975	(15,345)	12,630	26,056	
-	-	26,389	(2,437)	23,952	-	
-	-	4,538	(4,177)	361	-	
-	-	1,190	(751)	439	-	
-	-	2,980	(703)	2,277	-	
-	-	237	(237)	-	-	
51,024	-	68,979	(25,499)	43,480	33,456	
-	-	37	(34)	3	-	
130	-	6,877	(760)	6,117	3,150	
10,623	46	16,837	(9,479)	7,358	34,665	
-	(2,120)	(2,120)	(230)	(2,350)	-	
-	-	(18)	-	(18)	-	
-	-	501	(966)	(465)	-	
-	-	268	-	268	-	
-	-	2,657	(5,358)	(2,701)	-	
-	-	4,913	-	4,913	-	
\$ 10,753	\$ (2,074)	\$ 29,952	\$ (16,827)	\$ 13,125	\$ 37,815	

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

Exhibit H-2

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
Aviation					
2004 CFC Bonds - Construction Fund	\$ 11	\$ -	\$ -	\$ -	\$ -
Airport Facilities Improvement Grants	(18,737)	33,510	-	-	3,548
Airport Rev Bnd Rsrv-Restrict Inv Acct	13,671	-	-	-	-
American Rec. & Reinv. Act of 2009	2,876	-	-	-	-
Aviation Reserve - City Improvement	150,971	-	1,257	-	-
CFC Trustee-Improvement Reserves/Surplus	11,858	-	1	-	-
City Improvement Aviation Bonds	39,425	-	-	-	-
Community Noise Reduction Program Bonds	1,666	-	-	-	-
Future Airport Bonds	(2,679)	-	-	-	-
Passenger Facility Charges	16,250	-	1,011	79,726	10,980
RENT-A-CAR CUSTOMER FACILITY CHARGE	(12)	-	-	-	-
Senior Lien Airport Revenue Bonds	68,501	-	182	9	1,661
Transportation Security Admin Grant	472	-	4	-	-
	<u>284,273</u>	<u>33,510</u>	<u>2,455</u>	<u>79,735</u>	<u>16,189</u>
Phoenix Convention Center					
CC Expansion Series B	24,314	-	240	-	-
	<u>24,314</u>	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>
Water System					
2010 Hail Storm	-	-	-	-	-
American Rec. & Reinv. Act of 2009	(1,519)	-	-	-	-
CIC Water Bonds	(150,162)	-	-	1	3,160
Impact Fees	37,203	-	328	4,473	14
Plan Six Facilities	2,709	-	-	-	-
Proceeds/Wtr Asset Sale-Scottsdale	21,422	-	-	-	-
Special Water Improvement	79,373	-	-	141	-
Val Vista - Other Agencies' Participation	(1,892)	-	-	1,576	90
Wtr Imp Dist Proj-Prop Owner Participati	(13)	-	-	-	-
	<u>(12,879)</u>	<u>-</u>	<u>328</u>	<u>6,191</u>	<u>3,264</u>
Wastewater					
2010 Hail Storm	-	-	-	-	14
American Rec. & Reinv. Act of 2009	(183)	-	-	-	-
CIC WasteWater Bonds	5,115	-	-	-	2,201
Impact Fees	28,732	-	252	4,248	-
Special Wastewater Improvement	50,000	-	-	-	-
SROG - Other Agencies' Participation	(2,468)	-	-	3,387	968
	<u>81,196</u>	<u>-</u>	<u>252</u>	<u>7,635</u>	<u>3,183</u>
Solid Waste					
2010 Hail Storm	-	-	-	-	-
Buckeye Landfill Park	3,066	-	26	-	-
End Use Reserve	13,482	-	112	-	-
Impact Fees	2,501	-	21	-	-
Solid - Mega IV	3,942	-	57	-	23
Solid Waste Disposal CIC Bonds Prin/Int	4	-	-	-	-
Solid Waste Remediation Funds	8,631	-	82	-	-
	<u>31,626</u>	<u>-</u>	<u>298</u>	<u>-</u>	<u>23</u>
Golf					
2010 Hail Storm	-	-	-	-	137
Golf CIC Bonds Prin/Int	67	-	-	-	-
	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137</u>
	<u>\$ 611,814</u>	<u>\$ 77,516</u>	<u>\$ 4,430</u>	<u>\$ 109,160</u>	<u>\$ 49,138</u>

Exhibit H-2

(Continued)

			USES			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Ending Balances, June 30	Bonds Available for Sale	
\$ -	\$ -	\$ 11	\$ -	\$ 11	\$ -	
-	(11,017)	7,304	(19,511)	(12,207)	-	
-	-	13,671	-	13,671	-	
-	(2,876)	-	-	-	-	
-	-	152,228	(775)	151,453	-	
-	6,446	18,305	-	18,305	-	
-	-	39,425	-	39,425	-	
-	-	1,666	-	1,666	-	
-	1,782	(897)	-	(897)	-	
-	23,530	131,497	(249,256)	(117,759)	-	
-	-	(12)	-	(12)	-	
-	2,858	73,211	(23,985)	49,226	-	
-	(66)	410	(1)	409	-	
-	20,657	436,819	(293,528)	143,291	-	
-	(595)	23,959	-	23,959	-	
-	(595)	23,959	-	23,959	-	
-	-	-	(101)	(101)	-	
1,497	-	(22)	22	-	-	
175,000	-	27,999	(26,851)	1,148	-	
-	(4,000)	38,018	(4,275)	33,743	-	
-	(2,709)	-	-	-	-	
-	(21,422)	-	-	-	-	
-	24,130	103,644	-	103,644	-	
-	-	(226)	(7)	(233)	-	
-	-	(13)	13	-	-	
176,497	(4,001)	169,400	(31,199)	138,201	-	
-	-	14	(49)	(35)	-	
-	-	(183)	-	(183)	-	
-	-	7,316	(3,059)	4,257	-	
-	-	33,232	(302)	32,930	-	
-	-	50,000	(25,000)	25,000	-	
-	-	1,887	(5,407)	(3,520)	-	
-	-	92,266	(33,817)	58,449	-	
-	-	-	(4)	(4)	-	
-	-	3,092	-	3,092	-	
-	632	14,226	(300)	13,926	-	
-	-	2,522	-	2,522	-	
-	-	4,022	(2,990)	1,032	-	
-	-	4	-	4	-	
-	-	8,713	(894)	7,819	-	
-	632	32,579	(4,188)	28,391	-	
-	-	137	(620)	(483)	-	
-	-	67	-	67	-	
-	-	204	(620)	(416)	-	
\$ 296,425	\$ (34,928)	\$ 1,113,555	\$ (465,053)	\$ 648,502	\$ 152,355	

City of Phoenix, Arizona
Capital Improvement Program
Expenditures and Encumbrances

Exhibit H-3

For the Fiscal Years Ended June 30, 2012 and 2011
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2012	2011	2012	2011	2012	2011
General Government						
Information Technology	\$ 4,394	\$ 3,640	\$ 3,452	\$ 4,342	\$ 7,846	\$ 7,982
Public Safety						
Fire Protection	-	-	13,562	5,173	13,562	5,173
Police Protection	-	-	4,018	11,930	4,018	11,930
	-	-	17,580	17,103	17,580	17,103
Transportation						
Street Transportation and Drainage	47,478	43,836	23,177	95,013	70,655	138,849
Transit	4,009	4,573	5,887	28,688	9,896	33,261
	51,487	48,409	29,064	123,701	80,551	172,110
Public Works						
Energy Conservation	10,920	6,997	-	-	10,920	6,997
Facilities Management	557	4,435	8,299	10,573	8,856	15,008
	11,477	11,432	8,299	10,573	19,776	22,005
Community Enrichment						
Arts and Cultural Facilities	4,622	440	11,334	5,992	15,956	6,432
Libraries	1,345	381	1,693	5,233	3,038	5,614
Parks and Mountain Preserves	25,615	35,322	12,729	37,332	38,344	72,654
	31,582	36,143	25,756	48,557	57,338	84,700
Community Development						
Economic/Downtown Development	4,038	5,337	1,235	13,192	5,273	18,529
Human Services	-	-	646	8,274	646	8,274
Historic Preservation	-	-	811	2,041	811	2,041
Housing / HOPE VI	26,478	42,218	13,464	10,295	39,942	52,513
Neighborhood Development	791	1,734	2,293	1,622	3,084	3,356
	31,307	49,289	18,449	35,424	49,756	84,713
Aviation	39,393	33,588	293,527	124,358	332,920	157,946
Convention Center	1,622	1,155	59	3,338	1,681	4,493
Water System	65,094	98,413	30,896	147,764	95,990	246,177
Wastewater	32,556	35,248	33,787	6,100	66,343	41,348
Solid Waste	11,328	13,442	4,184	9,198	15,512	22,640
	\$ 280,240	\$ 330,759	\$ 465,053	\$ 530,458	\$ 745,293	\$ 861,217

(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, 2012 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 40,470
Convention Center	1,583
Water	64,141
Water - Val Vista	1,655
Wastewater	28,434
Wastewater - SROG	4,871
Solid Waste	11,655
	<u>\$ 152,809</u>



City of Phoenix

City of Phoenix, Arizona
Transfers To/From Other Funds
For the Fiscal Year Ended June 30, 2012
(in thousands)

Exhibit H-4

	General Fund	Special Revenue	Debt Service	Capital Projects	Convention Center	Totals
Transfers From						
General Fund	\$ -	\$ 439 (1)	\$ 7,233 (2)	\$ -	\$ 40,030	\$ 47,702
Special Revenue						
Excise Tax	-	-	-	-	-	-
Highway User Revenue	-	-	22,000 (3)	-	-	22,000
Transit	86	-	653 (2)	123 (4)	-	862
Development Services	1,395	-	-	-	-	1,395
Grants	-	-	-	-	-	-
Public Housing	289	-	72 (2)	-	-	361
Public Safety Enhancement	32	-	-	-	-	32
Neighborhood Protection	22	-	-	-	-	22
Other Restricted	462	-	-	-	-	462
Total Special Revenue	2,286	-	22,725	123	-	25,134
Debt Service						
Sports Facilities	-	-	7,920 (2)	-	-	7,920
General Obligation/ Secondary Property Tax	-	-	-	-	-	-
City Improvement	-	-	-	1,029 (5)	-	1,029
Special Assessment	143	-	-	-	-	143
Total Debt Service	143	-	7,920	1,029	-	9,092
Capital Projects						
Parks & Preserves	21	-	-	-	-	21
Capital Construction	-	-	-	-	-	-
Street Improvements	-	-	-	-	-	-
Police and Fire Protection	-	-	-	-	-	-
Storm Sewers	-	-	-	-	-	-
Parks, Rec and Libraries	-	-	-	-	-	-
Public Housing	-	-	-	-	-	-
Municipal Buildings and Service Centers	1,500	-	1,656 (2)	15,776 (6)	-	18,932
Transit	-	-	47,741 (2)	-	-	47,741
Sports and Cultural Facilities	-	-	-	-	-	-
Total Capital Projects	1,521	-	49,397	15,776	-	66,694
Enterprise						
Phoenix Convention Center	40	-	-	-	-	40
Water System	11,730	-	-	-	-	11,730
Wastewater	7,593	-	-	-	-	7,593
Solid Waste	1,166	-	-	-	-	1,166
Total Enterprise	20,529	-	-	-	-	20,529
Totals	\$ 24,479	\$ 439	\$ 87,275	\$ 16,928	\$ 40,030	\$ 169,151

- (1) Highway User Revenue
- (2) City Improvement
- (3) Streets & Highways
- (4) Transit

- (5) Municipal Buildings and Service Centers
- (6) Sports and Cultural Facilities



City of Phoenix

City of Phoenix, Arizona
Budgetary Transfers - Budget Basis

Exhibit H-5

For the Fiscal Year Ended June 30, 2012
(in thousands)

	Transfers to					
	General Fund			Total General Fund	Special	Revenue
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers		Neighbor- hood Protection	Transit 2000
Transfers from						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds						
Excise Tax	-	-	640,881	640,881	26,503	106,185
Highway User Revenue	-	-	-	-	-	-
Transit 2000	390	-	-	390	-	-
Transit Other Agency	-	-	-	-	-	3,535
Federal Transit Grants	-	-	-	-	-	3,688
Development Services	2,930	-	-	2,930	-	-
Community Reinvestment	-	-	1,395	1,395	-	-
Federal Operating Trust Grants	-	-	-	-	-	-
Public Housing	-	289	-	289	-	-
Sports Facilities	113	-	79	192	-	-
Capital Construction	-	-	-	-	-	667
Parks and Preserves	-	-	-	-	-	-
Other Restricted	202	-	462	664	-	-
Neighborhood Protection	109	-	-	109	-	-
Public Safety Enhancement	55	-	-	55	-	-
Public Safety Expansion	278	-	-	278	-	-
Total Special Revenue	4,077	289	642,817	647,183	26,503	114,075
Debt Service Funds						
City Improvement	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Enterprise Funds						
Aviation	5,889	-	-	5,889	-	-
Aviation (Non-Pledged)	-	-	-	-	-	-
Phoenix Convention Center	1,990	-	-	1,990	-	-
Water System	7,856	11,730	-	19,586	-	-
Water System - Val Vista	648	-	-	648	-	-
Wastewater	4,577	7,593	-	12,170	-	-
Wastewater - SROG	1,093	-	-	1,093	-	-
Solid Waste	5,443	1,166	-	6,609	-	-
Golf Courses	-	-	200	200	-	-
Total Enterprise	27,496	20,489	200	48,185	-	-
Other Funds not Budgeted						
Street Improvements Capital	-	-	-	-	-	155
Public Housing Capital	-	-	-	-	-	-
Regional Wireless Cooperative Capital	-	-	-	-	-	-
Phoenix Convention Center Capital	-	-	-	-	-	-
Water Impact Fees	-	-	-	-	-	-
Wastewater Capital	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	-	-	-	155
Totals	\$ 31,573	\$ 20,778	\$ 643,017	\$ 695,368	\$ 26,503	\$ 114,230

