

# City of Phoenix, Arizona Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Restoring Services

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## Restoring Services

**T**he strong leadership of the Phoenix Mayor and City Council has enabled a structurally balanced budget that allows the restoration of direct services to the community while maintaining fiscal strength and protecting the city's important AAA bond rating. In only two years the city recovered from a severe \$277 million General Fund budget shortfall, caused by the nation's worst recession in decades, to a structurally balanced budget for 2012-13. No direct cuts to community services or financial transactions were necessary to balance the 2012-13 budget.

The restored community services in the 2012-13 budget include increased police and fire services; improved street maintenance; expanded library hours; increased graffiti and illegal sign enforcement; extended swimming pool hours through Labor Day; enhanced programs for youth and seniors; and additional funding for the arts community. The city of Phoenix will strive to remain at the forefront of innovation and will continue in its efforts to provide the best services to residents in the most efficient manner.



City of Phoenix, Arizona



**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2013**

**City Council**

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

**Administrative Staff**

David Cavazos, City Manager

**Prepared By**

Finance Department  
Jeff DeWitt, Chief Financial Officer



**City of Phoenix**

# Comprehensive Annual Financial Report

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For the Fiscal Year Ended June 30, 2013

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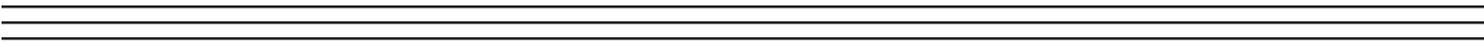
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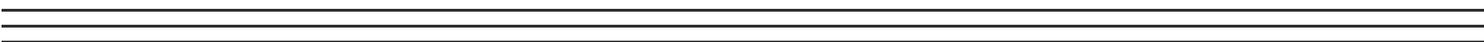
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## *Introductory Section*

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





# City of Phoenix

FINANCE DEPARTMENT  
FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 20, 2013

Honorable Mayor, City Council and City Manager:

In accordance with the requirements of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Phoenix, Arizona (the "City"), for the fiscal year ended June 30, 2013. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Management's Discussion and Analysis (MD&A) beginning on page 5 provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

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## ***Independent Audits***

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The City Charter requires an annual audit by independent certified public accountants. The City's Audit Committee has selected the independent audit firm of Grant Thornton LLP to perform the audit of the City's CAFR for fiscal year 2012-2013. The Independent Auditor's Report on the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining funds is included in the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Grant Thornton LLP was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Single Audit Act of 1996 and related OMB Circular A-133. Due to the size and complexity of the City's financial systems, the single audit report is issued separately from this CAFR. Copies are available upon request from the City's Finance Department, through the Financial Accounting and Reporting Division on the 9<sup>th</sup> floor of 251 W. Washington Street, Phoenix, Arizona, 85003, or on the City's internet site: <http://phoenix.gov/citygovernment/financial/reports/singleaudit/index.html>.

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## ***City Profile***

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

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

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

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99<sup>th</sup> among American cities. The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128. As of June 30, 2013, the City encompassed 519.3 square miles, with the City of Phoenix Development Services and Planning Department estimating the City's population at 1,485,719 making it the sixth most populous city in the United States.

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

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## ***Budgeting Systems and Controls***

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

After tentative adoption of the budget, the Council may make changes, but may not increase the budget totals except in those areas exempted by State budget law. The exemptions apply to Federal funds, Arizona Highway User funds, debt service and bond funds. After final adoption, transfers between budget appropriations for non-exempt areas may be made by the City Council. Throughout the budget year, the Council may also appropriate additional general purpose funds by use of a contingency appropriation reserved to cover emergencies or other necessary expenditures as determined by the Council. Supplemental appropriations may be adopted for expenditures exempt from the State expenditure limitation, such as federally-funded programs, provided funds are available. State law requires the City to re-budget (reappropriated) funds for the completion of contracts which were originally budgeted for and encumbered in a previous fiscal year. This law necessitates an additional appropriation ordinance to re-budget funds for contracts not completed by June 30.

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## ***Economic Condition and Outlook***

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

The local economy was significantly impacted by the recession of 2007-2009 causing a decline in both population and jobs in the Phoenix area. However, from 2002 to 2012, population growth was 23.8% in the Phoenix area as compared to 9.1% for the U.S. For years 2002 through 2012, the Phoenix area unemployment rate has also been consistently lower than the rate for the U.S. As of August 2013, the unemployment rate for the Phoenix area was 6.8% which is lower than the U.S. rate of 7.3%. The Phoenix area has a mix of service industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (53.3%); trade, transportation, and utilities (20.3%); government (12.6%); manufacturing (6.5%); construction (5.4%); information (1.7%); and natural resources and mining (0.2%).

Data produced by the National Association of Realtors, indicates that as of the second quarter of 2013 the U.S. median sales price for an existing single-family home was \$203,500 and the median sales price for a similar home in Greater Phoenix was \$183,300. The median housing prices in Greater Phoenix continue to remain low relative to most major western cities including Los Angeles, San Diego, Denver, Seattle, and Houston. While the decrease in home values had negative repercussions, affordable housing is expected to be a positive factor in Phoenix's emergence from the recent recession.

According to the W.P. Carey School of Business, Arizona State University, retail sales in the Phoenix area declined 0.1% in 2007, 11.1% in 2008, 11.2% in 2009, and 0.7% in 2010. Retail sales then increased 11.3% in 2011 and 4.6% in 2012. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.1% in 2013 and 6.3% in 2014.

The national and local economy has resulted in a decrease of assessed valuations and declining property taxes over the last few years. The City has continued to monitor these revenues closely and adjust budgets and bond programs accordingly. The property tax base declined from a total secondary assessed valuation of \$10.85 billion in fiscal year 2012-13 to \$9.97 billion in fiscal year 2013-14. This represents an 8.1% reduction from fiscal year 2012-13 values. Assessed valuation is expected to start increasing in fiscal year 2014-15 reflecting the housing recovery. The City total property tax rate (primary and secondary) for fiscal year 2013-14 remains at \$1.82 per \$100 of assessed valuation. The City general obligation bond property tax reserves of \$290.8 million as of June 30, 2013 and deferral of capital projects in the bond program allow the City to maintain the current property tax rate. During the period of August 2012 to August 2013, home prices in the Phoenix area have increased at an annual rate of 18.6% per the S&P/Case-Shiller home price index versus 12.8% for the S&P/Case Shiller 20-City index. This indicates the trend for assessed values will be positive in the future as the national and local economy recover.

The City Excise Taxes, consisting primarily of City sales taxes, increased from \$720.9 million in fiscal year 2011-12 to \$734.6 million in fiscal year 2012-13. This is an increase of \$13.7 million or 1.9%. This increase was due to a slight improvement in the local economy.

Finally, the City of Phoenix along with the Greater Phoenix Economic Council, are working together to attract wealth generating companies from outside the region to Phoenix and to encourage expansion of existing companies. Employers that have recently relocated or expanded their headquarters or major operations in Phoenix include Niagara Bottling, Asurion, HotChalk, Waste Management, WinCo Foods, STEALTH Software, Laser Options, Inovalon, Dalsin Industries, WebPT, and Preferred Homecare. The long term outlook remains positive for the metropolitan Phoenix area due to expectations that strong population and employment growth will resume, and will continue through the next two decades.

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## ***Long-Term Financial Planning***

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

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

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

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

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## ***Major Initiatives and Awards***

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In September 2013, the PHX Sky Train received the first place Crescordia award in the Multi-modal Transportation & Connectivity category of the Valley Forward Environmental Excellence Awards. The PHX Sky Train, which opened in April 2013, is an automated people mover designed to carry over 35 million riders annually through five stations at Sky Harbor International Airport (Sky Harbor) along a guideway spanning approximately five miles. Stage one of the PHX Sky Train connects the Phoenix light rail system, the Sky Harbor east economy parking garages and Terminal 4, which serves 80% of Sky Harbor passengers. The project achieved Leadership in Energy and Environmental Design (LEED) Gold certification from the US Green Building Council. Work is continuing on Stage 1A which will connect to Terminal 3 with a walkway to Terminal 2 and is expected to be completed in 2015.

In April 2013, the City of Phoenix received an Outstanding Achievement in Innovation Award from the Alliance for Innovation, a nonprofit organization that promotes innovation among local governments. Phoenix was recognized for its sweeping organizational review that reduced layers of supervision, streamlined delivery of services and resulted in the smallest city government in 40 years, as measured by employees per capita. More than 80 cities and local government agencies applied for the innovation awards.

In March 2013, the Sunshine Review, a non-profit organization dedicated to state and local government transparency recognized phoenix.gov with a Sunny Award for exceeding transparency standards for the content it provides to residents. This is the fourth year in a row Phoenix has received the award.

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

In January 2013, construction began on the 3.2 mile northwest extension of METRO light rail. This project extends the light rail north on 19<sup>th</sup> Avenue from Montebello to Dunlap avenues with additional stations at Glendale, Northern and Dunlap avenues. It will include a new 500 space park-and-ride facility at the southwest corner of 19<sup>th</sup> Avenue and Dunlap Avenue and is expected to result in a 12 percent increase in daily weekday passengers. Operations are expected to begin in late 2015.

In May 2013, the City of Phoenix opened the Phoenix Business and Workforce Development Center. The 12,500 square foot center with classroom-style training rooms and a computer lab is a primary resource for businesses to locate, expand and grow in the City of Phoenix. Staff at the center provide job postings on [azjobconnection.gov](http://azjobconnection.gov); screen candidates and review resumes; create partnerships with educational and program resources; customize workshops and assessments for job seekers; offer employer seminars and workshops; share links to economic development resources and coordinate space for business and workforce development events at no cost to businesses.

In June 2013, the City of Phoenix Neighborhood Stabilization Program (NSP) and Mandalay Communities welcomed the first family to purchase one of the 14 newly built, green certified homes in Gordon Estates, a rescued subdivision abandoned during the foreclosure crisis. This pilot NSP project is the first subdivision in the country to meet and exceed four green building standards: National Green Building Standard Gold, ENERGY STAR v3, EPA WaterSense and Indoor Air Plus certifications. As a result, these affordable homes are estimated to reduce energy consumption by up to 70 percent over a traditional new home.

A major effort initiated by the City Manager and approved by the Mayor and City Council to ensure City government is operating as efficiently as possible was the creation of the Innovation and Efficiency Task Force. The task force, initiated by the City Manager in December 2009, is comprised of private sector members appointed by the Mayor and City Council, and City staff. The objective of the task force is to explore, develop and implement innovative processes that will result in a more efficient delivery of City services and maximize the use of limited taxpayer dollars. Since the inception, the task force suggestions have produced \$89 million in citywide savings. The City is expected to surpass its Innovation and Efficiency savings goal of \$100 million by 2015, well ahead of schedule. Highlights of the recent task force accomplishments include:

- Organizational Review – the third year of City departments looking closely at organization structure and operations has resulted in removal of supervisory layers, increased span of control and the elimination of management positions
- Water Services Insourcing Pilot Program resulting in \$1.2 million in savings
- Transit route changes resulting in efficiency savings of \$3.0 million
- Enhanced Sales Tax Compliance Initiative resulting in \$5.1 million in savings
- Employee Suggestion programs resulting in savings of \$4.7 million
- Administrative Efficiencies in the 2013-14 Budget resulting in General Fund Savings of \$3.0 million.

The City began a pension reform process with the creation of the Pension Reform Task Force in January 2011. For almost a year, the Pension Reform Task Force worked with management, outside consultants, and other stakeholders to comprehensively review and recommend changes to the City of Phoenix Employees' Retirement System (COPERS). Following this review of the plan and extensive actuarial and legal analysis, Task Force recommendations were presented to the City Council in February 2012. The Phoenix City Council reviewed additional information, reform alternatives, and legal issues. On June 19, City Council adopted a timeline for reform of COPERS, and requested that staff return with additional actuarial modeling and analysis of several additional reform options. These options were considered by the Council at its September 25, 2012 meeting and referred to a March 2013 ballot. City of Phoenix voters approved propositions 201 and 202 which changed contribution rates, rules for voluntary retirement, the calculations of pension benefits for employees hired after July 1, 2013, and the investing standards for the City of Phoenix Employees' Retirement Plan Assets. These reforms are expected to save the City of Phoenix about \$600 million over the next 23 years.

The City continues to maintain its high quality credit ratings on General Obligation, Excise Tax, Water Revenue, Sewer Revenue and General Airport Revenue Bonds. These high quality credit ratings

provided an opportunity to favorably refinance Airport Revenue Bonds in fiscal year 2012-13 and will provide additional opportunities in the future. The City also provides critical information about City finances on an investor website at [www.phoenix.gov/finance/investor](http://www.phoenix.gov/finance/investor). This site provides historical and investment information about the City's various credits. To see a listing of all Bond Ratings for the City of Phoenix, please refer to page 202.

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### ***Certificate of Achievement for Excellence in Financial Reporting***

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received this award continuously since 1976. The CAFR for fiscal year ended June 30, 2013 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements.

The component unit financial report for COPERS for the year ended June 30, 2012 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

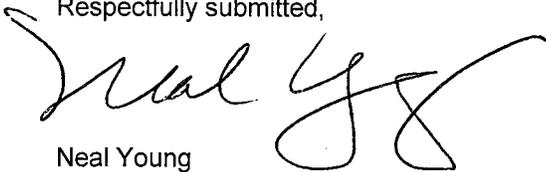
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### ***Acknowledgements***

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Neal Young", written in a cursive style.

Neal Young  
Acting Chief Financial Officer



Government Finance Officers Association

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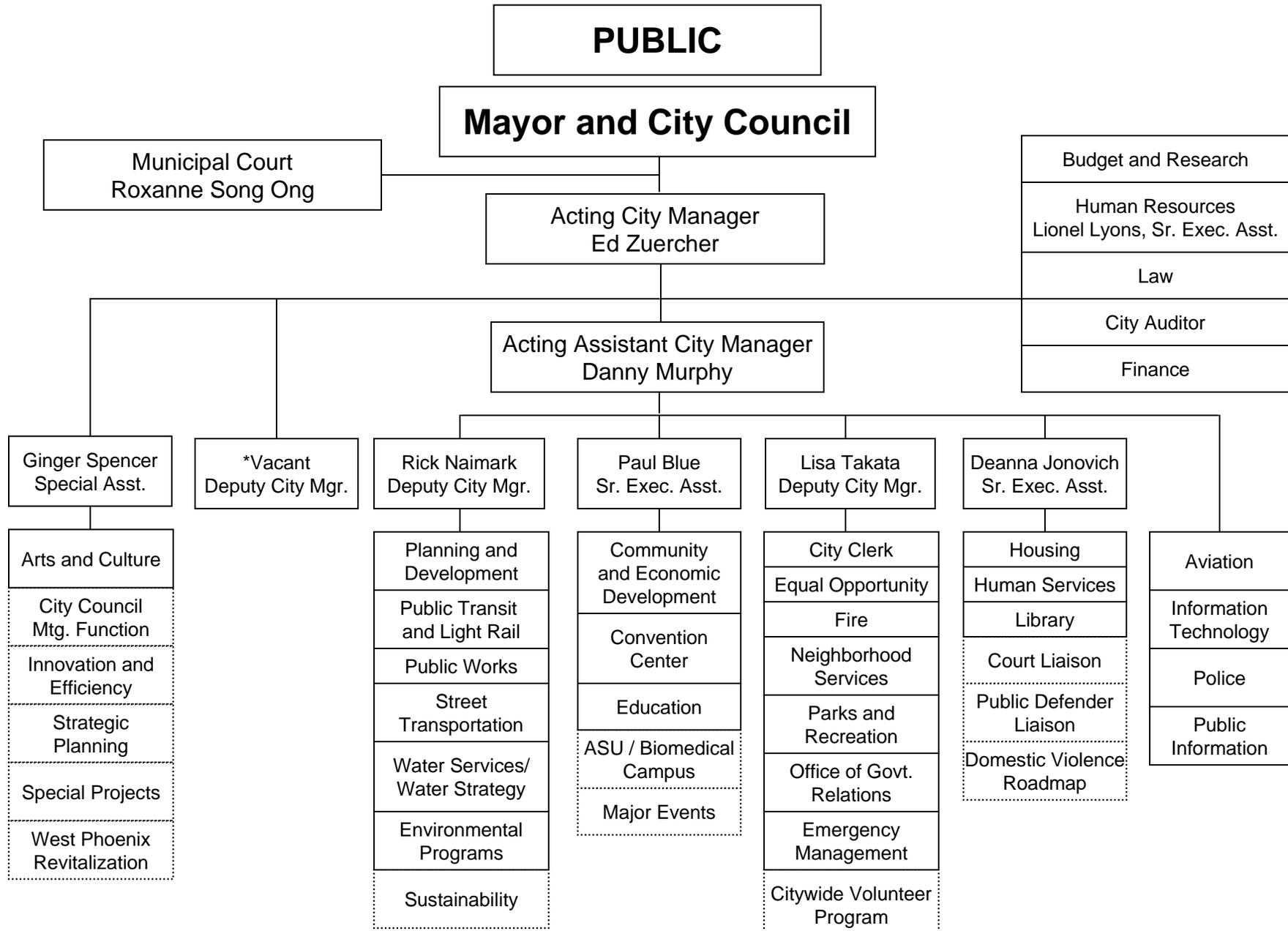
Presented to

**City of Phoenix  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



\*Interim organization chart pending national recruitment for City Manager and Deputy City Manager.

# City of Phoenix Council members and district boundaries



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



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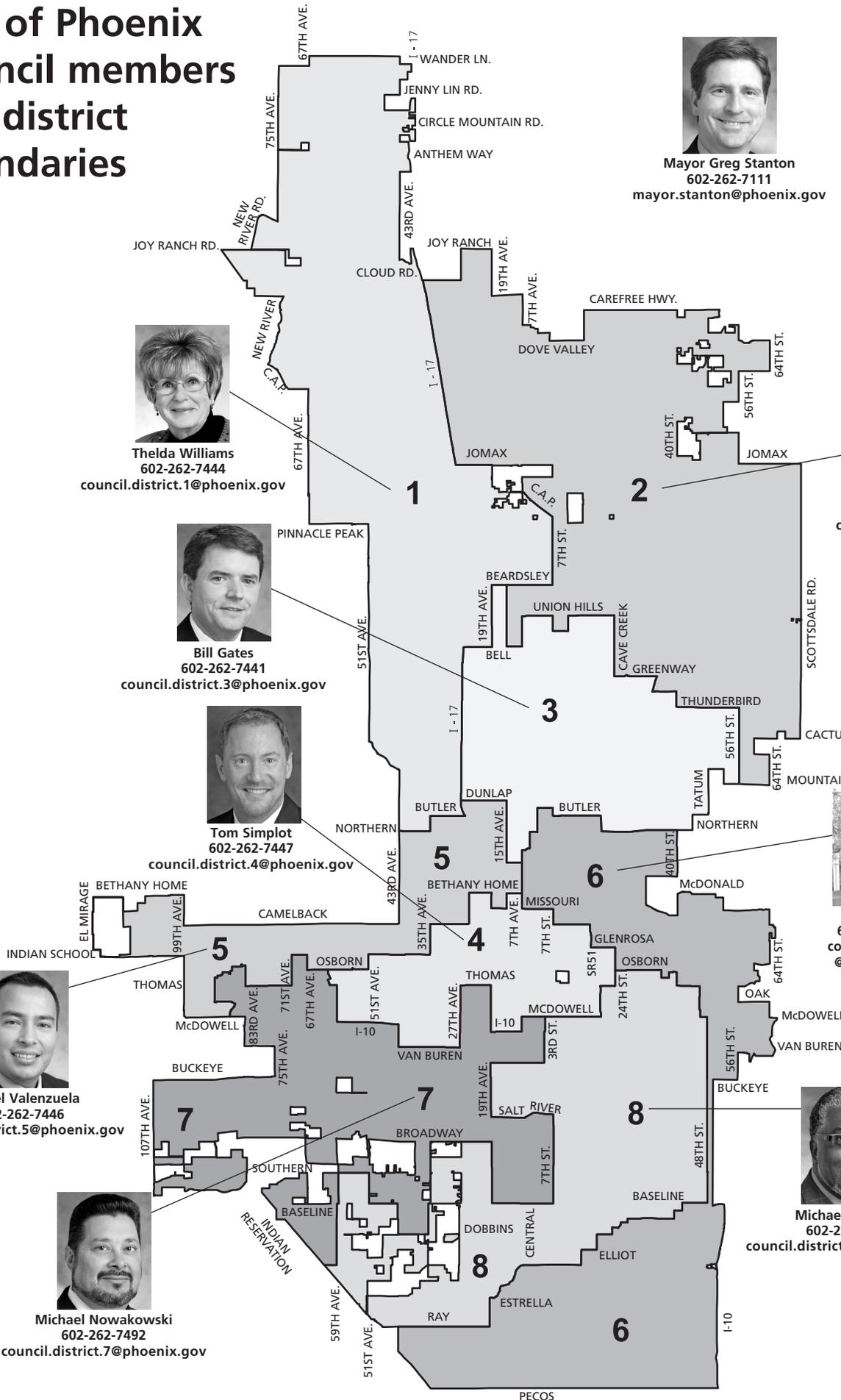
**Daniel Valenzuela**  
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**City of Phoenix**



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## *Financial Section*

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





## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

### Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the “City”) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’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 City’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 City’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.

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona as of June 30, 2013, and the respective changes in financial position and cash flow, where applicable, thereof and the respective budgetary comparison for the general fund and the transit special revenue fund 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 and the schedules of funding progress on pages 5 through 14 and 95 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.

##### *Supplementary information*

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

***Other information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Phoenix, Arizona  
December 20, 2013



**City of Phoenix**



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*Financial Section*

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the City of Phoenix, Arizona, we offer the following narrative overview and analysis of the financial activities of the City of Phoenix, Arizona (the City) for the fiscal year ended June 30, 2013. Readers are encouraged to consider this overview and analysis in combination with the traditional transmittal letter that can be found on pages I – VI of this report.

### **FINANCIAL HIGHLIGHTS**

- On the Government-Wide Financial Statements, total assets plus deferred outflows of the City exceeded its total liabilities plus deferred inflows at the close of the fiscal year by \$8.5 billion (net position). Of this amount, \$2.1 billion (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The Government-Wide Financial Statements report the City and its component units as a whole.
- On the Government-Wide Financial Statements, the City total net position decreased by 0.03 percent from \$8,509,356,000 on June 30, 2012 to \$8,479,640,000 on June 30, 2013.
- At the close of the fiscal year, the City governmental funds reported combined ending fund balances of \$1.3 billion, a decrease of \$156.3 million from last fiscal year. Approximately 26.7 percent of the total governmental fund balance amount, or \$347.2 million, is designated by the City as committed, assigned and unassigned. The remaining 73.3 percent or \$951.6 million is designated as non-spendable or restricted. See Note 3 on page 48 for a detailed description of fund balance classifications per GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **1) Basic Financial Statements - Government-Wide Financial Statements**

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 15 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 6 and 9.

The *Statement of Net Position*, Exhibit A-1, presents information on all of the City assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the components as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the City financial position.

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

Both the Statement of Net Position and the Statement of Activities divide the functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, Phoenix Convention Center, water services, wastewater

services, solid waste and golf courses. In addition, financial information is also presented for the City discretely presented component units, the Downtown Phoenix Hotel Corporation and the Phoenix Housing Finance Corporations. See Note 1 on page 37 for further discussion on the financial reporting entity.

### **Government-Wide Financial Statement Analysis**

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2013.

**Net Position.** As noted above, net position may serve over time as a useful indicator of a government's financial position. The City net position, the amount by which assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources, was \$8.5 billion at the close of the fiscal year.

The largest portion of the City net position (\$5.3 billion or 62.3 percent) reflects its net investment in capital assets, e.g., land, buildings, improvements, equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following table summarizes Exhibit A-1, the detailed Statement of Net Position.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 2,484,670	\$ 2,629,906	\$ 2,292,215	\$ 2,316,949	\$ 4,776,885	\$ 4,946,855
Capital assets	4,735,487	4,672,088	7,051,832	7,124,376	11,787,319	11,796,464
Total assets	<u>7,220,157</u>	<u>7,301,994</u>	<u>9,344,047</u>	<u>9,441,325</u>	<u>16,564,204</u>	<u>16,743,319</u>
Deferred outflows of resources	32,249	36,504	25,005	28,239	57,254	64,743
Total deferred outflows of resources	<u>32,249</u>	<u>36,504</u>	<u>25,005</u>	<u>28,239</u>	<u>57,254</u>	<u>64,743</u>
Other liabilities	313,455	274,974	624,627	574,854	938,082	849,828
Long-term liabilities outstanding	2,562,377	2,654,715	4,641,359	4,794,163	7,203,736	7,448,878
Total liabilities	<u>2,875,832</u>	<u>2,929,689</u>	<u>5,265,986</u>	<u>5,369,017</u>	<u>8,141,818</u>	<u>8,298,706</u>
Deferred inflows of resources	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:						
Net investment in capital assets	2,454,766	2,313,680	2,826,143	2,968,536	5,280,909	5,282,216
Restricted	930,237	1,233,603	174,160	188,682	1,104,397	1,422,285
Unrestricted	991,571	861,526	1,102,763	943,329	2,094,334	1,804,855
Total net position	<u>\$ 4,376,574</u>	<u>\$ 4,408,809</u>	<u>\$ 4,103,066</u>	<u>\$ 4,100,547</u>	<u>\$ 8,479,640</u>	<u>\$ 8,509,356</u>

The *restricted* portion of the City net position (\$1.1 billion) represents resources that are subject to external restrictions on how they may be used. Such restrictions include debt service payments, development impact fees restricted to growth-related projects, other capital projects and required reserves. The remaining balance, or the *unrestricted net position* (\$2.1 billion), may be used to meet the City's ongoing obligations to citizens and creditors.

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

**Capital Assets.** The City capital assets for the fiscal year ended June 30, 2013, totalled \$11.8 billion, net of accumulated depreciation. This represents a decrease from the prior fiscal year of \$9.1 million, an increase of \$63.4 million for Governmental Activities and a decrease of \$72.5 million for Business-Type Activities.

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

- Design and construction related to the Sky Harbor Sky Train valued at \$120.1 million.
- Various street and storm sewer projects throughout the City valued at \$60.9 million.
- New and replacement water and sewer mains throughout the City valued at \$59.0 million.
- Design and construction at various water treatment facilities valued at \$44.6 million.
- Acquisition of parks and preserve land valued at \$25.1 million.
- Construction and maintenance of Sky Harbor, Deer Valley and Goodyear Airports runways, taxiways and aprons valued at \$24.4 million.
- Public Safety equipment and communications valued at \$24.3 million.
- Low income housing projects valued at \$23.7 million.

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

<b>City of Phoenix Capital Assets (net of depreciation) as of June 30 (in thousands)</b>						
	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,245,371	\$ 1,214,704	\$ 689,886	\$ 715,122	\$ 1,935,257	\$ 1,929,826
Artwork	6,202	6,191	11,269	8,341	17,471	14,532
Construction-in-Progress	267,011	205,626	418,090	1,106,321	685,101	1,311,947
Buildings	894,426	920,976	1,895,259	1,645,454	2,789,685	2,566,430
Improvements	259,854	253,576	2,130,358	1,907,061	2,390,212	2,160,637
Infrastructure	1,819,596	1,808,597	1,140,751	1,097,897	2,960,347	2,906,494
Equipment	222,647	239,658	631,587	495,297	854,234	734,955
Intangible Assets	20,380	22,760	134,632	148,883	155,012	171,643
<b>Total</b>	<b>\$ 4,735,487</b>	<b>\$ 4,672,088</b>	<b>\$ 7,051,832</b>	<b>\$ 7,124,376</b>	<b>\$ 11,787,319</b>	<b>\$ 11,796,464</b>

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

**Long-term Liabilities.** The City had total long-term liabilities or obligations of \$7.2 billion (which is comprised primarily of bonded debt) at the end of the fiscal year. Of this amount, general obligation bonds that are backed by the full faith and credit of the City comprise \$1.6 billion, while municipal corporation obligations account for \$5.2 billion and certificates of participation account for \$25.6 million of the total. Revenue bonds total \$17.7 million and an additional \$0.2 million are special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to satisfy the debt payments.

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's net secondary assessed valuation.

The City's available debt margin at June 30, 2013 was \$519 million in the 6% capacity and \$821 million in the 20% capacity. Additional information regarding the debt limitations and capacities can be found in Note 12 to the financial statements and also in Table 15 in the statistical section.

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds, net	\$ 1,506,611	\$ 1,544,507	\$ 74,842	\$ 85,523	\$ 1,581,453	\$ 1,630,030
Revenue bonds	-	5,875	17,701	18,560	17,701	24,435
Certificates of Participation, net	25,630	26,945	-	-	25,630	26,945
Municipal Corporation						
Obligations, net	762,554	817,385	4,446,259	4,584,413	5,208,813	5,401,798
Special assessment bonds	169	200	-	-	169	200
Insurance claims payable	99,750	92,242	-	-	99,750	92,242
Compensated absences	143,069	140,828	20,840	20,597	163,909	161,425
Landfill Closure/Post-closure costs	-	-	70,527	71,116	70,527	71,116
Pollution Remediation	22,294	24,432	11,190	13,955	33,484	38,387
Other	2,301	2,301	-	-	2,301	2,301
<b>Total</b>	<b>\$ 2,562,378</b>	<b>\$ 2,654,715</b>	<b>\$ 4,641,359</b>	<b>\$ 4,794,164</b>	<b>\$ 7,203,737</b>	<b>\$ 7,448,879</b>

The City's total long-term obligations decreased by \$245.1 million, 3.3%, due to debt service payments during the fiscal year just ended. In fiscal year 2013, the City did not issue any new debt, however, the Civic Improvement Corporation issued \$197 million of refunding bonds used to refinance and restructure airport bonds. The City maintains the following ratings on its general obligation debt: "AAA" from Standard & Poor's and "Aa1" from Moody's Investors Service. Both Standard & Poor's and Moody's Investors Service list the City's outlook as "Stable".

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

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

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

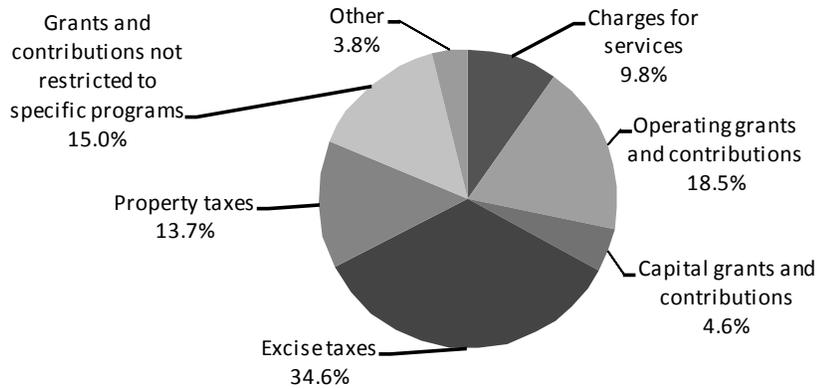
	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 209,398	\$ 207,176	\$ 1,054,741	\$ 1,059,368	\$ 1,264,139	\$ 1,266,544
Grants and contributions						
Operating	393,652	358,692	-	-	393,652	358,692
Capital	98,647	101,019	158,314	173,149	256,961	274,168
General revenues						
Excise taxes	736,938	722,998	-	-	736,938	722,998
Other taxes	292,454	221,390	-	-	292,454	221,390
Grants/contributions not restricted to specific programs						
Other	318,673	297,342	-	-	318,673	297,342
Other	79,741	85,068	1,651	7,585	81,392	92,653
<b>Total revenues</b>	<b>2,129,503</b>	<b>1,993,685</b>	<b>1,214,706</b>	<b>1,240,102</b>	<b>3,344,209</b>	<b>3,233,787</b>
<b>Expenses</b>						
General government	186,104	88,178	-	-	186,104	88,178
Criminal justice	35,409	35,703	-	-	35,409	35,703
Public safety	896,801	850,636	-	-	896,801	850,636
Transportation	407,563	421,680	-	-	407,563	421,680
Community enrichment	237,856	245,713	-	-	237,856	245,713
Community development	221,588	218,847	-	-	221,588	218,847
Environmental services	33,334	42,326	-	-	33,334	42,326
Interest on long-term debt	117,667	109,412	-	-	117,667	109,412
Aviation	-	-	464,388	435,675	464,388	435,675
Phoenix Convention Center	-	-	103,472	103,420	103,472	103,420
Water services	-	-	335,004	361,751	335,004	361,751
Wastewater services	-	-	191,568	178,258	191,568	178,258
Solid waste	-	-	133,295	133,414	133,295	133,414
Golf courses	-	-	9,876	8,879	9,876	8,879
<b>Total expenses</b>	<b>2,136,322</b>	<b>2,012,495</b>	<b>1,237,603</b>	<b>1,221,397</b>	<b>3,373,925</b>	<b>3,233,892</b>
Increase/(Decrease) in net position before transfers	(6,819)	(18,810)	(22,897)	18,705	(29,716)	(105)
Transfers	(25,416)	(19,501)	25,416	19,501	-	-
Increase/(Decrease) in net position	(32,235)	(38,311)	2,519	38,206	(29,716)	(105)
<b>Net Position - July 1</b>	<b>4,408,809</b>	<b>4,447,120</b>	<b>4,100,547</b>	<b>4,062,341</b>	<b>8,509,356</b>	<b>8,509,461</b>
<b>Net Position - June 30</b>	<b>\$ 4,376,574</b>	<b>\$ 4,408,809</b>	<b>\$ 4,103,066</b>	<b>\$ 4,100,547</b>	<b>\$ 8,479,640</b>	<b>\$ 8,509,356</b>

As shown above, Total Government net position decreased by \$29.7 million. Governmental Activities decreased the City's net position by \$32.2 million, this was partially offset by an increase in the City's net position from Business-Type Activities of \$2.5 million.

During fiscal year ended 2013, excise tax revenues increased by \$13.9 million due to continued growth in the economy. The Access to Care Tax Program, an intergovernmental agreement which authorizes the City to receive funds from participating hospitals and to disburse funds to the Arizona Health Care Cost Containment System (AHCCCS), provided \$98.4 million to AHCCCS and led to increases in both Other Taxes revenues and General Government expenses. The increase in Other Taxes revenues was partially offset by a decrease in property tax revenues. Public Safety expenses increased during the fiscal year due to increases in employee compensation and benefits.

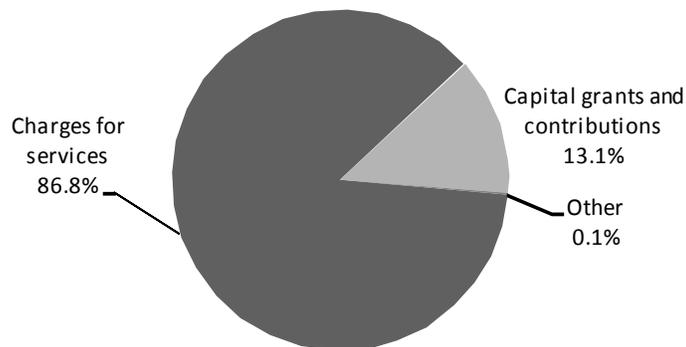
The sources of the revenues shown previously are portrayed in the following charts by percentage for the Governmental Activities and then the Business-Type Activities.

### Revenues by Source - Governmental Activities Fiscal Year Ended June 30, 2013



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 35 percent of the total. Additional information about tax revenues is presented in Table 5 of the Statistical Section.

### Revenues by Source - Business Type Activities Fiscal Year Ended June 30, 2013



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

## **2) Basic Financial Statements - Fund Financial Statements**

The Fund Financial Statements are presented in Exhibits B-1 through B-13 beginning on page 20 of this report. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-8), Enterprise Funds (Exhibits B-9 through B-11) and Fiduciary Funds (Exhibits B-12 and B-13).

**Governmental Funds.** *Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, which are on a full accrual basis, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year, which is the modified accrual basis of accounting. Both the Governmental Funds Balance Sheet (Exhibit B-1) and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B-3) provide a reconciliation (Exhibits B-2 and B-4, respectively) to the *Governmental Activities* portion of the Government-Wide Financial Statements.

The City maintains twenty-five individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Transit Special Revenue Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under Governmental Accounting Standards Board (GASB) Statement No. 34. Data from the other twenty-two Governmental Funds are combined into a single, aggregated presentation as Non-major Governmental Funds. Individual fund data for each of these non-major Governmental Funds is provided in the form of combining statements later in this report.

The City adopts an annual appropriated budget for all City funds. A Budgetary Comparison Statement has been provided for the General Fund (Exhibit B-5) and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-8) to demonstrate compliance with this budget.

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

Enterprise Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Enterprise Fund Financial Statements (Exhibits B-9 through B-11 on pages 28-33) provide separate information for each of the six Enterprise Funds noted above as all are considered to be major funds of the City.

### ***Fund Financial Statement Analysis***

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

**Governmental Funds.** The focus of the Governmental Fund Financial Statements (Exhibits B-1 through B-8 on pages 20-27) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented separately on these financial statements, while the non-major funds are combined into a single column. Combining statements for the nonmajor funds can be found in Exhibits C-1 and C-2. The following table summarizes information found in Exhibits B-1 and B-3.

**City of Phoenix**  
**Changes in Governmental Fund Balances**  
**Fiscal Year Ended June 30, 2013**  
(in thousands)

	Fund Balances June 30, 2012	Net Change in Fund Balances	Fund Balances June 30, 2013
General Fund	\$ 304,412	\$ (31,913)	\$ 272,499
Transit Special Revenue Fund	256,847	38,794	295,641
G.O./Secondary Property Tax	324,075	(32,430)	291,645
Nonmajor Governmental	569,721	(130,734)	438,987
Total	<u>\$ 1,455,055</u>	<u>\$ (156,283)</u>	<u>\$ 1,298,772</u>
Total Nonspendable	\$ 21,248	\$ 89	\$ 21,337
Spendable - Restricted	1,020,868	(90,631)	930,237
Spendable - (Committed, Assigned, Unassigned)	412,939	(65,741)	347,198
Total Governmental Balances	<u>\$ 1,455,055</u>	<u>\$ (156,283)</u>	<u>\$ 1,298,772</u>

Note: See Exhibit B-1 on page 20 and Note 3 on page 48 for detailed information on fund balances.

As shown in the above table, at the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.3 billion, a decrease of \$156.3 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.4 percent of this amount, or \$1.3 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$347.2 million available at the City's discretion and has been categorized as committed, assigned or unassigned. Examples include the General Fund, Insurance Claims, Sports Facilities and Community Development funds. The remaining 73.3 percent or \$951.6 million is designated as non-spendable or restricted. Examples of restricted fund balances are mostly Debt Service Reserve funds, Special Revenue funds and Capital Projects funds. Non-spendable funds include inventory and prepaid items. See Note 3 on page 48 for a detailed description of fund balance classifications per GASB Statement No. 54.

The General Fund is the main operating fund of the City and accounts for many of the major functions of the government including general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. As presented in the table above, the General Fund balance decreased by \$31.9 million. This decrease in fund balance was primarily due to increased expenditures relating to the restoration of City services and increased employee compensation and benefits costs related to the restoration of half of the employee pay reductions taken over the last several years.

The Transit Special Revenue Fund accounts for the voter approved excise taxes dedicated to the construction, operation and maintenance of the public transit system. The fund balance increased by \$38.8 million. The increase is in preparation for increased operating costs as transit service increases over the next several years.

The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund decreased by \$32.4 million. This decrease was due to the planned use of the fund balance to pay for general obligation debt service while maintaining current property tax rates.

The nonmajor governmental funds, consisting of the special revenue, capital projects and debt service funds, had a combined decrease in fund balance of \$130.7 million. The decrease is primarily in the capital project funds as the City spent down existing bond proceeds and did not issue additional governmental debt in fiscal year 2013.

Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the Fund Financial Statements within the Basic Financial Statements, or as required supplementary information (RSI) after the Notes to the Financial Statements. The City has chosen to present the General Fund budgetary statement (Exhibit B-5), and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-8) in the Basic Financial Statements. The following table summarizes Exhibit B-5.

**City of Phoenix  
General Fund  
Budgetary Comparison Statement  
Fiscal Year Ended June 30, 2013  
(in thousands)**

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 305,439	\$ 298,392	\$ (7,047)
Expenditures and Encumbrances	1,116,320	1,038,092	78,228
Deficiency of Revenues Under Expenditures and Encumbrances	(810,881)	(739,700)	71,181
Other Financing Sources (Uses)	755,479	709,631	(45,848)
Net Change in Fund Balance	<u>\$ (55,402)</u>	<u>(30,069)</u>	<u>\$ 25,333</u>
Fund Balance July 1		<u>92,810</u>	
Fund Balance June 30		<u>\$ 62,741</u>	

The total revenues in the General Fund were within 2.3 percent of the final amended budget and total expenditures were less than the final amended budget. The final amended general fund budget projected fiscal year expenditures of \$1.1 billion. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2013, were \$1,038.1 million which is \$78.2 million less than the amended budget (see Exhibit B-5). The actual general fund expenditures reflect department efficiencies, service cuts and controlling costs during the fiscal year.

**Enterprise Funds.** The Enterprise Fund Financial Statements (Exhibits B-9 through B-11) are prepared and presented using the same accounting basis and measurement focus as the Government-Wide Financial Statements, but in more detail. The following table summarizes Exhibits B-9 and B-10.

**City of Phoenix  
Changes in Enterprise Fund Net Position  
Fiscal Year Ended June 30, 2013  
(in thousands)**

	Net Position July 1, 2012	Change in Net Position	Net Position June 30, 2013
Aviation	\$ 1,789,613	\$ (23,995)	\$ 1,765,618
Phoenix Convention Center	130,126	(38,086)	92,040
Water System	1,292,504	48,811	1,341,315
Wastewater	849,406	1,800	851,206
Solid Waste	41,334	9,696	51,030
Golf Courses	(2,436)	4,293	1,857
Total	<u>\$ 4,100,547</u>	<u>\$ 2,519</u>	<u>\$ 4,103,066</u>

As shown in the table, Net Position for the Enterprise Funds increased in total by \$2.5 million during the fiscal year. The Water System, Wastewater, Solid Waste and Golf Courses ended the year with increases totalling \$64.6 million offset by decreases in Aviation and the Phoenix Convention Center of \$62.1 million. The increases were due to increased revenues combined with continued efficiency efforts and debt restructuring. Aviation experienced a 1.3% decrease in net position due to increased operating costs. The decline in net position for the Phoenix Convention Center reflects the decreased sales tax revenues committed to the Convention Center, particularly tourism and construction contracting taxes. The Aviation, Water System, and Wastewater Funds comprise 96.5 percent (\$1.8 billion, \$1.3 billion, and \$851.2 million respectively) of the total Enterprise Fund Net Position at June 30, 2013.

### **3) Basic Financial Statements - Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found beginning on page 37 of this report. Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 19 and Note 20 to the financial statements, and as required supplemental information.

### **ECONOMIC FACTORS**

- The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128 which is a 47.2% change. As of June 30, 2013, the City encompasses 519.3 square miles and has an estimated population of 1,485,719.
- The Phoenix area unemployment rate continues to be lower than the rate for the U.S. As of August 2013, the unemployment rate for the Phoenix area was 6.8% as compared to the U.S. rate of 7.3%.
- The City property tax base decreased in 2013 due to the downturn in the national economy and the overbuilding that occurred in the real estate sector during the mid 2000's. The 2013 total secondary assessed valuation is \$10.0 billion, which represents an 8.1 percent reduction from 2012 assessed value of \$10.8 billion. Assessed valuations are expected to increase in 2014 as the recent recovery impacts the assessments.
- During the period of August 2012 to August 2013, home prices in the Phoenix area have increased at an annual rate of 18.6% per the S&P/Case-Shiller home price index versus 12.8% for the S&P/Case Shiller 20-City index. This indicates the trend for assessed values will be positive in the future as the national and local economy recover.
- Arizona was the second-fastest growing state over the past decade, even though population growth decreased during the recent recession. Low mobility rates will limit Arizona's growth for a few more years, but it is forecasted growth will return to more historical levels by mid-decade. Over the next 30 years, it is forecasted Arizona will add 3.8 million residents of which 3.0 million will be in the Phoenix area according to George W. Hammond of University of Arizona's Eller College of Management.

### **REQUESTS FOR FINANCIAL INFORMATION**

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



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*Financial Section*

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



City of Phoenix, Arizona  
Government-Wide Financial Statements

Exhibit A-1

Statement of Net Position

June 30, 2013

(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 133,640	\$ 81,766	\$ 215,406	\$ 3,109	\$ 1,714
Cash Deposits	1,121	338	1,459	-	967
Cash and Securities with Fiscal Agents/Trustees	159,442	-	159,442	-	736
Investments	933,277	477,585	1,410,862	-	-
Internal Balances	9,287	(9,287)	-	-	-
Receivables, Net of Allowances	370,469	107,196	477,665	2,503	11,705
Prepaid Items	5,194	3,540	8,734	1,029	60
Inventories	16,164	9,741	25,905	259	-
Restricted Assets	-	939,830	939,830	53,944	-
Investment in Joint Use Agreements	855,186	681,310	1,536,496	-	-
Other Postemployment Benefits Asset	890	196	1,086	-	-
Other Noncurrent Assets	-	-	-	105	-
Capital Assets, at Cost					
Non-depreciable	1,993,589	1,119,245	3,112,834	1,588	18,978
Depreciable, net	2,741,898	5,932,587	8,674,485	246,111	16,210
Total Assets	<u>7,220,157</u>	<u>9,344,047</u>	<u>16,564,204</u>	<u>308,648</u>	<u>50,370</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Loss on Refunding Bonds	32,249	25,005	57,254	-	-
Total Deferred Outflows of Resources	<u>32,249</u>	<u>25,005</u>	<u>57,254</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts Payable	97,899	50,010	147,909	3,430	3,471
Trust Liabilities and Deposits	37,628	1,427	39,055	702	1,130
Advance Payments	18,460	12,986	31,446	-	-
Liabilities Payable from Restricted Assets	-	331,052	331,052	23,825	-
Matured Bonds and Certificates Payable	90,640	123,956	214,596	-	-
Interest Payable	68,827	105,196	174,023	-	602
Noncurrent Liabilities					
Due Within One Year					
Insurance Claims Payable	23,902	-	23,902	-	-
Accrued Compensated Absences	17,681	2,792	20,473	-	-
Pollution Remediation	325	1,690	2,015	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	2,526	2,526	-	-
General Obligation Bonds	23,770	6,544	30,314	-	-
Revenue Bonds	-	883	883	5,230	-
Certificates of Participation	1,365	-	1,365	-	-
Municipal Corporation Obligations	55,110	134,940	190,050	-	-
Special Assessment Bonds	18	-	18	-	-
Due in More Than One Year					
Insurance Claims Payable	75,848	-	75,848	-	-
Accrued Compensated Absences	125,388	18,048	143,436	-	-
Pollution Remediation	21,969	9,500	31,469	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	68,001	68,001	-	-
General Obligation Bonds, net	1,482,841	68,298	1,551,139	-	-
Revenue Bonds, net	-	16,818	16,818	341,141	-
Certificates of Participation, net	24,265	-	24,265	-	-
Municipal Corporation Obligations, net	707,444	4,311,319	5,018,763	-	-
Special Assessment Bonds	151	-	151	-	-
Notes Payable	-	-	-	-	31,427
Utility/Water Contractual Agreements	2,301	-	2,301	-	-
Total Liabilities	<u>2,875,832</u>	<u>5,265,986</u>	<u>8,141,818</u>	<u>374,328</u>	<u>36,630</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,454,765	2,826,143	5,280,908	(26,585)	21,667
Restricted For:					
Capital Projects	125,567	-	125,567	6,976	-
Debt Service	295,857	87,432	383,289	22,602	-
Customer Facility Charges (CFC) Reserves	-	18,905	18,905	-	-
Public Transit Operations	289,938	-	289,938	-	-
Other	218,875	67,823	286,698	-	-
Unrestricted	991,572	1,102,763	2,094,335	(68,673)	(7,927)
Total Net Position	<u>\$ 4,376,574</u>	<u>\$ 4,103,066</u>	<u>\$ 8,479,640</u>	<u>\$ (65,680)</u>	<u>\$ 13,740</u>

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

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit A-2**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities</b>				
General Government	\$ 186,104	\$ 15,748	\$ 1,185	\$ -
Criminal Justice	35,409	21,737	-	-
Public Safety	896,801	69,648	24,008	-
Transportation	407,563	36,125	182,683	87,878
Community Enrichment	237,856	5,071	132,948	4,373
Community Development	221,588	60,837	6,666	6,396
Environmental Services	33,334	232	46,162	-
Interest on Long-Term Debt	117,667	-	-	-
<b>Total Governmental Activities</b>	<b>2,136,322</b>	<b>209,398</b>	<b>393,652</b>	<b>98,647</b>
<b>Business-Type Activities</b>				
Aviation	464,388	305,686	-	134,157
Phoenix Convention Center	103,472	24,218	-	336
Water Services	335,004	381,862	-	13,540
Wastewater Services	191,568	190,519	-	10,183
Solid Waste	133,295	144,055	-	-
Golf Courses	9,876	8,401	-	98
<b>Total Business-Type Activities</b>	<b>1,237,603</b>	<b>1,054,741</b>	<b>-</b>	<b>158,314</b>
<b>Total Primary Government</b>	<b>\$ 3,373,925</b>	<b>\$ 1,264,139</b>	<b>\$ 393,652</b>	<b>\$ 256,961</b>
<b>Component Units:</b>				
Downtown Phoenix Hotel Corp.	\$ 64,617	\$ 53,279	\$ -	\$ -
Phoenix Housing Finance Corp.	\$ 6,008	\$ 7,740	\$ -	\$ -
<b>General Revenues (Expenses)</b>				
Taxes				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Access to Care Tax				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues (Expenses) and Transfers				
Change in Net Position				
<b>Net Position - July 1</b>				
Effect of Adoption of New Accounting Standards				
<b>Net Position - July 1, as restated</b>				
<b>Net Position - June 30</b>				

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

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Downtown Phoenix Hotel Corporation</b>	<b>Phoenix Housing Finance Corporations</b>
\$ (169,171)	\$ -	\$ (169,171)		
(13,672)	-	(13,672)		
(803,145)	-	(803,145)		
(100,877)	-	(100,877)		
(95,464)	-	(95,464)		
(147,689)	-	(147,689)		
13,060	-	13,060		
(117,667)	-	(117,667)		
(1,434,625)	-	(1,434,625)		
-	(24,545)	(24,545)		
-	(78,918)	(78,918)		
-	60,398	60,398		
-	9,134	9,134		
-	10,760	10,760		
-	(1,377)	(1,377)		
-	(24,548)	(24,548)		
(1,434,625)	(24,548)	(1,459,173)		
			\$ (11,338)	
				\$ 1,732
736,938	-	736,938	-	-
133,139	-	133,139	-	-
60,884	-	60,884	-	-
98,431	-	98,431	-	-
318,673	-	318,673	7,973	418
2,404	1,651	4,055	82	92
77,337	-	77,337	-	(1,731)
(25,416)	25,416	-	-	-
1,402,390	27,067	1,429,457	8,055	(1,221)
(32,235)	2,519	(29,716)	(3,283)	511
4,408,809	4,100,547	8,509,356	(44,872)	13,229
-	-	-	(17,525)	-
4,408,809	4,100,547	8,509,356	(62,397)	13,229
\$ 4,376,574	\$ 4,103,066	\$ 8,479,640	\$ (65,680)	\$ 13,740



**City of Phoenix**



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*Financial Section*

**Basic Financial Statements –  
Fund Financial Statements**





**City of Phoenix**

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

**Exhibit B-1**

June 30, 2013  
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 11,750	\$ 30,847	\$ 9,747	\$ 81,296	\$ 133,640
Cash Deposits	1,092	-	-	29	1,121
Cash and Securities with Fiscal Agents/Trustees	-	-	66,410	93,032	159,442
Investments	81,787	179,441	280,657	391,392	933,277
Due from Other Funds	70,576	2,382	-	43,947	116,905
Receivables, Net of Allowance					
Accounts Receivable	24,834	3,529	3	14,528	42,894
Taxes Receivable	75,547	-	1,012	27	76,586
Delinquent Taxes Receivable	3,279	-	2,154	-	5,433
Intergovernmental	23,112	49,934	-	74,153	147,199
Accrued Interest	43	-	226	105	374
Notes Receivable	-	45,772	-	52,211	97,983
Prepaid Items	5	829	-	4,360	5,194
Inventories	15,731	433	-	-	16,164
Total Assets	<u>\$ 307,756</u>	<u>\$ 313,167</u>	<u>\$ 360,209</u>	<u>\$ 755,080</u>	<u>\$ 1,736,212</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	-	-	-	-	-
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 107,618	\$ 107,618
Accounts Payable	21,137	17,506	-	59,256	97,899
Insurance Claims Payable	-	-	-	-	-
Trust Liabilities and Deposits	7,769	20	-	29,839	37,628
Matured Bonds Payable	-	-	33,170	57,470	90,640
Interest Payable	-	-	33,240	35,587	68,827
Advance Payments	6,351	-	2,154	26,323	34,828
Total Liabilities	<u>35,257</u>	<u>17,526</u>	<u>68,564</u>	<u>316,093</u>	<u>437,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Non-Spendable					
Inventories	15,731	433	-	-	16,164
Prepaid Items	5	829	-	4,339	5,173
Spendable					
Restricted	40,361	289,938	291,645	308,293	930,237
Committed	-	-	-	47,874	47,874
Assigned	55,390	4,441	-	135,152	194,983
Unassigned	161,012	-	-	(56,671)	104,341
Total Fund Balances	<u>272,499</u>	<u>295,641</u>	<u>291,645</u>	<u>438,987</u>	<u>1,298,772</u>
Total Liabilities and Fund Balances	<u>\$ 307,756</u>	<u>\$ 313,167</u>	<u>\$ 360,209</u>	<u>\$ 755,080</u>	<u>\$ 1,736,212</u>

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

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

**Exhibit B-2**

June 30, 2013  
(in thousands)

Fund balances - total governmental funds balance sheet \$ 1,298,772

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

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

Governmental capital assets	6,535,335	
Accumulated depreciation	<u>(1,799,848)</u>	
		4,735,487

The investment in joint use agreements are not a financial resource and, therefore, are not reported in the funds.

