

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

**Annual Financial Report**  
For the Fiscal Year Ended June 30, 2014



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

**Annual Financial Report**  
For the Fiscal Year Ended June 30, 2014

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

**ADMINISTRATIVE ORGANIZATION**

**Board Members**

*Wallace Estfan*  
*President*

*Michael R. Davis*  
*Vice President*

*James H. Lundy*  
*Secretary/Treasurer*

*Barbara Barone*  
*Director*

*Bruce Covill*  
*Director*

**City of Phoenix Administrative Staff**

*Ed Zuercher*  
*City Manager*

*Neal Young*  
*Chief Financial Officer*



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

**Grant Thornton LLP**  
2398 E Camelback Road, Suite 600  
Phoenix, AZ 85016-9004  
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### Report on the financial statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Phoenix Civic Improvement Corporation (the “Corporation”), a component unit of the City of Phoenix, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements as listed in the table of contents.

### Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As discussed in Note 1, the financial statements present only the Corporation, a component unit of the City of Phoenix, and do not purport to, and do not, present fairly the financial position of the City of Phoenix as of June 30, 2014, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Phoenix Civic Improvement Corporation as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other matters

##### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10 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. 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.

GRANT THORNTON LLP

Phoenix, Arizona  
June 22, 2015

## Management's Discussion and Analysis

As management of the City of Phoenix Civic Improvement Corporation (the "Corporation"), a component unit of the City of Phoenix, Arizona (the "City") we offer the readers of the Corporation's basic financial statements this narrative overview and analysis of financial activities of the Corporation for the fiscal year ended June 30, 2014.

### Overview of the Basic Financial Statements

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

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

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

**Entity-wide financial statements.** The *entity-wide financial statements* are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business. These statements are presented on pages 11-12 of this report. Summarized versions of these statements are included in this MD&A.

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal activities. All of the funds of the Corporation are categorized as governmental funds. The fund financial statements are presented on pages 13-16 of this report.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18-58 of this report.

## Condensed Financial Information and Analysis of Overall Financial Position

The following tables and analysis discuss the financial position and changes to the financial position for the Corporation as a whole as of and for the year ended June 30, 2014. The prior year's financial position and results are presented for comparative purposes.

Summary of net position (in thousands):

	<u>2014</u>	<u>2013</u>
Current assets	\$ 637,505	\$ 667,239
Long-term assets	<u>4,960,185</u>	<u>5,124,041</u>
Total assets	<u>5,597,690</u>	<u>5,791,280</u>
Deferred Outflows of Resources	-	-
Current liabilities	796,720	798,638
Long-term liabilities	<u>4,816,801</u>	<u>5,019,664</u>
Total liabilities	<u>5,613,521</u>	<u>5,818,302</u>
Deferred Inflows of Resources	-	-
Net position		
Restricted for debt service	134,709	134,599
Unrestricted	<u>(150,540)</u>	<u>(161,621)</u>
Total net position	<u>\$ (15,831)</u>	<u>\$ (27,022)</u>

Summary of changes in net position (in thousands):

	<u>2014</u>	<u>2013</u>
Program revenues	\$ 254,760	\$ 1,411,069
Investment income	370	346
Payments from the City of Phoenix	<u>22,048</u>	<u>42,769</u>
Total revenues	<u>277,178</u>	<u>1,454,184</u>
Cost of sales	41,914	1,218,300
Interest on long-term debt	219,823	236,790
Other expenses	<u>4,250</u>	<u>3,676</u>
Total expenses	<u>265,987</u>	<u>1,458,766</u>
Changes in net position	<u>\$ 11,191</u>	<u>\$ (4,582)</u>

Total assets decreased by 3.3% in the current fiscal year from \$5.8 billion at June 30, 2013 to \$5.6 billion as of June 30, 2014. Total liabilities decreased by 3.6% in the current fiscal year from \$5.8 billion in fiscal year 2013 to \$5.6 billion in fiscal year 2014. The decrease in both assets and liabilities is primarily due to the debt service payments made during the year, two refundings, and the sales contracts receivable from the City of Phoenix that is reduced by an equal amount. The change in both program revenues and cost of sales is due to the completion of two large projects in fiscal year 2013 and a number of ongoing projects outstanding at the end of fiscal year 2014. The net position of the Corporation increased \$11.1 million for the fiscal year ended June 30, 2014.

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

	Fund Balances <u>July 1, 2013</u>	Net Change in <u>Fund Balances</u>	Fund Balances <u>June 30, 2014</u>
General	\$ 30	\$ 10	\$ 40
Debt Service	134,599	110	134,709
Capital Projects	<u>(242,573)</u>	<u>(38,551)</u>	<u>(281,124)</u>
Total	<u>\$ (107,944)</u>	<u>\$ (38,431)</u>	<u>\$ (146,375)</u>

The General Fund accounts for trustee fees and other miscellaneous expenditures. The increase in fund balance is due to a decrease in the amount of trustee fees during fiscal year 2014. Fund balance for the rest of the general fund was essentially unchanged as the City provided financial resources to meet the expenditures of the fund.

The Debt Service Fund accounts primarily for current year principal and interest debt service payments. The increase in fund balance is primarily due to an increase in investment income and receiving subsidy payments from the IRS related to the Recovery Zone Economic Development Bonds during fiscal year 2014.

The Capital Projects Fund accounts for the investment and expenditure of monies used for capital acquisitions and construction. Fund balance decreased by \$38.6 million. As the Corporation did not issue any new debt for capital projects during the fiscal year, current year capital outlay expenditures resulted in the decline in fund balance for the year.

### **Capital Asset and Debt Administration**

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

During the fiscal year ended June 30, 2014, the Corporation's bond payable decreased by \$219,550,000. This decrease was due to refundings and routine debt service payments. During fiscal year 2014, the Corporation issued refunding bonds. The Corporation did not issue new revenue bonds during fiscal year 2014.

During 2014, \$175,000,000 in Water Revenue Commercial Paper Program Notes, Series 2012A and 2012B (Water CP) remained outstanding. There is an additional \$25,000,000 in Water CP that is authorized.

During 2014, the Corporation paid \$25,000,000 of the remaining outstanding Wastewater System Revenue Bond Anticipation Notes, Series 2009 (Wastewater BANS).

During 2014, the Corporation issued \$20,000,000 of Airport Commercial Paper Program Notes, Series 2011A (Airport CP). Outstanding Airport CP at June 30, 2014, was \$120,000,000. There is an additional \$80,000,000 in Airport Commercial Paper that is authorized.

Further detail pertaining to the Corporation's outstanding long-term debt is available in Note 6 on pages 31-56.

**Economic Factors**

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

**Requests for Financial Information**

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

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## STATEMENT OF NET POSITION

June 30, 2014

(in thousands)

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Restricted Cash and Securities with Fiscal Agents	\$ 427,328
Investments	25,160
Interest Receivable	2
Prepaid Items	40
Current Portion of Sales Contracts Receivable	<u>184,975</u>
Total Current Assets	637,505
Notes Receivable	852
Sales Contracts Receivable, Less Current Portion	4,334,580
Assets Held for Sale to the City of Phoenix	<u>624,753</u>
Total Assets	<u>5,597,690</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total Deferred Outflows of Resources	<u>-</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	1,776
Advances from the City of Phoenix	9,255
Matured Bonds Payable	180,555
Interest Payable	121,574
Commercial Paper Notes Payable	295,000
Current Portion of Bonds Payable	<u>188,560</u>
Total Current Liabilities	796,720
Payable to the City of Phoenix	852
Bonds Payable, Less Current Portion	4,577,225
Unamortized Premium	<u>238,724</u>
Total Liabilities	<u>5,613,521</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total Deferred Inflows of Resources	<u>-</u>
<b>NET POSITION</b>	
Restricted for Debt Service	134,709
Unrestricted	<u>(150,540)</u>
Total Net Position	<u>\$ (15,831)</u>

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

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

(in thousands)