- (1) Highway User Revenue Special Revenue Fund (\$439)
- (2) Sports Facilities (\$14,670), Capital Construction (\$16,560), Parks and Preserves (\$26,545), Other Restricted (\$4,605), Public Safety Enhancement (\$23,670), and Public Safety Expansion (\$53,084) Special Revenue Funds
- (3) Other Restricted Special Revenue Fund (\$50)
- (4) Capital Construction Special Revenue Fund (\$20)
- (5) Public Housing (\$1,982) and Other Restricted (\$138) Special Revenue Funds
- (6) Regional Wireless Cooperative Special Revenue Fund (\$118)

Transfers to							Totals
Funds	City Improvement Debt Service Fund	Enterprise Funds Phoenix Convention Center	Other	Funds Not Budgeted Infrastructure Repayment Agreement	Other		
Other							
\$ 439 (1)	\$ -	\$ -	\$ -	\$ 218	\$ -	\$ 657	
139,134 (2)	7,179	40,030	-	-	-	959,912	
-	-	-	-	-	538 (9)	538	
-	653	-	-	86	123 (10)	1,252	
-	-	-	-	-	-	3,535	
-	-	-	-	-	-	3,688	
-	-	-	-	-	-	2,930	
-	-	-	-	-	-	1,395	
50 (3)	-	-	-	-	-	50	
-	72	-	-	-	-	361	
-	-	-	-	-	-	192	
-	-	-	-	-	-	667	
-	-	-	-	21	-	21	
-	-	-	-	-	-	664	
-	-	-	-	22	-	131	
-	-	-	-	-	-	55	
-	-	-	-	32	-	310	
139,184	7,904	40,030	-	161	661	975,701	
-	-	-	-	-	1,029 (11)	1,029	
-	-	-	-	-	1,029	1,029	
-	-	-	-	-	14,193 (12)	20,082	
-	-	-	-	-	6,462 (13)	6,462	
-	-	-	-	40	-	2,030	
-	-	-	-	-	-	19,586	
-	-	-	-	-	-	648	
-	-	-	-	-	-	12,170	
-	-	-	-	-	-	1,093	
-	-	-	-	-	632 (14)	7,241	
-	-	-	-	-	-	200	
-	-	-	-	40	21,287	69,512	
20 (4)	49,397	-	-	-	-	49,572	
2,120 (5)	-	-	-	-	-	2,120	
118 (6)	-	-	-	-	-	118	
-	-	799	-	-	-	799	
-	-	-	4,000 (7)	-	-	4,000	
-	-	-	53 (8)	-	-	53	
2,258	49,397	799	4,053	-	-	56,662	
\$ 141,881	\$ 57,301	\$ 40,829	\$ 4,053	\$ 419	\$ 22,977	\$ 1,103,561	

- (7) Water Enterprise Fund (\$4,000)
- (8) Wastewater Enterprise Fund (\$53)
- (9) Street Improvement Capital Fund (\$538)
- (10) Street Improvement Capital Fund (\$123)
- (11) Municipal Buildings Capital Fund (\$1,029)
- (12) Aviation Capital Fund (\$14,193)
- (13) Aviation Capital Fund (\$6,462)
- (14) Solid Waste Capital Fund (\$632)

City of Phoenix, Arizona
Bonds and Certificates Payable

Exhibit H-6

June 30, 2012
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2012 (1)			
						Total	Payable from		
							General Property Taxes	City Revenues/ Other (2)	
General Obligation Bonds									
6% Limitation									
Various Purpose	\$ 656,915	\$ 592,595	\$ 64,320	\$ 232,785	\$ -	\$ 359,810	\$ 359,810	\$ -	
Solid Waste	28,365	28,365	-	17,980	-	10,385	-	10,385	
20% Limitation									
Various Purpose	1,582,075	1,494,040	88,035	348,500	-	1,145,540	1,145,540	-	
Airport	22,570	22,570	-	12,955	-	9,615	-	9,615	
Sanitary Sewers	70,485	70,485	-	50,847	-	19,638	-	19,638	
Water	106,214	106,214	-	62,927	811	44,098	-	44,098	
Total General Obligation Bonds	2,466,624	2,314,269	152,355	725,994	811	1,589,086	1,505,350	83,736	
Revenue Bonds									
Street and Highway User	356,966	356,966	-	351,091	-	5,875	-	5,875	
Wastewater	17,591	17,591	-	3,269	-	14,322	-	14,322	
Water	6,520	6,520	-	2,282	-	4,238	-	4,238	
Total Revenue Bonds	381,077	381,077	-	356,642	-	24,435	-	24,435	
Total General Obligation and Revenue Bonds	2,847,701	2,695,346	152,355	1,082,636	811	1,613,521	1,505,350	108,171	
Certificates of Participation	35,465	35,465	-	8,520	-	26,945	-	26,945	
Municipal Corporation Obligations									
General Government	1,258,481	1,258,481	-	469,031	-	789,450	-	789,450	
Enterprise	5,684,051	5,684,051	-	1,381,649	99,351	4,401,753	-	4,401,753	
Total Municipal Corp- oration Obligations	6,942,532	6,942,532	-	1,850,680	99,351	5,191,203	-	5,191,203	
Special Assessment Bonds	590	590	-	434	-	156	-	156	
Subtotal	9,826,288	9,673,933	152,355	2,942,270	100,162	6,831,825	1,505,350	5,326,475	
Downtown Phoenix Hotel Corp. Bonds-Component Unit	350,000	350,000	-	4,565	-	345,435	-	345,435	
Totals	\$ 10,176,288	\$ 10,023,933	\$ 152,355	\$ 2,946,835	\$ 100,162	\$ 7,177,260	\$ 1,505,350	\$ 5,671,910	

(1) Net of July 1, 2012 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 \$321.5 million at June 30, 2012.

(2) 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 H-7

June 30, 2012
(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
2012-13	\$ -	\$ 16,146	\$ 16,146	\$ -	\$ 466	\$ 466	\$ -	\$ 16,612	\$ 16,612
2013-14	5,705	16,000	21,705	480	458	938	6,185	16,458	22,643
2014-15	37,520	15,761	53,281	2,830	434	3,264	40,350	16,195	56,545
2015-16	49,660	14,205	63,865	1,040	330	1,370	50,700	14,535	65,235
2016-17	49,710	12,052	61,762	1,090	283	1,373	50,800	12,335	63,135
2017-18	49,035	9,833	58,868	1,150	234	1,384	50,185	10,067	60,252
2018-19	36,595	7,649	44,244	1,195	183	1,378	37,790	7,832	45,622
2019-20	44,520	5,953	50,473	1,265	124	1,389	45,785	6,077	51,862
2020-21	45,400	3,897	49,297	650	60	710	46,050	3,957	50,007
2021-22	29,840	1,860	31,700	685	31	716	30,525	1,891	32,416
2022-23	5,000	433	5,433	-	-	-	5,000	433	5,433
2023-24	6,825	273	7,098	-	-	-	6,825	273	7,098
	<u>\$ 359,810</u>	<u>\$ 104,062</u>	<u>\$ 463,872</u>	<u>\$ 10,385</u>	<u>\$ 2,603</u>	<u>\$ 12,988</u>	<u>\$ 370,195</u>	<u>\$ 106,665</u>	<u>\$ 476,860</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 H-8).

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

Exhibit H-8

June 30, 2012
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012-13	\$ 33,170	\$ 50,916	\$ 84,086	\$ 710	\$ 395	\$ 1,105
2013-14	18,065	49,141	67,206	500	366	866
2014-15	28,675	48,467	77,142	4,095	347	4,442
2015-16	37,235	47,402	84,637	4,310	183	4,493
2016-17	36,135	45,666	81,801	-	-	-
2017-18	41,230	43,874	85,104	-	-	-
2018-19	55,180	41,952	97,132	-	-	-
2019-20	56,510	39,480	95,990	-	-	-
2020-21	54,505	37,142	91,647	-	-	-
2021-22	74,550	34,918	109,468	-	-	-
2022-23	98,460	31,949	130,409	-	-	-
2023-24	97,605	27,519	125,124	-	-	-
2024-25	109,200	23,056	132,256	-	-	-
2025-26	84,450	18,043	102,493	-	-	-
2026-27	87,955	14,506	102,461	-	-	-
2027-28	42,655	10,935	53,590	-	-	-
2028-29	28,940	9,130	38,070	-	-	-
2029-30	29,985	7,719	37,704	-	-	-
2030-31	31,065	6,257	37,322	-	-	-
2031-32	32,185	4,743	36,928	-	-	-
2032-33	33,310	3,211	36,521	-	-	-
2033-34	34,475	1,625	36,100	-	-	-
	<u>1,145,540</u>	<u>597,651</u>	<u>1,743,191</u>	<u>9,615</u>	<u>1,291</u>	<u>10,906</u>
Capital Appreciation (2)	-	-	-	-	-	-
	<u>\$ 1,145,540</u>	<u>\$ 597,651</u>	<u>\$ 1,743,191</u>	<u>\$ 9,615</u>	<u>\$ 1,291</u>	<u>\$ 10,906</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 H-7).

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

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 5,310	\$ 1,706	\$ 7,016	\$ 4,255	\$ 721	\$ 4,976	\$ 43,445	\$ 53,738	\$ 97,183
4,347	2,529	6,876	1,217	561	1,778	24,129	52,597	76,726
5,515	1,438	6,953	1,535	513	2,048	39,820	50,765	90,585
15,680	1,300	16,980	6,337	457	6,794	63,562	49,342	112,904
5,755	662	6,417	1,271	257	1,528	43,161	46,585	89,746
6,165	302	6,467	1,335	198	1,533	48,730	44,374	93,104
515	24	539	1,409	137	1,546	57,104	42,113	99,217
-	-	-	1,469	85	1,554	57,979	39,565	97,544
-	-	-	810	31	841	55,315	37,173	92,488
-	-	-	-	-	-	74,550	34,918	109,468
-	-	-	-	-	-	98,460	31,949	130,409
-	-	-	-	-	-	97,605	27,519	125,124
-	-	-	-	-	-	109,200	23,056	132,256
-	-	-	-	-	-	84,450	18,043	102,493
-	-	-	-	-	-	87,955	14,506	102,461
-	-	-	-	-	-	42,655	10,935	53,590
-	-	-	-	-	-	28,940	9,130	38,070
-	-	-	-	-	-	29,985	7,719	37,704
-	-	-	-	-	-	31,065	6,257	37,322
-	-	-	-	-	-	32,185	4,743	36,928
-	-	-	-	-	-	33,310	3,211	36,521
-	-	-	-	-	-	34,475	1,625	36,100
43,287	7,961	51,248	19,638	2,960	22,598	1,218,080	609,863	1,827,943
811	(811)	-	-	-	-	811	(811)	-
\$ 44,098	\$ 7,150	\$ 51,248	\$ 19,638	\$ 2,960	\$ 22,598	\$ 1,218,891	\$ 609,052	\$ 1,827,943

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

Exhibit H-9

June 30, 2012
(in thousands)

Fiscal Year	General Obligation			Street and Highway User Revenue		
	Principal	Interest	Total	Principal	Interest	Total
2012-13	\$ 43,445	\$ 70,350	\$ 113,795	\$ 5,875	\$ 16,125	\$ 22,000
2013-14	30,314	69,055	99,369	-	-	-
2014-15	80,170	66,960	147,130	-	-	-
2015-16	114,262	63,877	178,139	-	-	-
2016-17	93,961	58,920	152,881	-	-	-
2017-18	98,915	54,441	153,356	-	-	-
2018-19	94,894	49,945	144,839	-	-	-
2019-20	103,764	45,642	149,406	-	-	-
2020-21	101,365	41,130	142,495	-	-	-
2021-22	105,075	36,809	141,884	-	-	-
2022-23	103,460	32,382	135,842	-	-	-
2023-24	104,430	27,792	132,222	-	-	-
2024-25	109,200	23,056	132,256	-	-	-
2025-26	84,450	18,043	102,493	-	-	-
2026-27	87,955	14,506	102,461	-	-	-
2027-28	42,655	10,935	53,590	-	-	-
2028-29	28,940	9,130	38,070	-	-	-
2029-30	29,985	7,719	37,704	-	-	-
2030-31	31,065	6,257	37,322	-	-	-
2031-32	32,185	4,743	36,928	-	-	-
2032-33	33,310	3,211	36,521	-	-	-
2033-34	34,475	1,625	36,100	-	-	-
2034-35	-	-	-	-	-	-
	<u>1,588,275</u>	<u>716,528</u>	<u>2,304,803</u>	<u>5,875</u>	<u>16,125</u>	<u>22,000</u>
Capital Appreciation (1)	811	(811)	-	-	-	-
	<u>\$ 1,589,086</u>	<u>\$ 715,717</u>	<u>\$ 2,304,803</u>	<u>\$ 5,875</u>	<u>\$ 16,125</u>	<u>\$ 22,000</u>

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

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

Exhibit H-10

June 30, 2012
(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012-13	\$ 39,045	\$ 83,188	\$ 122,233	\$ 10,275	\$ 3,287	\$ 13,562	\$ 49,320	\$ 86,475	\$ 135,795
2013-14	23,770	65,141	88,911	6,544	3,914	10,458	30,314	69,055	99,369
2014-15	66,195	64,228	130,423	13,975	2,732	16,707	80,170	66,960	147,130
2015-16	86,895	61,606	148,501	27,367	2,271	29,638	114,262	63,877	178,139
2016-17	85,845	57,720	143,565	8,116	1,201	9,317	93,961	58,921	152,882
2017-18	90,265	53,706	143,971	8,650	735	9,385	98,915	54,441	153,356
2018-19	91,775	49,600	141,375	3,119	344	3,463	94,894	49,944	144,838
2019-20	101,030	45,433	146,463	2,734	209	2,943	103,764	45,642	149,406
2020-21	99,905	41,039	140,944	1,460	91	1,551	101,365	41,130	142,495
2021-22	104,390	36,778	141,168	685	31	716	105,075	36,809	141,884
2022-23	103,460	32,382	135,842	-	-	-	103,460	32,382	135,842
2023-24	104,430	27,792	132,222	-	-	-	104,430	27,792	132,222
2024-25	109,200	23,056	132,256	-	-	-	109,200	23,056	132,256
2025-26	84,450	18,043	102,493	-	-	-	84,450	18,043	102,493
2026-27	87,955	14,506	102,461	-	-	-	87,955	14,506	102,461
2027-28	42,655	10,935	53,590	-	-	-	42,655	10,935	53,590
2028-29	28,940	9,130	38,070	-	-	-	28,940	9,130	38,070
2029-30	29,985	7,719	37,704	-	-	-	29,985	7,719	37,704
2030-31	31,065	6,257	37,322	-	-	-	31,065	6,257	37,322
2031-32	32,185	4,743	36,928	-	-	-	32,185	4,743	36,928
2032-33	33,310	3,211	36,521	-	-	-	33,310	3,211	36,521
2033-34	34,475	1,625	36,100	-	-	-	34,475	1,625	36,100
	1,511,225	717,838	2,229,063	82,925	14,815	97,740	1,594,150	732,653	2,326,803
Capital Appreciation(3)	-	-	-	811	(811)	-	811	(811)	-
	<u>\$ 1,511,225</u>	<u>\$ 717,838</u>	<u>\$ 2,229,063</u>	<u>\$ 83,736</u>	<u>\$ 14,004</u>	<u>\$ 97,740</u>	<u>\$ 1,594,961</u>	<u>\$ 731,842</u>	<u>\$ 2,326,803</u>

