



**City of Phoenix, Arizona  
Comprehensive Annual  
Financial Report**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

.....

**Preserving City Services**

.....



**City of Phoenix, Arizona**



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**City Council**

Greg Stanton, Mayor  
Thelda Williams, District 1  
Jim Waring, District 2  
Bill Gates, District 3  
Laura Pastor, District 4  
Daniel Valenzuela, Vice Mayor, District 5  
Sal DiCiccio, District 6  
Michael Nowakowski, District 7  
Kate Gallego, District 8

**Administrative Staff**

Ed Zuercher, City Manager

**Prepared By**

Finance Department  
Denise Olson, Chief Financial Officer



**City of Phoenix**

# Comprehensive Annual Financial Report

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For the Fiscal Year Ended June 30, 2015

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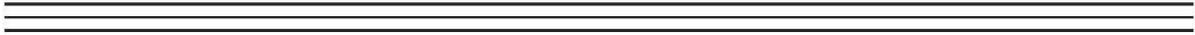
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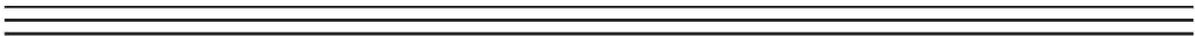
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### *Introductory Section*

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 18, 2015

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, 2015. 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 2014-2015. 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 five enterprise funds provide aviation, convention, water, wastewater and solid waste disposal 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, the Phoenix Industrial Development Authority 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, 2015, the City encompassed 519.4 square miles, with the City of Phoenix estimating the City's population at 1,528,115 making it the sixth most populous city in the United States.

Major employers of the Phoenix metropolitan area include the State of Arizona, Banner Health, Wal-Mart Stores Inc., Fry's Food Stores, City of Phoenix, Wells Fargo, Maricopa County, Arizona State University, Dignity Health and Intel Corp..

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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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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. The economic downturn in Phoenix area during the Great Recession was severe, but recent years have seen an ongoing economic recovery. This recovery is evident in terms of population, employment, housing starts, affordable housing, personal income, 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 recession of 2007-09 produced declines in both population and jobs in the Phoenix area, but the years since the recession have been categorized by growth. During the period of 2004 to 2014, population growth was an estimated 16.7% in the Phoenix area as compared to 8.7% for the U.S. The recession ended in 2009, and employment growth in the Phoenix area during the years of 2009 to 2014 equaled 11.8%. The Phoenix area unemployment rate has generally been lower than the rate for the U.S. during the years of 2004 through 2014. As of June 2015, the unemployment rate for the Phoenix area was 5.1%, which is lower than the U.S. rate of 5.3%. The Phoenix area has a mix of industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (55.7%); trade, transportation, and utilities (19.8%); government (10.6%); manufacturing (6.5%); construction (5.3%); information (1.9%); and natural resources and mining (0.2%).

The housing market in the Phoenix area is also recovering as building permits associated with single-family homes increased 34.1% during the years of 2009 to 2014. Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 47.6% from 2012 to the second quarter of 2015 as compared to a 29.5% increase nationwide for the same time period. Housing remains affordable despite the strong recovery in home prices in the Phoenix area. The U.S. median sales price for an existing single-family home in 2014 was \$208,900 and the median sales price for a similar home in Greater Phoenix was \$198,500. The median price of existing single-family homes in Greater Phoenix continue to remain low relative to most major western cities including Los Angeles, San Diego, Denver, Seattle, Portland, and Houston.

According to the Greater Phoenix Blue Chip Economic Forecast, retail sales in the Phoenix area which declined 0.7% in 2010, grew 11.3% in 2011, 4.3% in 2012, 10.0% in 2013, and 4.5% in 2014. This growth was supported by gains in personal income equal to 1.1% in 2010, 6.3% in 2011, 5.3% in 2012, 2.3% in 2013, and 4.5% in 2014. The Greater Phoenix Blue Chip Economic Forecast estimates increases in retail sales of 6.2% in 2015 and 6.0% in 2016.

The City experienced decreased assessed valuations and declining property taxes in the years following the Great Recession. In fiscal year 2013-14 the secondary assessed valuation of \$9.97 billion was the lowest for the City since fiscal year 2003-04. The secondary assessed valuation increased to \$10.82 billion for fiscal year 2014-15, an 8.5% increase. For fiscal year 2015-16 the primary assessed valuation and the secondary assessed valuation have been combined into a single valuation of \$10.58 billion, a decrease of 2.2%. The City total property tax rate (primary and secondary) for fiscal year 2015-16 remains at \$1.82 per \$100 of assessed valuation. The utilization of general obligation bond property tax reserves of \$180.0 million as of June 30, 2015 and the deferral of capital projects in the bond program have allowed the City to maintain the total property tax rate.

The City Excise Taxes, consisting primarily of City sales taxes, increased from \$755.5 million in fiscal year 2013-14 to \$766.4 million in fiscal year 2014-15. This is an increase of \$10.9 million or 1.4%. 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 Banner Health, American Express Global Business Travel, Aligned Energy, Sensei Project Solutions, Sprouts, and Mobile Mini. 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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Phoenix was one of two top winners in the 2015 Mayors' Climate Protection Awards. The annual awards program, now in its ninth year, recognizes mayors for innovative programs that increase energy efficiency and reduce greenhouse gas emissions. Mayor Greg Stanton and Phoenix were recognized for the Energize Phoenix Program (EPHX). EPHX is a large-scale, three-year building energy efficiency program which has catalyzed \$56 million in energy upgrades along a 10-square mile urban corridor of Phoenix.

In April 2015, the City of Phoenix received one of 12 Achievement Awards from the American Planning Association for the Grand Avenue Revitalization Plan. A public-private partnership between the city, the Grand Avenue Merchants Association and a wide range of civic and private entities developed the plan which achieves sustainability goals through innovative design concepts of outdoor community rooms, hubs, links, and gateways, including Arizona's first green bike lanes. Since the plan's implementation, at least nine new businesses have opened and downtown street festivals have grown in popularity.

Construction continued 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 or early 2016.

In June 2015, the City in cooperation with the City of Buckeye and Arizona Public Service opened the Desert Star Solar Plant. The 118 acre site located at the State Route 85 Landfill has 50,400 panels and will be able to generate about 10 megawatts of energy, or enough for 2,500 homes at once. The plant will help Phoenix reach its target of using renewable energy for 15 percent of its power needs by 2025.

In May 2015, the Phoenix City Council voted unanimously to support a new partnership between Arizona State University and NantWorks LLC to bring a new project to the Phoenix Biomedical Campus. The council entered into a 30 year land lease with ASU to build high-density facilities on seven acres just north of the Phoenix Biomedical Campus. NantWorks has committed at least \$75 million in facilities, equipment and start-up costs to the initial phase of the project which will include the development of the Chan Soon-Shiong Institute for Molecular Medicine at ASU.

The City is continuing to seek innovative ways to use technology to improve services. In February 2015, the City launched a pay-by-phone parking app that allows people to pay for metered downtown parking spaces and to add more time to their meter through their phone. In May 2015, the City hosted a hackathon to find solutions for waste diversion. One of the two winning applications creates a virtual recycling competition between residential service districts. The other winning application uses Twitter to respond to user questions about whether an item is recyclable or not. Once the applications are completed they will be used to help the City reach its goal of 40 percent waste diversion by 2020.

In January and February 2015, the valley hosted Super Bowl XLIX with Super Bowl Central in downtown Phoenix bringing an estimated 1 million visitors. This is the first of a three year run for Arizona that includes the College Football Playoff National Championship in 2016 and the Final Four in 2017. Similar to the Super Bowl, downtown Phoenix will serve as the location for Fan Central for the College Football Playoff National Championship.

The City continues its commitment to economic development and neighborhood revitalization with several projects throughout the City.

- Infill development projects include Portland on the Park, @51 and Crown on 7th. Portland on the Park is a 149 unit condo project overlooking the Japanese Friendship Garden. @51 is a new apartment complex on 16th street north of Camelback Road which has 191 units and includes a restaurant called Lettuce Entertain You on the ground level. Crown on 7th is the redevelopment of the Crown Imports building between Missouri Avenue and Bethany Home Road on 7th Street into an 18,000 square foot restaurant and retail complex.
- Streetscaping and roadway projects are also being used to revitalize neighborhoods. As part of the plan to re-envision the north 32nd Street corridor from the Phoenix Mountain Preserves north to Loop 101, the City approved a project to remove one northbound vehicle lane with bike lanes on both sides of the street between Shea Boulevard and Hartford Avenue. There are also plans to paint bike lanes on 32nd Street from Shea Boulevard to SR 51. Hatcher Road between Central and Third Street is a model for what the City is calling a "Complete Street." The new design includes wider sidewalks, trees for shade and LED street lights to better accommodate pedestrians, bicyclists and drivers.

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, 2012 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 about \$600 million over 23 years. Additionally, in October 2013 City Council eliminated the ability of current and future city employees to collect lifetime payments on future leave accruals as well as phone and car allowances. These measures are expected to save the City about \$233 million over 25 years. In August 2015, voters approved proposition 103 which capped the annual salary eligible for pensions for new employees and adjusted contribution rates for tier 2 employees to make the City more competitive for hiring and retaining employees. The City expects to save about \$38 million over 20 years through these measures.

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 Excise Tax Revenue and Water Revenue Bonds in fiscal year 2014-15 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 200.

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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, 2014. 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, 2015 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, 2014 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

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## ***Acknowledgments***

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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,



Denise M. Olson  
Chief Financial Officer



Government Finance Officers Association

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

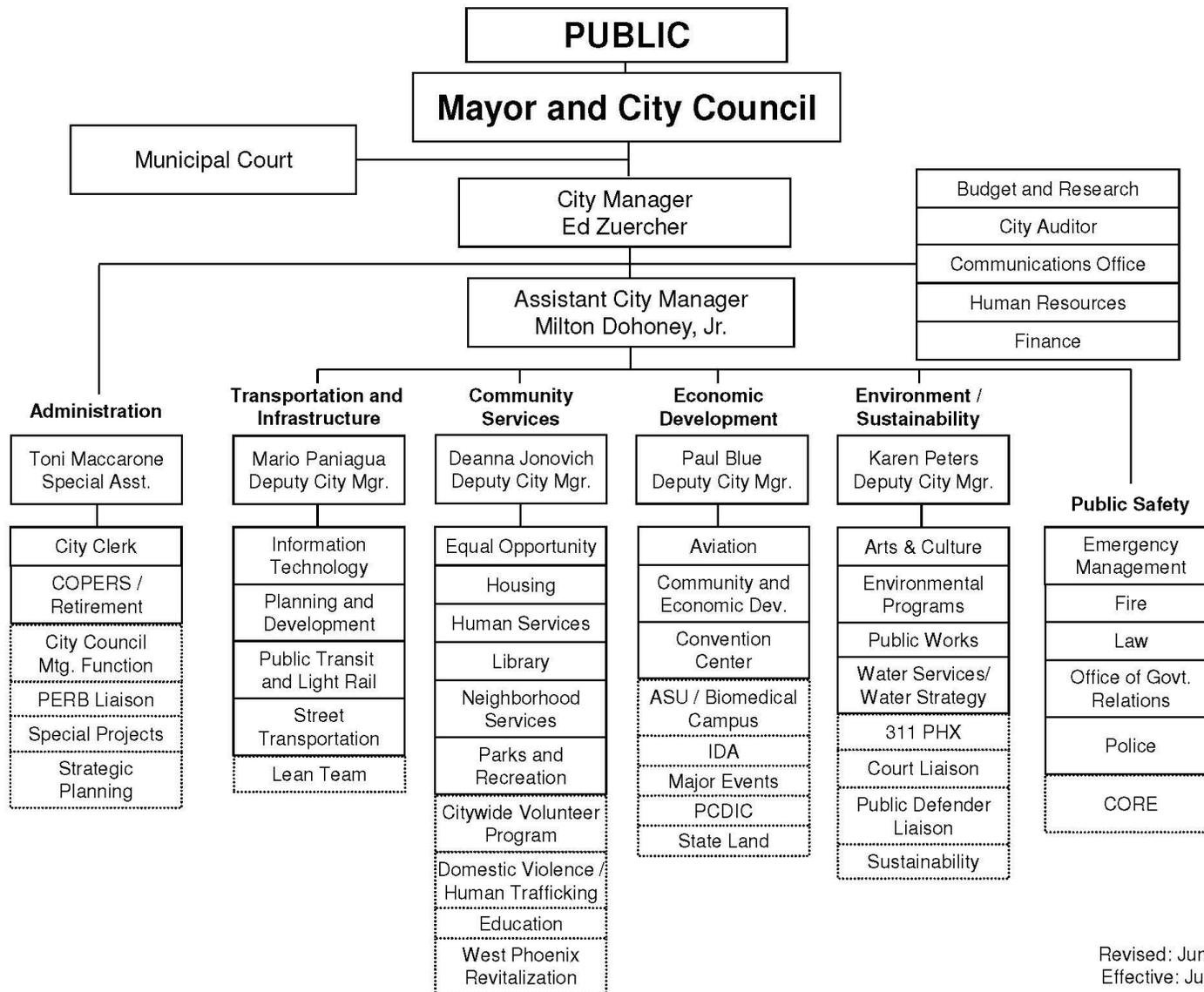
Presented to

**City of Phoenix  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



Revised: June 26, 2015  
Effective: July 13, 2015

# City of Phoenix Council members and district boundaries



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



**Theida Williams**  
602-262-7444  
council.district.1@phoenix.gov



**Jim Waring**  
602-262-7445  
council.district.2  
@phoenix.gov



**Bill Gates**  
602-262-7441  
council.district.3@phoenix.gov



**Laura Pastor**  
602-262-7447  
council.district.4@phoenix.gov



**Sal DiCicco**  
602-262-7491  
council.district.6  
@phoenix.gov



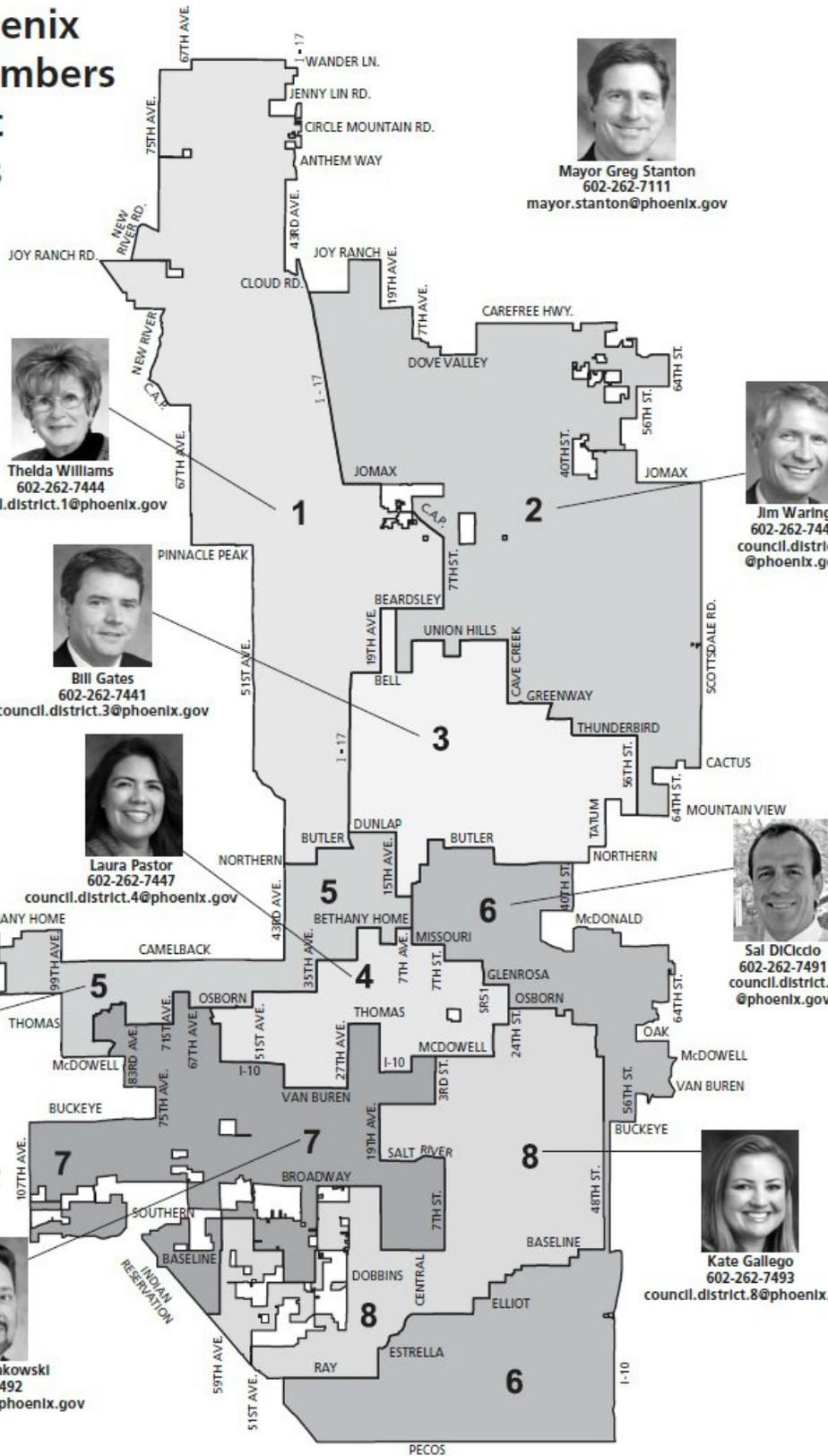
**Daniel Valenzuela**  
602-262-7446  
council.district.5@phoenix.gov



**Michael Nowakowski**  
602-262-7492  
council.district.7@phoenix.gov



**Kate Gallego**  
602-262-7493  
council.district.8@phoenix.gov



January 2014



**City of Phoenix**



### *Financial Section*

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







## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

**Grant Thornton LLP**  
2398 E Camelback Road, Suite 600  
Phoenix, AZ 85016-9004  
T 602.474.3400  
F 602.474.3421  
[www.GrantThornton.com](http://www.GrantThornton.com)

### 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, 2015, 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 did not audit the financial statements of the Phoenix Industrial Development Authority (the "Phoenix IDA"), a discretely presented component unit, which represents 5.4 percent of the total assets and 6.8 percent of revenue of the aggregate discretely presented component units of the City. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Phoenix IDA, is based solely on the report of the other auditors. 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. The financial statements of the Phoenix IDA were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the report of other auditors, 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, 2015, and the respective changes in financial position and, where applicable, cash flow 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.

#### Emphasis of a matter

As discussed in Note 2 to the financial statements, the City adopted new accounting guidance in 2015 related to the accounting for pensions. Our opinion is not modified with respect to this matter.

#### 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 changes in net pension liability and related ratios on pages 5 through 14 and 102 through 106 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*

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 18, 2015, 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 18, 2015

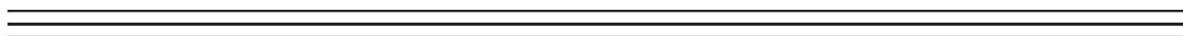


**City of Phoenix**



*Financial Section*

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





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

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, 2015. 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 resources of the City exceeded its total liabilities plus deferred inflows at the close of the fiscal year by \$5.5 billion (net position). Due primarily to the implementation of GASB 68, the City's total net position decreased by \$3.1 billion as compared to June 30, 2014. This resulted in an unrestricted deficit of \$1.2 billion at June 30, 2015. The Government-Wide Financial Statements report the City and its component units as a whole.
- On the Government-Wide Financial Statements, the City's total cash and investments of \$2.0 billion at June 30, 2015 may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.2 billion, a decrease of \$8.9 million from last fiscal year. Approximately 30.8 percent of the total governmental fund balance amount, or \$378.5 million, is designated by the City as committed, assigned and unassigned. The remaining 69.2 percent or \$850.0 million is designated as non-spendable or restricted. See Note 3 on page 50 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 and solid waste. In addition, financial information is also presented for the City discretely presented component units, the Downtown Phoenix Hotel Corporation, the Phoenix Housing Finance Corporations, and the Phoenix Industrial Development Authority. 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, 2015.

**Net Position.** As noted above, net position may serve over time as a useful indicator of a government's financial position. The City's net position, the amount by which assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources, was \$5.5 billion at the close of the fiscal year.

