

FOR FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF PHOENIX, ARIZONA

POPULAR ANNUAL FINANCIAL REPORT



INVESTING IN THE FUTURE OF PHOENIX



City of Phoenix



Popular Annual Financial Report
For the Fiscal Year Ended June 30, 2023

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Jeffrey J. Barton, City Manager

Phoenix Strategic Plan Focus Areas:

Economic Development and Education - Ensuring a sustainable and forward-looking economic development strategy that encourages high-wage jobs.

Financial Excellence - Maintaining fiscally sound and sustainable financial plans and budgets that reflect community values and residents' priorities.

Infrastructure - Creating and maintaining high-quality and diverse infrastructure systems.

Innovation and Efficiency - Seeking continuous improvement and maintaining our culture of innovation and efficiency, including right-sourcing.

Neighborhoods and Livability - Ensuring healthy, safe and beautiful neighborhoods that enhance the quality of life for all residents.

Phoenix Team - Supporting our employees, volunteers, and community partners to work together in order to serve our residents with the highest standard of quality and customer service.

Public Safety - Maintaining safe neighborhoods throughout the City.

Social Services Delivery - Encouraging new methods of social services that support independence, quality of life, and sustainable service.

Sustainability - Securing environmental and economic livability for future generations in the region, with an emphasis on solar energy.

Technology - Focusing on a "web-enabled City" that embraces technological innovation and automated City services.

Message from the City Manager

Greetings:

This marks our 13th annual City of Phoenix Popular Annual Financial Report which will provide an overview of the City's financial outlook, financial position, assets and debt for the fiscal year ended June 30, 2023.

The 2022-2023 City of Phoenix Budget reflects broad Council and community priorities. As a result of the strong Phoenix economy, strategic actions taken by City Council and City Management, along with the commitments of City employees to provide services and control spending through the pandemic, the budget remains balanced and provides enhanced city services for the community.

The 2022-23 General Fund Budget includes \$24 million in service additions that will continue to move the City forward in addressing several key priorities discussed over the last few years. To further enhance the City's ability to withstand the economic uncertainty ahead and to provide resources for critical projects and priorities, the budget also recommends strategically creating two General Fund set-asides that would serve a dual purpose. The set-asides totaling \$52 million include \$30 million for future employee compensation increases and \$22 million for future Council and community priority areas.

I want to thank the Mayor and City Council for your strong leadership over the past year and throughout the COVID-19 pandemic. I also want to thank our residents who participated in the budget process. Your feedback is critical to ensure the adopted budget reflects your priorities. I am honored to work for you to ensure we continue delivering exceptional programs and services to all Phoenix residents.

Sincerely,
Jeffrey J. Barton
City Manager



City of Phoenix

Message from the Chief Financial Officer

Dear Reader:

In an effort toward complete transparency, I am pleased to submit to residents the City of Phoenix Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023. The information presented in this report is based primarily on the City of Phoenix Annual Comprehensive Financial Report (ACFR) which is available in its entirety online at <https://www.phoenix.gov/finance/annualreports>.

The objective of the PAFR is to provide an easily understandable summary of the City's financial status. This report focuses on the entire financial picture of the City for all functions provided to our residents and excludes discretely presented component units of the City. The report includes information about City management, an overview of the City's economic outlook and key financial information concerning the City's revenues, expenditures, capital assets, and debt.

I hope that you find the information helpful and encourage you to access our audited ACFR on the City's website for more detailed information on the City's finances. Your questions, comments and suggestions regarding this report are welcome. You can contact the Finance Department on the 9th floor of 251 W. Washington St., Phoenix, AZ 85003 or at 602-262-7166.



Kathleen Gitkin
Chief Financial Officer

Sincerely,
Kathleen Gitkin,
Chief Financial Officer

Financial Excellence Strategic Plan:

- Maintain high bond ratings
- Prioritize capital and funding plans for critical infrastructure
- Provide accurate and reliable revenue and expenditure forecasting
- Maintain a transparent financial environment, free of fraud, waste, and abuse

Finance Department Mission:

To provide citywide financial leadership through the management of best in class business practices that safeguard the public's assets and provide our customers with transparency, information and financial expertise.

City of Phoenix, Arizona

Bond Ratings:

Description	Moody's	S & P	Fitch*
General Obligation	Aa1	AA+	AAA
Senior Lien Excise Tax Revenue	Aa2	AAA	AA+
Senior Lien Airport Revenue	Aa2	AA -	-
Junior Lien Water System Revenue	Aa2	AAA	-
Senior Lien Wastewater System Revenue	Aa2	AAA	-

*Currently, Fitch does not rate the City's Enterprise or Special Revenue credits.

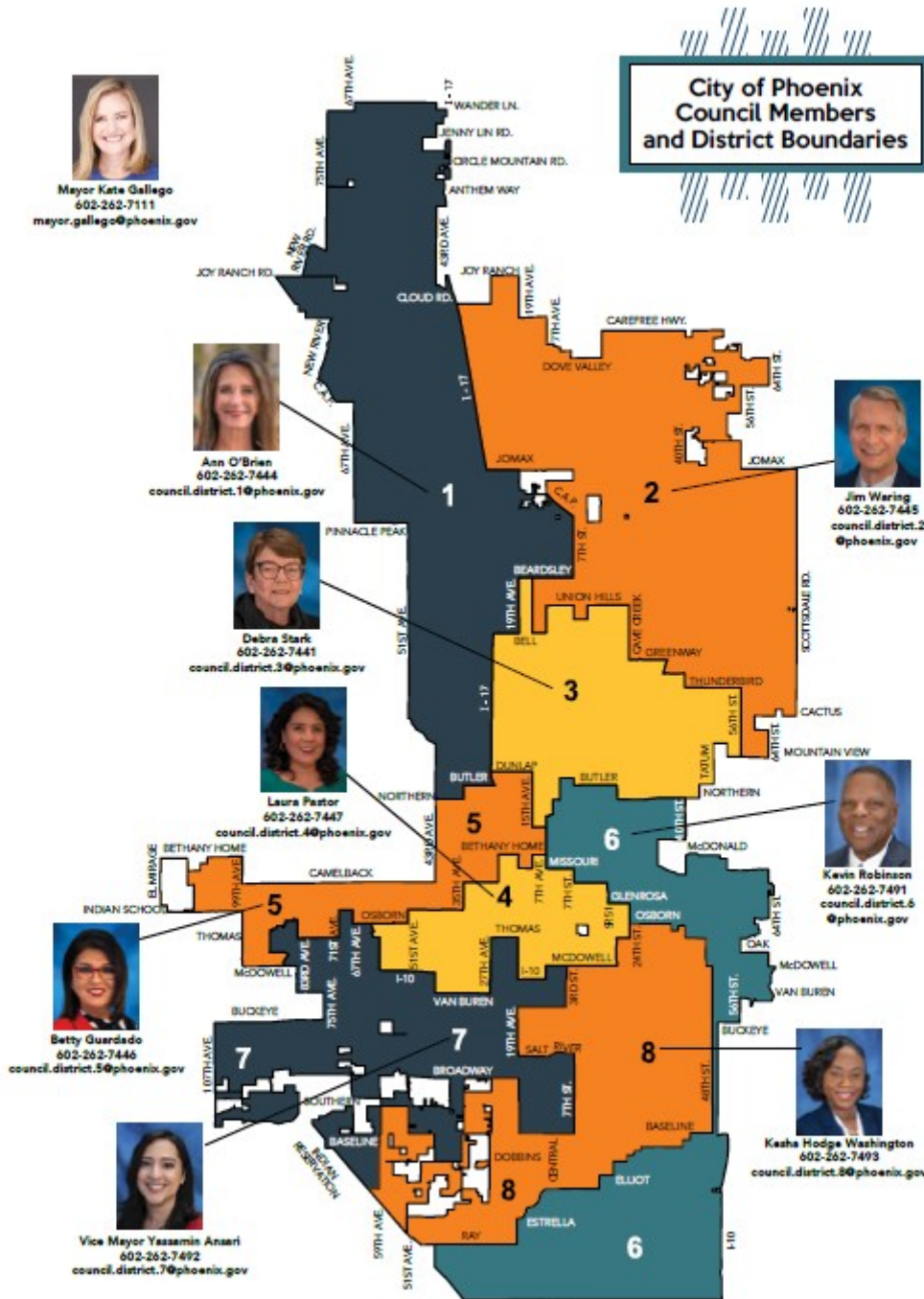
Note: See Exhibit H-10 in City ACFR for a comprehensive list of all bond ratings.