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

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

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

<u>Description</u>	<u>Rating (1)</u>	
	<u>Moody's</u>	<u>S & P</u>
General Obligation	Aa1	AAA
Senior Lien Excise Tax Revenue (2)	Aa2	AAA
Junior Lien Excise Tax Revenue (3)	Aa3	AA
Subordinated Excise Tax Revenue (2)	Aa3	AA
Senior Lien Airport Revenue (2)	Aa3	AA-
Junior Lien Airport Revenue (2)	A1	A+
Senior Lien Street & Highway User Revenue (4)	Aa3	AAA
Junior Lien Street & Highway User Revenue	Aa3	AA
Senior Lien Wastewater System Revenue (2)	Aa2	AAA
Junior Lien Wastewater System Revenue (2)	Aa2	AA+
Senior Lien Water Revenue (4)	Aa2	AAA
Junior Lien Water Revenue (2)	Aa2	AAA
Senior Hotel Revenue Bonds (5)	Ba1	BB+
Subordinate Hotel Revenue Bonds (5)	A2	BBB+
Rental Car Facility Charge Revenue Bonds (2)	A3	A-
State of AZ Distribution Revenue Bonds (Convention Center) (2)	Aa3	AA
Transit Excise Tax Revenue Bonds (Light Rail) (2)	Aa2	AA

(1) Represents underlying rating, if insured.

(2) Issued by the City of Phoenix Civic Improvement Corporation.

(3) There are currently no outstanding junior lien non-sports facilities backed bonds.

(4) No bonds currently outstanding.

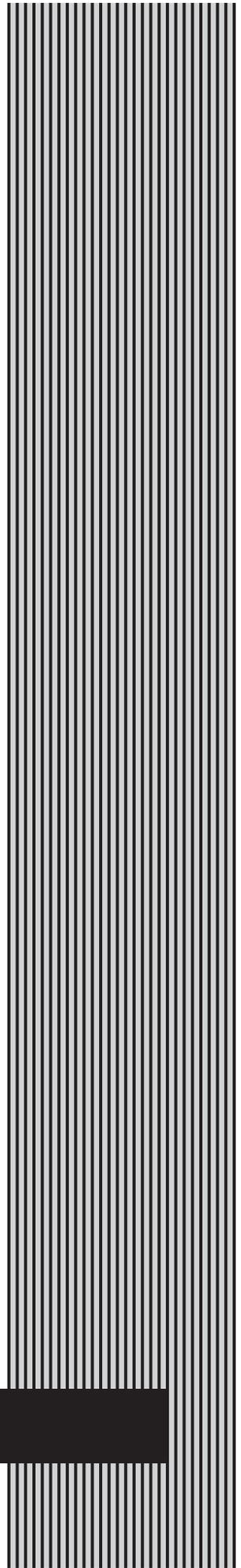
(5) Issued by the Downtown Phoenix Hotel Corporation.

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Statistical Section

Financial Trends

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





City of Phoenix

City of Phoenix, Arizona
Net Assets by Component

Table 1

Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

	Fiscal Year		
	2012	2011	2010
GOVERNMENTAL ACTIVITIES			
Invested in Capital Assets, Net of Related Debt	\$ 2,313,680	\$ 2,325,050	\$ 2,184,990
Restricted	1,233,603	1,017,009	756,315
Unrestricted	861,526	1,105,061	1,387,562
Total Governmental Activities Net Assets	<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>
BUSINESS-TYPE ACTIVITIES			
Invested in Capital Assets, Net of Related Debt	\$ 2,968,536	\$ 2,992,285	\$ 3,146,717
Restricted	188,682	187,755	153,667
Unrestricted	943,329	882,301	716,343
Total Business-Type Activities Net Assets	<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>
PRIMARY GOVERNMENT			
Invested in Capital Assets, Net of Related Debt	\$ 5,282,216	\$ 5,317,335	\$ 5,331,707
Restricted	1,422,285	1,204,764	909,982
Unrestricted	1,804,855	1,987,362	2,103,905
Total Primary Government Net Assets	<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>

Table 1
(Continued)

Fiscal Year						
2009	2008	2007	2006	2005	2004	2003
\$ 2,441,889	\$ 2,857,041	\$ 2,068,052	\$ 1,434,512	\$ 1,471,516	\$ 1,737,512	\$ 1,574,940
620,582	832,814	1,095,820	996,048	1,073,630	719,892	618,268
1,321,470	532,706	640,050	588,754	197,631	116,437	140,917
<u>\$ 4,383,941</u>	<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>	<u>\$ 2,742,777</u>	<u>\$ 2,573,841</u>	<u>\$ 2,334,125</u>
\$ 3,260,962	\$ 3,304,081	\$ 3,144,988	\$ 2,688,581	\$ 2,746,082	\$ 2,149,567	\$ 2,009,693
163,387	153,980	179,365	148,571	39,443	36,293	36,232
611,455	717,703	585,710	755,825	478,840	744,935	656,784
<u>\$ 4,035,804</u>	<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>	<u>\$ 3,264,365</u>	<u>\$ 2,930,795</u>	<u>\$ 2,702,709</u>
\$ 5,702,851	\$ 6,161,122	\$ 5,213,040	\$ 4,123,093	\$ 4,217,598	\$ 3,887,079	\$ 3,584,633
783,969	986,794	1,275,185	1,144,619	1,113,073	756,185	654,500
1,932,925	1,250,409	1,225,760	1,344,579	676,471	861,372	797,701
<u>\$ 8,419,745</u>	<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>	<u>\$ 6,007,142</u>	<u>\$ 5,504,636</u>	<u>\$ 5,036,834</u>

City of Phoenix, Arizona
Changes in Net Assets

Table 2

Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

	Fiscal Year		
	2012	2011	2010
Expenses			
Governmental Activities			
General Government	\$ 88,178	\$ 76,270	\$ 83,975
Criminal Justice	35,703	36,345	40,029
Public Safety	850,636	847,244	851,414
Transportation	421,680	416,344	541,666
Community Enrichment	245,713	245,417	287,019
Community Development	218,847	229,902	225,137
Environmental Services	42,326	39,003	58,189
Interest on Long-Term Debt	109,412	95,462	107,480
Total Governmental Activities Expenses	2,012,495	1,985,987	2,194,909
Business-Type Activities			
Aviation	435,675	439,911	393,485
Phoenix Convention Center	103,420	127,569	114,071
Water Services	361,751	329,457	359,342
Wastewater Services	178,258	179,466	187,134
Solid Waste	133,414	133,118	136,395
Golf Courses	8,879	8,790	8,894
Total Business-Type Activities Expenses	1,221,397	1,218,311	1,199,321
Total Primary Government Expenses	\$ 3,233,892	\$ 3,204,298	\$ 3,394,230

Table 2
(Continued)

Fiscal Year						
2009	2008	2007	2006	2005	2004	2003
\$ 92,403	\$ 97,369	\$ 103,039	\$ 94,129	\$ 78,351	\$ 74,749	\$ 63,728
39,477	40,258	40,085	37,702	35,432	31,768	372,545
869,389	795,839	732,927	667,663	577,358	537,018	173,281
385,240	182,769	264,347	316,356	316,295	250,951	218,055
264,615	278,649	263,031	251,403	249,739	211,238	198,131
210,645	205,934	204,441	196,374	172,217	156,389	148,962
47,320	38,585	44,656	44,668	40,065	30,035	24,091
96,631	103,035	96,401	102,428	83,812	64,531	60,370
2,005,720	1,742,438	1,748,927	1,710,723	1,553,269	1,356,679	1,259,163
389,460	336,572	312,171	279,873	231,493	228,891	210,773
86,942	70,170	66,378	68,801	42,165	46,687	48,142
326,775	327,544	272,341	276,073	232,470	210,114	206,673
186,565	160,008	153,100	148,480	141,543	120,966	111,124
141,693	147,096	126,029	115,107	92,264	92,565	84,030
9,716	9,572	9,790	8,446	7,881	7,084	7,632
1,141,151	1,050,962	939,809	896,780	747,816	706,307	668,374
\$ 3,146,871	\$ 2,793,400	\$ 2,688,736	\$ 2,607,503	\$ 2,301,085	\$ 2,062,986	\$ 1,927,537

City of Phoenix, Arizona
Changes in Net Assets

Table 2
(Continued)

Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year		
	2012	2011	2010
Program Revenue			
Governmental Activities			
Charges for Services:			
General Government	\$ 16,469	\$ 17,675	\$ 17,150
Criminal Justice	24,864	27,623	27,461
Public Safety	72,081	63,842	58,939
Transportation	38,035	36,599	39,804
Community Enrichment	5,589	5,392	5,180
Community Development	49,618	46,128	38,293
Environmental Services	520	220	363
Operating Grants and Contributions	358,692	400,525	360,927
Capital Grants and Contributions	101,019	191,856	203,473
Total Governmental Activities Program Revenue	<u>666,887</u>	<u>789,860</u>	<u>751,590</u>
Business-Type Activities			
Charges for Services:			
Aviation	299,783	296,463	266,778
Phoenix Convention Center	15,888	33,111	21,636
Water Services	380,679	341,501	329,003
Wastewater Services	212,361	211,702	190,716
Solid Waste	144,004	142,320	137,956
Golf Courses	6,653	6,278	5,728
Capital Grants and Contributions	173,149	184,019	200,485
Total Business-Type Activities Program Revenue	<u>1,232,517</u>	<u>1,215,394</u>	<u>1,152,302</u>
Total Primary Government Program Revenue	<u>\$ 1,899,404</u>	<u>\$ 2,005,254</u>	<u>\$ 1,903,892</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (1,345,608)	\$ (1,196,127)	\$ (1,443,319)
Business-Type Activities	11,120	(2,917)	(47,019)
Total Primary Government Net Expense	<u>\$ (1,334,488)</u>	<u>\$ (1,199,044)</u>	<u>\$ (1,490,338)</u>

Table 2
(Continued)

Fiscal Year						
2009	2008	2007	2006	2005	2004	2003
\$ 19,360	\$ 15,672	\$ 20,939	\$ 19,358	\$ 14,226	\$ 13,849	\$ 13,655
29,808	21,746	27,383	28,174	20,942	19,434	32,253
56,763	54,702	43,099	34,371	43,018	34,069	20,994
63,758	31,004	81,502	26,875	26,370	24,242	22,945
6,366	4,969	3,187	3,028	2,670	6,857	6,661
62,845	67,733	100,876	98,960	99,432	88,257	74,839
469	838	577	577	569	694	700
340,756	368,938	327,157	312,712	311,601	287,534	267,731
174,302	216,788	186,130	164,500	97,779	126,272	51,596
754,427	782,390	790,850	688,555	616,607	601,208	491,374
273,079	286,986	277,228	246,288	222,313	213,671	206,316
28,407	12,080	10,518	9,351	9,316	10,054	10,275
307,752	299,568	272,191	257,415	225,859	224,150	216,870
181,764	173,021	160,097	139,418	124,541	114,946	104,647
134,957	133,170	125,351	117,121	108,067	98,995	93,441
6,183	7,229	7,725	6,842	5,857	6,179	6,686
178,800	300,575	301,660	360,381	295,856	245,792	232,511
1,110,942	1,212,629	1,154,770	1,136,816	991,809	913,787	870,746
\$ 1,865,369	\$ 1,995,019	\$ 1,945,620	\$ 1,825,371	\$ 1,608,416	\$ 1,514,995	\$ 1,362,120
\$ (1,251,293)	\$ (960,048)	\$ (958,077)	\$ (1,022,168)	\$ (936,662)	\$ (755,471)	\$ (767,789)
(30,209)	161,667	214,961	240,036	243,993	207,480	202,372
\$ (1,281,502)	\$ (798,381)	\$ (743,116)	\$ (782,132)	\$ (692,669)	\$ (547,991)	\$ (565,417)

City of Phoenix, Arizona
Changes in Net Assets
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

Table 2
 (Continued)

	Fiscal Year		
	2012	2011	2010
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes	\$ 944,388	\$ 970,925	\$ 939,218
Grants and Contributions Not Restricted	297,342	299,593	360,241
Investment Earnings, Net	6,671	11,924	19,605
Loss on Disposal of Capital Assets	-	-	-
Miscellaneous	78,397	71,450	83,357
Transfers - Internal Activities	(19,501)	(39,512)	(14,176)
Total Governmental Activities	1,307,297	1,314,380	1,388,245
Business-Type Activities			
Investment Earnings, Net	7,585	9,019	13,766
Equity Interest in Joint Use			
Agreement Operating Loss	-	-	-
Loss on Disposal of Capital Assets	-	-	-
Transfers	19,501	39,512	14,176
Total BusinessType Activities	27,086	48,531	27,942
Total Primary Government	1,334,383	1,362,911	1,416,187
Change in Net Assets			
Governmental Activities	(38,311)	118,253	(55,074)
Business-Type Activities	38,206	45,614	(19,077)
Total Primary Government	\$ (105)	\$ 163,867	\$ (74,151)

Table 2
(Continued)