	<b>Governmental Activities</b>
<b>EXPENSES</b>	
Cost of Sales	\$ 41,914
Interest on Long-Term Debt	219,823
Issuance Costs	1,553
Trustee Fees	57
Other	2,640
Total Expenses	<u>265,987</u>
<b>PROGRAM REVENUES</b>	
Sales Contracts Income	4,165
Sales Contracts Interest Income	249,424
Other Income	1,171
Total Program Revenues	<u>254,760</u>
Net Program Expenses	<u>(11,227)</u>
<b>GENERAL REVENUES</b>	
Investment Income	370
Payments from the City of Phoenix	22,048
Total General Revenues	<u>22,418</u>
Change in Net Position	11,191
<b>NET POSITION, JULY 1, 2013</b>	<u>(27,022)</u>
<b>NET POSITION, JUNE 30, 2014</b>	<u><u>\$ (15,831)</u></u>

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

**CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION**

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2014

(in thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and Securities with Fiscal Agents	\$ -	\$ 427,328	\$ -	\$ 427,328
Investments	-	9,508	15,652	25,160
Interest Receivable	-	2	-	2
Prepaid Items	40	-	-	40
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	40	436,838	15,652	452,530
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	-	-	-	-
<b>LIABILITIES</b>				
Accounts Payable	-	-	1,776	1,776
Matured Bonds Payable	-	180,555	-	180,555
Interest Payable	-	121,574	-	121,574
Bond Anticipation Notes Payable	-	-	295,000	295,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	-	302,129	296,776	598,905
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	-	-	-	-
<b>FUND BALANCE</b>				
Fund Balances				
Non-Spendable				
Prepaid Items	40	-	-	40
Spendable				
Restricted for Debt Service	-	134,709	-	134,709
Unassigned	-	-	(281,124)	(281,124)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	\$ 40	\$ 134,709	\$ (281,124)	\$ (146,375)

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

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2014

(in thousands)

Fund balances - total governmental funds balance sheet	\$ (146,375)
Amounts reported for governmental activities in the statement of net position are different because:	
Assets held for sale to the City of Phoenix are not financial resources and, therefore, are not reported in the governmental funds.	624,753
Sales contracts and notes receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	4,520,407
Advances from the City of Phoenix that are payments for long-term liabilities are not reported in the governmental funds.	(9,255)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(5,005,361)
Net position of governmental activities - statement of net position	<u><u>\$ (15,831)</u></u>

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

**CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION**

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

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

For the Fiscal Year Ended June 30, 2014

(in thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
<b>REVENUES</b>				
Investment Income	\$ 26	\$ 315	\$ 29	\$ 370
Payments from the City of Phoenix	2,728	428,589	25,000	456,317
Other	-	1,171	-	1,171
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,754	430,075	25,029	457,858
<b>EXPENDITURES</b>				
Debt Service				
Principal	-	180,555	-	180,555
Interest	-	248,051	-	248,051
Capital Outlay	-	-	63,580	63,580
Payments to the City of Phoenix	47	-	-	47
Issuance Costs	-	1,553	-	1,553
Trustee Fees	57	-	-	57
Letter of Credit and Other Miscellaneous Fees	2,640	-	-	2,640
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,744	430,159	63,580	496,483
Revenues Over (Under) Expenditures	10	(84)	(38,551)	(38,625)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Refunding Bonds	-	456,730	-	456,730
Premium on Bonds	-	59,761	-	59,761
Deposit to Refunding Escrow	-	(516,297)	-	(516,297)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	194	-	194
Net Increase/(Decrease) in Fund Balance	10	110	(38,551)	(38,431)
<b>FUND BALANCES, JULY 1, 2013</b>	<hr/>	<hr/>	<hr/>	<hr/>
	30	134,599	(242,573)	(107,944)
<b>FUND BALANCES, JUNE 30, 2014</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 40	\$ 134,709	\$ (281,124)	\$ (146,375)

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

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

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

### TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

(in thousands)

Net change in fund balances - total governmental funds	\$ (38,431)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, those costs are reported as assets held for sale to the City of Phoenix.	63,580
Payments from the City of Phoenix for principal debt service payments provide current financial resources to the governmental funds but reduce long-term receivables in the statement of net position.	(180,555)
Sales contracts income provides program revenue and cost of sales are an expense in the statement of activities. This is the amount by which the sales contracts income was less than the costs of sales. Cost of sales and sales contracts income are not reported in the governmental funds.	(37,749)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments and amounts refunded (\$692,609) exceeded additions (\$456,730).	235,879
Bond discounts and premiums are amortized in the statement of activities but do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	<u>(31,533)</u>
Change in net position of governmental activities - statement of activities	<u>\$ 11,191</u>

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



# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

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

### 1. Summary of Significant Accounting Policies

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

#### a. Reporting Entity

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

#### b. Basic Financial Statements

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

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

The government-wide statement of net position reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) Net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets, 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 position 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 position 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 position is available.

Commitments or assignments of net position 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

**c. Fund Accounting**

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

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

The Corporation considers the following funds to be major funds.

**General Fund**

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

**Debt Service Fund**

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

**Capital Projects Fund**

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

**d. Fund Balances**

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

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

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

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for other purposes unless the 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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2014

been specifically committed for use in satisfying those contractual requirements. The Corporation has no authority to formally commit funds separate from the authorization to raise the underlying revenue. Therefore, committed fund balance does not apply to the Corporation.

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

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

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

**e. Basis of Accounting**

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

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

**f. Budget and Budgetary Accounting**

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

**g. Assets Held for Sale to the City of Phoenix**

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

**h. Advances from the City of Phoenix**

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

**i. Long-Term Obligations**

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of

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the bonds using the interest method.

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.

**j. Deferred Inflows and Outflows**

From time to time, the corporation issues refunding bonds, wherein the proceeds and additional resources are used to purchase securities guaranteed by the United States government which are deposited in an irrevocable trust under an escrow agreement that states that all proceeds from the trust are to be used to fund principal and interest payments of the refunded debt. In accordance with the Corporation's stated purpose to promote the common good and general welfare of the City, any gains and/or losses realized as a result of a refunding issuance are not gains and/or losses of the Corporation, rather the gains and/or losses are realized by the City. Deferred inflows and outflows are due to the unamortized premium and discounts on the original bonds at the time of the refunding and the net book value difference between the original bonds and the refunding bonds. As of June 30, 2014, the City has recorded \$35 million of net deferred inflows and outflows from refundings.

**k. Use of Estimates**

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

**l. New Accounting Pronouncements**

GASB Statement No. 69, ***Government Combinations and Disposals of Government Operations***, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2013. The Corporation will implement this Statement in fiscal year 2015.

GASB Statement No. 70, ***Accounting and Financial Reporting for Nonexchange Financial Guarantees***, improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2013. The Corporation does not extend nor receive nonexchange financial guarantees and therefore is not impacted by this Statement.

GASB Statement No. 72, ***Fair Value Measurement and Application***, enhances the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2015. The Corporation will implement this Statement in fiscal year 2016. The Corporation has not fully determined the effect that implementation of Statement No. 72 will have on the Corporation's financial statements.

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### 2. Investments

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

Investments are stated at fair value. Fair value is defined as the price at which two willing parties would complete the exchange. Management intends to hold these investments until maturity. The fair value of these securities at June 30, 2014, is as follows (in thousands):

	Quality Rating	Fair Value	Average Maturity (years)
U.S. Treasury Securities	N/A (1)	\$ 25,137	0.791
U.S. Government Agency Securities			
FHLB Notes	AA+	23	0.044
Total U.S. Government Agency Securities		23	0.044
 Total Investments		 \$ 25,160	 0.791

(1) U.S. Government Guaranteed

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

Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2006A	\$ 243
Subordinated Excise Tax Revenue Bonds, Series 2006B	76
Subordinated Excise Tax Revenue Bonds, Series 2007A	983
State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B	9,508
Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT)	8,747
Senior Lien Excise Tax Revenue Bonds, Series 2011	5,603
 Total	 \$ 25,160

#### Interest Rate Risk

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

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

#### Credit Risk

Investments are limited to those with the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's (S&P) and Moody's Investors Service (Moody's). The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which are rated Aaa by Moody's and AA+ by S&P.