About Phoenix City Council

Phoenix operates under a Council-Manager form of government. 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 1982, an initiative was passed by the City voters creating a district system for electing council members. The Mayor is elected at-large, while Council members are elected by voters in each of eight separate districts they represent for four-year terms. The Mayor and each Council member have equal voting power.





City of Phoenix

Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Phoenix for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Phoenix
Arizona**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

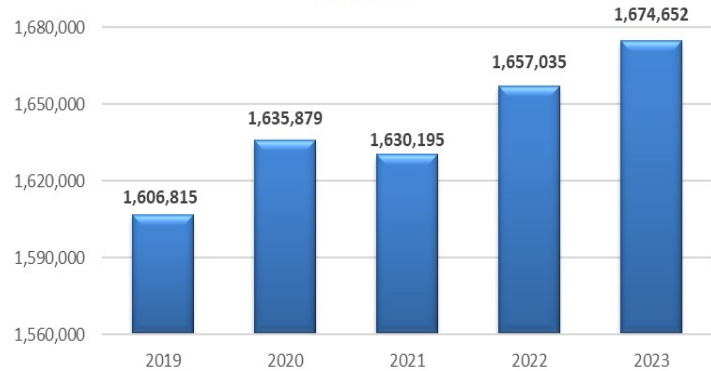


Where We've Been

Phoenix continues to be an attractive place to live and work, a national leader for attracting businesses, and has been one of the most rapidly growing metropolitan areas in the country in recent decades. Recent years have seen substantial growth in terms of population, employment, 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.

City of Phoenix Population
Fiscal Year

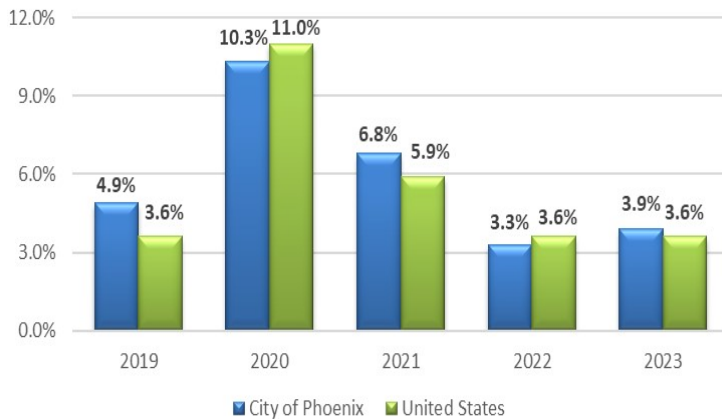


During the period of 2010 to 2020, population growth was an estimated 11.2% in Phoenix compared to an estimated 7.4% for the U.S. In that same time frame, employment in the Phoenix area and in the U.S. grew 25.4% and 8.9%, respectively.

The Phoenix area employment mix is well diversified and fairly similar to that of the U.S. An exception is construction and financial employment due to rapid population and employment growth.

The primary employment sectors and their share of total employment consist of service industries (56%); trade, transportation, and utilities (19.3%); government (9.6%); construction (6.8%); and manufacturing (6.4%).

Unemployment Rates
Calendar Year



Secondary assessed valuation is a measure of taxable property value. For fiscal year 2015-16, the primary assessed valuation and the secondary assessed valuation were combined into a single valuation of \$10.6 billion. Between fiscal years 2015-16 and 2021-22, the assessed valuation increased by 39.6% to \$14.8 billion. The assessed valuation increased another 4.7% to \$15.5 billion for fiscal year 2022-23.

City total property tax rate (Primary and Secondary) for fiscal year 2022-23 was set to \$2.11 per \$100 assessed valuation.

Secondary Assessed Valuation
Fiscal Year





Where We're Headed

Phoenix Strategic Plan Focus Area: Infrastructure

Creating and maintaining high-quality and diverse infrastructure systems.

Vision Zero Road Safety Action Plan

In September 2022, Phoenix City Council unanimously approved a comprehensive Vision Zero Road Safety Action Plan and the allocation of \$10 million in annual funding for its implementation. The Road Safety Action Plan — Moving To Vision Zero was created to fundamentally shift the way the City of Phoenix addresses and responds to crashes, develop systemic strategies to improve safety, and provide a road-map for the City to hone a “safety-first”, proactive stance in reducing and ultimately preventing road fatalities.

The goal of the plan is to reduce the number of traffic fatalities and serious injuries in Phoenix to zero by 2050, and connects with the Vision Zero philosophy that those types of incidents are preventable.



Phoenix Strategic Plan Focus Area: Technology

Focusing on a “web-enabled City” that embraces technological innovation and automated City services.

Revised and Updated City Manager’s Performance Dashboard

The new City Manager’s Performance Dashboard launched in 2022. It enhances transparency, highlights City achievements, and identifies potential areas for improvement. The dashboard serves as a comprehensive and easy-to-understand resource of services and programs offered to the Phoenix community and encompasses more than 130 metrics from 28 City departments.



Phoenix Strategic Plan Focus Area: Sustainability

Securing environmental and economic livability for future generations in the region, with an emphasis on solar energy.

Heat Response Plan

In March 2022, the City Council approved a Heat Response Plan. It established three goals, including a reduction in heat-associated deaths, fewer heat-related service calls, and an evaluation of 100% of the current heat response programs and services. In January 2023, the City Council voted to access funding that will be used to plant trees equitably in Phoenix with a focus on neighborhoods most impacted by rising temperatures.



Basis of Accounting

The term “basis of accounting” is used to describe the timing of recognition, or when the effects of transactions or events should be recognized. The financial statements presented in this report were prepared using the Generally Accepted Accounting Principles (GAAP) basis of accounting. Other reports issued by the City may use the budget basis of accounting.



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 and sets limits on the amount the City is able to spend on City functions. Some reports issued by the City use the budget basis of accounting to compare City financial activities to the adopted budget. Most of the statements in this report were taken from the City’s ACFR, which is prepared using the GAAP basis of accounting.

The timing of revenue and expenditures may be different under the GAAP basis of accounting than under the budgetary basis of accounting. For example in GAAP accounting, revenues are recognized in governmental funds as soon as they are both measurable and available. Under the budgetary basis of accounting, revenue may be deferred until amounts are actually received in cash.



Another difference occurs in the recognition of an encumbrance, which is an amount for which there is a legal obligation to spend in the future, such as entering into a contract with a business to supply the City a product or service.

Under the budgetary basis of accounting, the encumbered amount can be classified as an expense when the contract is signed, but under the GAAP basis of accounting encumbrances are not classified as expenditures until the service has been performed.



Government-Wide Statement of Net Position

June 30, 2023, 2022 and 2021 (in thousands)	Total City Government		
	2023	2022	2021
Assets:			
Cash and investments	3,815,146	3,371,368	3,074,279
Current and other assets	4,966,265	4,846,728	4,025,730
Capital assets, net of depreciation	14,141,369	13,784,688	13,252,596
Total assets	22,922,780	22,002,784	20,352,605
Deferred outflows of resources	913,340	822,760	777,252
Liabilities:			
Long-term liabilities	12,304,710	12,223,204	12,556,419
Other liabilities	1,825,765	2,022,567	1,541,250
Total liabilities	14,130,475	14,245,771	14,097,669
Deferred inflows of resources	643,890	876,022	431,686
Net position:			
Net investment in capital assets	8,059,519	7,577,114	6,731,809
Restricted	2,023,895	1,749,270	1,688,060
Unrestricted	(1,021,659)	(1,622,633)	(1,819,367)
Total net position	9,061,755	7,703,751	6,600,502

Current and other assets - Assets that one can reasonably expect to convert to cash, sell, or use within one year.