Valley Metro Rail Inc.	788,635	
Regional Wireless Cooperative	<u>66,551</u>	
		855,186

The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds. 890

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 16,368

Deferred outflows of resources from the refunding of bonds 32,249

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

Governmental bonds payable	(2,294,964)	
Pollution Remediation	(22,294)	
Compensated absences	(143,069)	
Insurance claims payable	(99,750)	
Water repayment agreements	<u>(2,301)</u>	
		<u>(2,562,378)</u>

Net position of governmental activities - statement of net position \$ 4,376,574

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

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

**Exhibit B-3**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
City Taxes	\$ 587,699	\$ 110,059	\$ 62,012	\$ 271,353	\$ 1,031,123
Licenses and Permits	15,362	-	-	15	15,377
Intergovernmental	319,586	83,824	4,867	400,921	809,198
Charges for Services	63,919	33,815	-	71,793	169,527
Fines and Forfeitures	15,942	-	-	-	15,942
Parks and Recreation	-	-	-	1,891	1,891
Special Assessments	-	-	-	35	35
Investment Income					
Net Change in Fair Value of Investments	(1,863)	(4,828)	(2,602)	(5,480)	(14,773)
Interest	2,116	5,265	3,591	6,205	17,177
Dwelling Rentals	-	-	-	6,882	6,882
Other	21,595	17,993	-	39,969	79,557
Total Revenues	<u>1,024,356</u>	<u>246,128</u>	<u>67,868</u>	<u>793,584</u>	<u>2,131,936</u>
<b>EXPENDITURES</b>					
Current Operating					
General Government	67,840	-	-	102,169	170,009
Criminal Justice	33,474	-	-	1,784	35,258
Public Safety	684,541	40	-	147,552	832,133
Transportation	36,064	169,800	-	46,948	252,812
Community Enrichment	141,840	-	-	48,059	189,899
Community Development	19,401	-	-	182,637	202,038
Environmental Services	14,161	-	-	2,388	16,549
Capital Outlay	10,874	16,508	-	323,362	350,744
Debt Service					
Principal	-	-	33,170	57,501	90,671
Interest	-	-	67,063	55,126	122,189
Bond Issuance Costs	-	-	79	-	79
Arbitrage Rebate and Fiscal Agent Fees	-	-	3	20	23
Other	-	-	-	399	399
Total Expenditures	<u>1,008,195</u>	<u>186,348</u>	<u>100,315</u>	<u>967,945</u>	<u>2,262,803</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,161</u>	<u>59,780</u>	<u>(32,447)</u>	<u>(174,361)</u>	<u>(130,867)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From Other Funds	23,593	3	17	113,358	136,971
Transfers to Other Funds	(71,667)	(20,989)	-	(69,731)	(162,387)
Total Other Financing Sources and (Uses)	<u>(48,074)</u>	<u>(20,986)</u>	<u>17</u>	<u>43,627</u>	<u>(25,416)</u>
Net Change in Fund Balances	<u>(31,913)</u>	<u>38,794</u>	<u>(32,430)</u>	<u>(130,734)</u>	<u>(156,283)</u>
<b>FUND BALANCES, JULY 1</b>	<u>304,412</u>	<u>256,847</u>	<u>324,075</u>	<u>569,721</u>	<u>1,455,055</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 272,499</u>	<u>\$ 295,641</u>	<u>\$ 291,645</u>	<u>\$ 438,987</u>	<u>\$ 1,298,772</u>

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

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

**Exhibit B-4**

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

Net change in fund balances - total governmental funds	\$ (156,283)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital acquisitions (\$229,100) minus the decrease in the equity share of the joint venture (\$24,742) exceeded depreciation (\$162,019) and loss on disposals of capital assets (\$3,683) in the current period.	38,656
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(2,432)
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.	
Bond principal payments and other reductions	90,671
Amortization of bond premium/discount	5,022
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Compensated absences	(2,241)
Insurance claims	(7,848)
Other Postemployment Benefit (OPEB) Asset	82
Pollution Remediation	<u>2,138</u>
Change in net position of governmental activities - statement of activities	<u>\$ (32,235)</u>

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**General Fund**  
**Budgetary Comparison Statement**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit B-5**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
City Taxes	\$ 133,471	\$ 133,471	\$ 133,742	\$ 271
Licenses and Permits	12,489	12,489	12,659	170
Intergovernmental	48,881	48,881	50,140	1,259
Charges for Services	74,545	74,545	66,824	(7,721)
Fines and Forfeitures	18,551	18,551	15,779	(2,772)
Interest	869	869	1,373	504
Miscellaneous	16,633	16,633	17,875	1,242
Total Revenues	<u>305,439</u>	<u>305,439</u>	<u>298,392</u>	<u>(7,047)</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	108,011	108,054	102,211	5,843
Criminal Justice	35,202	35,202	33,453	1,749
Public Safety	694,501	694,501	684,609	9,892
Transportation	43,463	43,520	38,161	5,359
Community Enrichment	146,705	147,905	141,209	6,696
Community Development	21,659	21,659	19,927	1,732
Environmental Services	17,123	17,123	15,354	1,769
Capital	5,698	5,698	3,168	2,530
Contingency	42,658	42,658	-	42,658
Total Expenditures and Encumbrances	<u>1,115,020</u>	<u>1,116,320</u>	<u>1,038,092</u>	<u>78,228</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(809,581)	(810,881)	(739,700)	71,181
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Staff and Administrative	31,371	31,371	33,958	2,587
In-Lieu Property Taxes	21,837	21,837	21,336	(501)
Excise Taxes and Other	703,263	703,263	654,069	(49,194)
Transfers to Other Funds				
Miscellaneous	(1,992)	(1,992)	(840)	1,152
Recovery of Prior Years Expenditures	1,000	1,000	1,108	108
Total Other Financing Sources (Uses)	<u>755,479</u>	<u>755,479</u>	<u>709,631</u>	<u>(45,848)</u>
Net Change in Fund Balance	<u>\$ (54,102)</u>	<u>\$ (55,402)</u>	<u>(30,069)</u>	<u>\$ 25,333</u>
Fund Balance, July 1			92,810	
Fund Balance, June 30			<u>\$ 62,741</u>	

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

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Transit 2000 Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit B-6**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 48,376	\$ 48,376	\$ 46,410	\$ (1,966)
Interest	2,000	2,000	1,346	(654)
Miscellaneous	3,148	3,148	5,386	2,238
Total Revenues	53,524	53,524	53,142	(382)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	151,367	132,867	119,091	13,776
Capital	25,423	19,123	10,312	8,811
Contingency	10,000	10,000	-	10,000
Total Expenditures and Encumbrances	186,790	161,990	129,403	32,587
Deficiency of Revenues Over Expenditures and Encumbrances	(133,266)	(108,466)	(76,261)	32,205
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
General Fund - Change for Phoenix	-	-	3	3
Excise Tax Special Revenue Fund	115,886	115,886	110,059	(5,827)
Federal Transit Grants Special Revenue	-	-	1,530	1,530
Transfers to Other Funds				
General Fund				
Staff and Administrative	(390)	(390)	(750)	(360)
City Improvement Debt Service Fund	(50,792)	(50,792)	(20,870)	29,922
Infrastructure Repayment Agreement Trust	(119)	(119)	(119)	-
Recovery of Prior Years Expenditures	2,000	2,000	1,047	(953)
Total Other Financing Sources (Uses)	66,585	66,585	90,900	24,315
Net Change in Fund Balance	\$ (66,681)	\$ (41,881)	14,639	\$ 56,520
Fund Balance, July 1			268,160	
Fund Balance, June 30			\$ 282,799	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Transit - Other Agency Special Revenue Funds**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit B-7**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 34,471	\$ 34,471	\$ 23,760	\$ (10,711)
Charges for Services	5	5	6	1
Interest	13	13	1	(12)
Total Revenues	34,489	34,489	23,767	(10,722)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	27,449	27,449	23,386	4,063
Capital	13,506	17,506	15,217	2,289
Total Expenditures and Encumbrances	40,955	44,955	38,603	6,352
Deficiency of Revenues Over Expenditures and Encumbrances	(6,466)	(10,466)	(14,836)	(4,370)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	-	-	65	65
Total Other Financing Sources	-	-	65	65
Net Change in Fund Balance	<u>\$ (6,466)</u>	<u>\$ (10,466)</u>	(14,771)	<u>\$ (4,305)</u>
Fund Balance, July 1			2,033	
Fund Deficit, June 30			<u>\$ (12,738)</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Transit - Federal Transit Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit B-8**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 19,321	\$ 19,321	\$ 60,065	\$ 40,744
Interest	-	-	6	6
Total Revenues	19,321	19,321	60,071	40,750
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	-	-	40	(40)
Transportation	8,304	31,404	29,439	1,965
Capital	11,017	29,617	31,542	(1,925)
Total Expenditures and Encumbrances	19,321	61,021	61,021	-
Deficiency of Revenues Over Expenditures and Encumbrances	-	(41,700)	(950)	40,750
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
Transit 2000	-	-	(1,530)	(1,530)
Recovery of Prior Years Expenditures	-	-	107	107
Total Other Financing Sources and Uses	-	-	(1,423)	(1,423)
Net Change in Fund Balance	\$ -	\$ (41,700)	(2,373)	\$ 39,327
Fund Balance, July 1			2,373	
Fund Balance, June 30			\$ -	

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Enterprise Funds**  
**Statement of Net Position**  
June 30, 2013  
(in thousands)

**Exhibit B-9**

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 45,871	\$ 4,653
Investments	261,874	26,922
Receivables, Net of Allowances	10,233	251
Prepaid Items	-	-
Cash Deposits	338	-
Inventories, at Average Cost	1,576	207
Total Unrestricted Current Assets	<u>319,892</u>	<u>32,033</u>
Restricted Assets		
Cash and Cash Equivalents	28,261	874
Cash Deposits	-	2,136
Cash and Securities with Fiscal Agents/Trustees	235,809	30,454
Investments	87,443	14,068
Receivables, Net of Allowances	15,385	3
Total Restricted Current Assets	<u>366,898</u>	<u>47,535</u>
Total Current Assets	<u>686,790</u>	<u>79,568</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,821,432	779,831
Investment in Joint Use Agreement	-	-
OPEB Asset	55	15
Total Noncurrent Assets	<u>2,821,487</u>	<u>779,846</u>
Total Assets	<u>3,508,277</u>	<u>859,414</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	2,049	560
Total Deferred Outflows of Resources	<u>2,049</u>	<u>560</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	15,301	1,291
Due to Other Funds	-	-
Trust Liabilities and Deposits	1,413	-
Advance Payments	12,833	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Pollution Remediation	1,690	-
Current Portion of Accrued Compensated Absences	874	214
Total Current Liabilities Payable from Current Assets	<u>32,111</u>	<u>1,505</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	15,702	14
Trust Liabilities and Deposits	-	2,151
Bond Anticipation Notes Payable	100,000	-
Matured Bonds and Certificates Payable	36,070	16,888
Interest Payable	36,426	13,460
Current Portion of General Obligation Bonds	500	-
Current Portion of Revenue Bonds	-	-
Current Portion of Municipal Corporation Obligations	43,535	2,220
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	<u>232,233</u>	<u>34,733</u>
Total Current Liabilities	<u>264,344</u>	<u>36,238</u>
Noncurrent Liabilities		
General Obligation Bonds	8,520	-
Revenue Bonds	-	-
Municipal Corporation Obligations	1,456,726	730,343
Pollution Remediation	9,500	-
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	5,618	1,353
Total Noncurrent Liabilities	<u>1,480,364</u>	<u>731,696</u>
Total Liabilities	<u>1,744,708</u>	<u>767,934</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,255,699	30,941
Restricted for Debt Service	87,432	-
Restricted for CFC Transportation O&M / Improvement Reserves	18,905	-
Restricted for Development Impact Fees	-	-
Unrestricted	403,582	61,099
Total Net Position	<u>\$ 1,765,618</u>	<u>\$ 92,040</u>

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

**Exhibit B-9**

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 16,196	\$ 7,933	\$ 6,075	\$ 1,038	\$ 81,766
105,700	43,677	39,412	-	477,585
54,828	28,095	13,789	-	107,196
3,540	-	-	-	3,540
-	-	-	-	338
6,771	950	-	237	9,741
187,035	80,655	59,276	1,275	680,166
38,875	26,978	5,643	-	100,631
4,757	15	118	-	7,026
67,222	47,288	10,245	-	391,018
167,568	126,137	30,551	-	425,767
-	-	-	-	15,388
278,422	200,418	46,557	-	939,830
465,457	281,073	105,833	1,275	1,619,996
2,287,276	990,522	161,991	10,780	7,051,832
244,775	436,535	-	-	681,310
66	25	32	3	196
2,532,117	1,427,082	162,023	10,783	7,733,338
2,997,574	1,708,155	267,856	12,058	9,353,334
10,064	12,056	276	-	25,005
10,064	12,056	276	-	25,005
19,713	9,161	4,363	181	50,010
-	-	-	9,287	9,287
-	-	-	14	1,427
10	1	-	142	12,986
-	-	2,526	-	2,526
-	-	-	-	1,690
964	269	395	76	2,792
20,687	9,431	7,284	9,700	80,718
5,083	1,526	388	-	22,713
4,757	15	117	-	7,040
175,000	25,000	-	-	300,000
34,546	29,337	7,115	-	123,956
32,967	19,213	3,130	-	105,196
4,347	1,217	480	-	6,544
201	682	-	-	883
50,030	31,665	7,490	-	134,940
-	-	1,299	-	1,299
306,931	108,655	20,019	-	702,571
327,618	118,086	27,303	9,700	783,289
34,881	14,447	10,450	-	68,298
3,841	12,977	-	-	16,818
1,293,693	721,702	108,855	-	4,311,319
-	-	-	-	9,500
-	-	68,001	-	68,001
6,290	1,793	2,493	501	18,048
1,338,705	750,919	189,799	501	4,491,984
1,666,323	869,005	217,102	10,201	5,275,273
-	-	-	-	-
902,881	597,723	28,120	10,779	2,826,143
-	-	-	-	87,432
-	-	-	-	18,905
28,270	37,018	2,535	-	67,823
410,164	216,465	20,375	(8,922)	1,102,763
\$ 1,341,315	\$ 851,206	\$ 51,030	\$ 1,857	\$ 4,103,066

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

**Exhibit B-10**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
Operating Revenues		
Landing and Terminals Fees	\$ 157,708	\$ -
Sales	-	-
Rentals	120,581	8,807
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Golf Fees	-	-
Concessions	-	10,073
Other	27,397	5,338
Total Operating Revenues	<u>305,686</u>	<u>24,218</u>
Operating Expenses		
Administration and Engineering	-	22,625
Operation and Maintenance	232,186	14,624
Promotion	-	3,144
Depreciation and Amortization	146,034	26,605
Staff and Administrative	6,869	2,193
Environmental, Studies & Noise Program	8,361	-
Other	-	1,638
Total Operating Expenses	<u>393,450</u>	<u>70,829</u>
Operating Income (Loss)	<u>(87,764)</u>	<u>(46,611)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	(8,535)	(967)
Interest on Investments	9,054	1,039
Interest on Capital Debt	(70,785)	(32,470)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	(153)	(173)
Total Non-Operating Revenues (Expenses)	<u>(70,419)</u>	<u>(32,571)</u>
Income (Loss) Before Contributions and Transfers	<u>(158,183)</u>	<u>(79,182)</u>
Capital Contributions	134,157	336
Transfers from Other Funds	31	40,829
Transfers to Other Funds	-	(69)
Change in Net Position	<u>(23,995)</u>	<u>(38,086)</u>
Net Position, July 1	1,789,613	130,126
Net Position, June 30	<u>\$ 1,765,618</u>	<u>\$ 92,040</u>

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

**Exhibit B-10**

(Continued)

<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Golf Courses</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 157,708
323,843	-	-	-	323,843
-	-	-	-	129,388
-	145,040	-	-	145,040
-	-	131,451	-	131,451
-	-	-	6,275	6,275
-	-	-	1,722	11,795
58,019	45,420	10,769	395	147,338
381,862	190,460	142,220	8,392	1,052,838
22,638	12,933	23,093	559	81,848
145,799	68,610	71,730	8,443	541,392
-	-	-	-	3,144
103,656	43,349	16,887	671	337,202
7,483	3,682	6,709	201	27,137
-	-	-	-	8,361
-	-	9,127	2	10,767
279,576	128,574	127,546	9,876	1,009,851
102,286	61,886	14,674	(1,484)	42,987
(7,380)	(5,075)	(1,932)	248	(23,641)
7,854	5,545	2,078	(278)	25,292
(45,433)	(32,954)	(5,749)	-	(187,391)
(8,407)	(30,040)	-	-	(38,447)
(1,588)	59	1,835	9	(11)
(54,954)	(62,465)	(3,768)	(21)	(224,198)
47,332	(579)	10,906	(1,505)	(181,211)
13,540	10,183	-	98	158,314
34	-	-	5,700	46,594
(12,095)	(7,804)	(1,210)	-	(21,178)
48,811	1,800	9,696	4,293	2,519
1,292,504	849,406	41,334	(2,436)	4,100,547
\$ 1,341,315	\$ 851,206	\$ 51,030	\$ 1,857	\$ 4,103,066

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

**Exhibit B-11**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 309,407	\$ 23,719
Payments to Suppliers	(171,617)	(21,824)
Payments to Employees	(72,894)	(19,871)
Payment of Staff and Administrative Expenses	(6,869)	(2,193)
Net Cash Provided (Used) by Operating Activities	<u>58,027</u>	<u>(20,169)</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	31	40,829
Transfers to Other Funds	-	(69)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>31</u>	<u>40,760</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	101,795	-
Principal Paid on Capital Debt	(43,482)	(2,460)
Interest Paid on Capital Debt	(88,829)	(16,664)
Loans from Other Funds	-	-
Acquisition and Construction of Capital Assets	(159,133)	(637)
Proceeds from Sales of Capital Assets	199	1
Capital Contributions	141,735	1
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,715)</u>	<u>(19,759)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(642,471)	(21,557)
Proceeds from Sale and Maturities of Investment Securities	680,873	12,506
Net Activity for Short-Term Investments	(8,788)	12,224
Interest on Investments	562	69
Net Cash Provided (Used) by Investing Activities	<u>30,176</u>	<u>3,242</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>40,519</u>	<u>4,074</u>
Cash and Cash Equivalents, July 1	269,760	34,043
Cash and Cash Equivalents, June 30	<u>\$ 310,279</u>	<u>\$ 38,117</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (87,764)	\$ (46,611)
Adjustments		
Depreciation and Amortization	146,034	26,605
(Increase) Decrease in Assets		
Receivables	(2,023)	(61)
Allowance for Doubtful Accounts	2,218	-
Prepaid Items	-	-
Inventories	17	8
OPEB Asset	(5)	(2)
Increase (Decrease) in Liabilities		
Accounts Payable	(1,173)	258
Trust Liabilities and Deposits	401	(438)
Advance Payments	3,125	-
Pollution Remediation	(2,765)	-
Accrued Compensated Absences	(38)	72
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 58,027</u>	<u>\$ (20,169)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 335
Bond Capital Appreciation	-	12,325
Refunding Issuance in Excess of Bond Retirement	519	62
Increase (Decrease) in Fair Value of Investments	200	32
Total Noncash Transactions Affecting Financial Position	<u>\$ 719</u>	<u>\$ 12,754</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 45,871	\$ 4,653
Cash Deposits	338	-
Total Unrestricted	<u>46,209</u>	<u>4,653</u>
Restricted		
Cash and Cash Equivalents	28,261	874
Cash and Securities with Fiscal Agents/Trustees	235,809	30,454
Cash Deposits	-	2,136
Total Restricted	<u>264,070</u>	<u>33,464</u>
	<u>\$ 310,279</u>	<u>\$ 38,117</u>

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

Exhibit B-11

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 385,961	\$ 185,932	\$ 141,836	\$ 8,389	\$ 1,055,244
(81,951)	(59,467)	(62,973)	(4,084)	(401,916)
(84,039)	(23,738)	(42,354)	(4,816)	(247,712)
(7,483)	(3,682)	(6,709)	(201)	(27,137)
212,488	99,045	29,800	(712)	378,479
34	-	-	5,700	46,594
(12,095)	(7,804)	(1,210)	-	(21,178)
(12,061)	(7,804)	(1,210)	5,700	25,416
-	-	-	-	101,795
(50,155)	(78,252)	(8,045)	-	(182,394)
(70,316)	(39,395)	(6,271)	-	(221,475)
-	-	-	(3,798)	(3,798)
(95,709)	(16,414)	(22,587)	(151)	(294,631)
30,006	79	2,610	16	32,911
11,221	7,349	-	-	160,306
(174,953)	(126,633)	(34,293)	(3,933)	(407,286)
(315,806)	(91,734)	(69,841)	-	(1,141,409)
347,971	97,812	74,981	-	1,214,143
(33,494)	34,356	2,095	-	6,393
562	483	146	(31)	1,791
(767)	40,917	7,381	(31)	80,918
24,707	5,525	1,678	1,024	77,527
102,343	76,689	20,403	14	503,252
\$ 127,050	\$ 82,214	\$ 22,081	\$ 1,038	\$ 580,779
\$ 102,286	\$ 61,886	\$ 14,674	\$ (1,484)	\$ 42,987
103,656	43,349	16,887	671	337,202
3,967	(4,343)	(281)	8	(2,733)
58	(169)	(98)	(8)	2,001
(77)	-	-	-	(77)
(1,252)	61	-	(3)	(1,169)
(5)	(1)	(4)	-	(17)
3,800	(1,722)	(1,246)	94	11
74	(16)	(6)	-	15
-	-	-	(3)	3,122
-	-	-	-	(2,765)
(19)	-	215	13	243
-	-	(341)	-	(341)
\$ 212,488	\$ 99,045	\$ 29,800	\$ (712)	\$ 378,479
\$ 2,319	\$ 2,834	\$ -	\$ 98	\$ 5,586
70	-	-	-	12,395
1,406	2,514	110	-	4,611
57	9	(1)	-	297
\$ 3,852	\$ 5,357	\$ 109	\$ 98	\$ 22,889
\$ 16,196	\$ 7,933	\$ 6,075	\$ 1,038	\$ 81,766
-	-	-	-	338
16,196	7,933	6,075	1,038	82,104
38,875	26,978	5,643	-	100,631
67,222	47,288	10,245	-	391,018
4,757	15	118	-	7,026
110,854	74,281	16,006	-	498,675
\$ 127,050	\$ 82,214	\$ 22,081	\$ 1,038	\$ 580,779

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

**Exhibit B-12**

June 30, 2013  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 28,810	\$ 9,912
Investments		
Treasurer's Pooled Investments	17,442	52,040
Temporary Investments	96,526	-
Fixed Income	507,559	-
Domestic Equities	966,286	-
International Equities	456,764	-
Real Return	35,556	-
Absolute Return	269,789	-
Receivables		
Accounts Receivable	81,832	-
Contributions Receivable	3,591	-
Interest and Dividends	2,068	-
Prepaid Items	5,150	-
Total Assets	<u>2,471,373</u>	<u>61,952</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	213,787	-
Accrued Payroll Payable	-	61,952
Claims Payable	27,326	-
Total Liabilities	<u>241,113</u>	<u>61,952</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>		
Held in trust for pension and other employee benefits	<u>\$ 2,230,260</u>	<u>\$ -</u>

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

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

**Exhibit B-13**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>
<b><u>ADDITIONS</u></b>	
Contributions	
City of Phoenix	\$ 286,296
Employees	98,726
Inter-System Transfers	10,252
Other	4,593
Total Contributions	<u>399,867</u>
Investment Income	
From Investing Activities	
Net Increase in Fair Value of Investments	181,644
Interest	12,033
Dividends	23,073
Other	692
Investment Income	<u>217,442</u>
Less: Investment Expense	5,184
Net Investment Income from Investing Activities	<u>212,258</u>
Security Lending Activity Gross Income	612
Security Lending Expenses	<u>(209)</u>
Total Net Investment Income	<u>212,661</u>
Total Additions	<u>612,528</u>
<b><u>DEDUCTIONS</u></b>	
Benefit Payments	405,987
Refunds of Contributions	3,207
Inter-System Transfers	10,753
Other	10,913
Total Deductions	<u>430,860</u>
Net Increase	181,668
Net Position Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	<u>2,048,592</u>
End of Year, June 30	<u>\$ 2,230,260</u>

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



**City of Phoenix**



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## Financial Section

# Notes to the Financial Statements

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

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

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# City of Phoenix, Arizona

## Notes to the Financial Statements

As of and for the Fiscal Year Ended June 30, 2013

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

### 1. Summary of Significant Accounting Policies

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

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

#### a. Reporting Entity

The accompanying financial statements include the City and all of its component units, collectively referred to as "the financial reporting entity". In accordance with GASB No. 14 and GASB No. 61, the component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### **City of Phoenix Employees' Retirement System ("COPERS")**

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

#### **City of Phoenix Civic Improvement Corporation ("CIC")**

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

#### **Phoenix Housing Finance Corporations ("PHFC")**

The PHFC are individual nonprofit corporations which were incorporated under the laws of the State of Arizona. The corporations were created to act as instrumentalities of the City to aid in the development and financing of various housing projects for low income persons. City management appoints the non-self-perpetuating Board of Directors and approves amendments to the Articles of Incorporation and Bylaws. Although the corporations are legally separate from the City, governmental accounting standards require the corporations to be reported as a non-major discretely presented component unit of the City for financial reporting purposes because of the City's accountability via the appointment of the board members. Separate financial statements for the corporations can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9<sup>th</sup> floor, Phoenix, Arizona, 85003.

#### **Downtown Phoenix Hotel Corporation ("DPHC")**

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

## Notes to the Financial Statements

(Continued)

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corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a non-major discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the corporation. Separate financial statements for the corporation can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9<sup>th</sup> floor, Phoenix, Arizona, 85003.

### **b. Jointly Governed Organizations**

#### **Valley Metro Regional Public Transportation Authority (the "Authority")**

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

#### **Arizona Municipal Water Users Association ("AMWUA")**

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

#### **Phoenix-Mesa Gateway Airport ("PMGA")**

PMGA is a nonprofit corporation established and funded by the City of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become PMGA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City of Phoenix contributed \$1.3 million this fiscal year (life to date \$13.0 million) to the PMGA operating and capital budget.

### **c. Basic Financial Statements**

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

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

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The City does not utilize any internal service funds.

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

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

## Notes to the Financial Statements

(Continued)

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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.

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

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

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

The proprietary (enterprise) funds and fiduciary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements but is included in the fund columns in the proprietary fund financial statements.

## Notes to the Financial Statements

(Continued)

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### d. Fund Accounting

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

#### Governmental Funds

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

The City reports the following major governmental funds:

##### **General Fund**

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

##### **Transit Special Revenue Fund**

The Transit Fund is the only special revenue fund that is presented as a major fund in the basic financial statements. It is used to account for federal grant operating funds, regional Public Transportation Assistance funds, Transit 2000 excise tax revenues and the City's local matching funds. Expenditures are for the administrative and operating costs of the public transit system.

##### **General Obligation/Secondary Property Tax Debt Service Fund**

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

The City reports the following nonmajor governmental funds:

##### **Special Revenue Funds**

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

##### **Capital Projects Funds**

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

##### **Debt Service Funds**

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

#### Proprietary Funds

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

##### **Enterprise Funds**

Enterprise funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any

## Notes to the Financial Statements

(Continued)

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activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. The City has six enterprise funds, which are all presented as major funds in the basic financial statements and are used to account for the operation of the City's Sky Harbor International Airport and two regional airports, Phoenix Convention Center, water system, wastewater system, solid waste disposal system and golf courses.

### **Fiduciary Funds**

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

### **Pension and Other Employee Benefit Trust Funds**

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

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

### **Agency Funds**

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

## **e. Basis of Accounting**

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

Proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus whereby all assets plus deferred outflows of resources and liabilities plus deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Statements of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in net position for proprietary funds. Statements of changes in net position present increases and decreases in total assets for fiduciary funds.

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

## Notes to the Financial Statements

(Continued)

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

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

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

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

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

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

### **f. Budget and Budgetary Accounting**

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

Unexpended appropriations, including those encumbered, lapse at fiscal year end. Since all expenditures must be covered by an appropriation, the City reappropriates outstanding encumbrances. For 2012-13, the reappropriation budget was \$1,144,226,000.

### **Expenditure Limitation**

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City's actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2012-13 expenditure limit supplied by the Economic Estimates Commission was \$1,302,039,248. The City increased this limit to \$5,365,336,000 to adjust for additional voter-approved modifications, as follows:

**Notes to the Financial Statements**  
(Continued)

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

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2011 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option will be in effect through 2015-16. Previously established exclusions for pay-as-you-go capital projects continue to apply.

**Budget Calendar**

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

<b>Action</b>	<b>City Charter</b>	<b>State Statutes</b>
City Manager’s proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June	No provision
Publish general summary of budget and notice of public hearing	Publish in newspaper of general circulation at least two weeks prior to first public hearing	No provision
Public hearing and tentative budget adoption	On or before the last day of June	On or before the third Monday in July
Publish budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption
Public hearing and final budget adoption	No provision	No later than the second Monday in August
Property tax levy adoption	No later than the last regular Council meeting in July	No sooner than fourteen days following final budget adoption and no later than the third Monday in August

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

## Notes to the Financial Statements

(Continued)

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### **g. Use of Estimates**

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

### **h. Pooled Cash and Investments**

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

The City's cash and cash equivalents are considered to be cash in bank, cash on hand, and short-term investments with original maturities of 90 days or less from the date of acquisition.

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

### **i. Inventories**

Inventories consist of expendable supplies held for consumption. Inventories in governmental funds are stated at average cost. Enterprise fund inventories are stated at the lower of average cost or market. Inventories are primarily accounted for on the consumption method. An amount equal to the inventories in the governmental funds is shown as non-spendable fund balance as it is not available for future expenditure.

### **j. Capital Assets**

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

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

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

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for the enterprise funds. See Note 9 for presentation of capital additions and interest costs capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

## Notes to the Financial Statements

(Continued)

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

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

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

### **k. Compensated Absences**

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

Sick leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' retirement. Unused sick leave hours not eligible for such cash payment is treated as additional service time in the calculation of postemployment benefits. For the government-wide financial statements, as well as the enterprise fund financial statements, outstanding compensated absences are recorded as a liability.

### **l. Long-Term Obligations**

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period in which the bonds are issued. Bond issuance costs are expensed as incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **m. Fund Deficits**

At June 30, 2013, two special revenue funds reported fund deficits: Neighborhood Protection \$434,000 and Public Safety Enhancement \$33,937,000. The deficits occurred due to lower than planned receipts of voter approved local sales taxes. The City Council has approved a multi-year plan to resolve these fund deficits over the next several years. The plan includes a combination of efforts including cost cutting measures, and the reduction of positions funded by these taxes through a hiring freeze and attrition. In addition, the Transit Capital Projects Fund had a fund deficit of \$13,107,000 at June 30, 2013. This deficit was addressed by issuing \$328,920,000 Transit Excise Tax Revenue Refunding Bonds on July 16, 2013.

### **n. Interfund Transactions**

Interfund transactions, consisting of services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the services, except for sales of water to other City departments, which are recorded as revenue in the Water Enterprise funds. In addition, operating transfers are made between

## Notes to the Financial Statements

(Continued)

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funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

**o. Statements of Cash Flows**

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

**p. New Accounting Pronouncements**

GASB Statement No. 60, ***Accounting and Financial Reporting for Service Concession Arrangements***, improves financial reporting by addressing issues related to service concession arrangements (SCAs). The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City has no SCAs for fiscal year 2013 and therefore is not impacted by this Statement.

GASB Statement No. 61, ***The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34***, improves financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2012. The City has implemented this Statement in fiscal year 2013 and PHFC has recognized the Phoenix Residential Investment Development Effort (PRIDE) as a component unit.

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

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

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

GASB Statement No. 65, ***Items Previously Reported as Assets and Liabilities***, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows

**Notes to the Financial Statements**  
(Continued)

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of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented this Statement in fiscal year 2013.

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

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 City 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 City will implement this Statement in fiscal year 2014.

Although expected to be significant, the City has not fully determined the effects that implementation of Statement No. 68 will have on the City's financial statements. The City has also not fully determined the effects that implementation of Statements No. 69 and 70 will have on the City's financial statements.

**2. Budget Basis of Accounting**

The City's budget is adopted on a basis other than GAAP. The Budgetary Comparison Statement for the General Fund (Exhibit B-5) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP bases are:

	<b>Budget</b>	<b>GAAP</b>
Encumbrances	The equivalent of expenditures	Not recognized
Grant Revenues	Recognized on a modified cash basis	Recognized on the accrual basis
Investment Income	Unrealized gain or loss on investments not recognized	Unrealized gain or loss on investments recognized
Staff and Administrative Costs	Interfund transfers	Reimbursable expenses

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

**Notes to the Financial Statements**  
(Continued)

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2013 on the budget basis to the GAAP basis are as follows (in thousands):

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

	<b>General</b>
Budget basis	\$ (30,069)
Entity differences - amounts not budgeted	6,951
Transfers not recognized for budget purposes	(758,063)
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	726,085
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	26,538
Unrealized gain or loss on investments	(346)
Encumbrances at June 30 recognized as expenditures for budget purposes	(3,009)
GAAP basis	\$ (31,913)

Adjustments necessary to convert the fund balances at June 30, 2013 on the budget basis to the GAAP basis are as follows (in thousands):

**Fund Balances at June 30**

	<b>General</b>
Budget basis	\$ 62,741
Entity differences - amounts not budgeted	212,423
Transfers not recognized for budget purposes	(757,516)
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	726,703
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	21,647
Unrealized gain or loss on investments	(5,628)
Encumbrances at June 30 recognized as expenditures for budget purposes	12,129
GAAP basis	\$ 272,499

**3. Fund Balances**

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

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

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

## Notes to the Financial Statements

(Continued)

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

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

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

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

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

**Notes to the Financial Statements**  
(Continued)

	General	Transit Special Revenue	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances (in thousands):					
Nonspendable:					
Inventory/Prepaid	\$ 15,736	\$ 1,262	\$ -	\$ 4,339	\$ 21,337
Spendable:					
Restricted for:					
Capital Construction	-	-	-	143,801	143,801
Debt Service	-	-	291,645	4,212	295,857
Public Transit Operations	-	289,938	-	-	289,938
Road Maintenance and Construction	-	-	-	70,950	70,950
Public Parks and Preserves	-	-	-	27,083	27,083
Insurance Claims	40,361	-	-	-	40,361
Low Income Housing Programs	-	-	-	18,644	18,644
Court Operations	-	-	-	8,981	8,981
Police and Fire Personnel	-	-	-	9,193	9,193
Other	-	-	-	25,429	25,429
Committed to:					
Debt Service	-	-	-	29,813	29,813
Capital Construction	-	-	-	13,716	13,716
Court Operations	-	-	-	4,345	4,345
Assigned to:					
Capital Construction	-	-	-	80,724	80,724
Insurance Claims	55,390	-	-	-	55,390
Development Services	-	-	-	40,697	40,697
Low Income Housing Programs	-	-	-	4,471	4,471
Public Transit Operations	-	4,441	-	-	4,441
Other	-	-	-	9,260	9,260
Unassigned	161,012	-	-	(56,671)	104,341
Total fund balances	\$ 272,499	\$ 295,641	\$ 291,645	\$ 438,987	\$ 1,298,772

**4. Property Tax**

**Levy, Assessment and Collection**

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

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

Specific provisions are made under each system for determining the full cash and limited values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the limited value of locally-assessed real property (residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on the annual increase in full cash value of any property. Primary levies are limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. In addition, levies may be increased by an amount equal to payments made during the year by the City pursuant to involuntary tort judgements. Secondary tax levies do not have a limitation. City of Phoenix assessed valuations for tax year 2013 are: primary \$9,889,798,785 and secondary \$9,974,713,171.

In 2012, voters approved Proposition 117, also known as the Property Tax Assessed Valuation Amendment, amending the Arizona Constitution by eliminating the use of secondary property tax values to calculate

**Notes to the Financial Statements**  
(Continued)

property taxes and limiting the annual increase in primary property tax values used to calculate property taxes. Beginning in fiscal year 2015-16, the amendment caps the primary tax value at no greater than 5 percent above the previous year, plus new construction, and establishes a single limited property value for property tax purposes. The amendment does not change the methodology used by county assessors to calculate primary values and property owners may still appeal valuations to their county assessor. The amendment does not impose limits on the rate at which primary property taxes may be assessed and does not materially adversely affect the City's ability to levy and collect property taxes.

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

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

	2012 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 8,897	\$ 8,897
Current Tax Levy	133,929	62,961	196,890	-	196,890
Adjustments by County Assessor	(896)	(342)	(1,238)	(3,270)	(4,508)
	133,033	62,619	195,652	5,627	201,279
Less: Collections, net	(130,074)	(61,230)	(191,304)	(3,282)	(194,586)
Taxes Receivable, June 30	\$ 2,959	\$ 1,389	\$ 4,348	\$ 2,345	\$ 6,693

In fiscal 2012-13, current property tax collections were \$191,304,000, or 97.2% of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days was recognized as revenue and recorded as a receivable for the governmental funds. As delinquent payments are received in 2013-14, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied.

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

**Taxes Due and Payable**

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

**Delinquent Taxes - Sales and Redemption**

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

**Notes to the Financial Statements**  
(Continued)

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

**Unsecured Personal Property**

Beginning in fiscal year 2003-04, unsecured personal property was no longer reported separately from secured property. Unsecured personal property is applicable to real property, improvements thereon and secured personal property (personal property attached to real property), utilities and other centrally assessed property. During fiscal year 2012-13, 0.0008% of total property tax collections represented delinquent collections of unsecured personal property taxes collected for fiscal years prior to 2003-04.

**5. Cash and Investments**

Cash and cash equivalents at June 30, 2013, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 232,619
Cash on Hand	4,280
Short-Term Pooled Investments	7,491
Short-Term Non-Pooled Investments	115,192
Total Cash and Cash Equivalents	<u>\$ 359,582</u>

**Notes to the Financial Statements**  
(Continued)

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

Primary Government	
Unrestricted	
General Fund	\$ 11,750
Transit Special Revenue Fund	30,847
General Obligation/Secondary Property Tax	9,747
Non-Major Governmental Funds	81,296
Enterprise Funds	
Aviation	45,871
Phoenix Convention Center	4,653
Water System	16,196
Wastewater	7,933
Solid Waste	6,075
Golf Courses	1,038
Total Unrestricted	215,406
Restricted	
Enterprise Funds	
Aviation	28,261
Phoenix Convention Center	874
Water System	38,875
Wastewater	26,978
Solid Waste	5,643
Total Restricted	100,631
Total Primary Government	316,037
Component Unit - DPHC	3,109
Component Unit - PHFC	1,714
Fiduciary Funds	
Employee Pension Trust	24,008
Employee Benefit Trust	4,802
Payroll Agency	9,912
Total Reporting Entity	\$ 359,582

**Deposits**

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits during the year and at fiscal year end were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The carrying amount of the City's deposits at June 30, 2013 was \$650,778,000 and the bank ledger balance was \$626,571,000.

Cash with fiscal agents and trustees are subject to custodial risk. The City's contracts with the fiscal agents and trustees call for these deposits to be fully covered by collateral held in the fiscal agents' and trustees' trust departments but not in the City's name. Each trust department pledges a pool of collateral against all trust deposits it holds. The carrying amount of the City's cash with fiscal agents and trustees and the bank ledger balance at June 30, 2013 was \$553,307,000. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount of the City's securities with fiscal agents and trustees and the bank ledger balance at June 30, 2013 were \$21,244,000.

**Investments**

The City Charter and ordinances authorize the City to invest in U.S. Treasury securities, securities guaranteed, insured or backed by the full faith and credit of the U.S. Government, U.S. Government agency securities, repurchase agreements, commercial paper, money market accounts, certificates of deposit, the State Treasurer's Local Government Investment Pool "LGIP", highly rated securities issued or guaranteed by any state or political subdivision thereof rated in the highest short-term or second highest long-term category and investment grade corporate bonds, debentures, notes and other evidence of indebtedness issued or guaranteed by a solvent U.S. corporation which are not in default as to principal

## Notes to the Financial Statements

(Continued)

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or interest. Investments are carried at fair value. It is the City's policy generally to hold investments until maturity.

In addition to the types of investments described above, the LTD and MERP Trusts' assets are invested in separate, externally managed portfolios, mutual funds and commingled funds. These externally managed portfolios and funds consist of investments in U.S. equities, non-U.S. equities, core fixed income, real return securities and absolute return securities.

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

Total investments at June 30, 2013, stated at fair value, were \$4,269,170,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

**Notes to the Financial Statements**  
(Continued)

	<b>Credit Quality Rating</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
City Investments			
Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	89	0.070
U.S. Treasury Securities	N/A (1)	1,006,588	1.816
U.S. Government Agency Securities			
FNMA Notes	AA+	79,758	3.492
FHLMC Notes	AA+	12,474	4.601
FHLB Notes	AA+	53,165	4.074
HUD	N/A (1)	6,029	0.737
Total U.S. Government Agency Securities		<u>151,426</u>	3.678
Pre-Refunded Municipal Securities	AA+ (2)	151,501	1.638
Certificates of Deposit	N/A (3)	36,454	0.657
Mortgage Backed Securities			
GNMA	N/A (1)	50,115	2.896
FHLMC Notes	AA+	1,188	2.786
Total Mortgage Backed Securities		<u>51,303</u>	2.893
Collateralized Mortgage Obligations			
FNMA Notes	AA+	1,222	0.380
Total Collateralized Mortgage Obligations		<u>1,222</u>	0.380
Total Pooled Investments		1,398,583	2.006
Less: Joint Venture Pooled Investments		(48,601)	
Less: Short-Term Pooled Investments		<u>(7,491)</u>	
Net Pooled Investments		1,342,491	
Non-Pooled Investments			
U.S. Treasury Securities	N/A (1)	529,868	1.718
U.S. Government Agency Securities			
FNMA Notes	AA+	11,842	1.510
FHLMC Notes	AA+	40,183	0.364
FHLB Notes	AA+	147,438	0.129
Total U.S. Government Agency Securities		<u>199,463</u>	0.258
Pre-Refunded Municipal Securities	AA+ (2)	9,555	2.106
		738,886	1.302
Less: Short-Term Non-Pooled Investments		<u>(91,414)</u>	
Total Non-Pooled Investments		<u>647,472</u>	
Total City Investments		<u>1,989,963</u>	

(1) U.S. Government Guaranteed

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

(3) All Certificates of Deposit are insured by the FDIC.