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### Concentration of Credit Risk

There were no investments in any one issuer that represented 5% or more of total investments.

### 3. Sales Contracts Receivable

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

The accompanying statement of net position reflects the amounts due for completed assets as a receivable from the City. Principal and interest payments due from the City at June 30, 2014 are as follows (in thousands):

Total receivable from the City of Phoenix	\$ 7,235,399
Less: Interest Portion	<u>(2,715,844)</u>
Sales contracts receivable	4,519,555
Less current portion	<u>(184,975)</u>
Sales contracts receivable - long-term	<u>\$ 4,334,580</u>

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

### Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007

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

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

### Senior Lien Excise Tax Revenue Bonds, Series 2011A

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

### Senior Lien Excise Tax Revenue Bonds, Taxable Series 2011B

On June 7, 2011, the Corporation entered into an agreement with the City whereby the Corporation agreed to

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

### **Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C**

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

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

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

### **Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012**

The issuance of \$15,205,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012, dated June 21, 2012, refunded \$16,570,000 in Senior Lien Excise Tax Revenue Refunding Bonds (New City Hall), Series 2003. The proceeds from the issuance of \$15,205,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012 were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

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

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

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

On June 1, 2006, the Corporation entered into an agreement with the City under which the Corporation

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assisted in financing the acquisition of equipment and real property and construction of certain improvements to the City's solid waste collection and disposal system through the issuance of \$84,265,000 of Subordinated Excise Tax Revenue Bonds, Series 2006A.

#### **Subordinated Excise Tax Revenue Bonds, Taxable Series 2006C**

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

#### **Subordinated Excise Tax Revenue Bonds, Series 2007A**

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

#### **Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B**

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

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

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

#### **Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2007C**

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

#### **Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2011**

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

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### **Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A**

The issuance of \$17,510,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A, dated June 21, 2012, refunded \$13,470,000 in Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B and \$5,430,000 in Subordinated Excise Tax Revenue Bonds, Series 2004. The proceeds from the issuance of \$17,510,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

### **Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2012B**

The issuance of \$33,095,000 of Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2012B, dated June 21, 2012, refunded \$31,045,000 in Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003C and 2003D. The proceeds from the issuance of \$33,095,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

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

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

### **Transit Excise Tax Revenue Refunding Bonds (Light Rail Project), Series 2013**

On July 16, 2013, the Corporation entered into a purchase agreement with the City under which the Corporation refunded the total outstanding \$350,915,000 of Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004. The bonds were refunded through the issuance of \$328,920,000 in Transit Excise Tax Revenue Refunding Bonds (Light Rail Project), Series 2013.

	(in thousands)
Refunding Bonds Issued	\$ 328,920
Original Issue Premium	38,846
Issuance Costs	<u>(654)</u>
Net Proceeds	<u>\$ 367,112</u>
Refunded Amount	\$ 350,915
Decrease in Debt Service	28,167
Economic Gain	27,240

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

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

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

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facility revenues) and net of all expenses reasonably incurred in connection with the operation and maintenance of the airports (excluding depreciation and interest on money borrowed).

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

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

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

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

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

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

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

**Senior Lien Airport Revenue Refunding Bonds, Series 2013**

On March 5, 2013, the Corporation issued \$196,600,000 of Senior Lien Airport Revenue Refunding Bonds, Series 2013 (AMT). Proceeds of the bonds refunded \$231,390,000 of outstanding Senior Lien Airport Revenue Bonds, Series 2002B (AMT). The proceeds from the issuance were transferred to the respective paying agents for the bonds and interest being refunded.

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

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

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

In September 2010, the Corporation issued \$21,345,000 of Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds-Direct Payment). The Corporation elected to receive subsidy payments in the amount of 45% of each interest payment on the Recovery Zone Economic Development Bonds, paid directly to US Bank, National Association, as trustee, from the United States Treasury. On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, which has resulted in a reduction of the federal subsidy payments by 7.2% for the federal government's fiscal year ending September 30, 2014. Proceeds from the bonds will fund land acquisition for noise mitigation and related capital costs for the Phoenix Sky Train.

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

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

### **Rental Car Facility Charge Revenue Bonds, Taxable Series 2004**

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

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

### **Junior Lien Water System Revenue Refunding Bonds, Series 2001**

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

### **Junior Lien Water System Revenue Refunding Bonds, Series 2003**

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

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transferred to the respective paying agents for the bonds and interest being refunded.

### **Junior Lien Water System Revenue Bonds, Series 2005**

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

### **Junior Lien Water System Revenue Bonds, Series 2009A**

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

### **Junior Lien Water System Revenue Refunding Bonds, Series 2009B**

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

### **Junior Lien Water System Revenue Refunding Bonds, Series 2011**

On November 1 2011, the Corporation entered into a purchase agreement with the City under which the Corporation refunded the total outstanding \$183,930,000 of Junior Lien Water System Revenue Bonds, Series 2002. The bonds were refunded through the issuance of \$167,510,000 in Junior Lien Water System Revenue Refunding Bonds, Series 2011.

### **Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B**

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

### **Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008**

The issuance of \$133,400,000 in Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008, dated November 18, 2008, refunded \$130,260,000 in Senior Lien Variable Rate Demand Revenue Refunding Bonds, Series 2004. The City also terminated two interest rate swap agreements with respect to the refunded variable rate wastewater bonds.

### **Junior Lien Wastewater System Revenue Bonds, Series 2007**

On November 1, 2007, the Corporation and the City entered into an agreement to refund \$150,000,000 of the

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

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

### **Junior Lien Wastewater System Revenue Refunding Bonds, Series 2011**

On December 1, 2011, the Corporation entered into a purchase agreement with the City under which the Corporation refunded the total outstanding \$137,060,000 of Junior Lien Wastewater System Revenue Bonds, Series 2001. The bonds were refunded through the issuance of \$118,290,000 in Junior Lien Wastewater System Revenue Refunding Bonds, Series 2011.

### **Junior Lien Wastewater System Revenue Refunding Bonds, Series 2014**

On April 15, 2014, the Corporation entered into a purchase agreement with the City under which the Corporation refunded the total outstanding \$144,810,000 of Junior Lien Wastewater System Revenue Bonds, Series 2004. The bonds were refunded through the issuance of \$127,810,000 in Junior Lien Wastewater System Revenue Refunding Bonds, Series 2014.

	(in thousands)
Refunding Bonds Issued	\$ 127,810
Original Issue Premium	19,363
Issuance Costs	<u>(840)</u>
Net Proceeds	<u>\$ 146,333</u>
Refunded Amount	\$ 144,810
Decrease in Debt Service	26,782
Economic Gain	21,860

#### **4. Notes Receivable**

On June 15, 2000, the Corporation and the City entered into a purchase agreement to purchase property and pay the cost of certain improvements to the property. The Corporation simultaneously entered into a purchase and loan agreement with Native American Connections, Inc. (NACI) for the resale of the property to NACI and to act as the lender for the purchase of and improvements to the property. In fiscal year 2010, the City renegotiated the loan agreement with the NACI, adjusting the terms of the payment agreement. As of June 30, 2014, the note amount is \$852,239, with a maturity date of January 1, 2021, and an interest rate of 3%. The loan agreement has been recorded as a note receivable in the Statement of Net Position.

The NACI makes monthly payments of \$3,361 each. Payments are applied to the accrued interest receivable balance and monthly interest until December 1, 2013. Monthly payments will then be applied to principal and interest. In addition to the monthly payments, the NACI will make regularly scheduled principal payments of \$401,287 on January 1, 2016 and \$282,923 on January 1, 2021.