Capital assets - The City's long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Page 9 provides more detailed information on capital assets.

Deferred outflows of resources - A consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Long-term liabilities - Represents mainly debt obligations and net pension liability of the City. The proceeds from various debt issues are used to finance large projects such as road construction and major equipment purchases. Net pension liability is the total pension obligation for current and retired employees minus assets held in trust to meet those obligations.

Other liabilities - These are primarily debts that can be paid off in one year or less. This includes accounts payable, accrued payroll, and accrued interest payable.

Deferred inflows of resources - An acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net investment in capital assets - This represents the City's investment in its capital assets less accumulated depreciation and any outstanding debt attributable to the acquisition, construction, or improvement of these assets.

Restricted net position - Resources whose use is subject to externally imposed restrictions. The City has resources set aside for debt service payments, development impact fees restricted to growth-related projects, other capital projects, and required reserves.

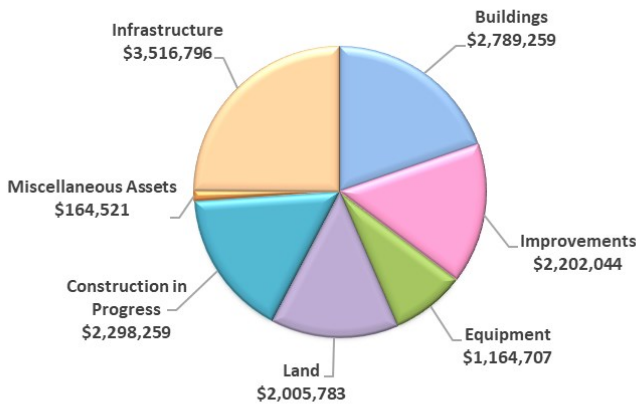
Unrestricted net position - Resources available to the City to provide services to the citizens and creditors if there were no additional revenues or resources available.



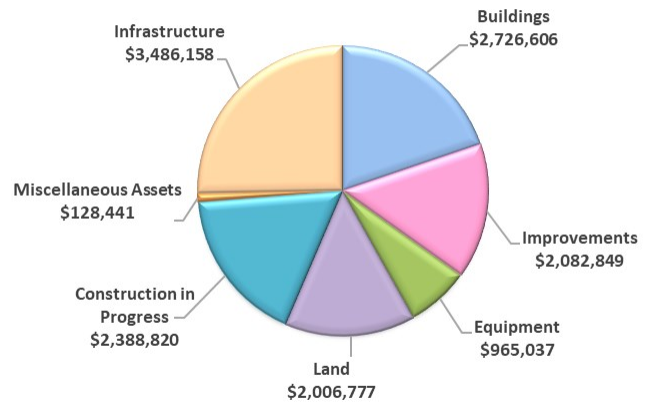
Capital Assets

The City invests in capital assets to provide services to and enhance the quality of life of our residents. As shown on the previous page, the City’s total capital assets (net of depreciation) was \$14.1 billion and \$13.8 billion for the fiscal years ended June 30, 2023 and 2022, respectively. This total includes the following asset categories:

City of Phoenix Capital Assets
As of June 30, 2023
(in thousands)



City of Phoenix Capital Assets
As of June 30, 2022
(in thousands)



Asset Category Definitions:

- **Buildings** include police and fire stations, courts, libraries, recreation facilities and sports facilities.
- **Improvements** include upgrades such as parking lots, fences, bus shelters, playgrounds, sports courts and fields, and water treatment facilities.
- **Equipment** includes garbage and recycling trucks, police cars, fire engines, and light rail cars.
- **Land** means real estate purchased to provide services to residents like parks or police stations.
- **Construction in Progress** reflects the cost of all projects for construction of buildings, other improvements, and equipment that are in progress and not yet completed.
- **Miscellaneous Assets** include artwork, software, and water rights.
- **Infrastructure** includes water and sewer lines, streets, bridges and storm drains.

Major Additions to Capital Assets during the Fiscal Year 2022-23:

- Water and wastewater distribution, collection and treatment facilities projects valued at \$178.2 million.
- New and replacement water and sewer mains throughout the City valued at \$168.9 million.
- Various street and storm sewer projects throughout the City valued at \$153.6 million.
- Design and construction related to the light rail extension projects valued at \$86.9 million.
- Improvements to parks and trailheads throughout the City valued at \$48.4 million.
- Sky Harbor Sky Train extension from airport terminals to rental car center valued at \$36.0 million.



Debt

The City utilizes general obligation bonds, municipal corporation obligations, revenue bonds, and loans from direct borrowings for long-term financing of facilities. The City currently utilizes revolving credit facilities for short-term obligations.

General Obligation Bonds

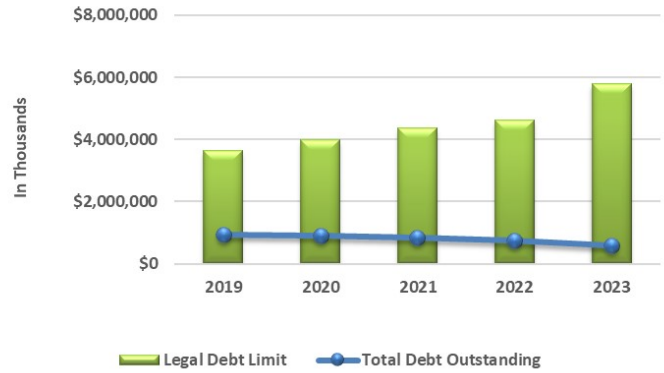
The City typically issues general obligation bonds to fund the capital projects of general government (non-enterprise) departments. These projects include cultural facilities, fire, police, library, parks and recreation, mountain preserves, storm sewers, streets, and transportation. The annual debt service on these bonds is paid from secondary property taxes.

State law dictates that revenue collected for the City's secondary property tax levy be used solely to pay principal and interest on long-term debt. The law imposes two limits on the total of general obligation debt; an amount equal to 20% of the City's secondary assessed valuation can be issued to fund capital projects for water, sewer, artificial light, open space preserves, parks, playgrounds, streets, and facilities for recreation, law enforcement, fire, emergency services, and transportation. An amount equal to 6% of the secondary assessed valuation can be issued for all other purposes. These limits are known as the Legal Debt Limit.

6% Legal Debt Limit



20% Legal Debt Limit



Municipal Corporation Obligations

Revenue bonds are secured by taxes, user fees, and charges for services and are not considered a general obligation of the City. This includes Municipal Corporation bonds issued by the City of Phoenix Civic Improvement Corporation (the "CIC"), an affiliated nonprofit corporation that issues bonds or certificates of participation to finance certain facilities and equipment. The City makes lease purchase payments to cover the principal and interest on these obligations.