Fiscal Year						
2009	2008	2007	2006	2005	2004	2003
\$ 982,746	\$ 1,014,103	\$ 955,921	\$ 896,212	\$ 777,911	\$ 716,164	\$ 685,050
407,156	410,945	374,299	338,907	305,456	271,298	306,175
43,558	91,304	92,700	64,379	44,077	3,800	44,245
-	-	-	-	-	-	(14,558)
54,527	51,757	50,787	40,242	46,166	26,134	58,743
(52,649)	(52,010)	(42,925)	(41,035)	(68,012)	(22,209)	(35,895)
1,435,338	1,516,099	1,430,782	1,298,705	1,105,598	995,187	1,043,760
31,970	52,024	59,200	47,541	21,565	(1,603)	23,525
-	-	-	-	-	-	(15,827)
-	-	-	-	-	-	(2,343)
52,649	52,010	42,925	41,035	68,012	22,209	35,895
84,619	104,034	102,125	88,576	89,577	20,606	41,250
1,519,957	1,620,133	1,532,907	1,387,281	1,195,175	1,015,793	1,085,010
184,045	556,051	472,705	276,537	168,936	239,716	275,971
54,410	265,701	317,086	328,612	333,570	228,086	243,622
\$ 238,455	\$ 821,752	\$ 789,791	\$ 605,149	\$ 502,506	\$ 467,802	\$ 519,593

City of Phoenix, Arizona
Fund Balances of Governmental Funds

Table 3

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2012	2011	2010	2009
General Fund				
Reserved	\$	\$	\$ 24,394	\$ 72,332
Unreserved			231,187	190,278
Non-Spendable	15,357	16,671		
Spendable				
Restricted	37,913	-		
Assigned	50,250	96,126		
Unassigned	200,892	194,918		
Total General Fund	304,412	307,715 (1)	255,581 (2)	262,610
All Other Governmental Funds				
Reserved			656,396	598,258
Unreserved, reported in				
Special Revenue Funds			379,913	411,659
Capital Project Funds			149,795	8,456
Debt Service Funds			886	2,153
Non-Spendable	5,891	6,099		
Spendable				
Restricted	982,955	1,017,009		
Committed	58,703	54,591		
Assigned	140,036	120,145		
Unassigned	(36,942)	(34,395)		
Total All Other Governmental Funds	1,150,643	1,163,449	1,186,990	1,020,526
Total Fund Balances of Governmental Funds	\$ 1,455,055	\$ 1,471,164	\$ 1,442,571	\$ 1,283,136

- (1) In fiscal year 2011, the City implemented GASB 54 which changed the reporting for Governmental Fund Balances. The table reflects the new reporting for fiscal years after 2010.
- (2) Effective July 1, 2009 a General Fund debt service reserve was closed as part of the City's budget balancing efforts. As of June 30, 2009, the reserve amount was \$45,308,000.
- (3) During fiscal year 2007-08, the City began reporting the balances and activities of the Healthcare Benefits Trust Fund, the Medical Expense Reimbursement Program, and the Long Term Disability Trust in new Employee Benefit Trust Fiduciary Funds. In previous years, this activity was included in the General Fund as they were part of the City's self-insurance risk management program. The change was made in accordance with GASB guidance on accounting for Other Postemployment Benefits (OPEB). The effect of this restatement was to decrease beginning fund balance of the General Fund, on a modified accrual basis, by \$137,411,732.

Table 3
(Continued)

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 83,379	\$ 89,651	\$ 81,275	\$ 76,076	\$ 62,992	\$ 57,616	
205,286	362,943	311,166	250,217	240,712	276,842	
288,665	(3 452,594	392,441	326,293	303,704	334,458	
562,967	601,198	719,962	567,202	526,043	416,817	
482,721	523,035	483,611	399,595	365,091	289,279	
223,916	420,697	236,346	221,159	(77,749)	(9,867)	
742	1,254	1,752	1,125	890	21,079	
1,270,346	1,546,184	1,441,671	1,189,081	814,275	717,308	
\$ 1,559,011	\$ 1,998,778	\$ 1,834,112	\$ 1,515,374	\$ 1,117,979	\$ 1,051,766	

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			
	2012	2011	2010	2009
Revenues				
City Taxes (see Table 5)	\$ 947,012	\$ 972,066	\$ 938,470	\$ 980,401
Licenses and Permits	16,039	16,307	16,744	18,926
Intergovernmental (see Table 6)	757,053	905,741	921,642	912,904
Charges for Services	163,408	157,243	148,276	148,316
Fines and Forfeitures	18,332	18,129	17,383	18,861
Parks and Recreation	2,414	2,326	1,909	3,004
In-Lieu Property Taxes	-	-	-	-
Special Assessments	55	114	70	372
Investment Income	6,671	11,922	19,605	43,558
Dwelling Rentals	6,987	6,858	8,574	9,806
Other	76,173	71,304	84,011	54,553
Total Revenues	1,994,144	2,162,010	2,156,684	2,190,701
Expenditures				
General Government	69,705	55,708	57,180	69,860
Criminal Justice	35,372	35,106	36,977	37,717
Public Safety	795,995	790,886	812,552	812,788
Transportation	252,965	247,563	265,934	254,420
Community Enrichment	193,355	192,201	198,049	211,851
Community Development	196,309	206,262	185,265	189,345
Environmental Services	19,036	16,353	19,164	24,029
Debt Service:				
Principal	94,169	109,660	115,825	97,006
Interest	110,740	104,309	110,736	103,909
Bond Issuance Costs	1,902	636	2,346	2,055
Other	522	676	35	31
Capital	346,979	429,770	529,394	611,023
Total Expenditures	2,117,049	2,189,130	2,333,457	2,414,034
Excess (Deficiency) of Revenues Over Expenditures	\$ (122,905)	\$ (27,120)	\$ (176,773)	\$ (223,333)

Table 4
(Continued)

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952		670,744
14,949	15,787	14,206	13,648	13,275		13,088
995,307	885,478	800,697	711,777	650,515		613,204
151,701	177,374	168,646	164,283	143,067		128,955
18,549	19,141	19,932	18,561	16,892		16,779
2,933	2,838	2,524	2,179	5,976		5,774
-	-	-	-	-		13,000
643	678	1,233	1,544	1,641		1,692
91,304	92,700	64,379	44,077	3,800		44,245
8,452	8,098	7,818	6,263	6,488		6,507
51,692	50,484	51,947	45,771	26,155		58,025
2,348,175	2,207,339	2,028,377	1,787,570	1,584,761		1,572,013
68,686	67,097	59,697	60,437	59,643		51,786
38,539	36,160	33,952	32,826	30,187		343,838
765,464	665,817	620,215	560,964	526,601		164,087
237,738	244,728	137,817	178,023	176,118		156,859
226,597	211,695	197,445	201,552	187,531		178,488
189,748	185,596	173,710	159,453	148,805		139,479
24,432	19,529	17,024	19,121	21,106		14,426
95,209	279,183	83,768	63,361	61,325		43,541
110,184	94,369	101,851	82,811	61,828		58,551
31	1,185	500	452	742		1,779
211	790	77	549	1,961		40
841,681	641,795	618,506	506,844	446,920		327,199
2,598,520	2,447,944	2,044,562	1,866,393	1,722,767		1,480,073
\$ (250,345)	\$ (240,605)	\$ (16,185)	\$ (78,823)	\$ (138,006)		91,940

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			
	2012	2011	2010	2009
Other Financing Sources (Uses)				
Transfers From Other Funds	\$ 129,121	\$ 152,527	\$ 1,063,679	\$ 1,098,048
Transfers to Other Funds	(148,622)	(192,039)	(1,077,855)	(1,150,697)
Issuance of Debt:				
General Obligation and Revenue Bonds	120,000	-	348,369	-
Premium on General Obligation and Revenue Bonds	25,880	-	1,631	-
Certificates of Participation and Municipal Corporation Obligations	-	86,725	-	-
Premium on Certificates of Participation and Municipal Corporation Obligations	4,889	5,662	-	-
Special Assessment Bonds	-	-	-	22
Refunding Bonds	238,120	74,610	69,911	-
Deposit to Refunding Escrow	(262,592)	(71,772)	(69,527)	-
Total Other Financing Sources and Uses	<u>106,796</u>	<u>55,713</u>	<u>336,208</u>	<u>(52,627)</u>
Net Change in Fund Balances	<u>\$ (16,109)</u>	<u>\$ 28,593</u>	<u>\$ 159,435</u>	<u>\$ (275,960)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	10.7%	11.4%	10.4%	10.0%

(1) - Calculated by taking debt service expenditures divided by total expenditures minus capitalized expenditures (capital acquisitions from exhibit B-4 on page 21)

(2) - On July 19, 2006, the City defeased \$198,125,000 of outstanding various purpose general obligation bonds.

Table 4
(Continued)

Fiscal Year						
	2008	2007	2006	2005	2004	2003
\$	1,186,183	\$ 1,094,014	\$ 1,104,360	\$ 1,018,096	\$ 937,041	898,268
	(1,238,193)	(1,136,939)	(1,145,395)	(1,086,108)	(959,250)	(934,163)
	-	420,250	300,000	-	200,000	-
	-	11,501	5,246	-	8,599	-
	-	21,115	70,150	500,000	20,000	60,000
	-	5,437	562	43,667	1,311	611
	-	-	-	-	-	135
	-	265,995	-	35,465	42,020	157,237
	-	(276,102)	-	(34,902)	(45,502)	(155,695)
	(52,010)	405,271	334,923	476,218	204,219	26,393
\$	(302,355)	\$ 164,666	\$ 318,738	\$ 397,395	\$ 66,213	\$ 118,333
	10.4%	18.4% (2)	11.1%	9.8%	9.7%	8.9%

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			
	2012	2011	2010	2009
General Property Taxes				
Primary - Operating	\$ 128,054	\$ 130,913	\$ 121,366	\$ 110,085
Secondary - Debt Service	94,436	149,018	196,673	196,568
Total General Property Taxes	222,490	279,931	318,039	306,653
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	308,727	292,131	254,762	265,162
Utility and Franchise Tax	104,962	102,662	100,827	105,881
Earmarked for:				
Sports Facilities	14,670	14,076	12,502	14,203
Convention Center	40,030	37,835	34,801	47,417
Neighborhood Protection	26,503	25,387	21,615	25,615
Public Safety Enhancement	23,670	23,782	23,978	24,361
Public Safety Expansion	53,084	50,680	43,131	46,578
Parks & Preserves	26,546	25,345	21,615	24,335
Capital Construction	16,560	15,486	17,415	19,802
Transit 2000	106,185	101,379	86,465	97,325
Total City Sales and Franchise Taxes	720,937	688,763	617,111	670,679
Special Taxing District	2,061	1,924	1,925	1,835
Salt River Project In-Lieu Taxes	1,524	1,448	1,395	1,234
Total City Taxes	\$ 947,012	\$ 972,066	\$ 938,470	\$ 980,401

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

Table 5
(Continued)

Fiscal Year						
	2008	2007	2006	2005	2004	2003
\$	103,033	\$ 95,060	\$ 89,721	\$ 82,547	\$ 76,392	\$ 65,107
	161,413	117,337	107,763	100,761	94,263	88,425
	264,446	212,397	197,484	183,308	170,655	153,532
	323,135	339,921	324,207	281,301	259,488	244,566
	96,323	92,745	83,720	77,664	75,653	72,534
	16,010	15,992	14,834	13,660	12,577	11,948
	58,126	61,647	56,889	48,003	40,322	36,849
	28,980	31,105	29,634	25,337	23,051	21,807
	24,653	23,656	20,330	3,136	-	-
	32,214	-	-	-	-	-
	28,979	31,106	29,633	25,363	23,073	21,808
	20,710	18,975	18,870	17,679	17,196	17,966
	115,914	124,432	118,537	101,462	92,349	87,092
	745,044	739,579	696,654	593,605	543,709	514,570
	1,848	1,554	1,595	1,270	1,316	1,480
	1,307	1,231	1,262	1,284	1,272	1,162
\$	1,012,645	\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952	\$ 670,744

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			
	2012	2011	2010	2009
State Shared Revenue				
Highway User Tax	\$ 90,368	\$ 104,908	\$ 103,979	\$ 109,620
State Sales Tax	114,017	111,787	106,917	122,593
State Income Tax	122,012	143,647	190,546	220,806
Vehicle License Tax	46,400	48,299	49,500	53,629
Local Transportation Assistance	4,242	1,265	3,771	6,506
Total State Shared Revenue	<u>377,039</u>	<u>409,906</u>	<u>454,713</u>	<u>513,154</u>
Federal Grants	261,053	269,482	233,721	185,078
Other Intergovernmental Revenue	<u>118,961</u>	<u>226,353</u>	<u>233,208</u>	<u>214,672</u>
Total Intergovernmental Revenues	<u>\$ 757,053</u>	<u>\$ 905,741</u>	<u>\$ 921,642</u>	<u>\$ 912,904</u>

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

Table 6
(Continued)

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 125,288	\$ 130,223	\$ 124,791	\$ 117,464	\$ 111,757	\$ 104,597	
135,134	141,466	141,194	123,788	111,594	103,408	
207,694	167,560	138,313	121,440	119,118	140,600	
59,244	61,158	63,108	56,552	53,522	47,757	
6,910	6,969	7,034	7,136	7,246	7,343	
534,270	507,376	474,440	426,380	403,237	403,705	
194,960	186,665	177,550	178,628	160,685	148,421	
266,077	191,437	148,707	106,769	86,593	61,078	
\$ 995,307	\$ 885,478	\$ 800,697	\$ 711,777	\$ 650,515	\$ 613,204	



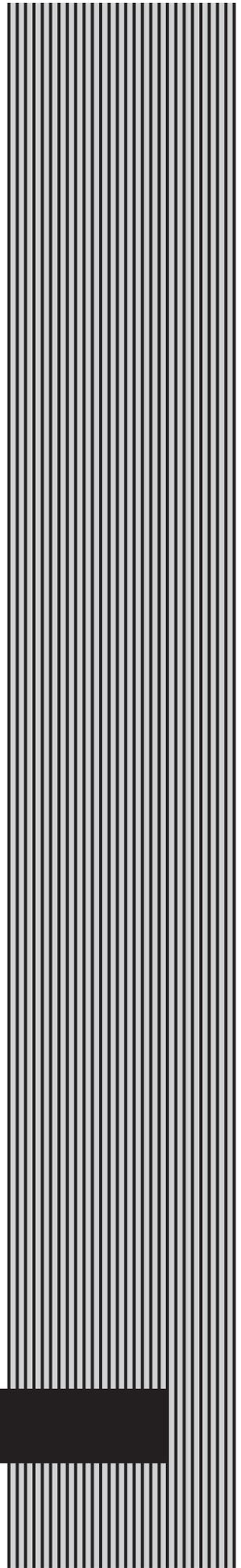
City of Phoenix

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Statistical Section

Revenue Capacity

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





City of Phoenix

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

Table 7

Category	Fiscal Year			
	2012	2011	2010	2009
Retail	\$ 230,900	\$ 218,470	\$ 219,097	\$ 223,673
Retail Food Sales (1)	49,393	46,282	7,007	-
Utilities & Telecommunications	112,973	110,200	113,188	120,691
Construction Contracting	44,071	43,446	41,237	64,559
Commercial Rental	58,721	59,017	55,737	60,133
Restaurants & Bars	52,298	48,708	46,272	48,586
Hotel/Motel Lodging	30,486	28,324	26,868	30,423
Tangible Personal Property Rental	16,354	17,291	17,323	22,227
Apartment/Residential Rental	25,025	22,923	20,788	21,580
Motor Vehicle Rental	16,907	16,647	14,787	15,407
Amusements	6,225	5,843	6,297	6,348
Advertising	2,800	2,745	2,733	3,202
Job Printing	2,109	2,093	2,101	2,708
Publishing	140	241	407	426
Transportation	6	8	8	10
Use Tax	24,204	22,536	20,098	19,507
Jet Fuel	2,996	3,039	2,826	2,998
Total	\$ 675,608	\$ 647,813	\$ 596,774	\$ 642,478

Source: City of Phoenix Finance Department, Tax Division

- (1) Effective April 1, 2010, the Phoenix City Council approved an ordinance to amend the City of Phoenix Tax Code providing for the taxation of the sale of food for home consumption under the retail and use tax business classifications.