#### **5. Refunded Obligations**

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

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### 6. Bonds Payable

The bonds are issued by the Corporation for City approved projects. The City makes annual payments to the corporation under a purchase agreement equal to the annual debt service requirements of the bonds. The City's payments to the Corporation are guaranteed by either a pledge of excise taxes, enterprise fund revenues or project revenues. Pledged excise taxes include City sales, use, utility and franchise taxes, license and permit fees and state shared sales and income taxes. The lease-purchase payments for all outstanding Corporation bonds issued for general government purposes have been anticipated and provided for in the City's annual operating budget.

<b>Issue</b>	<b>Issue Date</b>	<b>Original Issuance</b>
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007	06/01/07	\$ 103,605,000
Senior Lien Excise Tax Revenue Bonds, Series 2011A	06/07/11	\$ 27,530,000
Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)	06/07/11	\$ 59,195,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C	06/07/11	\$ 24,305,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable)	06/07/11	\$ 22,805,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012	06/21/12	\$ 15,205,000

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<b>Purpose</b>	<b>Call and Redemption Terms</b>
To refund a portion of the Senior Lien Excise Tax Revenue Refunding Bonds (New City Hall), Series 2003; a portion of the Senior Lien Excise Tax Revenue Bonds (Phoenix Municipal Courthouse), Series 1999A; a portion of the Senior Lien Excise Tax Revenue Bonds (Adams Street Garage), Series 1999B and a portion of Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To fund the costs of vehicles and equipment identified as lease-purchase in the current and prior fiscal years.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To fund the costs of vehicles and equipment identified as lease-purchase in the current and prior fiscal years; the costs to complete the fourth and fifth floors of the ASU School of Nursing Building; and the purchase of the CityScape Parking Garage.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To partially refund the Senior Lien Excise Tax Revenue Bonds (Adams Street Garage Project), Series 1999B, the Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2000, the Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B, the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003, the Subordinated Excise Tax Revenue Bonds, Series 2004, the Subordinated Excise Tax Revenue Bonds, Series 2006B, the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, and the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To partially refund the Subordinated Excise Tax Revenue Bonds, Series 2004, the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B, and Certificates of Participation issued through the Arizona Municipal Financing Program, Series 18.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To refund a portion of the Corporation's Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003.	Bonds maturing on or after July 1, 2023 are callable on 7/1/22 and thereafter, in whole or in part at any time, at 100% of par.

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<b>Issue</b>	<b>Issue Date</b>	<b>Original Issuance</b>
Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A	09/13/05	\$ 300,000,000
Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2006A	06/01/06	\$ 84,265,000
Subordinated Excise Tax Revenue Bonds, Taxable Series 2006C	06/01/06	\$ 41,920,000
Subordinated Excise Tax Revenue Bonds, Series 2007A	06/01/07	\$ 21,115,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B	06/01/07	\$ 71,820,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2007C (Taxable)	06/01/07	\$ 35,670,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable)	06/07/11	\$ 27,500,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A	06/21/12	\$ 17,510,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B	06/21/12	\$ 33,095,000
State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B	10/06/05	\$ 275,362,352

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<b>Purpose</b>	<b>Call and Redemption Terms</b>
To fund a portion of the costs of the constructing, expanding, modifying and improving of the Phoenix Civic Plaza Convention Center.	Bonds maturing on or after July 1, 2017 are callable on 7/1/15 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition, construction, equipment, and improvement of certain real and personal property for the City's solid waste collection and disposal system.	Bonds maturing on or after July 1, 2017 are callable on 7/1/16 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition, construction, equipment, and improvement of certain real and personal property.	Bonds maturing on or after July 1, 2017 are callable on 7/1/16 and thereafter, in whole or in part at any time, at 100% of par.
To fund the construction of a new City of Phoenix Police Precinct.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Municipal Facilities Subordinated Excise Tax Revenue Refunding Bonds, Series 1997. Also, to refund a portion of Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2000 and a portion of Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding bonds issued by the Phoenix Civic Plaza Building Corporation in 1998 to build the Civic Plaza East Garage.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Municipal Multipurpose Arena Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 1998.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To refund a portion of the Corporation's Municipal Facilities Excise Tax Revenue Bonds, Series 2003B and Subordinated Excise Tax Revenue Bonds, Series 2004.	Bonds maturing on or after July 1, 2023 are callable on 7/1/22 and thereafter, in whole or in part at any time, at 100% of par.
To refund a portion of the Corporation's Municipal Facilities Excise Tax Revenue Bonds, Series 2003C and 2003D.	Bonds maturing on or after July 1, 2023 are callable on 7/1/22 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of the cost of constructing, expanding, modifying and improving the Phoenix Civic Plaza Convention Center.	Bonds are not subject to redemption prior to maturity.

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For the Fiscal Year Ended June 30, 2014

<b>Issue</b>	<b>Issue Date</b>	<b>Original Issuance</b>
Transit Excise Tax Revenue Refunding Bonds (Light Rail Project), Series 2013	07/16/13	\$ 328,920,000
Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT)	06/18/08	\$ 206,840,000
Senior Lien Airport Revenue Bonds, Series 2008B (AMT)	06/18/08	\$ 43,160,000
Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT)	06/18/08	\$ 109,850,000
Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT)	06/18/08	\$ 68,520,000
Senior Lien Airport Revenue Refunding Bonds, Series 2013 (AMT)	03/05/13	\$ 196,600,000
Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT)	09/01/10	\$ 642,680,000
Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds-Direct Payment)	09/01/10	\$ 21,345,000
Junior Lien Airport Revenue Refunding Bonds, Series 2010C (Non-AMT)	09/01/10	\$ 32,080,000
Rental Car Facility Charge Revenue Bonds, Taxable Series 2004	06/02/04	\$ 260,000,000

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<b>Purpose</b>	<b>Call and Redemption Terms</b>
To refund the outstanding Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004.	Bonds are not subject to redemption prior to maturity.
To fund a portion of certain improvements at the City's airports.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of certain improvements at the City's airports.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994 and a 1994 Airport general obligation bond. Refunding a portion of the Senior Lien Airport Revenue Bonds, Series 1998A and 1998B.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Subordinated Excise Tax Variable Rate Demand Revenue Bonds (Airport Improvements), Series 1995 and the Airport Terminal Senior Lien Excise Tax Revenue Refunding Bonds, Series 1998. Refunding various Airport general obligation bonds.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Senior Lien Aviation Revenue Bonds, Series 2002B (AMT).	Bonds maturing on or after July 1, 2024 are callable on 7/1/23 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of the costs related to the Phoenix Sky Train, Phoenix Sky Train related land and other land acquisition costs. A portion of the proceeds will be applied to the payment of principal and interest on the Airport Revenue Bond Anticipation Notes, Series 2008A and 2008B.	Bonds maturing on or after July 1, 2021 (excluding the bond maturing on July 1, 2034), are callable on July 1, 2020 and thereafter, in whole or in part at any time, at 100% of par. The bond maturing on July 1, 2034 is callable on July 1, 2015 and thereafter, in whole or in part at any time, at 100% of par.
To fund land acquisition for noise mitigation and related capital costs for the Phoenix Sky Train.	The bonds are subject to redemption prior to their maturity date of July 1, 2040 in whole or in part at the make-whole premium.
To refund a portion of the Senior Lien Airport Revenue Bonds, Series 1998A and 1998B.	Bonds are callable on July 1, 2020 and thereafter, in whole or in part at any time, at 100% of par.
To fund the majority of the cost of designing, acquiring, constructing and equipping certain facilities, infrastructures, site development, and equipment necessary for the operation of a consolidated rental car center at the Airport.	Bonds are callable in whole or in part at any time prior to maturity at 100% of par plus the make-whole premium, if any.