Revenue Bonds

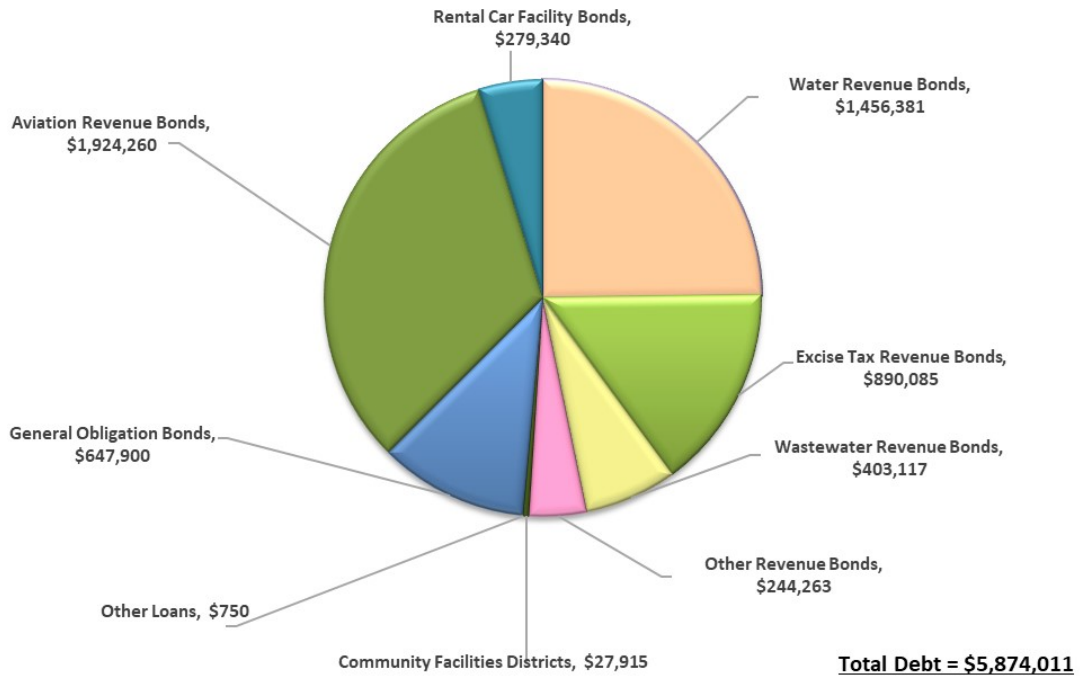
State law authorizes the City to issue voter-approved highway user revenue and utility revenue bonds. The City currently has no outstanding voter-approved revenue bonds.

Short-Term Obligations

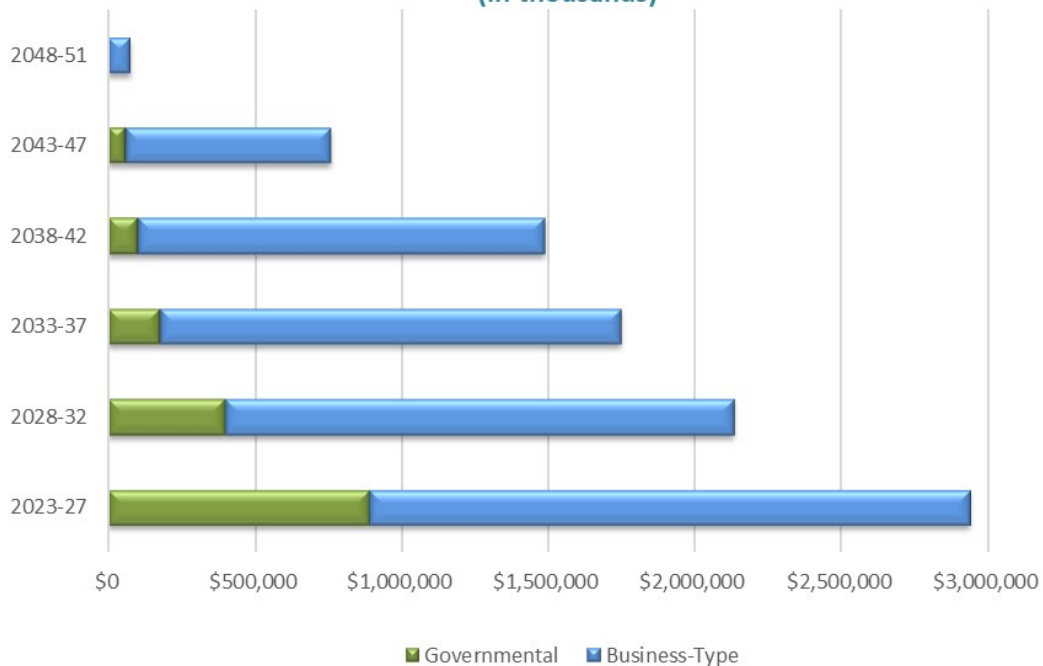
The City currently has 3 revolving credit facilities totaling \$600.0 million for Transportation 2050, water, and wastewater. Each revolving credit facility is for \$200.0 million and for a three-year loan period with options to extend the loan period.

Debt (continued)

2023 Outstanding Long-Term Debt by Type (in thousands)



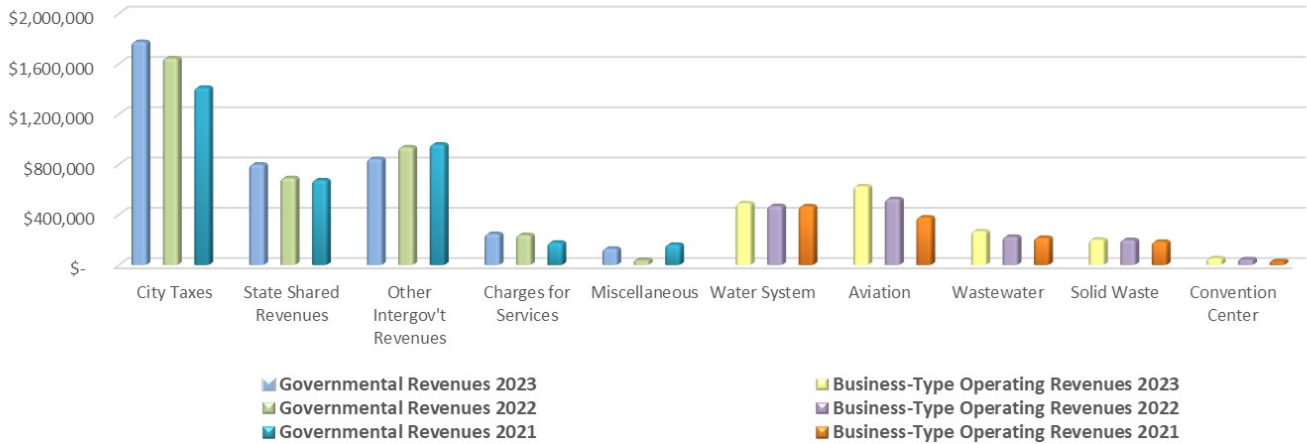
Debt Service Requirements: Governmental and Business-Type Activities (in thousands)





Where the Money Comes From

Governmental and Business-Type Revenues
(in thousands)



	City Taxes	State Shared	Other Intergov't	Charges for Services	Miscellaneous	Total
Governmental Revenues—2023	1,774,833	799,597	828,407	247,124	142,659	3,792,620
Governmental Revenues—2022	1,645,068	691,895	936,570	238,364	39,361	3,551,258
Governmental Revenues—2021	1,410,625	674,518	958,339	178,652	161,926	3,384,060

	Water System	Aviation	Wastewater	Solid Waste	Convention Center	Total
Business-Type Operating Rev—2023	490,556	626,139	268,652	201,735	53,319	1,640,401
Business-Type Operating Rev—2022	469,835	525,220	224,819	199,550	45,556	1,464,980
Business-Type Operating Rev—2021	467,576	378,553	216,830	185,699	27,114	1,275,772

Governmental Revenues

Governmental funds are used to account for the basic functions of the City, such as police, fire, courts, streets, parks, libraries and public housing. The major governmental revenue categories are:

City Taxes — Includes sales taxes, property taxes, franchise fees, special taxing district revenues, and payments in-lieu of taxes.

State Shared Revenues — The state of Arizona shares certain revenues with cities, such as income tax, state sales tax, vehicle license tax, and highway user revenues, as required by various state statutes.

Other Intergovernmental Revenues — Federal grants and revenues from other government sources.