## Notes to the Financial Statements (Continued)

	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)
COPERS Investments			
Fixed Income Investments			
Total Derivatives	Not Rated	\$ 12,978	0.577
Total U. S. Treasury Securities	Not Rated	60,545	9.014
U.S. Government Agency Securities	Not Rated	2,044	5.044
U.S. Government Agency Securities	AA	4,171	9.805
U.S. Government Agency Securities	A	512	6.279
U.S. Government Agency Securities	BBB	36	26.551
Total U.S. Government Agency Securities		<u>6,763</u>	
Mortgage Backed Securities	Not Rated	11,917	38.083
Mortgage Backed Securities	AAA	12,030	30.280
Mortgage Backed Securities	AA	54,940	59.199
Mortgage Backed Securities	A	1,612	28.984
Mortgage Backed Securities	BBB	875	23.721
Mortgage Backed Securities	BB	553	22.923
Mortgage Backed Securities	B	2,004	24.244
Mortgage Backed Securities	CCC	2,392	21.919
Mortgage Backed Securities	C	302	34.090
Mortgage Backed Securities	D	150	22.612
Total Mortgage Backed Securities		<u>86,775</u>	
Asset Backed Securities	AAA	3,798	6.071
Asset Backed Securities	AA	2,426	12.304
Asset Backed Securities	A	481	29.582
Asset Backed Securities	BBB	126	9.579
Asset Backed Securities	B	365	21.176
Asset Backed Securities	CCC	837	31.069
Total Asset Backed Securities		<u>8,033</u>	
Municipal Bonds	AAA	1,155	16.674
Municipal Bonds	AA	5,964	25.228
Municipal Bonds	A	3,272	28.045
Municipal Bonds	B	528	33.942
Total Municipal Bonds		<u>10,919</u>	
Corporate Bonds	Not Rated	42,862	9.659
Corporate Bonds	AAA	1,373	17.181
Corporate Bonds	AA	3,445	5.203
Corporate Bonds	A	11,795	9.549
Corporate Bonds	BBB	19,935	7.810
Corporate Bonds	BB	1,848	13.688
Corporate Bonds	B	42	7.260
Total Corporate Bonds		<u>81,300</u>	
International Bonds	Not Rated	88,388	9.977
International Bonds	AAA	5,494	3.033
International Bonds	AA	3,133	2.238
International Bonds	A	5,520	3.786
International Bonds	BBB	9,099	5.607
International Bonds	BB	41	3.660
International Bonds	B	1,985	6.212
Total International Bonds		<u>113,660</u>	
Total Fixed Income Investments		<u>380,973</u>	
Temporary Investments from Securities Lending Collateral		96,526	
Domestic Equities:			
Common Stocks		528,779	
Commodities Exchange Traded Fund		6,822	
Commingled Equity Index Fund		144,046	
Real Estate		231,941	
Total Domestic Equities		<u>911,588</u>	
International Equities		425,636	
Hedged Funds		250,776	
Total COPERS Investments		<u>\$ 2,065,499</u>	

**Notes to the Financial Statements**  
(Continued)

	<u>Credit Quality Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Fiduciary Fund External Investments			
Employee Benefit Trust			
Bond Mutual Funds			
Aberdeen Total Return	Not Rated	21,283	6.370
PIMC Total Return	Not Rated	21,450	6.540
Total Bond Mutual Funds		<u>42,733</u>	
Stock Mutual Funds			
Pacific Hedged Strategies Funds	Not Rated	121,382	
Total Fiduciary Fund External Investments		<u>19,014</u>	
		<u>183,129</u>	
Downtown Phoenix Hotel Corporation			
U.S. Treasury Securities	N/A (1)	30,581	1.320

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

Primary Government	
Unrestricted	
General Fund	\$ 81,787
Transit Special Revenue Fund	179,441
General Obligation/Secondary Property Tax	280,657
Non-Major Governmental Funds	391,392
Enterprise Funds	
Aviation	261,874
Phoenix Convention Center	26,922
Water System	105,700
Wastewater	43,677
Solid Waste	39,412
Total Unrestricted	<u>1,410,862</u>
Restricted	
Enterprise Funds	
Aviation	87,443
Phoenix Convention Center	14,068
Water System	167,568
Wastewater	126,137
Solid Waste	30,551
Total Restricted	<u>425,767</u>
Total Primary Government	1,836,629
Component Unit - DPHC	30,581
Fiduciary Funds	
Employee Pension Trust	2,066,647
Employee Benefit Trust	283,275
Payroll Agency	52,040
Total Reporting Entity	<u>\$ 4,269,172</u>

## Notes to the Financial Statements

(Continued)

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### Interest Rate Risk

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

U.S. Treasury Securities	5 year final maturity
Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government	5 year final maturity
U.S. Government Agency Securities	5 year final maturity
Repurchase Agreements	60 days
Municipal Obligations	5 years for long-term issuances
Money Market Mutual Funds	90 days
Commercial Paper	270 days

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

For the LTD and MERP Trusts, investment activity has been delegated from the Trust funds' Boards to professionally managed mutual funds that diversify the composition of the Trusts' assets into core fixed income securities. The bond funds, as of June 30, 2013, have weighted average maturities ranging from 6.37 to 6.54 years.

The decision making responsibility for COPERS' investment activity has been delegated from the COPERS Board to professional fund managers in order to diversify the composition of the fund's investments and to allow for more active management of the portfolio. COPERS' investment management agreement with Artio Global Management LLC specifies a weighted average duration of +/- two years of the Barclays Capital US Aggregate Index. The investment management agreement with PIMCO requires a weighted average duration of +/- two years of the Barclays Capital US Aggregate Index. COPERS' investment services agreement with Western Asset Management Company directs them to maintain an average weighted duration of portfolio security holdings, including futures and options positions, within +/- 20% of the Barclays Capital U.S. Aggregate Index.

### Credit Risk

The City's investment policy limits its purchase of investments to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's "S&P" and Moody's Investors Service "Moody's". The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which are rated Aaa by Moody's and AA+ by S&P. Repurchase agreements are generally collateralized by U.S. Treasuries and U.S. Government Agency Securities at 102%. In addition, the portfolio is invested in pre-refunded municipal securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. The rating requirements do not apply to obligations issued by the City of Phoenix. Money market mutual funds must have a current minimum money market rating of AAAm by S&P and Aaa-mf by Moody's. For commercial paper, an Issuer's program must have a minimum rating of "A1" by S&P and "P1" by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of "A+" by S&P and "A1" by Moody's. Programs rated by only one of the agencies are ineligible.

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

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

## Notes to the Financial Statements

(Continued)

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and swaps contracts for hedging purposes and/or as a part of the overall portfolio strategy and will be incidental to its securities trading activities for the account.

### **Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Fair Value</u>
FHLB	200,603

COPERS' investment policy does not allow for an investment in any one issuer that is in excess of five percent of COPERS' total investments which includes futures, options and swaps, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2013, COPERS did not have any investments with any one issuer in excess of five percent.

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

### **Foreign Currency Risk**

COPERS' investment policy includes a target of 22% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 21.2% of total COPERS' assets as of June 30, 2013. The fair value of COPERS' international commingled equity funds at June 30, 2013 was \$425,634,000, of which \$353,612,000 managed by Baillie Gifford, GMO and Mondrian was exposed to foreign currency risk. The funds managed by Research Affiliates and Western Asset Management totaling \$72,022,000 were not exposed to foreign currency risk. Dollar denominated holdings and non-dollar denominated holdings accounted for 89.1% and 10.9%, respectively, of the foreign fixed income investments at June 30, 2013.

### **Securities Lending**

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

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

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

During 2013, COPERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool and a duration pool. As of June 30, 2013, the liquidity pool had an average duration of 29 days and an average weighted final maturity of 85 days and the duration pool had an average duration of 44 days and an average weighted final maturity of 1,972 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June

**Notes to the Financial Statements**  
(Continued)

30, 2013, COPERS had no credit risk exposure to borrowers. The collateral held, and the market value of securities on loan for COPERS as of June 30, 2013, was \$96,526,000 and \$94,225,000, respectively.

**6. Receivables**

Receivables at June 30, 2013 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	<b>Accounts</b>	<b>Taxes</b>	<b>Interest</b>	<b>Intergov- ernmental (1)</b>	<b>Notes</b>	<b>Total</b>
<b>Unrestricted</b>						
<b>Governmental Activities</b>						
General Fund	\$ 24,834	\$ 78,826	\$ 43	\$ 23,112	\$ -	\$ 126,815
Transit Special Revenue	3,529	-	-	49,934	45,772	99,235
G.O./Secondary Property Tax	3	3,166	226	-	-	3,395
Nonmajor	14,528	27	105	74,153	52,211	141,024
	<u>42,894</u>	<u>82,019</u>	<u>374</u>	<u>147,199</u>	<u>97,983</u>	<u>370,469</u>
<b>Business-Type Activities</b>						
Aviation	10,045	-	-	188	-	10,233
Phoenix Convention Center	251	-	-	-	-	251
Water System	52,464	-	-	2,364	-	54,828
Wastewater	24,776	-	-	3,319	-	28,095
Solid Waste	13,785	-	-	4	-	13,789
	<u>101,321</u>	<u>-</u>	<u>-</u>	<u>5,875</u>	<u>-</u>	<u>107,196</u>
	<u>144,215</u>	<u>82,019</u>	<u>374</u>	<u>153,074</u>	<u>97,983</u>	<u>477,665</u>
<b>Restricted</b>						
<b>Business-Type Activities</b>						
Aviation	12,684	-	3	2,698	-	15,385
Phoenix Convention Center	-	-	3	-	-	3
	<u>12,684</u>	<u>-</u>	<u>6</u>	<u>2,698</u>	<u>-</u>	<u>15,388</u>
	<u>\$ 156,899</u>	<u>\$ 82,019</u>	<u>\$ 380</u>	<u>\$ 155,772</u>	<u>\$ 97,983</u>	<u>\$ 493,053</u>

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

**Notes to the Financial Statements**  
(Continued)

The following is a summary of the allowance for doubtful accounts for all funds at June 30, 2013 (in thousands):

	<b>Allowance for Doubtful Accounts</b>		
	<b>Accounts</b>	<b>Taxes</b>	<b>Total</b>
Governmental			
General Fund	\$ 26,225	\$ 20,334	\$ 46,559
Transit Special Revenue Fund	48	-	48
Nonmajor	3,419	-	3,419
Business-Type			
Aviation	43	-	43
Phoenix Convention Center	8	-	8
Water System	2,349	-	2,349
Wastewater	1,433	-	1,433
Solid Waste	1,347	-	1,347
	<u>\$ 34,872</u>	<u>\$ 20,334</u>	<u>\$ 55,206</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2013, as follows (in thousands):

Aviation	\$ 7,846
Water System	22,995
Wastewater	7,548
Solid Waste	4,986
	<u>\$ 43,375</u>

**Notes Receivable**

The City has entered into a loan agreement with Native American Connections, Inc. "NACI" for the sale of property to NACI. The loan agreement has been recorded as a note receivable in the Municipal Buildings and Service Centers Capital Projects Fund. In fiscal year 2010, the City renegotiated the loan agreement with NACI, adjusting the terms of the payment agreement. As of June 30, 2013, the note amount is \$859,016, with a maturity date of January 1, 2021, and an interest rate of 3.0%.

The City has entered into a lease purchase financing agreement with Valley Metro Rail, Inc. "VMRI" for the financing of 14 Light Rail Transit vehicles. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2013, is \$12,186,003. The first of four annual installment lease payments began June 1, 2011 and include an annual interest rate of 5.1%.

The City has entered into an agreement to fund the acceleration of the Light Rail Northwest Extension. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2013, is \$33,585,840. The agreement is payable to the City by June 30, 2017.

The City has entered into intergovernmental agreements with the Arizona Department of Transportation and the Regional Transportation Plan to accelerate two road construction projects. The intergovernmental agreements have been recorded as notes receivable in the Streets Improvement Capital Projects Fund. The receivable amount as of June 30, 2013 is \$27,791,368. The agreements are payable to the City in fiscal years 2022 and 2023.

**Notes to the Financial Statements**  
(Continued)

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Phoenix Central City Revitalization Corp & LLC; PERC Frank Luke Addition LLC; Phoenix Green Housing Corporation Pine Crest, LLC; Phoenix South Mountain Housing Transformation Corp & Summit LLC; and Phoenix Inner Beltway Housing Corporation & LLC for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. Payments on these loans are only required to be made from the project's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$61,983,856.

The City has entered into various loan agreements with third parties related to its public housing programs. The purpose of these loans is to establish, preserve and rehabilitate public housing and the terms of these loans are more generous (soft) as compared to regular loan agreements. Payments on these loans are only required to be made from the property's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$64,253,718 as of June 30, 2013.

The City has also entered into various loan agreements with third parties related to its public housing programs that have been recorded as notes receivable within the Grants Special Revenue Fund and the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. The loans are secured by an interest in the property being acquired and/or improved. Interest rates range from 0% to 5% with amortization periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2016 and as late as fiscal year ending 2052. As of June 30, 2013 the total amount of the notes outstanding is \$23,560,706 of which \$16,786,919 is in the Public Housing Special Revenue Fund and \$6,773,787 is in the Grants Special Revenue Fund. The payments received from these loans are restricted by the Federal Government for public housing programs. Therefore the City records a trust liability within the Public Housing Special Revenue Fund for the outstanding balance of the notes.

**7. Interfund Transactions**

Net interfund receivables and payables between governmental activities and business-type activities in the amount of \$9,287,000 are included in the government-wide financial statements at June 30, 2013. The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2013 (in thousands):

	Payable Funds	
	Governmental Funds	Enterprise Funds
	Nonmajor Governmental	Golf Courses
Receivable Funds		
Governmental Funds		
General Fund	\$ 61,289	\$ 9,287
Transit Special Revenue	2,382	-
Nonmajor Governmental	43,947	-
Total Governmental Funds	\$ 107,618	\$ 9,287

Interfund balances at June 30, 2013 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Interfund balances in the Public Safety Enhancement Special Revenue Fund and the Golf Courses Enterprise Fund of \$43,218,000 are not scheduled to be repaid in the subsequent year.

Net transfers of \$25,416,000 from governmental activities to business-type activities on the government-wide statement of activities is primarily the result of the monthly transfer of earmarked excise tax to the Phoenix Convention Center Enterprise Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2013 (in thousands):

**Notes to the Financial Statements**  
(Continued)

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 71,667	\$ 23,593
Transit Special Revenue Fund	20,989	3
GO Secondary Property Tax	-	17
Nonmajor Governmental	69,731	113,358
Total Governmental Funds	<u>162,387</u>	<u>136,971</u>
Enterprise Funds		
Aviation	-	31
Phoenix Convention Center	69	40,829
Water System	12,095	34
Wastewater	7,804	-
Solid Waste	1,210	-
Golf Courses	-	5,700
Total Enterprise Funds	<u>21,178</u>	<u>46,594</u>
Total Transfers	<u>\$ 183,565</u>	<u>\$ 183,565</u>

Interfund transfers are primarily used for 1) debt service payments made from a debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted general funds; or 3) transfers to move excise tax revenues from the general fund to the Phoenix Convention Center Enterprise Fund.

**8. Restricted Assets and Liabilities Payable from Restricted Assets**

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2013, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 100,631
Cash Deposits	7,026
Cash and Securities with Fiscal Agents/Trustees	391,018
Investments	425,767
Receivables, Net of Allowances	15,388
Total Restricted Assets	<u>\$ 939,830</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 22,713
Trust Liabilities and Deposits	7,040
Bond Anticipation Notes Payable	300,000
Accrued Landfill Closure Costs	1,299
Subtotal	<u>331,052</u>
Matured Bonds and Certificates Payable	123,956
Interest Payable	105,196
Current Portion of General Obligation Bonds	6,544
Current Portion of Revenue Bonds	883
Current Portion of Municipal Corporation Obligations	134,940
Total Liabilities Payable from Restricted Assets	<u>\$ 702,571</u>

## Notes to the Financial Statements

(Continued)

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Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2013, are summarized as follows (in thousands):

Restricted Assets	
Cash with Fiscal Agent	\$ 23,355
Investments	30,581
Receivables, Net of Allowances	<u>8</u>
Total Restricted Assets	<u>\$ 53,944</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 37
Trust Liabilities and Deposits	10,308
Matured Bonds Payable	4,890
Interest Payable	<u>8,590</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 23,825</u>

## Notes to the Financial Statements

(Continued)

### 9. Capital Assets

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

	<b>Balances</b>			<b>Balances</b>		
	<b>July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>
				<b>June 30, 2013</b>		
<b>Governmental activities:</b>						
Non-depreciable assets:						
Land	\$ 1,214,704	\$ 31,627	\$ (960)	\$ 1,245,371		
Infrastructure	469,810	5,195	-	475,005		
Artwork	6,191	11	-	6,202		
Construction-in-Progress	205,626	138,968	(77,583)	267,011		
Total non-depreciable assets	<u>1,896,331</u>	<u>175,801</u>	<u>(78,543)</u>	<u>1,993,589</u>		
Depreciable assets:						
Buildings	1,402,520	13,409	(722)	1,415,207		
Improvements	466,742	27,866	(3,774)	490,834		
Infrastructure	1,895,805	61,683	(21,619)	1,935,869		
Equipment	631,316	26,743	(26,127)	631,932		
Intangible Assets	67,296	1,183	(575)	67,904		
Total depreciable assets	<u>4,463,679</u>	<u>130,884</u>	<u>(52,817)</u>	<u>4,541,746</u>		
Less accumulated depreciation for:						
Buildings	(481,544)	(39,928)	691	(520,781)		
Improvements	(213,166)	(20,677)	2,863	(230,980)		
Infrastructure	(557,018)	(55,879)	21,619	(591,278)		
Equipment	(391,658)	(41,980)	24,353	(409,285)		
Intangible Assets	(44,536)	(3,555)	567	(47,524)		
Total accumulated depreciation	<u>(1,687,922)</u>	<u>(162,019)</u>	<u>50,093</u>	<u>(1,799,848)</u>		
Total depreciable assets, net	<u>2,775,757</u>	<u>(31,135)</u>	<u>(2,724)</u>	<u>2,741,898</u>		
Governmental activities, capital assets, at cost, net	<u>\$ 4,672,088</u>	<u>\$ 144,666</u>	<u>\$ (81,267)</u>	<u>\$ 4,735,487</u>		
<b>Business-type activities:</b>						
Non-depreciable assets:						
Land	\$ 715,122	\$ 2,585	\$ (27,821)	\$ 689,886		
Artwork	8,341	2,928	-	11,269		
Construction-in-Progress	1,106,321	214,013	(902,244)	418,090		
Total non-depreciable assets	<u>1,829,784</u>	<u>219,526</u>	<u>(930,065)</u>	<u>1,119,245</u>		
Depreciable assets:						
Buildings	2,511,904	339,800	(610)	2,851,094		
Improvements	3,292,927	355,671	(7,449)	3,641,149		
Infrastructure	1,565,391	82,067	(126)	1,647,332		
Equipment	908,766	202,935	(19,435)	1,092,266		
Intangible Assets	269,511	1,757	(4,439)	266,829		
Total depreciable assets	<u>8,548,499</u>	<u>982,230</u>	<u>(32,059)</u>	<u>9,498,670</u>		
Less accumulated depreciation for:						
Buildings	(866,450)	(89,857)	472	(955,835)		
Improvements	(1,385,866)	(129,601)	4,676	(1,510,791)		
Infrastructure	(467,494)	(39,089)	2	(506,581)		
Equipment	(413,469)	(63,990)	16,780	(460,679)		
Intangible Assets	(120,628)	(14,665)	3,096	(132,197)		
Total accumulated depreciation	<u>(3,253,907)</u>	<u>(337,202)</u>	<u>25,026</u>	<u>(3,566,083)</u>		
Total depreciable assets, net	<u>5,294,592</u>	<u>645,028</u>	<u>(7,033)</u>	<u>5,932,587</u>		
Business-type activities, capital assets, at cost, net	<u>\$ 7,124,376</u>	<u>\$ 864,554</u>	<u>\$ (937,098)</u>	<u>\$ 7,051,832</u>		

## Notes to the Financial Statements

(Continued)

### Component Units

#### Downtown Phoenix Hotel Corporation:

	Balances			Balances		
	July 1, 2012	Additions	Deletions	June 30, 2013		
Non-depreciable assets:						
Land	\$ 1,150	\$ -	\$ -	\$ 1,150		
Intangible Assets	95	-	-	95		
Construction in Progress	-	343	-	343		
Total non-depreciable assets	1,245	343	-	1,588		
Depreciable assets:						
Buildings	276,143	-	-	276,143		
Improvements	537	-	-	537		
Equipment	3,689	66	-	3,755		
Intangible Assets	81	-	-	81		
Total depreciable assets	280,450	66	-	280,516		
Less accumulated depreciation for:						
Buildings	(25,867)	(6,910)	-	(32,777)		
Improvements	(134)	(37)	-	(171)		
Equipment	(1,064)	(353)	-	(1,417)		
Intangible Assets	(24)	(16)	-	(40)		
Total accumulated depreciation	(27,089)	(7,316)	-	(34,405)		
Total depreciable assets, net	253,361	(7,250)	-	246,111		
Component Unit, capital assets, at cost, net	\$ 254,606	\$ (6,907)	\$ -	\$ 247,699		

#### Phoenix Housing Finance Corporations:

	Balances			Balances		
	July 1, 2012	Additions	Deletions	June 30, 2013		
Non-depreciable assets:						
Land	\$ 5,458	\$ -	\$ -	\$ 5,458		
Construction in Progress	7,295	6,225	-	13,520		
Total non-depreciable assets	12,753	6,225	-	18,978		
Depreciable assets:						
Buildings	18,904	-	-	18,904		
Improvements	-	-	-	-		
Equipment	-	-	-	-		
Total depreciable assets	18,904	-	-	18,904		
Less accumulated depreciation for:						
Buildings	(2,077)	(617)	-	(2,694)		
Improvements	-	-	-	-		
Equipment	-	-	-	-		
Total accumulated depreciation	(2,077)	(617)	-	(2,694)		
Total depreciable assets, net	16,827	(617)	-	16,210		
Component Unit, capital assets, at cost, net	\$ 29,580	\$ 5,608	\$ -	\$ 35,188		

## Notes to the Financial Statements

(Continued)

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Depreciation expense was charged to governmental functions in the government-wide financial statements for the year ended June 30, 2013, as follows (in thousands):

General Government	\$	8,778
Criminal Justice		107
Public Safety		29,179
Transportation		75,973
Community Enrichment		26,941
Community Development		10,549
Environmental Services		10,492
		<hr/>
	\$	162,019
		<hr/> <hr/>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2013, was as follows (in thousands):

Aviation	\$	4,852
Convention Center		61
Water System		16,796
Wastewater		3,626
Solid Waste		110
		<hr/>
	\$	25,445
		<hr/> <hr/>

### Impaired Capital Assets

The Cave Creek Water Reclamation Plant has been closed temporarily and is expected to re-open when demand increases. Therefore, no impairment loss will be recognized. The carrying value of the assets at June 30, 2013 is \$42,017,606.

**Notes to the Financial Statements**  
(Continued)

**10. Long-Term Obligations**

Changes in long-term obligations during fiscal year 2012-13 are summarized as follows (in thousands):

	Balances July 1	Additions (1)	Reductions (2)	Balances June 30	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,505,350	\$ -	\$ 33,170	\$ 1,472,180	\$ 23,770
Revenue Bonds					
Street and Highway User Revenue	5,875	-	5,875	-	-
Certificates of Participation	26,945	-	1,315	25,630	1,365
Municipal Corporation Obligations	789,450	-	50,280	739,170	55,110
Special Assessment Bonds	200	-	31	169	18
	<u>2,327,820</u>	<u>-</u>	<u>90,671</u>	<u>2,237,149</u>	<u>80,263</u>
Discounts/Premiums	67,092	-	9,277	57,815	-
Total Bonds and Notes Payable	<u>2,394,912</u>	<u>-</u>	<u>99,948</u>	<u>2,294,964</u>	<u>80,263</u>
Other Liabilities:					
Insurance Claims Payable	92,242	27,960	20,452	99,750	23,902
Accrued Compensated Absences	140,828	143,069	140,828	143,069	17,681
Utility/Water Contractual Agreements	2,301	-	-	2,301	-
Pollution Remediation	24,432	-	2,138	22,294	325
Total Other Liabilities	<u>259,803</u>	<u>171,029</u>	<u>163,418</u>	<u>267,414</u>	<u>41,908</u>
Total Governmental Activities	<u>\$ 2,654,715</u>	<u>\$ 171,029</u>	<u>\$ 263,366</u>	<u>\$ 2,562,378</u>	<u>\$ 122,171</u>
<b>Business-Type Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 82,925	\$ -	\$ 10,275	\$ 72,650	\$ 6,544
Revenue Bonds	18,560	-	859	17,701	883
Municipal Corporation Obligations	4,302,402	196,600	364,513	4,134,489	134,940
	<u>4,403,887</u>	<u>196,600</u>	<u>375,647</u>	<u>4,224,840</u>	<u>142,367</u>
Discounts/Premiums	184,447	33,178	16,221	201,404	-
General Obligation Minibonds	811	71	-	882	-
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	99,351	17,547	5,222	111,676	-
Total Bonds and Notes Payable	<u>4,688,496</u>	<u>247,396</u>	<u>397,090</u>	<u>4,538,802</u>	<u>142,367</u>
Other liabilities:					
Accrued Compensated Absences	20,597	20,840	20,597	20,840	2,792
Accrued Landfill Closure and Postclosure Care Costs	71,116	2,437	3,026	70,527	2,526
Pollution Remediation	13,955	-	2,765	11,190	1,690
Total Other Liabilities	<u>105,668</u>	<u>23,277</u>	<u>26,388</u>	<u>102,557</u>	<u>7,008</u>
Total Business-Type Activities	<u>\$ 4,794,164</u>	<u>\$ 270,673</u>	<u>\$ 423,478</u>	<u>\$ 4,641,359</u>	<u>\$ 149,375</u>
<b>Component Units</b>					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 345,435	\$ -	\$ 4,890	\$ 340,545	\$ 5,230
Discounts/Premiums/Issuance Costs	6,116	-	290	5,826	-
Phoenix Housing Finance Corporations					
Notes Payable	40,286	2,572	11,431	31,427	-
Total Component Units	<u>\$ 391,837</u>	<u>\$ 2,572</u>	<u>\$ 16,611</u>	<u>\$ 377,798</u>	<u>\$ 5,230</u>

(1) Additions include \$71,000 for accreted interest on capital appreciation enterprise general obligation minibonds and \$17,547,000 for accreted interest on capital appreciation State of Arizona distribution revenue bonds. Reductions include \$5,222,000 for accreted interest on the July 1, 2013 maturity of State of Arizona distribution revenue bonds. Also included in additions and reductions for bonds and notes payable are new deferred gains and losses corresponding annual amortizations, as well as new bond issuances and principal payments.

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

## Notes to the Financial Statements

(Continued)

The amounts reported in the previous table have been reduced by deposits made with the City's fiscal agents for July 1, 2013 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2013, were as follows (in thousands):

	Principal	Interest	Total
<b>Governmental Funds</b>			
General Obligation Bonds	\$ 33,170	\$ 33,240	\$ 66,410
Street and Highway User Revenue Bonds	5,875	16,125	22,000
Municipal Corporation Obligations	50,280	18,818	69,098
Special Assessment Bonds	-	4	4
	<u>89,325</u>	<u>68,187</u>	<u>157,512</u>
<b>Enterprise Funds</b>			
General Obligation Bonds	9,950	1,577	11,527
Municipal Corporation Obligations	112,823	103,242	216,065
	<u>122,773</u>	<u>104,819</u>	<u>227,592</u>
	<u>\$ 212,098</u>	<u>\$ 173,006</u>	<u>\$ 385,104</u>

Issues of long-term debt, excluding deferred losses of \$57,254 and accumulated appreciation on general obligation mini-bonds (\$882) and State of Arizona distribution revenue bonds (\$111,676) were as follows at June 30, 2013 (dollars in thousands):

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>General Obligation Bonds</b>								
12/01/93	Water Improvements (Minibonds)	7/1/04-14	4.98	13.8	\$ 17,229	\$ 2,252	\$ 1,049	\$ -
07/01/95	Refunding	7/1/10-17	5.56	19.9	85,000	22,995	5,052	-
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	3,073	533	-
05/21/03	Refunding	7/1/05-16	3.25	9.1	83,320	16,525	1,710	(257)
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	79,350	41,780	(1,181)
03/01/04	Refunding	7/1/11-19	3.74	11.7	50,870	31,230	5,099	(775)
07/01/05	Various Improvements	7/1/11-25	4.23	13.9	257,000	212,480	69,991	(2,340)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	317,080	118,487	(2,653)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	135,170	39,872	(3,569)
10/27/09	Various Improvements - Taxable	7/1/20-34	3.42	18.4	280,955	280,955	215,423	-
10/27/09	Various Improvements - Taxable (2)(18)	7/1/15-20	3.97	7.9	69,045	69,045	11,435	-
10/27/09	Refunding	7/1/11-23	2.70	6.7	117,195	78,210	12,930	(1,411)
06/12/12	Various Improvements	7/1/23-34	3.55	17.2	103,360	103,360	63,670	(4,146)
06/12/12	Various Improvements - Taxable	7/1/21-23	2.76	9.8	16,640	16,640	3,925	-
06/12/12	Refunding	7/1/15-27	2.39	9.2	176,465	176,465	55,222	(19,408)
	Total General Obligation Bonds				1,957,574	1,544,830	646,178	(35,740)
<b>Revenue Bonds</b>								
05/26/10	Wastewater Revenue	7/1/10-18	2.97	5.3	6,000	3,463	306	-
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,287	1,692	-
11/12/10	Water Revenue	7/1/11-16	2.97	2.8	1,022	452	22	-
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	2,093	449	-
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,688	-
09/14/11	Water Revenue	7/1/24-29	2.97	15.8	1,497	1,497	621	-
	Total Revenue Bonds				\$ 20,808	\$ 17,701	\$ 4,778	\$ -

(Continued)

**Notes to the Financial Statements**  
(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Certificates of Participation</b>								
07/21/04	Amphitheatre Refunding (3) (4b)	8/1/05-19	4.71	13.3	\$ 10,900	\$ 5,285	\$ 938	\$ (15)
07/21/04	Amphitheatre, Stadium and Housing (3) (4b)	8/1/05-24	4.71	13.3	9,555	5,335	1,557	(14)
07/21/04	Superblock Refinancing (3) (4b)	8/1/20-24	4.71	13.3	15,010	15,010	6,589	71
	Total Certificates of Participation				35,465	25,630	9,084	42
<b>Municipal Corporation Obligations</b>								
08/01/01	Water System Refunding (3) (5)	7/1/02-24	4.68	14.1	99,980	60,815	21,424	(1,601)
05/01/03	Solid Waste Improvements (3)(8)	7/1/04-14	4.17	12.3	80,000	3,940	197	(23)
10/01/03	Water System Refunding (5)	7/1/05-22	4.53	15.6	11,325	10,630	3,004	88
06/01/04	Excise Tax Revenue (3)(4b)	7/1/06-14	4.14	8.4	22,000	1,805	95	(5)
06/02/04	Rental Car Facility (Taxable) (3)(9)	7/1/07-29	6.20	16.5	260,000	212,340	128,069	-
12/10/04	Transit Excise Tax Revenue (3)(10)	7/1/06-20	4.08	10.9	500,000	350,915	77,658	(12,387)
12/16/04	Wastewater System Revenue (3)(7)	7/1/10-29	4.59	16.6	180,000	151,415	73,709	(4,072)
01/11/05	Wastewater System Ref. (11)(12)	7/1/06-15	3.67	10.9	102,020	26,660	2,016	(547)
06/01/05	Water System Revenue (3)(5)	7/1/10-29	4.28	16.4	600,000	526,540	251,155	(24,073)
09/13/05	Excise Tax Revenue (3)(4b)	7/1/17-41	4.62	26.3	300,000	300,000	275,706	(13,053)
10/06/05	State Distribution Revenue (3)(13)	7/1/12-44	4.72	28.9	275,362	260,124	571,607	(22,608)
06/01/06	Solid Waste Improvements (3)(8)	7/1/07-26	4.45	12.4	84,265	64,575	23,956	(788)
06/01/06	Municipal Facilities (Taxable) (3)(4b)	7/1/07-35	6.10	19.0	41,920	37,585	31,112	-
06/01/07	Excise Tax Revenue Refunding (4a)	7/1/09-29	4.51	14.5	103,605	94,610	43,099	(1,839)
06/01/07	Excise Tax Revenue (3)(4b)	7/1/08-27	4.46	12.0	21,115	16,625	6,568	(279)
06/01/07	Excise Tax Revenue Refunding (3)(4b)	7/1/09-23	4.33	10.5	71,820	60,575	16,581	(1,423)
06/01/07	Excise Tax Revenue Ref.(Taxable) (3)(4b)	7/1/08-22	5.81	9.2	35,670	25,180	7,737	79
11/27/07	Wastewater System Revenue (3)(7)	7/1/12-37	4.65	20.0	300,000	288,780	216,214	(10,135)
06/18/08	Airport Revenue (6a)	7/1/20-38	5.02	22.5	206,840	206,840	180,355	(520)
06/18/08	Airport Revenue (Taxable) (6a)	7/1/12-19	4.68	7.8	43,160	33,925	6,485	(607)
06/18/08	Airport Revenue Refunding (6a)	7/1/09-22	4.26	8.0	109,850	76,000	18,993	(1,634)
06/18/08	Airport Revenue Refunding (Taxable) (6a)	7/1/09-20	4.58	5.6	68,520	29,555	6,398	(768)
11/18/08	Wastewater System Revenue Ref. (11)	7/1/16-24	5.02	11.9	133,400	133,400	54,171	(3,806)
06/02/09	Water System Revenue (5)	7/1/14-39	4.63	20.5	450,000	450,000	368,679	(18,300)
06/02/09	Water System Revenue Refunding (5)	7/1/10-19	2.78	6.0	90,295	61,210	10,114	(3,609)
09/01/10	Airport Revenue (6b)(16)	7/1/13-40	4.69	19.0	642,680	630,970	521,064	(22,851)
09/01/10	Airport Revenue (Taxable) (6b)(16)(17)(18)	7/1/2040	3.67	29.8	21,345	21,345	38,037	-
09/01/10	Airport Revenue Refunding (6b)	7/1/23-25	4.33	13.9	32,080	32,080	17,696	(1,942)
06/07/11	Excise Tax Revenue (4a)	7/1/14-31	2.86	7.6	27,530	27,530	6,532	(2,009)
06/07/11	Excise Tax Revenue (Taxable) (4a)	7/1/15-36	4.86	13.1	59,195	59,195	32,642	-
06/07/11	Excise Tax Revenue Refunding (4a)	7/1/21-28	3.79	12.6	24,305	24,305	12,535	(2,462)
06/07/11	Excise Tax Revenue Ref.(Taxable) (4a)	7/1/15-21	3.91	7.6	22,805	22,805	4,779	-
06/07/11	Multipurpose Arena Ref.(Taxable) (4b)	7/1/12-19	3.71	5.1	27,500	23,175	3,152	-
11/22/11	Water System Revenue Refunding (5)	7/1/14-26	3.12	9.3	167,510	167,510	62,543	(19,523)
12/22/11	Wastewater System Revenue Ref. (7)	7/1/14-24	2.58	8.4	118,290	118,290	38,641	(16,262)
06/21/12	Excise Tax Revenue Refunding (4a)	7/1/14-29	2.97	9.7	15,205	15,205	6,235	(2,025)
06/21/12	Excise Tax Revenue Refunding (4b)	7/1/14-25	2.30	6.7	17,510	17,510	4,620	(2,251)
06/21/12	Excise Tax Revenue Ref.(Taxable) (4b)	7/1/16-33	4.01	13.7	33,095	33,095	16,713	-
03/05/13	Airport Revenue Refunding Bonds (6a)	7/1/14-32	3.28	11.8	196,600	196,600	112,091	(32,285)
	Total Municipal Corporation Obligations				5,596,797	4,873,659	3,272,382	(223,520)
<b>Special Assessment Bonds</b>								
Various	Unredeemed Matured Bonds	-	-	-	44	44	-	-
2008	Various Improvements	1/1/09-18	6.90	10.0	22	11	2	-
2010	Various Improvements	1/1/11-20	6.90	10.0	163	114	28	-
	Total Special Assessment Bonds				229	169	30	-
<b>Total Primary Government Bonds</b>					<b>\$ 7,610,873</b>	<b>\$ 6,461,989</b>	<b>\$ 3,932,452</b>	<b>\$ (259,218)</b>

(Continued)

# Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Component Units</b>								
12/20/05	Senior Revenue (Hotel) (3)(14)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 153,605	\$ 137,794	\$ (3,232)
12/20/05	Subordinate Revenue (Hotel) (3)(15)	7/1/19-40	5.09	26.2	164,425	164,425	151,978	(2,594)
12/20/05	Subord.Revenue-Taxable (Hotel) (3)(15)	7/1/12-19	5.67	10.2	28,865	22,515	4,220	-
<b>Total Component Unit Bonds</b>					<b>\$ 350,000</b>	<b>\$ 340,545</b>	<b>\$ 293,992</b>	<b>\$ (5,826)</b>
<b>Total Bonds</b>					<b>\$ 7,960,873</b>	<b>\$ 6,802,534</b>	<b>\$ 4,226,444</b>	<b>\$ (265,044)</b>

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Represents bonds issued as "Qualified Build America Bonds (Direct Pay)" (BABs) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 35% of the interest payable each respective interest payment date.
- (3) Insured by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- (4) The City has pledged excise taxes as security. The taxes pledged are as follows:
  - (a) Senior lien pledge on all outstanding excise tax obligations.
  - (b) Subordinated junior lien pledge on all outstanding excise tax obligations.
- (5) The City has made a junior lien pledge of Water System revenues as security.
- (6) The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:
  - (a) Senior lien pledge on all outstanding airport obligations.
  - (b) Junior lien pledge on all outstanding airport obligations.
- (7) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (8) The City has pledged excise taxes on a subordinated junior lien basis as security; however, debt service requirements on these obligations are paid from Solid Waste revenues.
- (9) The City has made a first priority pledge of a \$4.50 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bonds.
- (10) The City has made a first priority pledge of funds received by the City from a 0.4 percent increment to the City's privilege license (sales) tax, which increment was approved at a special election held in and for the City on March 14, 2000 and subsequently adopted by the City Council of the City pursuant to Ordinance No. G-4254, enacted April 5, 2000.
- (11) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (12) The scheduled payment of principal and interest on the 2004B bonds maturing July 1 2009 through and including July 1, 2015, are guaranteed by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.
- (13) The primary source of revenue for loan payments is State of Arizona distributions the City is to receive pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State. The schedule of State distributions will be sufficient to make loan payments when due.
- (14) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by a senior leasehold interest in the site and the hotel.
- (15) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture, and secured on a basis junior and subordinate to senior bonds. The bonds are further secured by a subordinate leasehold interest in the site and the hotel as well as amounts received from the City under a room block leaseback agreement in the event hotel revenues are insufficient to make debt service payments on the subordinate bonds.
- (16) The City has further pledged an irrevocable commitment of net proceeds of a passenger facility charge for these bonds. The Passenger Facility Charge (PFC) is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- (17) Represents bonds issued as "Recovery Zone Economic Development Bonds" (RZEDB) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 45% of the interest payable each respective interest payment date.
- (18) 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 by 8.7% (the "Sequester Reductions"). However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on the BABs and the RZEDB bonds.

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

### General Obligation Bonds

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

## Notes to the Financial Statements

(Continued)

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### **Revenue Bonds**

In addition to general obligation bonds, under Arizona State law the City is authorized to issue voter-approved highway user revenue and utility revenue bonds. The City currently does not have any outstanding voter-approved highway user revenue or utility revenue bonds.

Effective November 19, 2009, Arizona state legislation was passed that allows a city or town, during fiscal years 2009-10 and 2010-11, to enter into a financial loan repayment agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) without voter approval, if the agreement is financed with funding made available to WIFA under the American Recovery and Reinvestment Act of 2009 (ARRA). The City has entered into various loan agreements with WIFA. Loan proceeds received by the City from WIFA pursuant to the ARRA will be used to fund various capital projects of the Water and Wastewater systems of the City.

### **Certificates of Participation**

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

### **Municipal Corporation Obligations**

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

- In March 2013, the CIC 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 bonds have an average life of 11.8 years, were sold at an all-in true interest cost of 3.28% and produced present value savings, net of transaction costs, of \$46,424,267.

### **Special Assessment Bonds**

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

### **Component Units**

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

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

## Notes to the Financial Statements

(Continued)

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

Various Phoenix Housing Finance Corporations have entered into loan agreements with the City for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. The outstanding balance on these loans at June 30, 2013 is \$31,427,000.

### Debt Service Requirements

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

City of Phoenix Bonds - Governmental Activities									
Fiscal Years	General Obligation		Municipal Corporation Obligations		Certificates of Participation		Special Assessment Bonds		Debt Service Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 23,770	\$ 65,141	\$ 55,110	\$ 35,273	\$ 1,365	\$ 1,229	\$ 62	\$ 8	\$ 181,958
2015	66,195	64,228	63,865	32,765	1,420	1,174	18	7	229,672
2016	86,895	61,606	70,170	29,881	1,230	1,115	19	6	250,922
2017	85,845	57,719	76,585	26,669	1,295	1,053	18	4	249,188
2018	90,265	53,706	83,210	23,099	1,355	988	19	3	252,645
2019-23	500,560	205,232	244,580	61,715	15,120	3,343	33	2	1,030,585
2024-28	428,690	94,333	89,455	27,416	3,845	182			643,921
2029-33	155,485	31,060	42,910	9,864					239,319
2034-38	34,475	1,625	13,285	1,379					50,764
	<u>\$ 1,472,180</u>	<u>\$ 634,650</u>	<u>\$ 739,170</u>	<u>\$ 248,061</u>	<u>\$ 25,630</u>	<u>\$ 9,084</u>	<u>\$ 169</u>	<u>\$ 30</u>	<u>\$ 3,128,974</u>
Authorized	\$ 2,238,990								
Unissued	\$ 152,355								
Interest Rates	2.0 - 7.4%								

City of Phoenix Bonds - Business-Type Activities								Component Units	
Fiscal Years	General Obligation		Revenue Obligations		Municipal Corporation Obligations		Debt Service Total	Downtown Phoenix Hotel Corporation	
	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest
2014	\$ 6,544	\$ 3,914	\$ 884	\$ 525	\$ 134,940	\$ 215,177	\$ 361,984	\$ 5,230	\$ 16,930
2015	13,975	2,732	910	499	131,950	208,773	358,839	5,595	16,662
2016	27,367	2,271	937	472	141,095	202,416	374,558	5,980	16,374
2017	8,116	1,201	964	444	165,145	195,373	371,243	6,390	16,061
2018	8,650	734	993	416	177,859	187,647	376,299	6,825	15,724
2019-23	7,998	676	5,425	1,619	977,327	801,483	1,794,528	40,795	73,443
2024-28			6,280	764	907,609	556,299	1,470,952	54,840	61,980
2029-33			1,308	39	621,360	356,649	979,356	72,690	46,833
2034-38					601,743	210,638	812,381	95,915	26,483
2039-43					255,641	79,687	335,328	46,285	3,502
2044-48					19,820	10,179	29,999	-	-
	<u>\$ 72,650</u>	<u>\$ 11,528</u>	<u>\$ 17,701</u>	<u>\$ 4,778</u>	<u>\$ 4,134,489</u>	<u>\$ 3,024,321</u>	<u>\$ 7,265,467</u>	<u>\$ 340,545</u>	<u>\$ 293,992</u>
Authorized	\$ 227,634		\$ 24,111		\$ 350,000				
Unissued	\$ -		\$ -		\$ -				
Interest Rates	2.0 - 7.4%		2.0 - 3.0%		4.0 - 5.3%				

## Notes to the Financial Statements

(Continued)

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### **Accrued Landfill Closure and Postclosure Care Costs**

The Solid Waste Enterprise Fund ("Solid Waste") currently operates one landfill, the SR-85 Landfill, and monitors five additional closed landfills. Federal and state regulations require that certain postclosure care costs be incurred to maintain and monitor closed landfills for thirty years after closure to mitigate and prevent future environmental damage. In addition, numerous costs are incurred in the process of closing a landfill. These closure costs include the capping of the landfill with soil, installing such items as drainage and monitoring systems, and remediation of any environmental damage caused by the landfill. These costs are estimated based on what it would cost to perform all closure and postclosure care for the landfills at June 30, 2013 and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure care costs for the five closed landfills are currently estimated to be \$146,195,000, including \$84,263,000 that has already been paid out and an estimated \$61,932,000 that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was decreased by \$1,805,000 during fiscal 2012-13 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$57,657,000, which will be paid out in future years. \$9,894,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 17.2% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$1,299,000 is included in liabilities payable from restricted assets.

Certain environmental remediation costs associated with one of the closed landfills are recoverable from third parties. The City has recovered a total of \$29,015,000 from third parties. These recoveries are used to reduce remediation expense in the year the recovery is assured. A total of \$9,391,000 (which includes recoveries and applicable interest earnings) has been included in restricted assets on the enterprise fund balance sheet. Any postclosure care costs not recovered from third parties will be funded from revenues of the Solid Waste Enterprise Fund.

### **Pollution Remediation**

The City has recorded pollution remediation liabilities in both the Governmental and Business-Type Activities. The liability in the Governmental Activities pertains to a leaking underground storage tank at the Glenrosa Service Center. The situation was identified by the City Public Works Department in 1986. The City created and has been implementing a corrective action plan which was approved by the Arizona Department of Environmental Quality (ADEQ), to ensure the contamination does not spread. As of June 30, 2013, the total remaining liability is \$22,294,000 and it is estimated that the remediation will be completed in 86 years.

The liability in the Business-Type Activities is primarily a result of leaking underground storage tanks at the Sky Harbor International Airport and Phoenix Goodyear Airport. The tanks at Sky Harbor International Airport were discovered to be leaking in 1988 and the City is implementing a corrective action plan which was approved by the ADEQ to ensure the contamination does not spread. The remediation of a fuel release at Phoenix Goodyear Airport discovered in the 1980's is being implemented as approved by the United States Environmental Protection Agency (US EPA). The total remaining liability for all remediation activities at the City airports as of June 30, 2013 is \$11,190,000, and is recorded in the Aviation Enterprise Fund.

## **11. Refunded, Refinanced and Defeased Obligations**

Bonds are refunded to retire all or a portion of an outstanding bond issue. Most typically, refundings are done to refinance at a lower interest rate to reduce overall debt service. Certain issues of bonds may be refunded prior to the call date, known as an advanced refunding.

Future principal and interest payments on refunded bonds have been provided through advanced refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued

## Notes to the Financial Statements

(Continued)

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debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

On March 5, 2013, the City issued Senior Lien Airport Revenue Refunding Bonds, Series 2013 (AMT). These bonds reduced the present value of future debt service payments. The savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The effect of the refunding is summarized as follows (in thousands):

	<u>Senior Lien Airport Revenue</u>
Series	2013
Closing Date	03/05/13
Net Interest Rate	3.59%
Refunding Bonds Issued	\$ 196,600
Premium	32,236
Issuance Costs and Insurance	<u>(852)</u>
Net Proceeds	<u>\$ 227,984</u>
Refunded Amount	\$ 231,390
Decrease in Debt Service	\$ 64,832
Economic Gain	\$ 46,424
Number of Years Affected	20

On July 11, 2012, the City of Phoenix defeased \$14,200,000 of outstanding Arizona Municipal Financing Program Refunding Certificates of Participation, Series 17.

## Notes to the Financial Statements

(Continued)

The deferred and amortized amounts of accounting losses on bond refundings (which are deferred outflows of resources) at June 30, 2013, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions (Gains)/Losses	Reductions due to Refundings	Amortization Gains/(Losses)	Deferred Amount June 30
General Government					
General Obligation	\$ 14,921	\$ -	\$ -	\$ (1,712)	\$ 13,209
Certificates of Participation	(167)	-	-	34	(133)
Civic Improvement Corporation	21,750	-	-	(2,577)	19,173
	<u>\$ 36,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,255)</u>	<u>\$ 32,249</u>
Enterprise Funds					
Aviation					
General Obligation	\$ 302	\$ -	\$ -	\$ (207)	\$ 95
Civic Improvement Corporation	890	1,376	-	(312)	1,954
Convention Center					
Civic Improvement Corporation	622	-	-	(62)	560
Water					
General Obligation	2,570	-	-	(638)	1,932
Civic Improvement Corporation	8,900	-	-	(768)	8,132
Wastewater					
General Obligation	1,244	-	-	(218)	1,026
Civic Improvement Corporation	13,328	-	-	(2,296)	11,032
Solid Waste					
General Obligation	1,047	-	-	(170)	877
Civic Improvement Corporation	(663)	-	-	60	(603)
	<u>\$ 28,240</u>	<u>\$ 1,376</u>	<u>\$ -</u>	<u>\$ (4,611)</u>	<u>\$ 25,005</u>

## Notes to the Financial Statements

(Continued)

Advanced refunding and defeasance arrangements at June 30, 2013 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds		Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type		
07/19/06	07/01/95 - 07/01/05	General Obligation General Government	\$ 28,250	\$ 27,478
03/28/08	07/01/01 - 12/01/04	Civic Improvement Corporation Wastewater System Revenue	4,960	4,980
06/26/09	08/30/00 - 06/27/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	7,505	7,554
06/12/12	06/01/02 - 06/13/07	General Obligation General Government	88,625	92,330
06/21/12	05/01/03 - 06/01/04	Civic Improvement Corporation Subordinated Excise Tax Revenue	5,075	5,316
07/21/12	07/01/04 -	Civic Improvement Corporation Junior Lien Water System Revenue	11,270	11,771

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

## Notes to the Financial Statements

(Continued)

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### 12. Legal Debt Margin

As discussed in Note 4, secondary property taxes are used to finance bond principal and interest payments. Under Arizona law, general obligation bonds for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities may not exceed 20% of a City's secondary assessed valuation. General obligation bonds for all other purposes may not exceed 6% of the secondary assessed valuation. The total debt margin available at July 1, 2013 was as follows (in thousands):

Six Percent Bonds	\$	519,100
Twenty Percent Bonds		821,190
	\$	<u>1,340,290</u>

### 13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2013, as described below.

#### General Fund and Transit Special Revenue Fund

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

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

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

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

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

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

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the Government-Wide Statement of Net Position, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. Settlements have not exceeded coverages for each of the last three fiscal years. At June 30, 2013, claims payable totaled \$99.8 million. Changes in this liability for the last two fiscal years follow (in thousands):

**Notes to the Financial Statements**  
(Continued)

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Claims Payable, July 1	\$ 92,242	\$ 103,543
Current Year Claims and Changes in Estimates	27,960	20,917
Claim Payments	<u>(20,452)</u>	<u>(32,218)</u>
Claims Payable, June 30	<u>\$ 99,750</u>	<u>\$ 92,242</u>

Claims that are expected to be paid with expendable available financial resources are accounted for in the General Fund. All other claims are accounted for in the Government-Wide Statement of Net Position. These balances were as follows (in thousands):

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
Amounts due within one year	\$ 23,902	\$ 24,104
Amounts due in more than one year	75,848	68,138
	<u>\$ 99,750</u>	<u>\$ 92,242</u>

In addition, assets of \$85,313,749 and \$1,684,056 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2013 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Position. As a result, of the General Fund Balance \$40,360,677 is restricted and \$44,953,072 is assigned for payment of claims.