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## NOTES TO THE FINANCIAL STATEMENTS

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<b>Issue</b>	<b>Issue Date</b>	<b>Original Issuance</b>
Junior Lien Water System Revenue Refunding Bonds, Series 2001	08/01/01	\$ 99,980,000
Junior Lien Water System Revenue Refunding Bonds, Series 2003	10/01/03	\$ 11,325,000
Junior Lien Water System Revenue Bonds, Series 2005	06/01/05	\$ 600,000,000
Junior Lien Water System Revenue Bonds, Series 2009A	06/02/09	\$ 450,000,000
Junior Lien Water System Revenue Refunding Bonds, Series 2009B	06/02/09	\$ 90,295,000
Junior Lien Water System Revenue Refunding Bonds, Series 2011	11/22/11	\$ 167,510,000
Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B	01/11/05	\$ 102,020,000
Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008	11/18/08	\$ 133,400,000
Junior Lien Wastewater System Revenue Bonds, Series 2007	11/27/07	\$ 300,000,000
Junior Lien Wastewater System Revenue Refunding Bonds, Series 2011	12/22/11	\$ 118,290,000
Junior Lien Wastewater System Revenue Refunding Bonds, Series 2014	04/15/14	\$ 127,810,000

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

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<b>Purpose</b>	<b>Call and Redemption Terms</b>
To refund a portion of the outstanding Junior Lien Water System Revenue Bonds, Series 1994 and a portion of the outstanding Junior Lien Water System Revenue Bonds, Series 1996.	Bonds are not subject to redemption prior to stated maturity.
To refund the outstanding Senior Lien Water System Revenue Refunding Bonds, Series 1993 and paying a portion of the interest with respect to the Junior Lien Water System Revenue Bonds, Series 2002.	Bonds maturing on or after July 1, 2015 are callable in whole or in part at any time, at 100% of par.
To refund the outstanding Water System Revenue Bond Anticipation Notes, Series 2003 and to fund the cost of certain improvements of the City's water system.	Bonds maturing on or after July 1, 2016 are callable in whole or in part at any time, at 100% of par.
To refund the outstanding Water System Revenue Bond Anticipation Notes, Series 2007A and 2007B and to fund the cost of certain improvements of the City's water system.	Bonds maturing on or after July 1, 2020 are callable on 7/1/19 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Junior Lien Water System Revenue Refunding Bonds, Series 1998.	Bonds are not subject to redemption prior to maturity.
To refund the outstanding Junior Lien Water System Revenue Bonds, Series 2002.	Bonds maturing on and after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Wastewater System Lease Revenue Bonds, Series 1993, and Wastewater System Lease Revenue Refunding Bonds, Series 1993.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Senior Lien Wastewater System Variable Rate Demand Revenue Refunding Bonds, Series 2004.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Wastewater System Bond Anticipation Notes, Series 2006 and to fund the cost of certain improvements of the City's wastewater system.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole at any time or in part on any interest payment date at 100% of par.
To refund the outstanding Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001.	Bonds maturing on and after July 1, 2023 are callable on 7/1/2022 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Junior Lien Wastewater System Revenue Refunding Bonds, Series 2004.	Bonds maturing on and after July 1, 2025 are callable on July 1, 2024 and thereafter, in whole or in part at any time, at 100% of par.

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Fiscal Year Ending June 30	Principal	Interest	Total
<b>Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007</b>			
2015	\$ 3,390,000	\$ 4,440,850	\$ 7,830,850
2016	3,555,000	4,278,175	7,833,175
2017	3,735,000	4,100,425	7,835,425
2018	5,840,000	3,913,675	9,753,675
2019	6,135,000	3,621,675	9,756,675
2020 - 2024	33,100,000	13,326,388	46,426,388
2025 - 2029	<u>35,620,000</u>	<u>4,816,975</u>	<u>40,436,975</u>
Total	<u>\$ 91,375,000</u>	<u>\$ 38,498,163</u>	<u>\$ 129,873,163</u>

Coupon rates	<u>4.00 - 5.00%</u>
Effective interest rate	<u>4.51%</u>

### Senior Lien Excise Tax Revenue Bonds, Series 2011A

2015	\$ 2,675,000	\$ 1,027,177	\$ 3,702,177
2016	2,730,000	946,928	3,676,928
2017	3,915,000	837,727	4,752,727
2018	4,035,000	641,978	4,676,978
2019	2,830,000	440,227	3,270,227
2020 - 2024	4,370,000	977,933	5,347,933
2025 - 2029	2,110,000	489,222	2,599,222
2030 - 2031	<u>970,000</u>	<u>65,450</u>	<u>1,035,450</u>
Total	<u>\$ 23,635,000</u>	<u>\$ 5,426,642</u>	<u>\$ 29,061,642</u>

Coupon rates	<u>2.00 - 5.00%</u>
Effective interest rate	<u>2.86%</u>

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For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)</b>			
2015	\$ 3,695,000	\$ 2,611,405	\$ 6,306,405
2016	3,830,000	2,525,385	6,355,385
2017	3,960,000	2,420,903	6,380,903
2018	4,185,000	2,290,143	6,475,143
2019	4,350,000	2,141,492	6,491,492
2020 - 2024	14,100,000	8,330,613	22,430,613
2025 - 2029	8,725,000	5,922,047	14,647,047
2030 - 2034	11,100,000	3,346,157	14,446,157
2035 - 2036	5,250,000	442,139	5,692,139
Total	<u>\$ 59,195,000</u>	<u>\$ 30,030,284</u>	<u>\$ 89,225,284</u>

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

### Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C

2015	\$ -	\$ 1,200,406	\$ 1,200,406
2016	-	1,200,406	1,200,406
2017	-	1,200,406	1,200,406
2018	-	1,200,407	1,200,407
2019	-	1,200,406	1,200,406
2020 - 2024	17,725,000	4,704,532	22,429,532
2025 - 2028	6,580,000	627,956	7,207,956
Total	<u>\$ 24,305,000</u>	<u>\$ 11,334,519</u>	<u>\$ 35,639,519</u>

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable)</b>			
2015	\$ 810,000	\$ 836,683	\$ 1,646,683
2016	1,775,000	817,826	2,592,826
2017	3,795,000	769,404	4,564,404
2018	4,080,000	644,093	4,724,093
2019	5,610,000	499,172	6,109,172
2020 - 2021	6,735,000	375,984	7,110,984
Total	\$ 22,805,000	\$ 3,943,162	\$ 26,748,162

Coupon rates	2.328 - 4.257%
Effective interest rate	3.91%

### Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012

2015	\$ 1,705,000	\$ 625,625	\$ 2,330,625
2016	1,770,000	557,425	2,327,425
2017	1,845,000	486,625	2,331,625
2018	-	412,825	412,825
2019	-	412,825	412,825
2020 - 2024	2,205,000	1,953,875	4,158,875
2025 - 2029	6,295,000	1,104,625	7,399,625
Total	\$ 13,820,000	\$ 5,553,825	\$ 19,373,825

Coupon rates	3.00 - 5.00%
Effective interest rate	2.97%

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## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A</b>			
2015	\$ -	\$ 14,925,000	\$ 14,925,000
2016	-	14,925,000	14,925,000
2017	6,310,000	14,925,000	21,235,000
2018	6,630,000	14,609,500	21,239,500
2019	6,960,000	14,278,000	21,238,000
2020 - 2024	40,380,000	65,808,250	106,188,250
2025 - 2029	51,465,000	54,711,000	106,176,000
2030 - 2034	65,365,000	40,825,250	106,190,250
2035 - 2039	83,400,000	22,788,500	106,188,500
2040 - 2041	39,490,000	2,985,750	42,475,750
<b>Total</b>	<b>\$ 300,000,000</b>	<b>\$ 260,781,250</b>	<b>\$ 560,781,250</b>

Coupon rates 4.25 - 5.00%

Effective interest rate 4.62%

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

2015	\$ 3,725,000	\$ 2,883,887	\$ 6,608,887
2016	3,930,000	2,734,888	6,664,888
2017	4,145,000	2,577,687	6,722,687
2018	4,375,000	2,411,888	6,786,888
2019	4,615,000	2,193,137	6,808,137
2020 - 2024	27,175,000	7,239,938	34,414,938
2025 - 2026	13,080,000	889,025	13,969,025
<b>Total</b>	<b>\$ 61,045,000</b>	<b>\$ 20,930,450</b>	<b>\$ 81,975,450</b>