Charges for Services — Revenues collected for services such as building inspections, court and police fees and public transit fares.

Miscellaneous — Investment income, dwelling rentals, concession sales, fines, licenses and permits.

Business-Type Revenues

Business-type funds are used to account for activities that are financed and operated in a manner similar to private businesses.

These funds are considered self-supporting in that the services rendered are generally financed through user charges or fees. The operating revenues shown in the chart do not include grants or transfers. In general, business-type revenues can only be used to support the expenditures of the business-type fund in which it was earned. The major business-type revenues are Water System, Aviation, Wastewater, Solid Waste and Convention Center.



Where the Money Comes From

(continued)

Governmental Revenues Fiscal Year 2023

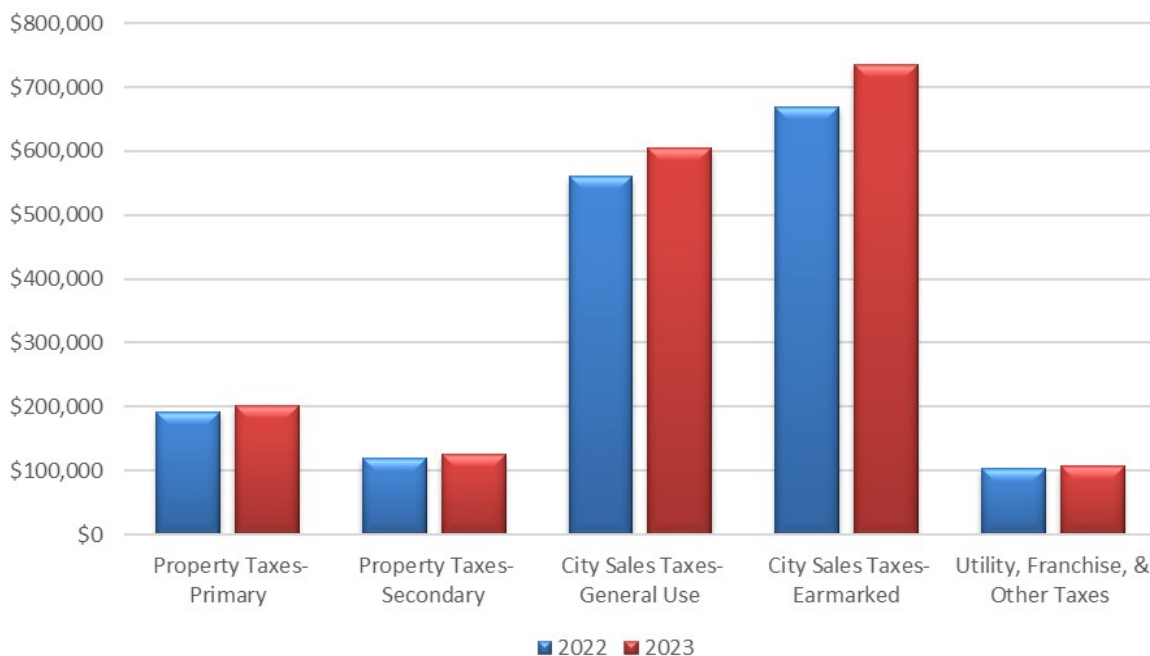
City taxes account for 42% of governmental fund revenues. Some revenues are earmarked for specific uses, while others are available for general use.

Property Taxes - 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; and 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.

City Sales Taxes - Sales tax revenues are either earmarked for specific uses, such as public safety, transit, the convention center, or are available for general use. This category not only includes retail sales tax, but also hotel/motel taxes, commercial rental, construction contracting, and motor vehicle rentals among others.

Utility, Franchise and Other Taxes - These taxes include franchise fees paid by public utilities, telecommunications companies, and cable television businesses. These taxes are available for general use.

City Taxes
(in thousands)



On average, for every tax dollar the City receives, \$0.08 is spent on debt service, and \$0.45 is earmarked for specific spending purposes, such as public safety or transportation. Leaving \$0.47 of every tax dollar to spend on general fund programs.



Where the Money Comes From

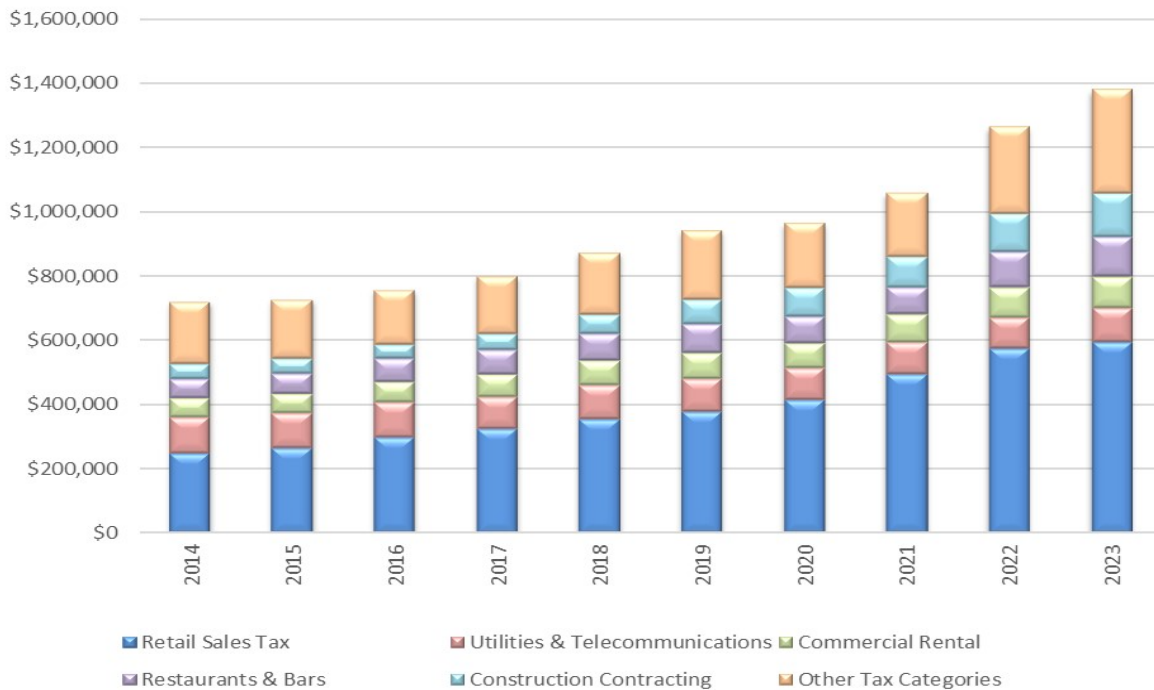
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Transaction Privilege Taxes are imposed on various business activities. Revenues from these activities or tax categories are distributed to various funds depending on the tax allocation structure approved by voters. The retail sales tax fund distribution is shown on the following page.

Retail Sales Taxes as a Portion of Total Transaction Privilege Taxes (in thousands)



City Transaction Privilege Taxes by Category (in thousands)



Other tax categories include hotel/motel lodging, apartment/residential rental, motor vehicle rental, amusements, advertising, job printing, publishing, use tax, jet fuel, and retail food sales.



Where the Money Goes

Where Your Retail Sales Tax Dollar Goes

Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which impacted Retail Tax: 1) Level 1 at 2.3% for first amount equal to or less than \$10,000 for a single item, 2) Level 2 at 2.0% for amounts greater than \$10,000 for a single item. Adding in the state and county sales tax rates, the total tax rate for most items purchased at retail in the City is 8.6%.

2.3%	City of Phoenix
5.6%	State of Arizona
<u>0.7%</u>	Maricopa County
8.6%	Total Phoenix Sales Tax Rate

Where the Phoenix 2.3% Goes:

1.2% General Fund — The General Fund provides for many of the major functions of the City including public safety (police and fire), courts, street maintenance, park & recreation services, preserving & revitalizing Phoenix neighborhoods, and advancing environmental protection & sustainability programs. It is the primary operating fund of the City.