The largest portion of the City's net position (\$5.4 billion or 98.2 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,436,139	\$ 2,364,560	\$ 2,310,088	\$ 2,271,543	\$ 4,746,227	\$ 4,636,103
Capital assets	4,795,576	4,791,301	6,878,759	6,963,643	11,674,335	11,754,944
Total assets	<u>7,231,715</u>	<u>7,155,861</u>	<u>9,188,847</u>	<u>9,235,186</u>	<u>16,420,562</u>	<u>16,391,047</u>
Deferred outflows of resources	601,560	36,344	124,387	18,186	725,947	54,530
Other liabilities	311,586	253,470	481,074	628,933	792,660	882,403
Long-term liabilities outstanding	5,589,291	2,491,589	5,077,047	4,471,170	10,666,338	6,962,759
Total liabilities	<u>5,900,877</u>	<u>2,745,059</u>	<u>5,558,121</u>	<u>5,100,103</u>	<u>11,458,998</u>	<u>7,845,162</u>
Deferred inflows of resources	139,829	—	11,133	—	150,962	—
Net position:						
Net investment in capital assets	2,653,697	2,576,366	2,782,282	2,818,479	5,435,979	5,394,845
Restricted	830,425	868,223	441,896	363,946	1,272,321	1,232,169
Unrestricted	(1,691,553)	1,002,557	519,802	970,844	(1,171,751)	1,973,401
Total net position	<u>\$ 1,792,569</u>	<u>\$ 4,447,146</u>	<u>\$ 3,743,980</u>	<u>\$ 4,153,269</u>	<u>\$ 5,536,549</u>	<u>\$ 8,600,415</u>

The *restricted* portion of the City's net position (\$1.3 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. Due to the implementation of GASB 68, the long-term liability associated with pensions (\$3.8 billion) is included in the remaining balance, or the *unrestricted net position*, resulting in a deficit of \$1.2 billion. The City's balance of \$2.0 billion in cash and investments may be used to meet current and ongoing obligations.

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), for Business-Type Activities, but both the government as a whole and Governmental-Type Activities had a deficit balance in unrestricted.

**Capital Assets.** The City's capital assets for the fiscal year ended June 30, 2015, totaled \$11.7 billion, net of accumulated depreciation. This represents a decrease from the prior fiscal year of \$80.6 million, an increase of \$4.3 million for Governmental Activities and a decrease of \$84.9 million for Business-Type Activities.

The decrease in net capital assets for Business-Type Activities of 1.2% is primarily due to a slow down of growth-related capital projects since the recession and the depreciation of major projects completed in the last several years

such as the Convention Center North and West buildings, the PHX Sky Train, and the 27th Avenue Solid Waste Transfer Station.

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

- Various street and storm sewer projects throughout the City valued at \$94.0 million.
- New and replacement water and sewer mains throughout the City valued at \$73.1 million.
- Aviation terminal improvements valued at \$56.0 million.
- Design and construction at various water treatment facilities valued at \$30.5 million.
- Construction and maintenance of Sky Harbor, Deer Valley and Goodyear Airports runways, taxiways and aprons valued at \$14.1 million.
- Various water and wastewater treatment plant projects valued at \$12.1 million.
- Design and construction related to the PHX Sky Train at Sky Harbor International Airport valued at \$9.9 million.
- Regional Wireless Cooperative subscriber replacement valued at \$9.4 million.

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

**City of Phoenix  
Capital Assets  
(net of depreciation)  
as of June 30  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,272,117	\$ 1,248,028	\$ 703,411	\$ 694,807	\$ 1,975,528	\$ 1,942,835
Artwork	6,594	6,594	11,288	11,288	17,882	17,882
Construction-in-Progress	215,875	213,320	417,181	549,748	633,056	763,068
Buildings	859,508	893,321	1,814,832	1,817,464	2,674,340	2,710,785
Improvements	289,362	279,776	2,061,783	2,037,005	2,351,145	2,316,781
Infrastructure	1,874,717	1,863,353	1,136,249	1,140,019	3,010,966	3,003,372
Equipment	263,269	269,170	620,450	591,686	883,719	860,856
Intangible Assets	14,134	17,739	113,565	121,626	127,699	139,365
<b>Total</b>	<b>\$ 4,795,576</b>	<b>\$ 4,791,301</b>	<b>\$ 6,878,759</b>	<b>\$ 6,963,643</b>	<b>\$ 11,674,335</b>	<b>\$ 11,754,944</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 \$10.7 billion (which is comprised primarily of bonded debt and net pension liability) 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 \$1.5 billion, while municipal corporation obligations account for \$5.0 billion of the total. Revenue bonds total \$15.9 million and an additional \$0.1 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. Net pension liability accounts for \$3.8 billion of the total. This was a result of the City implementing GASB 68 for fiscal year 2015.

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 primary net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's primary net assessed valuation.

The City's available debt margin at June 30, 2015 was \$493 million in the 6% capacity and \$1,011 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds, net	\$ 1,420,253	\$ 1,485,463	\$ 57,641	\$ 67,214	\$ 1,477,894	\$ 1,552,677
Revenue bonds	—	—	15,909	16,817	15,909	16,817
Certificates of Participation, net	—	24,225	—	—	—	24,225
Municipal Corporation Obligations, net	659,939	712,912	4,327,626	4,291,595	4,987,565	5,004,507
Special assessment bonds	133	151	—	—	133	151
Insurance claims payable	123,731	104,211	—	—	123,731	104,211
Compensated absences	149,912	141,823	18,958	19,583	168,870	161,406
Landfill Closure/Post-closure costs	—	—	64,580	66,461	64,580	66,461
Pollution Remediation	18,757	20,503	3,900	9,500	22,657	30,003
Other	2,301	2,301	—	—	2,301	2,301
Net Pension Liability	3,214,265	—	588,433	—	3,802,698	—
<b>Total</b>	<b>\$ 5,589,291</b>	<b>\$ 2,491,589</b>	<b>\$ 5,077,047</b>	<b>\$ 4,471,170</b>	<b>\$ 10,666,338</b>	<b>\$ 6,962,759</b>

The City's total long-term obligations increased by \$3.7 billion, 53.2%, primarily due to the overall impact of net pension liability on the City's financial statements. In fiscal year 2015, the City did not issue any new debt, however, the Civic Improvement Corporation issued \$978.1 million of refunding bonds used to refinance and restructure existing water and subordinated excise tax bonds. The City maintains the following ratings on its general obligation debt: "AA+" 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	
	2015	2014	2015	2014	2015	2014
<u>Revenues</u>						
Program revenues						
Charges for services	\$ 215,597	\$ 226,440	\$ 1,120,835	\$ 1,123,455	\$ 1,336,432	\$ 1,349,895
Grants and contributions						
Operating	361,919	343,898	—	—	361,919	343,898
Capital	82,285	150,410	144,654	130,975	226,939	281,385
General revenues						
Excise taxes	766,382	755,486	—	—	766,382	755,486
Other taxes	188,709	245,531	—	—	188,709	245,531
Grants/contributions not restricted to specific programs	376,923	349,149	—	—	376,923	349,149
Other	89,740	92,432	9,864	10,787	99,604	103,219
<b>Total revenues</b>	<b>2,081,555</b>	<b>2,163,346</b>	<b>1,275,353</b>	<b>1,265,217</b>	<b>3,356,908</b>	<b>3,428,563</b>
<u>Expenses</u>						
General government	99,320	152,502	—	—	99,320	152,502
Criminal justice	34,242	34,356	—	—	34,242	34,356
Public safety	914,215	888,801	—	—	914,215	888,801
Transportation	398,925	394,664	—	—	398,925	394,664
Community enrichment	245,795	252,760	—	—	245,795	252,760
Community development	215,931	222,266	—	—	215,931	222,266
Environmental services	48,293	33,616	—	—	48,293	33,616
Interest on long-term debt	83,796	93,013	—	—	83,796	93,013
Aviation	—	—	482,915	471,744	482,915	471,744
Phoenix Convention Center	—	—	105,458	105,889	105,458	105,889
Water services	—	—	336,445	342,584	336,445	342,584
Wastewater services	—	—	171,250	181,329	171,250	181,329
Solid waste	—	—	150,625	134,264	150,625	134,264
<b>Total expenses</b>	<b>2,040,517</b>	<b>2,071,978</b>	<b>1,246,693</b>	<b>1,235,810</b>	<b>3,287,210</b>	<b>3,307,788</b>
Increase in net position before transfers	41,038	91,368	28,660	29,407	69,698	120,775
Transfers	(25,080)	(22,653)	25,080	22,653	—	—
Increase in net position	15,958	68,715	53,740	52,060	69,698	120,775
<b>Net Position - July 1</b>	<b>4,447,146</b>	<b>4,376,574</b>	<b>4,153,269</b>	<b>4,103,066</b>	<b>8,600,415</b>	<b>8,479,640</b>
Effect of Change in Accounting Policy	—	1,857	—	(1,857)	—	—
Restatement of Beginning Net Position	(2,670,535)	—	(463,029)	—	(3,133,564)	—
<b>Net Position - July 1, as restated</b>	<b>1,776,611</b>	<b>4,378,431</b>	<b>3,690,240</b>	<b>4,101,209</b>	<b>5,466,851</b>	<b>8,479,640</b>
<b>Net Position - June 30</b>	<b>\$ 1,792,569</b>	<b>\$ 4,447,146</b>	<b>\$ 3,743,980</b>	<b>\$ 4,153,269</b>	<b>\$ 5,536,549</b>	<b>\$ 8,600,415</b>

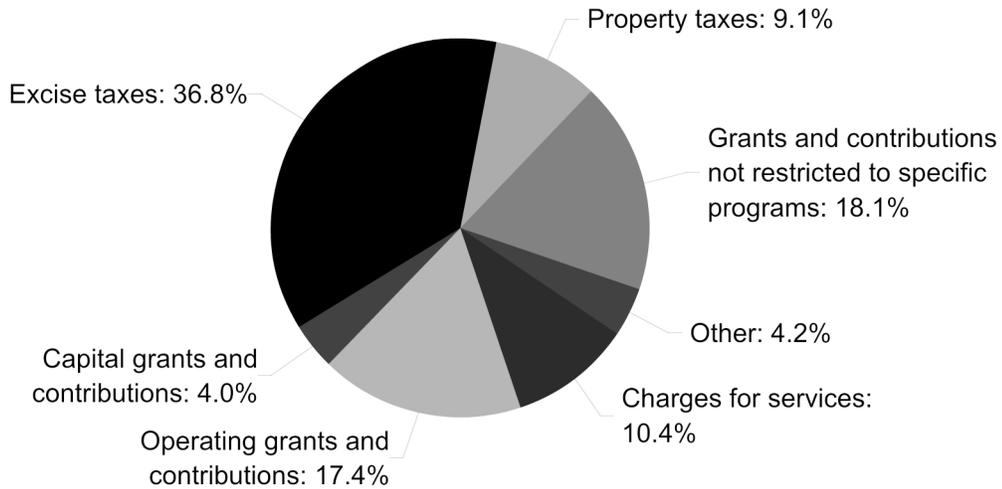
As shown above, Total Government net position decreased by \$3.1 billion, primarily due to the implementation of GASB 68 which resulted in a restatement of beginning net position. Fiscal year 2014-15 operations resulted in an increase to net position for the City as a whole of \$69.7 million. Governmental Activities accounted for \$16.0 million or 23% of the total and Business-Type Activities accounted for \$53.7 million or 77%.

In fiscal year 2015, lower levels of bus purchases resulted in a decrease to capital grants and contributions. During fiscal year ended 2015, excise tax revenues increased by 1.4 percent due to continued growth in the economy. The Pediatric Healthcare Initiative Fund, an intergovernmental agreement which authorizes the City to accept donations and to disburse funds to the Arizona Health Care Cost Containment System (AHCCCS) in support of pediatric

healthcare, provided \$16.5 million in 2015 to AHCCCS. The Access to Care Tax Program, an intergovernmental agreement which authorizes the City to receive funds from participating hospitals and to disburse funds to AHCCCS, provided \$65.6 million in 2014 to AHCCCS. The impact of both of these intergovernmental agreements led to decreases in both Other Taxes revenues and General Government expenses.

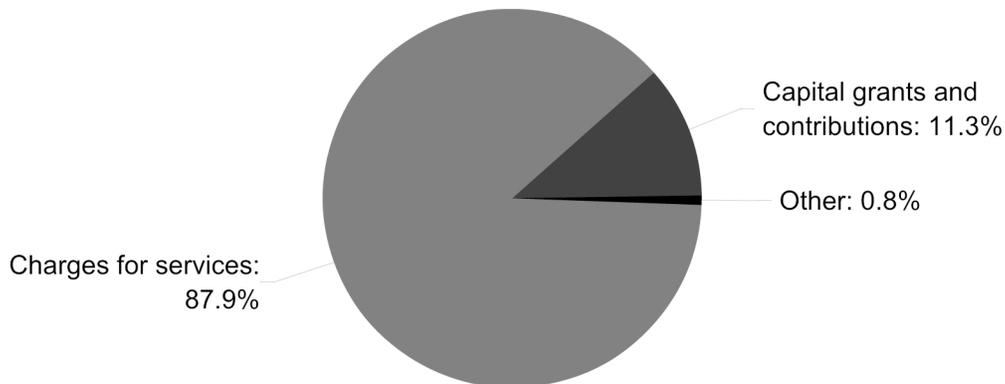
The sources of the revenues shown previously are portrayed in the following charts by percentage for the Governmental Activities and then the Business-Type Activities.

### Revenues by Source - Governmental Activities Fiscal Year Ended June 30, 2015



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 37 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, 2015



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 and solid waste disposal.

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 beginning on page 28) provide separate information for each of the five 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 beginning on page 20) 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, 2015**  
(in thousands)

	Fund Balances June 30, 2014	Net Change in Fund Balances	Fund Balances June 30, 2015
General Fund	\$ 300,251	\$ 27,161	\$ 327,412
Transit Special Revenue Fund	284,494	7,661	292,155
G.O./Secondary Property Tax	245,268	(65,265)	180,003
Nonmajor Governmental	407,374	21,548	428,922
<b>Total</b>	<b>\$ 1,237,387</b>	<b>\$ (8,895)</b>	<b>\$ 1,228,492</b>
Total Nonspendable	20,143	(525)	19,618
Spendable - Restricted	868,223	(37,798)	830,425
Spendable - (Committed, Assigned, Unassigned)	349,021	29,428	378,449
<b>Total Governmental Balances</b>	<b>\$ 1,237,387</b>	<b>\$ (8,895)</b>	<b>\$ 1,228,492</b>

Note: See Exhibit B-1 on page 20 and Note 3 on page 50 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 \$1.2 billion, a decrease of \$8.9 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.4 percent of this amount, or \$1.2 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$378.4 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 69.2 percent or \$850.0 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 50 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, General Fund balance increased by \$27.2 million. This increase in fund balance was primarily due to increases in both vehicle license taxes and state shared revenues. 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 \$7.7 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 \$65.3 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 increase in fund balance of \$21.5 million. The increase is primarily due to increased revenues from the Highway User Revenue Fund and an increase in fund balance for the Public Safety Enhancement Fund. The City has implemented a plan to balance the Public Safety Enhancement Fund by fiscal year 2015-16.

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

The following table summarizes Exhibit B-5.

**City of Phoenix  
General Fund  
Budgetary Comparison Statement  
Fiscal Year Ended June 30, 2015  
(in thousands)**

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 312,949	\$ 315,740	\$ 2,791
Expenditures and Encumbrances	1,148,841	1,051,395	97,446
Deficiency of Revenues Under Expenditures and Encumbrances	(835,892)	(735,655)	100,237
Other Financing Sources (Uses)	811,643	757,511	(54,132)
Net Change in Fund Balance	<u>\$ (24,249)</u>	21,856	<u>\$ 46,105</u>
Fund Balance July 1		78,579	
Fund Balance June 30		<u>\$ 100,435</u>	

The total revenues in the General Fund were within 0.9 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 \$1,148.8 million. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2015, were \$1,051.4 million which is \$97.4 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, 2015  
(in thousands)**

	Net Position July 1, 2014	Change in Net Position	Net Position June 30, 2015
Aviation	\$ 1,640,402	\$ 11,259	\$ 1,651,661
Phoenix Convention Center	32,124	(16,068)	16,056
Water System	1,227,026	40,258	1,267,284
Wastewater	803,463	21,831	825,294
Solid Waste	(12,775)	(3,540)	(16,315)
Total	<u>\$ 3,690,240</u>	<u>\$ 53,740</u>	<u>\$ 3,743,980</u>

As shown in the table, Net Position for the Enterprise Funds increased in total by \$53.7 million during the fiscal year. Aviation, Water System and Wastewater ended the year with increases totaling \$73.3 million offset by decreases in Phoenix Convention Center of \$16.1 million and Solid Waste of \$3.5 million. The increases were due to increased revenues combined with continued efficiency efforts and debt restructuring. 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. Also, the increase in pension expense due to the implementation of GASB 68 contributed to the decline in net position for both Phoenix Convention Center and Solid Waste.

### **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, 2015, the City encompasses 519.4 square miles and has an estimated population of 1,528,115.
- The Phoenix area unemployment rate continues to be lower than the rate for the U.S. As of June 2015, the unemployment rate for the Phoenix area was 5.1% as compared to the U.S. rate of 5.3%.
- The City continued the recent recovery from the downturn in the national economy and the overbuilding that occurred in the real estate sector during the mid 2000's. However, for fiscal year 2015-16 the primary assessed valuation and the secondary assessed valuation have been combined into a single valuation of \$10.58 billion, a decrease of 2.2% from the 2014-15 secondary assessed valuation. Assessed valuations are expected to increase in 2016-17.
- Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 47.6% from 2012 to the second quarter of 2015 as compared to a 29.5% increase nationwide for the same time period.
- According to the Greater Phoenix Blue Chip Economic Forecast, retail sales in the Phoenix area which declined 0.7% in 2010, grew 11.3% in 2011, 4.3% in 2012, 10.0% in 2013, and 4.5% in 2014. This growth was supported by gains in personal income equal to 1.1% in 2010, 6.3% in 2011, 5.3% in 2012, 2.3% in 2013, and 4.5% in 2014. The Greater Phoenix Blue Chip Economic Forecast estimates increases in retail sales of 6.2% in 2015 and 6.0% in 2016.

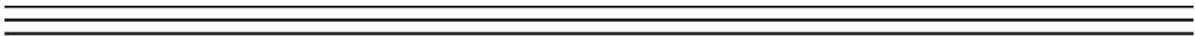
#### **REQUESTS FOR FINANCIAL INFORMATION**

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 Chief Financial Officer, City of Phoenix, Calvin C. Goode Municipal Building, Ninth Floor, 251 W. Washington, Phoenix, Arizona, 85003.