Coupon rates 4.00 - 5.00%

Effective interest rate 4.45%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Subordinated Excise Tax Revenue Bonds, Taxable Series 2006C</b>			
2015	\$ 1,145,000	\$ 2,238,343	\$ 3,383,343
2016	1,205,000	2,174,795	3,379,795
2017	1,010,000	2,107,315	3,117,315
2018	1,070,000	2,050,250	3,120,250
2019	1,135,000	1,980,700	3,115,700
2020 - 2024	6,790,000	8,703,275	15,493,275
2025 - 2029	9,090,000	6,243,800	15,333,800
2030 - 2034	12,170,000	3,142,200	15,312,200
2035	2,890,000	173,400	3,063,400
Total	<u>\$ 36,505,000</u>	<u>\$ 28,814,078</u>	<u>\$ 65,319,078</u>

Coupon rates 5.50 - 6.50%

Effective interest rate 6.10%

### Subordinated Excise Tax Revenue Bonds, Series 2007A

2015	\$ 910,000	\$ 748,325	\$ 1,658,325
2016	950,000	709,650	1,659,650
2017	990,000	669,275	1,659,275
2018	1,030,000	627,200	1,657,200
2019	1,080,000	575,700	1,655,700
2020 - 2024	6,265,000	2,015,538	8,280,538
2025 - 2027	4,530,000	437,000	4,967,000
Total	<u>\$ 15,755,000</u>	<u>\$ 5,782,688</u>	<u>\$ 21,537,688</u>

Coupon rates 4.00 - 5.00%

Effective interest rate 4.46%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B</b>			
2015	\$ 7,750,000	\$ 2,817,200	\$ 10,567,200
2016	7,140,000	2,437,200	9,577,200
2017	5,810,000	2,088,450	7,898,450
2018	5,930,000	1,805,450	7,735,450
2019	6,225,000	1,508,950	7,733,950
2020 - 2023	<u>24,260,000</u>	<u>2,941,050</u>	<u>27,201,050</u>
Total	<u>\$ 57,115,000</u>	<u>\$ 13,598,300</u>	<u>\$ 70,713,300</u>

Coupon rates 3.75 - 4.50%

Effective interest rate 4.33%

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

2015	\$ 2,350,000	\$ 1,309,893	\$ 3,659,893
2016	2,480,000	1,178,669	3,658,669
2017	2,615,000	1,039,442	3,654,442
2018	2,765,000	892,112	3,657,112
2019	2,925,000	733,125	3,658,125
2020 - 2022	<u>9,825,000</u>	<u>1,150,575</u>	<u>10,975,575</u>
Total	<u>\$ 22,960,000</u>	<u>\$ 6,303,816</u>	<u>\$ 29,263,816</u>

Coupon rates 5.44 - 5.63%

Effective interest rate 5.81%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable)</b>			
2015	\$ 3,670,000	\$ 716,636	\$ 4,386,636
2016	3,770,000	612,848	4,382,848
2017	3,900,000	491,153	4,391,153
2018	4,040,000	346,775	4,386,775
2019	4,200,000	185,094	4,385,094
Total	\$ 19,580,000	\$ 2,352,506	\$ 21,932,506

Coupon rates 1.416 - 4.407%

Effective interest rate 3.71%

### Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A

2015	\$ 2,795,000	\$ 750,400	\$ 3,545,400
2016	2,745,000	638,600	3,383,600
2017	1,450,000	528,800	1,978,800
2018	1,505,000	470,800	1,975,800
2019	1,570,000	410,600	1,980,600
2020 - 2024	6,510,000	1,042,000	7,552,000
2025	220,000	6,600	226,600
Total	\$ 16,795,000	\$ 3,847,800	\$ 20,642,800

Coupon rates 3.00 - 5.00%

Effective interest rate 2.30%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable)</b>			
2015	\$ -	\$ 1,217,424	\$ 1,217,424
2016	850,000	1,217,424	2,067,424
2017	1,425,000	1,201,835	2,626,835
2018	1,455,000	1,172,138	2,627,138
2019	1,495,000	1,137,975	2,632,975
2020 - 2024	8,140,000	5,005,383	13,145,383
2025 - 2029	9,730,000	3,420,951	13,150,951
2030 - 2033	10,000,000	1,122,227	11,122,227
Total	<u>\$ 33,095,000</u>	<u>\$ 15,495,357</u>	<u>\$ 48,590,357</u>

Coupon rates 1.83 - 3.71%

Effective interest rate 4.01%

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

2015	\$ -	\$ 20,449,000	\$ 20,449,000
2016	-	20,449,000	20,449,000
2017	-	20,449,000	20,449,000
2018	2,050,000	20,449,000	22,499,000
2019	2,660,000	20,336,250	22,996,250
2020 - 2024	23,750,000	98,744,250	122,494,250
2025 - 2029	44,985,000	90,002,000	134,987,000
2030 - 2034	72,250,000	74,740,050	146,990,050
2035 - 2039	98,010,000	51,974,175	149,984,175
2040 - 2044	128,095,000	21,889,450	149,984,450
Total	<u>\$ 371,800,000</u>	<u>\$ 439,482,175</u>	<u>\$ 811,282,175</u>

Coupon rates 3.85 - 5.50%

Effective interest rate 4.72%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Transit Excise Tax Revenue Refunding Bonds (Light Rail Project), Series 2013</b>			
2015	\$ 32,775,000	\$ 14,415,700	\$ 47,190,700
2016	37,145,000	12,806,700	49,951,700
2017	49,865,000	11,070,900	60,935,900
2018	55,205,000	8,774,950	63,979,950
2019	61,060,000	6,116,750	67,176,750
2020	67,275,000	3,263,750	70,538,750
Total	\$ 303,325,000	\$ 56,448,750	\$ 359,773,750

Coupon rates

2.00 - 5.00%

Effective interest rate

2.01%

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

2015	\$ -	\$ 10,339,550	\$ 10,339,550
2016	-	10,339,550	10,339,550
2017	-	10,339,550	10,339,550
2018	-	10,339,550	10,339,550
2019	-	10,339,550	10,339,550
2020 - 2024	37,430,000	48,137,250	85,567,250
2025 - 2029	47,770,000	37,798,200	85,568,200
2030 - 2034	60,955,000	24,611,750	85,566,750
2035 - 2038	60,685,000	7,770,500	68,455,500
Total	\$ 206,840,000	\$ 170,015,450	\$ 376,855,450

Coupon rates

4.80 - 5.00%

Effective interest rate

5.02%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Senior Lien Airport Revenue Bonds, Series 2008B (AMT)</b>			
2015	\$ 5,215,000	\$ 1,520,400	\$ 6,735,400
2016	5,490,000	1,246,613	6,736,613
2017	5,775,000	958,387	6,733,387
2018	6,080,000	655,200	6,735,200
2019	<u>6,400,000</u>	<u>336,000</u>	<u>6,736,000</u>
Total	<u>\$ 28,960,000</u>	<u>\$ 4,716,600</u>	<u>\$ 33,676,600</u>
Coupon rates		<u>5.00 - 5.25%</u>	
Effective interest rate		<u>4.68%</u>	
<b>Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT)</b>			
2015	\$ 7,250,000	\$ 3,250,550	\$ 10,500,550
2016	7,615,000	2,888,050	10,503,050
2017	7,970,000	2,527,900	10,497,900
2018	8,370,000	2,129,400	10,499,400
2019	8,720,000	1,773,675	10,493,675
2020 - 2022	<u>28,670,000</u>	<u>2,825,975</u>	<u>31,495,975</u>
Total	<u>\$ 68,595,000</u>	<u>\$ 15,395,550</u>	<u>\$ 83,990,550</u>
Coupon rates		<u>3.00 - 5.00%</u>	
Effective interest rate		<u>4.26%</u>	
<b>Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT)</b>			
2015	\$ 3,590,000	\$ 1,320,687	\$ 4,910,687
2016	3,815,000	1,132,213	4,947,213
2017	4,050,000	931,925	4,981,925
2018	4,310,000	719,300	5,029,300
2019	4,610,000	493,025	5,103,025
2020	<u>5,020,000</u>	<u>251,000</u>	<u>5,271,000</u>
Total	<u>\$ 25,395,000</u>	<u>\$ 4,848,150</u>	<u>\$ 30,243,150</u>
Coupon rates		<u>4.00 - 5.50%</u>	
Effective interest rate		<u>4.58%</u>	

