

**City of Phoenix, Arizona**

**Annual Expenditure Limitation Report**

For the Fiscal Year Ended June 30, 2024

**CITY OF PHOENIX, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
For the Fiscal Year Ended June 30, 2024**

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## Independent Accountant's Report

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

We have examined the accompanying Annual Expenditure Limitation Report (Report) of the City of Phoenix, Arizona (City) for the year ended June 30, 2024, and the related notes to the Report. The City's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in *Note 1*. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the Report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in *Note 1* in all material respects.

**Forvis Mazars, LLP**

**Dallas, Texas  
December 20, 2024**

City of Phoenix  
 Annual Expenditure Limitation Report  
 Year ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$	<u>1,883,740,785</u>	
2. Voter-approved alternative expenditure limitation (approved November 3, 2020)		<u>11,623,358,646</u>	
3. Enter applicable amount from line 1 or line 2			\$ <u>11,623,358,646</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>5,531,947,577</u>	
8. Subtotal			\$ <u>5,531,947,577</u>
10. Total adjusted amount subject to the expenditure limitation			\$ <u>5,531,947,577</u>
11. Amount under (in excess of) the expenditure limitation			\$ <u><u>6,091,411,069</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: \_\_\_\_\_ **\*\*Signature on File\*\***

Name and title: Kathleen Gitkin, Chief Financial Officer

Telephone number: (602) 495-0732 Date: 20-Dec-24

See accompanying notes to report.

City of Phoenix  
 Annual Expenditure Limitation Report  
 Year ended June 30, 2024

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 3,772,108,000	\$ 1,759,839,577	\$ -	\$ 597,047,000	\$ 6,128,994,577
B. Less exclusions claimed:					
4. Trustee or custodian	-	-	-	597,047,000	597,047,000
16. Total exclusions claimed	-	-	-	597,047,000	597,047,000
C. Amounts subject to the expenditure limitation	<u>\$ 3,772,108,000</u>	<u>\$ 1,759,839,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,531,947,577</u>

See accompanying notes to report.

City of Phoenix  
Annual Expenditure Limitation Report  
Year ended June 30, 2024

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
<b>A.</b> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 3,772,108,000	\$ 1,617,951,000	\$ -	\$ 597,047,000	\$ 5,987,106,000
<b>B.</b> Subtractions:					
<b>1.</b> Items not requiring use of current financial resources:					
<b>a.</b> Depreciation and amortization	-	407,378,000	-	-	407,378,000
<b>b.</b> Loss on disposal of capital assets	-	8,771,000	-	-	8,771,000
<b>c.</b> Bad debt expense	-	6,640,423	-	-	6,640,423
<b>d.</b> Pension and other postemployment benefits (OPEB) expense	-	17,523,000	-	-	17,523,000
<b>f.</b> Landfill closure and postclosure care costs and pollution remediation	-	1,843,000	-	-	1,843,000
<b>6.</b> Total subtractions	-	442,155,423	-	-	442,155,423
<b>C.</b> Additions:					
<b>1.</b> Principal payments on long-term debt	-	199,522,000	-	-	199,522,000
<b>2.</b> Capital asset acquisitions	-	382,802,000	-	-	382,802,000
<b>3.</b> Amounts paid in the current year but reported as expenses in previous years:					
<b>b.</b> Landfill closure and postclosure care costs and pollution remediation	-	1,720,000	-	-	1,720,000
<b>6.</b> Total additions	-	584,044,000	-	-	584,044,000
<b>D.</b> Amounts reported on Part II, line A	<u>\$ 3,772,108,000</u>	<u>\$ 1,759,839,577</u>	<u>\$ -</u>	<u>\$ 597,047,000</u>	<u>\$ 6,128,994,577</u>

See accompanying notes to report.

CITY OF PHOENIX, ARIZONA  
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT  
For the Fiscal Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted November 3, 2020, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the City of Phoenix's (City's) Annual Comprehensive Financial Report. Specifically, the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds (Exhibit B-3), Statement of Revenues, Expenses, and Changes in Net Position for Enterprise Funds (Exhibit B-10), Statement of Cash Flows for the Enterprise Funds (Exhibit B-11), and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds (Exhibit B-13).

NOTE 2 - TRUSTEE OR CUSTODIAN

The \$597,047,000 exclusion claimed for trustee or custodian in the Fiduciary funds consists of total deductions plus investment expense for the Pension and Other Employee Benefit Trusts as reported on Exhibit B-13.

NOTE 3 - TOTAL EXPENSES REPORTED WITHIN THE FINANCIAL STATEMENTS

The total expenditures reported within the financial statements for the Fiduciary funds include total deductions and investment expenses for the Pension and Other Employee Benefit Trusts as reported on Exhibit B-13.

The total expenses reported within the financial statements for the Enterprise funds include total operating expenses, interest on capital debt, equity interest in joint use agreement operating loss, and loss on disposal of capital assets as reported on Exhibit B-10.

NOTE 4 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) EXPENSE AND CONTRIBUTIONS

The \$17,523,000 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in deferred inflows and deferred outflows related to pensions and OPEB; changes in the net pension liability; and changes in the net OPEB liability and asset recognized in the current year in the Enterprise funds as reported on B-11. The schedule on the next page reconciles the net effect the subtraction has on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

CITY OF PHOENIX, ARIZONA  
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT  
For the Fiscal Year Ended June 30, 2024

<u>Statement of Cash Flows</u>	<u>Enterprise funds</u>
Change in net OPEB asset	\$ (455,000)
Change in deferred inflows related to pensions and OPEB	(6,295,000)
Change in deferred outflows related to pensions and OPEB	(2,053,000)
Change in net pension and OPEB liability	(8,720,000)
Total	\$ <u><u>(17,523,000)</u></u>
<u>AELR-Reconciliation</u>	
Pension/OPEB contributions – addition	\$ -
Pension/OPEB expense(income) – subtraction	17,523,000
Total	\$ <u><u>(17,523,000)</u></u>

NOTE 5 - PRINCIPAL PAYMENT ON CAPITAL DEBT

The \$199,522,000 addition for principal payments on capital debt in the Enterprise funds consists of the following principal payments by fund as reported on Exhibit B-11:

Aviation	\$	58,525,000
Phoenix Convention Center		7,968,000
Water System		71,487,000
Wastewater		49,277,000
Solid Waste		<u>12,265,000</u>
Total	\$	<u>199,522,000</u>

NOTE 6 - ACQUISITION OF CAPITAL ASSETS

The \$382,802,000 addition for acquisition of capital assets in the Enterprise funds consists of all purchases of capital assets plus capitalized interest as reported on Exhibit B-11.

NOTE 7 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS RECORDED AS EXPENDITURES IN PREVIOUS YEARS

The \$1,843,000 subtraction for landfill closure and postclosure care costs consists of the portion of the total estimated liability reported as expenses in the current year but not yet paid in the Enterprise funds. The \$1,720,000 addition for landfill closure and postclosure care and pollution remediation costs recorded as expenditures in previous years represents actual closure and postclosure care and pollution remediation costs incurred during the year that were amortized and recognized as expense over the estimated lives of the City's landfills.