Table 7
(Continued)

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 254,949	\$ 268,642	\$ 264,184	\$ 228,411	\$ 204,956	\$ 192,612	
-	-	-	-	-	-	
118,051	103,157	100,296	75,193	68,758	66,350	
87,306	99,171	89,213	68,760	47,683	42,836	
56,395	51,661	47,904	43,894	40,224	39,243	
49,685	49,067	46,967	41,800	37,648	35,195	
35,643	35,819	32,643	29,231	25,760	23,049	
23,276	23,589	20,925	18,865	17,822	19,256	
21,566	21,250	19,949	18,123	17,407	17,422	
17,103	16,878	15,955	14,572	14,040	13,309	
7,210	7,260	6,901	5,840	5,441	5,656	
4,111	4,657	4,151	3,682	3,409	3,253	
3,146	3,189	3,152	3,312	3,054	3,224	
531	575	552	572	571	594	
7	14	24	11	5	5	
20,037	20,407	18,592	15,778	14,466	13,445	
3,224	3,191	3,575	2,981	3,081	3,149	
\$ 702,240	\$ 708,527	\$ 674,983	\$ 571,025	\$ 504,325	\$ 478,598	

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

Table 8

Category (1)	As of June 30			
	2012	2011	2010	2009
City Rates				
Retail	2.00 %	2.00 %	2.00 %	2.00 %
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting	2.00	2.00	2.00	2.00
Commercial Rental	2.10	2.10	2.10	2.10
Restaurants & Bars	2.00	2.00	2.00	2.00
Hotel/Motel Lodging	5.00	5.00	5.00	5.00
Tangible Personal Property Rental	2.00	2.00	2.00	2.00
Apartment/Residential Rental	2.00	2.00	2.00	2.00
Motor Vehicle Rental	4.00	4.00	4.00	4.00
Amusements	2.00	2.00	2.00	2.00
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.00	2.00	2.00	2.00
Publishing	2.00	2.00	2.00	2.00
Transportation	2.00	2.00	2.00	2.00
Use Tax	2.00	2.00	2.00	2.00
Jet Fuel (2)	0.73	0.73	0.73	0.73
County Rates				
Commercial Rental	0.50 %	0.50 %	0.50 %	0.50 %
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

Source: City of Phoenix Finance Department, Tax Division

Table 8
(Continued)

As of June 30					
2008	2007	2006	2005	2004	2003
2.00 %	1.80 %	1.80 %	1.80 %	1.80 %	1.80 %
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
2.00	1.80	1.80	1.80	1.80	1.80
2.10	1.90	1.90	1.90	1.90	1.90
2.00	1.80	1.80	1.80	1.80	1.80
5.00	4.80	4.80	4.80	4.80	4.80
2.00	1.80	1.80	1.80	1.80	1.80
2.00	1.80	1.80	1.80	1.80	1.80
4.00	3.80	3.80	3.80	3.80	3.80
2.00	1.80	1.80	1.80	1.80	1.80
0.50	0.50	0.50	0.50	0.50	0.50
2.00	1.80	1.80	1.80	1.80	1.80
2.00	1.80	1.80	1.80	1.80	1.80
2.00	1.80	1.80	1.80	1.80	1.80
2.00	1.80	1.80	1.80	1.80	1.80
0.73	0.73	0.73	0.73	0.73	0.73
0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
1.77	1.77	1.77	1.77	1.77	1.77
0.70	0.70	0.70	0.70	0.70	0.70
0.31	0.31	0.31	0.31	0.31	0.31

City of Phoenix, Arizona
City Transaction Privilege Taxpayers - By Category
 Current Fiscal Year and Seven Years Ago (1)

Table 9

Category	2012			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	19,610	36.80 %	\$ 280,293	41.50 %
Utilities & Telecommunications	513	0.96	112,973	16.72
Construction Contracting	10,300	19.33	44,071	6.53
Commercial Rental	8,884	16.68	58,721	8.70
Restaurants & Bars	3,148	5.91	52,298	7.74
Hotel/Motel Lodging	102	0.19	30,486	4.51
Tangible Personal Property Rental	1,188	2.23	16,354	2.42
Apartment/Residential Rental	6,664	12.50	25,025	3.70
Motor Vehicle Rental	23	0.04	16,907	2.50
Amusements	188	0.35	6,225	0.92
Advertising	226	0.42	2,800	0.41
Job Printing	354	0.66	2,109	0.31
Publishing	55	0.10	140	0.02
Transportation	13	0.02	6	0.00
Use Tax	2,017	3.78	24,204	3.58
Jet Fuel	17	0.03	2,996	0.44
Total	53,302	100.00 %	\$ 675,608	100.00 %

Source: City of Phoenix Finance Department, Tax Division

(1) Prior to 2005, Average Monthly Taxpayers by category was not maintained.

Table 9
(Continued)

2005			
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
19,633	40.36 %	\$ 228,411	40.00 %
607	1.25	75,193	13.17
8,692	17.88	68,760	12.04
6,625	13.63	43,894	7.69
2,906	5.98	41,800	7.32
232	0.48	29,231	5.12
1,614	3.32	18,865	3.30
3,781	7.78	18,123	3.18
39	0.08	14,572	2.55
440	0.91	5,840	1.02
192	0.39	3,682	0.65
404	0.83	3,312	0.58
81	0.17	572	0.10
11	0.02	11	0.00
3,326	6.84	15,778	2.76
37	0.08	2,981	0.52
<u>48,620</u>	<u>100.00 %</u>	<u>\$ 571,025</u>	<u>100.00 %</u>



City of Phoenix

City of Phoenix, Arizona
City Property Tax Levies and Collections

Table 10

Last Ten Fiscal Years
(in thousands)

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
2012	\$ 223,483	\$ 216,457	96.86 %	\$ -	\$ 216,457	96.86 %
2011	284,142	271,156	95.43	7,451	278,607	98.05
2010	321,817	308,114	95.74	10,346	318,460	98.96
2009	311,292	298,351	95.84	9,584	307,935	98.92
2008	266,892	258,971	97.03	7,284	266,255	99.76
2007	216,132	211,511	97.86	3,124	214,635	99.31
2006	201,122	195,836	97.37	2,785	198,621	98.76
2005	185,056	180,952	97.78	1,890	182,842	98.80
2004	171,899	167,281	97.31	3,402	170,683	99.29
2003	155,950	151,012	96.83	2,871	153,883	98.67

(1) Amount is the difference between collections to date (from County reports) and the amount collected in the year of the levy.

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	Maricopa County Library District
	Primary	Secondary	Total				
<u>Tax Rates per \$100 of Assessed Valuation</u>							
2012-13	\$ 1.24	\$ 0.58	\$ 1.82	\$ 1.24	\$ 0.18	\$ 0.10	\$ 0.05
2011-12	1.05	0.77	1.82	1.24	0.18	0.10	0.05
2010-11	0.88	0.94	1.82	1.05	0.15	0.10	0.04
2009-10	0.77	1.05	1.82	0.99	0.14	0.10	0.04
2008-09	0.76	1.06	1.82	1.03	0.14	0.10	0.04
2007-08	0.80	1.02	1.82	1.10	0.15	0.10	0.04
2006-07	0.85	0.97	1.82	1.18	0.20	0.12	0.05
2005-06	0.86	0.96	1.82	1.63	0.21	0.12	0.05
2004-05	0.85	0.97	1.82	1.67	0.21	0.12	0.05
2003-04	0.85	0.97	1.82	1.75	0.21	0.12	0.05

Tax Levies

2012-13	\$ 133,930	\$ 62,961	\$ 196,891	\$ 134,037	\$ 17,216	\$ 10,870	\$ 5,338
2011-12	128,955	94,528	223,483	151,768	19,873	12,351	6,073
2010-11	133,389	150,753	284,142	158,698	22,041	16,066	6,636
2009-10	123,095	198,722	321,817	159,155	24,395	18,903	6,658
2008-09	111,568	199,724	311,292	151,441	24,151	18,860	6,656
2007-08	103,665	163,227	266,892	142,387	22,845	16,132	6,283
2006-07	96,623	119,509	216,132	134,812	22,667	14,724	6,216
2005-06	91,311	109,811	201,122	173,698	21,580	13,691	5,950
2004-05	83,304	101,752	185,056	163,353	19,654	12,599	5,465
2003-04	76,915	94,984	171,899	159,101	18,229	11,764	5,102

(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.

Tax levies for elementary and high school districts equal the total overlapping for all school districts within the City.

Source: Maricopa County Finance Department

Table 11
(Continued)

Volunteer Fire District Assistance	Maricopa Special Health Care District	School Districts					Total
		Education Equalization	Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (1)	
\$ 0.01	\$ 0.17	\$ 0.47	\$ 1.38	\$ 0.05	\$ 0.05	\$ 11.28	\$ 16.80
0.01	0.15	0.43	1.21	0.05	0.05	9.60	14.89
0.01	0.11	0.36	0.97	0.05	0.05	7.29	12.00
0.01	0.09	0.33	0.88	0.05	0.05	6.44	10.94
0.01	0.09	-	0.94	0.05	0.05	8.52	12.79
0.01	0.09	-	0.98	0.05	0.05	8.74	13.13
0.01	0.12	-	1.06	0.05	0.05	9.84	14.50
0.01	0.12	-	1.03	0.06	0.05	9.09	14.19
0.01	-	-	1.04	0.10	-	10.38	15.40
0.01	-	-	1.08	0.10	-	11.08	16.22
\$ 1,193	\$ 18,260	\$ 50,960	\$ 148,952	\$ 757	\$ 2,433	\$ 869,478	\$ 1,456,385
1,037	18,442	52,098	148,011	870	2,710	879,125	1,515,841
1,063	18,056	53,826	148,702	1,087	3,540	916,921	1,630,778
1,077	17,239	53,100	146,523	1,233	4,232	942,643	1,696,975
1,000	16,141	-	144,491	1,259	4,263	924,118	1,603,672
855	15,024	-	130,622	1,136	3,609	894,532	1,500,317
834	14,517	-	123,210	816	2,671	858,684	1,395,283
787	13,759	-	110,803	905	1,551	809,425	1,353,271
724	-	-	102,450	1,537	-	772,523	1,263,361
686	-	-	98,614	1,382	-	754,377	1,221,154