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Senior Lien Airport Revenue Refunding Bonds, Series 2013 (AMT)</b>			
2015	\$ 6,815,000	\$ 9,431,100	\$ 16,246,100
2016	7,090,000	9,158,500	16,248,500
2017	7,440,000	8,804,000	16,244,000
2018	7,815,000	8,432,000	16,247,000
2019	8,205,000	8,041,250	16,246,250
2020 - 2024	47,610,000	33,626,000	81,236,000
2025 - 2029	60,765,000	20,472,000	81,237,000
2030 - 2032	44,245,000	4,496,500	48,741,500
Total	\$ 189,985,000	\$ 102,461,350	\$ 292,446,350
Coupon rates		3.00 - 5.00%	
Effective interest rate		3.28%	
<b>Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT)</b>			
2015	\$ 12,705,000	\$ 30,751,081	\$ 43,456,081
2016	13,310,000	30,147,381	43,457,381
2017	13,960,000	29,497,831	43,457,831
2018	14,655,000	28,804,081	43,459,081
2019	15,285,000	28,174,032	43,459,032
2020 - 2024	88,355,000	128,927,256	217,282,256
2025 - 2029	112,475,000	104,808,157	217,283,157
2030 - 2034	143,445,000	73,848,500	217,293,500
2035 - 2039	183,610,000	33,702,500	217,312,500
2040	21,065,000	1,053,250	22,118,250
Total	\$ 618,865,000	\$ 489,714,069	\$ 1,108,579,069
Coupon rates		2.00 - 5.00%	
Effective interest rate		4.69%	

**CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION**

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2014

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds-Direct Payment)</b>			
2015	\$ -	\$ 1,408,770	\$ 1,408,770
2016	-	1,408,770	1,408,770
2017	-	1,408,770	1,408,770
2018	-	1,408,770	1,408,770
2019	-	1,408,770	1,408,770
2020 - 2024	-	7,043,850	7,043,850
2025 - 2029	-	7,043,850	7,043,850
2030 - 2034	-	7,043,850	7,043,850
2035 - 2039	-	7,043,850	7,043,850
2040	21,345,000	1,408,770	22,753,770
<b>Total</b>	<b>\$ 21,345,000</b>	<b>\$ 36,628,020</b>	<b>\$ 57,973,020</b>

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

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

2015	\$ -	\$ 1,604,000	\$ 1,604,000
2016	-	1,604,000	1,604,000
2017	-	1,604,000	1,604,000
2018	-	1,604,000	1,604,000
2019	-	1,604,000	1,604,000
2020 - 2024	20,860,000	7,511,250	28,371,250
2025	11,220,000	561,000	11,781,000
<b>Total</b>	<b>\$ 32,080,000</b>	<b>\$ 16,092,250</b>	<b>\$ 48,172,250</b>

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

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Rental Car Facility Charge Revenue Bonds, Taxable Series 2004</b>			
2015	\$ 8,750,000	\$ 12,526,536	\$ 21,276,536
2016	9,255,000	12,021,661	21,276,661
2017	9,795,000	11,478,392	21,273,392
2018	10,370,000	10,903,425	21,273,425
2019	10,990,000	10,284,337	21,274,337
2020 - 2024	65,880,000	40,498,080	106,378,080
2025 - 2029	89,015,000	17,364,062	106,379,062
Total	\$ 204,055,000	\$ 115,076,493	\$ 319,131,493

Coupon rates 3.69 - 6.25%

Effective interest rate 6.20%

### Junior Lien Water System Revenue Refunding Bonds, Series 2001

2015	\$ 4,440,000	\$ 3,036,512	\$ 7,476,512
2016	4,670,000	2,803,413	7,473,413
2017	4,915,000	2,558,237	7,473,237
2018	5,175,000	2,300,200	7,475,200
2019	5,445,000	2,028,513	7,473,513
2020 - 2024	31,945,000	5,443,875	37,388,875
Total	\$ 56,590,000	\$ 18,170,750	\$ 74,760,750

Coupon rates 4.00 - 5.50%

Effective interest rate 4.68%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Junior Lien Water System Revenue Refunding Bonds, Series 2003</b>			
2015	\$ 95,000	\$ 453,125	\$ 548,125
2016	100,000	449,325	549,325
2017	1,550,000	445,325	1,995,325
2018	1,615,000	383,325	1,998,325
2019	1,680,000	316,706	1,996,706
2020 - 2022	5,500,000	500,006	6,000,006
Total	\$ 10,540,000	\$ 2,547,812	\$ 13,087,812

Coupon rates 2.00 - 4.50%

Effective interest rate 4.53%

### Junior Lien Water System Revenue Bonds, Series 2005

2015	\$ 20,675,000	\$ 24,860,200	\$ 45,535,200
2016	21,910,000	23,826,450	45,736,450
2017	21,770,000	22,730,950	44,500,950
2018	25,665,000	21,642,450	47,307,450
2019	26,950,000	20,359,200	47,309,200
2020 - 2024	172,195,000	78,837,950	251,032,950
2025 - 2029	217,880,000	33,063,113	250,943,113
Total	\$ 507,045,000	\$ 225,320,313	\$ 732,365,313

Coupon rates 4.75 - 5.00%

Effective interest rate 4.28%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Junior Lien Water System Revenue Bonds, Series 2009A</b>			
2015	\$ 9,915,000	\$ 21,970,850	\$ 31,885,850
2016	-	21,475,100	21,475,100
2017	10,415,000	21,475,100	31,890,100
2018	10,935,000	20,954,350	31,889,350
2019	11,480,000	20,407,600	31,887,600
2020 - 2024	66,590,000	92,852,288	159,442,288
2025 - 2029	84,880,000	74,560,062	159,440,062
2030 - 2034	108,235,000	51,205,188	159,440,188
2035 - 2039	138,105,000	21,335,662	159,440,662
Total	<u>\$ 440,555,000</u>	<u>\$ 346,236,200</u>	<u>\$ 786,791,200</u>

Coupon rates 3.50 - 5.00%

Effective interest rate 4.63%

### Junior Lien Water System Revenue Refunding Bonds, Series 2009B

2015	\$ 9,510,000	\$ 2,376,437	\$ 11,886,437
2016	9,945,000	1,940,438	11,885,438
2017	10,365,000	1,525,487	11,890,487
2018	10,865,000	1,024,625	11,889,625
2019	11,370,000	517,125	11,887,125
Total	<u>\$ 52,055,000</u>	<u>\$ 7,384,112</u>	<u>\$ 59,439,112</u>

Coupon rates 2.75 - 5.00%

Effective interest rate 2.78%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Junior Lien Water System Revenue Refunding Bonds, Series 2011</b>			
2015	\$ 10,295,000	\$ 7,583,675	\$ 17,878,675
2016	10,685,000	7,193,875	17,878,875
2017	11,215,000	6,659,625	17,874,625
2018	11,775,000	6,098,875	17,873,875
2019	12,285,000	5,595,250	17,880,250
2020 - 2024	70,375,000	19,023,050	89,398,050
2025 - 2026	<u>33,260,000</u>	<u>2,500,650</u>	<u>35,760,650</u>
Total	<u>\$ 159,890,000</u>	<u>\$ 54,655,000</u>	<u>\$ 214,545,000</u>
Coupon rates		<u>2.00 - 5.00%</u>	
Effective interest rate		<u>3.12%</u>	
<b>Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B</b>			
2015	<u>\$ 13,655,000</u>	<u>\$ 682,750</u>	<u>\$ 14,337,750</u>
Total	<u>\$ 13,655,000</u>	<u>\$ 682,750</u>	<u>\$ 14,337,750</u>
Coupon rates		<u>2.50 - 5.00%</u>	
Effective interest rate		<u>3.67%</u>	
<b>Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008</b>			
2015	\$ -	\$ 7,337,000	\$ 7,337,000
2016	14,390,000	7,337,000	21,727,000
2017	15,140,000	6,545,550	21,685,550
2018	11,145,000	5,712,850	16,857,850
2019	11,715,000	5,099,875	16,814,875
2020 - 2024	<u>81,010,000</u>	<u>14,802,150</u>	<u>95,812,150</u>
Total	<u>\$ 133,400,000</u>	<u>\$ 46,834,425</u>	<u>\$ 180,234,425</u>
Coupon rates		<u>5.50%</u>	
Effective interest rate		<u>5.02%</u>	