0.7% Transportation 2050 — Phoenix voters approved Transportation 2050, a 0.7% sales tax, effective January 1, 2016, to fund the City’s Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. This tax supersedes the 0.4% Transit 2000 sales tax approved by voters in March 2000.

0.2% Public Safety Expansion — This ordinance, approved by voters in 2007, provides for the funding of additional police officers and firefighters.

0.1% Neighborhood Protection — Fund Created in 1993 as a result of the enactment of the Neighborhood Protection Ordinance (Proposition 301), this fund expanded Police, Fire, and Neighborhood Block Watch Programs.

0.1% Parks and Desert Preserves — In 2007, Phoenix voters reauthorized the Phoenix Parks and Preserve Initiative that provides funds to save thousands of acres of state trust land, make improvements to neighborhood and community parks, and build regional parks.



Where the Money Goes

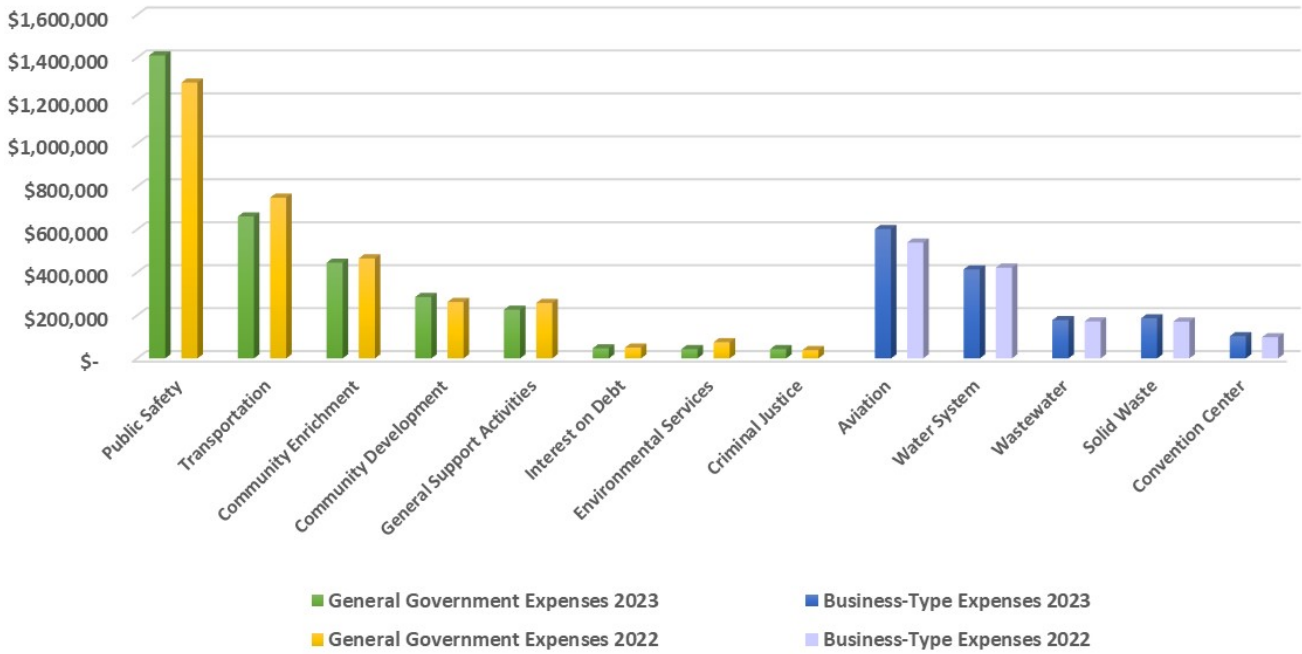
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Governmental and Business-Type Expenses For the Years Ended June 30, 2023 and 2022

(in thousands)

Total Expenses: FY23 - \$ 4,652,701

Total Expenses: FY22 - \$ 4,586,960

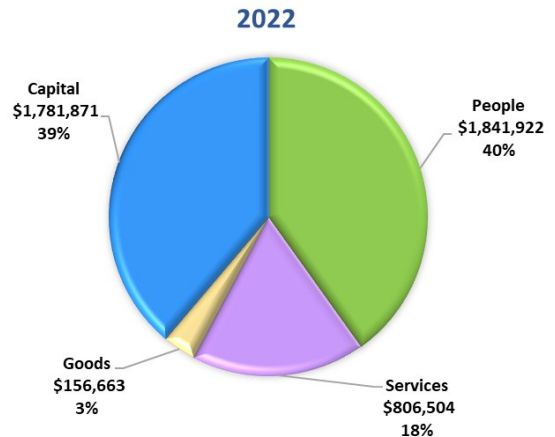
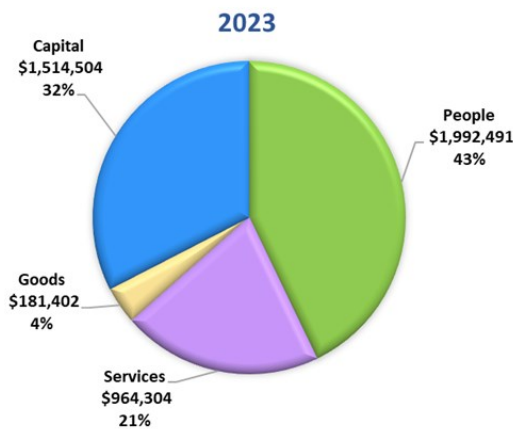


People — The cost of employees including wages and benefits

Capital — Costs of property, plant and equipment; primarily depreciation and interest

Services — Contractual services provided by external entities

Goods — Inventories, supplies, and materials





Where the Money Goes

(continued)

2023

	People	Services	Goods	Capital	Total	% of Subtotal	% of Total
General Government							
Public Safety	1,161,882	86,782	37,829	124,317	1,410,810	44.52%	30.32%
Transportation	76,082	125,810	16,464	442,360	660,716	20.85%	14.20%
Community Enrichment	146,599	177,134	24,202	103,649	451,584	14.25%	9.71%
Community Development	99,122	159,602	2,344	24,789	285,857	9.02%	6.14%
General Support Activities	92,824	39,570	3,897	90,474	226,765	7.16%	4.87%
Interest on Debt	-	-	-	46,762	46,762	1.48%	1.01%
Criminal Justice	35,966	5,781	778	553	43,078	1.36%	0.93%
Environmental Services	5,268	7,815	6,143	23,791	43,017	1.36%	0.92%
Subtotal	1,617,743	602,494	91,657	856,695	3,168,589	100.00%	68.10%
Business-Type							
Aviation	58,679	188,507	13,961	341,143	602,290	40.58%	12.94%
Water System	146,288	33,460	64,641	169,829	414,218	27.91%	8.90%
Solid Waste	76,197	85,970	4,462	19,810	186,439	12.56%	4.02%
Wastewater	70,305	30,537	4,878	72,087	177,807	11.98%	3.82%
Convention Center	23,279	23,336	1,803	54,940	103,358	6.97%	2.22%
Subtotal	374,748	361,810	89,745	657,809	1,484,112	100.00%	31.90%
TOTAL	1,992,491	964,304	181,402	1,514,504	4,652,701		100.00%