**Fiduciary Funds**

Health and Dental – The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased for individual losses exceeding \$1,000,000 and aggregate losses exceeding \$265,894,800. Dental coverage was provided through two plans. Active dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust. Active dental HMO and retiree dental HMO and PPO were provided through commercial insurance accounted for in the General Fund.

Long-Term Disability benefits were self-insured through the City of Phoenix Long-Term Disability Trust fiduciary fund. As a partially funded other post-employment benefit, no liability is reflected in the Government-Wide Statement of Net Position per GASB Statement No. 45. See Note 20 for additional information.

At June 30, 2013, claims payable totaled \$27.3 million. Changes in this liability for the last two fiscal years follow (in thousands):

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Claims Payable, July 1	\$ 24,238	\$ 25,861
Current Year Claims and Changes in Estimates	217,779	200,582
Claim Payments	<u>(214,691)</u>	<u>(202,205)</u>
Claims Payable, June 30	<u>\$ 27,326</u>	<u>\$ 24,238</u>

## Notes to the Financial Statements

(Continued)

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

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Amounts due within one year	<u>\$ 27,326</u>	<u>\$ 24,238</u>

### 14. Operating Leases

The City's public housing program leases housing facilities that are, in turn, subleased to low income and elderly tenants. These lease obligations are subsidized by the federal government. Total rental expense for these leases was \$50,940,438 for the fiscal year ended June 30, 2013.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2013 were as follows (in thousands):

<u>Years Ending</u> <u>June 30</u>	
2014	\$ 72,273
2015	70,961
2016	70,806
2017	49,292
2018	30,526
2019-2068	<u>277,583</u>
	<u>\$ 571,441</u>

The above amounts do not include contingent rentals, which also may be received under the airport facilities leases, primarily as a percentage of sales in excess of stipulated minimums. Contingent rentals amounted to \$20,606,959 for the fiscal year ended June 30, 2013. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2013 is as follows (in thousands):

Buildings	\$ 1,007,532
Less: Accumulated Depreciation	<u>(490,096)</u>
	<u>\$ 517,436</u>

## Notes to the Financial Statements

(Continued)

### 15. Contractual and Other Commitments

#### Public Transit

The City provides public transit service through the following private contractors: Veolia Transportation Service, First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA" and light rail service from Valley Metro Rail. The services provided by these contractors, the expiration dates of the current agreements and the estimated contract amount to be provided by the City through June 30, 2013 are as follows (in thousands):

<u>Contractor</u>	<u>Type of Service</u>	<u>Expiration Date</u>	<u>Estimated Annual Subsidy</u>
MV Transportation Service	Dial-a-Ride	June 30, 2014	\$ 13,396
First Transit Inc.	Fixed Route Bus Service	June 30, 2018	25,000
Veolia Transportation Service	Fixed Route Bus Service	June 30, 2015	73,803
Valley Metro Rail	Light Rail Service	June 30, 2014	23,022
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2014	4,934
MV Transportation Service	Fixed Route Bus Service	June 30, 2014	396
			<u>\$ 140,551</u>

Approximately 12.1% of the total net transit costs, excluding light rail service, will be reimbursed to the City by adjacent communities and the RPTA. In addition, the City will apply for funding to support daily operations from the Department of Transportation, Federal Transit Administration. This grant is expected to fund approximately 10.6% of the total transit costs for fiscal 2013-14. The City has been the designated recipient for these grants since 1975.

#### Other Contracts

The City's enterprise funds have entered into various construction contracts and these commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements. The following funds have remaining commitments at June 30, 2013, as follows (in thousands):

Aviation	\$ 156,861
Phoenix Convention Center	971
Water System	81,546
Wastewater	55,431
Solid Waste	17,674
	<u>\$ 312,483</u>

## Notes to the Financial Statements

(Continued)

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### Encumbrances

Governmental fund encumbrances at June 30, 2013, were as follows (in thousands):

General Fund	\$ 12,108
Transit Special Revenue Fund	56,910
Non-Major Funds	<u>123,462</u>
	<u>\$ 192,480</u>

### 16. Contingent Liabilities

#### Pending Litigation

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. As discussed in Note 12, the City is primarily self-insured, and has accrued a liability for estimated claims outstanding. As with any risk retention program, however, the City is contingently liable with respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the City's financial position, results of operations or liquidity at June 30, 2013.

#### Public Housing Notes Payable

Excluded from the City's long-term obligations in the accompanying financial statements are Public Housing Notes Payable. These obligations were incurred in connection with the City's public housing activities, but are entirely supported by the federal government. The City would be obligated to pay the debt service on these notes only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2013 were \$430,894.

#### Sick Leave

Sick leave is generally accumulated at the rate of 15 days per year and can only be taken in the event of illness. Upon retirement, employees may be eligible to convert a portion of their sick leave balance to pay as described below.

Police who have accumulated 900 qualifying hours or more of unused sick leave at the time of normal service retirement are eligible to receive a payment equal to 35% or more (depending on the number of qualifying hours) of their base hourly rate for hours in excess of 450 hours.

Firefighters who have accumulated 900 qualifying hours or more of unused sick leave at the time of normal service retirement (1,260 qualifying hours or more for employees not on a 40 hour per week work schedule) are eligible to receive a payment equal to 35% or more (depending on the number of qualifying hours) of their base hourly rate for hours in excess of 450 hours (630 hours for employees not on a 40 hour per week work schedule).

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

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

Sick leave is accrued as a liability as it is earned by the employees if it is probable that the employees will be compensated through cash payments at retirement. Accordingly, a portion of the sick leave accumulated by police, firefighters, and general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2013, actuarial valuation of the sick leave

## Notes to the Financial Statements

(Continued)

liability was based on the termination payment method and includes other amounts that are directly and incrementally related to those payments such as the City's share of social security, as applicable.

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

	<u>2013</u>
General	\$ 148,357
Police	110,603
Fire	<u>40,095</u>
	299,055
Less: Amounts Accrued as a Liability	<u>(74,729)</u>
	<u>\$ 224,326</u>

### **Liabilities Under Grants**

The City participates in a number of federal and state-assisted grant programs. The audits of these programs for earlier years and the year ended June 30, 2013 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. City management believes any such claims would be immaterial to the City's financial position at June 30, 2013.

### **Verde Water Treatment Plant**

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

## **17. Joint Use Agreements**

### **Valley Metro Rail, Inc. "VMRI"**

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

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project less any Federal reimbursements and operating fares. The City's share of costs is determined based on the number of rail mileage located within each City, plus dedicated local costs. The equity interest for the City at June 30, 2013, was \$788,635,228.

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

### **Regional Wireless Cooperative "RWC"**

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

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2013, was \$66,550,601.

## Notes to the Financial Statements

(Continued)

Separate financial statements may be obtained from RWC Director's Office, 200 W. Washington Street, 12<sup>th</sup> Floor, Phoenix, Arizona 85003.

### Wastewater

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

The City of Phoenix holds title to the land comprising the plant site and rights of way. The City's investment under the joint use agreement was \$436,534,654 at June 30, 2013, and is included in the Wastewater Enterprise Fund financial statements as part of the total wastewater system. The SROG members participate in each facility at varying rates depending on their needs at the time each facility was constructed. The system has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal year ended June 30, 2013 is provided below (in thousands).

	<u>2013</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 35,309
Receivables	10,943
Inventories, at average cost	570
Capital Assets, Net of Accumulated Depreciation	<u>821,837</u>
Total Assets	868,659
Liabilities	<u>(37,272)</u>
Net Position	<u>\$ 831,387</u>
Total Revenues	\$ 51,679
Total Expenses	<u>(98,174)</u>
Decrease in Net Position	<u>\$ (46,495)</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the AMWUA office at 3003 N. Central Avenue, Suite 1550, Phoenix, Arizona 85012.

### Water

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

The City's investment under the joint use agreement was \$244,775,470 at June 30, 2013, and is included in the Water Enterprise Fund financial statements as part of the total water system. The plant has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal year ended June 30, 2013 is provided below (in thousands).

**Notes to the Financial Statements**  
(Continued)

	<u>2013</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 10,705
Receivables	4,853
Inventories, at average cost	361
Capital Assets, Net of Accumulated Depreciation	<u>306,937</u>
Total Assets	322,856
Liabilities	<u>(11,305)</u>
Net Position	<u>\$ 311,551</u>
Total Revenues	\$ 30,151
Total Expenses	<u>(31,251)</u>
Decrease in Net Position	<u>\$ (1,100)</u>

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

**18. Deferred Compensation and Defined Contribution Plans (DCP)**

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

The Deferred Compensation Plan was created in accordance with Internal Revenue Code Section 457. It allows eligible employees to defer up to \$17,500 of their salaries during calendar year 2013. The plan has numerous investment options and allows enrollment or changes on an ongoing basis. A 1996 federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No.S-25613 that amended the Plan to comply with the 1996 federal law. The Ordinance established a trust into which all assets of the Plan were transferred December 4, 1998.

The Defined Contribution Plan was created in accordance with Internal Revenue Code Section 415(c)(1)(A) and provides employees with an additional option for tax-deferred retirement savings. Eligible employees may make personal contributions to the Plan by electing to defer a designated percentage of their salary to the Plan. Employee contribution elections are irrevocable. The 2013 annual contribution limit is \$51,000. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of employee's base annual salary.

A governing board makes decisions about fund options available under both plans. Due to the tax-deferred nature of the Plans, generally speaking, the funds cannot be withdrawn while still employed by the City, unless a severe financial hardship exists. IRS regulations provide guidance regarding hardship withdrawals. The City contributed \$24,684,326 for the year ended June 30, 2013. Nationwide Investment Services Corporation is currently the administrator for both Plans.

**19. Pension Plans**

**Plan Descriptions**

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

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

## Notes to the Financial Statements

(Continued)

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

The Plan is authorized by and administered in accordance with Chapter XXIV of the Charter of the City of Phoenix. Authority to make amendments to the plan rests with City voters. The Plan is administered by a nine-member Retirement Board. COPERS has been included as part of the City's reporting entity as a pension trust fund. Copies of the separately issued COPERS financial report, which includes financial statements and required supplemental information, may be obtained from COPERS, 200 West Washington, 10<sup>th</sup> Floor, Phoenix, Arizona 85003.

The Arizona Public Safety Personnel Retirement System ("APSPRS") is an agent multiple-employer defined benefit pension and health insurance premium subsidy plan for all sworn police officers and fire fighters. Members are eligible for normal retirement benefits and a health insurance premium subsidy after 20 years of service or at age 62 with completion of 15 years of service. It is authorized by and administered in accordance with Arizona Revised Statutes Title 38, Chapter 5, Article 4, Section 38.841-859. Authority to make amendments rests with the Arizona State Legislature. Benefits are projected based on benefit levels and cost-sharing arrangements as of the date of valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations. The Plan is administered by local boards consisting of the City Mayor or designee, two members elected by employees and two citizens appointed by the mayor and approved by the City Council. The same board administers both the Fire Fighters and Police pension plans for the City.

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

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

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

Copies of the publicly available financial reports for the APSPRS and EORPA may be obtained from Arizona Public Safety Personnel Retirement System, 3010 East Camelback Road, Phoenix, Arizona 85016 or on the internet at [www.psprs.com](http://www.psprs.com).

### **Funding Policy and Annual Pension Cost**

The City contributes an actuarially determined amount to COPERS to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over an open period of 20 years from July 1, 2012. The employee contribution rate is 5% of compensation. In addition to funding the plan for benefits, the City pays the administrative costs of the plan as a City expense. Investment expenses are paid by the plan from investment earnings.

On April 29, 2011, the Governor signed into law Senate Bill 1609 ("SB 1609") which gradually increases the member contribution rate from 7.65% to 11.65% in fiscal year 2015-16. Thereafter, the member rate may be reduced by formula, but in no case will be less than 7.65% or more than 11.65%. The City contributes normal cost less a credit (spread over an open period of twenty years) for the amount by which valuation

## Notes to the Financial Statements

(Continued)

assets exceed the actuarial accrued liability or plus a debit (spread over a closed period of twenty-three years) for the amount by which the actuarial accrued liability exceeds the valuation assets. Per SB 1609, the calculated employer contribution will not be decreased by member contributions greater than 7.65%. Therefore, for actuarial purposes, the member rate is reported at 7.65%.

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

	<b>Contributions Required and Contributions Made</b>			
	<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>General City Employees</b>	6/30/13	\$ 110,094,257	100 %	N/A
	6/30/12	106,483,325	100	N/A
	6/30/11	92,145,262	100	N/A
<b>APSPRS Employees (1):</b>				
Police Pension	6/30/13	70,902,266	100	N/A
Police Health	6/30/13	2,598,634	100	N/A
Police Pension	6/30/12	59,887,847	100	N/A
Police Health	6/30/12	2,624,897	100	N/A
Police Pension	6/30/11	55,905,758	100	N/A
Police Health	6/30/11	2,680,707	100	N/A
Fire Pension	6/30/13	37,492,864	100	N/A
Fire Health	6/30/13	1,879,028	100	N/A
Fire Pension	6/30/12	29,679,259	100	N/A
Fire Health	6/30/12	1,575,259	100	N/A
Fire Pension	6/30/11	27,584,206	100	N/A
Fire Health	6/30/11	1,541,703	100	N/A

Contribution rates for EORPA are specified by State statute, SB 1609 gradually increases the member contribution rate from 7.0% to 13.0% in fiscal year 2013-14. Thereafter, the member rate may be reduced by formula, but in no case will be less than 7.0% or more than 13.0%. The City contributes an actuarially determined employer's share equal to a level percent of compensation to fund normal cost and unfunded accrued liability over a closed period of 30 years from July 1, 2006. Per SB 1609, the calculated employer contribution will not be decreased by member contributions greater than 7.0%. Therefore, for actuarial purposes, the member rate is reported at 7.0%.

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

	<b>Contributions Required and Contributions Made</b>			
	<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>Elected Officials</b>				
Pension	6/30/13	\$ 191,039	100 %	N/A
Health	6/30/13	9,927	100	N/A
Pension	6/30/12	169,988	100	N/A
Health	6/30/12	9,753	100	N/A
Pension	6/30/11	145,978	100	N/A
Health	6/30/11	9,221	100	N/A

**Notes to the Financial Statements**  
(Continued)

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

	(3) COPERS	APSPRS		EORPA Pension/Health
		Police (1) Pension/Health	Fire (1) (2) Pension/Health	
Contribution Rates:				
City	20.15%	28.68%/1.47%	29.93%/1.5%	34.64%/1.8%
Plan Members	5.00%	7.65%	7.65%	7.00%
Annual Pension Cost (in thousands)	\$ 110,094	\$70,902/\$2,599	\$37,493/\$1,879	\$191/\$10
Contributions Made (in thousands)	\$ 110,094	\$70,902/\$2,599	\$37,493/\$1,879	\$191/\$10
Actuarial Valuation Date	6/30/13	6/30/13	6/30/13	6/30/13
Actuarial Cost Method	Entry Age, Normal	Entry Age, Normal	Entry Age, Normal	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years	23 years	23 years	23 years
Asset Valuation Method	4-year smoothed market	7-year smoothed market	7-year smoothed market	7-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return	8.0%	7.85%	7.85%	7.85%
Projected Salary Increases *	5.0 - 8.8%	4.5 - 8.5%	4.5 - 8.5%	4.25%
* Includes Inflation at	5.0%	4.5%	4.5%	4.0%
Cost-of-Living Adjustments	-	-	-	-

- (1) Contribution rates for APSPRS pension and health are based on actuarial estimates. Actual contributions for the health subsidy are based on actual expenses for the year with the balance of the required rate applied to the pension requirement
- (2) A fire premium tax levied by the State is credited toward the City's contribution for firefighters employed by the City of Phoenix. The amount reported above is before the fire insurance premium tax credit allowance of \$3,047,750.
- (3) COPERS' amount includes \$801,000 allocated to the Excess Benefit Arrangement.

**Notes to the Financial Statements**  
(Continued)

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

Schedule of Funding Progress (in thousands)							
Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)	
<b>General City</b>							
<b>Employees</b>	6/30/13	\$ 1,961,939	\$ 3,055,606	\$ 1,093,667	64.2 %	\$ 508,032	215.3 %
<b>APSPRS</b>							
Police - Pension	6/30/13	\$ 1,268,534	\$ 2,212,287	\$ 943,753	57.3 %	\$ 240,806	391.9 %
Police - Health	6/30/13	0	52,646	52,646	0.0	240,806	21.9
<b>APSPRS</b>							
Fire - Pension	6/30/13	\$ 715,326	\$ 1,216,078	\$ 500,752	58.8 %	\$ 127,636	392.3 %
Fire - Health	6/30/13	0	27,528	27,528	0.0	127,636	21.6

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

**20. Other Postemployment Benefits (OPEB)**

**Postemployment Healthcare**

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

**Medical Expense Reimbursement Plan**

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

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

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

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

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

**Notes to the Financial Statements**  
(Continued)

Annual required contribution	\$ 34,021
Interest on OPEB Asset	-
Contributions from the City	34,021
Decrease in net OPEB asset	-
Net OPEB asset, beginning of year	-
Net OPEB asset, end of year	-

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2013	\$ 34,021	\$ 34,021	100.0%	\$ -
6/30/2012	33,456	33,456	100.0	-
6/30/2011	38,007	38,007	100.0	-
6/30/2010	37,574	17,204	45.8	-
6/30/2009	37,967	43,579	114.8	20,370
6/30/2008	39,000	53,758	137.8	14,758

As of July 1, 2013, the most recent actuarial valuation date, MERP benefits were funded by the City to a dedicated MERP Trust. The actuarial accrued liability for benefits was \$419,609,654 and the actuarial value of assets was \$133,665,785, resulting in an unfunded actuarial accrued liability (UAAL) of \$305,943,869. The covered payroll (annual payroll of active employees covered by the plan) was \$461,156,377 and the ratio of the UAAL to the covered payroll was 66.3 percent.

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

Valuation date	07/01/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	N/A
Inflation rate	3%
Pre-medicare healthcare cost trend	5% - 9%
Post-medicare healthcare cost trend	5% - 6%

The number of participants as of July 1, 2013, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	General City	Public Safety	Total
Active employees	3,821	2,746	6,567
Retirees and Beneficiaries	5,006	2,276	7,282
Total	8,827	5,022	13,849

## Notes to the Financial Statements

(Continued)

### Post Employment Health Plan

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

### Long-Term Disability Program

Long-term disability (LTD) benefits are available to regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. The program provides income protection of 2/3 of an employee's monthly base salary following a continuous three-month waiting period from the last day worked; provided all leave accruals have been exhausted, continuing to age 80 for those disabled prior to July 1, 2013 and age 75 for those disabled on or after July 1, 2013. Employees receiving long-term disability benefits are entitled to continuation of group medical, dental and life insurance for a specified period. Contributions to the LTD Trust by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City pays 100 percent of the cost for this benefit.

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

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

Annual required contribution*	\$ 2,941
Interest on Net OPEB Asset	69
Contributions made	2,971
Increase in OPEB Asset	<u>99</u>
Net OPEB asset, beginning of year	987
Net OPEB asset, end of year	<u>\$ 1,086</u>

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

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2013	\$ 2,941	\$ 2,971	101.0%	\$ 1,086
6/30/2012	2,486	2,018	81.2	987
6/30/2011	3,198	997	31.2	1,360
6/30/2010	2,456	848	34.5	3,328
6/30/2009	(323)	-	N/A	4,936
6/30/2008	-	-	N/A	4,613

## Notes to the Financial Statements

(Continued)

As of July 1, 2013, the most recent actuarial valuation date, the LTD was 99.9 percent funded. The actuarial accrued liability for benefits was \$69,504,490, and the actuarial value of assets was \$69,463,028, resulting in an unfunded actuarial accrued liability (UAAL) of \$41,462. The covered payroll (annual payroll of active employees covered by the plan) was \$816,086,000, and the ratio of the UAAL to the covered payroll was .01 percent.

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

Valuation date	07/01/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	5%
Inflation rate	3%
Healthcare cost trend	N/A

The number of participants as of July 1, 2013, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number or category of employees covered since that date.

	Fire	Police	General City	Total
Current Active Employees	1,581	2,929	8,196	12,706
Currently Disabled Employees	3	14	325	342
Total Covered Participants	1,584	2,943	8,521	13,048

### **Actuarial Valuations**

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

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

## **21. Subsequent Events**

### **Debt Issuances**

On June 27, 2013, the City of Phoenix Civic Improvement Corporation issued \$328,920,000 of Transit Excise Tax Revenue Refunding Bonds, Series 2013 (Light Rail Project). The bonds were issued at an all-in true interest cost of 2.01% and were dated and delivered July 16, 2013.

## Notes to the Financial Statements

(Continued)

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### **City Manager**

City Manager David Cavazos retired on October 16, 2013, ending a 27 year career with the City of Phoenix. He served as City Manager for 4 years. Mayor Greg Stanton and the Phoenix City Council have appointed Ed Zuercher as the Acting City Manager pending a nationwide recruitment for a permanent replacement.

### **Chief Financial Officer**

Chief Financial Officer Jeff DeWitt retired on December 4, 2013, ending a 24 year career with the City of Phoenix. He served as Chief Financial Officer for 4 years. Acting City Manager Ed Zuercher appointed Neal Young as the Acting Chief Financial Officer pending a recruitment for a permanent replacement.

### **Pension Reform**

On March 12, 2013, Phoenix voters passed Proposition 201 – Reform of the City of Phoenix Employees' Retirement Plan. The reform has transformed COPERS into a two tier retirement plan. Changes affect new general city employees hired on or after July 1, 2013 (Tier 2). The Tier 2 contribution rate is based on a 50/50 split with the City of Phoenix's actuarially determined rate. Employees are eligible for retirement based on one of the determining factors:

1. Age sixty years, with ten or more years of credited service.
2. Age sixty-two years, with five or more years of credited service.
3. Any age, which added to years of credited service, equals eighty-seven (Rule of 87).

In addition, the approved ballot measure allowed the Investment Policy to be updated to include any investments that meet the Prudent Investor Rule. The Retirement Board may now invest in any kind of property or type of investment consistent with the standards set forth in the City Charter, if two-thirds of the Retirement Board authorizes the utilization of the new investment category.

### **Golf Fund**

On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. Beginning July 1, 2013, all activity of the City of Phoenix Municipal Golf program will be reported in the governmental funds.

### **General Obligation Bond Rating**

Based on new rating criteria, on December 20, 2013, Standard & Poor's Ratings Services lowered its rating on City of Phoenix General Obligation Bonds from AAA to AA+.



**City of Phoenix**



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*Financial Section*

**Required Supplementary  
Information**



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

Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
<b>PENSION PLANS:</b>						
<b>General City Employees</b>						
6/30/13	\$ 1,961,939	\$ 3,055,606	\$ 1,093,667	64.2 %	\$ 508,032	215.3 %
6/30/12	1,827,528	2,939,374	1,111,846	62.2	506,017	219.7
6/30/11	1,834,620	2,752,909	918,289	66.6	513,322	178.9
<b>APSPRS - Police Pension</b>						
6/30/13	\$ 1,268,534	\$ 2,212,287	\$ 943,753	57.3 %	\$ 240,806	391.9 %
6/30/12	1,252,168	2,115,506	863,338	59.2	241,080	358.1
6/30/11	1,208,248	1,924,691	716,443	62.8	243,641	294.1
<b>APSPRS - Police Health</b>						
6/30/13	\$ -	\$ 52,646	\$ 52,646	0.0 %	\$ 240,806	21.9 %
6/30/12	-	50,913	50,913	0.0	241,080	21.1
6/30/11	-	51,323	51,323	0.0	243,641	21.1
<b>APSPRS - Fire Pension</b>						
6/30/13	\$ 715,326	\$ 1,216,078	\$ 500,752	58.8 %	\$ 127,636	392.3 %
6/30/12	704,733	1,153,074	448,341	61.1	120,264	372.8
6/30/11	673,410	1,058,345	384,935	63.6	117,789	326.8
<b>APSPRS - Fire Health</b>						
6/30/13	\$ -	\$ 27,528	\$ 27,528	0.0 %	\$ 127,636	21.6 %
6/30/12	-	26,643	26,643	0.0	120,264	22.2
6/30/11	-	26,923	26,923	0.0	117,789	22.9
<b>MERP (1)</b>						
8/01/11	\$ 86,964	\$ 423,058	\$ 336,094	20.6 %	\$ 510,561	65.8 %
8/01/09	60,459	424,989	364,530	14.2	593,932	61.4
8/01/06	-	345,579	345,579	0.0	563,570	61.3
<b>LTD (2)</b>						
7/01/11	\$ 68,087	\$ 68,413	\$ 326	99.5 %	\$ 816,962	0.04 %
7/01/09	60,992	66,523	5,531	91.7	876,001	0.63
7/01/07	64,956	60,344	(4,612)	107.6	856,510	(0.54)

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

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



**City of Phoenix**



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*Financial Section*

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



## Fund Descriptions - Special Revenue Funds

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

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

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

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

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

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

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

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

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

## Capital Projects Funds

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

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

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

# Fund Descriptions

(continued)

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

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

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

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

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

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

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

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

## Debt Service Funds

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

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

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

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

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



**City of Phoenix**

**City of Phoenix, Arizona**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

**Exhibit C-1**

June 30, 2013  
(in thousands)

	<b>Special Revenue Funds</b>				
	<b>Highway User Revenue</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>	<b>Grants</b>	<b>Public Housing</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,557	\$ 2,734	\$ 18,512	\$ 4,822	\$ 2,367
Cash Deposits	29	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	1,930
Investments	35,777	15,019	101,222	-	15,133
Due from Other Funds	-	-	-	-	-
Receivables, Net of Allowance					
Accounts Receivable	-	-	303	-	3,416
Taxes Receivable	-	-	-	-	-
Intergovernmental	9,345	-	40	26,774	4,483
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	6,774	16,787
Prepaid Items	-	-	-	21	4,339
Total Assets	<u>\$ 50,708</u>	<u>\$ 17,753</u>	<u>\$ 120,077</u>	<u>\$ 38,391</u>	<u>\$ 48,455</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 10,502	\$ -
Accounts Payable	1,723	1,497	1,461	6,215	2,718
Insurance Claims Payable	-	-	-	-	-
Trust Liabilities and Deposits	1,856	2,930	4,291	1,165	17,193
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Advance Payments	-	-	4,490	20,509	1,090
Total Liabilities	<u>3,579</u>	<u>4,427</u>	<u>10,242</u>	<u>38,391</u>	<u>21,001</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Non-Spendable					
Prepaid Items	-	-	-	-	4,339
Spendable					
Restricted	47,129	8,981	69,138	-	18,644
Committed	-	4,345	-	-	-
Assigned	-	-	40,697	-	4,471
Unassigned	-	-	-	-	-
Total Fund Balances	<u>47,129</u>	<u>13,326</u>	<u>109,835</u>	<u>-</u>	<u>27,454</u>
Total Liabilities and Fund Balances	<u>\$ 50,708</u>	<u>\$ 17,753</u>	<u>\$ 120,077</u>	<u>\$ 38,391</u>	<u>\$ 48,455</u>

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 5,569	\$ 385	\$ -	\$ 39,946	\$ 635	\$ 4,478	\$ 15,558	\$ -
-	-	-	29	-	-	-	-
-	-	-	1,930	-	-	-	-
30,427	415	-	197,993	13,636	24,904	27,724	8,980
-	-	-	-	-	-	-	3,315
179	-	-	3,898	-	-	175	-
27	-	-	27	-	-	-	-
13	-	-	40,655	-	-	18,854	-
-	-	-	-	-	-	16	-
-	-	-	23,561	-	-	27,791	-
-	-	-	4,360	-	-	-	-
<u>\$ 36,215</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 312,399</u>	<u>\$ 14,271</u>	<u>\$ 29,382</u>	<u>\$ 90,118</u>	<u>\$ 12,295</u>
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 33,931	\$ 44,433	\$ -	\$ -	\$ 3,037	\$ -
3,363	-	6	16,983	555	2,299	3,509	5,549
-	-	-	-	-	-	-	-
746	1,234	-	29,415	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	26,089	-	-	-	-
<u>4,109</u>	<u>1,234</u>	<u>33,937</u>	<u>116,920</u>	<u>555</u>	<u>2,299</u>	<u>6,546</u>	<u>5,549</u>
-	-	-	-	-	-	-	-
-	-	-	4,339	-	-	-	-
25,429	8,371	822	178,514	-	27,083	23,821	6,746
-	-	-	4,345	13,716	-	-	-
6,677	-	-	51,845	-	-	59,751	-
-	(8,805)	(34,759)	(43,564)	-	-	-	-
<u>32,106</u>	<u>(434)</u>	<u>(33,937)</u>	<u>195,479</u>	<u>13,716</u>	<u>27,083</u>	<u>83,572</u>	<u>6,746</u>
<u>\$ 36,215</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 312,399</u>	<u>\$ 14,271</u>	<u>\$ 29,382</u>	<u>\$ 90,118</u>	<u>\$ 12,295</u>

**City of Phoenix, Arizona**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

**Exhibit C-1**  
(Continued)

June 30, 2013  
(in thousands)

	<b>Capital Projects Funds</b>				
	<b>Storm Sewers</b>	<b>Parks, Recreation and Libraries</b>	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 17,430	\$ -
Cash Deposits	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	-	-	-	74,950	-
Due from Other Funds	14,514	17,573	4,736	-	-
Receivables, Net of Allowance					
Accounts Receivable	-	-	-	7,121	-
Taxes Receivable	-	-	-	-	-
Intergovernmental	-	-	-	-	14,644
Accrued Interest	-	-	-	81	-
Notes Receivable	-	-	-	859	-
Prepaid Items	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 14,514</b>	<b>\$ 17,573</b>	<b>\$ 4,736</b>	<b>\$ 100,441</b>	<b>\$ 14,644</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	-	-	-	-	-
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 57,766	\$ 2,382
Accounts Payable	1,124	595	1,809	918	25,368
Insurance Claims Payable	-	-	-	-	-
Trust Liabilities and Deposits	-	423	-	-	1
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Advance Payments	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,124</b>	<b>1,018</b>	<b>1,809</b>	<b>58,684</b>	<b>27,751</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	-	-	-	-	-
<b>Fund Balances</b>					
<b>Non-Spendable</b>					
Prepaid Items	-	-	-	-	-
<b>Spendable</b>					
Restricted	13,390	13,972	2,927	33,757	-
Committed	-	-	-	-	-
Assigned	-	2,583	-	8,000	-
Unassigned	-	-	-	-	(13,107)
<b>Total Fund Balances</b>	<b>13,390</b>	<b>16,555</b>	<b>2,927</b>	<b>41,757</b>	<b>(13,107)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,514</b>	<b>\$ 17,573</b>	<b>\$ 4,736</b>	<b>\$ 100,441</b>	<b>\$ 14,644</b>

**Exhibit C-1**

(Continued)

Capital Projects Funds		Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	Streets and Highways	City Improvement	Special Assessment	Total	
\$ -	\$ 38,101	\$ 2,171	\$ -	\$ 997	\$ 81	\$ 3,249	\$ 81,296
-	-	-	-	-	-	-	29
-	-	7,808	22,000	61,290	4	91,102	93,032
13,232	163,426	24,739	-	5,234	-	29,973	391,392
3,809	43,947	-	-	-	-	-	43,947
-	7,296	3,181	-	-	153	3,334	14,528
-	-	-	-	-	-	-	27
-	33,498	-	-	-	-	-	74,153
8	105	-	-	-	-	-	105
-	28,650	-	-	-	-	-	52,211
-	-	-	-	-	-	-	4,360
<b>\$ 17,049</b>	<b>\$ 315,023</b>	<b>\$ 37,899</b>	<b>\$ 22,000</b>	<b>\$ 67,521</b>	<b>\$ 238</b>	<b>\$ 127,658</b>	<b>\$ 755,080</b>
-	-	-	-	-	-	-	-
\$ -	\$ 63,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,618
205	41,931	278	-	64	-	342	59,256
-	-	-	-	-	-	-	-
-	424	-	-	-	-	-	29,839
-	-	5,560	5,875	46,035	-	57,470	57,470
-	-	2,248	16,125	17,210	4	35,587	35,587
-	-	-	-	-	234	234	26,323
205	105,540	8,086	22,000	63,309	238	93,633	316,093
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,339
3,871	125,567	-	-	4,212	-	4,212	308,293
-	13,716	29,813	-	-	-	29,813	47,874
12,973	83,307	-	-	-	-	-	135,152
-	(13,107)	-	-	-	-	-	(56,671)
16,844	209,483	29,813	-	4,212	-	34,025	438,987
<b>\$ 17,049</b>	<b>\$ 315,023</b>	<b>\$ 37,899</b>	<b>\$ 22,000</b>	<b>\$ 67,521</b>	<b>\$ 238</b>	<b>\$ 127,658</b>	<b>\$ 755,080</b>

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

**Exhibit C-2**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<b>Special Revenue Funds</b>				
	<b>Highway User Revenue</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>	<b>Grants</b>	<b>Public Housing</b>
<b>REVENUES</b>					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	98,820	-	-	131,998	71,156
Charges for Services	9	11,681	52,054	123	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	(691)	(241)	(1,587)	(70)	(334)
Interest	684	258	1,683	112	356
Dwelling Rentals	-	-	-	-	6,882
Other	26	11	4,601	15,323	786
<b>Total Revenues</b>	<b>98,848</b>	<b>11,709</b>	<b>56,751</b>	<b>147,486</b>	<b>78,846</b>
<b>EXPENDITURES</b>					
Current Operating					
General Government	-	306	-	1,279	-
Criminal Justice	-	1,784	-	-	-
Public Safety	-	7,736	481	21,781	-
Transportation	44,960	-	-	40	-
Community Enrichment	-	-	-	42,701	-
Community Development	-	-	33,660	61,708	74,211
Environmental Services	-	-	-	418	-
Capital Outlay	22,189	1,311	5,614	20,286	8,469
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Expenditures</b>	<b>67,149</b>	<b>11,137</b>	<b>39,755</b>	<b>148,213</b>	<b>82,680</b>
Excess (Deficiency) of Revenues Over Expenditures	31,699	572	16,996	(727)	(3,834)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	359	-	-	-	8
Transfers to Other Funds	(22,000)	-	(1,308)	-	(298)
<b>Total Other Financing Sources (Uses)</b>	<b>(21,641)</b>	<b>-</b>	<b>(1,308)</b>	<b>-</b>	<b>(290)</b>
<b>Net Change in Fund Balances</b>	<b>10,058</b>	<b>572</b>	<b>15,688</b>	<b>(727)</b>	<b>(4,124)</b>
<b>FUND BALANCES, JULY 1</b>	<b>37,071</b>	<b>12,754</b>	<b>94,147</b>	<b>727</b>	<b>31,578</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 47,129</b>	<b>\$ 13,326</b>	<b>\$ 109,835</b>	<b>\$ -</b>	<b>\$ 27,454</b>

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 105,371	\$ 27,515	\$ 79,677	\$ 212,563	\$ 16,382	\$ 27,515	\$ -	\$ -
15	-	-	15	-	-	-	-
300	-	-	302,274	-	-	9,493	-
7,924	-	-	71,791	1	1	-	-
1,891	-	-	1,891	-	-	-	-
-	-	-	-	-	-	-	-
(412)	72	294	(2,969)	(208)	(714)	(206)	(11)
431	(93)	(301)	3,130	228	820	296	25
-	-	-	6,882	-	-	-	-
14,135	177	1	35,060	10	-	156	-
<u>129,655</u>	<u>27,671</u>	<u>79,671</u>	<u>630,637</u>	<u>16,413</u>	<u>27,622</u>	<u>9,739</u>	<u>14</u>
100,475	-	-	102,060	-	-	-	-
-	-	-	1,784	-	-	-	-
6,359	22,050	87,995	146,402	-	-	-	-
1,818	-	-	46,818	130	-	-	-
3,142	-	-	45,843	-	1,864	-	-
3,806	-	-	173,385	-	-	-	-
1,926	-	-	2,344	44	-	-	-
9,670	-	-	67,539	17,474	34,404	28,097	26,662
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>127,196</u>	<u>22,050</u>	<u>87,995</u>	<u>586,175</u>	<u>17,648</u>	<u>36,268</u>	<u>28,097</u>	<u>26,662</u>
2,459	5,621	(8,324)	44,462	(1,235)	(8,646)	(18,358)	(26,648)
7	-	-	374	-	-	11	88
(517)	(30)	(60)	(24,213)	-	(5,730)	-	(3,740)
(510)	(30)	(60)	(23,839)	-	(5,730)	11	(3,652)
<u>1,949</u>	<u>5,591</u>	<u>(8,384)</u>	<u>20,623</u>	<u>(1,235)</u>	<u>(14,376)</u>	<u>(18,347)</u>	<u>(30,300)</u>
30,157	(6,025)	(25,553)	174,856	14,951	41,459	101,919	37,046
<u>\$ 32,106</u>	<u>\$ (434)</u>	<u>\$ (33,937)</u>	<u>\$ 195,479</u>	<u>\$ 13,716</u>	<u>\$ 27,083</u>	<u>\$ 83,572</u>	<u>\$ 6,746</u>

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

**Exhibit C-2**

(Continued)

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<b>Capital Projects Funds</b>				
	<b>Storm Sewers</b>	<b>Parks, Recreation and Libraries</b>	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>
<b>REVENUES</b>					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	2	4,371	6,396	-	78,385
Charges for Services	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	-	(42)	(17)	(653)	(3)
Interest	-	45	8	832	36
Dwelling Rentals	-	-	-	-	-
Other	7	-	60	4,276	-
<b>Total Revenues</b>	<b>9</b>	<b>4,374</b>	<b>6,447</b>	<b>4,455</b>	<b>78,418</b>
<b>EXPENDITURES</b>					
Current Operating					
General Government	-	-	-	-	-
Criminal Justice	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community Enrichment	-	-	-	-	-
Community Development	-	-	-	-	-
Environmental Services	-	-	-	-	-
Capital Outlay	6,046	7,540	13,247	3,628	101,647
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Expenditures</b>	<b>6,046</b>	<b>7,540</b>	<b>13,247</b>	<b>3,628</b>	<b>101,647</b>
Excess (Deficiency) of Revenues Over Expenditures	(6,037)	(3,166)	(6,800)	827	(23,229)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	27	76	24	4,694	-
Transfers to Other Funds	-	-	-	(1,662)	(30,047)
<b>Total Other Financing Sources (Uses)</b>	<b>27</b>	<b>76</b>	<b>24</b>	<b>3,032</b>	<b>(30,047)</b>
<b>Net Change in Fund Balances</b>	<b>(6,010)</b>	<b>(3,090)</b>	<b>(6,776)</b>	<b>3,859</b>	<b>(53,276)</b>
<b>FUND BALANCES, JULY 1</b>	<b>19,400</b>	<b>19,645</b>	<b>9,703</b>	<b>37,898</b>	<b>40,169</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 13,390</b>	<b>\$ 16,555</b>	<b>\$ 2,927</b>	<b>\$ 41,757</b>	<b>\$ (13,107)</b>

**Exhibit C-2**

(Continued)

Capital Projects Funds			Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	Streets and Highways	City Improve- ment	Special Assess- ment	Total		
\$ -	\$ 43,897	\$ 14,893	\$ -	\$ -	\$ -	\$ 14,893	\$ 271,353	
-	-	-	-	-	-	-	15	
-	98,647	-	-	-	-	-	400,921	
-	2	-	-	-	-	-	71,793	
-	-	-	-	-	-	-	1,891	
-	-	-	-	-	35	35	35	
(17)	(1,871)	(640)	-	-	-	(640)	(5,480)	
41	2,331	744	-	-	-	744	6,205	
-	-	-	-	-	-	-	6,882	
256	4,765	144	-	-	-	144	39,969	
280	147,771	15,141	-	-	35	15,176	793,584	
-	-	109	-	-	-	109	102,169	
-	-	-	-	-	-	-	1,784	
-	-	1,150	-	-	-	1,150	147,552	
-	130	-	-	-	-	-	46,948	
-	1,864	352	-	-	-	352	48,059	
-	-	9,252	-	-	-	9,252	182,637	
-	44	-	-	-	-	-	2,388	
16,660	255,405	418	-	-	-	418	323,362	
-	-	5,560	5,875	46,035	31	57,501	57,501	
-	-	4,530	16,125	34,461	10	55,126	55,126	
-	-	4	-	16	-	20	20	
-	-	-	-	399	-	399	399	
16,660	257,443	21,375	22,000	80,911	41	124,327	967,945	
(16,380)	(109,672)	(6,234)	(22,000)	(80,911)	(6)	(109,151)	(174,361)	
4,265	9,185	38	22,000	81,631	130	103,799	113,358	
-	(41,179)	(3,153)	-	(1,062)	(124)	(4,339)	(69,731)	
4,265	(31,994)	(3,115)	22,000	80,569	6	99,460	43,627	
(12,115)	(141,666)	(9,349)	-	(342)	-	(9,691)	(130,734)	
28,959	351,149	39,162	-	4,554	-	43,716	569,721	
\$ 16,844	\$ 209,483	\$ 29,813	\$ -	\$ 4,212	\$ -	\$ 34,025	\$ 438,987	



**City of Phoenix**



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*Financial Section*

**Other Supplementary Information**

**Nonmajor Governmental Funds –  
Budgetary Comparison Schedules**



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

**Exhibit D-1**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expend- itures	Encum- brances	Total	
General Government							
Mayor	\$ 1,692	\$ -	\$ 1,692	\$ 1,667	\$ 2	\$ 1,669	\$ 23
City Council	3,646	-	3,646	3,210	17	3,227	419
City Manager	2,306	(6)	2,300	1,918	7	1,925	375
City Auditor	2,367	-	2,367	1,913	36	1,949	418
Information Technology	34,833	-	34,833	29,868	2,504	32,372	2,461
Equal Opportunity	2,446	-	2,446	2,253	9	2,262	184
City Clerk	5,156	-	5,156	4,648	52	4,700	456
Elections	813	-	813	1,174	1	1,175	(362)
Human Resources	10,511	-	10,511	9,666	67	9,733	778
Law	19,348	-	19,348	19,686	83	19,769	(421)
Budget and Research	3,007	-	3,007	2,914	6	2,920	87
Finance	17,603	-	17,603	16,069	294	16,363	1,240
Other	1,379	-	1,379	1,232	73	1,305	74
Total General Government	105,107	(6)	105,101	96,218	3,151	99,369	5,732
Criminal Justice							
Municipal Court	30,422	-	30,422	28,359	329	28,688	1,734
Public Defender	4,780	-	4,780	4,764	1	4,765	15
Total Criminal Justice	35,202	-	35,202	33,123	330	33,453	1,749
Public Safety							
Police	450,336	-	450,336	443,987	835	444,822	5,514
Fire	244,149	-	244,149	238,545	1,226	239,771	4,378
Other	16	-	16	16	-	16	-
Total Public Safety	694,501	-	694,501	682,548	2,061	684,609	9,892
Transportation							
Street Transportation	22,454	-	22,454	16,553	663	17,216	5,238
Public Transit	19,559	-	19,559	19,395	19	19,414	145
Total Transportation	42,013	-	42,013	35,948	682	36,630	5,383
Community Enrichment							
Parks & Recreation	89,908	1,200	91,108	87,240	300	87,540	3,568
Library	36,051	-	36,051	32,436	1,128	33,564	2,487
Human Services	18,260	-	18,260	16,501	1,308	17,809	451
Other	2,486	-	2,486	2,229	67	2,296	190
Total Community Enrichment	146,705	1,200	147,905	138,406	2,803	141,209	6,696
Community Development							
Planning	-	-	-	-	-	-	-
Economic Development	4,799	-	4,799	4,109	85	4,194	605
Neighborhood Services	11,819	-	11,819	11,337	38	11,375	444
Other	5,041	-	5,041	4,360	(2)	4,358	683
Total Community Development	21,659	-	21,659	19,806	121	19,927	1,732
Environmental Services							
Public Works	16,136	-	16,136	11,814	2,744	14,558	1,578
Other	987	-	987	668	128	796	191
Total Environmental Services	17,123	-	17,123	12,482	2,872	15,354	1,769
Cable							
General Government	2,904	49	2,953	2,717	125	2,842	111
Transportation	1,450	57	1,507	1,531	-	1,531	(24)
Total Cable	4,354	106	4,460	4,248	125	4,373	87
Capital							
General Government	1,200	-	1,200	85	94	179	1,021
Community Enrichment	1,523	-	1,523	57	-	57	1,466
Environmental Services	2,975	-	2,975	2,895	37	2,932	43
Total Capital	5,698	-	5,698	3,037	131	3,168	2,530
Contingency	42,658	-	42,658	-	-	-	42,658
Totals	\$ 1,115,020	\$ 1,300	\$ 1,116,320	\$ 1,025,816	\$ 12,276	\$ 1,038,092	\$ 78,228

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Budgetary Comparison Statement**  
**Excise Tax Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-2**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 767,227	\$ 767,227	\$ 734,647	\$ (32,580)
Licenses and Permits	2,897	2,897	2,703	(194)
Intergovernmental	267,301	267,301	266,398	(903)
Total Revenues	<u>1,037,425</u>	<u>1,037,425</u>	<u>1,003,748</u>	<u>(33,677)</u>
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund	(670,598)	(670,598)	(651,964)	18,634
Transit 2000	(115,886)	(115,886)	(110,059)	5,827
Parks and Preserves	(28,972)	(28,972)	(27,515)	1,457
Sports Facilities	(15,672)	(15,672)	(14,893)	779
Capital Construction	(17,230)	(17,230)	(16,382)	848
Police Neighborhood Protection	(20,280)	(20,280)	(19,260)	1,020
Block Watch Neighborhood Protection	(1,449)	(1,449)	(1,376)	73
Fire Neighborhood Protection	(7,243)	(7,243)	(6,879)	364
Police Public Safety Enhancement	(15,006)	(15,006)	(15,282)	(276)
Fire Public Safety Enhancement	(9,197)	(9,197)	(9,366)	(169)
Police Public Safety Expansion	(46,348)	(46,348)	(44,023)	2,325
Fire Public Safety Expansion	(11,587)	(11,587)	(11,006)	581
City Improvement	(30,382)	(30,382)	(30,266)	116
Phoenix Convention Center	(42,987)	(42,987)	(40,828)	2,159
Other Restricted Funds	(4,588)	(4,588)	(4,649)	(61)
Total Other Financing Uses	<u>(1,037,425)</u>	<u>(1,037,425)</u>	<u>(1,003,748)</u>	<u>33,677</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, July 1			-	
Fund Balance, June 30			<u>\$ -</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Highway User Revenue Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-3**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Highway User	\$ 101,561	\$ 101,561	\$ 98,804	\$ (2,757)
State Government	-	-	15	15
Interest	350	350	177	(173)
Miscellaneous	300	300	36	(264)
Total Revenues	102,211	102,211	99,032	(3,179)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	45,804	45,804	44,960	844
Capital	47,879	47,879	23,426	24,453
Debt Service				
Principal	5,875	5,875	5,875	-
Interest	16,126	16,126	16,125	1
Total Expenditures and Encumbrances	115,684	115,684	90,386	25,298
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(13,473)	(13,473)	8,646	22,119
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
General Fund	306	306	359	53
Streets Capital Fund	-	-	88	88
Recovery of Prior Years Expenditures	800	800	463	(337)
Total Other Financing Sources and Uses	1,106	1,106	910	(196)
Net Change in Fund Balance	\$ (12,367)	\$ (12,367)	9,556	\$ 21,923
Fund Balance, July 1			16,278	
Fund Balance, June 30			\$ 25,834	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Municipal Court Awards Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-4**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 11,327	\$ 11,327	\$ 9,828	\$ (1,499)
Total Revenues	11,327	11,327	9,828	(1,499)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	303	303	303	-
Public Safety	11,024	11,024	9,175	1,849
Total Expenditures and Encumbrances	11,327	11,327	9,478	1,849
Excess of Revenues Over Expenditures and Encumbrances	-	-	350	350
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	-	-	23	23
Total Other Financing Sources	-	-	23	23
Net Change in Fund Balance	\$ -	\$ -	373	\$ 373
Fund Balance, July 1			359	
Fund Balance, June 30			\$ 732	