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Junior Lien Wastewater System Revenue Bonds, Series 2007</b>			
2015	\$ 6,410,000	\$ 14,056,088	\$ 20,466,088
2016	6,760,000	13,772,337	20,532,337
2017	7,135,000	13,434,338	20,569,338
2018	7,525,000	13,113,087	20,638,087
2019	7,940,000	12,736,837	20,676,837
2020 - 2024	46,745,000	57,282,263	104,027,263
2025 - 2029	61,095,000	44,255,375	105,350,375
2030 - 2034	79,855,000	27,215,000	107,070,000
2035 - 2037	59,240,000	6,029,500	65,269,500
Total	<u>\$ 282,705,000</u>	<u>\$ 201,894,825</u>	<u>\$ 484,599,825</u>

Coupon rates 4.00 - 5.00%

Effective interest rate 4.65%

### Junior Lien Wastewater System Revenue Refunding Bonds, Series 2011

2015	\$ 405,000	\$ 5,224,950	\$ 5,629,950
2016	7,990,000	5,216,850	13,206,850
2017	8,340,000	4,867,350	13,207,350
2018	13,460,000	4,510,350	17,970,350
2019	14,040,000	3,927,350	17,967,350
2020 - 2024	68,075,000	9,399,800	77,474,800
Total	<u>\$ 112,310,000</u>	<u>\$ 33,146,650</u>	<u>\$ 145,456,650</u>

Coupon rates 2.00 - 5.00%

Effective interest rate 2.58%

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	Principal	Interest	Total
<b>Junior Lien Wastewater System Revenue Refunding Bonds, Series 2014</b>			
2015	\$ 1,440,000	\$ 5,993,200	\$ 7,433,200
2016	6,705,000	5,935,600	12,640,600
2017	6,975,000	5,667,400	12,642,400
2018	7,255,000	5,388,400	12,643,400
2019	7,620,000	5,025,650	12,645,650
2020-2024	43,080,000	20,136,950	63,216,950
2025-2029	54,735,000	8,477,250	63,212,250
Total	<u>\$ 127,810,000</u>	<u>\$ 56,624,450</u>	<u>\$ 184,434,450</u>

Coupon rates

1.75 - 5.00%

Effective interest rate

3.00%

### Total Bonds Payable

2015	\$ 188,560,000	\$ 238,941,415	\$ 427,501,415
2016	203,605,000	230,108,045	433,713,045
2017	241,580,000	220,424,464	462,004,464
2018	261,210,000	208,837,422	470,047,422
2019	277,585,000	196,240,823	473,825,823
2020 - 2024	1,177,945,000	792,682,327	1,970,627,327
2025 - 2029	965,525,000	519,574,920	1,485,099,920
2030 - 2034	608,590,000	311,662,122	920,252,122
2035 - 2039	631,190,000	151,260,226	782,450,226
2040 - 2044	209,995,000	27,337,220	237,332,220
Total	<u>\$ 4,765,785,000</u>	<u>\$ 2,897,068,984</u>	<u>\$ 7,662,853,984</u>

Changes in long-term debt during fiscal year 2013-14 are summarized as follows (in thousands):

Bonds Payable, July 1	\$ 4,985,335
Additions	456,730
Reductions	(676,280)
Bonds Payable, June 30	<u>\$ 4,765,785</u>
Amounts Due Within One Year	<u>\$ 188,560</u>

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

### **7. Commercial Paper Notes Payable**

The City entered into purchase agreements with the Corporation for the acquisition and construction of improvements to the wastewater, airport, and water systems of the City. The Corporation is currently authorized to issue up to an aggregate principal amount of \$100,000,000 of its Airport Commercial Paper Program Notes, Series 2011A (the "Airport CP, Series 2011A"), an aggregate principal amount of \$100,000,000 of its Airport Commercial Paper Program Notes, Series 2011B-1 (the "Airport CP, Series 2011B"), and an aggregate principal amount of \$100,000,000 of its Water Commercial Paper Program Notes, Series 2012A (the "Water CP, Series 2012A") and \$100,000,000 of its Water System Commercial Paper Program Notes, Series 2012B (the "Water CP, Series 2012B").

On March 4, 2014, the remaining \$25,000,000 of outstanding Wastewater Bond Anticipation Notes were paid by the City of Phoenix. The notes were issued as commercial paper in varying maturities up to 270 days. Interest rates paid on the notes ranged from 0.08% through 0.13%. The notes were secured by irrevocable, direct pay letters of credit ("LOC") issued by Bank of America N.A. (the "Bank"). The LOC was terminated March 5, 2014. While the City has not granted any lien on the wastewater system to the owners of the notes, under the purchase agreement, the City has granted the Bank lien of the respective junior subordinate lien revenues to secure its obligation to satisfy the Corporation's payment obligations under the reimbursement agreements.

During fiscal year 2014, the Corporation issued \$20,000,000 of Airport CP, Series 2011A, which remained outstanding at June 30, 2014. The Airport CP, Series 2011B has an outstanding balance of \$100,000,000 as of June 30, 2014. The commercial paper is issued in varying maturities up to 270 days. Interest rates paid on the commercial paper range from 0.08% through 0.15%. The commercial paper is secured by irrevocable, direct pay letters of credit issued by Bank of America, N.A. and Barclays Bank PLC (the "Banks") for Airport CP, Series 2011A and Airport CP, Series 2011B, respectively. While the City has not granted any lien on the airport to the owners of the commercial paper, under the purchase agreement, the City has granted the Banks liens of the respective junior subordinate lien revenues to secure its obligation to satisfy the Corporation's payment obligations under the reimbursement agreements.

During fiscal year 2014, the Water CP, Series 2012A and Water CP, Series 2012B remained outstanding at June 30, 2014, with \$100,000,000 and \$75,000,000 outstanding, respectively. The commercial paper is issued in varying maturities up to 270 days. Interest rates paid on the commercial paper range from 0.07% through 0.17%. The commercial paper is secured by irrevocable, direct pay letter of credit issued by RBC Capital Markets and Wells Fargo Securities (the "Banks") for Water CP, Series 2012A and Water CP, Series 2012B, respectively. While the City has not granted any lien on the water system to the owners of the commercial paper, under the purchase agreement, the City has granted the Banks liens of the respective junior subordinate lien revenues to secure its obligation to satisfy the Corporation's payment obligations under the reimbursement agreements.

# CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

Changes in commercial paper notes payable (in thousands):

Commercial Paper Notes Payable, July 1	\$	300,000
Additions		20,000
Reductions		(25,000)
Commercial Paper Notes Payable, June 30	\$	<u>295,000</u>

### 8. Construction Commitments

As of June 30, 2014, the Corporation has outstanding construction commitments related to the various bond issues. The commitments have not been recorded in the accompanying financial statements. Only the currently payable portion of the contracts have been included in accounts payable in the accompanying financial statements.

### 9. Subsequent Events

On December 3, 2014, the City of Phoenix Civic Improvement Corporation issued \$152,830,000 of Junior Lien Water System Revenue Bonds, Series 2014A and \$445,085,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2014B. The bonds were issued at an all-in true interest cost of 3.76% and 2.64%, respectively, and were dated and delivered December 17, 2014.