*Financial Section*

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





Statement of Net Position

June 30, 2015

(in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporation	Phoenix Industrial Development Authority
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 127,987	\$ 132,685	\$ 260,672	\$ 4,392	\$ 2,474	\$ 4,666
Cash Deposits	1,244	346	1,590	—	1,738	5
Cash and Securities with Fiscal Agents/Trustees	163,046	—	163,046	—	142	—
Investments	886,097	646,271	1,532,368	—	—	—
Receivables, Net of Allowances	363,039	101,054	464,093	2,998	12,152	64
Prepaid Items	4,977	2,646	7,623	1,397	71	19
Inventories	14,640	23,305	37,945	247	—	—
Restricted Assets	—	783,786	783,786	61,258	—	—
Investment in Joint Use Agreements	874,186	619,796	1,493,982	—	—	—
Other Postemployment Benefits Asset	923	199	1,122	—	—	—
Other Noncurrent Assets	—	—	—	282	—	15,807
Capital Assets, at Cost						
Non-depreciable	1,987,818	1,131,880	3,119,698	416	24,998	—
Depreciable, net	2,807,758	5,746,879	8,554,637	231,959	14,850	—
Total Assets	7,231,715	9,188,847	16,420,562	302,949	56,425	20,561
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding Bonds	34,961	25,199	60,160	—	—	—
Pension Related	566,599	99,188	665,787	—	—	—
Total Deferred Outflows of Resources	601,560	124,387	725,947	—	—	—
<b>LIABILITIES</b>						
Accounts Payable	86,732	52,104	138,836	5,167	3,543	141
Trust Liabilities and Deposits	38,097	1,817	39,914	612	182	—
Advance Payments	25,670	16,305	41,975	429	245	—
Liabilities Payable from Restricted Assets	—	169,785	169,785	24,245	—	—
Matured Bonds and Certificates Payable	115,745	141,309	257,054	—	—	—
Interest Payable	45,342	99,754	145,096	—	1,104	—
Noncurrent Liabilities						
Due Within One Year						
Insurance Claims Payable	34,450	—	34,450	—	—	—
Accrued Compensated Absences	17,115	2,416	19,531	—	—	—
Pollution Remediation	375	850	1,225	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	2,519	2,519	—	—	—
General Obligation Bonds	66,300	23,058	89,358	—	—	—
Revenue Bonds	—	937	937	5,980	—	—
Municipal Corporation Obligations	64,655	127,325	191,980	—	—	—
Special Assessment Bonds	19	—	19	—	—	—
Due in More Than One Year						
Insurance Claims Payable	89,281	—	89,281	—	—	—
Accrued Compensated Absences	132,797	16,542	149,339	—	—	—
Pollution Remediation	18,382	3,050	21,432	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	62,061	62,061	—	—	—
General Obligation Bonds, net	1,353,953	34,583	1,388,536	—	—	—
Revenue Bonds, net	—	14,972	14,972	328,998	—	—
Municipal Corporation Obligations, net	595,284	4,200,301	4,795,585	—	—	—
Special Assessment Bonds	114	—	114	—	—	—
Notes Payable	—	—	—	—	36,870	—
Utility/Water Contractual Agreements	2,301	—	2,301	—	—	—
Net Pension Liability	3,214,265	588,433	3,802,698	—	—	—
Total Liabilities	5,900,877	5,558,121	11,458,998	365,431	41,944	141
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Gain on Refunding Bonds	14,519	2,868	17,387	—	—	—
Delinquent Property Taxes	3,850	—	3,850	—	—	—
Service Concession Arrangement	8,825	—	8,825	—	—	—
Pension Related	112,635	8,265	120,900	—	—	—
Total Deferred Inflows of Resources	139,829	11,133	150,962	—	—	—
<b>NET POSITION</b>						
Net Investment in Capital Assets	2,653,697	2,782,282	5,435,979	(41,937)	6,491	—
Restricted For:						
Capital Projects	79,947	—	79,947	10,382	—	—
Debt Service	184,284	124,961	309,245	26,509	—	—
Passenger Facility Charges	—	138,136	138,136	—	—	—
Customer Facility Charges	—	80,375	80,375	—	—	—
Public Transit Operations	286,704	—	286,704	—	—	—
Other	279,490	98,424	377,914	—	—	—
Unrestricted	(1,691,553)	519,802	(1,171,751)	(57,436)	7,990	20,420
Total Net Position	\$ 1,792,569	\$ 3,743,980	\$ 5,536,549	\$ (62,482)	\$ 14,481	\$ 20,420

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

**Government-Wide Financial Statements**  
**Statement of Activities**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Governmental Activities				
General Government	\$ 99,320	\$ 18,159	\$ 1,102	\$ —
Criminal Justice	34,242	18,336	—	—
Public Safety	914,215	71,381	19,292	—
Transportation	398,925	37,907	201,868	78,279
Community Enrichment	245,795	10,737	38,573	355
Community Development	215,931	58,599	100,538	3,651
Environmental Services	48,293	478	546	—
Interest on Long-Term Debt	83,796	—	—	—
Total Governmental Activities	2,040,517	215,597	361,919	82,285
Business-Type Activities				
Aviation	482,915	385,806	—	105,744
Phoenix Convention Center	105,458	42,759	—	—
Water Services	336,445	358,760	—	26,397
Wastewater Services	171,250	185,974	—	12,451
Solid Waste	150,625	147,536	—	62
Total Business-Type Activities	1,246,693	1,120,835	—	144,654
Total Primary Government	\$ 3,287,210	\$ 1,336,432	\$ 361,919	\$ 226,939
Component Units:				
Downtown Phoenix Hotel Corp.	\$ 67,411	\$ 57,295	\$ —	\$ —
Phoenix Housing Finance Corp.	\$ 6,553	\$ 7,916	\$ —	\$ —
Phoenix Industrial Development Auth.	\$ 2,681	\$ 4,822	\$ —	\$ —
General Revenues (Expenses)				
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>				
Restatement of Beginning Net Position				
<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</b>	<b>Phoenix Housing</b>	<b>Phoenix Industrial</b>
\$ (80,059)	\$ —	\$ (80,059)			
(15,906)	—	(15,906)			
(823,542)	—	(823,542)			
(80,871)	—	(80,871)			
(196,130)	—	(196,130)			
(53,143)	—	(53,143)			
(47,269)	—	(47,269)			
(83,796)	—	(83,796)			
<u>(1,380,716)</u>	<u>—</u>	<u>(1,380,716)</u>			
	8,635	8,635			
	(62,699)	(62,699)			
	48,712	48,712			
	27,175	27,175			
	<u>(3,027)</u>	<u>(3,027)</u>			
	18,796	18,796			
<u>(1,380,716)</u>	<u>18,796</u>	<u>(1,361,920)</u>			
			<u>\$ (10,116)</u>		
				<u>\$ 1,363</u>	
					<u>\$ 2,141</u>
766,382	—	766,382	—	—	—
139,240	—	139,240	—	—	—
49,438	—	49,438	—	—	—
31	—	31	—	—	—
376,923	—	376,923	12,704	—	—
7,419	9,864	17,283	30	90	122
82,321	—	82,321	—	—	—
(25,080)	25,080	—	—	—	—
<u>1,396,674</u>	<u>34,944</u>	<u>1,431,618</u>	<u>12,734</u>	<u>90</u>	<u>122</u>
15,958	53,740	69,698	2,618	1,453	2,263
4,447,146	4,153,269	8,600,415	(65,100)	13,028	18,157
<u>(2,670,535)</u>	<u>(463,029)</u>	<u>(3,133,564)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>1,776,611</u>	<u>3,690,240</u>	<u>5,466,851</u>	<u>(65,100)</u>	<u>13,028</u>	<u>18,157</u>
<u>\$ 1,792,569</u>	<u>\$ 3,743,980</u>	<u>\$ 5,536,549</u>	<u>\$ (62,482)</u>	<u>\$ 14,481</u>	<u>\$ 20,420</u>

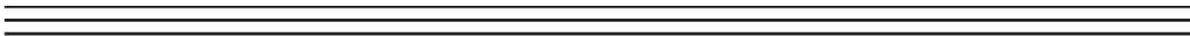


**City of Phoenix**



*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, 2015  
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 9,269	\$ 32,802	\$ 543	\$ 85,373	\$ 127,987
Cash Deposits	1,092	—	—	152	1,244
Cash and Securities with Fiscal Agents/Trustees	—	—	89,596	73,450	163,046
Investments	162,567	177,749	178,281	367,500	886,097
Due from Other Funds	34,104	1,259	—	30,071	65,434
Receivables, Net of Allowance					
Accounts Receivable	39,066	3,833	—	27,317	70,216
Taxes Receivable	75,338	—	852	7	76,197
Delinquent Taxes Receivable	2,446	—	1,404	—	3,850
Intergovernmental	24,871	40,513	—	45,901	111,285
Accrued Interest	40	—	327	112	479
Notes Receivable	—	60,000	—	41,012	101,012
Prepaid Items	—	714	—	4,263	4,977
Inventories	14,224	312	—	104	14,640
Total Assets	<u>\$ 363,017</u>	<u>\$ 317,182</u>	<u>\$ 271,003</u>	<u>\$ 675,262</u>	<u>\$ 1,626,464</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	—	—	—	—	—
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 65,434	\$ 65,434
Accounts Payable	20,907	25,003	—	40,822	86,732
Insurance Claims Payable	951	2	—	—	953
Trust Liabilities and Deposits	7,963	22	—	30,112	38,097
Matured Bonds Payable	—	—	58,585	57,160	115,745
Interest Payable	—	—	31,011	14,331	45,342
Advance Payments	3,338	—	—	29,656	32,994
Total Liabilities	<u>33,159</u>	<u>25,027</u>	<u>89,596</u>	<u>237,515</u>	<u>385,297</u>
Deferred Inflows of Resources					
Delinquent Property Taxes	2,446	—	1,404	—	3,850
Service Concession Arrangement	—	—	—	8,825	8,825
Total Deferred Inflows of Resources	<u>2,446</u>	<u>—</u>	<u>1,404</u>	<u>8,825</u>	<u>12,675</u>
Fund Balances					
Non-Spendable					
Inventories	14,224	312	—	104	14,640
Prepaid Items	—	714	—	4,264	4,978
Spendable					
Restricted	61,564	286,704	180,003	302,154	830,425
Committed	—	—	—	27,005	27,005
Assigned	41,338	4,425	—	128,477	174,240
Unassigned	210,286	—	—	(33,082)	177,204
Total Fund Balances	<u>327,412</u>	<u>292,155</u>	<u>180,003</u>	<u>428,922</u>	<u>1,228,492</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 363,017</u>	<u>\$ 317,182</u>	<u>\$ 271,003</u>	<u>\$ 675,262</u>	<u>\$ 1,626,464</u>

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

Fund Financial Statements

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2015

(in thousands)

Fund balances - total governmental funds balance sheet	\$	1,228,492
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	6,842,624	
Accumulated depreciation	<u>(2,047,048)</u>	4,795,576
<p>The investment in joint use agreements are not a financial resource and, therefore, are not reported in the funds.</p>		
Valley Metro Rail Inc.	804,650	
Regional Wireless Cooperative	<u>69,536</u>	874,186
<p>The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds.</p>		
		923
<p>Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are not recognized in the funds.</p>		
		7,324
Deferred outflows of resources from the refunding of bonds.	34,961	
Deferred outflows of resources from pensions.	<u>566,599</u>	601,560
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Governmental bonds payable	(2,080,325)	
Pollution Remediation	(18,757)	
Compensated absences	(149,912)	
Insurance claims payable	(122,778)	
Water repayment agreements	(2,301)	
Net Pension Liability	<u>(3,214,265)</u>	(5,588,338)
Deferred inflows of resources from the refunding of bonds.	(14,519)	
Deferred inflows of resources from pensions.	(112,635)	
		<u>(127,154)</u>
Net position of governmental activities - statement of net position	\$	<u><u>1,792,569</u></u>

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

## Fund Financial Statements

## Governmental Funds

## Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2015

(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
City Taxes	\$ 612,903	\$ 110,347	\$ 49,567	\$ 183,001	\$ 955,818
Licenses and Permits	17,437	—	—	165	17,602
Intergovernmental	367,806	90,003	4,716	358,602	821,127
Charges for Services	66,280	35,923	—	67,073	169,276
Fines and Forfeitures	14,111	—	—	111	14,222
Parks and Recreation	—	—	—	7,393	7,393
Special Assessments	—	—	—	29	29
Investment Income					
Net Change in Fair Value of Investments	(952)	(1,586)	(1,364)	(1,724)	(5,626)
Interest	2,769	3,515	2,751	4,010	13,045
Dwelling Rentals	—	—	—	7,104	7,104
Other	22,559	16,996	—	43,049	82,604
Total Revenues	1,102,913	255,198	55,670	668,813	2,082,594
<b>EXPENDITURES</b>					
Current Operating					
General Government	58,595	—	—	19,587	78,182
Criminal Justice	30,657	—	—	1,746	32,403
Public Safety	714,257	2	—	112,229	826,488
Transportation	31,664	181,437	—	50,408	263,509
Community Enrichment	138,481	—	—	55,947	194,428
Community Development	19,120	—	—	170,460	189,580
Environmental Services	14,943	—	—	1,910	16,853
Capital Outlay	7,424	18,444	—	228,779	254,647
Debt Service					
Principal	—	—	58,585	57,423	116,008
Interest	—	—	62,223	31,940	94,163
Bond Issuance Costs	—	—	126	344	470
Arbitrage Rebate and Fiscal Agent Fees	—	—	1	21	22
Other	—	—	—	7	7
Total Expenditures	1,015,141	199,883	120,935	730,801	2,066,760
Excess (Deficiency) of Revenues Over Expenditures	87,772	55,315	(65,265)	(61,988)	15,834
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From Other Funds	23,916	—	—	99,130	123,046
Transfers to Other Funds	(84,527)	(47,654)	—	(15,945)	(148,126)
Issuance of Debt					
Premium on Municipal Corporation Obligations	—	—	—	10	10
Refunding Bonds	—	—	—	60,945	60,945
Deposit to Refunding Escrow	—	—	—	(60,604)	(60,604)
Total Other Financing Sources and (Uses)	(60,611)	(47,654)	—	83,536	(24,729)
Net Change in Fund Balances	27,161	7,661	(65,265)	21,548	(8,895)
<b>FUND BALANCES, JULY 1</b>	300,251	284,494	245,268	407,374	1,237,387
<b>FUND BALANCES, JUNE 30</b>	\$ 327,412	\$ 292,155	\$ 180,003	\$ 428,922	\$ 1,228,492

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

Fund Financial Statements

Governmental Funds

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

For the Fiscal Year Ended June 30, 2015

(in thousands)

Net change in fund balances - total governmental funds \$ (8,895)

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 (\$223,444) plus the increase in the equity share of the joint venture (\$9,797) exceeded depreciation (\$174,105) and loss on disposals of capital assets (\$45,065) in the current period. 14,071

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,039)

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 115,657

Amortization of bond premium/discount 10,866

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 (8,089)

Insurance claims (18,599)

Other Postemployment Benefit (OPEB) Asset 7

Pollution Remediation 1,746

Pensions (89,767)

Change in net position of governmental activities - statement of activities \$ 15,958

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**General Fund**  
**Budgetary Comparison Schedule**  
For the Fiscal Year Ended June 30, 2015  
(in thousands)

**Exhibit B-5**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 139,656	\$ 139,656	\$ 139,838	\$ 182
Licenses and Permits	14,066	14,066	14,655	589
Intergovernmental	56,007	56,007	56,999	992
Charges for Services	67,791	67,791	69,146	1,355
Fines and Forfeitures	15,186	15,186	13,584	(1,602)
Interest	1,775	1,775	2,703	928
Miscellaneous	18,468	18,468	18,815	347
Total Revenues	<u>312,949</u>	<u>312,949</u>	<u>315,740</u>	<u>2,791</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	109,034	109,034	96,385	12,649
Criminal Justice	34,031	34,031	31,018	3,013
Public Safety	726,963	726,963	716,304	10,659
Transportation	39,756	39,756	34,187	5,569
Community Enrichment	150,195	149,881	138,024	11,857
Community Development	22,241	22,241	18,986	3,255
Environmental Services	18,508	18,508	15,082	3,426
Capital	2,845	3,159	1,409	1,750
Contingency	45,268	45,268	—	45,268
Total Expenditures and Encumbrances	<u>1,148,841</u>	<u>1,148,841</u>	<u>1,051,395</u>	<u>97,446</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(835,892)	(835,892)	(735,655)	100,237
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Staff and Administrative	35,948	35,948	34,464	(1,484)
In-Lieu Property Taxes	21,826	21,826	20,332	(1,494)
Excise Taxes and Other	759,755	759,755	707,539	(52,216)
Transfers to Other Funds				
Miscellaneous	(5,886)	(5,886)	(5,794)	92
Recovery of Prior Years Expenditures	—	—	970	970
Total Other Financing Sources (Uses)	<u>811,643</u>	<u>811,643</u>	<u>757,511</u>	<u>(54,132)</u>
Net Change in Fund Balance	<u>\$ (24,249)</u>	<u>\$ (24,249)</u>	<u>21,856</u>	<u>\$ 46,105</u>
Fund Balance, July 1			78,579	
Fund Balance, June 30			<u>\$ 100,435</u>	

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

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Transit 2000 Special Revenue Fund**

**Exhibit B-6**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 49,267	\$ 49,267	\$ 48,257	\$ (1,010)
Interest	1,025	1,025	1,777	752
Miscellaneous	1,729	1,729	4,586	2,857
Total Revenues	52,021	52,021	54,620	2,599
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating Transportation	140,093	140,093	125,312	14,781
Capital	21,460	21,460	15,207	6,253
Contingency	10,000	10,000	—	10,000
Total Expenditures and Encumbrances	171,553	171,553	140,519	31,034
Deficiency of Revenues Over Expenditures and Encumbrances	(119,532)	(119,532)	(85,899)	33,633
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	115,177	115,177	110,347	(4,830)
Arizona Highway User Special Revenue Fund	10,000	10,000	—	(10,000)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(686)	(686)	(766)	(80)
Capital Projects Fund	—	—	(5)	(5)
City Improvement Debt Service Fund	(47,522)	(47,522)	(47,520)	2
Infrastructure Repayment Agreement Trust	(211)	(211)	(129)	82
Recovery of Prior Years Expenditures	2,000	2,000	838	(1,162)
Total Other Financing Sources (Uses)	78,758	78,758	62,765	(15,993)
Net Change in Fund Balance	<u>\$ (40,774)</u>	<u>\$ (40,774)</u>	<u>\$ (23,134)</u>	<u>\$ 17,640</u>
Fund Balance, July 1			295,929	
Fund Balance, June 30			<u>\$ 272,795</u>	

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

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

**Exhibit B-7**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 46,595	\$ 46,595	\$ 31,327	\$ (15,268)
Charges for Services	6	6	—	(6)
Rentals	—	—	195	195
Interest	(5)	(5)	(46)	(41)
Miscellaneous	—	—	1	1
Total Revenues	46,596	46,596	31,477	(15,119)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	25,787	25,787	27,414	(1,627)
Capital	23,988	23,988	13,569	10,419
Total Expenditures and Encumbrances	49,775	49,775	40,983	8,792
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(3,179)	(3,179)	(9,506)	(6,327)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	168	168
Total Other Financing Sources	—	—	168	168
Net Change in Fund Balance	<u>\$ (3,179)</u>	<u>\$ (3,179)</u>	<u>\$ (9,338)</u>	<u>\$ (6,159)</u>
Fund Balance, July 1			(4,572)	
Fund Balance, June 30			<u>\$ (13,910)</u>	

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

**Budgetary Comparison Schedule  
Transit - Federal Transit Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 72,254	\$ 72,254	\$ 58,552	\$ (13,702)
Total Revenues	72,254	72,254	58,552	(13,702)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	—	—	3	(3)
Transportation	21,356	21,356	21,576	(220)
Capital	50,898	50,898	37,439	13,459
Total Expenditures and Encumbrances	72,254	72,254	59,018	13,236
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	(466)	(466)
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	—	—	466	466
Total Other Financing Sources and Uses	—	—	466	466
Net Change in Fund Balance	\$ —	\$ —	—	\$ —
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

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

	Aviation	Phoenix Convention Center
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 56,355	\$ 5,324
Investments	270,506	30,215
Receivables, Net of Allowances	12,295	205
Prepaid Items	—	—
Cash Deposits	346	—
Inventories, at Average Cost	1,749	228
Total Unrestricted Current Assets	<u>341,251</u>	<u>35,972</u>
Restricted Assets		
Cash and Cash Equivalents	31,978	979
Cash Deposits	—	3,082
Cash and Securities with Fiscal Agents/Trustees	261,065	13,336
Investments	93,751	13,991
Receivables, Net of Allowances	20,536	4
Total Restricted Current Assets	<u>407,330</u>	<u>31,392</u>
Total Current Assets	<u>748,581</u>	<u>67,364</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,745,938	730,328
Investment in Joint Use Agreement	—	—
OPEB Asset	59	14
Total Noncurrent Assets	<u>2,745,997</u>	<u>730,342</u>
Total Assets	<u>3,494,578</u>	<u>797,706</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	1,329	5,486
Pension Related	29,090	7,161
Total Deferred Outflows of Resources	<u>30,419</u>	<u>12,647</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	18,922	2,017
Trust Liabilities and Deposits	1,817	—
Advance Payments	16,294	—
Accrued Landfill Postclosure Care Costs	—	—
Current Portion of Pollution Remediation	850	—
Current Portion of Accrued Compensated Absences	794	184
Total Current Liabilities Payable from Current Assets	<u>38,677</u>	<u>2,201</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	19,804	—
Trust Liabilities and Deposits	—	2,711
Commercial Paper Notes Payable	140,000	—
Matured Bonds and Certificates Payable	44,330	2,350
Interest Payable	36,187	10,879
Current Portion of General Obligation Bonds	—	—
Current Portion of Revenue Bonds	—	—
Current Portion of Municipal Corporation Obligations	46,575	2,480
Accrued Landfill Closure Costs	—	—
Total Current Liabilities Payable from Restricted Assets	<u>286,896</u>	<u>18,420</u>
Total Current Liabilities	<u>325,573</u>	<u>20,621</u>
Noncurrent Liabilities		
General Obligation Bonds	8,194	—
Revenue Bonds	—	—
Municipal Corporation Obligations	1,355,960	729,353
Pollution Remediation	3,050	—
Accrued Landfill Closure and Postclosure Care Costs	—	—
Accrued Compensated Absences	5,430	1,243
Net Pension Liability	172,577	42,483
Total Noncurrent Liabilities	<u>1,545,211</u>	<u>773,079</u>
Total Liabilities	<u>1,870,784</u>	<u>793,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Refunding Bonds	128	—
Pension Related	2,424	597
Total Deferred Inflows of Resources	<u>2,552</u>	<u>597</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,170,752	1,631
Restricted for Debt Service	124,961	—
Restricted from Passenger Facility Charges	138,136	—
Restricted from Customer Facility Charges	80,375	—
Restricted from Enabling Legislation for Capital Projects	—	—
Unrestricted	137,437	14,425
Total Net Position	<u>\$ 1,651,661</u>	<u>\$ 16,056</u>