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

**Exhibit D-5**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 34,030	\$ 34,030	\$ 40,473	\$ 6,443
Miscellaneous	(40)	(40)	(40)	-
Total Revenues	33,990	33,990	40,433	6,443
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	1,185	514	481	33
Community Enrichment	34,555	35,825	31,025	4,800
Capital	55	155	58	97
Total Expenditures and Encumbrances	35,795	36,494	31,564	4,930
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(1,805)	(2,504)	8,869	11,373
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,930)	(2,930)	(2,682)	248
Recovery of Prior Years Expenditures	-	-	2	2
Total Other Financing Sources and Uses	(2,930)	(2,930)	(2,680)	250
Net Change in Fund Balance	<u>\$ (4,735)</u>	<u>\$ (5,434)</u>	6,189	<u>\$ 11,623</u>
Fund Balance, July 1			16,736	
Fund Balance, June 30			<u>\$ 22,925</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Community Reinvestment Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-6**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 70	\$ 70	\$ 119	\$ 49
Rentals	3,343	3,343	4,427	1,084
Interest	151	151	90	(61)
Miscellaneous	-	-	209	209
Total Revenues	<u>3,564</u>	<u>3,564</u>	<u>4,845</u>	<u>1,281</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	377	577	478	99
Capital	<u>3,205</u>	<u>3,705</u>	<u>699</u>	<u>3,006</u>
Total Expenditures and Encumbrances	<u>3,582</u>	<u>4,282</u>	<u>1,177</u>	<u>3,105</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(18)	(718)	3,668	4,386
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Other	(1,308)	(1,308)	(1,308)	-
Recovery of Prior Years Expenditures	-	-	8	8
Total Other Financing Sources and Uses	<u>(1,308)</u>	<u>(1,308)</u>	<u>(1,300)</u>	<u>8</u>
Net Change in Fund Balance	<u>\$ (1,326)</u>	<u>\$ (2,026)</u>	<u>2,368</u>	<u>\$ 4,394</u>
Fund Balance, July 1			<u>14,946</u>	
Fund Balance, June 30			<u>\$ 17,314</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Federal Operating Trust Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-7**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 92,334	\$ 92,334	\$ 82,129	\$ (10,205)
Interest	15	15	17	2
Miscellaneous	1,120	1,120	15,662	14,542
Total Revenues	93,469	93,469	97,808	4,339
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	1,235	1,235	1,025	210
Public Safety	16,422	19,472	23,366	(3,894)
Transportation	25	25	39	(14)
Community Enrichment	1,191	1,191	1,393	(202)
Community Development	58,088	47,688	52,251	(4,563)
Environmental Services	452	452	410	42
Capital	16,056	31,606	19,848	11,758
Total Expenditures and Encumbrances	93,469	101,669	98,332	3,337
Deficiency of Revenues Over Expenditures and Encumbrances	-	(8,200)	(524)	7,676
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Other Funds				
Neighborhood Services Capital Projects Fund	-	-	(81)	(81)
Recovery of Prior Years Expenditures	-	-	605	605
Total Other Financing Sources and Uses	-	-	524	524
Net Change in Fund Balance	\$ -	\$ (8,200)	-	\$ 8,200
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Community Development Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-8**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 34,241	\$ 34,241	\$ 15,096	\$ (19,145)
Charges for Services	28	28	2,577	2,549
Interest	2	2	(1,698)	(1,700)
Miscellaneous	92	92	(568)	(660)
Total Revenues	34,363	34,363	15,407	(18,956)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	249	249	246	3
Community Enrichment	556	556	562	(6)
Community Development	31,181	31,181	14,544	16,637
Capital	2,377	2,377	58	2,319
Total Expenditures and Encumbrances	34,363	34,363	15,410	18,953
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(3)	(3)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	-	-	3	3
Total Other Financing Sources	-	-	3	3
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, July 1			-	
Fund Balance, June 30			<u>\$ -</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Human Services Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-9**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 42,821	\$ 42,821	\$ 42,328	\$ (493)
Interest	9	9	5	(4)
Miscellaneous	68	68	5	(63)
Total Revenues	42,898	42,898	42,338	(560)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	42,898	44,098	42,436	1,662
Total Expenditures and Encumbrances	42,898	44,098	42,436	1,662
Deficiency of Revenues Over Expenditures and Encumbrances	-	(1,200)	(98)	1,102
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	98	98
Total Other Financing Sources and Uses	-	-	98	98
Net Change in Fund Balance	\$ -	\$ (1,200)	-	\$ 1,200
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-10**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 74,227	\$ 74,227	\$ 69,622	\$ (4,605)
Interest	67	67	70	3
Dwelling Rentals	4,680	4,680	5,046	366
Miscellaneous	758	758	1,246	488
Total Revenues	79,732	79,732	75,984	(3,748)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	3	3	-	3
Community Development	79,348	79,348	73,257	6,091
Capital	16,940	16,940	7,942	8,998
Total Expenditures and Encumbrances	96,291	96,291	81,199	15,092
Deficiency of Revenues Over Expenditures and Encumbrances	(16,559)	(16,559)	(5,215)	11,344
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(302)	(302)	(227)	75
City Improvement	(71)	(71)	(71)	-
Recovery of Prior Years Expenditures	-	-	73	73
Total Other Financing Sources and Uses	(373)	(373)	(225)	148
Net Change in Fund Balance	\$ (16,932)	\$ (16,932)	(5,440)	\$ 11,492
Fund Balance, July 1			19,953	
Fund Balance, June 30			\$ 14,513	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Housing Hope VI Grant Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-11**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,894	\$ 1,894	\$ 320	\$ (1,574)
Interest	-	-	3	3
Miscellaneous	-	-	82	82
Total Revenues	1,894	1,894	405	(1,489)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	796	796	(63)	859
Capital	1,098	1,498	1,384	114
Total Expenditures and Encumbrances	1,894	2,294	1,321	973
Deficiency of Revenues Over Expenditures and Encumbrances	-	(400)	(916)	(516)
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Grants Capital Projects Fund	-	-	340	340
Total Other Financing Sources	-	-	340	340
Net Change in Fund Balance	\$ -	\$ (400)	(576)	\$ (176)
Fund Balance, July 1			2,155	
Fund Balance, June 30			\$ 1,579	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Sports Facilities Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-12**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 420	\$ 420	\$ 223	\$ (197)
Miscellaneous	-	-	144	144
Total Revenues	420	420	367	(53)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	129	129	109	20
Public Safety	1,150	1,150	1,150	-
Community Enrichment	500	500	500	-
Community Development	139	139	138	1
Capital				
Lease-Purchase Payments	10,575	10,675	10,095	580
Lease-Purchase Payments (Hotel Debt Service)	12,708	12,708	8,920	3,788
Total Expenditures and Encumbrances	25,201	26,001	21,408	4,593
Deficiency of Revenues Over Expenditures and Encumbrances	(24,781)	(25,581)	(21,041)	4,540
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	15,672	15,672	14,893	(779)
City Improvement Debt Service Fund	-	-	38	38
Transfers to Other Funds				
General Fund				
Staff and Administrative	(113)	(113)	(115)	(2)
Other	(79)	(79)	(79)	-
Capital Project Fund	-	-	(3,152)	(3,152)
Total Other Financing Sources and Uses	15,480	15,480	11,585	(3,895)
Net Change in Fund Balance	\$ (9,301)	\$ (10,101)	(9,456)	\$ 645
Fund Balance, July 1			41,171	
Fund Balance, June 30			\$ 31,715	

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

**Exhibit D-13**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Interest	\$ 175	\$ 175	\$ 59	\$ (116)
Miscellaneous	-	-	11	11
Total Revenues	175	175	70	(105)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	129	129	129	-
Environmental Services	70	70	44	26
Capital	25,480	25,480	14,447	11,033
Total Expenditures and Encumbrances	25,679	25,679	14,620	11,059
Deficiency of Revenues Over Expenditures and Encumbrances	(25,504)	(25,504)	(14,550)	10,954
<b>OTHER FINANCING SOURCES</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	17,230	17,230	16,382	(848)
Streets Capital Projects	-	-	102	102
Recovery of Prior Years Expenditures	-	-	204	204
Total Other Financing Sources	17,230	17,230	16,688	(542)
Net Change in Fund Balance	<u>\$ (8,274)</u>	<u>\$ (8,274)</u>	2,138	<u>\$ 10,412</u>
Fund Balance, July 1			7,301	
Fund Balance, June 30			<u>\$ 9,439</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Parks and Preserves Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-14**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ 1	\$ 1
Interest	500	500	211	(289)
Total Revenues	500	500	212	(288)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	2,042	2,042	1,863	179
Capital	53,081	53,081	36,551	16,530
Total Expenditures and Encumbrances	55,123	55,123	38,414	16,709
Deficiency of Revenues Over Expenditures and Encumbrances	(54,623)	(54,623)	(38,202)	16,421
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	28,972	28,972	27,515	(1,457)
Neighborhood Services Capital Projects Fund	-	-	75	75
Transfers to Other Funds				
Golf Courses	-	-	(5,700)	(5,700)
Infrastructure Repayment Agreement Trust	(31)	(31)	(30)	1
Recovery of Prior Years Expenditures	400	400	32	(368)
Total Other Financing Sources and Uses	29,341	29,341	21,892	(7,449)
Net Change in Fund Balance	<u>\$ (25,282)</u>	<u>\$ (25,282)</u>	<u>(16,310)</u>	<u>\$ 8,972</u>
Fund Balance, July 1			38,173	
Fund Balance, June 30			<u>\$ 21,863</u>	

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

**Exhibit D-15**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Contributions/Donations	\$ 1,485	\$ 1,485	\$ 7,242	\$ 5,757
Licenses and Permits	-	-	15	15
City Taxes	2,205	2,205	2,291	86
Intergovernmental	-	-	300	300
Charges for Services	10,481	10,481	9,824	(657)
Fines and Forfeitures	102	102	102	-
Parks and Recreation	2,293	2,293	2,116	(177)
Rentals	4,888	4,888	5,549	661
Interest	287	287	214	(73)
Miscellaneous	3,480	3,480	3,075	(405)
Total Revenues	25,221	25,221	30,728	5,507
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	1,415	1,415	1,436	(21)
Criminal Justice	6,790	6,790	1,612	5,178
Public Safety	9,277	9,277	6,437	2,840
Transportation	2,218	2,218	1,835	383
Community Enrichment	4,203	4,203	2,934	1,269
Community Development	6,358	6,358	5,038	1,320
Environmental Services	2,647	2,647	1,869	778
Capital	19,110	19,110	8,118	10,992
Total Expenditures and Encumbrances	52,018	52,018	29,279	22,739
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(26,797)	(26,797)	1,449	28,246
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	4,588	4,588	4,649	61
General Fund - Change for Phoenix	-	-	16	16
Transfers to Other Funds				
General Fund				
Staff and Administrative	(696)	(696)	(706)	(10)
Recovery of Prior Years Expenditures	-	-	223	223
Total Other Financing Sources and Uses	3,892	3,892	4,182	290
Net Change in Fund Balance	\$ (22,905)	\$ (22,905)	5,631	\$ 28,536
Fund Balance, July 1			42,884	
Fund Balance, June 30			\$ 48,515	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Neighborhood Protection Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-16**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ (103)	\$ (103)	\$ (24)	\$ 79
Miscellaneous	140	140	177	37
Total Revenues	37	37	153	116
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	25,867	25,867	21,939	3,928
Total Expenditures and Encumbrances	25,867	25,867	21,939	3,928
Deficiency of Revenues Over Expenditures and Encumbrances	(25,830)	(25,830)	(21,786)	4,044
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	28,972	28,972	27,515	(1,457)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(109)	(109)	(164)	(55)
Infrastructure Repayment Agreement Trust	(31)	(31)	(30)	1
Total Other Financing Sources and Uses	28,832	28,832	27,321	(1,511)
Net Change in Fund Balance	<u>\$ 3,002</u>	<u>\$ 3,002</u>	5,535	<u>\$ 2,533</u>
Fund Deficit, July 1			(6,696)	
Fund Deficit, June 30			<u>\$ (1,161)</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Safety Enhancement Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-17**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	\$ 32,861	\$ 32,861	\$ 26,053	\$ 6,808
Total Expenditures and Encumbrances	32,861	32,861	26,053	6,808
Deficiency of Revenues Over Expenditures and Encumbrances	(32,861)	(32,861)	(26,052)	6,809
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	24,203	24,203	24,648	445
Transfers to Other Funds				
General Fund				
Staff and Administrative	(55)	(55)	(265)	(210)
Total Other Financing Sources	24,148	24,148	24,383	235
Net Change in Fund Balance	<u>\$ (8,713)</u>	<u>\$ (8,713)</u>	(1,669)	<u>\$ 7,044</u>
Fund Deficit, July 1			(15,252)	
Fund Deficit, June 30			<u>\$ (16,921)</u>	

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

**Exhibit D-18**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Interest	\$ (35)	\$ (35)	\$ (78)	\$ (43)
Total Revenues	(35)	(35)	(78)	(43)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	69,022	69,022	61,143	7,879
Total Expenditures and Encumbrances	69,022	69,022	61,143	7,879
Deficiency of Revenues Over Expenditures and Encumbrances	(69,057)	(69,057)	(61,221)	7,836
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	57,935	57,935	55,029	(2,906)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(278)	(278)	(531)	(253)
Infrastructure Repayment Agreement Trust	(60)	(60)	(60)	-
Total Other Financing Sources and Uses	57,597	57,597	54,438	(3,159)
Net Change in Fund Balance	<u>\$ (11,460)</u>	<u>\$ (11,460)</u>	(6,783)	<u>\$ 4,677</u>
Fund Deficit, July 1			(9,900)	
Fund Deficit, June 30			<u>\$ (16,683)</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Regional Wireless Cooperative**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-19**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 4,608	\$ 4,608	\$ 3,422	\$ (1,186)
Interest	20	20	20	-
Miscellaneous	-	-	980	980
Total Revenues	4,628	4,628	4,422	(206)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	4,463	5,163	3,565	1,598
Total Expenditures and Encumbrances	4,463	5,163	3,565	1,598
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	165	(535)	857	1,392
Net Change in Fund Balance	<u>\$ 165</u>	<u>\$ (535)</u>	<u>857</u>	<u>\$ 1,392</u>
Fund Balance, July 1			1,614	
Fund Balance, June 30			<u>\$ 2,471</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Secondary Property Tax Debt Service Fund**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit D-20**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 62,961	\$ 62,961	\$ 62,012	\$ (949)
Intergovernmental	5,088	5,088	4,866	(222)
Interest	100	100	28	(72)
Total Revenues	68,149	68,149	66,906	(1,243)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Obligation Bond Debt Service				
Principal	57,455	57,455	33,170	24,285
Interest	69,884	70,184	67,063	3,121
Early Redemption	(59,199)	(58,999)	(31,466)	(27,533)
Arbitrage Rebate and Fiscal Agent Fees	9	9	3	6
Other Debt Service Costs	-	200	79	121
Total Expenditures and Encumbrances	68,149	68,849	68,849	-
Deficiency of Revenues Over Expenditures and Encumbrances	-	(700)	(1,943)	(1,243)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Capital Projects Fund	-	-	18	(18)
Total Other Financing Sources and Uses	-	-	18	(18)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (700)</u>	(1,925)	<u>\$ (1,225)</u>
Fund Balance, July 1			4,690	
Fund Balance, June 30			<u>\$ 2,765</u>	

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

**Exhibit D-21**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Lease-Purchase Payments	\$ 80,500	\$ 81,800	\$ 80,496	\$ 1,304
Fiscal Agent Fees	18	18	16	2
Other Debt Service Costs	3	703	335	368
Total Expenditures and Encumbrances	80,521	82,521	80,847	1,674
Deficiency of Revenues Over Expenditures and Encumbrances	(80,521)	(82,521)	(80,847)	1,674
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	30,382	30,382	30,266	(116)
Transit 2000 Special Revenue Fund	50,792	50,792	20,870	(29,922)
Public Housing Special Revenue Fund	71	71	71	-
Capital Projects Fund	300	300	30,424	30,124
Transfers to Other Funds				
Capital Projects Fund	(1,024)	(1,024)	(1,024)	-
Sports Facilities Fund	-	-	(38)	(38)
Total Other Financing Sources and Uses	80,521	80,521	80,569	48
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,000)</u>	<u>(278)</u>	<u>\$ 1,722</u>
Fund Balance, July 1			278	
Fund Balance, June 30			<u>\$ -</u>	



**City of Phoenix**



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*Financial Section*

## Other Supplementary Information

### Enterprise Funds – Comparative Statements and Schedules

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

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

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

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

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

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

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





**City of Phoenix**

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2013 and 2012  
(in thousands)

**Exhibit E-1**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 45,871	\$ 32,425
Investments	261,874	257,449
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2013, \$43 and 2012, \$2,261)	10,045	12,094
Intergovernmental	188	68
Deposits in Escrow	338	338
Inventories, at Average Cost	1,576	1,593
Total Unrestricted Current Assets	<u>319,892</u>	<u>303,967</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	197,464	202,897
Accrued Interest Receivable	3	46
Customer Facility Charge		
Cash and Cash Equivalents	11,703	728
Cash with Fiscal Agent/Trustee	38,345	31,692
Investments	9,874	23,708
Accounts Receivable	2,988	2,913
Capital Projects		
Cash and Cash Equivalents	16,558	1,680
Investments	77,569	97,774
Receivables		
Intergovernmental	2,698	10,471
Passenger Facility Charges	9,696	7,842
Total Restricted Current Assets	<u>366,898</u>	<u>379,751</u>
Total Current Assets	<u>686,790</u>	<u>683,718</u>
Noncurrent Assets		
Capital Assets		
Land	556,528	554,261
Buildings	1,527,698	1,198,247
Improvements Other Than Buildings	1,496,923	1,251,096
Equipment	523,890	360,086
Intangibles	22,700	22,002
Construction in Progress	191,589	783,364
Less: Accumulated Depreciation	(1,497,896)	(1,353,596)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,821,432</u>	<u>2,815,460</u>
OPEB Asset	55	50
Total Noncurrent Assets	<u>2,821,487</u>	<u>2,815,510</u>
Total Assets	<u>3,508,277</u>	<u>3,499,228</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Loss on Refunding Bonds	2,049	1,192
Total Deferred Outflows of Resources	<u>2,049</u>	<u>1,192</u>

<b><u>LIABILITIES</u></b>	<b>2013</b>	<b>2012</b>
Current Liabilities Payable from Current Assets		
Accounts Payable	15,301	16,474
Trust Liabilities and Deposits	1,413	1,012
Advance Payments	12,833	9,708
Current Portion of Pollution Remediation	1,690	3,124
Current Portion of Accrued Compensated Absences	874	889
Total Current Liabilities Payable from Current Assets	<u>32,111</u>	<u>31,207</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	100,000	-
Matured Bonds Payable	36,070	33,975
Interest Payable	36,426	40,597
Current Portion of General Obligation Bonds	500	710
Current Portion of Rental Car Facility Revenue Bonds	8,285	7,845
Current Portion of Municipal Corporation Obligations	35,250	33,615
Capital Projects		
Accounts Payable	15,702	33,548
Total Current Liabilities Payable from Restricted Assets	<u>232,233</u>	<u>150,290</u>
Total Current Liabilities	<u>264,344</u>	<u>181,497</u>
Noncurrent Liabilities		
General Obligation Bonds	8,405	8,905
Rental Car Facility Revenue Bonds	204,055	212,340
Municipal Corporation Obligations	1,192,065	1,262,105
Unamortized Premium (Discount)	60,721	29,488
Pollution Remediation	9,500	10,831
Accrued Compensated Absences	5,618	5,641
Total Noncurrent Liabilities	<u>1,480,364</u>	<u>1,529,310</u>
Total Liabilities	<u>1,744,708</u>	<u>1,710,807</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,255,699	1,325,444
Restricted for Bond Reserve	87,432	87,432
Restricted for CFC Transportation O&M / Improvement Reserves	18,905	18,905
Unrestricted	403,582	357,832
Total Net Position	<u>\$ 1,765,618</u>	<u>\$ 1,789,613</u>

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

**Exhibit E-2**

For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Landing and Terminals Fees	\$ 157,708	\$ 154,389
Parking and Car Rentals	120,581	116,754
Other	27,397	28,624
Total Operating Revenues	<u>305,686</u>	<u>299,767</u>
Operating Expenses		
Operation and Maintenance	232,186	217,942
Environmental, Studies & Noise Program	8,361	8,218
Depreciation	146,034	127,699
Staff and Administrative	6,869	5,889
Total Operating Expenses	<u>393,450</u>	<u>359,748</u>
Operating Loss	(87,764)	(59,981)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(8,535)	(5,105)
Interest	9,054	7,855
Interest on Capital Debt	(70,785)	(75,927)
Gain (Loss) on Disposal of Capital Assets	(153)	16
Total Non-Operating Revenues (Expenses)	<u>(70,419)</u>	<u>(73,161)</u>
Net Loss Before Contributions	(158,183)	(133,142)
Capital Contributions	134,157	152,754
Transfers from General Fund - Change for Phoenix	31	-
Change in Net Position	<u>(23,995)</u>	<u>19,612</u>
Net Position, July 1	1,789,613	1,770,001
Net Position, June 30	<u>\$ 1,765,618</u>	<u>\$ 1,789,613</u>

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

**Exhibit E-3**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 309,407	\$ 295,426
Payments to Suppliers	(171,617)	(149,845)
Payments to Employees	(72,894)	(71,622)
Payment of Staff and Administrative Expenses	(6,869)	(5,889)
Net Cash Provided by Operating Activities	<u>58,027</u>	<u>68,070</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	31	-
	<u>31</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	101,795	1
Principal Paid on Capital Debt	(43,482)	(28,525)
Interest Paid on Capital Debt	(88,829)	(81,879)
Acquisition and Construction of Capital Assets	(159,133)	(269,720)
Proceeds from Sales of Capital Assets	199	52
Capital Contributions	141,735	149,886
Net Cash Used by Capital and Related Financing Activities	<u>(47,715)</u>	<u>(230,185)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(642,471)	(736,548)
Proceeds from Sale and Maturities of Investment Securities	680,873	936,589
Net Activity for Short-Term Investments	(8,788)	(34,507)
Interest on Investments	562	3,087
Net Cash Provided by Investing Activities	<u>30,176</u>	<u>168,621</u>
Net Increase in Cash and Cash Equivalents	<u>40,519</u>	<u>6,506</u>
Cash and Cash Equivalents, July 1	<u>269,760</u>	<u>263,254</u>
Cash and Cash Equivalents, June 30	<u>\$ 310,279</u>	<u>\$ 269,760</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	\$ (87,764)	\$ (59,981)
Adjustments		
Depreciation	146,034	127,699
(Increase) Decrease in Assets		
Receivables	(2,023)	(3,447)
Allowance for Doubtful Accounts	2,218	164
Inventories	17	(175)
OPEB Asset	(5)	18
Increase (Decrease) in Liabilities		
Accounts Payable	(1,173)	5,034
Trust Liabilities and Deposits	401	331
Advance Payments	3,125	(1,389)
Polution Remediation	(2,765)	(482)
Accrued Compensated Absences	(38)	298
Net Cash Provided by Operating Activities	<u>\$ 58,027</u>	<u>\$ 68,070</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 519	\$ 450
Increase (Decrease) in Fair Value of Investments	200	85
Total Noncash Transactions Affecting Financial Position	<u>\$ 719</u>	<u>\$ 535</u>

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

**Exhibit E-4**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b><u>REVENUES</u></b>				
Landing Area	\$ 43,260	\$ 43,260	\$ 44,791	\$ 1,531
Terminal Area	116,802	116,802	118,312	1,510
Ground Transportation	115,131	115,131	117,640	2,509
Interest on Investments	1,620	1,620	467	(1,153)
Other	32,056	32,056	26,107	(5,949)
Total Revenues	308,869	308,869	307,317	(1,552)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance				
Personal Services	101,332	101,408	102,907	(1,499)
Contractual Services	93,345	92,741	84,329	8,412
Supplies	10,654	10,524	10,845	(321)
Equipment/Minor Improvements	3,162	3,820	3,915	(95)
Contingency	14,000	14,000	-	14,000
Total Operating Expenditures	222,493	222,493	201,996	20,497
Net Revenue Available for Revenue Bond Debt Service	86,376	86,376	105,321	18,945
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	21,905	21,905	21,905	-
Interest	30,806	30,806	29,734	1,072
Total Senior Lien Revenue Bond Debt Service	52,711	52,711	51,639	1,072
Net Revenue Available for Junior Lien Revenue Bond Debt Service	33,665	33,665	53,682	20,017
Junior Lien Revenue Bond Debt Service				
Interest	1,604	1,604	1,604	-
Total Junior Lien Revenue Bond Debt Service	1,604	1,604	1,604	-
Net Revenue Available After Junior Lien Revenue Bond Debt Service	32,061	32,061	52,078	20,017
Other Expenditures				
Capital Improvement Program	73,847	73,847	37,481	36,366
General Obligation Bond Debt Service				
Principal	710	710	710	-
Interest	395	395	395	-
Total Other Expenditures	74,952	74,952	38,586	36,366
Total Expenditures and Encumbrances	351,760	351,760	293,825	57,935
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(42,891)	(42,891)	13,492	56,383
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
General Fund - Change for Phoenix	-	-	31	31
Aviation Capital Fund	-	-	155,415	155,415
Aviation Operating (Non-Pledged)	-	-	16	16
Transfers to Other Funds				
General Fund				
Staff and Administrative	(5,889)	(5,889)	(6,869)	(980)
Aviation Capital Fund	-	-	(4,348)	(4,348)
Recovery of Prior Years Expenditures			2,545	2,545
Total Other Financing Sources (Uses)	(5,889)	(5,889)	146,790	152,679
Net Increase (Decrease) in Fund Balance	\$ (48,780)	\$ (48,780)	160,282	\$ 209,062
<b>FUND BALANCE, JULY 1</b>			149,572	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 309,854</u>	

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

**Exhibit E-5**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
<b><u>REVENUES</u></b>				
Customer Facility Charge	\$ 41,200	\$ 41,200	\$ 41,381	\$ 181
Interest on Investments	-	-	71	71
Total Revenues	<u>41,200</u>	<u>41,200</u>	<u>41,452</u>	<u>252</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance				
Rental Car Center	12,659	12,659	12,473	186
Total Operating Expenditures	<u>12,659</u>	<u>12,659</u>	<u>12,473</u>	<u>186</u>
Net Revenue Available for Revenue Bond Debt Service	<u>28,541</u>	<u>28,541</u>	<u>28,979</u>	<u>438</u>
Revenue Bond Debt Service				
Principal	7,845	7,845	7,845	-
Interest	13,431	13,431	13,431	-
Total Revenue Bond Debt Service	<u>21,276</u>	<u>21,276</u>	<u>21,276</u>	<u>-</u>
Net Revenue Available After Revenue Bond Debt Service	<u>7,265</u>	<u>7,265</u>	<u>7,703</u>	<u>438</u>
Total Expenditures and Encumbrances	<u>33,935</u>	<u>33,935</u>	<u>33,749</u>	<u>186</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>7,265</u>	<u>7,265</u>	<u>7,703</u>	<u>438</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
Aviation Capital Fund	-	-	46,535	46,535
Transfers to Other Funds				
Aviation Capital Fund	-	-	(90,871)	(90,871)
Aviation Operating	-	-	(16)	(16)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(44,352)</u>	<u>(44,352)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 7,265</u>	<u>\$ 7,265</u>	<u>(36,649)</u>	<u>\$ (43,914)</u>
<b>FUND BALANCE, JULY 1</b>			<u>36,649</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ -</u>	

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

**Exhibit E-6**

June 30, 2013 and 2012  
(in thousands)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 4,653	\$ 4,120
Investments	26,922	31,205
Accounts Receivable, Net of Allowance for Doubtful Accounts (2013, \$8 and 2012, \$23)	251	190
Inventories, at Average Cost	207	215
Total Unrestricted Current Assets	<u>32,033</u>	<u>35,730</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	30,454	25,398
Capital Projects		
Cash and Cash Equivalents	874	1,936
Investments	14,068	12,958
Receivables		
Accrued Interest	3	-
Customer and Other Deposits	2,136	2,589
Total Restricted Current Assets	<u>47,535</u>	<u>42,881</u>
Total Current Assets	<u>79,568</u>	<u>78,611</u>
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	940,377	939,285
Improvements Other Than Buildings	13,104	13,079
Equipment	23,411	23,562
Intangible Assets	149	312
Construction in Progress	1,324	1,462
Less: Accumulated Depreciation	(227,952)	(201,540)
Total Capital Assets, Net of Accumulated Depreciation	<u>779,831</u>	<u>805,578</u>
OPEB Asset	15	13
Total Noncurrent Assets	<u>779,846</u>	<u>805,591</u>
Total Assets	<u>859,414</u>	<u>884,202</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> 		
Deferred Loss on Refunding Bonds	560	622
Total Deferred Outflows of Resources	<u>560</u>	<u>622</u>

<u>LIABILITIES</u>	2013	2012
Current Liabilities Payable from Current Assets		
Accounts Payable	1,291	1,033
Current Portion of Accrued Compensated Absences	214	207
Total Current Liabilities Payable from Current Assets	1,505	1,240
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	16,888	2,460
Interest Payable	13,460	8,427
Current Portion of Municipal Corporation Obligations	2,220	16,888
Capital Projects		
Accounts Payable	14	15
Customer Deposits	2,151	2,589
Total Current Liabilities Payable from Restricted Assets	34,733	30,379
Total Current Liabilities	36,238	31,619
Noncurrent Liabilities		
Municipal Corporation Obligations	694,760	684,655
Unamortized Premium (Discount)	35,583	37,136
Rebatable Arbitrage	-	-
Accrued Compensated Absences	1,353	1,288
Total Noncurrent Liabilities	731,696	723,079
Total Liabilities	767,934	754,698
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	30,941	65,274
Unrestricted	61,099	64,852
Total Net Position	\$ 92,040	\$ 130,126

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

**Exhibit E-7**

For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 8,807	\$ 6,595
Concessions	10,073	7,824
Box Office Services	548	500
Other	4,790	969
Total Operating Revenues	<u>24,218</u>	<u>15,888</u>
Operating Expenses		
Administration	22,625	22,967
Operation and Maintenance	14,624	14,483
Promotion	3,144	2,999
Depreciation	26,605	26,761
Staff and Administrative	2,193	1,990
Security	1,638	2,377
Total Operating Expenses	<u>70,829</u>	<u>71,577</u>
Operating Loss	(46,611)	(55,689)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(967)	(1,003)
Interest	1,039	1,489
Interest on Capital Debt	(32,470)	(31,841)
Loss on Disposal of Capital Assets	(173)	(2)
Total Non-Operating Revenues (Expenses)	<u>(32,571)</u>	<u>(31,357)</u>
Loss Before Contributions and Transfers	(79,182)	(87,046)
Capital Contributions - Municipalities	336	331
Transfers from Excise Tax Fund	40,828	40,030
Transfers from General Fund - Change for Phoenix	1	-
Transfers to Infrastructure Repayment Agreement Trust Fund	(69)	-
Transfers to Special Risk Trust	-	(40)
Change in Net Position	<u>(38,086)</u>	<u>(46,725)</u>
Net Position, July 1	130,126	176,851
Net Position, June 30	<u>\$ 92,040</u>	<u>\$ 130,126</u>

**City of Phoenix, Arizona**  
**Phoenix Convention Center Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

**Exhibit E-8**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 23,719	\$ 15,958
Payments to Suppliers	(21,824)	(22,674)
Payments to Employees	(19,871)	(20,236)
Payment of Staff and Administrative Expenses	(2,193)	(1,990)
Net Cash Used by Operating Activities	<u>(20,169)</u>	<u>(28,942)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Transfers from Other Funds	40,829	40,030
Operating Transfers to Other Funds	(69)	(40)
Net Cash Provided by Noncapital Financing Activities	<u>40,760</u>	<u>39,990</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal Paid on Capital Debt	(2,460)	(1,895)
Interest Paid on Capital Debt	(16,664)	(16,597)
Acquisition and Construction of Capital Assets	(637)	(115)
Proceeds from Sales of Capital Assets	1	3
Capital Contributions	1	-
Net Cash Used by Capital and Related Financing Activities	<u>(19,759)</u>	<u>(18,604)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investment Securities	(21,557)	(13,066)
Proceeds from Sale and Maturities of Investment Securities	12,506	22,266
Net Activity for Short-Term Investments	12,224	(11)
Interest on Investments	69	315
Net Cash Provided by Investing Activities	<u>3,242</u>	<u>9,504</u>
Net Increase in Cash and Cash Equivalents	<u>4,074</u>	<u>1,948</u>
Cash and Cash Equivalents, July 1	34,043	32,095
Cash and Cash Equivalents, June 30	<u>\$ 38,117</u>	<u>\$ 34,043</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>		
Operating Loss	\$ (46,611)	\$ (55,689)
Adjustments		
Depreciation and Amortization	26,605	26,761
(Increase) Decrease in Assets		
Accounts Receivable	(61)	(86)
Inventories	8	(8)
OPEB Asset	(2)	7
Increase (Decrease) in Liabilities		
Accounts Payable	258	(49)
Customer Deposits	(438)	156
Accrued Compensated Absences	72	(34)
Net Cash Used by Operating Activities	<u>\$ (20,169)</u>	<u>\$ (28,942)</u>
<b>Noncash Transactions Affecting Financial Position</b>		
Contributions of Capital Assets	\$ 335	\$ 331
Bond Capital Appreciation	12,325	16,645
Refunding Issuance in Excess of Bond Retirement	62	62
Increase (Decrease) in Fair Value of Investments	32	(238)
Total Noncash Transactions Affecting Financial Position	<u>\$ 12,754</u>	<u>\$ 16,800</u>

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Rental of Facilities and Equipment	\$ 7,535	\$ 7,535	\$ 5,974	\$ (1,561)
Concessions	8,971	8,971	11,234	2,263
Box Office Services	516	516	548	32
Interest	353	353	251	(102)
Other	334	334	788	454
Total Revenues	17,709	17,709	18,795	1,086
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	47,558	47,558	41,108	6,450
Capital Improvement Program	1,740	1,740	1,196	544
Lease-Purchase Payments	38,585	38,585	18,585	20,000
Total Expenditures and Encumbrances	87,883	87,883	60,889	26,994
Deficiency of Revenues Over Expenditures and Encumbrances	(70,174)	(70,174)	(42,094)	28,080
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
Excise Tax Fund	42,987	42,987	40,828	(2,159)
General Fund - Change for Phoenix	-	-	1	1
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,990)	(1,990)	(2,193)	(203)
Developer's Assistance Trust Fund	(588)	(588)	(69)	519
Recovery of Prior Years Expenditures	-	-	134	134
Total Other Financing Sources (Uses)	40,409	40,409	38,701	(1,708)
Net Decrease in Fund Balance	\$ (29,765)	\$ (29,765)	(3,393)	\$ 26,372
<b>FUND BALANCE, JULY 1</b>			39,187	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 35,794</u>	



**City of Phoenix**

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

**Exhibit E-10**

June 30, 2013 and 2012  
(in thousands)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 16,196	\$ 6,096
Investments	105,700	63,358
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2013, \$2,349 and 2012, \$2,291)	52,464	54,578
Intergovernmental	2,364	4,275
Prepaid Items	3,540	3,463
Inventories, at Average Cost	6,771	5,519
Total Unrestricted Current Assets	<u>187,035</u>	<u>137,289</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	67,222	67,939
Capital Projects		
Cash and Cash Equivalents	38,875	23,625
Investments	167,568	208,576
Receivables		
Accrued Interest	-	88
Customer and Other Deposits	4,757	4,683
Total Restricted Current Assets	<u>278,422</u>	<u>304,911</u>
Total Current Assets	<u>465,457</u>	<u>442,200</u>
Noncurrent Assets		
Capital Assets		
Land	62,817	90,638
Buildings	227,159	218,557
Improvements Other Than Buildings	826,939	774,320
Equipment	282,166	273,371
Mains, Hydrants, Meters and Service Connections	1,647,332	1,565,391
Intangibles	192,254	196,033
Construction in Progress	178,852	239,895
Less: Accumulated Depreciation	(1,130,243)	(1,038,677)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,287,276</u>	<u>2,319,528</u>
Other Assets		
Investment in Val Vista Treatment Plant Joint Use Agreement	244,775	241,414
OPEB Asset	66	61
Total Other Assets	<u>244,841</u>	<u>241,475</u>
Total Noncurrent Assets	<u>2,532,117</u>	<u>2,561,003</u>
Total Assets	<u>2,997,574</u>	<u>3,003,203</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> 		
Deferred Loss on Refunding Bonds	10,064	11,470
Total Deferred Outflows of Resources	<u>10,064</u>	<u>11,470</u>

	2013	2012
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	19,713	15,913
Advance Payments	10	10
Current Portion of Accrued Compensated Absences	964	981
Total Current Liabilities Payable from Current Assets	20,687	16,904
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	175,000	175,000
Matured Bonds Payable	34,546	35,955
Interest Payable	32,967	34,911
Current Portion of General Obligation Bonds	4,347	5,310
Current Portion of Revenue Bonds	201	196
Current Portion of Municipal Corporation Obligations	50,030	31,970
Capital Projects		
Accounts Payable	5,083	5,137
Customer and Other Deposits	4,757	4,683
Total Current Liabilities Payable from Restricted Assets	306,931	293,162
Total Current Liabilities	327,618	310,066
Noncurrent Liabilities		
General Obligation Bonds	34,512	38,788
Revenue Bonds	3,841	4,042
Municipal Corporation Obligations	1,226,675	1,287,975
Unamortized Premium (Discount)	67,387	75,006
Accrued Compensated Absences	6,290	6,292
Total Noncurrent Liabilities	1,338,705	1,412,103
Total Liabilities	1,666,323	1,722,169
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	-	-
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	902,881	959,676
Restricted for Enabling Legislation	28,270	46,940
Unrestricted	410,164	285,888
Total Net Position	\$ 1,341,315	\$ 1,292,504

## Water System Enterprise Fund

Comparative Statements of Revenues, Expenses and  
Changes in Net PositionFor the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Water Sales	\$ 323,843	\$ 313,158
Environmental Charges	45,091	50,585
Other	12,928	12,580
Total Operating Revenues	<u>381,862</u>	<u>376,323</u>
Operating Expenses		
Administration and Engineering	22,638	30,598
Operation and Maintenance		
Customer Service	20,451	17,574
Production and Treatment	74,947	80,712
Distribution and Centralized Functions	50,401	57,382
Depreciation and Amortization	103,656	99,912
Staff and Administrative	7,483	7,856
Total Operating Expenses	<u>279,576</u>	<u>294,034</u>
Operating Income	102,286	82,289
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(7,380)	(3,835)
Interest	7,854	5,641
Interest on Capital Debt	(45,433)	(48,407)
Equity Interest in Joint Use Agreement Operating Loss	(8,407)	(7,954)
Loss on Disposal of Capital Assets	(1,588)	(11,356)
Total Non-Operating Revenues (Expenses)	<u>(54,954)</u>	<u>(65,911)</u>
Net Income Before Contributions and Transfers	47,332	16,378
Capital Contributions	13,540	15,831
Transfers from General Fund - Change for Phoenix	34	-
Transfers to General Fund - In Lieu Property Taxes	(12,095)	(11,730)
Change in Net Position	<u>48,811</u>	<u>20,479</u>
Net Position, July 1	1,292,504	1,272,025
Net Position, June 30	<u>\$ 1,341,315</u>	<u>\$ 1,292,504</u>

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

**Exhibit E-12**

	<b>2013</b>	<b>2012</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 385,961	\$ 369,558
Payments to Suppliers	(81,951)	(101,975)
Payments to Employees	(84,039)	(84,319)
Payment of Staff and Administrative Expenses	(7,483)	(7,856)
Net Cash Provided by Operating Activities	<u>212,488</u>	<u>175,408</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	34	-
Operating Transfers to Other Funds	(12,095)	(11,730)
Net Cash Used by Noncapital Financing Activities	<u>(12,061)</u>	<u>(11,730)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	177,835
Principal Paid on Capital Debt	(50,155)	(54,706)
Interest Paid on Capital Debt	(70,316)	(70,495)
Acquisition and Construction of Capital Assets	(95,709)	(143,563)
Proceeds from Sales of Capital Assets	30,006	44
Capital Contributions	11,221	13,260
Net Cash Used by Capital and Related Financing Activities	<u>(174,953)</u>	<u>(77,625)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(315,806)	(414,294)
Proceeds from Sales and Maturities of Investment Securities	347,971	374,453
Net Activity for Short-Term Investments	(33,494)	(50,023)
Interest on Investments	562	1,718
Net Cash Provided (Used) by Investing Activities	<u>(767)</u>	<u>(88,146)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>24,707</u>	<u>(2,093)</u>
Cash and Cash Equivalents, July 1	102,343	104,436
Cash and Cash Equivalents, June 30	<u>\$ 127,050</u>	<u>\$ 102,343</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 102,286	\$ 82,289
Adjustments		
Depreciation and Amortization	103,656	99,912
(Increase) Decrease in Assets		
Receivables	3,967	(5,500)
Allowance for Doubtful Accounts	58	(1,175)
Prepaid Expenses	(77)	68
Inventories	(1,252)	1,542
OPEB Asset	(5)	27
Increase (Decrease) in Liabilities		
Accounts Payable	3,800	(1,886)
Customer and Other Deposits	74	(90)
Accrued Compensated Absences	(19)	221
Net Cash Provided by Operating Activities	<u>\$ 212,488</u>	<u>\$ 175,408</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 2,319	\$ 2,571
Bond Capital Appreciation	70	67
Refunding Issuance in Excess of Bond Retirement	1,406	1,438
Increase (Decrease) in Fair Value of Investments	57	(57)
Total Noncash Transactions Affecting Financial Position	<u>\$ 3,852</u>	<u>\$ 4,019</u>

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
**(In Expense Priority Established by Bond Ordinance)**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit E-13**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
<b><u>REVENUES</u></b>				
Water Sales	\$ 303,305	\$ 303,305	\$ 323,292	\$ 19,987
Environmental Charges	48,500	48,500	45,642	(2,858)
Development Occupational Fees	2,000	2,000	2,333	333
Water Service Fees	6,165	6,165	5,968	(197)
Distribution	2,370	2,370	3,178	808
Interest	2,647	2,647	1,852	(795)
Other	6,410	6,410	36,442	30,032
Total Revenues	<u>371,397</u>	<u>371,397</u>	<u>418,707</u>	<u>47,310</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	168,276	167,621	149,140	18,481
Operation and Maintenance - Val Vista	15,737	15,737	11,356	4,381
Total Operating Expenditures and Encumbrances	<u>184,013</u>	<u>183,358</u>	<u>160,496</u>	<u>22,862</u>
Net Revenue Available for Revenue Bond Debt Service	187,384	188,039	258,211	70,172
Junior Lien Revenue Bond Debt Service				
Principal	40,894	40,894	43,436	(2,542)
Interest	66,027	66,027	65,244	783
Total Junior Lien Revenue Bond Debt Service	<u>106,921</u>	<u>106,921</u>	<u>108,680</u>	<u>(1,759)</u>
Net Revenue Available After Junior Lien Revenue Bond Debt Service	80,463	81,118	149,531	68,413
Other Expenditures and Encumbrances				
Commercial Paper Program Notes Interest	4,000	4,000	300	3,700
Operating Capital Outlay	1,377	1,377	1,705	(328)
Capital Improvement Program	120,438	100,193	79,947	20,246
General Obligation Bond Debt Service				
Principal	5,310	5,310	5,310	-
Interest	1,706	1,706	1,706	-
Total Other Expenditures and Encumbrances	<u>132,831</u>	<u>112,586</u>	<u>88,968</u>	<u>23,618</u>
Total Expenditures and Encumbrances	<u>423,765</u>	<u>402,865</u>	<u>358,144</u>	<u>44,721</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	<u>(52,368)</u>	<u>(31,468)</u>	<u>60,563</u>	<u>92,031</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
General Fund - Change for Phoenix	-	-	34	34
Debt Service Fund	-	-	71	71
Transfers to Other Funds				
General Fund				
Staff and Administrative	(7,448)	(7,448)	(7,483)	(35)
In-Lieu Property Taxes	(12,381)	(12,381)	(12,095)	286
Water Reserve Fund	-	-	(21,320)	(21,320)
Recovery of Prior Years Expenditures	-	-	1,794	1,794
Total Other Financing Sources (Uses)	<u>(19,829)</u>	<u>(19,829)</u>	<u>(38,999)</u>	<u>(19,170)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ (72,197)</u>	<u>\$ (51,297)</u>	<u>21,564</u>	<u>\$ 72,861</u>
<b>FUND BALANCE, JULY 1</b>			<u>157,468</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 179,032</u>	

City of Phoenix, Arizona  
Water System Enterprise Fund  
Val Vista Water Treatment Plant  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budget Basis  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

Exhibit E-14

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Val Vista Water System	\$ 7,651	\$ 7,651	\$ 5,404	\$ (2,247)
Operating Revenue - Water	15,737	15,737	11,356	(4,381)
Interest	60	60	16	(44)
Other	-	-	5	5
Total Revenues	<u>23,448</u>	<u>23,448</u>	<u>16,781</u>	<u>(6,667)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	20,537	20,537	14,997	5,540
Capital Outlay				
Operating	-	-	72	(72)
Capital Improvement Program	1,865	1,865	1,975	(110)
Total Expenditures and Encumbrances	<u>22,402</u>	<u>22,402</u>	<u>17,044</u>	<u>5,358</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	<u>1,046</u>	<u>1,046</u>	<u>(263)</u>	<u>(1,309)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,056)	(1,056)	(598)	458
Recovery of Prior Years Expenditures	-	-	11	11
Total Other Financing Sources (Uses)	<u>(1,056)</u>	<u>(1,056)</u>	<u>(587)</u>	<u>469</u>
Net Decrease in Fund Balance	<u>\$ (10)</u>	<u>\$ (10)</u>	<u>(850)</u>	<u>\$ (840)</u>
<b>FUND DEFICIT, JULY 1</b>			<u>3,215</u>	
<b>FUND BALANCE, JUNE 30</b>			2,365	
Members' Contributed Operating Reserve			2,520	
Members' Contributed Replacement Reserve			1,470	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (1,625)</u>	

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

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2013 and 2012  
(in thousands)

**Exhibit E-15**

	<b>2013</b>	<b>2012</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 7,933	\$ 14,717
Investments	43,677	116,077
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2013, \$1,433 and 2012, \$1,602)	24,776	20,459
Intergovernmental	3,319	3,124
Inventories, at Average Cost	950	1,011
Total Unrestricted Current Assets	<u>80,655</u>	<u>155,388</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	47,288	46,951
Capital Projects		
Cash and Cash Equivalents	26,978	14,990
Investments	126,137	94,171
Receivables		
Accrued Interest	-	13
Customer Deposits and Other Trust Liabilities	15	31
Total Restricted Current Assets	<u>200,418</u>	<u>156,156</u>
Total Current Assets	<u>281,073</u>	<u>311,544</u>
Noncurrent Assets		
Capital Assets		
Land	22,799	22,481
Buildings	73,356	73,311
Improvements Other Than Buildings	1,250,331	1,203,273
Equipment	141,879	133,475
Intangibles	46,309	45,747
Construction in Progress	39,873	77,656
Less: Accumulated Depreciation	<u>(584,025)</u>	<u>(540,335)</u>
Total Capital Assets, Net of Accumulated Depreciation	990,522	1,015,608
Other Assets		
Investment in SROG Joint Use Agreement	436,535	461,107
OPEB Asset	25	24
Total Noncurrent Assets	<u>1,427,082</u>	<u>1,476,739</u>
Total Assets	<u>1,708,155</u>	<u>1,788,283</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	12,056	14,570
Total Deferred Outflows of Resources	<u>12,056</u>	<u>14,570</u>

	<b>2013</b>	<b>2012</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	9,161	10,883
Advance Payments	1	1
Current Portion of Accrued Compensated Absences	269	276
Total Current Liabilities Payable from Current Assets	9,431	11,160
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	25,000	75,000
Matured Bonds Payable	29,337	28,252
Interest Payable	19,213	19,956
Current Portion of General Obligation Bonds	1,217	4,255
Current Revenue Bonds	682	662
Current Portion of Municipal Corporation Obligations	31,665	24,420
Capital Projects		
Accounts Payable	1,526	649
Customer Deposits and Other Trust Liabilities	15	31
Total Current Liabilities Payable from Restricted Assets	108,655	153,225
Total Current Liabilities	118,086	164,385
Noncurrent Liabilities		
General Obligation Bonds	14,166	15,383
Revenue Bonds	12,977	13,660
Municipal Corporation Obligations	686,880	718,545
Unamortized Premium (Discount)	35,103	39,688
Accrued Compensated Absences	1,793	1,786
Total Noncurrent Liabilities	750,919	789,062
Total Liabilities	869,005	953,447
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	-	-
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	597,723	587,126
Restricted for Enabling Legislation	37,018	32,883
Unrestricted	216,465	229,397
Total Net Position	\$ 851,206	\$ 849,406

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

**Exhibit E-16**

For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Sewer Service Charges	\$ 145,040	\$ 156,224
Environmental Charges	33,747	35,867
Other	11,673	15,752
Total Operating Revenues	<u>190,460</u>	<u>207,843</u>
Operating Expenses		
Administration	12,933	16,617
Operation and Maintenance		
Wastewater Treatment Plants	36,801	35,709
Sewer Maintenance and Collections	27,395	23,104
Industrial Waste/Pre-Treatment	4,414	4,971
Depreciation	43,349	40,964
Staff and Administrative	3,682	4,577
Total Operating Expenses	<u>128,574</u>	<u>125,942</u>
Operating Income	61,886	81,901
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(5,075)	(3,734)
Interest	5,545	5,719
Interest on Capital Debt	(32,954)	(34,354)
Equity Interest in Joint Use Agreement Operating Loss	(30,040)	(17,912)
Gain (Loss) on Disposal of Capital Assets	59	(50)
Total Non-Operating Revenues (Expenses)	<u>(62,465)</u>	<u>(50,331)</u>
Net Income (Loss) Before Contributions and Transfers	(579)	31,570
Capital Contributions	10,183	12,659
Transfers to General Fund - In Lieu Property Taxes	<u>(7,804)</u>	<u>(7,593)</u>
Change in Net Position	1,800	36,636
Net Position, July 1	849,406	812,770
Net Position, June 30	<u>\$ 851,206</u>	<u>\$ 849,406</u>

## Wastewater Enterprise Fund

## Comparative Statements of Cash Flows

For the Fiscal Years Ended June 30, 2013 and 2012

(in thousands)