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

Table 12

	2012-13 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	\$ 10,803,376	100.00 %	10,803,376	\$ 1.2397	\$ 10,849,744	100.00 %	10,849,744	\$ 0.5803	\$ 196,891	
Maricopa County	34,263,842	31.53	10,803,376	1.2407	34,400,456	31.54	10,849,744	-	134,037	
Education Equalization	34,263,842	31.53	10,803,376	0.4717	-	-	-	-	50,960	
Flood Control	-	-	-	-	30,665,493	31.54	9,671,754	0.1780	17,216	
Central Arizona Water Conservation District	-	-	-	-	34,465,534	31.54	10,870,269	0.1000	10,870	
Maricopa County Library District	-	-	-	-	34,400,456	31.54	10,849,744	0.0492	5,338	
Volunteer Fire District Assistance	-	-	-	-	34,400,456	31.54	10,849,744	0.0110	1,193	
East Valley Institute of Technology	-	-	-	-	14,856,883	10.19	1,513,673	0.0500	757	
West Maricopa Education Center	-	-	-	-	12,284,326	39.61	4,865,407	0.0500	2,433	
Maricopa Special Health Care District	-	-	-	-	34,400,456	31.54	10,849,744	0.1683	18,260	
State of Arizona	55,852,336	19.34	10,803,376	-	56,283,024	19.28	10,849,744	-	-	
School Districts										
Maricopa County Community College District	34,263,842	31.53	10,803,376	1.1563	34,400,456	31.54	10,849,744	0.2215	148,952	
High School Districts										
Phoenix Union	4,543,904	96.20	4,371,369	3.2075	4,573,470	96.20	4,399,763	1.0627	186,968	
Glendale Union	1,432,308	79.67	1,141,160	2.4580	1,435,961	79.68	1,144,132	1.6374	46,784	
Tempe High	3,136,651	29.09	912,353	1.8080	3,148,343	29.03	914,094	0.6060	22,035	
Tolleson Union	936,473	45.05	421,901	2.3038	940,359	44.95	422,651	2.5439	20,472	
Agua Fria Union	905,863	0.01	128	2.0437	911,133	0.01	128	1.1257	4	
Total High School Districts									276,263	
Elementary School Districts										
No. 1 Phoenix	\$ 677,121	100.00 %	677,121	\$ 4.5476	\$ 684,315	100.00 %	684,315	\$ 2.4650	\$ 47,661	
No. 2 Riverside	359,616	97.42	350,338	1.3854	361,397	97.35	351,808	1.8050	11,204	
No. 3 Tempe	1,348,934	15.09	203,613	3.1811	1,356,197	15.10	204,721	2.3913	11,373	
No. 5 Isaac	134,567	100.00	134,567	3.9070	134,754	100.00	134,754	3.4788	9,945	
No. 6 Washington	1,171,954	97.37	1,141,160	2.0401	1,174,950	97.38	1,144,132	2.6746	53,882	
No. 7 Wilson	95,645	100.00	95,645	4.8136	96,952	100.00	96,952	2.2160	6,752	
No. 8 Osborn	418,852	99.94	418,602	2.1294	422,713	99.93	422,436	1.9591	17,190	
No. 14 Creighton	371,573	85.95	319,368	2.7174	372,436	85.98	320,219	1.9810	15,022	
No. 17 Tolleson	158,534	22.86	36,238	2.3849	159,438	22.74	36,251	1.6668	1,468	
No. 21 Murphy	111,823	100.00	111,823	1.0438	112,977	100.00	112,976	2.4790	3,968	
No. 28 Kyrene	1,787,716	39.65	708,741	2.1343	1,792,146	39.58	709,373	1.7917	27,837	
No. 31 Balsz	270,973	94.47	255,994	2.0937	272,789	94.51	257,809	1.6182	9,532	
No. 38 Madison	892,787	100.00	892,787	1.9861	896,353	100.00	896,353	1.9808	35,487	
No. 45 Fowler	234,699	90.05	211,339	1.6628	235,895	89.82	211,872	3.1745	10,240	
No. 48 Scottsdale (Unified)	4,399,463	13.61	598,658	3.0875	4,407,572	13.60	599,579	1.3390	26,512	
No. 59 Laveen	181,014	81.71	147,899	2.6856	181,650	81.61	148,247	4.0192	9,930	
No. 62 Union	43,983	94.40	41,520	1.5351	44,096	94.41	41,632	2.3676	1,623	
No. 65 Littleton	227,770	12.61	28,731	2.4482	229,141	12.54	28,743	1.9300	1,258	
No. 66 Roosevelt	526,596	98.68	519,626	5.1387	530,321	98.67	523,292	0.8708	31,259	
No. 68 Alhambra	289,929	80.78	234,193	1.8307	291,737	80.73	235,527	5.1949	16,523	
No. 69 Paradise Valley (Unified)	2,925,473	68.49	2,003,638	3.9848	2,930,995	68.52	2,008,307	2.6136	132,330	
No. 79 Litchfield	579,584	0.02	128	2.3102	584,148	0.02	128	1.5761	5	
No. 83 Cartwright	213,406	100.00	213,406	4.5209	215,076	100.00	215,076	5.9314	22,405	
No. 92 Pendergast	271,488	38.33	104,073	2.0546	271,791	38.32	104,153	4.3267	6,645	
No. 93 Cave Creek (Unified)	1,615,976	10.99	177,533	1.7357	1,622,691	11.02	178,853	0.2391	3,509	
No. 97 Deer Valley (Unified)	2,093,970	56.17	1,176,140	3.9110	2,100,573	56.26	1,181,739	2.8480	79,655	
Total Elementary School Districts									593,215	
Total All School Districts									1,018,430	
Total Levies Applicable to Phoenix									\$ 1,456,385	

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)

	2011-12 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	\$ 12,232,482	100.00 %	12,232,482	\$ 1.0542	\$ 12,343,774	100.00 %	12,343,774	\$ 0.7658	\$ 223,483	
Maricopa County	38,492,099	31.78	12,232,482	1.2407	38,760,297	31.85	12,343,774	-	151,768	
Education Equalization	38,492,099	31.78	12,232,482	0.4259	-	-	-	-	52,098	
Flood Control	-	-	-	-	35,056,838	31.85	11,164,354	0.1780	19,873	
Central Arizona Water Conservation District	-	-	-	-	38,781,832	31.83	12,343,774	0.1000	12,351	
Maricopa County Library District	-	-	-	-	38,760,297	31.85	12,343,774	0.0492	6,073	
Volunteer Fire District Assistance	-	-	-	-	38,760,297	31.85	12,343,774	0.0084	1,037	
East Valley Institute of Technology	-	-	-	-	17,344,957	10.04	1,740,609	0.0500	870	
West Maricopa Education Center	-	-	-	-	13,669,754	39.65	5,420,391	0.0500	2,710	
Maricopa Special Health Care District	-	-	-	-	38,760,297	31.85	12,343,774	0.1494	18,442	
State of Arizona	60,933,047	20.08	12,232,482	-	61,764,403	19.99	12,343,774	-	-	
School Districts										
Maricopa County Community College District	38,492,099	31.78	12,232,482	1.0123	38,760,297	31.85	12,343,774	0.1959	148,011	
High School Districts										
Phoenix Union	5,246,310	96.08	5,040,551	2.9143	5,325,305	96.08	5,116,487	0.8487	190,320	
Glendale Union	1,634,128	78.85	1,288,583	2.2419	1,638,565	78.82	1,291,530	1.2930	45,588	
Tempe High	3,611,247	29.08	1,050,080	1.6082	3,634,859	29.03	1,055,246	0.9598	27,016	
Tolleson Union	1,081,080	45.40	490,805	1.9567	1,095,581	45.36	496,951	2.1143	20,111	
Agua Fria Union	1,016,694	0.01	151	1.6862	1,024,995	0.02	160	0.9900	4	
Total High School Districts									283,039	
Elementary School Districts										
No. 1 Phoenix	\$ 751,455	100.00 %	751,455	\$ 3.8432	\$ 773,205	100.00 %	773,205	\$ 1.9940	\$ 44,298	
No. 2 Riverside	393,210	97.18	382,127	1.2072	403,491	97.15	391,982	1.5557	10,711	
No. 3 Tempe	1,565,297	15.31	239,685	2.6487	1,582,122	15.31	242,297	1.3373	9,589	
No. 5 Isaac	162,206	100.00	162,206	4.0112	165,752	100.00	165,752	2.8760	11,273	
No. 6 Washington	1,322,580	97.43	1,288,583	2.4316	1,325,645	97.43	1,291,530	2.1785	59,469	
No. 7 Wilson	110,359	100.00	110,359	5.0880	111,558	100.00	111,558	1.9001	7,735	
No. 8 Osborn	485,914	99.95	485,672	1.8878	493,101	99.94	492,814	1.7829	17,955	
No. 14 Creighton	432,841	86.75	375,482	2.5848	435,511	86.83	378,145	1.6339	15,884	
No. 17 Tolleson	191,178	22.03	42,116	2.4717	194,630	21.99	42,800	2.4613	2,094	
No. 21 Murphy	130,464	100.00	130,464	1.6014	135,841	100.00	135,841	1.9885	4,790	
No. 28 Kyrene	2,045,950	39.61	810,395	2.0500	2,052,737	39.60	812,950	1.6598	30,106	
No. 31 Balsz	309,430	94.24	291,607	2.0193	311,111	94.27	293,279	1.4360	10,100	
No. 38 Madison	1,029,589	100.00	1,029,589	1.7927	1,033,622	100.00	1,033,622	1.7242	36,279	
No. 40 Glendale	-	-	-	-	-	-	-	-	-	
No. 45 Fowler	278,443	89.99	250,580	1.3085	284,970	89.65	255,471	2.4843	9,626	
No. 48 Scottsdale (Unified)	4,938,452	13.81	682,183	2.7498	4,960,211	13.82	685,362	1.2503	27,328	
No. 59 Laveen	214,245	80.13	171,678	1.6497	215,791	79.97	172,558	3.0846	8,155	
No. 62 Union	50,711	95.57	48,466	1.7560	50,895	95.57	48,642	1.4508	1,557	
No. 65 Littleton	252,166	12.29	30,985	1.3260	254,814	12.18	31,035	2.4656	1,176	
No. 66 Roosevelt	633,714	98.67	625,270	4.1243	646,608	98.67	637,987	0.8303	31,085	
No. 68 Alhambra	346,130	80.32	278,009	2.2253	350,390	80.07	280,540	4.2004	17,970	
No. 69 Paradise Valley (Unified)	3,278,500	67.66	2,218,315	3.3307	3,294,526	67.62	2,227,897	2.3743	126,782	
No. 79 Litchfield	640,229	0.02	151	1.9408	644,384	0.02	160	1.3182	5	
No. 83 Cartwright	246,753	99.95	246,636	3.8724	249,323	99.95	249,205	4.8079	21,532	
No. 92 Pendergast	308,581	38.45	118,657	1.8156	310,270	38.35	119,004	4.7945	7,860	
No. 93 Cave Creek (Unified)	1,808,202	10.53	190,346	1.4149	1,819,192	10.58	192,489	0.2807	3,234	
No. 97 Deer Valley (Unified)	2,278,412	55.78	1,270,947	3.8561	2,287,640	55.83	1,277,124	2.3869	79,493	
Total Elementary School Districts									596,086	
Total All School Districts									1,027,136	
Total Levies Applicable to Phoenix									\$ 1,515,841	

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)					Total Net Assessed Valuation
	Direct Rate	Commercial/ Utilities/ Industrial	Residential	Rural and Other		
2012-13	\$ 0.58	\$ 5,254,688	\$ 5,228,248	\$ 366,808	\$ 10,849,744	
2011-12	0.77	5,870,338	6,000,143	473,293	12,343,774	
2010-11	0.94	7,712,190	7,643,363	736,755	16,092,308	
2009-10	1.05	8,100,846	9,937,631	822,761	18,861,238	
2008-09	1.06	7,378,160	10,598,307	879,605	18,856,072	
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816	
2006-07	0.97	5,902,715	5,770,798	587,621	12,261,134	
2005-06	0.96	5,409,748	5,523,958	485,913	11,419,619	
2004-05	0.97	5,279,811	4,768,484	441,627	10,489,922	
2003-04	0.97	4,818,035	4,617,599	356,554	9,792,188	

Source: Maricopa County Finance Department

For further information and explanation of property taxes, see Note 4 to the financial statements.

For further information on population changes that affect the Assessed Valuation per Capita Actual and Uninflated amounts, see Table 21.

- (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.

Table 13

(Continued)

Percent Change in Net Valuation	Assessed Valuation Per Capita		Estimated True Valuation
	Actual	Uninflated	
-12.10 %	\$ 7,409	\$ 5,701	\$ 103,538,837
-23.29	8,501	6,733	116,576,023
-14.68	11,132	8,994	144,772,031
0.03	11,326	9,237	169,320,058
17.35	11,566	9,566	167,520,964
31.05	10,073	8,642	140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978
7.13	7,038	6,622	83,439,807
11.24	6,728	6,469	79,124,595

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

Table 14

Taxpayer	2011-12			2002-03		
	Secondary Assessed Valuation	Ranking	As a Percent of Total City	Secondary Assessed Valuation	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 346,145	1	2.80 %	\$ 241,518	1	2.75 %
Qwest Communications	94,826	2	0.77	222,464	2	2.53
Southwest Gas Corporation	79,900	3	0.65	61,813	4	0.70
Host Kierland LLC	46,240	4	0.37			
Hub Properties Trust	34,999	5	0.28			
AT&T Corporation	34,329	6	0.28	67,101	3	0.76
Metropolitan Life Insurance Company	31,468	7	0.25			
Target Corporation	28,060	8	0.23			
Phoenix Plaza PT LLC	25,335	9	0.21			
Starwood Hotels and Resorts	24,862	10	0.20	38,772	6	0.44
Honeywell				58,891	5	0.67
Cox Communications				33,481	7	0.38
Westcor Company LP				32,903	8	0.37
MONY/Pointe Resorts Partnerships				32,527	9	0.37
MCI Worldcom				31,833	10	0.36
Total	<u>746,164</u>		<u>6.04 %</u>	<u>821,303</u>		<u>9.33 %</u>
City Total Secondary Assessed Valuation	<u>\$ 12,343,774</u>			<u>\$ 8,802,883</u>		

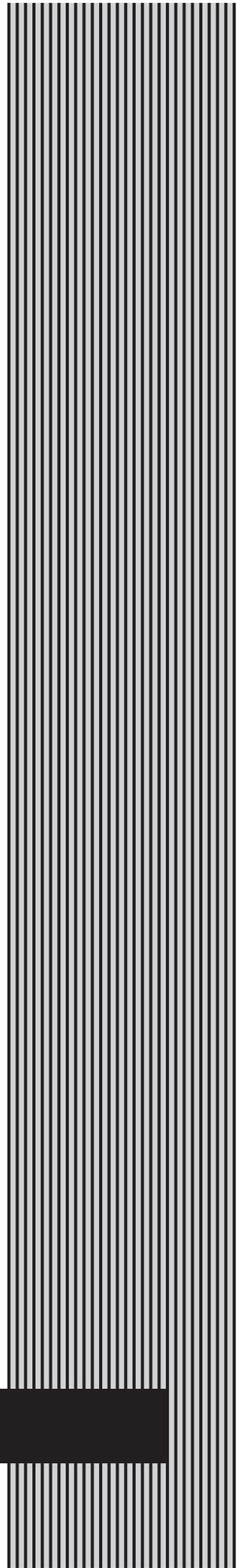
Sources: Maricopa County Assessor
 Arizona Department of Revenue
 City of Phoenix Finance Department

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Statistical Section

Debt Capacity

These schedules present information regarding the City's current levels of outstanding debt and the City's capacity to issue additional debt.