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

Exhibit B-9  
(Continued)

Water System	Wastewater	Solid Waste	Total
\$ 37,389	\$ 22,239	\$ 11,378	\$ 132,685
178,697	110,278	56,575	646,271
48,415	26,232	13,907	101,054
2,646	—	—	2,646
—	—	—	346
15,845	5,483	—	23,305
<u>282,992</u>	<u>164,232</u>	<u>81,860</u>	<u>906,307</u>
13,398	14,683	4,852	65,890
5,278	59	109	8,528
94,395	39,665	11,698	420,159
65,497	71,690	23,740	268,669
—	—	—	20,540
<u>178,568</u>	<u>126,097</u>	<u>40,399</u>	<u>783,786</u>
<u>461,560</u>	<u>290,329</u>	<u>122,259</u>	<u>1,690,093</u>
2,300,418	962,476	139,599	6,878,759
223,350	396,446	—	619,796
67	25	34	199
<u>2,523,835</u>	<u>1,358,947</u>	<u>139,633</u>	<u>7,498,754</u>
<u>2,985,395</u>	<u>1,649,276</u>	<u>261,892</u>	<u>9,188,847</u>
9,750	7,111	1,523	25,199
33,974	12,385	16,578	99,188
<u>43,724</u>	<u>19,496</u>	<u>18,101</u>	<u>124,387</u>
15,352	9,874	5,939	52,104
—	—	—	1,817
10	1	—	16,305
—	—	2,519	2,519
—	—	—	850
850	201	387	2,416
<u>16,212</u>	<u>10,076</u>	<u>8,845</u>	<u>76,011</u>
206	188	36	20,234
5,378	59	108	8,256
—	—	—	140,000
60,557	23,867	10,205	141,309
34,102	17,093	1,493	99,754
15,680	6,338	1,040	23,058
214	723	—	937
34,130	35,845	8,295	127,325
—	—	1,295	1,295
<u>150,267</u>	<u>84,113</u>	<u>22,472</u>	<u>562,168</u>
<u>166,479</u>	<u>94,189</u>	<u>31,317</u>	<u>638,179</u>
12,948	6,686	6,755	34,583
3,420	11,552	—	14,972
1,368,702	652,891	93,395	4,200,301
—	—	—	3,050
—	—	62,061	62,061
5,903	1,397	2,569	16,542
<u>201,552</u>	<u>73,473</u>	<u>98,348</u>	<u>588,433</u>
<u>1,592,525</u>	<u>745,999</u>	<u>263,128</u>	<u>4,919,942</u>
<u>1,759,004</u>	<u>840,188</u>	<u>294,445</u>	<u>5,558,121</u>
—	2,258	482	2,868
2,831	1,032	1,381	8,265
<u>2,831</u>	<u>3,290</u>	<u>1,863</u>	<u>11,133</u>
988,753	600,196	20,950	2,782,282
—	—	—	124,961
—	—	—	138,136
—	—	—	80,375
48,626	49,798	—	98,424
<u>229,905</u>	<u>175,300</u>	<u>(37,265)</u>	<u>519,802</u>
<u>\$ 1,267,284</u>	<u>\$ 825,294</u>	<u>\$ (16,315)</u>	<u>\$ 3,743,980</u>

## Fund Financial Statements

## Enterprise Funds

## Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Aeronautical Fees	\$ 145,046	\$ —
Sales	—	—
Rentals	102,810	11,776
Sewer Service Charges	—	—
Sanitation and Landfill Fees	—	—
Concessions	—	13,623
Other	93,111	17,360
Total Operating Revenues	<u>340,967</u>	<u>42,759</u>
Operating Expenses		
Administration and Engineering	—	26,458
Operation and Maintenance	243,557	13,187
Promotion	—	2,598
Depreciation and Amortization	163,691	26,344
Staff and Administrative	7,969	2,330
Environmental, Studies & Noise Program	2,600	—
Other	—	1,044
Total Operating Expenses	<u>417,817</u>	<u>71,961</u>
Operating Income (Loss)	<u>(76,850)</u>	<u>(29,202)</u>
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	84,774	—
Rental Car Customer Facility Charges	44,839	—
Investment Income		
Net Decrease in Fair Value of Investments	(2,715)	(262)
Interest on Investments	5,703	637
Interest on Capital Debt	(65,051)	(33,393)
Equity Interest in Joint Use Agreement Operating Loss	—	—
Gain (Loss) on Disposal of Capital Assets	(47)	(104)
Total Non-Operating Revenues (Expenses)	<u>67,503</u>	<u>(33,122)</u>
Income (Loss) Before Contributions and Transfers	<u>(9,347)</u>	<u>(62,324)</u>
Capital Contributions	20,970	—
Transfers from Other Funds	1	46,402
Transfers to Other Funds	(365)	(146)
Change in Net Position	<u>11,259</u>	<u>(16,068)</u>
Net Position, July 1	1,773,552	67,536
Restatement of Beginning Net Position	(133,150)	(35,412)
Net Position, July 1, as Restated	<u>1,640,402</u>	<u>32,124</u>
Net Position, June 30	<u>\$ 1,651,661</u>	<u>\$ 16,056</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>Total</b>
\$	— \$	— \$	— \$	145,046
	301,797	—	—	301,797
	—	—	—	114,586
	—	147,038	—	147,038
	—	—	135,345	135,345
	—	—	—	13,623
	56,963	38,936	11,977	218,347
	358,760	185,974	147,322	1,075,782
	36,318	15,930	29,504	108,210
	138,512	54,884	79,725	529,865
	—	—	—	2,598
	106,741	43,008	17,285	357,069
	7,056	3,354	6,701	27,410
	—	—	—	2,600
	—	—	12,262	13,306
	288,627	117,176	145,477	1,041,058
	70,133	68,798	1,845	34,724
	—	—	—	84,774
	—	—	—	44,839
	(2,549)	(1,653)	(737)	(7,916)
	6,011	3,762	1,667	17,780
	(39,440)	(28,481)	(5,148)	(171,513)
	(8,252)	(25,425)	—	(33,677)
	(126)	(168)	214	(231)
	(44,356)	(51,965)	(4,004)	(65,944)
	25,777	16,833	(2,159)	(31,220)
	26,397	12,451	62	59,880
	6	—	—	46,409
	(11,922)	(7,453)	(1,443)	(21,329)
	40,258	21,831	(3,540)	53,740
	1,387,573	862,514	62,094	4,153,269
	(160,547)	(59,051)	(74,869)	(463,029)
	1,227,026	803,463	(12,775)	3,690,240
\$	1,267,284 \$	825,294 \$	(16,315) \$	3,743,980

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

**Exhibit B-11**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 343,481	\$ 43,204
Payments to Suppliers	(161,771)	(24,110)
Payments to Employees	(73,254)	(18,297)
Payment of Staff and Administrative Expenses	(7,969)	(2,330)
Net Cash Provided (Used) by Operating Activities	100,487	(1,533)
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	1	46,402
Transfers to Other Funds	(365)	(146)
Net Cash Provided (Used) by Noncapital Financing Activities	(364)	46,256
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	20,000	1,479
Principal Paid on Capital Debt	(44,035)	(2,220)
Interest Paid on Capital Debt	(73,401)	(41,847)
Acquisition and Construction of Capital Assets	(96,054)	(1,999)
Proceeds from Sales of Capital Assets	64	4
Passenger Facility Charges	85,434	—
Customer Facility Charges	44,693	—
Capital Contributions	18,400	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(44,899)	(44,583)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(549,617)	(15,022)
Proceeds from Sale and Maturities of Investment Securities	552,183	14,890
Net Activity for Short-Term Investments	(11,099)	(4,855)
Interest on Investments	2,981	373
Net Cash Provided (Used) by Investing Activities	(5,552)	(4,614)
Net Increase (Decrease) in Cash and Cash Equivalents	49,672	(4,474)
Cash and Cash Equivalents, July 1	300,072	27,195
Cash and Cash Equivalents, June 30	<u>\$ 349,744</u>	<u>\$ 22,721</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (76,850)	\$ (29,202)
Adjustments		
Depreciation and Amortization	163,691	26,344
(Increase) Decrease in Assets/Deferred Outflows		
Receivables	(5,766)	49
Allowance for Doubtful Accounts	54	—
Prepaid Items	—	—
Inventories	(42)	5
OPEB Asset	(1)	1
Pension	(29,090)	(7,161)
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	4,181	396
Trust Liabilities and Deposits	228	396
Advance Payments	7,996	—
Pollution Remediation	(5,600)	—
Accrued Compensated Absences	(165)	(29)
Accrued Landfill Closure and Postclosure Care Costs	—	—
Pension	41,851	7,668
Net Cash Provided (Used) by Operating Activities	<u>\$ 100,487</u>	<u>\$ (1,533)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ —	\$ —
Refunding Issuance in Excess of Bond Retirement	184	62
Increase (Decrease) in Fair Value of Investments	25	4
Total Noncash Transactions Affecting Financial Position	<u>\$ 209</u>	<u>\$ 66</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 56,355	\$ 5,324
Cash Deposits	346	—
Total Unrestricted	56,701	5,324
Restricted		
Cash and Cash Equivalents	31,978	979
Cash and Securities with Fiscal Agents/Trustees	261,065	13,336
Cash Deposits	—	3,082
Total Restricted	<u>293,043</u>	<u>17,397</u>
	<u>\$ 349,744</u>	<u>\$ 22,721</u>

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

**Exhibit B-11**  
(Continued)

	Water System	Wastewater	Solid Waste	Total
\$	365,369 \$	183,802 \$	147,122 \$	1,082,978
	(84,646)	(48,298)	(68,786)	(387,611)
	(82,112)	(21,647)	(42,931)	(238,241)
	(7,056)	(3,354)	(6,701)	(27,410)
	191,555	110,503	28,704	429,716
	6	—	—	46,409
	(11,922)	(7,453)	(1,443)	(21,329)
	(11,916)	(7,453)	(1,443)	25,080
	3,517	—	298	25,294
	(54,578)	(33,564)	(7,970)	(142,367)
	(53,304)	(33,256)	(6,930)	(208,738)
	(114,179)	(30,439)	960	(241,711)
	195	62	690	1,015
	—	—	—	85,434
	—	—	—	44,693
	11,593	7,546	—	37,539
	(206,756)	(89,651)	(12,952)	(398,841)
	(28,660)	—	(10,935)	(604,234)
	28,660	—	11,178	606,911
	40,520	(9,719)	(7,704)	7,143
	3,462	2,108	930	9,854
	43,982	(7,611)	(6,531)	19,674
	16,865	5,788	7,778	75,629
	133,595	70,858	20,259	551,979
\$	150,460 \$	76,646 \$	28,037 \$	627,608
\$	70,133 \$	68,798 \$	1,845 \$	34,724
	106,741	43,008	17,285	357,069
	6,158	(2,213)	(132)	(1,904)
	(7)	39	(75)	11
	1,474	—	—	1,474
	3,629	(104)	—	3,488
	3	1	(1)	3
	(33,974)	(12,385)	(16,578)	(99,188)
	(6,589)	(1,800)	2,966	(846)
	460	2	6	1,092
	—	—	—	7,996
	—	—	—	(5,600)
	(309)	(297)	175	(625)
	—	—	(1,647)	(1,647)
	43,836	15,454	24,860	133,669
\$	191,555 \$	110,503 \$	28,704 \$	429,716
\$	14,804 \$	4,906 \$	— \$	19,710
	1,695	2,293	90	4,324
	—	—	—	29
\$	16,499 \$	7,199 \$	90 \$	24,063
\$	37,389 \$	22,239 \$	11,378 \$	132,685
	—	—	—	346
	37,389	22,239	11,378	133,031
	13,398	14,683	4,852	65,890
	94,395	39,665	11,698	420,159
	5,278	59	109	8,528
	113,071	54,407	16,659	494,577
\$	150,460 \$	76,646 \$	28,037 \$	627,608

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

**Exhibit B-12**

**Statement of Fiduciary Net Position**

June 30, 2015  
(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 65,669	\$ 9,368
Investments		
Treasurer's Pooled Investments	14,886	45,740
Temporary Investments	84,164	—
Fixed Income	668,649	—
Domestic Equities	753,645	—
International Equities	759,213	—
Real Return	42,188	—
Absolute Return	280,289	—
Receivables		
Accounts Receivable	188,377	—
Contributions Receivable	5,102	—
Interest and Dividends	2,074	—
Prepaid Items	5,150	—
Total Assets	<u>2,869,406</u>	<u>55,108</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>
<b><u>LIABILITIES</u></b>		
Due to Primary Government	177	—
Accounts Payable	334,119	—
Accrued Payroll Payable	—	55,108
Claims Payable	25,455	—
Total Liabilities	<u>359,751</u>	<u>55,108</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>\$ 2,509,655</u>	<u>\$ —</u>

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

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

**Exhibit B-13**

**Statement of Changes in Fiduciary Net Position**

June 30, 2015

(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>
<b><u>ADDITIONS</u></b>	
Contributions	
City of Phoenix	\$ 286,882
Employees	99,255
Inter-System Transfers	10,818
Other	6,490
Total Contributions	<u>403,445</u>
Investment Income	
From Investing Activities	
Net Increase in Fair Value of Investments	18,041
Interest	13,053
Dividends	25,148
Other	(899)
Investment Income	<u>55,343</u>
Less: Investment Expense	<u>5,952</u>
Net Investment Income	
from Investing Activities	<u>49,391</u>
Total Net Investment Income	<u>49,391</u>
Total Additions	<u>452,836</u>
<b><u>DEDUCTIONS</u></b>	
Benefit Payments	442,966
Refunds of Contributions	3,035
Inter-System Transfers	12,475
Other	14,544
Total Deductions	<u>473,020</u>
Net Increase	(20,184)
Net Position Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	2,529,839
End of Year, June 30	<u>\$ 2,509,655</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, Refinanced and Defeased Obligations
12	Legal Debt Margin
13	Risk Management
14	Leases
15	Contractual and Other Commitments
16	Contingent Liabilities
17	Joint Use Agreements
18	Deferred Compensation and Defined Contribution Plans
19	Pension Plans
20	Other Postemployment Benefits
21	Subsequent Events

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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 of Arizona. The Corporation was formed in January, 2005, for the sole purpose of owning, acquiring,

## Notes to the Financial Statements

(Continued)

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constructing, equipping, financing and taking any other actions that an Arizona nonprofit corporation may take with respect to a full-service downtown hotel. The City Council of the City of Phoenix appoints the corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a 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.

### **Phoenix Industrial Development Authority ("Phoenix IDA")**

The Phoenix IDA is a nonprofit corporation designated a political subdivision of the State of Arizona. The Phoenix IDA was established on July 7, 1981 in order to exercise its broad statutory powers, including the power to issue conduit revenue bonds to finance "projects" as such term is defined by the Arizona Revised Statutes, §35-701(7). All bonds issued by Phoenix IDA are special, limited obligations of the Phoenix IDA, payable solely from revenues generated by the project being financed, and do not constitute debt of, a loan of, or credit by, the Phoenix IDA. The Phoenix IDA charges administration fees to bond applicants and uses such fees to cover its administration costs and to support its ongoing community and economic development programs in Arizona. The Phoenix IDA is a special-purpose governmental entity engaged in business type activities. Although the Phoenix IDA is legally separate from the City, governmental accounting standards require the Phoenix IDA 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 Phoenix IDA. Separate financial statements for the Phoenix IDA can be obtained from the City's Finance Department, through the Phoenix IDA 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 \$16.9 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.

## Notes to the Financial Statements

(Continued)

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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 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

## Notes to the Financial Statements

(Continued)

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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.

### **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.

## Notes to the Financial Statements

(Continued)

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The City reports the following nonmajor governmental funds:

### **Special Revenue Funds**

Nine 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**

Three 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 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 five 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 and solid waste disposal system.

### **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).

## Notes to the Financial Statements

(Continued)

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### **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 plus deferred outflows and current liabilities plus deferred inflows 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.

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

## Notes to the Financial Statements

(Continued)

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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 2014-15, the reappropriation budget was \$911,407,000.

### **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 2014-15 expenditure limit supplied by the Economic Estimates Commission was \$1,342,056,332. The City increased this limit to \$5,093,677,000 to adjust for additional voter-approved modifications, as follows:

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

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 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.

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

**Budget Calendar**

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

<b>Action</b>	<b>City Charter</b>	<b>State Statutes</b>
Post notice on the official city website if there will be an increase in either the primary or the secondary property levy	No requirement	60 days prior to Tax Levy Adoption
City Manager’s proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June or a date designated by Council	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 truth-in-taxation notice twice in a newspaper of general circulation (when required)	No requirement	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing
Publish budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption
Post a complete copy of the tentatively adopted budget on the city’s website and provide copies to libraries and City Clerk	No requirement	No later than 7 business days after the estimates of Revenue and Expenses are initially presented before the City Council
Public hearing and final budget adoption	No provision	No later than the first Monday in August
Post a complete copy of the adopted final budget on the city’s website	No requirement	No later than seven days after adoption
Public hearing and property tax levy adoption	No later than the last regular Council meeting in July	No sooner than fourteen days following final budget adoption and no later than the third Monday in August

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

**g. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets, 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

## Notes to the Financial Statements

(Continued)

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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 five 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 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, 2015, the Public Safety Enhancement special revenue fund reported a deficit of \$10,325,000. The deficit in Public Safety Enhancement occurred due to lower than planned receipts of voter approved local sales taxes. The City Council has approved a multi-year plan to resolve this fund deficit 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. Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. Due to the implementation of GASB 68, the Solid Waste Enterprise Fund reported a deficit of \$16,315,000. The City has implemented measures designed to fully fund the general City pension which will eliminate the deficit in Solid Waste.

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

**n. Interfund Transactions**

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

**o. Statements of Cash Flows**

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

**p. New Accounting Pronouncements**

GASB Statement No. 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 has implemented this Statement in fiscal year 2015 and, accordingly, has restated amounts of effective balances within the government-wide financial statements as of June 30, 2014 (in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Beginning net position as previously reported at June 30, 2014</b>	\$ 4,447,146	\$ 4,153,269	\$ 8,600,415
Noncurrent liabilities - implementation of GASB 68:			
Net pension liability - COPERS (measurement date 2014)	(929,515)	(463,029)	(1,392,544)
Net pension liability - PSPRS (measurement date 2013)	(1,738,488)	—	(1,738,488)
Net pension liability - EORP (measurement date 2013)	(2,532)	—	(2,532)
Restatement of beginning net position	<u>(2,670,535)</u>	<u>(463,029)</u>	<u>(3,133,564)</u>
<b>Net position as restated, July 1, 2014</b>	<u>\$ 1,776,611</u>	<u>\$ 3,690,240</u>	<u>\$ 5,466,851</u>

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 has no government combinations or disposals of government operations in fiscal year 2015 and is therefore not impacted by this Statement.

GASB Statement No. 71, **Pension Transition for Contributions Made Subsequent to the Measurement Date**, improves accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement should

## Notes to the Financial Statements

(Continued)

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be applied simultaneously with the provisions of Statement 68. The City has implemented this Statement in fiscal year 2015.

GASB Statement No. 72, ***Fair Value Measurement and Application***, will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City will implement this Statement in fiscal year 2016.

GASB Statement No. 73, ***Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***, will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City will implement this Statement in fiscal year 2016.