	2013	2012
Cash Flows from Operating Activities		
Receipts from Customers	\$ 185,932	\$ 207,999
Payments to Suppliers	(59,467)	(53,651)
Payments to Employees	(23,738)	(24,737)
Payment of Staff and Administrative Expenses	(3,682)	(4,577)
Net Cash Provided by Operating Activities	99,045	125,034
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(7,804)	(7,593)
Net Cash Used by Noncapital Financing Activities	(7,804)	(7,593)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	1,021
Principal Paid on Capital Debt	(78,252)	(70,737)
Interest Paid on Capital Debt	(39,395)	(42,208)
Acquisition and Construction of Capital Assets	(16,414)	(36,004)
Proceeds from Sales of Capital Assets	79	45
Capital Contributions	7,349	10,446
Net Cash Used by Capital and Related Financing Activities	(126,633)	(137,437)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(91,734)	(218,115)
Proceeds from Sales and Maturities of Investment Securities	97,812	222,035
Net Activity for Short-Term Investments	34,356	9,693
Interest on Investments	483	1,992
Net Cash Provided by Investing Activities	40,917	15,605
Net Increase (Decrease) in Cash and Cash Equivalents	5,525	(4,391)
Cash and Cash Equivalents, July 1	76,689	81,080
Cash and Cash Equivalents, June 30	\$ 82,214	\$ 76,689
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 61,886	\$ 81,901
Adjustments		
Depreciation	43,349	40,964
(Increase) Decrease in Assets		
Receivables	(4,343)	(36)
Allowance for Doubtful Accounts	(169)	185
Inventories	61	34
OPEB Asset	(1)	6
Increase (Decrease) in Liabilities		
Accounts Payable	(1,722)	1,977
Customer Deposits	(16)	7
Accrued Compensated Absences	-	(4)
Net Cash Provided by Operating Activities	\$ 99,045	\$ 125,034
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 2,834	\$ 2,213
Refunding Issuance in Excess of Bond Retirement	2,514	2,492
Increase in Fair Value of Investments	9	4
Total Noncash Transactions Affecting Financial Position	\$ 5,357	\$ 4,709

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

**Exhibit E-18**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
<b><u>REVENUES</u></b>				
Sewer Service Charges	\$ 155,547	\$ 155,547	\$ 145,040	\$ (10,507)
Environmental Charges	35,192	35,192	33,747	(1,445)
Development Occupational Fees	1,800	1,800	2,282	482
Interest	1,855	1,855	1,286	(569)
Other	11,100	11,100	11,494	394
Total Revenues	205,494	205,494	193,849	(11,645)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	55,770	55,770	46,456	9,314
Operation and Maintenance - SROG	26,847	26,847	23,788	3,059
Total Operating Expenditures and Encumbrances	82,617	82,617	70,244	12,373
Net Revenue Available for Revenue Bond Debt Service	122,877	122,877	123,605	728
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	12,385	12,385	12,385	-
Interest	9,289	9,289	9,289	-
Total Senior Lien Revenue Bond Debt Service	21,674	21,674	21,674	-
Net Revenue Available for Junior Lien Revenue Bond Debt Service	101,203	101,203	101,931	728
Junior Lien Revenue Bond Debt Service				
Principal	22,857	12,697	12,697	-
Interest	29,468	22,923	28,416	(5,493)
Total Junior Lien Revenue Bond Debt Service	52,325	35,620	41,113	(5,493)
Net Revenue Available After Junior Lien Revenue Bond Debt Service	48,878	65,583	60,818	(4,765)
Other Expenditures and Encumbrances				
Commercial Paper Program Notes Interest	14,000	12,205	144	12,061
Operating Capital Outlay	418	418	393	25
Capital Improvement Program	70,111	70,111	46,482	23,629
General Obligation Bond Debt Service				
Principal	4,500	4,500	4,255	245
Interest	727	727	721	6
Total Other Expenditures and Encumbrances	89,756	87,961	51,995	35,966
Total Expenditures and Encumbrances	246,372	227,872	185,026	42,846
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(40,878)	(22,378)	8,823	31,201
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
Wastewater Capital Project Funds	-	-	1	1
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,375)	(4,375)	(3,682)	693
In-Lieu Property Taxes	(7,938)	(7,938)	(7,804)	134
Wastewater Capital Reserve Funds	(75,000)	(75,000)	(95,000)	(20,000)
Recovery of Prior Years Expenditures	-	-	762	762
Total Other Financing Sources (Uses)	(87,313)	(87,313)	(105,723)	(18,410)
Net Decrease in Fund Balance	\$ (128,191)	\$ (109,691)	(96,900)	\$ 12,791
<b>FUND BALANCE, JULY 1</b>			191,717	
<b>FUND BALANCE, JUNE 30</b>			\$ 94,817	

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

**Exhibit E-19**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b><u>REVENUES</u></b>				
Multi-City Sewer System	\$ 19,206	\$ 19,206	\$ 15,773	\$ (3,433)
Operating Revenue - Wastewater	26,847	26,847	23,788	(3,059)
Sales of By-Products	6,221	6,221	5,405	(816)
Interest	146	146	46	(100)
Other	40	40	12	(28)
Total Revenues	<u>52,460</u>	<u>52,460</u>	<u>45,024</u>	<u>(7,436)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	41,897	41,897	38,283	3,614
Capital Outlay				
Operating	196	196	204	(8)
Capital Improvement Program	5,000	5,000	5,006	(6)
Total Expenditures and Encumbrances	<u>47,093</u>	<u>47,093</u>	<u>43,493</u>	<u>3,600</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>5,367</u>	<u>5,367</u>	<u>1,531</u>	<u>(3,836)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,295)	(1,295)	(1,705)	(410)
Recovery of Prior Years Expenditures	-	-	67	67
Total Other Financing Sources (Uses)	<u>(1,295)</u>	<u>(1,295)</u>	<u>(1,638)</u>	<u>(343)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 4,072</u>	<u>\$ 4,072</u>	<u>(107)</u>	<u>\$ (4,179)</u>
<b>FUND BALANCE, JULY 1 as reported</b>			<u>7,566</u>	
<b>FUND BALANCE, JUNE 30</b>			7,459	
Members' Contributed Replacement Reserve			6,673	
Members' Contributed Operating Reserve			5,688	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (4,902)</u>	

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

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

**Exhibit E-20**

June 30, 2013 and 2012  
(in thousands)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 6,075	\$ 4,980
Investments	39,412	41,986
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2013, \$1,347 and 2012, \$1,445)	13,785	13,406
Intergovernmental	4	4
Total Unrestricted Current Assets	<u>59,276</u>	<u>60,376</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	10,245	11,289
Capital Projects		
Cash and Cash Equivalents	5,643	4,011
Investments	30,551	35,214
Customer Deposits	118	123
Total Restricted Current Assets	<u>46,557</u>	<u>50,637</u>
Total Current Assets	<u>105,833</u>	<u>111,013</u>
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	79,917	79,917
Improvements Other Than Buildings	39,570	37,110
Equipment	128,144	122,198
Intangibles	5,357	5,357
Construction in Progress	6,452	3,944
Less: Accumulated Depreciation	<u>(110,789)</u>	<u>(104,872)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>161,991</u>	<u>156,994</u>
OPEB Asset	32	28
Total Noncurrent Assets	<u>162,023</u>	<u>157,022</u>
Total Assets	<u>267,856</u>	<u>268,035</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> 		
Deferred Loss on Refunding Bonds	<u>276</u>	<u>385</u>
Total Deferred Outflows of Resources	<u>276</u>	<u>385</u>

	2013	2012
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	4,363	5,609
Accrued Landfill Postclosure Care Costs	2,526	2,475
Current Portion of Accrued Compensated Absences	395	369
Total Current Liabilities Payable from Current Assets	7,284	8,453
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	7,115	8,045
Interest Payable	3,130	3,244
Current Portion of General Obligation Bonds	480	-
Current Portion of Municipal Corporation Obligations	7,490	7,115
Capital Projects		
Accounts Payable	388	317
Accrued Landfill Closure Costs	1,299	1,051
Customer Deposits	117	123
Total Current Liabilities Payable from Restricted Assets	20,019	19,895
Total Current Liabilities	27,303	28,348
Noncurrent Liabilities		
General Obligation Bonds	9,905	10,385
Municipal Corporation Obligations	106,790	114,280
Unamortized Premium (Discount)	2,610	3,128
Accrued Landfill Closure and Postclosure Care Costs	68,001	68,641
Accrued Compensated Absences	2,493	2,304
Total Noncurrent Liabilities	189,799	198,738
Total Liabilities	217,102	227,086
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	-	-
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	28,120	19,808
Restricted for Enabling Legislation	2,535	2,522
Unrestricted	20,375	19,004
Total Net Position	\$ 51,030	\$ 41,334

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

**Exhibit E-21**

For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Solid Waste Service Fees	\$ 123,899	\$ 122,009
Landfill Fees	7,552	7,109
Recycling	8,506	11,924
Other	2,263	2,314
Total Operating Revenues	<u>142,220</u>	<u>143,356</u>
Operating Expenses		
Administration	23,093	19,261
Solid Waste Collections	41,503	45,426
Landfills		
Operations	22,390	29,151
Closure and Postclosure Care Costs	3,348	1,446
Recycling	4,489	4,192
Depreciation	16,887	16,293
Staff and Administrative	6,709	5,443
Other	9,127	7,018
Total Operating Expenses	<u>127,546</u>	<u>128,230</u>
Operating Income	14,674	15,126
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value		
of Investments	(1,932)	(1,283)
Interest	2,078	1,933
Interest on Capital Debt	(5,749)	(5,184)
Gain on Disposal of Capital Assets	1,835	648
Total Non-Operating Revenues (Expenses)	<u>(3,768)</u>	<u>(3,886)</u>
Net Income Before Operating Transfers	10,906	11,240
Transfers to General Fund - In Lieu Property Taxes	(1,210)	(1,166)
Change in Net Position	<u>9,696</u>	<u>10,074</u>
Net Position, July 1	41,334	31,260
Net Position, June 30	<u>\$ 51,030</u>	<u>\$ 41,334</u>

**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

**Exhibit E-22**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 141,836	\$ 143,395
Payments to Suppliers	(62,973)	(63,220)
Payments to Employees	(42,354)	(41,425)
Payment of Staff and Administrative Expenses	(6,709)	(5,443)
Net Cash Provided by Operating Activities	<u>29,800</u>	<u>33,307</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Transfers to Other Funds	(1,210)	(1,166)
Net Cash Used by Noncapital Financing Activities	<u>(1,210)</u>	<u>(1,166)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Debt	-	85
Principal Paid on Capital Debt	(8,045)	(13,235)
Interest Paid on Capital Debt	(6,271)	(6,967)
Acquisition and Construction of Capital Assets	(22,587)	(15,085)
Proceeds from Sales of Capital Assets	2,610	1,431
Net Cash Used by Capital and Related Financing Activities	<u>(34,293)</u>	<u>(33,771)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investment Securities	(69,841)	(78,014)
Proceeds from Sales and Maturities of Investment Securities	74,981	87,998
Net Activity for Short-Term Investments	2,095	(14,810)
Interest on Investments	146	679
Net Cash Provided (Used) by Investing Activities	<u>7,381</u>	<u>(4,147)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,678</u>	<u>(5,777)</u>
Cash and Cash Equivalents, July 1	20,403	26,180
Cash and Cash Equivalents, June 30	<u>\$ 22,081</u>	<u>\$ 20,403</u>
<b>Reconciliation of Operating Income to</b>		
Net Cash Provided by Operating Activities		
Operating Income	\$ 14,674	\$ 15,126
Adjustments		
Depreciation and Amortization	16,887	16,293
(Increase) Decrease in Assets		
Receivables	(281)	(144)
Allowance for Doubtful Accounts	(98)	185
OPEB Asset	(4)	11
Increase (Decrease) in Liabilities		
Accounts Payable	(1,246)	3,789
Customer Deposits	(6)	(2)
Accrued Compensated Absences	215	(3)
Accrued Landfill Closure and Postclosure Care	(341)	(1,948)
Net Cash Provided by Operating Activities	<u>\$ 29,800</u>	<u>\$ 33,307</u>
<b>Noncash Transactions Affecting Financial Position</b>		
Refunding Issuance in Excess of Bond Retirement	110	(747)
Increase (Decrease) in Fair Value of Investments	(1)	29
Total Noncash Transactions Affecting Financial Position	<u>\$ 109</u>	<u>\$ (718)</u>

City of Phoenix, Arizona  
**Solid Waste Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

Exhibit E-23

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Budgetary</b>	<b>Positive</b>
			<b>Basis</b>	<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Solid Waste Service Fees	\$ 122,700	\$ 122,700	\$ 124,049	\$ 1,349
City Landfill Fees	19,785	19,785	15,908	(3,877)
Interest	365	365	340	(25)
Other	2,122	2,122	3,043	921
Total Revenues	<u>144,972</u>	<u>144,972</u>	<u>143,340</u>	<u>(1,632)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	130,381	124,731	108,936	15,795
Capital Improvement Program	12,346	17,996	14,663	3,333
General Obligation Bond Debt Service				
Principal	1,345	1,345	-	1,345
Interest	502	502	466	36
Lease-Purchase Payments	12,917	12,917	12,917	-
Total Expenditures and Encumbrances	<u>157,491</u>	<u>157,491</u>	<u>136,982</u>	<u>20,509</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	<u>(12,519)</u>	<u>(12,519)</u>	<u>6,358</u>	<u>18,877</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
Solid Waste Capital Funds	-	-	1,158	1,158
Transfers to Other Funds				
General Fund				
Staff and Administrative	(5,443)	(5,443)	(6,709)	(1,266)
In-Lieu Property Taxes	(1,216)	(1,216)	(1,210)	6
Solid Waste Capital Reserve	(1,200)	(1,200)	(632)	568
Recovery of Prior Years Expenditures	-	-	181	181
Total Other Financing Sources (Uses)	<u>(7,859)</u>	<u>(7,859)</u>	<u>(7,212)</u>	<u>647</u>
Net Decrease in Fund Balance	<u>\$ (20,378)</u>	<u>\$ (20,378)</u>	<u>(854)</u>	<u>\$ 19,524</u>
<b>FUND BALANCE, JULY 1</b>			<u>53,597</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 52,743</u>	



**City of Phoenix**

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

**Exhibit E-24**

June 30, 2013 and 2012  
(in thousands)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,038	\$ 14
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2013, \$0 and 2012, \$8)	-	-
Inventories, at Average Cost	237	234
Total Unrestricted Current Assets	<u>1,275</u>	<u>248</u>
Noncurrent Assets		
Capital Assets		
Land	4,984	4,984
Buildings	2,587	2,587
Improvements Other Than Buildings	14,282	14,049
Equipment	4,044	4,415
Intangibles	60	60
Less: Accumulated Depreciation	<u>(15,177)</u>	<u>(14,887)</u>
Total Capital Assets, Net of Accumulated Depreciation	10,780	11,208
OPEB Asset	3	3
Total Noncurrent Assets	<u>10,783</u>	<u>11,211</u>
Total Assets	<u>12,058</u>	<u>11,459</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>

	<b>2013</b>	<b>2012</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	181	87
Current Portion of Accrued Compensated Absences	76	76
Advance Payments	142	145
Trust Liabilities and Deposits	14	14
Due to Other Funds	9,287	13,085
Total Current Liabilities Payable from Current Assets	9,700	13,407
Noncurrent Liabilities		
Accrued Compensated Absences	501	488
Total Noncurrent Liabilities	501	488
Total Liabilities	10,201	13,895
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	-	-
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	10,779	11,208
Unrestricted	(8,922)	(13,644)
Total Net Position	\$ 1,857	\$ (2,436)

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

**Exhibit E-25**

For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Fees	\$ 6,275	\$ 4,360
Concessions	1,722	1,629
Coffee Shops	299	78
Other	96	586
Total Operating Revenues	<u>8,392</u>	<u>6,653</u>
Operating Expenses		
Administration	559	567
Operation and Maintenance	8,443	7,416
Depreciation	671	687
Parks Administrative Charges	201	200
Other	2	1
Total Operating Expenses	<u>9,876</u>	<u>8,871</u>
Operating Loss	<u>(1,484)</u>	<u>(2,218)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value of Investments	248	182
Interest	(278)	(274)
Gain (Loss) on Disposal of Capital Assets	9	(8)
Total Non-Operating Revenues (Expenses)	<u>(21)</u>	<u>(100)</u>
Net Loss Before Contributions and Transfers	<u>(1,505)</u>	<u>(2,318)</u>
Capital Contributions - Municipalities	98	448
Transfers from Parks and Preserves Special Revenue	<u>5,700</u>	<u>-</u>
Change in Net Position	<u>4,293</u>	<u>(1,870)</u>
Net Position, July 1	<u>(2,436)</u>	<u>(566)</u>
Net Position, June 30	<u>\$ 1,857</u>	<u>\$ (2,436)</u>

**City of Phoenix, Arizona**  
**Golf Courses Enterprise Fund**

**Exhibit E-26**

**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 8,389	\$ 6,656
Payments to Suppliers	(4,084)	(2,830)
Payments to Employees	(4,816)	(5,068)
Payment of Staff and Administrative Expenses	(201)	(200)
Net Cash Used by Operating Activities	<u>(712)</u>	<u>(1,442)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	5,700	-
Net Cash Provided by Noncapital Financing Activities	<u>5,700</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Loans from Other Funds	(3,798)	2,132
Acquisition and Construction of Capital Assets	(151)	(611)
Proceeds from Sale of Capital Assets	16	2
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,933)</u>	<u>1,523</u>
Cash Flows from Investing Activities		
Interest on Investments	(31)	(93)
Net Cash Used by Investing Activities	<u>(31)</u>	<u>(93)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,024	(12)
Cash and Cash Equivalents, July 1	14	26
Cash and Cash Equivalents, June 30	<u>\$ 1,038</u>	<u>\$ 14</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities		
Net Operating Loss	\$ (1,484)	\$ (2,218)
Adjustments		
Depreciation and Amortization	671	687
(Increase) Decrease in Assets		
Accounts Receivable	8	5
Allowance for Doubtful Accounts	(8)	(5)
Inventories	(3)	-
OPEB Asset	-	1
Increase (Decrease) in Liabilities		
Accounts Payable	94	30
Accrued Compensated Absences	13	55
Advance Payments	(3)	3
Net Cash Used by Operating Activities	<u>\$ (712)</u>	<u>\$ (1,442)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	<u>\$ 98</u>	<u>\$ 448</u>
	<u>\$ 98</u>	<u>\$ 448</u>

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Fees	\$ 3,919	\$ 3,919	\$ 5,653	\$ 1,734
Concessions	1,959	1,959	2,333	374
Coffee Shops	85	85	299	214
Interest	(126)	(126)	(72)	54
Other	370	370	126	(244)
Total Revenues	6,207	6,207	8,339	2,132
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	8,232	10,032	8,648	1,384
Total Expenditures and Encumbrances	8,232	10,032	8,648	1,384
Deficiency of Revenues Over Expenditures and Encumbrances	(2,025)	(3,825)	(309)	3,516
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
Parks and Preserves Special Revenue Fund	-	-	5,700	5,700
Other Golf Debt Funds	-	-	67	67
Transfers to Other Funds				
General Fund				
Other	(200)	(200)	(201)	(1)
Total Other Financing Sources (Uses)	(200)	(200)	5,566	5,766
Net Increase (Decrease) in Fund Balance	\$ (2,225)	\$ (4,025)	5,257	\$ 9,282
<b>FUND DEFICIT, JULY 1</b>			(14,817)	
<b>FUND DEFICIT, JUNE 30</b>			<u>\$ (9,560)</u>	



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*Financial Section*

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





**City of Phoenix**

**City of Phoenix, Arizona**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**

**Exhibit F-1**

June 30, 2013  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 23,854	\$ -
Investments		
Treasurer's Pooled Investments	-	1,148
Temporary Investments	96,526	-
Fixed Income	380,973	-
Domestic Equities	911,588	-
International Equities	425,636	-
Real Return	-	-
Absolute Return	250,776	-
Receivables		
Accounts Receivable	78,539	-
Contributions Receivable	2,188	-
Interest and Dividends	1,796	2
Prepaid Items	-	-
Total Assets	<u>2,171,876</u>	<u>1,150</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	211,924	13
Accrued Payroll Payable	-	-
Claims Payable	-	-
Total Liabilities	<u>211,924</u>	<u>13</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>		
Held in trust for pension and other employee benefits	<u>\$ 1,959,952</u>	<u>\$ 1,137</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 4,802	\$ -	\$ 114	\$ 40	\$ 28,810
-	15,487	597	210	17,442
-	-	-	-	96,526
83,853	-	26,691	16,042	507,559
-	-	37,511	17,187	966,286
-	-	15,420	15,708	456,764
-	-	22,218	13,338	35,556
-	-	11,825	7,188	269,789
3,293	-	-	-	81,832
1,403	-	-	-	3,591
267	3	-	-	2,068
5,150	-	-	-	5,150
<u>98,768</u>	<u>15,490</u>	<u>114,376</u>	<u>69,713</u>	<u>2,471,373</u>
-	-	-	-	-
1,826	-	5	19	213,787
-	-	-	-	-
<u>27,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,326</u>
<u>29,152</u>	<u>-</u>	<u>5</u>	<u>19</u>	<u>241,113</u>
-	-	-	-	-
<u>\$ 69,616</u>	<u>\$ 15,490</u>	<u>\$ 114,371</u>	<u>\$ 69,694</u>	<u>\$ 2,230,260</u>

**City of Phoenix, Arizona**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**

**Exhibit F-1**  
(continued)

June 30, 2013  
(in thousands)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ 3,561	\$ 6,351	\$ 9,912
Investments				
Treasurer's Pooled Investments	-	-	52,040	52,040
Temporary Investments	-	-	-	-
Fixed Income	-	-	-	-
Domestic Equities	-	-	-	-
International Equities	-	-	-	-
Real Return	-	-	-	-
Absolute Return	-	-	-	-
Receivables				
Accounts Receivable	-	-	-	-
Contributions Receivable	-	-	-	-
Interest and Dividends	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>-</u>	<u>3,561</u>	<u>58,391</u>	<u>61,952</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	-	-	-	-
Accrued Payroll Payable	-	3,561	58,391	61,952
Claims Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,561</u>	<u>58,391</u>	<u>61,952</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Held in trust for pension and other employee benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Phoenix**

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

**Exhibit F-2**

**Combining Statement of Changes in Fiduciary Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ADDITIONS</u></b>		
Contributions		
City of Phoenix	\$ 110,094	\$ -
Employees	27,738	-
Inter-System Transfers	105	-
Other	-	-
Total Contributions	<u>137,937</u>	<u>-</u>
Investment Income (Loss)		
From Investing Activities		
Net (Increase) Decrease in Fair Value of Investments	169,729	(9)
Interest	8,302	12
Dividends	21,471	-
Other	<u>583</u>	<u>-</u>
Investment Income (Loss)	200,085	3
Less: Investment Expense	<u>5,183</u>	<u>-</u>
Net Investment Income (Loss) from Investing Activities	194,902	3
Security Lending Activity Gross Income	612	-
Security Lending Expenses	<u>(209)</u>	<u>-</u>
Total Net Investment Income (Loss)	<u>195,305</u>	<u>3</u>
Total Additions	<u>333,242</u>	<u>3</u>
<b><u>DEDUCTIONS</u></b>		
Benefit Payments	165,521	577
Refunds of Contributions	2,464	-
Inter-System Transfers	606	-
Other	<u>389</u>	<u>-</u>
Total Deductions	<u>168,980</u>	<u>577</u>
Net Increase (Decrease)	164,262	(574)
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	<u>1,795,690</u>	<u>1,711</u>
End of Year, June 30	<u>\$ 1,959,952</u>	<u>\$ 1,137</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 139,209	\$ -	\$ 34,022	\$ 2,971	\$ 286,296
70,988	-	-	-	98,726
10,147	-	-	-	10,252
4,593	-	-	-	4,593
<u>224,937</u>	<u>-</u>	<u>34,022</u>	<u>2,971</u>	<u>399,867</u>
(918)	-	7,834	5,008	181,644
1,165	46	2,508	-	12,033
-	-	-	1,602	23,073
-	-	-	109	692
<u>247</u>	<u>46</u>	<u>10,342</u>	<u>6,719</u>	<u>217,442</u>
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,184</u>
246	46	10,342	6,719	212,258
-	-	-	-	612
-	-	-	-	(209)
<u>246</u>	<u>46</u>	<u>10,342</u>	<u>6,719</u>	<u>212,661</u>
<u>225,183</u>	<u>46</u>	<u>44,364</u>	<u>9,690</u>	<u>612,528</u>
210,211	-	25,197	4,481	405,987
743	-	-	-	3,207
10,147	-	-	-	10,753
9,949	-	275	300	10,913
<u>231,050</u>	<u>-</u>	<u>25,472</u>	<u>4,781</u>	<u>430,860</u>
(5,867)	46	18,892	4,909	181,668
75,483	15,444	95,479	64,785	2,048,592
<u>\$ 69,616</u>	<u>\$ 15,490</u>	<u>\$ 114,371</u>	<u>\$ 69,694</u>	<u>\$ 2,230,260</u>

**Combining Statement of Changes in Assets and Liabilities**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

***Post Employment Health Plan***

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ 9,291	\$ 9,291	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 9,291</u>	<u>\$ 9,291</u>	<u>\$ -</u>
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ -	\$ 9,291	\$ 9,291	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 9,291</u>	<u>\$ 9,291</u>	<u>\$ -</u>

***Deferred Compensation Plan***

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	93,498	89,937	\$ 3,561
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 93,498</u>	<u>\$ 89,937</u>	<u>\$ 3,561</u>
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ -	\$ 93,498	\$ 89,937	\$ 3,561
Total Liabilities	<u>\$ -</u>	<u>\$ 93,498</u>	<u>\$ 89,937</u>	<u>\$ 3,561</u>

City of Phoenix, Arizona  
 Agency Fund  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2013  
 (in thousands)

Exhibit F-3  
 (continued)

	<i>Accrued Payroll</i>			
	<u>Balance July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 3,693	318,893	314,474	\$ 8,112
Treasurer's Pooled Investments	27,083	1,674,186	1,650,990	50,279
Total Assets	<u>\$ 30,776</u>	<u>\$ 1,993,079</u>	<u>\$ 1,965,464</u>	<u>\$ 58,391</u>

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 30,776	\$ 1,993,079	\$ 1,965,464	\$ 58,391
Total Liabilities	<u>\$ 30,776</u>	<u>\$ 1,993,079</u>	<u>\$ 1,965,464</u>	<u>\$ 58,391</u>

	<i>Totals</i>			
	<u>Balance July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 3,693	\$ 421,682	\$ 413,702	\$ 11,673
Treasurer's Pooled Investments	27,083	1,674,186	1,650,990	50,279
Total Assets	<u>\$ 30,776</u>	<u>\$ 2,095,868</u>	<u>\$ 2,064,692</u>	<u>\$ 61,952</u>

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 30,776	\$ 2,095,868	\$ 2,064,692	\$ 61,952
Total Liabilities	<u>\$ 30,776</u>	<u>\$ 2,095,868</u>	<u>\$ 2,064,692</u>	<u>\$ 61,952</u>



**City of Phoenix**



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*Financial Section*

**Other Supplementary  
Information –**

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





**City of Phoenix**

City of Phoenix, Arizona  
Phoenix Housing Finance Corporations (Discretely Presented Component Units)  
Combining Statement of Net Position

Exhibit G-1

June 30, 2013  
(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 52	\$ 40	\$ -
Cash Deposits	-	-	61	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	117
Receivables, Net of Allowances	4,837	-	526	2,304
Prepaid Items	-	-	-	-
Capital Assets, at Cost				
Non-depreciable	-	-	10,871	-
Depreciable (net)	-	-	2,259	-
Total Assets	4,837	52	13,757	2,421
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	-	-	-	-
<b>LIABILITIES</b>				
Accounts Payable	173	-	-	-
Reimbursement Agreement to City	-	-	3,298	-
Trust Liabilities and Deposits	-	-	59	-
Interest Payable	-	-	301	-
Noncurrent Liabilities				
Due in More Than One Year				
Notes Payable to City	-	-	13,160	-
Total Liabilities	173	-	16,818	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	-	-	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	-	5,284	-
Unrestricted	4,664	52	(8,345)	2,421
Total Net Position	\$ 4,664	\$ 52	\$ (3,061)	\$ 2,421

Phoenix Green Housing Corporation Pine Crest, LLC	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$ 915	\$ 706	\$ -	\$ -	\$ 1	\$ 1,714
-	111	-	-	795	967
-	-	619	-	-	736
-	1,285	618	2,078	57	11,705
-	6	-	-	54	60
-	4,134	-	-	3,973	18,978
-	5,265	-	-	8,686	16,210
915	11,507	1,237	2,078	13,566	50,370
-	-	-	-	-	-
-	-	-	-	-	173
-	-	-	-	-	3,298
915	55	-	-	101	1,130
-	-	-	-	301	602
-	4,400	-	-	13,867	31,427
915	4,455	-	-	14,269	36,630
-	-	-	-	-	-
-	6,415	-	-	9,968	21,667
-	637	1,237	2,078	(10,671)	(7,927)
\$ -	\$ 7,052	\$ 1,237	\$ 2,078	(703)	\$ 13,740

City of Phoenix, Arizona  
Phoenix Housing Finance Corporations (Discretely Presented Component Units)  
Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

Exhibit G-2

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<b>Revenues</b>				
Rental Income	\$ -	\$ -	\$ 1,655	\$ -
Vending Income	-	-	-	-
Other Income	-	-	68	-
Interest Income	-	-	-	-
Construction Period Interest	-	-	-	87
Contribution from City of Phoenix	-	-	418	-
Total Revenues	-	-	2,141	87
<b>Operating Expenses</b>				
Salaries	-	-	668	-
Temporary Labor	-	-	20	-
Advertising	-	-	50	-
Maintenance	-	-	578	-
Administrative Costs	-	-	298	-
Utilities	-	-	447	-
Insurance	-	-	48	-
Interest Expense	-	-	49	-
Other	-	-	136	15
Depreciation	-	-	127	-
Total Operating Expenses	-	-	2,421	15
Net Income	-	-	(280)	72
Distribution to Equity Partner	-	-	-	-
Net Position, July 1	4,664	52	(2,781)	2,349
Net Position, June 30	\$ 4,664	\$ 52	\$ (3,061)	\$ 2,421

Exhibit G-2  
(continued)

Phoenix Green Housing Corporation Pine Crest, LLC	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$ -	\$ 1,110	\$ -	\$ -	\$ 1,862	\$ 4,627
-	15	-	-	36	51
-	44	742	2,078	130	3,062
-	-	1	-	4	5
-	-	-	-	-	87
-	-	-	-	-	418
-	1,169	743	2,078	2,032	8,250
-	280	-	-	530	1,478
-	-	-	-	-	20
-	16	-	-	18	84
-	159	-	-	472	1,209
-	75	-	-	228	601
-	226	-	-	521	1,194
-	32	-	-	167	247
-	-	-	-	158	207
-	83	-	-	118	352
-	234	-	-	255	616
-	1,105	-	-	2,467	6,008
-	64	743	2,078	(435)	2,242
1,731	-	-	-	-	1,731
1,731	6,988	494	-	(268)	13,229
\$ -	\$ 7,052	\$ 1,237	\$ 2,078	(703)	\$ 13,740



**City of Phoenix**



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*Financial Section*

**Other Supplementary  
Information –**

**Other Supporting  
Schedules**





**City of Phoenix**

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

**Exhibit H-1**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Resources					
	Fund Balances		Recov- eries	Fund Transfers		Total
	July 1	Revenues		From	To	
<b>General Purpose Funds</b>						
General Fund	\$ 92,810	\$ 298,392	\$ 1,108	\$ 709,363	\$ (840)	\$ 1,100,833
Excise Tax	-	1,003,748	-	-	(1,003,748)	-
Total General Purpose Funds	92,810	1,302,140	1,108	709,363	(1,004,588)	1,100,833
<b>Federal Funds</b>						
Transit - Federal Grants Grants	2,373	60,071	107	-	(1,530)	61,021
Human Services	-	42,338	98	-	-	42,436
Community Development	-	15,407	3	-	-	15,410
Federal Operating Trust	-	97,808	605	-	(81)	98,332
Public Housing Hope VI	2,155	405	-	340	-	2,900
Total Federal Funds	4,528	216,029	813	340	(1,611)	220,099
<b>Other Special Revenue and Debt Service Funds</b>						
Highway User Revenue	16,278	99,032	463	447	-	116,220
Transit 2000	268,160	53,142	1,047	111,592	(21,739)	412,202
Transit - Other Agency	2,033	23,767	65	-	-	25,865
Court Awards	359	9,828	23	-	-	10,210
Parks and Preserves	38,173	212	32	27,590	(5,730)	60,277
Development Services	16,736	40,433	2	-	(2,682)	54,489
Community Reinvestment	14,946	4,845	8	-	(1,308)	18,491
Public Housing	19,953	75,984	73	-	(298)	95,712
Sports Facilities	41,171	367	-	14,931	(3,346)	53,123
Capital Construction	7,301	70	204	16,484	-	24,059
Other Restricted	42,884	30,728	223	4,665	(706)	77,794
Neighborhood Protection	(6,696)	153	-	27,515	(194)	20,778
Public Safety Enhancement	(15,252)	1	-	24,648	(265)	9,132
Public Safety Expansion	(9,900)	(78)	-	55,029	(591)	44,460
Secondary Property Tax Debt Service	4,690	66,906	-	18	-	71,614
City Improvement	-	-	(38)	81,631	(1,062)	80,531
Regional Wireless Cooperative	1,614	4,422	-	-	-	6,036
Total Other Funds	442,450	409,812	2,102	364,550	(37,921)	1,180,993
<b>Enterprise Funds</b>						
Aviation	149,572	307,317	2,545	155,462	(11,217)	603,679
Aviation - Operating (Non-Pledged)	36,649	41,452	-	46,535	(90,887)	33,749
Phoenix Convention Center	39,187	18,795	134	40,829	(2,262)	96,683
Water System	157,468	418,707	1,794	105	(40,898)	537,176
Water System - Val Vista	3,215	16,781	11	-	(598)	19,409
Wastewater	191,717	193,849	762	1	(106,486)	279,843
Wastewater - SROG	7,566	45,024	67	-	(1,705)	50,952
Solid Waste	53,597	143,340	181	1,158	(8,551)	189,725
Golf Courses	(14,817)	8,339	-	5,767	(201)	(912)
Total Enterprise Funds	624,154	1,193,604	5,494	249,857	(262,805)	1,810,304
Total Operating Funds	\$ 1,163,942	\$ 3,121,585	\$ 9,517	1,324,110	(1,306,925)	\$ 4,312,229
Other Transfers - Non-budgeted Funds				217,132	(234,317)	
				\$ 1,541,242	\$ (1,541,242)	

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

**Exhibit H-1**  
(Continued)

<b>Expenditures and Encumbrances</b>					
<b>Current Operating (1)</b>	<b>Capital Impr. Program</b>	<b>Debt Service</b>	<b>Lease- Purchase</b>	<b>Total</b>	<b>Fund Balances June 30</b>
\$ 1,034,924	\$ 3,168	\$ -	\$ -	\$ 1,038,092	\$ 62,741
-	-	-	-	-	-
1,034,924	3,168	-	-	1,038,092	62,741
29,479	31,542	-	-	61,021	-
42,436	-	-	-	42,436	-
15,352	58	-	-	15,410	-
78,484	19,848	-	-	98,332	-
(63)	1,384	-	-	1,321	1,579
165,688	52,832	-	-	218,520	1,579
44,960	23,426	22,000	-	90,386	25,834
119,091	10,312	-	-	129,403	282,799
23,386	15,217	-	-	38,603	(12,738)
9,478	-	-	-	9,478	732
1,863	36,551	-	-	38,414	21,863
31,506	58	-	-	31,564	22,925
478	699	-	-	1,177	17,314
73,257	7,942	-	-	81,199	14,513
1,897	496	-	19,015	21,408	31,715
173	14,447	-	-	14,620	9,439
21,161	8,118	-	-	29,279	48,515
21,939	-	-	-	21,939	(1,161)
26,053	-	-	-	26,053	(16,921)
61,143	-	-	-	61,143	(16,683)
-	-	68,849	-	68,849	2,765
-	-	-	80,847	80,847	(316)
3,565	-	-	-	3,565	2,471
439,950	117,266	90,849	99,862	747,927	433,066
201,996	37,481	54,348	-	293,825	309,854
12,473	-	21,276	-	33,749	-
41,108	1,196	-	18,585	60,889	35,794
162,501	79,947	115,696	-	358,144	179,032
15,069	1,975	-	-	17,044	2,365
70,781	46,482	67,763	-	185,026	94,817
38,487	5,006	-	-	43,493	7,459
108,936	14,663	466	12,917	136,982	52,743
8,648	-	-	-	8,648	(9,560)
659,999	186,750	259,549	31,502	1,137,800	672,504
\$ 2,300,561	\$ 360,016	\$ 350,398	\$ 131,364	\$ 3,142,339	\$ 1,169,890

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

**Exhibit H-2**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
<b>General Government</b>					
2001 Bond Program	\$ 938	\$ -	\$ -	\$ -	\$ 53
2006 Bond Program	5,262	-	128	-	89
2010 Hail Storm	5,089	-	-	1,171	20
2010 Lease Purchase	14,372	-	13	-	54
2013 Lease Purchase	-	-	-	-	-
General Gov't Lease Purchase	4,683	-	8	-	-
Mega IV Lease Purchase	4,406	-	-	-	-
Mega V Lease Purchase	(3,065)	-	4	256	-
Sports Facilities Capital Reserve	15,776	-	-	-	-
Trunked Radio System	179	-	22	-	-
	<u>47,640</u>	<u>-</u>	<u>175</u>	<u>1,427</u>	<u>216</u>
<b>Public Safety</b>					
1988 Bond Program	27	-	-	-	-
2001 Bond Program	(298)	-	-	-	-
2006 Bond Program	22,153	-	-	-	764
CIC Excise Tax Rev Bonds POLICE	1,385	-	2	-	247
Impact Fees	1,498	-	14	1,620	214
Other Cities Reimbursement - 800Mhz	289	-	-	-	-
	<u>25,054</u>	<u>-</u>	<u>16</u>	<u>1,620</u>	<u>1,225</u>
<b>Transportation</b>					
1988 Bond Program	845	-	-	-	-
2001 Bond Program	(507)	-	-	-	-
2004 CIC Transit LRT Revenue Bonds	29,630	-	33	-	227
2006 Bond Program	16,819	-	-	-	379
AHUR Capital Reserve	36,985	-	68	6	1,133
American Rec. & Reinv. Act of 2009	(444)	728	-	-	107
Federal Aid - Street Transportation	-	6,174	-	39	246
Federal Transportation Administration Grants	(2,759)	5,184	-	-	1
Impact Fees	14,484	-	75	-	1
State Aid - Street Transportation	-	3,546	-	(14)	168
	<u>95,053</u>	<u>15,632</u>	<u>176</u>	<u>31</u>	<u>2,262</u>
<b>Public Works</b>					
2001 Bond Program	360	-	-	-	26
2006 Bond Program	15,919	2	-	7	690
Capital Replacement Fund	8,545	-	47	996	-
Impact Fees	7,451	-	51	919	-
	<u>32,275</u>	<u>2</u>	<u>98</u>	<u>1,922</u>	<u>716</u>
<b>Community Enrichment</b>					
1988 Bond Program	413	-	-	-	-
2001 Bond Program	3,408	-	-	-	4
2006 Bond Program	12,630	-	-	-	179
Impact Fees	23,952	-	161	2,948	4,216
Parks & Rec Grants	361	4,371	-	-	-
Parks and Rec Dept Capital Gifts	439	-	-	-	-
Parks land sale proceeds	2,277	-	12	-	-
	<u>43,480</u>	<u>4,371</u>	<u>173</u>	<u>2,948</u>	<u>4,399</u>
<b>Community Development</b>					
1989 Bond Program	3	-	-	-	-
2001 Bond Program	6,117	-	-	-	2
2006 Bond Program	7,358	-	-	16	1,645
2010 Hail Storm	(2,350)	-	-	-	3
830 E Jefferson Remodel	(18)	-	-	-	-
American Rec. & Reinv. Act of 2009	(465)	879	-	-	11
Downtown Education	268	-	-	-	-
Federal Modernization Grants	(2,701)	5,517	2	-	139
Impact Fees	4,913	-	45	5,980	-
	<u>\$ 13,125</u>	<u>\$ 6,396</u>	<u>\$ 47</u>	<u>\$ 5,996</u>	<u>\$ 1,800</u>

Exhibit H-2

(Continued)

			USES			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Ending Balances, June 30	Bonds Available for Sale	
\$ -	\$ 3	\$ 994	\$ (382)	\$ 612	\$ 615	
-	(335)	5,144	(53)	5,091	4,790	
-	(2,981)	3,299	(44)	3,255	-	
-	(3,555)	10,884	(6,848)	4,036	-	
-	-	-	(5,978)	(5,978)	-	
-	-	4,691	-	4,691	-	
-	-	4,406	-	4,406	-	
-	3,586	781	-	781	-	
-	4,176	19,952	(7,002)	12,950	-	
-	-	201	-	201	-	
-	894	50,352	(20,307)	30,045	5,405	
-	-	27	-	27	-	
-	5	(293)	(13)	(306)	1,915	
-	78	22,995	(13,653)	9,342	36,700	
-	(300)	1,334	(99)	1,235	-	
-	-	3,346	(178)	3,168	-	
-	-	289	-	289	-	
-	(217)	27,698	(13,943)	13,755	38,615	
-	-	845	-	845	1,000	
-	-	(507)	50	(457)	2,225	
-	(30,047)	(157)	159	2	-	
-	11	17,209	(6,801)	10,408	23,865	
-	-	38,192	(6,502)	31,690	-	
-	-	391	(392)	(1)	-	
-	(226)	6,233	(6,232)	1	-	
-	-	2,426	(34,767)	(32,341)	-	
-	-	14,560	(4,361)	10,199	-	
-	(32)	3,668	(3,829)	(161)	-	
-	(30,294)	82,860	(62,675)	20,185	27,090	
-	4	390	(96)	294	305	
-	97	16,715	(10,561)	6,154	9,669	
-	-	9,588	(1,648)	7,940	-	
-	-	8,421	(29)	8,392	-	
-	101	35,114	(12,334)	22,780	9,974	
-	-	413	-	413	-	
-	1	3,413	(241)	3,172	7,400	
-	140	12,949	(5,390)	7,559	26,056	
-	-	31,277	(2,584)	28,693	-	
-	-	4,732	(4,371)	361	-	
-	-	439	(18)	421	-	
-	-	2,289	(156)	2,133	-	
-	141	55,512	(12,760)	42,752	33,456	
-	-	3	-	3	-	
-	1	6,120	(263)	5,857	3,150	
-	53	9,072	(5,666)	3,406	34,665	
-	2,394	47	(47)	-	-	
-	-	(18)	-	(18)	-	
-	-	425	(684)	(259)	-	
-	-	268	-	268	-	
-	(340)	2,617	(6,982)	(4,365)	-	
-	-	10,938	(2,551)	8,387	-	
\$ -	\$ 2,108	\$ 29,472	\$ (16,193)	\$ 13,279	\$ 37,815	

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

**Exhibit H-2**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
<b>Aviation</b>					
2004 CFC Bonds - Construction Fund	\$ 11	\$ -	\$ -	\$ -	\$ -
Airport Facilities Improvement Grants	(12,207)	16,170	-	-	2,652
Airport Rev Bnd Rsrv-Restrict Inv Acct	13,671	-	-	-	-
American Rec. & Reinv. Act of 2009	-	-	-	-	-
Aviation Reserve - City Improvement	151,453	-	789	-	-
CFC City Improvement Reserves/Surplus	-	-	-	-	-
CFC Trustee-Improvement Reserves/Surplus	18,305	-	2	-	-
City Improvement Aviation Bonds	39,425	-	-	-	-
Community Noise Reduction Program Bonds	1,666	-	-	-	-
Future Airport Bonds	(897)	-	-	-	-
Passenger Facility Charges	(117,759)	-	865	78,879	5,003
RENT-A-CAR CUSTOMER FACILITY CHARGE	(12)	-	-	-	-
Senior Lien Airport Revenue Bonds	49,226	-	129	(9)	150
Transportation Security Admin Grant	409	-	-	-	-
	143,291	16,170	1,785	78,870	7,805
<b>Phoenix Convention Center</b>					
CC Expansion Series B	23,959	5,595	27	-	-
	23,959	5,595	27	-	-
<b>Water System</b>					
2010 Hail Storm	(101)	-	-	-	-
CIC Water Bonds	1,148	-	-	-	302
Impact Fees	33,743	-	201	5,428	116
Special Water Improvement	103,644	-	-	36	-
Val Vista - Other Agencies' Participation	(233)	-	-	264	-
Wtr Imp Dist Proj-Prop Owner Participati	-	-	-	-	-
	138,201	-	201	5,728	418
<b>Wastewater</b>					
2010 Hail Storm	(35)	-	-	-	-
American Rec. & Reinv. Act of 2009	(183)	-	-	-	1,178
CIC WasteWater Bonds	4,257	-	-	-	383
Impact Fees	32,930	-	183	4,004	-
Special Wastewater Improvement	25,000	-	-	-	-
SROG - Other Agencies' Participation	(3,520)	-	-	2,652	108
	58,449	-	183	6,656	1,669
<b>Solid Waste</b>					
2010 Hail Storm	(4)	-	-	-	-
Buckeye Landfill Park	3,092	-	16	-	-
End Use Reserve	13,926	-	73	-	-
Impact Fees	2,522	-	13	-	-
Solid - Mega IV	1,032	-	47	-	1,434
Solid Waste Disposal CIC Bonds Prin/Int	4	-	-	-	-
Solid Waste Remediation Funds	7,819	-	49	-	-
	28,391	-	198	-	1,434
<b>Golf</b>					
2010 Hail Storm	(483)	-	-	-	6
Golf CIC Bonds Prin/Int	67	-	-	-	-
	(416)	-	-	-	6
	\$ 648,502	\$ 48,166	\$ 3,079	\$ 105,198	\$ 21,950

Exhibit H-2

(Continued)

Bonds Sold	Fund Transfers To(From)	Total Resources	USES		Ending Balances, June 30	Bonds Available for Sale
			Expenditures and Encumbrances			
\$ -	\$ (11)	\$ -	\$ -	\$ -	\$ -	-
-	1,230	7,845	(26,881)	-	(19,036)	-
-	-	13,671	-	-	13,671	-
-	-	-	-	-	-	-
-	(151,855)	387	(387)	-	-	-
-	21,605	21,605	-	-	21,605	-
-	35,541	53,848	(14,562)	-	39,286	-
228,836	(231,390)	36,871	(678)	-	36,193	-
-	-	1,666	-	-	1,666	-
-	-	(897)	-	-	(897)	-
100,000	584	67,572	(71,680)	-	(4,108)	-
-	12	-	-	-	-	-
-	693	50,189	(17,871)	-	32,318	-
-	32	441	-	-	441	-
328,836	(323,559)	253,198	(132,059)	-	121,139	-
-	-	29,581	(20,000)	-	9,581	-
-	-	29,581	(20,000)	-	9,581	-
-	101	-	-	-	-	-
-	(13)	1,437	(13,441)	-	(12,004)	-
-	-	39,488	(15,083)	-	24,405	-
-	21,320	125,000	-	-	125,000	-
-	-	31	(140)	-	(109)	-
-	13	13	(13)	-	-	-
-	21,421	165,969	(28,677)	-	137,292	-
-	296	261	(261)	-	-	-
-	-	995	(995)	-	-	-
-	-	4,640	(5,857)	-	(1,217)	-
-	-	37,117	(51)	-	37,066	-
-	95,000	120,000	(50,000)	-	70,000	-
-	-	(760)	(2,009)	-	(2,769)	-
-	95,296	162,253	(59,173)	-	103,080	-
-	8	4	(4)	-	-	-
-	-	3,108	-	-	3,108	-
-	632	14,631	(2,712)	-	11,919	-
-	-	2,535	-	-	2,535	-
-	(1,158)	1,355	(17)	-	1,338	-
-	-	4	-	-	4	-
-	-	7,868	(1)	-	7,867	-
-	(518)	29,505	(2,734)	-	26,771	-
-	182	(295)	295	-	-	-
-	(67)	-	-	-	-	-
-	115	(295)	295	-	-	-
<u>\$ 328,836</u>	<u>\$ (234,512)</u>	<u>\$ 921,219</u>	<u>\$ (380,560)</u>	<u>\$ 540,659</u>	<u>\$ 152,355</u>	

**City of Phoenix, Arizona**  
**Capital Improvement Program**  
**Expenditures and Encumbrances**

**Exhibit H-3**

For the Fiscal Years Ended June 30, 2013 and 2012  
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2013	2012	2013	2012	2013	2012
General Government						
Information Technology	\$ 706	\$ 4,394	\$ 74	\$ 3,452	\$ 780	\$ 7,846
Public Safety						
Fire Protection	859	-	10,528	13,562	11,387	13,562
Police Protection	-	-	11,902	4,018	11,902	4,018
	859	-	22,430	17,580	23,289	17,580
Transportation						
Street Transportation and Drainage	37,806	47,478	43,385	23,177	81,191	70,655
Transit	55,688	4,009	35,001	5,887	90,689	9,896
	93,494	51,487	78,386	29,064	171,880	80,551
Public Works						
Energy Conservation	7,086	10,920	150	-	7,236	10,920
Facilities Management	11,355	557	9,518	8,299	20,873	8,856
	18,441	11,477	9,668	8,299	28,109	19,776
Community Enrichment						
Arts and Cultural Facilities	6,476	4,622	2,464	11,334	8,940	15,956
Libraries	55	1,345	273	1,693	328	3,038
Parks and Mountain Preserves	37,028	25,615	10,323	12,729	47,351	38,344
	43,559	31,582	13,060	25,756	56,619	57,338
Community Development						
Economic/Downtown Development	2,778	4,038	176	1,235	2,954	5,273
Human Services	-	-	1,845	646	1,845	646
Historic Preservation	-	-	1,376	811	1,376	811
Housing / HOPE VI	20,658	26,478	9,812	13,464	30,470	39,942
Neighborhood Development	1,879	791	1,377	2,293	3,256	3,084
	25,315	31,307	14,586	18,449	39,901	49,756
Aviation	37,259	39,393	132,058	293,527	169,317	332,920
Convention Center	1,698	1,622	20,132	59	21,830	1,681
Water System	81,715	65,094	28,617	30,896	110,332	95,990
Wastewater	51,082	32,556	58,832	33,787	109,914	66,343
Solid Waste	5,888	11,328	2,717	4,184	8,605	15,512
	<u>\$ 360,016</u>	<u>\$ 280,240</u>	<u>\$ 380,560</u>	<u>\$ 465,053</u>	<u>\$ 740,576</u>	<u>\$ 745,293</u>