2022

	People	Services	Goods	Capital	Total	% of Subtotal	% of Total
General Government							
Public Safety	1,065,451	47,872	23,932	147,098	1,284,353	40.35%	28.00%
Transportation	74,558	63,274	8,250	602,378	748,460	23.51%	16.32%
Community Enrichment	133,724	169,441	22,890	139,486	465,541	14.63%	10.15%
Community Development	94,405	133,660	1,665	32,897	262,627	8.25%	5.73%
General Support Activities	102,010	52,060	7,224	96,844	258,138	8.11%	5.63%
Environmental Services	9,900	19,572	12,122	33,777	75,371	2.37%	1.64%
Interest on Debt	-	-	-	50,328	50,328	1.58%	1.10%
Criminal Justice	30,245	7,357	448	211	38,261	1.20%	0.83%
Subtotal	1,510,293	493,236	76,531	1,103,019	3,183,079	100.00%	69.40%
Business-Type							
Aviation	28,196	159,828	11,308	340,040	539,372	38.42%	11.76%
Water System	143,166	26,512	58,988	193,877	422,543	30.10%	9.21%
Wastewater	67,918	33,320	3,703	67,180	172,121	12.26%	3.75%
Solid Waste	72,228	70,753	5,063	23,177	171,221	12.20%	3.73%
Convention Center	20,121	22,855	1,070	54,578	98,624	7.02%	2.15%
Subtotal	331,629	313,268	80,132	678,852	1,403,881	100.00%	30.60%
TOTAL	1,841,922	806,504	156,663	1,781,871	4,586,960		100.00%



Where the Money Goes (continued)

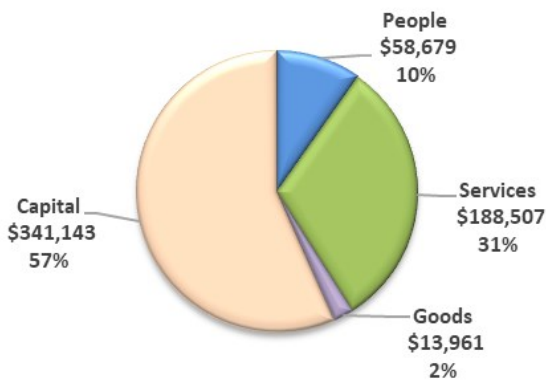
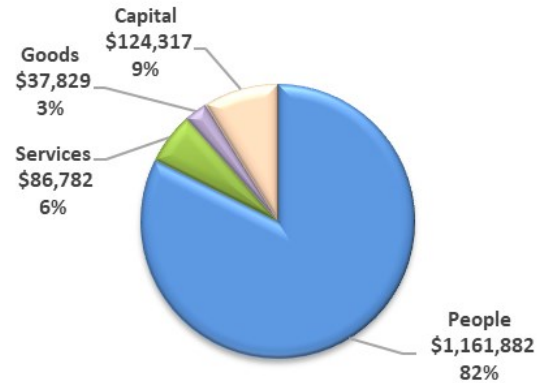
City of Phoenix

Public Safety Expenses →

FY23 = \$1,410,810

(in thousands)

The City's largest expense category is Public Safety. This includes the Police and Fire departments. The Police Department provides law enforcement and community resources for police services and the protection of the lives and property of our residents. The Fire Department provides safety of life and property through fire prevention, fire control, and emergency medical and public education services.



← Aviation Expenses

FY23 = \$602,290

(in thousands)

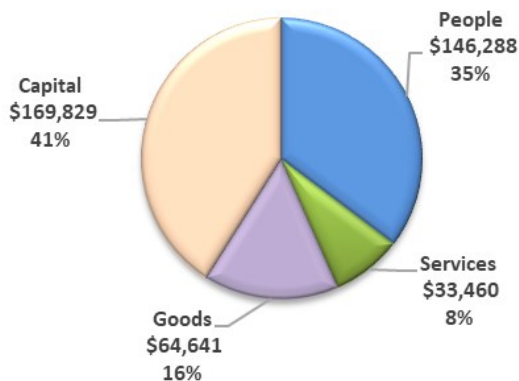
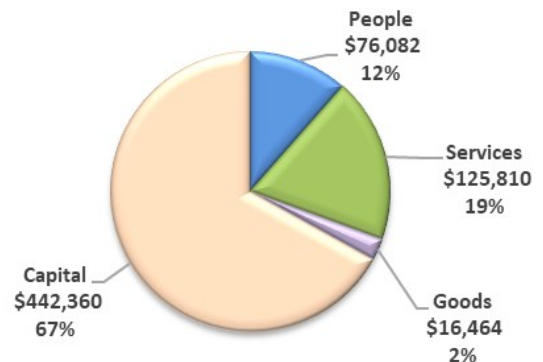
The Aviation Department provides the Phoenix metropolitan area with a self-supporting system of airports and aviation facilities that accommodate general and commercial aviation in a safe, efficient and convenient manner. Major facilities include Sky Harbor International Airport, Deer Valley Airport, Goodyear Airport, and the Rental Car Center at Sky Harbor.

Transportation Expenses →

FY23 = \$660,716

(in thousands)

Transportation expenses include costs incurred by the Street Transportation and Public Transit departments. The Street Transportation expenditures are primarily capital costs for designing, building and maintaining City streets. Additionally, Street Transportation administers street lights, parking meters and traffic management. The majority of Public Transit expenditures are for service contracts related to bus and light rail operations.



← Water Expenses

FY23 = \$414,218

(in thousands)

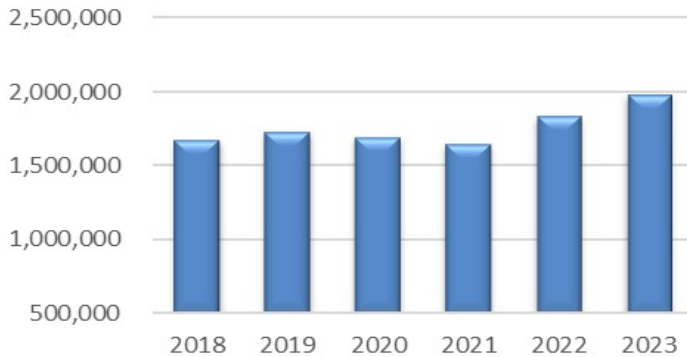
The City's Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. All of Phoenix's water is treated at one of five water treatment plants before traveling through 7,000 miles of distribution lines to customers' taps within a 540-square-mile service area.



Business-Type Net Position

Business-type funds (or Enterprise Funds) are used to report activity for which a fee is charged to users for goods or services, similar to private business. These funds can only be used to pay for the operational expenses of each business-type activity, including most of the capital improvements. Therefore, fees are set to recover all costs associated with providing these services.

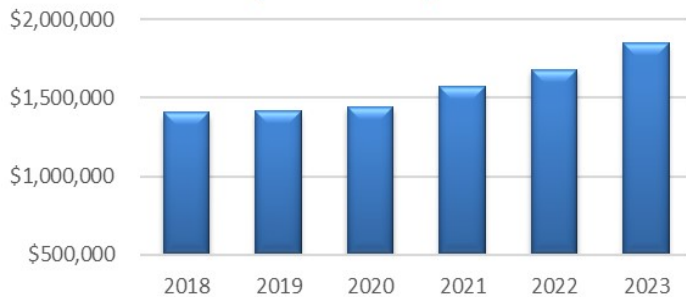
Aviation Net Position (in thousands)



The graphs on the next two pages show the net position balances for the City's four largest business-type funds. The net position balance is the difference between the assets and liabilities of each fund. The largest portion of the City's net position reflect investments in capital assets, such as land, buildings, and equipment. The excess of revenues over expenses in a fiscal year contribute to the net position of a fund. Over time, increases or decreases in net position may serve as a useful indicator of changes in a fund's financial position.