GASB Statement No. 75, ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The City will implement this Statement in fiscal year 2018.

GASB Statement No. 76, ***The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***, will improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. The provisions in this Statement are effective for reporting periods beginning after June 15, 2015. The City will implement this Statement in fiscal year 2016.

GASB Statement No. 77, ***Tax Abatement Disclosures***, improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City will implement this Statement in fiscal year 2017.

The City has not fully determined the effect that implementation of Statements No. 72, 73, 75, 76 and 77 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:

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

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

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

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2015 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**

	<u>General</u>
Budget basis	\$ 21,856
Entity differences - amounts not budgeted	(3,311)
Transfers not recognized for budget purposes	(817,794)
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	786,752
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	25,511
Unrealized gain or loss on investments	766
Encumbrances at June 30 recognized as expenditures for budget purposes	13,381
GAAP basis	<u>\$ 27,161</u>

Adjustments necessary to convert the fund balances at June 30, 2015 on the budget basis to the GAAP basis are as follows (in thousands):

**Fund Balances at June 30**

	<u>General</u>
Budget basis	\$ 100,435
Entity differences - amounts not budgeted	216,782
Transfers not recognized for budget purposes	(817,267)
Advance payments not recognized for budget purposes	786,752
Accrued expenditures not recognized for budget purposes	23,722
Unrealized gain or loss on investments	(7,754)
Encumbrances at June 30 recognized as expenditures for budget purposes	24,742
GAAP basis	<u>\$ 327,412</u>

## Notes to the Financial Statements

(Continued)

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### 3. Fund Balances

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

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

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

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

Assigned - Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of budget appropriations. The City Manager or his designees 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	\$ 14,224	\$ 1,026	\$ —	\$ 4,368	\$ 19,618
Spendable:					
Restricted for:					
Capital Construction	—	—	—	83,445	83,445
Debt Service	—	—	180,003	4,281	184,284
Public Transit Operations	—	286,704	—	—	286,704
Road Maintenance and Construction	—	—	—	93,446	93,446
Public Parks and Preserves	—	—	—	40,325	40,325
Insurance Claims	61,564	—	—	—	61,564
Low Income Housing Programs	—	—	—	11,667	11,667
Court Operations	—	—	—	11,724	11,724
Police and Fire Personnel	—	—	—	24,889	24,889
Other	—	—	—	32,377	32,377
Committed to:					
Debt Service	—	—	—	16,425	16,425
Capital Construction	—	—	—	6,877	6,877
Court Operations	—	—	—	3,703	3,703
Assigned to:					
Capital Construction	—	—	—	63,662	63,662
Insurance	38,059	—	—	—	38,059
Development Services	—	—	—	44,121	44,121
Low Income Housing Programs	—	—	—	4,404	4,404
Public Transit Operations	—	4,425	—	—	4,425
Other	3,279	—	—	16,290	19,569
Unassigned	210,286	—	—	(33,082)	177,204
Total fund balances	\$ 327,412	\$ 292,155	\$ 180,003	\$ 428,922	\$ 1,228,492

**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.

Prior to fiscal year 2015-16, Arizona had a dual valuation property tax system. Specific provisions were made under each system to determine the full cash and limited values of the property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Primary property taxes were levied against the limited property value (LPV), and secondary property taxes were levied against the full cash value (FCV) of the property. Under the primary system, the LPV could generally only increase by 10% annually, while the FCV had no limitation on the annual increase.

## Notes to the Financial Statements

(Continued)

In 2012, voters approved Proposition 117, which replaced Arizona's dual valuation tax system. Also known as the Property Tax Assessed Valuation Amendment, Proposition 117 amended the Arizona Constitution by limiting the annual increase in the LPV and by eliminating the use of FCV to calculate secondary 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 LPV for both the primary and secondary systems. The LPV will be used to calculate primary assessed valuations, which will be used to determine both the primary and secondary levies. Both primary and secondary property taxes are levied against the LPV of locally-assessed real property, including residential, commercial, industrial, agricultural and unimproved property. The amendment did 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 did 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. City of Phoenix assessed valuations for tax year 2015 are \$10,577,031,724.

Separate tax rates are set for both primary and secondary levies. The total amount of primary property taxes that the City can levy is 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 judgments. Secondary tax levies do not have a limitation.

The City Council adopts the annual primary and secondary tax levies 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):

	2014 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ —	\$ —	\$ —	\$ 5,683	\$ 5,683
Current Tax Levy	139,448	50,404	189,852	—	189,852
Adjustments by County Assessor	(814)	(241)	(1,055)	(1,714)	(2,769)
	138,634	50,163	188,797	3,969	192,766
Less: Collections, net	(136,418)	(49,346)	(185,764)	(2,172)	(187,936)
Taxes Receivable, June 30	\$ 2,216	\$ 817	\$ 3,033	\$ 1,797	\$ 4,830

In fiscal 2014-15, current property tax collections were \$185,764,000, or 97.9% of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days was recognized as revenue and recorded as a receivable for the governmental funds. As delinquent payments are received in 2015-16, 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

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

on delinquent taxes is retained by the County. The County Treasurer remits to the City on the 15th day of each month all monies collected the previous month on property taxes due the City.

**Delinquent Taxes - Sales and Redemption**

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

**5. Cash and Investments**

Cash and cash equivalents at June 30, 2015, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 249,960
Cash on Hand	4,572
Short-Term Pooled Investments	32,912
Short-Term Non-Pooled Investments	125,687
Total Cash and Cash Equivalents	<u>\$ 413,131</u>

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

Primary Government	
Unrestricted	
General Fund	\$ 9,269
Transit Special Revenue Fund	32,802
General Obligation/Secondary Property Tax	543
Non-Major Governmental Funds	85,373
Enterprise Funds	
Aviation	56,355
Phoenix Convention Center	5,324
Water System	37,389
Wastewater	22,239
Solid Waste	11,378
Total Unrestricted	<u>260,672</u>
Restricted	
Enterprise Funds	
Aviation	31,978
Phoenix Convention Center	979
Water System	13,398
Wastewater	14,683
Solid Waste	4,852
Total Restricted	<u>65,890</u>
Total Primary Government	326,562
Component Unit - DPHC	4,392
Component Unit - PHFC	2,474
Component Unit - Phoenix IDA	4,666
Fiduciary Funds	
Employee Pension Trust	50,557
Employee Benefit Trust	15,112
Payroll Agency	9,368
Total Reporting Entity	<u>\$ 413,131</u>

## Notes to the Financial Statements

(Continued)

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### **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, 2015 was \$274,234,000 and the bank ledger balance was \$273,250,000.

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, 2015 was \$623,324,000. 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, 2015 were \$21,278,000.

### **Investments**

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

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

In addition to the types of investments described above, COPERS is also authorized to invest in certain types of common stocks, real property, and investment derivative instruments, which include swaps, forwards, options on swaps, and options on forwards. The City Charter as of July 1, 2013 was revised due to the passage by Phoenix Voters of Proposition 202 which removed investment limitations from the Retirement Law contained in Chapter XXIV. The City of Phoenix Employees' Retirement Systems (COPERS) Board now exercises the Prudent Investor Rule. The Retirement Board has a duty to invest and manage the assets of the Retirement Plan solely in the interests of the members and beneficiaries of the Retirement Plan.

### **Rebates**

Senate bill 1306 requires local governments to disclose the amount of any reward, discount, incentive or other financial consideration received as a result of credit card payments made to a vendor for goods or services. In fiscal year 2015, the City has recorded approximately \$218,000 in rebates related to its single use account program.

## Notes to the Financial Statements

(Continued)

Total investments at June 30, 2015, stated at fair value, were \$4,449,813,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
City Investments			
Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	34,505	0.003
U.S. Treasury Securities	N/A (1)	948,268	1.822
U.S. Government Agency Securities			
FFCB Notes	AA+	40,797	4.380
FNMA Notes	AA+	57,956	3.069
FHLMC Notes	AA+	143,981	3.317
FHLB Notes	AA+	185,304	3.372
HUD	N/A (1)	1,004	0.086
Total U.S. Government Agency Securities		429,042	3.401
Pre-Refunded Municipal Securities	N/A (2)	38,242	0.581
Certificates of Deposit	N/A (3)	59,483	0.392
Mortgage Backed Securities			
GNMA	N/A (1)	28,174	2.601
FHLMC Notes	AA+	703	2.700
Total Mortgage Backed Securities		28,877	2.603
Total Pooled Investments		1,538,417	2.150
Less: Joint Venture Pooled Investments		(52,064)	
Less: Short-Term Pooled Investments		(32,912)	
Net Pooled Investments		1,453,441	
Non-Pooled Investments			
U.S. Treasury Securities	N/A (1)	515,429	1.156
U.S. Government Agency Securities			
FFCB Notes	AA+	2,985	4.362
FNMA Notes	AA+	4,972	3.747
FHLMC Notes	AA+	14,976	1.512
FHLB Notes	AA+	12,992	0.938
Total U.S. Government Agency Securities		35,925	1.851
Pre-Refunded Municipal Securities	N/A (2)	5,296	0.317
		556,650	1.190
Less: Short-Term Non-Pooled Investments		(75,129)	
Total Non-Pooled Investments		481,521	
Total City Investments		1,934,962	

(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 Rating	Fair Value	Weighted Average Maturity (Years)
COPERS Investments			
Fixed Income Investments			
Derivatives	Not Rated	\$ 518	37.672
Derivatives	A	175	9.543
Total Derivatives		693	
U. S. Treasury Securities	Not Rated	933	6.910
U. S. Treasury Securities	AAA	71,478	14.514
Total U. S. Treasury Securities		72,411	
Total U.S. Government Agency Securities	AA	2,960	6.749
Mortgage Backed Securities	Not Rated	50,157	17.740
Mortgage Backed Securities	AAA	16,177	26.477
Mortgage Backed Securities	AA	2,214	9.129
Mortgage Backed Securities	A	1,256	25.876
Mortgage Backed Securities	BBB	1,091	19.621
Mortgage Backed Securities	BB	1,066	24.135
Mortgage Backed Securities	B	799	26.601
Mortgage Backed Securities	CCC	2,394	23.503
Mortgage Backed Securities	D	854	23.678
Total Mortgage Backed Securities		76,008	
Asset Backed Securities	AA	2,218	12.554
Asset Backed Securities	A	247	26.582
Asset Backed Securities	B	175	20.167
Asset Backed Securities	CCC	600	28.448
Total Asset Backed Securities		3,240	
Total Fixed Income Commingled	Not Rated	169,149	7.000
Municipal Bonds	Not Rated	357	22.104
Municipal Bonds	AA	2,350	25.274
Municipal Bonds	A	2,386	24.765
Municipal Bonds	B	514	31.942
Total Municipal Bonds		5,607	
Corporate Bonds	Not Rated	20,837	5.399
Corporate Bonds	AAA	2,903	14.182
Corporate Bonds	AA	3,246	16.898
Corporate Bonds	A	16,898	8.791
Corporate Bonds	BBB	19,356	13.207
Corporate Bonds	BB	4,930	8.821
Corporate Bonds	B	2,160	24.143
Corporate Bonds	CCC	289	21.718
Corporate Bonds	D	94	31.896
Total Corporate Bonds		70,713	
Total Corporate Bonds Commingled	Not Rated	5,418	2.899
International Bonds	Not Rated	7,781	13.889
International Bonds	AAA	4,549	1.600
International Bonds	AA	1,917	7.682
International Bonds	A	2,404	10.224
International Bonds	BBB	13,644	6.978
International Bonds	BB	2,531	12.053
International Bonds	B	816	3.240
International Bonds	CCC	220	8.570
International Bonds	C	610	0.649
Total International Bonds		34,472	
Total Foreign Commingled	Not Rated	103,301	10.200
Total Fixed Income Investments		543,972	
Temporary Investments from Securities Lending Collateral		84,164	
Domestic Equities:			
Common Stocks		402,704	
Commingled Equity Index Fund		7,950	
Real Estate		281,459	
Total Domestic Equities		692,113	
Global Commingled		441,301	
International Equities		278,918	
Hedged Funds		259,383	
Total COPERS Investments		\$ 2,299,851	

## Notes to the Financial Statements

(Continued)

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
Fiduciary Fund External Investments			
Employee Benefit Trust			
Bond Mutual Funds			
Aberdeen Total Return	Not Rated	12,857	7.860
PIMCO Total Return	Not Rated	12,894	6.630
Vanguard Total Bond Market Index	Not Rated	25,630	7.900
Total Bond Mutual Funds		51,381	
Stock Mutual Funds	Not Rated	142,714	
Pacific Hedged Strategies Funds	Not Rated	20,907	
Total Fiduciary Fund External Investments		215,002	

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

Primary Government		
Unrestricted		
General Fund	\$	162,567
Transit Special Revenue Fund		177,749
General Obligation/Secondary Property Tax		178,281
Non-Major Governmental Funds		367,500
Enterprise Funds		
Aviation		270,506
Phoenix Convention Center		30,215
Water System		178,697
Wastewater		110,278
Solid Waste		56,575
Total Unrestricted		1,532,368
Restricted		
Enterprise Funds		
Aviation		93,751
Phoenix Convention Center		13,991
Water System		65,497
Wastewater		71,690
Solid Waste		23,740
Total Restricted		268,669
Total Primary Government		1,801,037
Component Unit - DPHC		—
Fiduciary Funds		
Employee Pension Trust		2,299,851
Employee Benefit Trust		303,185
Payroll Agency		45,740
Total Reporting Entity	\$	4,449,813

## 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 to diversify the composition of the Trusts' assets. The bond funds, as of June 30, 2015, have weighted average maturities ranging from 6.63 to 7.90 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 Aberdeen Asset Management Inc. 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. The investment management agreement with PIMCO requires a weighted average duration of +/- two years of the Barclays Capital US Aggregate Index and MFS Heritage Trust specifies a weighted average duration of +/- seven years of the JPMorgan Emerging Markets Bond 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.

Credit risk for the City's LTD and MERP trusts is mitigated by portfolio diversification inherent in the asset allocation strategy approved by the trust funds' boards. Assets are invested in mutual funds which do not receive a credit quality rating from a national rating agency and can be sold at any time.

COPERS' currently has four managers responsible for fixed income investments. Aberdeen Asset Management Inc., MFS Institutional Advisors, PIMCO and Western Asset Management Company (Western) are active bond managers. As part of their portfolio, managers may enter into futures, options, and swaps contracts for hedging

## Notes to the Financial Statements

(Continued)

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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	198,296
FHLMC	158,957

The LTD and MERP Trusts have allocated 24% 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 19% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 19.35% of total COPERS' assets as of June 30, 2015. The fair value of COPERS' international commingled equity funds at June 30, 2015 was \$278,918,000, managed by Baillie Gifford, GMO, MSCI ACW Ex US Index and Mondrian, all of which was exposed to foreign currency risk.

### **Securities Lending**

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions. During 2015, COPERS has no securities lending activity with BNY Mellon to lend its securities to broker-dealers and banks.

COPERS imposed a \$100 million CAP during fiscal year 2014 on the amount of the loans that BNY Mellon made on its behalf and BNY Mellon 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. Collateral for domestic loans was 102%. 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 BNY Mellon.

During 2015, 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. On June 30, 2015, 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, 2015, was \$84,163,817 and \$82,172,551, respectively.

## Notes to the Financial Statements

(Continued)

### 6. Receivables

Receivables at June 30, 2015 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	Accounts	Taxes	Interest	Intergov- ernmental (1)	Notes	Total
Unrestricted						
Governmental Activities						
General Fund	\$ 39,066	\$ 77,784	\$ 40	\$ 24,871	\$ —	\$ 141,761
Transit Special Revenue	3,833	—	—	40,513	60,000	104,346
G.O./Secondary Property Tax	—	2,256	327	—	—	2,583
Nonmajor	27,317	7	112	45,901	41,012	114,349
	70,216	80,047	479	111,285	101,012	363,039
Business-Type Activities						
Aviation	12,122	—	—	173	—	12,295
Phoenix Convention Center	205	—	—	—	—	205
Water System	46,458	—	—	1,957	—	48,415
Wastewater	19,539	—	—	6,693	—	26,232
Solid Waste	13,900	—	—	7	—	13,907
	92,224	—	—	8,830	—	101,054
Subtotal	162,440	80,047	479	120,115	101,012	464,093
Restricted						
Business-Type Activities						
Aviation	10,815	—	7	9,714	—	20,536
Phoenix Convention Center	—	—	4	—	—	4
	10,815	—	11	9,714	—	20,540
Total	\$ 173,255	\$ 80,047	\$ 490	\$ 129,829	\$ 101,012	\$ 484,633

(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.

The following is a summary of the allowance for doubtful accounts for all funds at June 30, 2015 (in thousands):

	Allowance for Doubtful Accounts		
	Accounts	Taxes	Total
Governmental			
General Fund	\$ 16,357	\$ 28,191	\$ 44,548
Transit Special Revenue Fund	45	—	45
Nonmajor	3,447	—	3,447
Business-Type			
Aviation	98	—	98
Water System	2,148	—	2,148
Wastewater	1,249	—	1,249
Solid Waste	1,194	—	1,194
	\$ 24,538	\$ 28,191	\$ 52,729

## Notes to the Financial Statements

(Continued)

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Enterprise fund Accounts Receivable included unbilled charges at June 30, 2015, as follows (in thousands):

Aviation	\$	8,547
Water System		22,399
Wastewater		7,640
Solid Waste		5,075
	\$	<u>43,661</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, 2015, the note amount is \$837,268, with a maturity date of January 1, 2021, and an interest rate of 3.0%.

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, 2015, is \$60,000,000. 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, 2015 is \$27,791,368. The agreements are payable to the City in fiscal years 2022 and 2023.

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Krohn West, LP; Phoenix Central City Revitalization Corp & LLC; PERC Frank Luke Addition LLC; PGHC Pine Crest, LLC; PSMHTC Summit LLC; and PIBHC Marcos De Niza 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 \$63,796,014.

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 \$84,621,887 as of June 30, 2015.

The City has also entered into various loan agreements with third parties related to its public housing programs that have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. The loans are secured by an interest in the property being acquired and/or improved. Interest rates range from 0% to 5% with amortization periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2016 and as late as fiscal year ending 2055. As of June 30, 2015 the total amount of the notes outstanding is \$12,383,608. 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.

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

**7. Interfund Transactions**

The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2015 (in thousands):

	<u>Payable Funds</u>
	<u>Governmental Funds</u>
	Nonmajor Governmental
Receivable Funds	
Governmental Funds	
General Fund	\$ 34,104
Transit Special Revenue	1,259
Nonmajor Governmental	30,071
Total Governmental Funds	<u>\$ 65,434</u>

Interfund balances at June 30, 2015 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. The Interfund balance in the Public Safety Enhancement Special Revenue Fund of \$10,323,000 is not scheduled to be repaid in the subsequent year.