(1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2013 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 37,481
Convention Center	1,196
Water	79,947
Water - Val Vista	1,975
Wastewater	46,482
Wastewater - SROG	5,006
Solid Waste	14,663
	<u>\$ 186,750</u>



**City of Phoenix**

**City of Phoenix, Arizona**  
**Transfers To/From Other Funds**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

**Exhibit H-4**

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Enterprise Funds</b>	<b>Other</b>	<b>Totals</b>
<b>Transfers From</b>							
<b>General Fund</b>	\$ -	\$ 377 (1)	\$ 30,396 (2)	\$ -	\$ 40,894	\$ -	\$ 71,667
<b>Special Revenue</b>							
Highway User Revenue	-	-	22,000 (3)	-	-	-	22,000
Transit	119	-	20,870 (4)	-	-	-	20,989
Development Services	1,308	-	-	-	-	-	1,308
Public Housing	227	-	71 (4)	-	-	-	298
Public Safety Enhancement	60	-	-	-	-	-	60
Neighborhood Protection	30	-	-	-	-	-	30
Other Restricted	517	-	-	-	-	-	517
Total Special Revenue	2,261	-	42,941	-	-	-	45,202
<b>Debt Service</b>							
Sports Facilities	-	-	-	3,153 (7)	-	-	3,153
City Improvement	-	-	38 (5)	1,024 (4)	-	-	1,062
Special Assessment	124	-	-	-	-	-	124
Total Debt Service	124	-	38	4,177	-	-	4,339
<b>Capital Projects</b>							
Parks & Preserves	30	-	-	-	5,700	-	5,730
Police and Fire Protection	-	-	77 (4)	3,663 (8)	-	-	3,740
Municipal Buildings and Service Centers	-	-	317 (6)	1,345 (9)	-	-	1,662
Transit	-	-	30,047 (4)	-	-	-	30,047
Total Capital Projects	30	-	30,441	5,008	5,700	-	41,179
<b>Enterprise</b>							
Phoenix Convention Center	69	-	-	-	-	-	69
Water System	12,095	-	-	-	-	-	12,095
Wastewater	7,804	-	-	-	-	-	7,804
Solid Waste	1,210	-	-	-	-	-	1,210
Total Enterprise	21,178	-	-	-	-	-	21,178
<b>Totals</b>	<b>\$ 23,593</b>	<b>\$ 377</b>	<b>\$ 103,816</b>	<b>\$ 9,185</b>	<b>\$ 46,594</b>	<b>\$ -</b>	<b>\$ 183,565</b>

- (1) Transit, Highway User Revenue, Public Housing, Other Restricted
- (2) City Improvement, Special Assessment
- (3) Streets & Highways
- (4) City Improvement
- (5) Sports Facilities

- (6) General Obligation/Secondary Property Tax
- (7) Sports and Cultural Facilities
- (8) Municipal Buildings and Service Centers
- (9) Public Housing, Sports and Cultural Facilities



**City of Phoenix**

**City of Phoenix, Arizona**  
**Budgetary Transfers - Budget Basis**

**Exhibit H-5**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

	Transfers to					
	General Fund			Total General Fund	Special	Revenue
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers		Neighbor- Hood Protection	Transit 2000
<b>Transfers from</b>						
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
<b>Special Revenue Funds</b>						
Excise Tax	-	-	651,964	651,964	27,515	110,059
Transit 2000	750	-	-	750	-	-
Federal Transit Grants	-	-	-	-	-	1,530
Development Services	2,682	-	-	2,682	-	-
Community Reinvestment	-	-	1,308	1,308	-	-
Federal Operating Trust Grants	-	-	-	-	-	-
Public Housing	-	227	-	227	-	-
Sports Facilities	115	-	79	194	-	-
Parks and Preserves	-	-	-	-	-	-
Other Restricted	212	-	494	706	-	-
Neighborhood Protection	164	-	-	164	-	-
Public Safety Enhancement	265	-	-	265	-	-
Public Safety Expansion	531	-	-	531	-	-
Total Special Revenue	4,719	227	653,845	658,791	27,515	111,589
<b>Debt Service Funds</b>						
City Improvement	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
<b>Enterprise Funds</b>						
Aviation	6,869	-	-	6,869	-	-
Aviation (Non-Pledged)	-	-	-	-	-	-
Phoenix Convention Center	2,193	-	-	2,193	-	-
Water System	7,483	12,095	-	19,578	-	-
Water System - Val Vista	598	-	-	598	-	-
Wastewater	3,682	7,804	-	11,486	-	-
Wastewater - SROG	1,705	-	-	1,705	-	-
Solid Waste	6,709	1,210	-	7,919	-	-
Golf Courses	-	-	201	201	-	-
Total Enterprise	29,239	21,109	201	50,549	-	-
<b>Other Funds not Budgeted</b>						
Access to Care Tax Trust	-	-	23	23	-	-
Police and Fire Protection Capital	-	-	-	-	-	-
Municipal Buildings Capital	-	-	-	-	-	-
Transit Capital	-	-	-	-	-	-
Street Improvements Capital	-	-	-	-	-	-
Public Housing Capital	-	-	-	-	-	-
Aviation Capital	-	-	-	-	-	-
Water Capital	-	-	-	-	-	-
Wastewater Capital	-	-	-	-	-	-
Solid Waste Capital	-	-	-	-	-	-
Golf Capital	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	23	23	-	-
<b>Totals</b>	<b>\$ 33,958</b>	<b>\$ 21,336</b>	<b>\$ 654,069</b>	<b>\$ 709,363</b>	<b>\$ 27,515</b>	<b>\$ 111,592</b>

- (1) Transfer to Highway User Revenue (\$359), Other Restricted (\$16) Special Revenue Funds
- (2) Transfer to Capital Construction (\$16,382), Sports Facilities (\$14,893), Parks and Preserves (\$27,515), Public Safety Enhancement (\$24,648), Public Safety Expansion (\$55,029), and Other Restricted (\$4,649) Special Revenue Funds
- (3) Transfer to Sports Facilities Special Revenue Fund (\$38)
- (4) Transfer to Highway User Revenue (\$88), Capital Construction (\$102) Special Revenue Funds
- (5) Transfer to Public Housing Hope VI Grant (\$340), Parks and Preserves (\$75) Special Revenue Funds
- (6) Transfer to City Improvement Debt Service Fund
- (7) Transfer to City Improvement (\$300), General Obligation/Secondary Property Tax (\$18) Debt Service Funds
- (8) Transfer to Aviation (\$31), Water (\$34) Enterprise Funds
- (9) Transfer to Golf Enterprise Fund (\$5,700)
- (10) Transfer to Aviation Enterprise Fund
- (11) Transfer to Water Enterprise Fund (\$71)

Funds		Transfers to				Funds Not Budgeted		Totals
Other	Debt Service Funds	Phoenix Convention Center	Other	Infrastructure Repayment Agreement	Other			
\$ 375 (1)	\$ -	\$ 1	\$ 65 (8)	\$ 288	\$ 108 (15)	\$ 840		
143,116 (2)	30,266 (6)	40,828	-	-	-	1,003,748		
-	20,870 (6)	-	-	119	-	21,739		
-	-	-	-	-	-	1,530		
-	-	-	-	-	-	2,682		
-	-	-	-	-	-	1,308		
-	-	-	-	-	81 (16)	81		
-	71 (6)	-	-	-	-	298		
-	-	-	-	-	3,152 (17)	3,346		
-	-	-	5,700 (9)	30	-	5,730		
-	-	-	-	-	-	706		
-	-	-	-	30	-	194		
-	-	-	-	-	-	265		
-	-	-	-	60	-	591		
143,116	51,207	40,828	5,700	239	3,233	1,042,218		
38 (3)	-	-	-	-	1,024 (18)	1,062		
38	-	-	-	-	1,024	1,062		
-	-	-	-	-	4,348 (19)	11,217		
-	-	-	16 (10)	-	90,871 (19)	90,887		
-	-	-	-	69	-	2,262		
-	-	-	-	-	21,320 (20)	40,898		
-	-	-	-	-	-	598		
-	-	-	-	-	95,000 (21)	106,486		
-	-	-	-	-	-	1,705		
-	-	-	-	-	632 (22)	8,551		
-	-	-	-	-	-	201		
-	-	-	16	69	212,171	262,805		
-	-	-	-	-	-	23		
-	77 (6)	-	-	-	-	77		
-	318 (7)	-	-	-	-	318		
-	30,047 (6)	-	-	-	-	30,047		
190 (4)	-	-	-	-	-	190		
415 (5)	-	-	-	-	-	415		
-	-	-	201,950 (10)	-	-	201,950		
-	-	-	71 (11)	-	-	71		
-	-	-	1 (12)	-	-	1		
-	-	-	1,158 (13)	-	-	1,158		
-	-	-	67 (14)	-	-	67		
605	30,442	-	203,247	-	-	234,317		
\$ 144,134	\$ 81,649	\$ 40,829	\$ 209,028	\$ 596	\$ 216,536	\$ 1,541,242		

- (12) Transfer to Wastewater Enterprise Fund (\$1)
- (13) Transfer to Solid Waste Enterprise Fund (\$1,158)
- (14) Transfer to Golf Enterprise Fund (\$67)
- (15) Transfer to Municipal Buildings Capital Projects Fund (\$108)
- (16) Transfer to Public Housing Capital Project Fund (\$81)
- (17) Transfer to Sports and Cultural Facilities Capital Projects Fund (\$3,152)
- (18) Transfer to Municipal Buildings Capital Projects Fund (\$1,024)
- (19) Transfer to Aviation Capital Projects Fund
- (20) Transfer to Water Reserve Fund (\$21,320)
- (21) Transfer to Wastewater Reserve Fund (\$95,000)
- (22) Transfer to Solid Waste Capital Projects Fund (\$632)

**City of Phoenix, Arizona**  
**Bonds and Certificates Payable**

**Exhibit H-6**

June 30, 2013  
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2013 (1)			
						Total	Payable from		
							General Property Taxes	City Revenues/ Other (2)	
<b>General Obligation Bonds</b>									
6% Limitation									
Various Purpose	\$ 656,915	\$ 592,595	\$ 64,320	\$ 232,785	\$ -	\$ 359,810	\$ 359,810	\$ -	
Solid Waste	28,365	28,365	-	17,980	-	10,385	-	10,385	
20% Limitation									
Various Purpose	1,582,075	1,494,040	88,035	381,670	-	1,112,370	1,112,370	-	
Airport	22,570	22,570	-	13,665	-	8,905	-	8,905	
Sanitary Sewers	70,485	70,485	-	55,102	-	15,383	-	15,383	
Water	106,214	106,214	-	68,237	882	38,859	-	38,859	
Total General Obligation Bonds	2,466,624	2,314,269	152,355	769,439	882	1,545,712	1,472,180	73,532	
<b>Revenue Bonds</b>									
Street and Highway User	356,966	356,966	-	356,966	-	-	-	-	
Wastewater	17,591	17,591	-	3,932	-	13,659	-	13,659	
Water	6,520	6,520	-	2,478	-	4,042	-	4,042	
Total Revenue Bonds	381,077	381,077	-	363,376	-	17,701	-	17,701	
Total General Obligation and Revenue Bonds	2,847,701	2,695,346	152,355	1,132,815	882	1,563,413	1,472,180	91,233	
<b>Certificates of Participation</b>	35,465	35,465	-	9,835	-	25,630	-	25,630	
<b>Municipal Corporation Obligations</b>									
General Government	1,258,481	1,258,481	-	519,311	-	739,170	-	739,170	
Enterprise	5,880,651	5,880,651	-	1,746,162	111,676	4,246,165	-	4,246,165	
Total Municipal Corp- oration Obligations	7,139,132	7,139,132	-	2,265,473	111,676	4,985,335	-	4,985,335	
<b>Special Assessment Bonds</b>	321	321	-	196	-	125	-	125	
Subtotal	10,022,619	9,870,264	152,355	3,408,319	112,558	6,574,503	1,472,180	5,102,323	
<b>Downtown Phoenix Hotel Corp. Bonds-Component Unit</b>	350,000	350,000	-	9,455	-	340,545	-	340,545	
Totals	\$ 10,372,619	\$ 10,220,264	\$ 152,355	\$ 3,417,774	\$ 112,558	\$ 6,915,048	\$ 1,472,180	\$ 5,442,868	

(1) Net of July 1, 2013 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in restricted early redemption fund. Restricted early redemption fund balance totaled \$290.8 million at June 30, 2013.

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

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

**Exhibit H-7**

June 30, 2013  
(in thousands)

Fiscal Year	General Government (2)			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013-14	\$ 5,705	\$ 16,000	\$ 21,705	\$ 480	\$ 458	\$ 938	\$ 6,185	\$ 16,458	\$ 22,643
2014-15	37,520	15,761	53,281	2,830	434	3,264	40,350	16,195	56,545
2015-16	49,660	14,204	63,864	1,040	330	1,370	50,700	14,534	65,234
2016-17	49,710	12,054	61,764	1,090	283	1,373	50,800	12,337	63,137
2017-18	49,035	9,832	58,867	1,150	234	1,384	50,185	10,066	60,251
2018-19	36,595	7,648	44,243	1,195	183	1,378	37,790	7,831	45,621
2019-20	44,520	5,953	50,473	1,265	124	1,389	45,785	6,077	51,862
2020-21	45,400	3,897	49,297	650	60	710	46,050	3,957	50,007
2021-22	29,840	1,860	31,700	685	31	716	30,525	1,891	32,416
2022-23	5,000	433	5,433	-	-	-	5,000	433	5,433
2023-24	6,825	273	7,098	-	-	-	6,825	273	7,098
	<u>\$ 359,810</u>	<u>\$ 87,915</u>	<u>\$ 447,725</u>	<u>\$ 10,385</u>	<u>\$ 2,137</u>	<u>\$ 12,522</u>	<u>\$ 370,195</u>	<u>\$ 90,052</u>	<u>\$ 460,247</u>

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

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

**Exhibit H-8**

June 30, 2013  
(in thousands)

Fiscal Year	General Government (2)			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013-14	\$ 18,065	\$ 49,141	\$ 67,206	\$ 500	\$ 366	\$ 866
2014-15	28,675	48,467	77,142	4,095	347	4,442
2015-16	37,235	47,402	84,637	4,310	183	4,493
2016-17	36,135	45,666	81,801			-
2017-18	41,230	43,874	85,104			-
2018-19	55,180	41,952	97,132			-
2019-20	56,510	39,480	95,990			-
2020-21	54,505	37,142	91,647			-
2021-22	74,550	34,918	109,468			-
2022-23	98,460	31,949	130,409			-
2023-24	97,605	27,519	125,124			-
2024-25	109,200	23,056	132,256			-
2025-26	84,450	18,043	102,493			-
2026-27	87,955	14,506	102,461			-
2027-28	42,655	10,935	53,590			-
2028-29	28,940	9,130	38,070			-
2029-30	29,985	7,719	37,704			-
2030-31	31,065	6,257	37,322			-
2031-32	32,185	4,743	36,928			-
2032-33	33,310	3,211	36,521			-
2033-34	34,475	1,625	36,100			-
	<u>1,112,370</u>	<u>546,735</u>	<u>1,659,105</u>	<u>8,905</u>	<u>896</u>	<u>9,801</u>
Capital Appreciation (3)	-	-	-	-	-	-
	<u>\$ 1,112,370</u>	<u>\$ 546,735</u>	<u>\$ 1,659,105</u>	<u>\$ 8,905</u>	<u>\$ 896</u>	<u>\$ 9,801</u>

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

Other general obligation bonds are limited to 6% of assessed valuation (see Exhibit H-7).

(2) Includes all property tax supported various purpose general obligation bonds limited to 20% of assessed valuation.

(3) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise

**Exhibit H-8**  
(Continued)

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 4,347	\$ 2,529	\$ 6,876	\$ 1,217	\$ 561	\$ 1,778	\$ 24,129	\$ 52,597	\$ 76,726
5,515	1,438	6,953	1,535	513	2,048	39,820	50,765	90,585
15,680	1,300	16,980	6,337	457	6,794	63,562	49,342	112,904
5,755	662	6,417	1,271	257	1,528	43,161	46,585	89,746
6,165	302	6,467	1,335	198	1,533	48,730	44,374	93,104
515	24	539	1,409	137	1,546	57,104	42,113	99,217
		-	1,469	85	1,554	57,979	39,565	97,544
		-	810	31	841	55,315	37,173	92,488
		-			-	74,550	34,918	109,468
		-			-	98,460	31,949	130,409
		-			-	97,605	27,519	125,124
		-			-	109,200	23,056	132,256
		-			-	84,450	18,043	102,493
		-			-	87,955	14,506	102,461
		-			-	42,655	10,935	53,590
		-			-	28,940	9,130	38,070
		-			-	29,985	7,719	37,704
		-			-	31,065	6,257	37,322
		-			-	32,185	4,743	36,928
		-			-	33,310	3,211	36,521
		-			-	34,475	1,625	36,100
<u>37,977</u>	<u>6,255</u>	<u>44,232</u>	<u>15,383</u>	<u>2,239</u>	<u>17,622</u>	<u>1,174,635</u>	<u>556,125</u>	<u>1,730,760</u>
882	(882)	-	-	-	-	882	(882)	-
<u>\$ 38,859</u>	<u>\$ 5,373</u>	<u>\$ 44,232</u>	<u>\$ 15,383</u>	<u>\$ 2,239</u>	<u>\$ 17,622</u>	<u>\$ 1,175,517</u>	<u>\$ 555,243</u>	<u>\$ 1,730,760</u>

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

**Exhibit H-9**

June 30, 2013  
(in thousands)

Fiscal Year	General Obligation (1)		
	Principal	Interest	Total
2013-14	\$ 30,314	\$ 69,055	\$ 99,369
2014-15	80,170	66,960	147,130
2015-16	114,262	63,876	178,138
2016-17	93,961	58,922	152,883
2017-18	98,915	54,440	153,355
2018-19	94,894	49,944	144,838
2019-20	103,764	45,642	149,406
2020-21	101,365	41,130	142,495
2021-22	105,075	36,809	141,884
2022-23	103,460	32,382	135,842
2023-24	104,430	27,792	132,222
2024-25	109,200	23,056	132,256
2025-26	84,450	18,043	102,493
2026-27	87,955	14,506	102,461
2027-28	42,655	10,935	53,590
2028-29	28,940	9,130	38,070
2029-30	29,985	7,719	37,704
2030-31	31,065	6,257	37,322
2031-32	32,185	4,743	36,928
2032-33	33,310	3,211	36,521
2033-34	34,475	1,625	36,100
	<u>1,544,830</u>	<u>646,177</u>	<u>2,191,007</u>
Capital Appreciation (2)	882	(882)	-
	<u>\$ 1,545,712</u>	<u>\$ 645,295</u>	<u>\$ 2,191,007</u>

(1) Includes all property tax supported various purpose general obligation bonds and general obligation bonds issued for the City's enterprise funds.

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

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

**Exhibit H-10**

June 30, 2013  
(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013-14	\$ 23,770	\$ 65,141	\$ 88,911	\$ 6,544	\$ 3,914	\$ 10,458	\$ 30,314	\$ 69,055	\$ 99,369
2014-15	66,195	64,228	130,423	13,975	2,732	16,707	80,170	66,960	147,130
2015-16	86,895	61,606	148,501	27,367	2,270	29,637	114,262	63,876	178,138
2016-17	85,845	57,720	143,565	8,116	1,202	9,318	93,961	58,922	152,883
2017-18	90,265	53,706	143,971	8,650	734	9,384	98,915	54,440	153,355
2018-19	91,775	49,600	141,375	3,119	344	3,463	94,894	49,944	144,838
2019-20	101,030	45,433	146,463	2,734	209	2,943	103,764	45,642	149,406
2020-21	99,905	41,039	140,944	1,460	91	1,551	101,365	41,130	142,495
2021-22	104,390	36,778	141,168	685	31	716	105,075	36,809	141,884
2022-23	103,460	32,382	135,842	-	-	-	103,460	32,382	135,842
2023-24	104,430	27,792	132,222	-	-	-	104,430	27,792	132,222
2024-25	109,200	23,056	132,256	-	-	-	109,200	23,056	132,256
2025-26	84,450	18,043	102,493	-	-	-	84,450	18,043	102,493
2026-27	87,955	14,506	102,461	-	-	-	87,955	14,506	102,461
2027-28	42,655	10,935	53,590	-	-	-	42,655	10,935	53,590
2028-29	28,940	9,130	38,070	-	-	-	28,940	9,130	38,070
2029-30	29,985	7,719	37,704	-	-	-	29,985	7,719	37,704
2030-31	31,065	6,257	37,322	-	-	-	31,065	6,257	37,322
2031-32	32,185	4,743	36,928	-	-	-	32,185	4,743	36,928
2032-33	33,310	3,211	36,521	-	-	-	33,310	3,211	36,521
2033-34	34,475	1,625	36,100	-	-	-	34,475	1,625	36,100
	1,472,180	634,650	2,106,830	72,650	11,527	84,177	1,544,830	646,177	2,191,007
Capital Appreciation(3)	-	-	-	882	(882)	-	882	(882)	-
	\$ 1,472,180	\$ 634,650	\$ 2,106,830	\$ 73,532	\$ 10,645	\$ 84,177	\$ 1,545,712	\$ 645,295	\$ 2,191,007

(1) Includes all property tax supported various purpose general obligation bonds.

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

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

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

(1) Represents underlying rating.

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

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

(4) No bonds currently outstanding.

(5) Issued by the Downtown Phoenix Hotel Corporation.



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*Statistical Section*

## **Financial Trends**

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





**City of Phoenix**

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

**Table 1**

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

	Fiscal Year		
	2013	2012	2011
<b>GOVERNMENTAL ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 2,454,766	\$ 2,313,680	\$ 2,325,050
Restricted	930,237	1,233,603	1,017,009
Unrestricted	991,571	861,526	1,105,061
Total Governmental Activities Net Position	<u>\$ 4,376,574</u>	<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 2,826,143	\$ 2,968,536	\$ 2,992,285
Restricted	174,160	188,682	187,755
Unrestricted	1,102,763	943,329	882,301
Total Business-Type Activities Net Position	<u>\$ 4,103,066</u>	<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>
<b>PRIMARY GOVERNMENT</b>			
Net Investment in Capital Assets	\$ 5,280,909	\$ 5,282,216	\$ 5,317,335
Restricted	1,104,397	1,422,285	1,204,764
Unrestricted	2,094,334	1,804,855	1,987,362
Total Primary Government Net Position	<u>\$ 8,479,640</u>	<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>

**Table 1**  
(Continued)

<b>Fiscal Year</b>						
<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 2,184,990	\$ 2,441,889	\$ 2,857,041	\$ 2,068,052	\$ 1,434,512	\$ 1,471,516	\$ 1,737,512
756,315	620,582	832,814	1,095,820	996,048	1,073,630	719,892
1,387,562	1,321,470	532,706	640,050	588,754	197,631	116,437
<b>\$ 4,328,867</b>	<b>\$ 4,383,941</b>	<b>\$ 4,222,561</b>	<b>\$ 3,803,922</b>	<b>\$ 3,019,314</b>	<b>\$ 2,742,777</b>	<b>\$ 2,573,841</b>
\$ 3,146,717	\$ 3,260,962	\$ 3,304,081	\$ 3,144,988	\$ 2,688,581	\$ 2,746,082	\$ 2,149,567
153,667	163,387	153,980	179,365	148,571	39,443	36,293
716,343	611,455	717,703	585,710	755,825	478,840	744,935
<b>\$ 4,016,727</b>	<b>\$ 4,035,804</b>	<b>\$ 4,175,764</b>	<b>\$ 3,910,063</b>	<b>\$ 3,592,977</b>	<b>\$ 3,264,365</b>	<b>\$ 2,930,795</b>
\$ 5,331,707	\$ 5,702,851	\$ 6,161,122	\$ 5,213,040	\$ 4,123,093	\$ 4,217,598	\$ 3,887,079
909,982	783,969	986,794	1,275,185	1,144,619	1,113,073	756,185
2,103,905	1,932,925	1,250,409	1,225,760	1,344,579	676,471	861,372
<b>\$ 8,345,594</b>	<b>\$ 8,419,745</b>	<b>\$ 8,398,325</b>	<b>\$ 7,713,985</b>	<b>\$ 6,612,291</b>	<b>\$ 6,007,142</b>	<b>\$ 5,504,636</b>

**City of Phoenix, Arizona**  
**Changes in Net Position**

**Table 2**

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

	Fiscal Year		
	2013	2012	2011
<b>Expenses</b>			
<b>Governmental Activities</b>			
General Government	\$ 186,104	\$ 88,178	\$ 76,270
Criminal Justice	35,409	35,703	36,345
Public Safety	896,801	850,636	847,244
Transportation	407,563	421,680	416,344
Community Enrichment	237,856	245,713	245,417
Community Development	221,588	218,847	229,902
Environmental Services	33,334	42,326	39,003
Interest on Long-Term Debt	117,667	109,412	95,462
Total Governmental Activities Expenses	2,136,322	2,012,495	1,985,987
<b>Business-Type Activities</b>			
Aviation	464,388	435,675	439,911
Phoenix Convention Center	103,472	103,420	127,569
Water Services	335,004	361,751	329,457
Wastewater Services	191,568	178,258	179,466
Solid Waste	133,295	133,414	133,118
Golf Courses	9,876	8,879	8,790
Total Business-Type Activities Expenses	1,237,603	1,221,397	1,218,311
<b>Total Primary Government Expenses</b>	<b>\$ 3,373,925</b>	<b>\$ 3,233,892</b>	<b>\$ 3,204,298</b>

**Table 2**  
(Continued)

Fiscal Year						
2010	2009	2008	2007	2006	2005	2004
\$ 83,975	\$ 92,403	\$ 97,369	\$ 103,039	\$ 94,129	\$ 78,351	\$ 74,749
40,029	39,477	40,258	40,085	37,702	35,432	31,768
851,414	869,389	795,839	732,927	667,663	577,358	537,018
541,666	385,240	182,769	264,347	316,356	316,295	250,951
287,019	264,615	278,649	263,031	251,403	249,739	211,238
225,137	210,645	205,934	204,441	196,374	172,217	156,389
58,189	47,320	38,585	44,656	44,668	40,065	30,035
107,480	96,631	103,035	96,401	102,428	83,812	64,531
2,194,909	2,005,720	1,742,438	1,748,927	1,710,723	1,553,269	1,356,679
393,485	389,460	336,572	312,171	279,873	231,493	228,891
114,071	86,942	70,170	66,378	68,801	42,165	46,687
359,342	326,775	327,544	272,341	276,073	232,470	210,114
187,134	186,565	160,008	153,100	148,480	141,543	120,966
136,395	141,693	147,096	126,029	115,107	92,264	92,565
8,894	9,716	9,572	9,790	8,446	7,881	7,084
1,199,321	1,141,151	1,050,962	939,809	896,780	747,816	706,307
\$ 3,394,230	\$ 3,146,871	\$ 2,793,400	\$ 2,688,736	\$ 2,607,503	\$ 2,301,085	\$ 2,062,986

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

**Table 2**  
 (Continued)

	Fiscal Year		
	2013	2012	2011
<b>Program Revenue</b>			
Governmental Activities			
Charges for Services:			
General Government	\$ 15,748	\$ 16,469	\$ 17,675
Criminal Justice	21,737	24,864	27,623
Public Safety	69,648	72,081	63,842
Transportation	36,125	38,035	36,599
Community Enrichment	5,071	5,589	5,392
Community Development	60,837	49,618	46,128
Environmental Services	232	520	220
Operating Grants and Contributions	393,652	358,692	400,525
Capital Grants and Contributions	98,647	101,019	191,856
Total Governmental Activities Program Revenue	<u>701,697</u>	<u>666,887</u>	<u>789,860</u>
Business-Type Activities			
Charges for Services:			
Aviation	305,686	299,783	296,463
Phoenix Convention Center	24,218	15,888	33,111
Water Services	381,862	380,679	341,501
Wastewater Services	190,519	212,361	211,702
Solid Waste	144,055	144,004	142,320
Golf Courses	8,401	6,653	6,278
Capital Grants and Contributions	158,314	173,149	184,019
Total Business-Type Activities Program Revenue	<u>1,213,055</u>	<u>1,232,517</u>	<u>1,215,394</u>
Total Primary Government Program Revenue	<u>\$ 1,914,752</u>	<u>\$ 1,899,404</u>	<u>\$ 2,005,254</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (1,434,625)	\$ (1,345,608)	\$ (1,196,127)
Business-Type Activities	(24,548)	11,120	(2,917)
Total Primary Government Net Expense	<u>\$ (1,459,173)</u>	<u>\$ (1,334,488)</u>	<u>\$ (1,199,044)</u>

**Table 2**  
(Continued)

Fiscal Year						
2010	2009	2008	2007	2006	2005	2004
\$ 17,150	\$ 19,360	\$ 15,672	\$ 20,939	\$ 19,358	\$ 14,226	\$ 13,849
27,461	29,808	21,746	27,383	28,174	20,942	19,434
58,939	56,763	54,702	43,099	34,371	43,018	34,069
39,804	63,758	31,004	81,502	26,875	26,370	24,242
5,180	6,366	4,969	3,187	3,028	2,670	6,857
38,293	62,845	67,733	100,876	98,960	99,432	88,257
363	469	838	577	577	569	694
360,927	340,756	368,938	327,157	312,712	311,601	287,534
203,473	174,302	216,788	186,130	164,500	97,779	126,272
751,590	754,427	782,390	790,850	688,555	616,607	601,208
266,778	273,079	286,986	277,228	246,288	222,313	213,671
21,636	28,407	12,080	10,518	9,351	9,316	10,054
329,003	307,752	299,568	272,191	257,415	225,859	224,150
190,716	181,764	173,021	160,097	139,418	124,541	114,946
137,956	134,957	133,170	125,351	117,121	108,067	98,995
5,728	6,183	7,229	7,725	6,842	5,857	6,179
200,485	178,800	300,575	301,660	360,381	295,856	245,792
1,152,302	1,110,942	1,212,629	1,154,770	1,136,816	991,809	913,787
\$ 1,903,892	\$ 1,865,369	\$ 1,995,019	\$ 1,945,620	\$ 1,825,371	\$ 1,608,416	\$ 1,514,995
\$ (1,443,319)	\$ (1,251,293)	\$ (960,048)	\$ (958,077)	\$ (1,022,168)	\$ (936,662)	\$ (755,471)
(47,019)	(30,209)	161,667	214,961	240,036	243,993	207,480
\$ (1,490,338)	\$ (1,281,502)	\$ (798,381)	\$ (743,116)	\$ (782,132)	\$ (692,669)	\$ (547,991)

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

**Table 2**  
 (Continued)

	Fiscal Year		
	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities			
Taxes	\$ 1,029,392	\$ 944,388	\$ 970,925
Grants and Contributions Not Restricted	318,673	297,342	299,593
Investment Earnings, Net	2,404	6,671	11,924
Miscellaneous	77,337	78,397	71,450
Transfers - Internal Activities	(25,416)	(19,501)	(39,512)
Total Governmental Activities	1,402,390	1,307,297	1,314,380
Business-Type Activities			
Investment Earnings, Net	1,651	7,585	9,019
Transfers	25,416	19,501	39,512
Total Business-Type Activities	27,067	27,086	48,531
Total Primary Government	1,429,457	1,334,383	1,362,911
<b>Change in Net Position</b>			
Governmental Activities	(32,235)	(38,311)	118,253
Business-Type Activities	2,519	38,206	45,614
Total Primary Government	\$ (29,716)	\$ (105)	\$ 163,867

**Table 2**  
(Continued)

Fiscal Year						
2010	2009	2008	2007	2006	2005	2004
\$ 939,218	\$ 982,746	\$ 1,014,103	\$ 955,921	\$ 896,212	\$ 777,911	\$ 716,164
360,241	407,156	410,945	374,299	338,907	305,456	271,298
19,605	43,558	91,304	92,700	64,379	44,077	3,800
83,357	54,527	51,757	50,787	40,242	46,166	26,134
(14,176)	(52,649)	(52,010)	(42,925)	(41,035)	(68,012)	(22,209)
1,388,245	1,435,338	1,516,099	1,430,782	1,298,705	1,105,598	995,187
13,766	31,970	52,024	59,200	47,541	21,565	(1,603)
14,176	52,649	52,010	42,925	41,035	68,012	22,209
27,942	84,619	104,034	102,125	88,576	89,577	20,606
1,416,187	1,519,957	1,620,133	1,532,907	1,387,281	1,195,175	1,015,793
(55,074)	184,045	556,051	472,705	276,537	168,936	239,716
(19,077)	54,410	265,701	317,086	328,612	333,570	228,086
\$ (74,151)	\$ 238,455	\$ 821,752	\$ 789,791	\$ 605,149	\$ 502,506	\$ 467,802

**City of Phoenix, Arizona**  
**Fund Balances of Governmental Funds**

**Table 3**

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

	Fiscal Year			
	2013	2012	2011	2010
<b>General Fund</b>				
Reserved	\$		\$	\$ 24,394
Unreserved				231,187
Non-Spendable	15,736	15,357	16,671	
Spendable				
Restricted	40,361	37,913	-	
Assigned	55,390	50,250	96,126	
Unassigned	161,012	200,892	194,918	
<b>Total General Fund</b>	<b>272,499</b>	<b>304,412 (1)</b>	<b>307,715 (2)</b>	<b>255,581</b>
<b>All Other Governmental Funds</b>				
Reserved				656,396
Unreserved, reported in				
Special Revenue Funds				379,913
Capital Project Funds				149,795
Debt Service Funds				886
Non-Spendable	5,601	5,891	6,099	
Spendable				
Restricted	889,876	982,955	1,017,009	
Committed	47,874	58,703	54,591	
Assigned	139,593	140,036	120,145	
Unassigned	(56,671)	(36,942)	(34,395)	
<b>Total All Other Governmental Funds</b>	<b>1,026,273</b>	<b>1,150,643</b>	<b>1,163,449</b>	<b>1,186,990</b>
<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 1,298,772</b>	<b>\$ 1,455,055</b>	<b>\$ 1,471,164</b>	<b>\$ 1,442,571</b>

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

**Table 3**  
(Continued)

Fiscal Year						
	2009	2008	2007	2006	2005	2004
\$	72,332	\$ 83,379	\$ 89,651	\$ 81,275	\$ 76,076	\$ 62,992
	190,278	205,286	362,943	311,166	250,217	240,712
	262,610	(3 288,665	452,594	392,441	326,293	303,704
	598,258	562,967	601,198	719,962	567,202	526,043
	411,659	482,721	523,035	483,611	399,595	365,091
	8,456	223,916	420,697	236,346	221,159	(77,749)
	2,153	742	1,254	1,752	1,125	890
	1,020,526	1,270,346	1,546,184	1,441,671	1,189,081	814,275
\$	1,283,136	\$ 1,559,011	\$ 1,998,778	\$ 1,834,112	\$ 1,515,374	\$ 1,117,979

**City of Phoenix, Arizona**  
**Changes in Fund Balances of Governmental Funds**

**Table 4**

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

	Fiscal Year			
	2013	2012	2011	2010
<b>Revenues</b>				
City Taxes (see Table 5)	\$ 1,031,123	\$ 947,012	\$ 972,066	\$ 938,470
Licenses and Permits	15,377	16,039	16,307	16,744
Intergovernmental (see Table 6)	809,198	757,053	905,741	921,642
Charges for Services	169,527	163,408	157,243	148,276
Fines and Forfeitures	15,942	18,332	18,129	17,383
Parks and Recreation	1,891	2,414	2,326	1,909
In-Lieu Property Taxes	-	-	-	-
Special Assessments	35	55	114	70
Investment Income	2,404	6,671	11,922	19,605
Dwelling Rentals	6,882	6,987	6,858	8,574
Other	79,557	76,173	71,304	84,011
Total Revenues	2,131,936	1,994,144	2,162,010	2,156,684
<b>Expenditures</b>				
General Government	170,009	69,705	55,708	57,180
Criminal Justice	35,258	35,372	35,106	36,977
Public Safety	832,133	795,995	790,886	812,552
Transportation	252,812	252,965	247,563	265,934
Community Enrichment	189,899	193,355	192,201	198,049
Community Development	202,038	196,309	206,262	185,265
Environmental Services	16,549	19,036	16,353	19,164
Debt Service:				
Principal	90,671	94,169	109,660	115,825
Interest	122,189	110,740	104,309	110,736
Bond Issuance Costs	79	1,902	636	2,346
Other	422	522	676	35
Capital	350,744	346,979	429,770	529,394
Total Expenditures	2,262,803	2,117,049	2,189,130	2,333,457
Excess (Deficiency) of Revenues Over Expenditures	\$ (130,867)	\$ (122,905)	\$ (27,120)	\$ (176,773)

**Table 4**  
(Continued)

Fiscal Year						
	2009	2008	2007	2006	2005	2004
\$	980,401	\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952
	18,926	14,949	15,787	14,206	13,648	13,275
	912,904	995,307	885,478	800,697	711,777	650,515
	148,316	151,701	177,374	168,646	164,283	143,067
	18,861	18,549	19,141	19,932	18,561	16,892
	3,004	2,933	2,838	2,524	2,179	5,976
	-	-	-	-	-	-
	372	643	678	1,233	1,544	1,641
	43,558	91,304	92,700	64,379	44,077	3,800
	9,806	8,452	8,098	7,818	6,263	6,488
	54,553	51,692	50,484	51,947	45,771	26,155
	2,190,701	2,348,175	2,207,339	2,028,377	1,787,570	1,584,761
	69,860	68,686	67,097	59,697	60,437	59,643
	37,717	38,539	36,160	33,952	32,826	30,187
	812,788	765,464	665,817	620,215	560,964	526,601
	254,420	237,738	244,728	137,817	178,023	176,118
	211,851	226,597	211,695	197,445	201,552	187,531
	189,345	189,748	185,596	173,710	159,453	148,805
	24,029	24,432	19,529	17,024	19,121	21,106
	97,006	95,209	279,183	83,768	63,361	61,325
	103,909	110,184	94,369	101,851	82,811	61,828
	2,055	31	1,185	500	452	742
	31	211	790	77	549	1,961
	611,023	841,681	641,795	618,506	506,844	446,920
	2,414,034	2,598,520	2,447,944	2,044,562	1,866,393	1,722,767
\$	(223,333)	\$ (250,345)	\$ (240,605)	\$ (16,185)	\$ (78,823)	\$ (138,006)

**City of Phoenix, Arizona**  
**Changes in Fund Balances of Governmental Funds**

**Table 4**  
(Continued)

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

	Fiscal Year			
	2013	2012	2011	2010
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	\$ 136,971	\$ 129,121	\$ 152,527	\$ 1,063,679
Transfers to Other Funds	(162,387)	(148,622)	(192,039)	(1,077,855)
Issuance of Debt:				
General Obligation and Revenue Bonds	-	120,000	-	348,369
Premium on General Obligation and Revenue Bonds	-	25,880	-	1,631
Certificates of Participation and Municipal Corporation Obligations	-	-	86,725	-
Premium on Certificates of Participation and Municipal Corporation Obligations	-	4,889	5,662	-
Special Assessment Bonds	-	-	-	-
Refunding Bonds	-	238,120	74,610	69,911
Deposit to Refunding Escrow	-	(262,592)	(71,772)	(69,527)
Total Other Financing Sources and Uses	(25,416)	106,796	55,713	336,208
Net Change in Fund Balances	\$ (156,283)	\$ (16,109)	\$ 28,593	\$ 159,435
Debt Service as a Percentage of Noncapital Expenditures (1)	10.5%	10.7%	11.4%	10.4%

(1) - Calculated by taking debt service expenditures divided by total expenditures minus capitalized expenditures (capital acquisitions from exhibit B-4 on page 23)

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

**Table 4**  
(Continued)

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 1,098,048	\$ 1,186,183	\$ 1,094,014	\$ 1,104,360	\$ 1,018,096	937,041
(1,150,697)	(1,238,193)	(1,136,939)	(1,145,395)	(1,086,108)	(959,250)
-	-	420,250	300,000	-	200,000
-	-	11,501	5,246	-	8,599
-	-	21,115	70,150	500,000	20,000
-	-	5,437	562	43,667	1,311
22	-	-	-	-	-
-	-	265,995	-	35,465	42,020
-	-	(276,102)	-	(34,902)	(45,502)
(52,627)	(52,010)	405,271	334,923	476,218	204,219
\$ (275,960)	\$ (302,355)	\$ 164,666	\$ 318,738	\$ 397,395	\$ 66,213
10.0%	10.4%	18.4% (2)	11.1%	9.8%	9.7%

**City of Phoenix, Arizona**  
**Tax Revenues by Source - Governmental Funds (1)**

**Table 5**

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

	Fiscal Year			
	2013	2012	2011	2010
General Property Taxes				
Primary - Operating	\$ 132,101	\$ 128,054	\$ 130,913	\$ 121,366
Secondary - Debt Service	62,012	94,436	149,018	196,673
Total General Property Taxes	194,113	222,490	279,931	318,039
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	318,751	308,727	292,131	254,762
Utility and Franchise Tax	99,027	104,962	102,662	100,827
Earmarked for:				
Sports Facilities	14,893	14,670	14,076	12,502
Convention Center	40,828	40,030	37,835	34,801
Neighborhood Protection	27,515	26,503	25,387	21,615
Public Safety Enhancement	24,648	23,670	23,782	23,978
Public Safety Expansion	55,029	53,084	50,680	43,131
Parks & Preserves	27,515	26,546	25,345	21,615
Capital Construction	16,382	16,560	15,486	17,415
Transit 2000	110,059	106,185	101,379	86,465
Total City Sales and Franchise Taxes	734,647	720,937	688,763	617,111
Access to Care Tax	98,431	-	-	-
Special Taxing District	2,291	2,061	1,924	1,925
Salt River Project In-Lieu Taxes	1,641	1,524	1,448	1,395
<b>Total City Taxes</b>	<b>\$ 1,031,123</b>	<b>\$ 947,012</b>	<b>\$ 972,066</b>	<b>\$ 938,470</b>

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

**Table 5**  
(Continued)

Fiscal Year						
	2009	2008	2007	2006	2005	2004
\$	110,085	\$ 103,033	\$ 95,060	\$ 89,721	\$ 82,547	\$ 76,392
	196,568	161,413	117,337	107,763	100,761	94,263
	306,653	264,446	212,397	197,484	183,308	170,655
	265,162	323,135	339,921	324,207	281,301	259,488
	105,881	96,323	92,745	83,720	77,664	75,653
	14,203	16,010	15,992	14,834	13,660	12,577
	47,417	58,126	61,647	56,889	48,003	40,322
	25,615	28,980	31,105	29,634	25,337	23,051
	24,361	24,653	23,656	20,330	3,136	-
	46,578	32,214	-	-	-	-
	24,335	28,979	31,106	29,633	25,363	23,073
	19,802	20,710	18,975	18,870	17,679	17,196
	97,325	115,914	124,432	118,537	101,462	92,349
	670,679	745,044	739,579	696,654	593,605	543,709
	-	-	-	-	-	-
	1,835	1,848	1,554	1,595	1,270	1,316
	1,234	1,307	1,231	1,262	1,284	1,272
\$	980,401	\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952

**City of Phoenix, Arizona**  
**Intergovernmental Revenues by Source - Governmental Funds (1)**

**Table 6**

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

	Fiscal Year			
	2013	2012	2011	2010
State Shared Revenue				
Highway User Tax	\$ 98,804	\$ 90,368	\$ 104,908	\$ 103,979
State Sales Tax	118,730	114,017	111,787	106,917
State Income Tax	147,668	122,012	143,647	190,546
Vehicle License Tax	48,370	46,400	48,299	49,500
Local Transportation Assistance	4,251	4,242	1,265	3,771
Total State Shared Revenue	417,823	377,039	409,906	454,713
Federal Grants	277,236	261,053	269,482	233,721
Other Intergovernmental Revenue	114,139	118,961	226,353	233,208
Total Intergovernmental Revenues	<u>\$ 809,198</u>	<u>\$ 757,053</u>	<u>\$ 905,741</u>	<u>\$ 921,642</u>

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

**Table 6**  
(Continued)

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 109,620	\$ 125,288	\$ 130,223	\$ 124,791	\$ 117,464	\$ 111,757
122,593	135,134	141,466	141,194	123,788	111,594
220,806	207,694	167,560	138,313	121,440	119,118
53,629	59,244	61,158	63,108	56,552	53,522
6,506	6,910	6,969	7,034	7,136	7,246
513,154	534,270	507,376	474,440	426,380	403,237
185,078	194,960	186,665	177,550	178,628	160,685
214,672	266,077	191,437	148,707	106,769	86,593
\$ 912,904	\$ 995,307	\$ 885,478	\$ 800,697	\$ 711,777	\$ 650,515



**City of Phoenix**



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*Statistical Section*

## **Revenue Capacity**

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





**City of Phoenix**

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

**Table 7**

<b>Category</b>	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Retail	\$ 238,698	\$ 230,900	\$ 218,470	\$ 219,097
Retail Food Sales (1)	51,589	49,393	46,282	7,007
Utilities & Telecommunications	113,839	112,973	110,200	113,188
Construction Contracting	43,851	44,071	43,446	41,237
Commercial Rental	60,179	58,721	59,017	55,737
Restaurants & Bars	55,350	52,298	48,708	46,272
Hotel/Motel Lodging	31,666	30,486	28,324	26,868
Tangible Personal Property Rental	19,760	16,354	17,291	17,323
Apartment/Residential Rental	27,144	25,025	22,923	20,788
Motor Vehicle Rental	17,148	16,907	16,647	14,787
Amusements	6,463	6,225	5,843	6,297
Advertising	2,655	2,800	2,745	2,733
Job Printing	2,212	2,109	2,093	2,101
Publishing	365	140	241	407
Transportation	8	6	8	8
Use Tax	23,927	24,204	22,536	20,098
Jet Fuel	3,089	2,996	3,039	2,826
<b>Total</b>	<b>\$ 697,943</b>	<b>\$ 675,608</b>	<b>\$ 647,813</b>	<b>\$ 596,774</b>

Source: City of Phoenix Finance Department, Tax Division

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

**Table 7**  
(Continued)

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 223,673	\$ 254,949	\$ 268,642	\$ 264,184	\$ 228,411	\$ 204,956
-	-	-	-	-	-
120,691	118,051	103,157	100,296	75,193	68,758
64,559	87,306	99,171	89,213	68,760	47,683
60,133	56,395	51,661	47,904	43,894	40,224
48,586	49,685	49,067	46,967	41,800	37,648
30,423	35,643	35,819	32,643	29,231	25,760
22,227	23,276	23,589	20,925	18,865	17,822
21,580	21,566	21,250	19,949	18,123	17,407
15,407	17,103	16,878	15,955	14,572	14,040
6,348	7,210	7,260	6,901	5,840	5,441
3,202	4,111	4,657	4,151	3,682	3,409
2,708	3,146	3,189	3,152	3,312	3,054
426	531	575	552	572	571
10	7	14	24	11	5
19,507	20,037	20,407	18,592	15,778	14,466
2,998	3,224	3,191	3,575	2,981	3,081
<b>\$ 642,478</b>	<b>\$ 702,240</b>	<b>\$ 708,527</b>	<b>\$ 674,983</b>	<b>\$ 571,025</b>	<b>\$ 504,325</b>

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

**Table 8**

<b>Category (1)</b>	<b>As of June 30</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>City Rates</b>				
Retail	2.00 %	2.00 %	2.00 %	2.00 %
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting	2.00	2.00	2.00	2.00
Commercial Rental	2.10	2.10	2.10	2.10
Restaurants & Bars	2.00	2.00	2.00	2.00
Hotel/Motel Lodging	5.00	5.00	5.00	5.00
Tangible Personal Property Rental	2.00	2.00	2.00	2.00
Apartment/Residential Rental	2.00	2.00	2.00	2.00
Motor Vehicle Rental	4.00	4.00	4.00	4.00
Amusements	2.00	2.00	2.00	2.00
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.00	2.00	2.00	2.00
Publishing	2.00	2.00	2.00	2.00
Transportation	2.00	2.00	2.00	2.00
Use Tax	2.00	2.00	2.00	2.00
Jet Fuel (2)	0.73	0.73	0.73	0.73
<b>County Rates</b>				
Commercial Rental	0.50 %	0.50 %	0.50 %	0.50 %
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

Source: City of Phoenix Finance Department, Tax Division

**Table 8**  
(Continued)

As of June 30					
2009	2008	2007	2006	2005	2004
2.00 %	2.00 %	1.80 %	1.80 %	1.80 %	1.80 %
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
2.00	2.00	1.80	1.80	1.80	1.80
2.10	2.10	1.90	1.90	1.90	1.90
2.00	2.00	1.80	1.80	1.80	1.80
5.00	5.00	4.80	4.80	4.80	4.80
2.00	2.00	1.80	1.80	1.80	1.80
2.00	2.00	1.80	1.80	1.80	1.80
4.00	4.00	3.80	3.80	3.80	3.80
2.00	2.00	1.80	1.80	1.80	1.80
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	1.80	1.80	1.80	1.80
2.00	2.00	1.80	1.80	1.80	1.80
2.00	2.00	1.80	1.80	1.80	1.80
2.00	2.00	1.80	1.80	1.80	1.80
0.73	0.73	0.73	0.73	0.73	0.73
0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
1.77	1.77	1.77	1.77	1.77	1.77
0.70	0.70	0.70	0.70	0.70	0.70
0.31	0.31	0.31	0.31	0.31	0.31

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

**Table 9**

Category	2013			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	20,140	37.05 %	\$ 290,287	41.59 %
Utilities & Telecommunications	515	0.95	113,839	16.31
Construction Contracting	10,385	19.10	43,851	6.28
Commercial Rental	9,046	16.64	60,179	8.62
Restaurants & Bars	3,134	5.77	55,350	7.93
Hotel/Motel Lodging	128	0.24	31,666	4.54
Tangible Personal Property Rental	1,183	2.18	19,760	2.83
Apartment/Residential Rental	6,857	12.60	27,144	3.89
Motor Vehicle Rental	25	0.05	17,148	2.46
Amusements	195	0.36	6,463	0.93
Advertising	228	0.42	2,655	0.38
Job Printing	349	0.64	2,212	0.32
Publishing	57	0.10	365	0.05
Transportation	16	0.03	8	0.00
Use Tax	2,086	3.84	23,927	3.43
Jet Fuel	16	0.03	3,089	0.44
<b>Total</b>	<b>54,360</b>	<b>100.00 %</b>	<b>\$ 697,943</b>	<b>100.00 %</b>

Source: City of Phoenix Finance Department, Tax Division

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

**Table 9**  
(Continued)

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



**City of Phoenix**

**City of Phoenix, Arizona**  
**City Property Tax Levies and Collections**

**Table 10**

Last Ten Fiscal Years  
(in thousands)

Fiscal Year Ended June 30,	Tax Levy	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years (1)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2013	\$ 196,891	\$ 191,304	97.16 %	\$ -	\$ 191,304	97.16 %
2012	223,483	216,457	96.86	4,420	220,877	98.83
2011	284,142	271,156	95.43	6,366	277,522	97.67
2010	321,817	308,114	95.74	10,232	318,346	98.92
2009	311,292	298,351	95.84	9,615	307,966	98.93
2008	266,892	258,971	97.03	7,263	266,234	99.75
2007	216,132	211,511	97.86	3,122	214,633	99.31
2006	201,122	195,836	97.37	2,787	198,623	98.76
2005	185,056	180,952	97.78	1,892	182,844	98.80
2004	171,899	167,281	97.31	3,403	170,684	99.29

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

Source: Maricopa County, Arizona Treasurer's Office

**City of Phoenix, Arizona**  
**Property Tax Rates and Levies - Direct and**  
**Overlapping Governments**  
 Last Ten Fiscal Years  
 (in thousands)

**Table 11**

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District	Maricopa County Library District
	Primary	Secondary	Total				
<b><u>Tax Rates per \$100 of Assessed Valuation</u></b>							
2013-14	\$ 1.47	\$ 0.35	\$ 1.82	\$ 1.28	\$ 0.14	\$ 0.14	\$ 0.04
2012-13	1.24	0.58	1.82	1.24	0.18	0.10	0.05
2011-12	1.05	0.77	1.82	1.24	0.18	0.10	0.05
2010-11	0.88	0.94	1.82	1.05	0.15	0.10	0.04
2009-10	0.77	1.05	1.82	0.99	0.14	0.10	0.04
2008-09	0.76	1.06	1.82	1.03	0.14	0.10	0.04
2007-08	0.80	1.02	1.82	1.10	0.15	0.10	0.04
2006-07	0.85	0.97	1.82	1.18	0.20	0.12	0.05
2005-06	0.86	0.96	1.82	1.63	0.21	0.12	0.05
2004-05	0.85	0.97	1.82	1.67	0.21	0.12	0.05

**Tax Levies**

2013-14	\$ 145,024	\$ 35,271	\$ 180,295	\$ 126,659	\$ 12,331	\$ 13,969	\$ 4,369
2012-13	133,930	62,961	196,891	134,037	17,216	10,870	5,338
2011-12	128,955	94,528	223,483	151,768	19,873	12,351	6,073
2010-11	133,389	150,753	284,142	158,698	22,041	16,066	6,636
2009-10	123,095	198,722	321,817	159,155	24,395	18,903	6,658
2008-09	111,568	199,724	311,292	151,441	24,151	18,860	6,656
2007-08	103,665	163,227	266,892	142,387	22,845	16,132	6,283
2006-07	96,623	119,509	216,132	134,812	22,667	14,724	6,216
2005-06	91,311	109,811	201,122	173,698	21,580	13,691	5,950
2004-05	83,304	101,752	185,056	163,353	19,654	12,599	5,465

(1) Tax rates between the various elementary and high school districts within the City vary. The rates shown on this table are for Phoenix Elementary District No. 1 and Phoenix Union High School District.