City of Phoenix

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

Table 15

	Fiscal Year			
	2012	2011	2010	2009
6% Limitation				
Legal Debt Limitation	\$ 650,985	\$ 740,626	\$ 965,538	\$ 1,131,674
General Obligation Bonds Outstanding (1)	370,195	364,225	390,645	310,955
Less: Assets held in Restricted Redemption Funds	(321,451)	(337,282)	(339,393)	(275,202)
	<u>48,744</u>	<u>26,943</u>	<u>51,252</u>	<u>35,753</u>
Total Debt Margin Available	<u>\$ 602,241</u>	<u>\$ 713,683</u>	<u>\$ 914,286</u>	<u>\$ 1,095,921</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	7.49%	3.64%	5.31%	3.16%
20% Limitation				
Legal Debt Limitation	\$ 2,169,949	\$ 2,468,755	\$ 3,218,462	\$ 3,772,248
General Obligation Bonds Outstanding (1)	1,218,080	1,180,264	1,241,159	1,036,479
Less: Capital Appreciation (2)	(811)	(745)	(682)	(2,234)
	<u>1,217,269</u>	<u>1,179,519</u>	<u>1,240,477</u>	<u>1,034,245</u>
Total Debt Margin Available	<u>\$ 952,680</u>	<u>\$ 1,289,236</u>	<u>\$ 1,977,985</u>	<u>\$ 2,738,003</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	56.10%	47.78%	38.54%	27.42%
Secondary Assessed Valuation	<u>\$ 10,849,744</u>	<u>\$ 12,343,774</u>	<u>\$ 16,092,308</u>	<u>\$ 18,861,238</u>

(1) Prior to fiscal year 2007, 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 2007, 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 2007.

(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									
		2008	2007	2006	2005	2004	2003				
\$	1,131,364	\$	964,129	\$	735,668	\$	685,177	\$	629,395	\$	587,531
	329,535		346,240		518,445		355,230		376,240		270,980
	(199,185)		(146,625)		(286,753)		(259,161)		(275,873)		(243,195)
	130,350		199,615		231,692		96,069		100,367		27,785
\$	1,001,014	\$	764,514	\$	503,976	\$	589,108	\$	529,028	\$	559,746
	11.52%		20.70%		31.49%		14.02%		15.95%		4.73%
\$	3,771,214	\$	3,213,763	\$	2,452,227	\$	2,283,924	\$	2,097,984	\$	1,958,438
	1,075,421		1,122,561		780,116		710,373		746,640		717,435
	(3,438)		(3,105)		(2,792)		(2,496)		(3,386)		(4,140)
	1,071,983		1,119,456		777,324		707,877		743,254		713,295
\$	2,699,231	\$	2,094,307	\$	1,674,903	\$	1,576,047	\$	1,354,730	\$	1,245,143
	28.43%		34.83%		31.70%		30.99%		35.43%		36.42%
\$	18,856,072	\$	16,068,816	\$	12,261,134	\$	11,419,619	\$	10,489,922	\$	9,792,188

**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
2011-12	\$ 121,861	\$ 1,911,330	6.4 %
2010-11	185,585	1,927,102	9.6
2009-10	232,607	1,984,144	11.7
2008-09	230,158	2,059,104	11.2
2007-08	197,865	2,043,186	9.7
2006-07	151,292	1,802,039	8.4
2005-06	144,076	1,703,991	8.5
2004-05	131,471	1,606,079	8.2
2003-04	128,276	1,445,759	8.9
2002-03	107,643	1,405,721	7.7

(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 H-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					
	Operating Revenues	Less: Operating Expenses	Net Operating Revenues	Principal	Interest	Coverage
2012	\$ 299,633	\$ 190,127	\$ 109,506	\$ 25,655	\$ 33,768	1.84
2011	297,469	184,158	113,311	19,990	34,797	2.07
2010	274,521	183,231	91,290	18,880	35,708	1.67
2009	294,959	186,694	108,265	18,725	37,239	1.93
2008	300,858	188,152	112,706	9,697	22,735	3.48
2007	286,786	179,308	107,478	8,790	23,165	3.36
2006	258,239	158,194	100,045	8,325	23,633	3.13
2005	231,626	144,612	87,014	9,170	24,127	2.61
2004	220,089	134,361	85,728	8,705	24,592	2.57
2003	216,236	128,481	87,755	8,270	25,030	2.64

Fiscal Year Ended June 30,	Excise Tax Revenue Bonds (2)				Highway User Revenue Bonds			
	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage
2012	\$ 747,595	\$ 12,875	\$ 35,016	15.61	\$ 90,368	\$ 6,266	\$ 15,734	4.11
2011	744,504	14,678	29,516	16.85	104,908	29,740	1,506	3.36
2010	744,615	28,425	41,975	10.58	103,979	28,285	2,961	3.33
2009	846,865	28,180	43,787	11.77	109,620	27,005	4,235	3.51
2008	884,160	27,855	47,280	11.77	125,289	25,840	5,405	4.01
2007	864,381	32,660	49,110	10.57	130,223	24,375	6,867	4.17
2006	801,402	28,360	41,337	11.50	124,791	23,385	7,862	3.99
2005	689,130	24,860	30,738	12.39	117,464	20,540	8,667	4.02
2004	638,598	21,090	30,857	12.29	111,757	21,605	9,526	3.59
2003	630,418	17,360	25,274	14.79	104,597	10,965	10,644	4.84

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

Last Ten Fiscal Years
(in thousands)

Table 17
(Continued)

Fiscal Year Ended June 30,	Rental Car Facility Charge Revenue Bonds (3)				Special Assessment Bonds (4)				Transit Excise Tax Revenue Bonds (5)				
	Customer Facility Charge Revenues		Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues		Principal	Interest
2012	\$ 41,538	\$ 7,435	\$ 13,838	1.95	\$ 55	\$ 58	\$ 13	0.77	\$106,185	\$ 27,215	\$ 20,526	2.22	
2011	39,388	7,065	14,209	1.85	114	77	17	1.21	101,379	23,755	21,714	2.23	
2010	35,122	6,735	14,542	1.65	70	88	15	0.68	86,465	20,560	22,742	2.00	
2009	37,160	6,440	14,838	1.75	372	355	25	0.98	97,324	17,620	23,623	2.36	
2008	37,565	6,180	15,098	1.77	643	664	55	0.89	115,914	14,910	24,369	2.95	
2007	31,817	5,960	15,318	1.50	678	628	95	0.94	124,432	12,420	24,990	3.33	
2006	32,034	-	15,318	2.09	1,233	1,213	154	0.90	118,537	1,570	25,068	4.45	
2005	30,697	-	16,552	1.85	1,544	1,511	244	0.88	101,462	-	13,996	7.25	
2004	1,751	-	-	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	

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
2012	\$ 212,990	\$ 72,021	\$ 140,969	\$ 23,973	\$ 39,479	2.22	\$ 391,654	\$ 163,043	\$228,611	\$ 30,775	\$ 66,780	2.34
2011	211,876	71,740	140,136	28,151	41,564	2.01	354,311	168,488	185,823	42,094	69,738	1.66
2010	198,157	72,017	126,140	24,945	42,424	1.87	347,593	166,334	181,259	37,960	73,605	1.62
2009	190,927	71,552	119,375	18,640	44,195	1.90	331,861	160,814	171,047	18,310	54,127	2.36
2008	187,905	68,470	119,435	16,330	40,567	2.10	333,443	157,596	175,847	19,580	54,573	2.37
2007	177,471	62,954	114,517	13,380	30,818	2.59	313,707	142,740	170,967	17,815	53,663	2.39
2006	158,014	60,070	97,944	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

(1) Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation.

(2) Includes debt service on bonds paid from airport revenues (fiscal years 2008-2011) and solid waste revenues.

(3) Includes Customer Facility Charge (CFC) receipts deposited into the Trustee-held Revenue Fund only. Revenues are derived primarily from daily usage fees paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current CFC is \$6.00 per transaction day, effective January 1, 2009. Of the \$6.00 rate, \$4.50 is considered Pledged Revenues and is required to be deposited into the Trustee-held Revenue Fund. The Pledged Revenues must be used to fund various accounts established under the Bond Indenture, including the debt service fund. The City may, but is not required to, deposit the CFC receipts generated by the additional \$1.50 into the Trustee-held Revenue Fund. If the additional \$1.50 is deposited into the Trustee-held Revenue Fund, the monies become Pledged Revenues and are subject to the same use restrictions as the \$4.50. In Fiscal Year 2009 through 2012, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.

(4) Coverage ratio is less than 1.0 due to prepayment of assessments that are currently in fund balance.

(5) 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 (2)			Total Primary Government	Total Debt as a Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds			
2012	\$ 1,505,350	\$ 5,875	\$ 789,450	\$ 156	\$ 26,945	\$ 83,736	\$ 18,560	\$ 4,401,753	\$ 6,831,825	12.9 %	\$ 4,665
2011	1,450,025	12,141	821,455	215	26,970	95,209	17,896	4,516,528	6,940,439	13.3	4,780
2010	1,500,380	41,881	744,390	292	29,450	132,106	14,846	3,940,950	6,404,295	12.3	4,430
2009	1,200,792	70,166	784,020	260	30,625	148,876	-	4,022,342	6,257,081	11.0	3,757
2008	1,232,957	97,476	820,061	593	31,760	175,437	-	3,642,562	6,000,846	10.5	3,681
2007	1,262,652	123,816	857,461	1,257	32,870	209,254	28,745	3,123,256	5,639,311	10.3	3,535
2006	1,068,107	148,671	868,560	1,886	33,945	230,454	33,155	3,330,997	5,715,775	11.2	3,663
2005	811,027	172,496	813,180	3,099	34,985	254,576	37,315	2,711,305	4,837,983	10.2	3,172
2004	842,594	190,655	324,169	4,610	35,465	280,286	41,240	2,009,921	3,728,940	8.5	2,502
2003	674,724	209,856	327,129	6,102	20,455	313,691	54,950	1,772,656	3,379,563	8.1	2,322

(1) See Table 21 for personal income and population data. Population statistics for fiscal year 2010 have been adjusted based on the 2010 Census results.

(2) Business-Type Activities are presented net of unamortized premium/discount.

City of Phoenix, Arizona
Direct and Overlapping Bonded Debt per Capita
 Last Ten Fiscal Years

Table 19

	Bonded Debt (in thousands)	Per Capita (3)	As a Percent of Valuations	
			Assessed	Estimated True
<u>Direct Bonded Debt (1)</u>				
2011-12	\$ 1,273,510	\$ 869.64	11.7 %	1.2 %
2010-11	1,220,093	840.30	9.9	1.0
2009-10	1,336,753	924.68	8.3	0.9
2008-09	1,144,632	687.33	6.1	0.7
2007-08	1,306,685	801.48	6.9	0.8
2006-07	1,477,842	926.40	9.2	1.1
2005-06	1,193,634	764.96	9.7	1.2
2004-05	1,016,849	666.61	8.9	1.1
2003-04	1,078,902	723.89	10.3	1.3
2002-03	1,010,026	693.97	10.3	1.3
<u>Overlapping Bonded Debt (2)</u>				
2011-12	\$ 1,401,964	\$ 957.36	12.9 %	1.4 %
2010-11	1,383,443	952.81	11.2	1.2
2009-10	1,413,036	977.45	8.8	1.0
2008-09	1,485,707	892.15	7.9	0.9
2007-08	1,490,631	914.31	7.9	0.9
2006-07	1,456,850	913.24	9.1	1.0
2005-06	1,304,006	835.70	10.6	1.3
2004-05	1,383,527	906.99	12.1	1.5
2003-04	1,265,978	849.41	12.1	1.5
2002-03	1,264,568	868.86	12.9	1.6
<u>Total Direct and Overlapping Bonded Debt</u>				
2011-12	\$ 2,675,474	\$ 1,827.00	24.6 %	2.6 %
2010-11	2,603,536	1,793.11	21.1	2.2
2009-10	2,749,789	1,902.13	17.1	1.9
2008-09	2,630,339	1,579.48	14.0	1.6
2007-08	2,797,316	1,715.79	14.8	1.7
2006-07	2,934,692	1,839.64	18.3	2.1
2005-06	2,497,640	1,600.66	20.3	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

(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.

(3) Per Capita amount for fiscal year 2010 has been adjusted based on the 2010 Census results. See Table 21.

City of Phoenix, Arizona
Direct and Overlapping Bonded Debt
 June 30, 2012
 (in thousands)

Table 20

	Bonded Debt	Less: Self- Supporting Debt	Net Bonded Debt
<u>Direct Debt - City of Phoenix (1)(2)</u>			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 359,810	\$ -	\$ 359,810
Solid Waste	10,385	10,385	-
20% Limitation			
Various Purpose	1,145,540	-	1,145,540
Airport	9,615	9,615	-
Water	44,098	44,098	-
Sanitary Sewer	19,638	19,638	-
Total General Obligation Bonds	<u>1,589,086</u>	<u>83,736</u>	<u>1,505,350</u>
Street and Highway User Revenue Bonds	5,875	5,875	-
Total Direct Debt	<u>\$ 1,594,961</u>	<u>\$ 89,611</u>	<u>1,505,350</u>
Less: Assets Held in Restricted Early Redemption Funds			<u>(321,451)</u>
Net Direct Debt			<u>1,183,899</u>

	Bonded Debt	Valuation Percent to City	
<u>Overlapping Debt (3)</u>			
City Improvement Districts	\$ 157	100.00 %	157
Tatum Ranch Community Facilities District	2,260	100.00	2,260
Maricopa County Community College District	616,235	31.54	194,361
High School Districts			
Phoenix Union	271,745	96.20	261,419
Glendale Union	88,350	79.68	70,397
Tempe High	40,470	29.03	11,748
Tolleson Union	65,315	44.95	29,359
Agua Fria Union	60,220	0.01	6
Elementary School Districts			
No. 1 Phoenix	57,880	100.00	57,880
No. 2 Riverside	20,170	97.35	19,635
No. 3 Tempe	114,010	15.10	17,216
No. 6 Washington	92,475	97.38	90,052
No. 7 Wilson	3,095	100.00	3,095
No. 8 Osborn	39,635	99.93	39,607
No. 14 Creighton	15,400	85.98	13,241
No. 17 Tolleson	10,830	22.74	2,463
No. 21 Murphy	7,705	100.00	7,705
No. 28 Kyrene	123,885	39.58	49,034
No. 31 Balsz	17,555	94.51	16,591
No. 38 Madison	69,950	100.00	69,950
No. 45 Fowler	13,230	89.82	11,883
No. 48 Scottsdale (Unified)	291,545	13.60	39,650
No. 59 Laveen	13,675	81.61	11,160
No. 62 Union	2,540	94.41	2,398
No. 65 Littleton	15,365	12.54	1,927
No. 66 Roosevelt	61,645	98.67	60,825
No. 68 Alhambra	10,995	80.73	8,876
No. 69 Paradise Valley (Unified)	265,120	68.52	181,660
No. 79 Litchfield	35,675	0.02	7
No. 83 Cartwright	16,820	100.00	16,820
No. 92 Pendergast	9,930	38.32	3,805
No. 93 Cave Creek (Unified)	16,175	11.02	1,782
No. 97 Deer Valley (Unified)	186,625	56.26	104,995
Total Overlapping Debt	<u>\$ 2,656,682</u>		<u>1,401,964</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,585,863</u>

(1) Net of cash with fiscal agent for July 1, 2012 maturities.