Net transfers of \$25,080,000 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, 2015 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 84,527	\$ 23,916
Transit Special Revenue Fund	47,654	—
Nonmajor Governmental	15,945	99,130
Total Governmental Funds	<u>148,126</u>	<u>123,046</u>
Enterprise Funds		
Aviation	365	1
Phoenix Convention Center	146	46,402
Water System	11,922	6
Wastewater	7,453	—
Solid Waste	1,443	—
Total Enterprise Funds	<u>21,329</u>	<u>46,409</u>
Total Transfers	<u>\$ 169,455</u>	<u>\$ 169,455</u>

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

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

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

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2015, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 65,890
Cash Deposits	8,528
Cash and Securities with Fiscal Agents/Trustees	420,159
Investments	268,669
Receivables, Net of Allowances	20,540
Total Restricted Assets	<u>\$ 783,786</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 20,234
Trust Liabilities and Deposits	8,256
Commercial Paper Notes Payable	140,000
Accrued Landfill Closure Costs	1,295
Subtotal	<u>169,785</u>
Matured Bonds and Certificates Payable	141,309
Interest Payable	99,754
Current Portion of General Obligation Bonds	23,058
Current Portion of Revenue Bonds	937
Current Portion of Municipal Corporation Obligations	127,325
Total Liabilities Payable from Restricted Assets	<u>\$ 562,168</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2015, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 61,257
Receivables, Net of Allowances	1
Total Restricted Assets	<u>\$ 61,258</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 19
Trust Liabilities and Deposits	10,300
Matured Bonds Payable	5,595
Interest Payable	8,331
Total Liabilities Payable from Restricted Assets	<u>\$ 24,245</u>

## Notes to the Financial Statements

(Continued)

### 9. Capital Assets

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

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
<b>Governmental activities:</b>				
Non-depreciable assets:				
Land	\$ 1,248,028	\$ 61,210	\$ (37,121)	\$ 1,272,117
Infrastructure	484,841	8,406	(15)	493,232
Artwork	6,594	—	—	6,594
Construction-in-Progress	213,320	98,690	(96,135)	215,875
Total non-depreciable assets	<u>1,952,783</u>	<u>168,306</u>	<u>(133,271)</u>	<u>1,987,818</u>
Depreciable assets:				
Buildings	1,455,800	8,940	(2,129)	1,462,611
Improvements	540,998	34,030	(1,055)	573,973
Infrastructure	2,009,664	62,759	(23,686)	2,048,737
Equipment	686,395	46,633	(28,142)	704,886
Intangible Assets	68,490	618	(4,509)	64,599
Total depreciable assets	<u>4,761,347</u>	<u>152,980</u>	<u>(59,521)</u>	<u>4,854,806</u>
Less accumulated depreciation for:				
Buildings	(562,479)	(41,451)	827	(603,103)
Improvements	(261,222)	(23,604)	215	(284,611)
Infrastructure	(631,152)	(58,750)	22,650	(667,252)
Equipment	(417,225)	(46,782)	22,390	(441,617)
Intangible Assets	(50,751)	(3,518)	3,804	(50,465)
Total accumulated depreciation	<u>(1,922,829)</u>	<u>(174,105)</u>	<u>49,886</u>	<u>(2,047,048)</u>
Total depreciable assets, net	<u>2,838,518</u>	<u>(21,125)</u>	<u>(9,635)</u>	<u>2,807,758</u>
Governmental activities, capital assets, at cost, net	<u>\$ 4,791,301</u>	<u>\$ 147,181</u>	<u>\$ (142,906)</u>	<u>\$ 4,795,576</u>
<b>Business-type activities:</b>				
Non-depreciable assets:				
Land	694,807	9,133	(529)	703,411
Artwork	11,288	—	—	11,288
Construction-in-Progress	549,748	196,077	(328,644)	417,181
Total non-depreciable assets	<u>1,255,843</u>	<u>205,210</u>	<u>(329,173)</u>	<u>1,131,880</u>
Depreciable assets:				
Buildings	2,862,566	91,889	(1,433)	2,953,022
Improvements	3,647,182	151,763	(2,361)	3,796,584
Infrastructure	1,659,339	36,551	(3,462)	1,692,428
Equipment	1,108,281	119,537	(12,286)	1,215,532
Intangible Assets	266,508	5,570	(38,516)	233,562
Total depreciable assets	<u>9,543,876</u>	<u>405,310</u>	<u>(58,058)</u>	<u>9,891,128</u>
Less accumulated depreciation for:				
Buildings	(1,045,102)	(94,382)	1,294	(1,138,190)
Improvements	(1,610,177)	(125,777)	1,153	(1,734,801)
Infrastructure	(519,320)	(40,174)	3,315	(556,179)
Equipment	(516,595)	(89,023)	10,536	(595,082)
Intangible Assets	(144,882)	(12,823)	37,708	(119,997)
Total accumulated depreciation	<u>(3,836,076)</u>	<u>(362,179)</u>	<u>54,006</u>	<u>(4,144,249)</u>
Total depreciable assets, net	<u>5,707,800</u>	<u>43,131</u>	<u>(4,052)</u>	<u>5,746,879</u>
Business-type activities, capital assets, at cost, net	<u>\$ 6,963,643</u>	<u>\$ 248,341</u>	<u>\$ (333,225)</u>	<u>\$ 6,878,759</u>

## Notes to the Financial Statements

(Continued)

### Component Units

#### Downtown Phoenix Hotel Corporation:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Non-depreciable assets:				
Land	\$ 1,150	\$ —	\$ (1,150)	\$ —
Intangible Assets	95	—	—	95
Construction in Progress	107	214	—	321
Total non-depreciable assets	1,352	214	(1,150)	416
Depreciable assets:				
Buildings	276,488	64	—	276,552
Improvements	537	—	—	537
Equipment	3,755	174	—	3,929
Intangible Assets	81	—	—	81
Total depreciable assets	280,861	238	—	281,099
Less accumulated depreciation for:				
Buildings	(39,707)	(6,959)	—	(46,666)
Improvements	(206)	(36)	—	(242)
Equipment	(1,782)	(374)	—	(2,156)
Intangible Assets	(57)	(19)	—	(76)
Total accumulated depreciation	(41,752)	(7,388)	—	(49,140)
Total depreciable assets, net	239,109	(7,150)	—	231,959
Component Unit, capital assets, at cost, net	\$ 240,461	\$ (6,936)	\$ (1,150)	\$ 232,375

#### Phoenix Housing Finance Corporations:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Non-depreciable assets:				
Land	\$ 5,458	\$ —	\$ —	\$ 5,458
Construction in Progress	18,133	1,407	—	19,540
Total non-depreciable assets	23,591	1,407	—	24,998
Depreciable assets:				
Buildings	18,852	—	—	18,852
Improvements	52	—	—	52
Total depreciable assets	18,904	—	—	18,904
Less accumulated depreciation for:				
Buildings	(3,368)	(680)	—	(4,048)
Improvements	(6)	—	—	(6)
Total accumulated depreciation	(3,374)	(680)	—	(4,054)
Total depreciable assets, net	15,530	(680)	—	14,850
Component Unit, capital assets, at cost, net	\$ 39,121	\$ 727	\$ —	\$ 39,848

## 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, 2015 as follows (in thousands):

General Government	\$	9,772
Criminal Justice		83
Public Safety		28,871
Transportation		84,917
Community Enrichment		28,726
Community Development		10,412
Environmental Services		11,324
	\$	<u>174,105</u>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2015, was as follows (in thousands):

Aviation	\$	2,661
Convention Center		65
Water System		6,620
Wastewater		2,303
Solid Waste		(241)
	\$	<u>11,408</u>

### Closed Facilities

The Cave Creek Water Reclamation Plant was closed temporarily in fiscal year 2010 and is expected to re-open in fiscal year 2020 due to expected demand increases. Therefore, no impairment loss will be recognized. The carrying value of the assets at June 30, 2015 is \$36,457,417.

# Notes to the Financial Statements

(Continued)

## 10. Long-Term Obligations

Changes in long-term obligations during fiscal year 2014-15 are summarized as follows (in thousands):

	Balances July 1	Additions (1)	Reductions (1) (2)	Balances June 30	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,430,205	\$ —	\$ 58,585	\$ 1,371,620	\$ 66,300
Certificates of Participation	24,265	—	24,265	—	—
Municipal Corporation Obligations	671,560	60,945	104,220	628,285	64,655
Special Assessment Bonds	151	—	18	133	19
	2,126,181	60,945	187,088	2,000,038	130,974
Discounts/Premiums	96,570	9	16,292	80,287	—
Total Bonds and Notes Payable	2,222,751	60,954	203,380	2,080,325	130,974
Other Liabilities:					
Insurance Claims Payable	104,211	49,122	29,602	123,731	34,450
Accrued Compensated Absences	141,823	149,912	141,823	149,912	17,115
Utility/Water Contractual Agreements	2,301	—	—	2,301	—
Pollution Remediation	20,503	—	1,746	18,757	375
Net Pension	2,670,535	1,610,826	1,067,096	3,214,265	—
Total Other Liabilities	2,939,373	1,809,860	1,240,267	3,508,966	51,940
Total Governmental Activities	\$ 5,162,124	\$ 1,870,814	\$ 1,443,647	\$ 5,589,291	\$ 182,914
<b>Business-Type Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 65,571	\$ —	\$ 9,094	\$ 56,477	\$ 23,058
Revenue Bonds	16,818	—	910	15,908	937
Municipal Corporation Obligations	3,982,549	917,170	981,605	3,918,114	127,325
	4,064,938	917,170	991,609	3,990,499	151,320
Discounts/Premiums	199,012	156,298	56,309	299,001	—
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	111,676	—	—	111,676	—
Total Bonds and Notes Payable	4,375,626	1,073,468	1,047,918	4,401,176	151,320
Other liabilities:					
Accrued Compensated Absences	19,583	18,958	19,583	18,958	2,416
Accrued Landfill Closure and Postclosure Care Costs	66,461	596	2,477	64,580	2,519
Pollution Remediation	9,500	—	5,600	3,900	850
Net Pension	463,029	267,809	142,405	588,433	—
Total Other Liabilities	558,573	287,363	170,065	675,871	5,785
Total Business-Type Activities	\$ 4,934,199	\$ 1,360,831	\$ 1,217,983	\$ 5,077,047	\$ 157,105
<b>Component Units</b>					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 335,315	\$ —	\$ 5,595	\$ 329,720	\$ 5,980
Discounts/Premiums	5,539	—	281	5,258	—
Phoenix Housing Finance Corporations					
Notes Payable	34,819	2,061	10	36,870	—
Total Component Units	\$ 375,673	\$ 2,061	\$ 5,886	\$ 371,848	\$ 5,980

(1) Included in additions and reductions for bonds and notes are new bond issuances and principal payments.

(2) For the Governmental Activities, Insurance Claims Payable, Compensated Absences and Pollution Remediation 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, 2015 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2015, were as follows (in thousands):

	Principal	Interest	Total
<b>Governmental Funds</b>			
General Obligation Bonds	\$ 58,585	\$ 31,011	\$ 89,596
Municipal Corporation Obligations	57,160	14,327	71,487
Special Assessment Bonds	—	3	3
	115,745	45,341	161,086
<b>Enterprise Funds</b>			
General Obligation Bonds	8,745	1,179	9,924
Municipal Corporation Obligations	131,305	98,264	229,569
	140,050	99,443	239,493
	\$ 255,795	\$ 144,784	\$ 400,579

Issues of long-term debt, excluding deferred losses of \$42,773 and accumulated appreciation on State of Arizona distribution revenue bonds (\$111,676) were as follows at June 30, 2015 (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>								
07/01/95	Refunding	7/1/10-17	5.56	19.9	\$ 85,000	\$ 22,995	\$ 2,177	\$ —
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	2,387	318	—
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	14,720	5,741	(68)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	297,650	89,792	(1,997)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	127,220	27,139	(2,429)
10/27/09	Various Improvements - Taxable (2)(16)	7/1/20-34	3.42	18.4	280,955	280,955	186,350	—
10/27/09	Various Improvements - Taxable	7/1/15-20	3.97	7.9	69,045	56,665	6,156	—
10/27/09	Refunding	7/1/11-23	2.70	6.7	117,195	58,500	8,396	(844)
06/12/12	Various Improvements	7/1/23-34	3.55	17.2	103,360	103,360	55,742	(3,630)
06/12/12	Various Improvements - Taxable	7/1/21-23	2.76	9.8	16,640	16,640	3,033	—
06/12/12	Refunding	7/1/15-27	2.39	9.2	176,465	168,990	41,628	(14,522)
06/24/14	Refunding	7/1/19-27	2.71	9.5	278,015	278,015	92,394	(26,307)
	Total General Obligation Bonds				1,827,170	1,428,097	518,866	(49,797)
<b>Revenue Bonds</b>								
05/26/10	Wastewater Revenue	7/1/10-18	2.97	5.3	6,000	2,079	120	—
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,287	1,319	—
11/12/10	Water Revenue	7/1/11-16	2.97	2.8	1,022	43	1	—
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	2,093	325	—
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,456	—
09/14/11	Water Revenue	7/1/24-29	2.97	15.8	1,497	1,497	533	—
	Total Revenue Bonds				\$ 20,808	\$ 15,908	\$ 3,754	\$ —

(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>Municipal Corporation Obligations</b>								
08/01/01	Water System Refunding (3) (5)	7/1/02-24	4.68	14.1	\$ 99,980	\$ 52,150	\$ 15,134	\$ (1,131)
06/02/04	Rental Car Facility (Taxable) (3)(9)	7/1/07-29	6.20	16.5	260,000	195,305	102,550	—
10/06/05	State Distribution Revenue 2005B (3)(11)	7/1/12-44	4.72	28.9	275,362	260,124	530,709	(20,598)
06/01/06	Solid Waste Improvements (3)(8)	7/1/07-26	4.45	12.4	84,265	3,930	157	(3)
06/01/06	Municipal Facilities (Taxable) (3)(4b)	7/1/07-35	6.10	19.0	41,920	1,205	68	—
06/01/07	Excise Tax Revenue Refunding (4a)	7/1/09-29	4.51	14.5	103,605	87,985	34,057	(1,453)
06/01/07	Excise Tax Revenue (3)(4b)	7/1/08-27	4.46	12.0	21,115	1,940	125	(3)
06/01/07	Excise Tax Revenue Refunding (3)(4b)	7/1/09-23	4.33	10.5	71,820	49,365	10,781	(933)
06/01/07	Excise Tax Revenue Ref.(Taxable) (3)(4b)	7/1/08-22	5.81	9.2	35,670	20,610	4,994	51
11/27/07	Wastewater System Revenue (3)(7b)	7/1/12-37	4.65	20.0	300,000	276,295	187,839	(8,805)
06/18/08	Airport Revenue 2008A (Non-AMT)(6a)	7/1/20-38	5.02	22.5	206,840	206,840	159,676	(460)
06/18/08	Airport Revenue 2008B (AMT)(6a)	7/1/12-19	4.68	7.8	43,160	23,745	3,196	(299)
06/18/08	Airport Revenue Ref 2008C (Non-AMT)(6a)	7/1/09-22	4.26	8.0	109,850	61,345	12,145	(1,045)
06/18/08	Airport Revenue Ref 2008D (AMT)(6a)	7/1/09-20	4.58	5.6	68,520	21,805	3,528	(423)
11/18/08	Wastewater System Revenue Ref. (7a)	7/1/16-24	5.02	11.9	133,400	133,400	39,497	(2,775)
06/02/09	Water System Revenue (5)	7/1/14-39	4.63	20.5	450,000	430,640	324,265	(16,095)
06/02/09	Water System Revenue Refunding (5)	7/1/10-19	2.78	6.0	90,295	42,545	5,008	(1,787)
09/01/10	Airport Revenue 2010A (Non-AMT)(6b)(14)	7/1/13-40	4.69	19.0	642,680	606,160	458,963	(20,128)
09/01/10	Airport Rev 2010B (Taxable) (6b)(14)(15)(16)	7/1/2040	3.67	29.8	21,345	21,345	35,219	—
09/01/10	Airport Revenue Ref 2010C (Non-AMT)(6b)	7/1/23-25	4.33	13.9	32,080	32,080	14,488	(1,590)
06/07/11	Excise Tax Revenue (4a)	7/1/14-31	2.86	7.6	27,530	20,960	4,399	(1,354)
06/07/11	Excise Tax Revenue (Taxable) (4a)	7/1/15-36	4.86	13.1	59,195	55,500	27,419	—
06/07/11	Excise Tax Revenue Refunding (4a)	7/1/21-28	3.79	12.6	24,305	24,305	10,134	(1,990)
06/07/11	Excise Tax Revenue Ref.(Taxable) (4a)	7/1/15-21	3.91	7.6	22,805	21,995	3,107	—
06/07/11	Multipurpose Arena Ref.(Taxable) (4b)	7/1/12-19	3.71	5.1	27,500	15,910	1,636	—
11/22/11	Water System Revenue Refunding (5)	7/1/14-26	3.12	9.3	167,510	149,595	47,071	(14,693)
12/22/11	Wastewater System Revenue Ref. (7b)	7/1/14-24	2.58	8.4	118,290	111,905	27,922	(11,751)
06/21/12	Excise Tax Revenue Refunding (4a)	7/1/14-29	2.97	9.7	15,205	12,115	4,928	(1,600)
06/21/12	Excise Tax Revenue Refunding (4b)	7/1/14-25	2.30	6.7	17,510	14,000	3,097	(1,509)
06/21/12	Excise Tax Revenue Ref.(Taxable) (4b)	7/1/16-33	4.01	13.7	33,095	33,095	14,278	—
03/05/13	Airport Revenue Ref 2013 (AMT)(6a)	7/1/14-32	3.28	11.8	196,600	183,170	93,030	(26,795)
07/16/13	Transit Excise Tax Refunding 2013 (10)	7/1/14-20	2.01	4.6	328,920	270,550	42,033	(23,660)
04/15/14	Wastewater System Refunding 2014 (7b)	7/1/15-29	3.00	9.4	127,810	126,370	50,631	(17,435)
12/17/14	Water System Revenue Bonds 2014A (5)	7/1/19-44	3.76	19.7	152,830	152,830	141,796	(22,557)
12/17/14	Water System Rev Refunding 2014B (5)	7/1/16-29	2.64	9.7	445,085	445,085	189,315	(73,724)
05/12/15	Excise Tax Rev Refunding 2015A (4b)	7/1/17-41	3.56	16.2	319,305	319,305	257,791	(54,946)
05/12/15	Excise Tax Rev Ref 2015B (Taxable) (4b)	7/1/16-35	3.35	10.2	60,895	60,895	20,672	—
Total Municipal Corporation Obligations					5,236,297	4,546,399	2,881,658	(329,491)
<b>Special Assessment Bonds</b>								
Various	Unredeemed Matured Bonds	—	—	—	44	44	—	—
2008	Various Improvements	1/1/09-18	6.90	10.0	22	7	1	—
2010	Various Improvements	1/1/11-20	6.90	10.0	163	82	14	—
Total Special Assessment Bonds					229	133	15	—
<b>Total Primary Government Bonds</b>					<b>\$7,084,504</b>	<b>\$ 5,990,537</b>	<b>\$ 3,404,293</b>	<b>\$ (379,288)</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)(12)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 149,800	\$ 122,595	\$ (2,873)
12/20/05	Subordinate Revenue (Hotel) (3)(13)	7/1/19-40	5.09	26.2	164,425	164,425	135,774	(2,385)
12/20/05	Subordinate Revenue - Taxable (Hotel) (3)(13)	7/1/12-19	5.67	10.2	28,865	15,495	2,032	—
<b>Total Component Unit Bonds</b>					350,000	329,720	260,401	(5,258)
<b>Total Bonds</b>					<b>\$ 7,434,504</b>	<b>\$ 6,320,257</b>	<b>\$ 3,664,694</b>	<b>\$ (384,546)</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 pledged Wastewater System revenues as security for these bonds. The revenues pledged are as follows:
  - (a) Senior lien pledge on all outstanding Wastewater System obligations.
  - (b) Junior lien pledge on all outstanding Wastewater System obligations.
- (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 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.
- (12) 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.
- (13) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture, 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.
- (14) 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.
- (15) 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.
- (16) 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 7.3% (the "Sequester Reductions") in FY 2015. 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

## Notes to the Financial Statements

(Continued)

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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.

### **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. As of June 15, 2015, all Certificates of Participation were called in full as part of the Subordinate Excise Tax Revenue Refunding Bonds, Series 2015B (Taxable).

### **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 December 2014, the CIC issued \$152,830,000 of Junior Lien Water System Revenue Bonds, Series 2014A. Proceeds of the bonds refunded \$175,000,000 aggregate outstanding principal of Water System Commercial Paper Program Notes, Series 2012A and 2012B. The bonds have an average life of 19.7 years, were sold at an all-in true interest cost of 3.76%.
- In December 2014, the CIC issued \$445,085,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2014B. Proceeds of the bonds refunded \$10,540,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2003 and \$486,370,000 of Junior Lien Water System Revenue Bonds, Series 2005. The bonds have an average life of 9.7 years, were sold at a true interest cost of 2.64% and produced present value debt service savings, net of transaction costs, of \$73,255,782.
- In May 2015, the CIC issued \$319,305,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2015A. Proceeds of the bonds refunded \$300,000,000 of Subordinated Excise Tax Bonds, Series 2005A, \$53,390,000 of Subordinated Excise Tax Bonds, Series 2006A, and \$12,905,000 of Subordinated Excise Tax Bonds, Series 2007A. The bonds have an average life of 16.2 years, were sold at a true interest cost of 3.56% and produced present value debt service savings, net of transaction costs, of \$52,281,786.
- In May 2015, the CIC issued \$60,895,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2015B (Taxable). Proceeds of the bonds refunded \$24,020,000 of outstanding Series 18 Certificates of Participation and \$34,155,000 of Subordinated Excise Tax Revenue Bonds, Series 2006C (Taxable). The bonds have an average life of 10.2 years, were sold at an all-in true interest cost of 3.35% and produced present value savings, net of transaction costs, of \$9,014,867.