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

Source: Maricopa County Finance Department

**Table 11**  
(Continued)

Volunteer Fire District Assistance	Maricopa Special Health Care District	School Districts					Total
		Education Equalization	Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (1)	
\$ 0.01	\$ 0.19	\$ 0.51	\$ 1.53	\$ 0.05	\$ 0.06	\$ 12.13	\$ 17.90
0.01	0.17	0.47	1.38	0.05	0.05	11.28	16.80
0.01	0.15	0.43	1.21	0.05	0.05	9.60	14.89
0.01	0.11	0.36	0.97	0.05	0.05	7.29	12.00
0.01	0.09	0.33	0.88	0.05	0.05	6.44	10.94
0.01	0.09	-	0.94	0.05	0.05	8.52	12.79
0.01	0.09	-	0.98	0.05	0.05	8.74	13.13
0.01	0.12	-	1.06	0.05	0.05	9.84	14.50
0.01	0.12	-	1.03	0.06	0.05	9.09	14.19
0.01	-	-	1.04	0.10	-	10.38	15.40
\$ 1,207	\$ 19,341	\$ 50,665	\$ 151,917	\$ 706	\$ 2,686	\$ 854,993	\$ 1,419,138
1,193	18,260	50,960	148,952	757	2,433	869,478	1,456,385
1,037	18,442	52,098	148,011	870	2,710	879,125	1,515,841
1,063	18,056	53,826	148,702	1,087	3,540	916,921	1,630,778
1,077	17,239	53,100	146,523	1,233	4,232	942,643	1,696,975
1,000	16,141	-	144,491	1,259	4,263	924,118	1,603,672
855	15,024	-	130,622	1,136	3,609	894,532	1,500,317
834	14,517	-	123,210	816	2,671	858,684	1,395,283
787	13,759	-	110,803	905	1,551	809,425	1,353,271
724	-	-	102,450	1,537	-	772,523	1,263,361

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

**Table 12**

	2013-14 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Within Phoenix			Total	Within Phoenix				
	Percent	Amount		Percent	Amount					
City of Phoenix	\$ 9,889,799	100.00 %	9,889,799	\$ 1.4664	\$ 9,974,713	100.00 %	9,974,713	\$ 0.3536	\$ 180,295	
Maricopa County	31,996,205	30.91	9,889,799	1.2807	32,229,007	30.95	9,974,713	-	126,659	
Education Equalization	31,996,205	30.91	9,889,799	0.5123	-	-	-	-	50,665	
Flood Control	-	-	-	-	28,622,834	30.95	8,858,621	0.1392	12,331	
Central Arizona Water Conservation District	-	-	-	-	32,240,159	30.95	9,978,164	0.1400	13,969	
Maricopa County Library District	-	-	-	-	32,229,007	30.95	9,974,713	0.0438	4,369	
Volunteer Fire District Assistance	-	-	-	-	32,229,007	30.95	9,974,713	0.0121	1,207	
East Valley Institute of Technology	-	-	-	-	13,996,367	10.10	1,412,946	0.0500	706	
West Maricopa Education Center	-	-	-	-	11,569,641	39.21	4,536,658	0.0592	2,686	
Maricopa Special Health Care District	-	-	-	-	32,229,007	30.95	9,974,713	0.1939	19,341	
State of Arizona	52,141,911	18.97	9,889,799	-	52,598,342	18.96	9,974,713	-	-	
<b>School Districts</b>										
Maricopa County Community College District	31,996,205	30.91	9,889,799	1.2896	32,229,007	30.95	9,974,713	0.2444	151,917	
<b>High School Districts</b>										
Phoenix Union	4,042,134	96.29	3,892,254	3.6615	4,088,065	96.29	3,936,437	1.1547	187,969	
Glendale Union	1,284,052	80.22	1,030,041	2.6893	1,290,863	80.20	1,035,241	1.8877	47,243	
Tempe High	2,825,008	29.60	836,289	2.0126	2,844,002	29.58	841,121	0.6437	22,245	
Tolleson Union	851,481	45.45	387,005	3.2220	862,627	45.53	392,735	2.2665	21,371	
Agua Fria Union	868,736	0.01	120	2.2936	878,811	0.01	122	1.2787	4	
Total High School Districts									278,832	
<b>Elementary School Districts</b>										
No. 1 Phoenix	\$ 589,125	100.00 %	589,125	\$ 4.4773	\$ 597,786	100.00 %	597,786	\$ 2.8357	\$ 43,328	
No. 2 Riverside	322,674	97.83	315,671	1.3323	325,342	97.79	318,142	2.0408	10,698	
No. 3 Tempe	1,193,800	14.97	178,725	3.2231	1,205,860	14.96	180,430	2.9378	11,061	
No. 5 Isaac	117,013	100.00	117,013	3.0422	117,206	100.00	117,206	3.7766	7,986	
No. 6 Washington	1,056,048	97.54	1,030,041	3.0493	1,061,356	97.54	1,035,241	2.9704	62,160	
No. 7 Wilson	82,473	100.00	82,473	4.4554	83,796	100.00	83,796	1.9336	5,295	
No. 8 Osborn	370,135	99.93	369,861	1.6960	375,244	99.93	374,970	2.2872	14,849	
No. 14 Creighton	331,105	85.97	284,655	1.7366	334,030	86.08	287,526	1.9650	10,593	
No. 17 Tolleson	137,242	20.69	28,399	1.9203	138,356	20.64	28,556	2.2656	1,192	
No. 21 Murphy	92,440	100.00	92,440	0.7641	92,877	100.00	92,877	2.9769	3,471	
No. 28 Kyrene	1,631,208	40.31	657,564	2.2198	1,638,141	40.33	660,690	2.0639	28,233	
No. 31 Balsz	246,130	94.16	231,764	1.6359	252,784	94.19	238,105	1.7916	8,057	
No. 38 Madison	815,178	100.00	815,178	2.2504	823,051	100.00	823,051	2.2953	37,236	
No. 45 Fowler	223,160	88.73	198,002	1.7749	227,811	88.77	202,233	3.3457	10,280	
No. 48 Scottsdale (Unified)	4,185,511	13.60	569,346	3.3548	4,205,919	13.60	571,825	1.2239	26,099	
No. 59 Laveen	161,529	82.40	133,093	2.9423	162,257	82.30	133,540	4.7010	10,194	
No. 62 Union	41,343	93.77	38,767	1.2626	41,455	93.57	38,791	2.4533	1,441	
No. 65 Littleton	201,725	13.36	26,945	2.4238	204,194	13.21	26,969	3.5518	1,611	
No. 66 Roosevelt	474,619	98.61	468,045	4.3869	480,089	98.52	472,965	1.3356	26,850	
No. 68 Alhambra	249,122	81.22	202,344	2.3080	251,215	81.24	204,085	5.7062	16,316	
No. 69 Paradise Valley (Unified)	2,752,365	68.71	1,891,236	4.2799	2,765,420	68.71	1,900,106	2.8731	135,535	
No. 79 Litchfield	570,005	0.02	120	2.4367	577,493	0.02	122	1.5405	5	
No. 83 Cartwright	190,590	100.00	190,590	3.1937	192,388	100.00	192,388	7.0246	19,601	
No. 92 Pendergast	248,012	38.26	94,892	2.7618	250,810	38.35	96,186	4.5117	6,960	
No. 93 Cave Creek (Unified)	1,561,983	11.47	179,135	2.1830	1,579,479	11.79	186,274	0.1765	4,239	
No. 97 Deer Valley (Unified)	1,988,788	55.51	1,103,906	4.2140	1,997,556	55.59	1,110,383	2.3733	72,871	
Total Elementary School Districts									576,161	
Total All School Districts									1,006,910	
Total Levies Applicable to Phoenix									\$ 1,419,138	

Sources: Maricopa County Finance Department and the State of Arizona

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

**Table 12**  
(Continued)

	2012-13 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Within Phoenix			Total	Within Phoenix				
	Percent	Amount		Percent	Amount					
City of Phoenix	\$ 10,803,376	100.00 %	10,803,376	\$ 1.2397	\$ 10,849,744	100.00 %	10,849,744	\$ 0.5803	\$ 196,891	
Maricopa County	34,263,842	31.53	10,803,376	1.2407	34,400,456	31.54	10,849,744	-	134,037	
Education Equalization	34,263,842	31.53	10,803,376	0.4717	-	-	-	-	50,960	
Flood Control	-	-	-	-	30,665,493	31.54	9,671,754	0.1780	17,216	
Central Arizona Water Conservation District	-	-	-	-	34,465,534	31.54	10,870,269	0.1000	10,870	
Maricopa County Library District	-	-	-	-	34,400,456	31.54	10,849,744	0.0492	5,338	
Volunteer Fire District Assistance	-	-	-	-	34,400,456	31.54	10,849,744	0.0110	1,193	
East Valley Institute of Technology	-	-	-	-	14,856,883	10.19	1,513,673	0.0500	757	
West Maricopa Education Center	-	-	-	-	12,284,326	39.61	4,865,407	0.0500	2,433	
Maricopa Special Health Care District	-	-	-	-	34,400,456	31.54	10,849,744	0.1683	18,260	
State of Arizona	55,852,336	19.34	10,803,376	-	56,283,024	19.28	10,849,744	-	-	
<b>School Districts</b>										
Maricopa County Community College District	34,263,842	31.53	10,803,376	1.1563	34,400,456	31.54	10,849,744	0.2215	148,952	
<b>High School Districts</b>										
Phoenix Union	4,543,904	96.20	4,371,369	3.2075	4,573,470	96.20	4,399,763	1.0627	186,968	
Glendale Union	1,432,308	79.67	1,141,160	2.4580	1,435,961	79.68	1,144,132	1.6374	46,784	
Tempe High	3,136,651	29.09	912,353	1.8080	3,148,343	29.03	914,094	0.6060	22,035	
Tolleson Union	936,473	45.05	421,901	2.3038	940,359	44.95	422,651	2.5439	20,472	
Agua Fria Union	905,863	0.01	128	2.0437	911,133	0.01	128	1.1257	4	
Total High School Districts									276,263	
<b>Elementary School Districts</b>										
No. 1 Phoenix	\$ 677,121	100.00 %	677,121	\$ 4.5476	\$ 684,315	100.00 %	684,315	\$ 2.4650	\$ 47,661	
No. 2 Riverside	359,616	97.42	350,338	1.3854	361,397	97.35	351,808	1.8050	11,204	
No. 3 Tempe	1,348,934	15.09	203,613	3.1811	1,356,197	15.10	204,721	2.3913	11,373	
No. 5 Isaac	134,567	100.00	134,567	3.9070	134,754	100.00	134,754	3.4788	9,945	
No. 6 Washington	1,171,954	97.37	1,141,160	2.0401	1,174,950	97.38	1,144,132	2.6746	53,882	
No. 7 Wilson	95,645	100.00	95,645	4.8136	96,952	100.00	96,952	2.2160	6,752	
No. 8 Osborn	418,852	99.94	418,602	2.1294	422,713	99.93	422,436	1.9591	17,190	
No. 14 Creighton	371,573	85.95	319,368	2.7174	372,436	85.98	320,219	1.9810	15,022	
No. 17 Tolleson	158,534	22.86	36,238	2.3849	159,438	22.74	36,251	1.6668	1,468	
No. 21 Murphy	111,823	100.00	111,823	1.0438	112,977	100.00	112,976	2.4790	3,968	
No. 28 Kyrene	1,787,716	39.65	708,741	2.1343	1,792,146	39.58	709,373	1.7917	27,837	
No. 31 Balsz	270,973	94.47	255,994	2.0937	272,789	94.51	257,809	1.6182	9,532	
No. 38 Madison	892,787	100.00	892,787	1.9861	896,353	100.00	896,353	1.9808	35,487	
No. 40 Glendale	-	-	-	-	-	-	-	-	-	
No. 45 Fowler	234,699	90.05	211,339	1.6628	235,895	89.82	211,872	3.1745	10,240	
No. 48 Scottsdale (Unified)	4,399,463	13.61	598,658	3.0875	4,407,572	13.60	599,579	1.3390	26,512	
No. 59 Laveen	181,014	81.71	147,899	2.6856	181,650	81.61	148,247	4.0192	9,930	
No. 62 Union	43,983	94.40	41,520	1.5351	44,096	94.41	41,632	2.3676	1,623	
No. 65 Littleton	227,770	12.61	28,731	2.4482	229,141	12.54	28,743	1.9300	1,258	
No. 66 Roosevelt	526,596	98.68	519,626	5.1387	530,321	98.67	523,292	0.8708	31,259	
No. 68 Alhambra	289,929	80.78	234,193	1.8307	291,737	80.73	235,527	5.1949	16,523	
No. 69 Paradise Valley (Unified)	2,925,473	68.49	2,003,638	3.9848	2,930,995	68.52	2,008,307	2.6136	132,330	
No. 79 Litchfield	579,584	0.02	128	2.3102	584,148	0.02	128	1.5761	5	
No. 83 Cartwright	213,406	100.00	213,406	4.5209	215,076	100.00	215,076	5.9314	22,405	
No. 92 Pendergast	271,488	38.33	104,073	2.0546	271,791	38.32	104,153	4.3267	6,645	
No. 93 Cave Creek (Unified)	1,615,976	10.99	177,533	1.7357	1,622,691	11.02	178,853	0.2391	3,509	
No. 97 Deer Valley (Unified)	2,093,970	56.17	1,176,140	3.9110	2,100,573	56.26	1,181,739	2.8480	79,655	
Total Elementary School Districts									593,215	
Total All School Districts									1,018,430	
Total Levies Applicable to Phoenix									\$ 1,456,385	

**City of Phoenix, Arizona**  
**Secondary Assessed Valuation and**  
**Estimated True Valuation**

**Table 13**

Last Ten Fiscal Years  
(dollars in thousands except for per capita amounts)

	<b>Net Secondary Assessed Valuation by Classification</b>				
	<b>Direct Rate</b>	<b>Commercial/ Utilities/ Industrial</b>	<b>Residential</b>	<b>Rural and Other</b>	<b>Total Net Assessed Valuation</b>
2013-14	\$ 0.35	\$ 4,662,457	\$ 4,979,086	\$ 333,170	\$ 9,974,713
2012-13	0.58	5,254,484	5,228,248	367,012	10,849,744
2011-12	0.77	5,869,685	6,000,143	473,946	12,343,774
2010-11	0.94	7,710,939	7,643,363	738,006	16,092,308
2009-10	1.05	8,099,847	9,937,631	823,760	18,861,238
2008-09	1.06	7,378,160	10,598,307	879,605	18,856,072
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816
2006-07	0.97	5,902,715	5,770,798	587,621	12,261,134
2005-06	0.96	5,409,748	5,523,958	485,913	11,419,619
2004-05	0.97	5,279,811	4,768,484	441,627	10,489,922

Source: Maricopa County Finance Department

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

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

- (1) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

**Table 13**

(Continued)

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Percent Change in Net Valuation	Assessed Valuation Per Capita (1)		Estimated True Valuation
	Actual	Uninflated	
-8.06 %	\$ 6,714	\$ 5,081	\$ 98,192,506
-12.10	7,401	5,695	103,538,837
-23.29	8,493	6,726	116,576,023
-14.68	11,120	8,984	144,772,031
0.03	11,326	9,237	169,320,058
17.35	11,566	9,566	167,520,964
31.05	10,073	8,642	140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978
7.13	7,038	6,622	83,439,807

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

**Table 14**

Taxpayer	2012-13			2003-04		
	Secondary Assessed Valuation	Ranking	As a Percent of Total City	Secondary Assessed Valuation	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 360,731	1	3.32 %	\$ 232,364	2	2.37 %
Qwest Communications	95,557	2	0.88	254,718	1	2.60
Southwest Gas Corporation	74,079	3	0.68	65,206	3	0.67
Host Kierland LLC	40,532	4	0.37			
AT&T Inc.	34,058	5	0.31	65,176	4	0.67
Metropolitan Life Insurance Company	28,969	6	0.27			
HUB Properties Trust	27,247	7	0.25			
Verizon Wireless	24,021	8	0.22			
Phoenix Plaza PT LLC	23,353	9	0.22			
Starwood Hotels and Resorts	23,109	10	0.21	42,729	6	0.44
Honeywell				45,301	5	0.46
Cox Communications				42,358	7	0.43
Westcor Company LP				34,889	8	0.36
MCI Worldcom				31,361	9	0.32
American Express Companies				31,220	10	0.32
Total	<u>731,656</u>		<u>6.73 %</u>	<u>845,322</u>		<u>8.64 %</u>
City Total Secondary Assessed Valuation	<u>\$ 10,849,744</u>			<u>\$ 9,792,188</u>		

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



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*Statistical Section*

**Debt Capacity**

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





**City of Phoenix**

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

**Table 15**

	Fiscal Year			
	2013	2012	2011	2010
<b>6% Limitation</b>				
Legal Debt Limitation	\$ 598,483	\$ 650,985	\$ 740,626	\$ 965,538
General Obligation Bonds Outstanding (1)	370,195	370,195	364,225	390,645
Less: Assets held in Restricted Redemption Funds	(290,812)	(321,451)	(337,282)	(339,393)
	<u>79,383</u>	<u>48,744</u>	<u>26,943</u>	<u>51,252</u>
Total Debt Margin Available	<u>\$ 519,100</u>	<u>\$ 602,241</u>	<u>\$ 713,683</u>	<u>\$ 914,286</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	13.26%	7.49%	3.64%	5.31%
<b>20% Limitation</b>				
Legal Debt Limitation	\$ 1,994,943	\$ 2,169,949	\$ 2,468,755	\$ 3,218,462
General Obligation Bonds Outstanding (1)	1,174,635	1,218,080	1,180,264	1,241,159
Less: Capital Appreciation (2)	(882)	(811)	(745)	(682)
	<u>1,173,753</u>	<u>1,217,269</u>	<u>1,179,519</u>	<u>1,240,477</u>
Total Debt Margin Available	<u>\$ 821,190</u>	<u>\$ 952,680</u>	<u>\$ 1,289,236</u>	<u>\$ 1,977,985</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	58.84%	56.10%	47.78%	38.54%
Secondary Assessed Valuation	<u>\$ 9,974,713</u>	<u>\$ 10,849,744</u>	<u>\$ 12,343,774</u>	<u>\$ 16,092,308</u>

(1) Prior to fiscal year 2007, under Arizona law, cities could issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, and recreational facilities, up to an amount not exceeding 20% of a city's net secondary assessed valuation. In fiscal year 2007, Arizona voters approved an amendment to the Arizona Constitution to allow cities to include debt for the acquisition and development of public safety, law enforcement, fire and emergency facilities, and streets and transportation facilities in the 20% debt limit. General obligation bonds for all other purposes may be issued up to an amount not exceeding 6% of secondary assessed valuation.

The General Obligation Bonds Outstanding prior to 2007 have not been adjusted retroactively to apply the effects of the change to the Arizona Constitution approved by voters in fiscal year 2007.

(2) The general obligation bonds outstanding balance includes accrued interest, or capital appreciation, on capital appreciation bonds. For purposes of the legal debt margin computation, the bonds outstanding balance must be reduced by the amount of this capital appreciation.

**Table 15**

(Continued)

		Fiscal Year									
		2009	2008	2007	2006	2005	2004				
\$	1,131,674	\$	1,131,364	\$	964,129	\$	735,668	\$	685,177	\$	629,395
	310,955		329,535		346,240		518,445		355,230		376,240
	(275,202)		(199,185)		(146,625)		(286,753)		(259,161)		(275,873)
	35,753		130,350		199,615		231,692		96,069		100,367
\$	1,095,921	\$	1,001,014	\$	764,514	\$	503,976	\$	589,108	\$	529,028
	3.16%		11.52%		20.70%		31.49%		14.02%		15.95%
\$	3,772,248	\$	3,771,214	\$	3,213,763	\$	2,452,227	\$	2,283,924	\$	2,097,984
	1,036,479		1,075,421		1,122,561		780,116		710,373		746,640
	(2,234)		(3,438)		(3,105)		(2,792)		(2,496)		(3,386)
	1,034,245		1,071,983		1,119,456		777,324		707,877		743,254
\$	2,738,003	\$	2,699,231	\$	2,094,307	\$	1,674,903	\$	1,576,047	\$	1,354,730
	27.42%		28.43%		34.83%		31.70%		30.99%		35.43%
\$	18,861,238	\$	18,856,072	\$	16,068,816	\$	12,261,134	\$	11,419,619	\$	10,489,922

**Ratio of Debt Service Expenditures for General Bonded Debt (1)  
to General Governmental Operating Expenditures - Budget Basis**

Last Ten Fiscal Years  
(in thousands)

	<b>Total Debt Service</b>	<b>Total General Governmental Operating Expenditures (2)</b>	<b>Ratio of Debt Service to General Governmental Operating Expenditures</b>
2012-13	\$ 90,849	\$ 2,004,539	4.5 %
2011-12	121,861	1,911,330	6.4
2010-11	185,585	1,927,102	9.6
2009-10	232,607	1,984,144	11.7
2008-09	230,158	2,059,104	11.2
2007-08	197,865	2,043,186	9.7
2006-07	151,292	1,802,039	8.4
2005-06	144,076	1,703,991	8.5
2004-05	131,471	1,606,079	8.2
2003-04	128,276	1,445,759	8.9

(1) Does not include general obligation bonds reported in the enterprise funds and special assessment debt with City commitment.

(2) Includes all funds other than the enterprise funds. See Exhibit H-1.

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

**Table 17**

Last Ten Fiscal Years  
(in thousands)

Fiscal Year Ended June 30,	Airport Revenue Bonds					
	Operating Revenues	Less: Operating Expenses	Net Operating Revenues	Principal	Interest	Coverage
2013	\$ 309,862	\$ 201,996	\$ 107,866	\$ 21,905	\$ 31,338	2.03
2012	299,633	190,127	109,506	25,655	33,768	1.84
2011	297,469	184,158	113,311	19,990	34,797	2.07
2010	274,521	183,231	91,290	18,880	35,708	1.67
2009	294,959	186,694	108,265	18,725	37,239	1.93
2008	300,858	188,152	112,706	9,697	22,735	3.48
2007	286,786	179,308	107,478	8,790	23,165	3.36
2006	258,239	158,194	100,045	8,325	23,633	3.13
2005	231,626	144,612	87,014	9,170	24,127	2.61
2004	220,089	134,361	85,728	8,705	24,592	2.57

Fiscal Year Ended June 30,	Excise Tax Revenue Bonds (2)				Highway User Revenue Bonds			
	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage
2013	\$ 783,630	\$ 29,785	\$ 42,171	10.89	\$ 98,804	\$ 5,875	\$ 16,125	4.49
2012	747,595	12,875	35,016	15.61	90,368	6,266	15,734	4.11
2011	744,504	14,678	29,516	16.85	104,908	29,740	1,506	3.36
2010	744,615	28,425	41,975	10.58	103,979	28,285	2,961	3.33
2009	846,865	28,180	43,787	11.77	109,620	27,005	4,235	3.51
2008	884,160	27,855	47,280	11.77	125,289	25,840	5,405	4.01
2007	864,381	32,660	49,110	10.57	130,223	24,375	6,867	4.17
2006	801,402	28,360	41,337	11.50	124,791	23,385	7,862	3.99
2005	689,130	24,860	30,738	12.39	117,464	20,540	8,667	4.02
2004	638,598	21,090	30,857	12.29	111,757	21,605	9,526	3.59

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

Last Ten Fiscal Years  
(in thousands)

**Table 17**  
(Continued)

Fiscal Year Ended June 30,	Rental Car Facility Charge Revenue Bonds (3)				Special Assessment Bonds (4)				Transit Excise Tax Revenue Bonds (5)				
	Customer Facility Charge Revenues		Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues		Principal	Interest
2013	\$ 40,579	\$ 7,845	\$ 13,431	1.91	\$ 35	\$ 31	\$ 10	0.85	\$110,059	\$ 31,035	\$ 19,098	2.20	
2012	41,538	7,435	13,838	1.95	55	58	13	0.77	106,185	27,215	20,526	2.22	
2011	39,388	7,065	14,209	1.85	114	77	17	1.21	101,379	23,755	21,714	2.23	
2010	35,122	6,735	14,542	1.65	70	88	15	0.68	86,465	20,560	22,742	2.00	
2009	37,160	6,440	14,838	1.75	372	355	25	0.98	97,324	17,620	23,623	2.36	
2008	37,565	6,180	15,098	1.77	643	664	55	0.89	115,914	14,910	24,369	2.95	
2007	31,817	5,960	15,318	1.50	678	628	95	0.94	124,432	12,420	24,990	3.33	
2006	32,034	-	15,318	2.09	1,233	1,213	154	0.90	118,537	1,570	25,068	4.45	
2005	30,697	-	16,552	1.85	1,544	1,511	244	0.88	101,462	-	13,996	7.25	
2004	1,751	-	-	N/A	1,641	1,492	342	0.89	92,349	-	-	N/A	

Fiscal Year Ended June 30,	Wastewater Revenue Bonds						Water Revenue Bonds					
	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage
2013	\$ 194,611	\$ 70,244	\$ 124,367	\$ 25,082	\$ 37,705	1.98	\$ 425,937	\$ 164,137	\$261,800	\$ 43,436	\$ 65,244	2.41
2012	212,990	72,021	140,969	23,973	39,479	2.22	391,654	163,043	228,611	30,775	66,780	2.34
2011	211,876	71,740	140,136	28,151	41,564	2.01	354,311	168,488	185,823	42,094	69,738	1.66
2010	198,157	72,017	126,140	24,945	42,424	1.87	347,593	166,334	181,259	37,960	73,605	1.62
2009	190,927	71,552	119,375	18,640	44,195	1.90	331,861	160,814	171,047	18,310	54,127	2.36
2008	187,905	68,470	119,435	16,330	40,567	2.10	333,443	157,596	175,847	19,580	54,573	2.37
2007	177,471	62,954	114,517	13,380	30,818	2.59	313,707	142,740	170,967	17,815	53,663	2.39
2006	158,014	60,070	97,944	7,300	29,156	2.69	301,137	132,285	168,852	9,720	53,675	2.66
2005	139,829	54,606	85,223	6,810	27,165	2.51	256,077	121,627	134,450	8,815	27,305	3.72
2004	128,436	49,589	78,847	10,240	24,172	2.29	259,100	114,041	145,059	9,235	25,337	4.20

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

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

(3) Includes Customer Facility Charge (CFC) receipts deposited into the Trustee-held Revenue Fund only. Revenues are derived primarily from daily usage fees paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current CFC is \$6.00 per transaction day, effective January 1, 2009. Of the \$6.00 rate, \$4.50 is considered Pledged Revenues and is required to be deposited into the Trustee-held Revenue Fund. The Pledged Revenues must be used to fund various accounts established under the Bond Indenture, including the debt service fund. The City may, but is not required to, deposit the CFC receipts generated by the additional \$1.50 into the Trustee-held Revenue Fund. If the additional \$1.50 is deposited into the Trustee-held Revenue Fund, the monies become Pledged Revenues and are subject to the same use restrictions as the \$4.50. In Fiscal Years 2009 through 2013, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.

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

(5) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000 to be used for expanded bus service, the construction of a light rail system, and other transportation improvements.

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

**Table 18**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Total Debt as a Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds			
2013	\$ 1,472,180	\$ -	\$ 739,170	\$ 125	\$ 25,630	\$ 73,532	\$ 17,701	\$ 4,246,165	\$ 6,574,503	12.0 %	\$ 4,425
2012	1,505,350	5,875	789,450	156	26,945	83,736	18,560	4,401,753	6,831,825	12.7	4,660
2011	1,450,025	12,141	821,455	215	26,970	95,209	17,896	4,516,528	6,940,439	13.0	4,775
2010	1,500,380	41,881	744,390	292	29,450	132,106	14,846	3,940,950	6,404,295	12.3	4,426
2009	1,200,792	70,166	784,020	260	30,625	148,876	-	4,022,342	6,257,081	11.0	3,757
2008	1,232,957	97,476	820,061	593	31,760	175,437	-	3,642,562	6,000,846	10.5	3,681
2007	1,262,652	123,816	857,461	1,257	32,870	209,254	28,745	3,123,256	5,639,311	10.3	3,535
2006	1,068,107	148,671	868,560	1,886	33,945	230,454	33,155	3,330,997	5,715,775	11.2	3,663
2005	811,027	172,496	813,180	3,099	34,985	254,576	37,315	2,711,305	4,837,983	10.2	3,172
2004	842,594	190,655	324,169	4,610	35,465	280,286	41,240	2,009,921	3,728,940	8.5	2,502

(1) See Table 21 for personal income and population data. Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

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

**Table 19**

	Bonded Debt (in thousands)	Per Capita (3)	As a Percent of Valuations	
			Assessed	Estimated True
<b><u>Direct Bonded Debt (1)</u></b>				
2012-13	\$ 1,254,900	\$ 844.64	12.6 %	1.3 %
2011-12	1,273,510	868.76	11.7	1.2
2010-11	1,220,093	839.44	9.9	1.0
2009-10	1,336,753	923.73	8.3	0.9
2008-09	1,144,632	687.33	6.1	0.7
2007-08	1,306,685	801.48	6.9	0.8
2006-07	1,477,842	926.40	9.2	1.1
2005-06	1,193,634	764.96	9.7	1.2
2004-05	1,016,849	666.61	8.9	1.1
2003-04	1,078,902	723.89	10.3	1.3
<b><u>Overlapping Bonded Debt (2)</u></b>				
2012-13	\$ 1,351,438	\$ 909.62	13.5 %	1.4 %
2011-12	1,401,964	956.38	12.9	1.4
2010-11	1,383,443	951.83	11.2	1.2
2009-10	1,413,036	976.44	8.8	1.0
2008-09	1,485,707	892.15	7.9	0.9
2007-08	1,490,631	914.31	7.9	0.9
2006-07	1,456,850	913.24	9.1	1.0
2005-06	1,304,006	835.70	10.6	1.3
2004-05	1,383,527	906.99	12.1	1.5
2003-04	1,265,978	849.41	12.1	1.5
<b><u>Total Direct and Overlapping Bonded Debt</u></b>				
2012-13	\$ 2,606,338	\$ 1,754.26	26.1 %	2.7 %
2011-12	2,675,474	1,825.14	24.6	2.6
2010-11	2,603,536	1,791.27	21.1	2.2
2009-10	2,749,789	1,900.17	17.1	1.9
2008-09	2,630,339	1,579.48	14.0	1.6
2007-08	2,797,316	1,715.79	14.8	1.7
2006-07	2,934,692	1,839.64	18.3	2.1
2005-06	2,497,640	1,600.66	20.3	2.5
2004-05	2,400,376	1,573.60	21.0	2.6
2003-04	2,344,880	1,573.30	22.4	2.8

(1) Includes all City bonded debt, net of assets held in restricted early redemption funds. See Table 20.

(2) Includes proportionate share of general obligation bonds of Maricopa County and all school districts which are wholly or partially within the City. Also included are City improvement districts and a community facilities district. See Table 20.

(3) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

**City of Phoenix, Arizona**  
**Direct and Overlapping Bonded Debt**  
 June 30, 2013  
 (in thousands)

**Table 20**

	<b>Bonded Debt</b>	<b>Less: Self- Supporting Debt</b>	<b>Net Bonded Debt</b>
<b>Direct Debt - City of Phoenix (1)(2)</b>			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 359,810	\$ -	\$ 359,810
Solid Waste	10,385	10,385	-
20% Limitation			
Various Purpose	1,112,370	-	1,112,370
Airport	8,905	8,905	-
Water	38,859	38,859	-
Sanitary Sewer	15,383	15,383	-
Total General Obligation Bonds	<u>1,545,712</u>	<u>73,532</u>	<u>1,472,180</u>
Less: Assets Held in Restricted Early Redemption Funds			(290,812)
Net Direct Debt			<u>1,181,368</u>

	<b>Bonded Debt</b>	<b>Valuation Percent to City</b>	
<b>Overlapping Debt (3)</b>			
City Improvement Districts	\$ 125	100.00 %	125
Tatum Ranch Community Facilities District	1,735	100.00	1,735
Maricopa County Community College District	713,145	30.95	220,718
High School Districts			
Phoenix Union	246,635	96.29	237,485
Glendale Union	81,460	80.20	65,331
Tempe High	80,225	29.58	23,731
Tolleson Union	54,215	45.53	24,684
Agua Fria Union	54,795	0.01	5
Elementary School Districts			
No. 1 Phoenix	50,595	100.00	50,595
No. 2 Riverside	18,065	97.79	17,666
No. 3 Tempe	97,230	14.96	14,546
No. 6 Washington	83,440	97.54	81,387
No. 7 Wilson	4,910	100.00	4,910
No. 8 Osborn	35,275	99.93	35,250
No. 14 Creighton	11,550	86.08	9,942
No. 17 Tolleson	9,735	20.64	2,009
No. 21 Murphy	7,020	100.00	7,020
No. 28 Kyrene	116,020	40.33	46,791
No. 31 Balsz	15,105	94.19	14,227
No. 38 Madison	63,460	100.00	63,460
No. 45 Fowler	9,510	88.77	8,442
No. 48 Scottsdale (Unified)	264,579	13.60	35,983
No. 59 Laveen	11,700	82.30	9,629
No. 62 Union	2,300	93.57	2,152
No. 65 Littleton	13,485	13.21	1,781
No. 66 Roosevelt	57,950	98.52	57,092
No. 68 Alhambra	5,675	81.24	4,610
No. 69 Paradise Valley (Unified)	273,525	68.71	187,939
No. 79 Litchfield	32,750	0.02	7
No. 83 Cartwright	16,360	100.00	16,360
No. 92 Pendergast	9,265	38.35	3,553
No. 93 Cave Creek (Unified)	14,975	11.79	1,766
No. 97 Deer Valley (Unified)	180,800	55.59	100,507
Total Overlapping Debt	<u>\$ 2,637,614</u>		<u>1,351,438</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,532,806</u>

(1) Net of cash with fiscal agent for July 1, 2013 maturities.

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

(3) Source: Maricopa County Finance Department



**City of Phoenix**



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*Statistical Section*

## **Economic and Demographic Information**

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



**City of Phoenix, Arizona**  
**Demographic Statistics**

**Table 21**

June 30, 2013

<b>Fiscal Year</b>	<b>Population (June 30) (4)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (2)</b>	<b>Elementary &amp; High School Enrollment</b>	<b>Unemployment Rate (1)</b>
2013	1,485,719	\$ 54,723,488	\$ 36,833 (3)	34.6	264,333	8.3%
2012	1,465,901	53,993,532	36,833 (3)	34.6	261,393	8.4%
2011	1,453,462	53,535,366	36,833 (3)	34.6	258,415	9.1%
2010	1,447,128	52,164,623	36,047	34.6	251,241	8.9%
2009	1,665,320	57,090,500	34,282	33.0	292,536	5.1%
2008	1,630,340	57,363,513	35,185	33.0	287,470	3.2%
2007	1,595,360	54,585,242	34,215	33.0	280,195	3.5%
2006	1,560,380	50,962,011	32,660	33.0	275,628	4.1%
2005	1,525,400	47,284,349	30,998	33.0	270,828	4.0%
2004	1,490,420	43,675,268	29,304	33.0	261,470	4.9%

(1) Calendar Year

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

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

(4) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

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

Principal Employers

Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	49,278	1	2.80%	50,363	1	2.99%
Wal-Mart	32,169	2	1.83%	18,677	2	1.11%
Banner Health Systems	25,270	3	1.44%	13,756	3	0.82%
City of Phoenix	14,983	4	0.85%	13,095	5	0.78%
Wells Fargo	14,713	5	0.84%			
Maricopa County	12,698	6	0.72%	13,482	4	0.80%
Arizona State University	12,222	7	0.70%	10,005	8	0.59%
Intel Corporation	11,900	8	0.68%	9,500	10	0.56%
JPMorgan/Chase	11,042	9	0.63%			
Bank of America	11,000	10	0.63%			
Honeywell International				12,000	6	0.71%
US Postal Service				11,406	7	0.68%
Albertson's-Osco				9,500	9	0.56%

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

Note: Top employers in Maricopa County.



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*Statistical Section*

## **Operating Information**

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





**City of Phoenix**

**City of Phoenix, Arizona**  
**Statistical Profile**  
 Last Ten Fiscal Years

**Table 23**

	2013	2012	2011	2010
<b>AREA (square miles)</b>	519.3	519.2	519.1	519.1
<b>POPULATION AND DWELLING UNITS (1)</b>				
City of Phoenix <b>(2)(3)</b>	1,485,719	1,465,901	1,453,462	1,447,128
Maricopa County (Metro Phoenix)	3,944,791	3,883,949	3,843,370	3,817,117
Number of Dwelling Units (City) <b>(3)</b>	596,676	594,190	592,591	590,612
<b>CITY EMPLOYEES (4)</b>				
Governmental:				
General Government	886	894	926	1,008
Criminal Justice	284	298	296	309
Public Safety	5,843	5,949	6,009	6,193
Transportation	688	717	727	774
Environmental Services	459	461	481	521
Community Enrichment	1,127	1,194	1,237	1,317
Community Development	689	680	704	720
Total Governmental Employees	9,976	10,193	10,380	10,842
Public Enterprise:				
Aviation	769	771	789	775
Phoenix Convention Center	222	221	234	258
Water Services	994	999	1,032	1,041
Wastewater Services	321	331	348	315
Solid Waste	531	544	564	582
Golf	44	51	55	61
Total Public Enterprise Employees	2,881	2,917	3,022	3,032
Total Full-Time Employees	12,857	13,110	13,402	13,874
Governmental per 1,000 Population	6.7	7.0	7.1	7.5
<b>PUBLIC SAFETY</b>				
<b><u>Police Protection</u></b>				
Police Precincts	8	8	8	6
Police Employees	4,442	4,441	4,463	4,819
Dispatched Calls for Service	648,729	658,227	670,038	656,331
Total Calls for 911/Crimestop	2,130,339	2,131,868	2,068,318	1,991,401
<b><u>Fire Protection</u></b>				
Fire Stations	58	58	57	58
Fire Employees	1,897	1,972	1,945	1,972
Total Calls for Service	172,568	165,034	156,348	146,203
<b>COMMUNITY ENRICHMENT</b>				
<b><u>Libraries</u></b>				
Number	17	17	16	16
Total Stock (in thousands)	1,735	1,791	1,644	1,736
Circulation (in thousands)	11,159	14,465	13,840	14,447
<b><u>Parks And Recreation</u></b>				
Number of Playgrounds <b>(5)</b>	244	242	166	164
City Parks (number of acres)	46,634	46,032	44,517	41,966

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

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

(3) The City successfully appealed the 2010 census figures to add an additional 1,496 persons and 463 dwelling units. 2010, 2011 and 2012 figures have been adjusted to reflect the change.

(4) Includes only full-time filled positions.

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

**Table 23**

(Continued)

2009	2008	2007	2006	2005	2004
519.1	517.9	517.2	515.9	515.0	514.8
1,665,320	1,630,340	1,595,360	1,560,380	1,525,400	1,490,420
3,759,766	3,725,530	3,649,508	3,542,582	3,393,669	3,283,028
583,515	576,610	568,127	556,643	544,804	531,481
1,210	1,339	1,341	1,357	1,333	1,341
345	361	359	354	349	360
6,405	6,486	6,069	5,945	5,730	5,574
788	824	810	807	778	763
483	482	474	466	458	478
1,386	1,613	1,671	1,577	1,605	1,596
785	893	1,005	969	884	906
11,402	11,998	11,729	11,475	11,137	11,018
775	762	751	716	710	688
268	197	188	176	172	174
1,046	1,050	1,008	1,079	1,057	1,043
306	302	298	236	230	228
590	538	528	503	491	435
60	61	64	64	65	64
3,045	2,910	2,837	2,774	2,725	2,632
14,447	14,908	14,566	14,249	13,862	13,650
6.8	7.4	7.4	7.4	7.3	7.4
6	6	6	6	6	6
4,949	4,961	4,378	4,169	3,999	3,877
760,650	823,497	890,665	899,214	892,092	888,281
2,091,799	2,435,385	2,650,475	2,575,793	2,650,215	2,563,100
57	57	52	52	50	49
2,037	2,105	2,002	1,885	1,873	1,719
145,714	145,279	149,058	153,037	149,553	135,306
16	15	15	14	14	13
1,751	2,165	2,537	1,963	2,179	2,048
14,152	15,835	14,987	12,991	12,264	11,529
164	164	154	149	143	139
41,966	37,991	38,059	37,716	37,599	37,599

**Table 23**

(Continued)

	2013	2012	2011	2010
<b>TRANSPORTATION</b>				
<b>Public Transit</b>				
Ridership (in thousands)	39,044	38,440	37,425	38,476
Dial-a-Ride (in thousands)	336	337	328	354
Light Rail (in thousands) (6)	8,924	8,387	7,885	7,576
<b>Traffic Control And Lighting</b>				
Signalized Intersections	1,102	1,096	1,092	1,080
Street Lights in Use	90,613	95,592	91,133	90,870
<b>Streets</b>				
Miles of Streets	4,850	4,832	4,824	4,811
Miles Resurfaced and Sealed:				
Major/Collector Streets	11	10	85	20
Local Streets	77	183	41	89
<b>COMMUNITY DEVELOPMENT</b>				
<b>Construction Permits (7)</b>				
Number of Permits Issued	30,295	27,652	29,366	28,185
Market Value (in thousands)	\$2,964,395	\$2,845,334	\$2,881,360	\$2,589,067
<b>AVIATION</b>				
Scheduled Airlines Served	21	17	18	19
Aircraft Traffic Movements (in thousands)	934	963	941	984
Passengers Enplaned/Deplaned (in thousands)	40,565	40,554	39,561	38,289
<b>PHOENIX CONVENTION CENTER</b>				
Number of Conventions	58	58	50	70
<b>WATER SERVICES</b>				
Production (billion gallons)	97.8	100.8	99.9	97.9
Average Daily Production (million gallons)	267.8	275.5	273.6	267.9
Miles of Water Mains (8)	6,847	6,953	6,962	6,955
Number of Accounts	414,188	407,902	404,647	403,104
<b>WASTEWATER SERVICES</b>				
Miles of Sewer Lines (8)	4,816	4,984	4,980	4,975
Number of Accounts (9)	397,627	394,495	391,267	373,123
<b>SOLID WASTE COLLECTION SERVICES</b>				
Residences Served	397,624	395,785	394,159	392,830
City Disposal (tons)	566,509	599,952	645,038	649,616
Total Disposal (tons)	875,601	948,931	1,046,300	975,234
<b>GOLF</b>				
Rounds of Golf Played	248,630	253,288	236,700	246,147
Acres of Golf Courses Maintained	922	922	755	755

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

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

(8) Beginning in 2013, miles of water mains and sewer lines are reported from a GIS tracking system rather than the as built database, resulting in a more accurate count of mileage.

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

**Table 23**

(Continued)

2009	2008	2007	2006	2005	2004
48,061	45,543	44,109	45,381	43,096	41,175
396	391	411	409	393	370
3,486	-	-	-	-	-
1,072	1,012	992	979	963	946
89,844	89,632	86,524	82,971	79,732	77,302
4,799	4,799	4,995	4,886	4,782	4,606
60	22	13	21	38	39
74	82	97	122	147	173
33,541	33,550	43,894	46,442	41,269	36,717
\$3,347,275	\$3,440,591	\$5,431,182	\$4,474,346	\$4,379,205	\$3,284,089
19	21	22	22	25	23
1,038	1,085	1,130	1,083	1,006	1,040
37,936	41,646	41,886	41,673	40,529	38,253
60	54	49	40	49	40
99.2	106.6	106.0	109.4	102.1	108.1
271.8	291.2	290.4	299.9	279.8	295.5
6,935	6,905	6,790	6,630	6,377	6,230
402,926	403,752	401,937	394,155	383,011	371,708
4,960	4,943	4,730	4,696	4,584	4,376
373,588	374,555	373,035	364,555	353,099	344,400
390,479	386,389	379,047	366,903	355,345	346,854
709,812	711,365	732,360	719,438	711,265	710,199
1,039,169	1,054,206	1,150,580	1,114,186	1,106,600	1,080,598
255,847	299,000	313,000	326,000	326,000	347,000
724	922	922	922	922	922



**City of Phoenix**





**City of Phoenix**