	2019	2020	2021	2022	2023
Scheduled Airlines	23	20	20	22	22
Aircraft Traffic Movement (in thousands)	974	932	751	778	956
Passengers Arriving and Departing (in thousands)	45,531	34,726	26,780	43,939	47,037

Water System Net Position (in thousands)

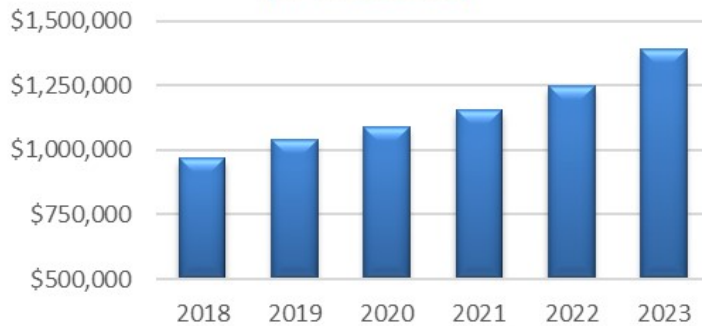


The City's Water System program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The major component of the Water System's net position is its investment in capital assets, which includes water mains, hydrants, meters, and service connections.

	2019	2020	2021	2022	2023
Production (billions gallons)	94.9	97.5	106.2	100.2	96.2
Average Daily Production (million gallons)	260.7	266.3	290.9	274.5	268.9
Miles of Water Main	6,980	7,007	7,027	7,027	7,130
Number of Accounts	425,492	429,739	433,023	442,287	443,463

Business-Type Net Position (continued)

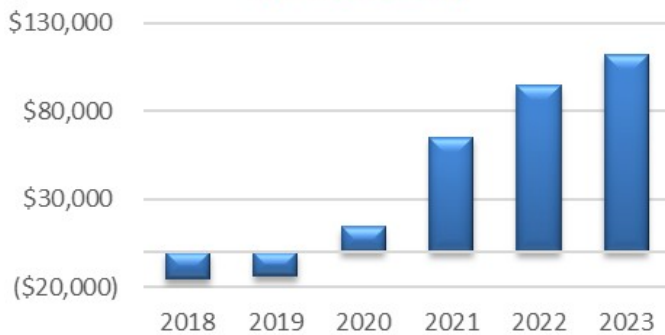
Wastewater Net Position (in thousands)



The Wastewater program assists in providing a clean, healthy environment through the effective management of all water borne wastes generated within the Phoenix drainage area.

	2019	2020	2021	2022	2023
Miles of Sewer Lines	4,906	4,896	4,954	4,985	5,037
Number of Accounts	413,967	417,633	421,521	415,840	423,122

Solid Waste Net Position (in thousands)



The Solid Waste Fund assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, and recycling activities.

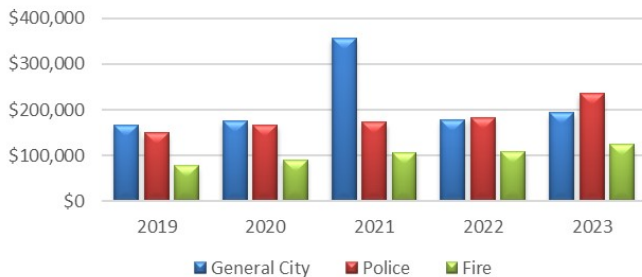
(in thousands)	2019	2020	2021	2022	2023
Residences Served	408	410	414	417	421
City Disposal (in tons)	613	638	632	626	613
Total Disposal (in tons)	939	978	986	1,004	975
Total Recycling (in tons)	120	124	129	125	119



Pension Plans

Virtually all full-time employees and elected officials of the City are covered by one of three contributory pension plans. The City of Phoenix Employees' Retirement Plan (COPERS) covers general City employees. Sworn police and fire employees are covered by the Arizona Public Safety Personnel Retirement System (APSPRS) and elected officials are covered by the Elected Officials' Retirement Plan of Arizona (EORPA). Information related to COPERS and the City's portion of APSPRS are shown below.

Pension Contributions by City (in thousands)



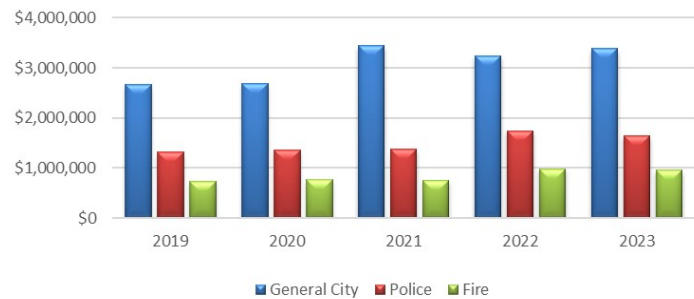
The City contributes to each of the pension plans that covers its employees. An actuarially determined amount is contributed to fully fund benefits for active members and to amortize any unfunded actuarial liability. Per City Charter, the City contributes 100% of required contributions, something not every City does.

In 2021, General City contributions increased due to a \$170.0 million pay-down of the unfunded pension liability in the Aviation Enterprise Fund.

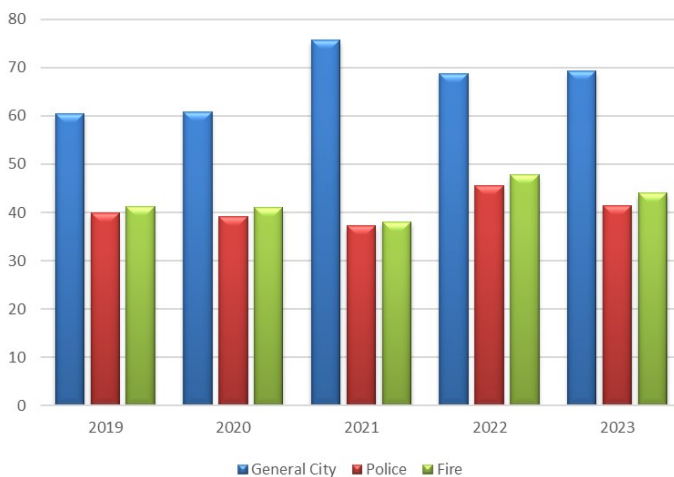
Employees also contribute a percentage of their pay to the pension plans. The percentage required depends on the pension plan to which they belong. The above graph shows historic contribution information.

Pension assets for all plans have remained steady, with the exception of 2021 for the General City, which saw a significant increase due to additional contributions and investment earnings.

Pension Assets (in thousands)



% Pension Liability Funded



Contributions by the City and the employees are held as assets by each of the respective pension plans. These assets are used to pay current and future retirees.

An independent actuary is hired each year to estimate the liability of each of the pension plans. Plan assets divided by the determined liability equals the percent funded.

In 2021, the General City percentage increased due to a \$170.0 million pension contribution from the Aviation Enterprise Fund, as well as high investment earnings.

Both Police and Fire percentages increased slightly in 2022 due to an increase in investment gains.



City of Phoenix

Key Statistics



Selected City Performance Measures

	FY 2023	FY 2022
COMMUNITY PROFILE		
Phoenix Population	1,674,652	1,657,035
Maricopa County Population	4,586,431	4,586,431
Phoenix Area (in square miles)	519	520
Per Capita Income	58,308	58,308
COMMUNITY ENRICHMENT		
<u>Libraries</u>		
Book Circulation (in thousands)	9,364	8,453
Total Stock (in thousands)	4,478	4,524
Number of Library Branches	17	17
<u>Parks and Recreation</u>		
City Parks (number of acres)	45,085	45,085
Number of Playgrounds	296	296
PUBLIC SAFETY		
<u>Police</u>		
Police Precincts	7	7
Police Employees (Authorized)	3,271	3,270
Dispatched Calls for Service	611,846	665,652
<u>Fire</u>		
Fire Stations	59	59
Fire Employees	2,366	2,281
Calls for Service	237,177	247,806
TRANSPORTATION		
<u>Public Transit</u>		
Ridership (in thousands)		
Bus	16,427	16,876
Dial-a-Ride	297	285
Light Rail	5,728	5,102
<u>Streets</u>		
Total Miles	4,870	4,863
Miles Resurfaced and Sealed	404	335
Signalized Intersections	1,183	1,182



City of Phoenix



City of Phoenix



INVESTING IN THE FUTURE OF PHOENIX