### **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

## Notes to the Financial Statements

(Continued)

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

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

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

Various Phoenix Housing Finance Corporations have entered into loan agreements with the City for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. The outstanding balance on these loans at June 30, 2015 is \$36,870,000.

# Notes to the Financial Statements

(Continued)

## Debt Service Requirements

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

City of Phoenix Bonds - Governmental Activities								
Fiscal Years	General Obligation		Municipal Corporation Obligations		Special Assessment Bonds		Debt Service Total	
	Principal	Interest	Principal	Interest	Principal	Interest		
2016	\$ 66,300	\$ 59,723	\$ 64,655	\$ 28,109	\$ 63	\$ 5	\$ 218,855	
2017	70,300	56,826	78,890	25,129	18	4	231,167	
2018	67,400	53,512	84,285	21,760	19	3	226,979	
2019	70,740	50,435	91,275	17,962	17	2	230,431	
2020	95,245	47,224	94,220	13,887	16	1	250,593	
2021-25	573,835	168,216	107,870	37,791	—	—	887,712	
2026-30	296,765	61,399	71,015	17,102	—	—	446,281	
2031-35	131,035	15,836	33,380	5,119	—	—	185,370	
2036-40	—	—	2,695	150	—	—	2,845	
	<u>\$ 1,371,620</u>	<u>\$ 513,171</u>	<u>\$ 628,285</u>	<u>\$ 167,009</u>	<u>\$ 133</u>	<u>\$ 15</u>	<u>\$ 2,680,233</u>	
Authorized	\$ 2,501,670							
Unissued	\$ 152,355							
Interest Rates	2.0 - 6.3%							

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
2016	\$ 23,058	\$ 2,196	\$ 937	\$ 472	\$ 127,325	\$ 205,888	\$ 359,876	\$ 5,980	\$ 16,374
2017	8,116	1,310	964	444	145,805	197,455	354,094	6,390	16,061
2018	2,485	843	993	416	158,509	190,766	354,012	6,825	15,724
2019	7,604	730	1,023	386	169,811	183,211	362,765	7,250	15,397
2020	13,069	494	1,053	356	185,835	175,173	375,980	7,690	15,057
2021-25	2,145	122	5,752	1,292	990,183	730,823	1,730,317	45,875	69,380
2026-30	—	—	5,186	388	823,752	493,162	1,322,488	61,480	56,403
2031-35	—	—	—	—	595,446	320,985	916,431	81,275	39,382
2036-40	—	—	—	—	590,529	164,932	755,461	106,955	16,622
2041-45	—	—	—	—	130,919	52,254	183,173	—	—
	<u>\$ 56,477</u>	<u>\$ 5,695</u>	<u>\$ 15,908</u>	<u>\$ 3,754</u>	<u>\$ 3,918,114</u>	<u>\$ 2,714,649</u>	<u>\$ 6,714,597</u>	<u>\$ 329,720</u>	<u>\$ 260,400</u>
Authorized	\$ 242,969		\$ 24,111		\$ 350,000				
Unissued	\$ —		\$ —		\$ —				
Interest Rates	2.0 - 6.3%		2.0 - 3.0%		4.0 - 5.3%				

## Accrued Landfill Closure and Postclosure Care Costs

The Solid Waste Enterprise Fund ("Solid Waste") currently operates one landfill, the SR-85 Landfill, and monitors five additional closed landfills. Federal and state regulations require that certain postclosure care costs be incurred to maintain and monitor closed landfills for thirty years after closure to mitigate and prevent future environmental damage. In addition, numerous costs are incurred in the process of closing a landfill. These closure costs include the capping of the landfill with soil, installing such items as drainage and monitoring systems, and remediation of any environmental damage caused by the landfill. These costs are estimated based on what it would cost to perform all closure and postclosure care for the landfills at June 30, 2015 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 \$144,386,000, including \$87,385,000 that has already been paid out and an estimated \$57,001,000 that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was decreased by \$2,363,000 during fiscal 2014-15 in connection with these landfills.

## Notes to the Financial Statements

(Continued)

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Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$52,295,000, which will be paid out in future years. \$8,874,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 17.0% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$1,295,000 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 \$9,060,000 (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, 2015, the total remaining liability is \$18,757,000 and it is estimated that the remediation will be completed in 84 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, 2015 is \$3,900,000, 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 bonds 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, when available. When U.S. government securities are not available, conventional treasury securities will be purchased. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

During fiscal year 2014-15, the City issued Junior Lien Water System Revenue Refunding Bonds, Series 2014B, Subordinate Excise Tax Revenue Refunding Bonds, Series 2015A and Subordinated Excise Tax Revenue Refunding Bonds, Series 2015B (Taxable). These bonds reduced the present value of future debt service payments. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year.

## Notes to the Financial Statements

(Continued)

The effect of the refundings are summarized as follows (in thousands):

<b>Civic Improvement Corporation</b>			
	<b>Junior Lien Water Revenue</b>	<b>Subordinated Excise Tax Revenue</b>	<b>Subordinated Excise Tax Revenue (Taxable)</b>
Series	2014B	2015A	2015B
Closing Date	12/17/14	05/12/15	05/12/15
Net Interest Rate	2.89%	3.94%	3.38%
Refunding Bonds Issued	\$ 445,085	\$ 319,305	\$ 60,895
Premium	78,177	54,946	—
Underwriter's Discount	(1,779)	(1,368)	(241)
Issuance Costs and Insurance	(724)	(673)	(109)
Net Proceeds	<u>\$ 520,759</u>	<u>\$ 372,210</u>	<u>\$ 60,545</u>
Refunded Amount	\$ 496,910	\$ 366,295	\$ 58,420
Decrease in Debt Service	\$ 77,910	\$ 60,322	\$ 10,587
Economic Gain	\$ 73,256	\$ 52,282	\$ 9,015
Number of Years Affected	15	27	21

The deferred and amortized amounts of accounting losses on bond refundings (which are deferred outflows/inflows of resources) at June 30, 2015, are summarized as follows (in thousands):

	<b>Deferred Amount July 1</b>	<b>Additions (Gains)/Losses</b>	<b>Reductions due to Refundings</b>	<b>Amortization Gains/(Losses)</b>	<b>Deferred Amount June 30</b>
<b>General Government</b>					
General Obligation	\$ 16,579	\$ —	\$ —	\$ (2,130)	\$ 14,449
Certificates of Participation	(100)	—	95	5	—
Civic Improvement Corporation	19,865	(10,759)	—	(3,113)	5,993
	<u>\$ 36,344</u>	<u>\$ (10,759)</u>	<u>\$ 95</u>	<u>\$ (5,238)</u>	<u>\$ 20,442</u>
<b>Enterprise Funds</b>					
<b>Aviation</b>					
General Obligation	\$ (256)	\$ —	\$ —	\$ 128	\$ (128)
Civic Improvement Corporation	1,641	—	—	(312)	1,329
<b>Convention Center</b>					
Civic Improvement Corporation	497	5,051	—	(62)	5,486
<b>Water</b>					
General Obligation	1,687	—	—	(708)	979
Civic Improvement Corporation	7,323	2,835	(400)	(987)	8,771
<b>Wastewater</b>					
General Obligation	831	—	—	(158)	673
Civic Improvement Corporation	6,316	—	—	(2,136)	4,180
<b>Solid Waste</b>					
General Obligation	689	—	—	(150)	539
Civic Improvement Corporation	(542)	984	—	60	502
	<u>\$ 18,186</u>	<u>\$ 8,870</u>	<u>\$ (400)</u>	<u>\$ (4,325)</u>	<u>\$ 22,331</u>

## Notes to the Financial Statements

(Continued)

Advanced refunding and defeasance arrangements at June 30, 2015 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds		Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type		
05/12/15	06/13/06	Civic Improvement Corporation		
	06/27/07	Subordinated Excise Tax Revenue	\$ 66,295	\$ 71,367
05/12/15	06/13/06	Civic Improvement Corporation		
		Subordinated Excise Tax Revenue (Taxable)	\$ 34,155	\$ 37,195

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

### 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 primary net assessed valuation. General obligation bonds for all other purposes may not exceed 6% of the primary net assessed valuation. The total debt margin available at July 1, 2015 was as follows (in thousands):

Six Percent Bonds	\$ 493,092
Twenty Percent Bonds	1,010,569
	<u>\$ 1,503,661</u>

Also discussed in Note 4 are the changes from Proposition 117, which established the use of a single valuation. The Legal Debt Margin is now based on the primary net assessed valuation instead of the secondary net assessed valuation.

### 13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2015, 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.

## Notes to the Financial Statements

(Continued)

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, 2015, claims payable totaled \$123.7 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2015	2014
Claims Payable, July 1	\$ 104,211	\$ 99,750
Current Year Claims and Changes in Estimates	49,122	25,176
Claim Payments	(29,602)	(20,715)
Claims Payable, June 30	<u>\$ 123,731</u>	<u>\$ 104,211</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):

	June 30	
	2015	2014
Amounts due within one year	\$ 34,450	\$ 28,596
Amounts due in more than one year	89,281	75,615
	<u>\$ 123,731</u>	<u>\$ 104,211</u>

In addition, assets of \$95,898,482 and \$1,653,675 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2015 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Position. As a result, of the General Fund Balance \$61,563,878 is restricted and \$34,334,604 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 \$267,259,306. 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.

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

At June 30, 2015, claims payable totaled \$24.7 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2015	2014
Claims Payable, July 1	\$ 21,519	\$ 27,326
Current Year Claims and Changes in Estimates	217,122	199,238
Claim Payments	(213,979)	(205,045)
Claims Payable, June 30	<u>\$ 24,662</u>	<u>\$ 21,519</u>

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):

	June 30	
	2015	2014
Amounts due within one year	<u>\$ 24,662</u>	<u>\$ 21,519</u>

**14. Leases**

**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 \$52,466,766 for the fiscal year ended June 30, 2015.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2015 were as follows (in thousands):

Years Ending	
<u>June 30</u>	
2016	\$ 73,001
2017	49,981
2018	31,261
2019	31,219
2020	28,923
2021-2069	229,101
	<u>\$ 443,486</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 \$16,832,269 for the fiscal year ended June 30, 2015. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2015 is as follows (in thousands):

Buildings	\$ 1,024,871
Less: Accumulated Depreciation	(566,646)
	<u>\$ 458,225</u>

## Notes to the Financial Statements

(Continued)

### Service Concession Arrangements

On July 18, 2014, the City entered into a lease agreement with Arizona State University (ASU) to manage and collect revenues from the City's Papago Golf Course. The service concession arrangement is for 30 years and in exchange, ASU will make significant course improvements. The City will retain ownership of all assets at the end of the lease. Total costs of improvements have not been determined at June 30, 2015, therefore, the City has not fully determined the effect the service concession arrangement will have on the City's financial statements.

On November 24, 2014, the City entered into a lease agreement with Grand Canyon University (GCU) to manage and collect revenues from the City's Maryvale Golf Course. The service concession arrangement is for 30 years and in exchange, GCU will make significant course improvements. The City will retain ownership of all assets at the end of the lease. It is estimated that GCU will spend \$9,000,000 in course and clubhouse improvements. As of June 30, 2015, the City has recorded a receivable for these improvements as an asset and related deferred inflow on the financial statements. The deferred inflow will be amortized and recognized as revenue over the term of the contract.

### 15. Contractual and Other Commitments

#### Public Transit

The City provides public transit service through the following private contractors: Transdev Services, Inc., 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, 2015 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, 2016	\$ 13,505
First Transit Inc.	Fixed Route Bus Service	June 30, 2018	26,881
Transdev Services, Inc.	Fixed Route Bus Service	June 30, 2020	75,166
Valley Metro Rail	Light Rail Service	June 30, 2016	22,339
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2016	4,474
MV Transportation Service	Fixed Route Bus Service	June 30, 2016	399
			\$ 142,764

Approximately 11.1% 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 14.9% of the total transit costs for fiscal 2015-16. 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, 2015, as follows (in thousands):

## Notes to the Financial Statements

(Continued)

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Aviation	\$	115,370
Phoenix Convention Center		1,369
Water System		103,324
Wastewater		46,456
Solid Waste		35,695
	\$	<u>302,214</u>

### **Encumbrances**

Governmental fund encumbrances at June 30, 2015, were as follows (in thousands):

General Fund	\$	24,711
Transit Special Revenue Fund		64,481
Non-Major Funds		114,001
	\$	<u>203,193</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 13, 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, 2015.

### **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, 2015 were \$274,838.

### **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

## Notes to the Financial Statements

(Continued)

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, 2015, actuarial valuation of the sick leave 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):

	<b>2015</b>
General	\$ 156,522
Police	118,389
Fire	45,159
	<u>320,070</u>
Less: Amounts Accrued as a Liability	(83,595)
	<u>\$ 236,475</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, 2015 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, 2015.

### **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 expired on December 31, 2014 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, 2015, was \$804,650,362.

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

## Notes to the Financial Statements

(Continued)

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### **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, 2015, was \$69,536,325.

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 \$396,446,113 at June 30, 2015, 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, 2015 is provided below (in thousands).

	<b>2015</b>
Assets	
Cash Equivalents and Pooled Investments	\$ 30,298
Receivables	10,710
Inventories, at average cost	6,304
Capital Assets, Net of Accumulated Depreciation	744,444
Total Assets	<u>791,756</u>
Liabilities	<u>(32,813)</u>
Net Position	<u>\$ 758,943</u>
Total Revenues	<u>\$ 45,007</u>
Total Expenses	<u>(85,877)</u>
Decrease in Net Position	<u>\$ (40,870)</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

## Notes to the Financial Statements

(Continued)

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 \$223,349,675 at June 30, 2015, 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, 2015 is provided below (in thousands).

	<u>2015</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 6,735
Receivables	2,549
Inventories, at average cost	2,068
Capital Assets, Net of Accumulated Depreciation	<u>273,014</u>
Total Assets	<u>284,366</u>
Liabilities	<u>(7,412)</u>
Net Position	<u>\$ 276,954</u>
Total Revenues	<u>\$ 18,537</u>
Total Expenses	<u>(33,630)</u>
Decrease in Net Position	<u>\$ (15,093)</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 \$18,000 of their salaries during calendar year 2015. 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 2015 annual contribution limit is \$53,000. 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 \$18,389,279 for the year ended June 30, 2015. Nationwide Investment Services Corporation is currently the administrator for both Plans.

# Notes to the Financial Statements

(Continued)

## 19. Pension Plans

Substantially 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 System, the Public Safety Personnel Retirement System or the Elected Officials' Retirement Plan.

### City of Phoenix Employees' Retirement System

#### a. Plan Description

The *City of Phoenix Employees' Retirement System* ("COPERS") is a single-employer defined benefit pension plan established by the Phoenix City Charter. Its purpose is to provide retirement, disability retirement and survivor benefits to its members, who are generally full-time civil service employees and appointed officials. The plan can be amended or repealed by a vote of the people.

The general administration, management and operation of COPERS is vested in a nine-member Retirement Board consisting of three elected employee members, four statutory members, a citizen member and a retiree member. The Retirement Board appoints the Retirement Program Administrator and contracts investment counsel and other services necessary to properly administer the Plan.

Employees participate in the plan upon beginning employment with the City. COPERS' membership data is as follows:

	<b>June 30</b>	
	<b>2015</b>	<b>2014</b>
<b>Active Members</b>		
Tier 1	6,741	7,421
Tier 2	722	310
Total	<u>7,463</u>	<u>7,731</u>
<b>Terminated Vested</b>	<u>901</u>	<u>816</u>
<b>In Pay Members</b>		
Service Retirees	5,419	5,080
Disabled Retirees	251	249
Beneficiaries	1,018	961
Total	<u>6,688</u>	<u>6,290</u>
<b>Total Members</b>	<u>15,052</u>	<u>14,837</u>

#### b. Plan Benefits

Benefits are calculated on the basis of a given rate, final average compensation and service credit.

Tier 1 Pension Benefits: Employees hired prior to July 1, 2013 are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years with 10 or more years of credited service.
2. Age 62 years with 5 or more years of credited service.
3. Any age which added to years of credited service equals 80.

The pension benefit for Tier 1 employees is based on 2% of final average compensation multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 years to 35.5 years, and 0.5% thereafter.

## Notes to the Financial Statements

(Continued)

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Tier 2 Pension Benefits: Employees hired on or after July 1, 2013 are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years with 10 or more years of credited service.
2. Age 62 years with 5 or more years of credited service.
3. Any age which added to years of credited service equals 87.

The pension benefit for Tier 2 employees is based on 2.1% of final average compensation multiplied by years of service credit for those with less than 20 years, 2.15% for 20-24.9 years, 2.2% for 25-29.9 years and 2.3% thereafter.

A deferred pension is available at age 62 for terminated members with five or more years of service credit who leave their accumulated contributions in the Plan.

A member who becomes permanently disabled for the performance of duty is eligible for a disability benefit if the disability is 1) due to personal injury or disease and the member has ten or more years of service credit or 2) due to injuries sustained on the job, regardless of service credit.

Dependents of deceased members may qualify for survivor benefits if the deceased member had ten or more years of service credit or if the member's death was in the line of duty with the City and compensable under the Workman's Compensation Act of the State of Arizona. Chapter XXIV, Section 25 of the City Charter, specifies the conditions for eligibility of survivor benefits.

A supplemental post-retirement payment and permanent benefit increase (under the Pension Equalization Program) may be provided to Tier 1 and Tier 2 retirees if sufficient reserves are available at the end of the fiscal year. The reserve is funded if the five-year average investment return exceeds 8%.

### **c. Contributions and Funding Policy**

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 23 year period. For the fiscal year ended June 30, 2015, the total contribution rate was 29.6% of compensation. Tier 1 employees contributed 5% of compensation, Tier 2 employees contributed 14.8% of compensation and the City contributed the remainder, \$117,092,000 for the fiscal year.

### **d. Net Pension Liability**

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net pension liability:

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

**Change in Net Pension Liability**

(in thousands)

	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	(a)	(b)	(a)-(b)
<b>Balances at 6/30/2014</b>	\$ 3,614,786	\$ 2,222,242	\$ 1,392,544
<b>Changes for the year:</b>			
Service cost	75,310	—	75,310
Interest	266,355	—	266,355
Changes of benefits	—	—	—
Differences between expected and actual	(31,009)	—	(31,009)
Changes of assumptions	254,870	—	254,870
Contributions - employer	—	117,092	(117,092)
Contributions - member	—	27,861	(27,861)
Net investment income	—	47,148	(47,148)
Benefit payments	(204,403)	(204,403)	—
Administrative expense	—	(414)	414
<b>Net changes</b>	<b>361,123</b>	<b>(12,716)</b>	<b>373,839</b>
<b>Balances at 6/30/2015</b>	<b>\$ 3,975,909</b>	<b>\$ 2,209,526</b>	<b>\$ 1,766,383</b>

COPERS is reflected as a pension trust fund of the City. Detailed information about the plan's fiduciary net position is available in the separately issued COPERS Comprehensive Annual Financial Report available online at [www.phoenix.gov/copers](http://www.phoenix.gov/copers).

**e. Actuarial Assumptions**

Actuarial assumptions used to determine the total pension liability in the June 30, 2015 valuation were based on the results of the actuarial experience study covering the period from July 1, 2009 through June 30, 2014. Those assumption, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.50%
Inflation	3.50%
Salary increases	Inflation plus merit component based on age ranging from 6.60% at age 20 to 0.00% for members age 65 and older
COLA	1.50%

Mortality rates were based on CalPERS Employee Mortality and CalPERS Healthy Annuitant tables both without Scale BB Projection, and also the RP2014 Disabled Retiree Mortality table without MP-2014 Projection. Salary Increase, retirement rate, termination rate, disability rate and mortality rates assumptions were changed from the prior valuation.