(2) City of Phoenix Direct Debt includes voter-authorized General Obligation and Revenue Bonds, but does not include obligations of the City of Phoenix Civic Improvement Corporation or the Downtown Phoenix Hotel Corporation.

(3) Source: Maricopa County Finance Department



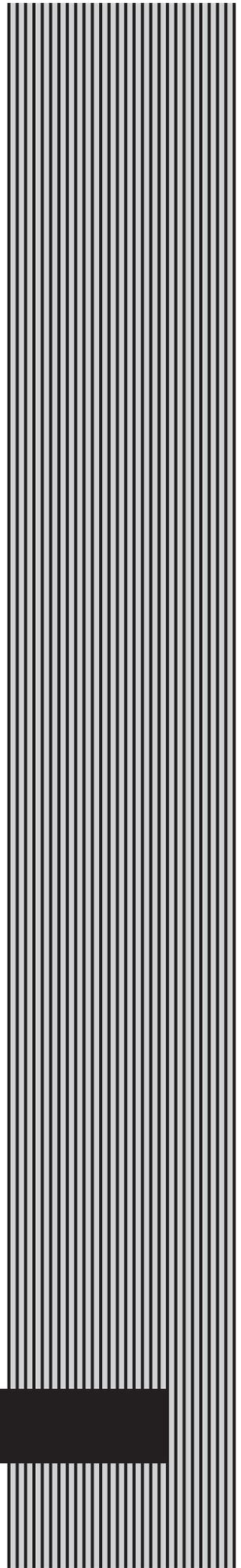
City of Phoenix

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Statistical Section

**Economic and Demographic
Information**

These schedules offer economic and demographic indicators to show the environment within which the City's financial activities take place.



City of Phoenix, Arizona
Demographic Statistics
 June 30, 2012

Table 21

Fiscal Year	Population (June 30) (4)	Personal Income (in thousands)	Per Capita Income (1)	Median Age (2)	Elementary & High School Enrollment	Unemployment Rate (1)
2012	1,464,405	\$ 52,787,407	\$ 36,047 (3)	34.6	261,393 (4)	8.4%
2011	1,451,966	52,339,018	\$ 36,047 (3)	34.6	258,415	9.1%
2010	1,445,632	52,110,697	36,047 (3)	34.6	251,241	8.9%
2009	1,665,320	57,090,500	34,282	33.0	292,536	5.1%
2008	1,630,340	57,363,513	35,185	33.0	287,470	3.2%
2007	1,595,360	54,585,242	34,215	33.0	280,195	3.5%
2006	1,560,380	50,962,011	32,660	33.0	275,628	4.1%
2005	1,525,400	47,284,349	30,998	33.0	270,828	4.0%
2004	1,490,420	43,675,268	29,304	33.0	261,470	4.9%
2003	1,455,440	41,947,236	28,821	33.0	255,519	5.6%

(1) Calendar Year

(2) For fiscal years 2010 through 2012, median age is based on the 2010 U.S. Census. For fiscal years 2003 through 2009, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2011 or 2012; therefore, 2010 calendar year per capita income was used.

(4) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census.

Source: City of Phoenix Planning and Development Services Department
 U.S Department of Commerce, Bureau of Economic Analysis
 Arizona Department of Education
 Arizona Department of Economic Security

Principal Employers

Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	49,800	1	2.91%	49,849	1	3.07%
Wal-Mart	30,634	2	1.79%	15,895	2	0.98%
Banner Health Systems	24,825	3	1.45%	15,521	4	0.96%
City of Phoenix	15,100	4	0.88%	13,156	7	0.81%
Wells Fargo	13,308	5	0.78%			
Bank of America	13,300	6	0.78%			
Maricopa County	12,792	7	0.75%	15,523	3	0.96%
Arizona State University	11,185	8	0.65%			
Apollo Group	11,000	9	0.64%			
JPMorgan/Chase	10,600	10	0.62%			
Honeywell International				15,000	5	0.93%
Kroger Company				13,500	6	0.83%
US Postal Service				11,406	8	0.70%
Motorola				10,600	9	0.65%
Intel Corporation				10,000	10	0.62%
Phillips Petroleum				10,000	10	0.62%

Source: Phoenix Business Journal Book of Lists
 Arizona Department of Commerce, Workforce Development

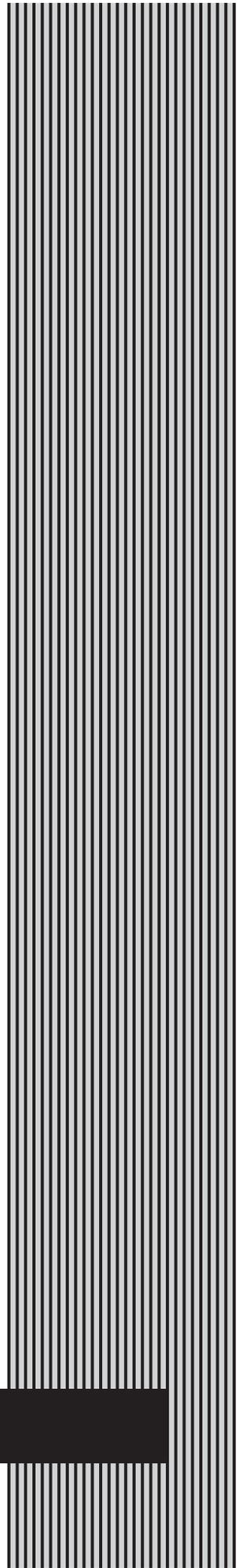
Note: Top employers in Maricopa County.
 Employee count is total Arizona employees.

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Statistical Section

Operating Information

These schedules contain service and infrastructure data to show how the City's financial information relates to the services the City provides and the activities it performs.





City of Phoenix

City of Phoenix, Arizona
Statistical Profile
 Last Ten Fiscal Years

Table 23

	2012	2011	2010	2009
AREA (square miles)	519.2	519.1	519.1	519.1
POPULATION AND DWELLING UNITS (1)				
City of Phoenix (2)	1,464,405	1,451,966	1,445,632	1,665,320
Maricopa County (Metro Phoenix)	3,883,949	3,843,370	3,817,117	3,759,766
Number of Dwelling Units (City)	593,727	592,127	590,149	583,515
CITY EMPLOYEES (3)				
Governmental:				
General Government	894	926	1,008	1,210
Criminal Justice	298	296	309	345
Public Safety	5,949	6,009	6,193	6,405
Transportation	717	727	774	788
Environmental Services	461	481	521	483
Community Enrichment	1,194	1,237	1,317	1,386
Community Development	680	704	720	785
Total Governmental Employees	10,193	10,380	10,842	11,402
Public Enterprise:				
Aviation	771	789	775	775
Phoenix Convention Center	221	234	258	268
Water Services	999	1,032	1,041	1,046
Wastewater Services	331	348	315	306
Solid Waste	544	564	582	590
Golf	51	55	61	60
Total Public Enterprise Employees	2,917	3,022	3,032	3,045
Total Full-Time Employees	13,110	13,402	13,874	14,447
Governmental per 1,000 Population	7.0	7.1	7.5	6.8
PUBLIC SAFETY				
<u>Police Protection</u>				
Police Precincts	8	8	6	6
Police Employees	4,441	4,463	4,819	4,949
Dispatched Calls for Service	658,227	670,038	656,331	760,650
Total Calls for 911/Crimestop	2,131,868	2,068,318	1,991,401	2,091,799
<u>Fire Protection</u>				
Fire Stations	58	57	58	57
Fire Employees	1,972	1,945	1,972	2,037
Total Calls for Service	165,034	156,348	146,203	145,714
COMMUNITY ENRICHMENT				
<u>Libraries</u>				
Number	17	16	16	16
Total Stock (in thousands)	1,791	1,644	1,736	1,751
Circulation (in thousands)	14,465	13,840	14,447	14,152
<u>Parks And Recreation</u>				
Number of Playgrounds	242 (4)	166	164	164
City Parks (number of acres)	46,032	44,517	41,966	41,966

(1) Source: City of Phoenix Planning and Development Services Department

(2) The population figures before 2010 are for the City of Phoenix's Metropolitan Planning area, which includes additional land area and population not located within the City of Phoenix corporate limits.

(3) Includes only full-time filled positions

(4) Beginning in 2012, Parks department started tracking individual playground structures instead of Parks that had playgrounds. Because many parks have two playgrounds - one for younger children and one for older children - the count is significantly higher than in previous years.

Table 23

(Continued)

2008	2007	2006	2005	2004	2003
517.9	517.2	515.9	515.0	514.8	511.9
1,630,340	1,595,360	1,560,380	1,525,400	1,490,420	1,455,440
3,725,530	3,649,508	3,542,582	3,393,669	3,283,028	3,171,980
576,610	568,127	556,643	544,804	531,481	522,909
1,339	1,341	1,357	1,333	1,341	1,303
361	359	354	349	360	361
6,486	6,069	5,945	5,730	5,574	5,377
824	810	807	778	763	747
482	474	466	458	478	484
1,613	1,671	1,577	1,605	1,596	1,529
893	1,005	969	884	906	865
11,998	11,729	11,475	11,137	11,018	10,666
762	751	716	710	688	668
197	188	176	172	174	175
1,050	1,008	1,079	1,057	1,043	982
302	298	236	230	228	229
538	528	503	491	435	441
61	64	64	65	64	72
2,910	2,837	2,774	2,725	2,632	2,567
14,908	14,566	14,249	13,862	13,650	13,233
7.4	7.4	7.4	7.3	7.4	7.3
6	6	6	6	6	6
4,961	4,378	4,169	3,999	3,877	3,812
823,497	890,665	899,214	892,092	888,281	868,290
2,435,385	2,650,475	2,575,793	2,650,215	2,563,100	2,569,959
57	52	52	50	49	48
2,105	2,002	1,885	1,873	1,719	1,710
145,279	149,058	153,037	149,553	135,306	129,149
15	15	14	14	13	13
2,165	2,537	1,963	2,179	2,048	2,000
15,835	14,987	12,991	12,264	11,529	11,396
164	154	149	143	139	137
37,991	38,059	37,716	37,599	37,599	35,977

Table 23

(Continued)

	2012	2011	2010	2009
TRANSPORTATION				
Public Transit				
Ridership (in thousands)	38,440	37,425	38,476	48,061
Dial-a-Ride (in thousands)	337	328	354	396
Light Rail (in thousands) (5)	8,387	7,885	7,576	3,486
Traffic Control And Lighting				
Signalized Intersections	1,096	1,092	1,080	1,072
Street Lights in Use	95,592	91,133	90,870	89,844
Streets				
Miles of Streets	4,832	4,824	4,811	4,799
Miles Resurfaced and Sealed:				
Major/Collector Streets	10	85	20	60
Local Streets	183	41	89	74
COMMUNITY DEVELOPMENT				
Construction Permits (6)				
Number of Permits Issued	27,652	29,366	28,185	33,541
Market Value (in thousands)	\$2,845,334	\$2,881,360	\$2,589,067	\$3,347,275
AVIATION				
Scheduled Airlines Served	17	18	19	19
Aircraft Traffic Movements (in thousands)	963	941	984	1,038
Passengers Enplaned/Deplaned (in thousands)	40,554	39,561	38,289	37,936
PHOENIX CONVENTION CENTER				
Number of Conventions	58	50	70	60
WATER SERVICES				
Production (billion gallons)	100.8	99.9	97.9	99.2
Average Daily Production (million gallons)	275.5	273.6	267.9	271.8
Miles of Water Mains	6,953	6,962	6,955	6,935
Number of Accounts	407,902	404,647	403,104	402,926
WASTEWATER SERVICES				
Miles of Sewer Lines	4,984	4,980	4,975	4,960
Number of Accounts (7)	394,495	391,267	373,123	373,588
SOLID WASTE COLLECTION SERVICES				
Residences Served	395,785	394,159	392,830	390,479
City Disposal (tons)	599,952	645,038	649,616	709,812
Total Disposal (tons)	948,931	1,046,300	975,234	1,039,169
GOLF				
Rounds of Golf Played	253,288	236,700	246,147	255,847
Acres of Golf Courses Maintained	922	755	755	724

(5) Light rail service began on 12/27/2008. Ridership data represents passenger boardings in the City of Phoenix only and does not include boardings in other cities

(6) Construction permits include plumbing, electrical and mechanical permits, which are excluded from Table 13

(7) In 2011, the methodology was changed to include accounts with partial months of service.

Table 23

(Continued)

2008	2007	2006	2005	2004	2003
45,543	44,109	45,381	43,096	41,175	37,839
391	411	409	393	370	334
-	-	-	-	-	-
1,012	992	979	963	946	935
89,632	86,524	82,971	79,732	77,302	75,227
4,799	4,995	4,886	4,782	4,606	4,550
22	13	21	38	39	42
82	97	122	147	173	179
33,550	43,894	46,442	41,269	36,717	33,471
\$3,440,591	\$5,431,182	\$4,474,346	\$4,379,205	\$3,284,089	\$2,579,581
21	22	22	25	23	24
1,085	1,130	1,083	1,006	1,040	1,068
41,646	41,886	41,673	40,529	38,253	36,615
54	49	40	49	40	42
106.6	106.0	109.4	102.1	108.1	103.1
291.2	290.4	299.9	279.8	295.5	282.2
6,905	6,790	6,630	6,377	6,230	6,011
403,752	401,937	394,155	383,011	371,708	362,643
4,943	4,730	4,696	4,584	4,376	4,363
374,555	373,035	364,555	353,099	344,400	335,800
386,389	379,047	366,903	355,345	346,854	339,336
711,365	732,360	719,438	711,265	710,199	689,746
1,054,206	1,150,580	1,114,186	1,106,600	1,080,598	1,003,470
299,000	313,000	326,000	326,000	347,000	395,000
922	922	922	922	922	922



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