Based on the assumption that employee and City contributions to COPERS will continue to follow the established contribution policy and the sufficiency of the Fiduciary Net Position, the long-term expected rate of return on System investments, 7.5%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

## Notes to the Financial Statements

(Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return (Arithmetic)
Broad US Equity	24%	5.60
Broad International Equity	19	6.70
Intermediate Duration Fixed Income	20	3.33
Emerging Markets Debt Hard	5	4.52
Core Real Estate	8	6.03
Non-Core Real Estate	4	7.51
Diversified Hedge Funds	12	6.08
Private Equity	1	7.56
Diversified Inflation Strategies	7	5.03

### f. Sensitivity of the Net Position Liability to Changes in the Discount Rate

The table below presents the net pension liability of the System calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower (6.5%) or 1.0% higher (8.5%) than the current rate at June 30, 2015:

#### Sensitivity of Net Pension Liability to Changes in Discount Rate

(in thousands)

	1.0% Decrease (6.5%)	Discount Rate (7.5%)	1.0% Increase (8.5%)
Total Pension Liability	\$ 4,474,002	\$ 3,975,909	\$ 3,561,466
Plan Fiduciary Net Position	2,209,526	2,209,526	2,209,526
Net Pension Liability	\$ 2,264,476	\$ 1,766,383	\$ 1,351,940

#### Plan Fiduciary Net Position as a Percentage of the Total Pension Liability

49.4%                      55.6%                      62.0%

### g. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$217,991,000. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

#### Schedule of Deferred Inflow and Outflows of Resources

(in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 24,807
Changes in assumptions	203,896	—
Net difference between projected and actual earnings on pension plan investments	93,852	—
<b>Total</b>	\$ 297,748	\$ 24,807

## Notes to the Financial Statements

(Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Measurement year ended June 30:		
2016	\$	68,235
2017		68,235
2018		68,235
2019		68,235
2020		—
Thereafter		—

### Public Safety Personnel Retirement System

#### a. Plan Description

The *Public Safety Personnel Retirement System* (“PSPRS”) administers an agent multiple-employer defined benefit retirement system established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes that provides retirement benefits, as well as death and disability benefits to public safety employees of certain state and local governments. Authority to make amendments to the plan rests with the Arizona State Legislature. The PSPRS acts as a common investment and administrative agent that is jointly administered by a Board of Trustees and participating local boards.

The City’s PSPRS membership data is as follows:

	June 30, 2014	
	Police	Fire
Retirees and Beneficiaries	1,962	937
Inactive, Non-Retired Members	552	237
Active Members	2,542	1,352
Total	<u>5,056</u>	<u>2,526</u>
Covered Payroll	\$ 229,987,435	\$ 125,638,637

#### b. Plan Benefits

An employee who became a member of the PSPRS on or before December 31, 2011 is eligible for a monthly benefit equal to 50% of the average monthly compensation for the first 20 years of credited service. The benefit is reduced by 4% per year for each year of credited service under 20 years and increased by 2% for each year of service between 20 and 24.99 and increased by 2.5% for each year of credited service after 25 years.

An employee who became a member of the PSPRS on or before January 1, 2012 is eligible, at age 52.5, for a monthly benefit equal to 62.5% of the average monthly compensation for the first 25 years of credited service. The benefit is reduced by 4% per year for each year of credited service under 25 years and increased by 2.5% for each year of service after 25 years up to a maximum of 80% of the average monthly compensation.

Permanent benefit increases, as well as death and disability benefits are available in accordance with the Arizona Revised Statutes that govern the System. Inactive members that have at least 10 years of credited service may elect to receive a Deferred Annuity at the age of 62. This lifetime annuity, which is not a retirement benefit, is

## Notes to the Financial Statements

(Continued)

actuarially equivalent to the member's accumulated contributions in the System plus an equal amount paid by the employer.

### c. Contributions and Funding Policy

The System, for both police and fire personnel, is funded via member contributions of 11.05% of compensation and employer contributions set by an actuarial valuation, also expressed as a percent of compensation. For fiscal year ended June 30, 2015, the required employer contribution rates were 36.06% and 35.57% for Police and Fire, respectively, which amounted to \$80,291,000 and \$36,661,000.

### d. Net Pension Liability

The City's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net pension liability:

#### Change in Net Pension Liability

	POLICE			FIRE		
	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	(a)	(b)	(a)-(b)	(a)	(b)	(a)-(b)
<b>Balances at 6/30/2014</b>	\$ 2,212,287,022	\$ 1,080,809,973	\$ 1,131,477,049	\$ 1,216,078,405	\$ 609,067,118	\$ 607,011,287
<b>Changes for the Year:</b>						
Service cost	50,172,837		50,172,837	25,964,371		25,964,371
Interest	170,560,129		170,560,129	93,775,154		93,775,154
Changes of benefits	38,646,673		38,646,673	18,125,159		18,125,159
Differences between expected and actual	(13,757,781)		13,757,781	(9,814,267)		9,814,267
Changes of assumptions	211,118,020		211,118,020	100,149,039		100,149,039
Contributions - employer		78,428,075	78,428,075		42,900,387	42,900,387
Contributions - member		27,930,873	27,930,873		14,152,105	14,152,105
Net investment income		147,541,809	147,541,809		83,245,112	83,245,112
Benefit payments	(129,265,891)	(129,265,891)	—	(68,945,281)	(68,945,281)	—
Administrative expense		(1,188,253)	1,188,253		(670,429)	670,429
Net transfers		(3,583)	3,583		59,767	59,767
<b>Net changes</b>	<b>327,473,987</b>	<b>123,443,030</b>	<b>204,030,957</b>	<b>159,254,175</b>	<b>70,741,661</b>	<b>88,512,514</b>
<b>Balances at 6/30/2015</b>	<b>\$ 2,539,761,009</b>	<b>\$ 1,204,253,003</b>	<b>\$ 1,335,508,006</b>	<b>\$ 1,375,332,580</b>	<b>\$ 679,808,779</b>	<b>\$ 695,523,801</b>

Detailed information about the pension plan's fiduciary net position is available in the separately issued Public Safety Personnel Retirement System Comprehensive Annual Financial Report available online at [www.psprs.com](http://www.psprs.com).

## Notes to the Financial Statements

(Continued)

### e. Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2015 actuarial valuation were based on the results of the actuarial experience study covering the period from July 1, 2006 through June 30, 2011. Those assumptions, applied to all periods included in the measurement, are as follows:

#### Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	4.00%
Price Inflation	3.0% - 4.0% -- approximate; No explicit price inflation assumption is used.
Salary increases	4.00% to 8.00% including inflation
Investment Rate of Return	7.85%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).
Other Information:	
Assumed Future Permanent Benefit Increases	Member Retired on or before July 1, 2011: 2% compounded on average. Members Retired on or after August 1, 2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.

The actuarial cost method was changed from the prior valuation to Individual Entry Age Normal.

A single discount rate of 7.85% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.85%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, best estimates of real rates of return are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return (Geometric)*</u>
U.S. Equity	16.00 %	7.60 %
Non-US. Equity	14.00	8.63
Private Equity	11.00	9.50
Fixed Income	7.00	4.75
Credit Opportunities	13.00	8.00
Absolute Return	4.00	6.75
GTA	10.00	5.73
Real Assets	8.00	5.96
Real Estate	11.00	6.50
Risk Parity	4.00	6.04
Short Term Inv.	2.00	3.25
Total	100.00 %	

\*Based on inflation assumption of 2.50%

**f. Sensitivity of the Net Position Liability to Changes in the Discount Rate**

The table below presents the net pension liability of both Police and Fire calculated using the discount rate of 7.85%, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower (6.85%) or 1.0% higher (8.85%) than the current rate:

<b>POLICE</b>			
	<b>1.0% Decrease (6.85%)</b>	<b>Discount Rate (7.85%)</b>	<b>1.0% Increase (8.85%)</b>
Total Pension Liability	\$ 2,833,897,410	\$ 2,539,761,009	\$ 2,293,711,527
Plan Fiduciary Net Position	1,204,253,003	1,204,253,003	1,204,253,003
Net Pension Liability	<u>\$ 1,629,644,407</u>	<u>\$ 1,335,508,006</u>	<u>\$ 1,089,458,524</u>
<b>FIRE</b>			
	<b>1.0% Decrease (6.85%)</b>	<b>Discount Rate (7.85%)</b>	<b>1.0% Increase (8.85%)</b>
Total Pension Liability	\$ 1,529,113,819	\$ 1,375,332,580	\$ 1,246,101,832
Plan Fiduciary Net Position	679,808,779	679,808,779	679,808,779
Net Pension Liability	<u>\$ 849,305,040</u>	<u>\$ 695,523,801</u>	<u>\$ 566,293,053</u>

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

**g. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, pension expense of \$176,947,230 and \$83,413,481 were recognized for Police and Fire, respectively. At June 30, 2015 deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	POLICE		FIRE	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 10,785,503	\$ —	\$ 8,231,295
Changes in assumptions	165,507,369	—	83,995,708	—
Net difference between projected and actual earnings on pension plan investments	—	49,210,064	—	27,764,993
<b>Total</b>	<b>\$ 165,507,369</b>	<b>\$ 59,995,567</b>	<b>\$ 83,995,708</b>	<b>\$ 35,996,288</b>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

POLICE		FIRE	
Year Ending June 30	Net Deferred Outflows of Resources	Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ 30,335,857	2016	\$ 7,629,111
2017	30,335,857	2017	7,629,111
2018	30,335,857	2018	7,629,111
2019	14,504,231	2019	7,629,111
2020	—	2020	14,570,359
Thereafter	—	Thereafter	2,912,617
<b>Total</b>	<b>\$ 105,511,802</b>	<b>Total</b>	<b>\$ 47,999,420</b>

**Elected Officials' Retirement Plan**

The *Elected Officials' Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan that provides retirement, death and disability benefits. The EORP was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes and is administered by the Board of Trustees of PSPRS. At June 30, 2014, the City had 8 covered officials participating in the plan. Covered payroll for the year then ended was \$167,865 (of \$460,441,000 general City covered payroll). No additional disclosures regarding EORP are provided due to the immateriality to the City's finances as a whole. EORP financial statements are available online at [www.psprs.com](http://www.psprs.com).

**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.

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

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 MERP related OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual required contribution	\$ 27,937
Interest on OPEB obligation	—
Contributions from the City	27,936
Increase in net OPEB obligation	<u>1</u>
Net OPEB obligation, beginning of year	—
Net OPEB obligation, end of year	<u><u>\$ 1</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2015	\$ 27,937	\$ 27,936	100.0%	\$ 1
6/30/2014	29,508	29,508	100.0	—
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, 2015, 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 \$433,805,000 and the actuarial value of assets was \$138,466,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$295,339,000. The covered payroll

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

(annual payroll of active employees covered by the plan) was \$379,302,000 and the ratio of the UAAL to the covered payroll was 77.9 percent.

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

Valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	27 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, 2015, 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	2,936	2,385	5,321
Retirees and Beneficiaries	5,672	2,528	8,200
Total	8,608	4,913	13,521

**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 and the use of all leave accruals. The benefit continues to age 80 for those disabled prior to July 1, 2013 and age 75 for those disabled on or after July 1, 2013. 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 of 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 LTD related OPEB expense is calculated based on the 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

## Notes to the Financial Statements

(Continued)

funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual LTD related 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*	\$ 2,656
Interest on Net OPEB Asset	78
Contributions made	2,581
Increase in OPEB Asset	<u>(3)</u>
Net OPEB asset, beginning of year	(1,118)
Net OPEB asset, end of year	<u>\$ (1,121)</u>

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

The City's annual LTD related 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
6/30/2015	\$ 2,578	\$ 2,581	100.1%	\$ 1,121
6/30/2014	2,719	2,751	101.2	1,118
6/30/2013	2,872	2,971	103.4	1,086
6/30/2012	2,391	2,018	84.4	987
6/30/2011	2,965	997	33.6	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

As of July 1, 2015, the most recent actuarial valuation date, the LTD was 132.1 percent funded. The actuarial accrued liability for benefits was \$57,943,000, and the actuarial value of assets was \$76,522,000, resulting in an unfunded actuarial accrued liability (UAAL) of (\$18,579,000). The covered payroll (annual payroll of active employees covered by the plan) was \$775,313,000, and the ratio of the UAAL to the covered payroll was (2.40) percent.

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

Valuation date	7/1/2015
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	3.5%
Inflation rate	3%
Healthcare cost trend	N/A

## Notes to the Financial Statements

(Continued)

The number of participants as of July 1, 2015, 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	1,592	2,731	7,736	12,059
Currently Disabled Employees	4	10	306	320
Total Covered Participants	1,596	2,741	8,042	12,379

### **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 assumptions 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 August 12, 2015, the City of Phoenix entered into a loan agreement with DNT Asset Trust, a subsidiary of JPMorgan Chase Bank, N.A. (the "Loan"). The Loan, in the amount of \$305,940,000, refinanced the Downtown Phoenix Hotel Corporation Hotel Revenue Bonds, Series 2005A, 2005B, and 2005C (Taxable). The Loan was entered into at an all-in true interest cost of 2.84% and was dated and delivered August 12, 2015.

On November 17, 2015, the City of Phoenix Civic Improvement Corporation issued \$95,785,000 of Junior Lien Airport Revenue Bonds, Series 2015A (Non-AMT) and \$18,655,000 of Junior Lien Airport Revenue Refunding Bonds, Series 2015B (Non-AMT). The bonds were issued at an all-in true interest cost of 3.99% and 4.08% respectively, and were dated and delivered December 15, 2015.

### **Chief Financial Officer**

Following a nationwide recruitment, City Manager Ed Zuercher appointed Denise Olson, who had been serving as Acting Chief Financial Officer since Neal Young's retirement in June 2015, as Chief Financial Officer on November 12, 2015.

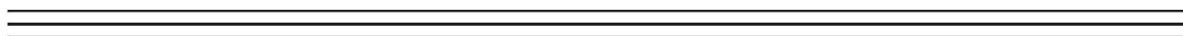
### **Pension Reform**

On August 5, 2015, the Phoenix voters approved proposition 103, which will change the terms of COPERS for employees hired after January 1, 2016. Among the approved changes was the closure of Tier 2 to new members (Tier 1 was closed to new members with the creation of Tier 2) and the requirement that all new employees be placed in a new hybrid retirement plan (Tier 3) which limits the compensation used to calculate pensions; uses a five-year compensation average to determine pension amounts; replaces automatic post-retirement increases with an option to reduce initial pension payments to fund post-retirement increases, and eliminates the credit for unused sick leave. Proposition 103 also set a cap for plan contributions by employees for those hired after July 1, 2015 of 11 percent of annual compensation and limits the interest rate (3.75 percent) applied to contributions refunded to withdrawing members.



*Financial Section*

**Required Supplementary  
Information**





**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

**COPERS**

**Schedule of Changes in Net Pension Liability and Related Ratios**

(in thousands)

	FYE 2015	FYE 2014
<u>Total Pension Liability</u>		
Service cost (MOY)	\$ 75,310	\$ 78,331
Interest (includes interest on service cost)	266,355	257,219
Changes of benefit terms	—	—
Differences between expected and actual experience	(31,009)	(20,336)
Changes of assumptions	254,870	—
Benefit payments, including refunds of member contributions	(204,403)	(179,877)
Net change in total pension liability	361,123	135,337
Total pension liability - beginning	3,614,786	3,479,449
Total pension liability - ending	<u>\$ 3,975,909</u>	<u>\$ 3,614,786</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 117,092	\$ 110,629
Contributions - member	27,861	27,760
Net investment income	47,148	298,736
Benefit payments, including refunds of member contributions	(204,403)	(179,877)
Administrative expense	(414)	(628)
Net change in plan fiduciary net position	(12,716)	256,620
Plan fiduciary net position - beginning	2,222,242	1,965,622
Plan fiduciary net position - ending	<u>\$ 2,209,526</u>	<u>\$ 2,222,242</u>
Net pension liability - ending	<u>\$ 1,766,383</u>	<u>\$ 1,392,544</u>
Plan fiduciary net position as a percentage of the total pension liability	55.57%	61.48%
Covered employee payroll	\$ 460,441	\$ 485,227
Net pension liability as a percentage of covered employee payroll	383.63%	286.99%

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

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Schedule of Employer Contributions

(in thousands)

<b>Year Ended June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contribution as a percentage of Covered Employee Payroll</b>
FYE 2015	117,092	117,092	—	460,441	25.43%

Notes to the schedule:

Valuation date	June 30, 2015
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial cost method	Entry age
Asset valuation method	4-year smoothed market
Amortization method	The entire UAL is amortized as a level percentage of payroll over an open 20-year period.
Discount rate	7.50%
Salary increases	3.50% plus merit component based on age ranging from 3.80% at age 20 to 0.00% for members age 65 and older
Amortization payment growth rate	3.50%
COLA	1.50%
Mortality	Male and female RP-2000 combined employee and annuitant tables.

**PSPRS**

**Schedule of Changes in Net Pension Liability and Related Ratios**

	<u>POLICE</u>	<u>FIRE</u>
	<u>FYE 2015</u>	<u>FYE 2015</u>
<u>Total Pension Liability</u>		
Service cost	\$ 50,172,837	\$ 25,964,371
Interest on Total Pension Liability	170,560,129	93,775,154
Benefit Changes	38,646,673	18,125,159
Differences between expected and actual experience	(13,757,781)	(9,814,267)
Assumption Changes	211,118,020	100,149,039
Benefit payments, including refunds of member contributions	(129,265,891)	(68,945,281)
Net change in Total Pension Liability	<u>327,473,987</u>	<u>159,254,175</u>
Total Pension Liability - Beginning	<u>2,212,287,022</u>	<u>1,216,078,405</u>
Total Pension Liability - Ending	<u>\$ 2,539,761,009</u>	<u>\$ 1,375,332,580</u>
<u>Plan Fiduciary Net Position</u>		
Employer Contributions	\$ 78,428,075	\$ 42,900,387
Employee Contributions	27,930,873	14,152,105
Net investment income	146,353,556	82,574,683
Benefit payments, including refunds of member contributions	(129,265,891)	(68,945,281)
Other	(53,121,702)	(30,298,166)
Net change in Plan Fiduciary Net Position	<u>70,324,911</u>	<u>40,383,728</u>
Plan Fiduciary Net Position - Beginning	<u>1,133,928,092</u>	<u>639,425,051</u>
Plan Fiduciary Net Position - Ending	<u>\$ 1,204,253,003</u>	<u>\$ 679,808,779</u>
Net Pension Liability - Ending	<u>\$ 1,335,508,006</u>	<u>\$ 695,523,801</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.42%	49.43%
Covered Valuation Payroll	\$ 229,987,435	\$ 125,638,637
Net Pension Liability as a Percentage of Covered Valuation Payroll	580.69%	553.59%

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

	<b>Year Ended June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>		<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll*</b>	<b>Actual Contribution as a percentage of Covered Valuation Payroll</b>
POLICE	2014	\$ 78,428,075	\$ 78,428,075	**	—	\$ 229,987,435	34.10%
FIRE	2014	\$ 42,900,387	\$ 42,900,387	**	—	\$ 125,638,637	34.15%

\* Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 67-68

\*\* Actual contributions are based on covered payroll at the time of contribution. It is the actuary's understanding that the Employer's practice is to contribute the percent-of-payroll employer contribution rate (or flat dollar amount if there are no active employees) shown in the actuarial valuation report. Because of this understanding, the Actuarially Determined Contributions shown in the Schedule of Employer contributions are the actual contributions made by the Employer in the fiscal year.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS**  
**USED IN THE CALCULATION OF THE 2014 CONTRIBUTION RATE\***

**Valuation Date:** Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Fiscal Year 2014 Contribution Rates:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	24 years remaining; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset Valuation Method	7-Year smoothed market; 20% corridor
Wage growth	5.00%
Price Inflation	3.00%-4.00%-- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	5.00% to 9.00% including inflation
Investment Rate of Return	8.00%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006- June 30,2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

**Other Information:**

Assumed Future Permanent Benefit Increases	No explicit Assumed Permanent Benefit Increases Assumption
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**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

(Unaudited) Schedule of Funding Progress (in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability (UAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b - a)/(c)
<b>MERP (1)</b>	7/1/15	138,466	433,805	295,339	31.9%	379,302	77.9 %
	7/1/13	113,666	419,610	305,944	27.1%	461,156	66.3 %
	8/1/11	86,964	423,058	336,094	20.6%	510,561	65.8 %
	8/1/09	60,459	424,989	364,530	14.2	593,932	61.4
	8/1/06	—	345,579	345,579	—	563,570	61.3
<b>LTD (2)</b>	7/1/15	76,522	57,943	(18,579)	132.1%	775,313	(2.40)%
	7/1/13	69,463	69,504	41	99.9%	816,086	0.01 %
	7/1/11	68,087	68,413	326	99.5%	816,962	0.04 %
	7/1/09	60,992	66,523	5,531	91.7	876,001	0.63
	7/1/07	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.

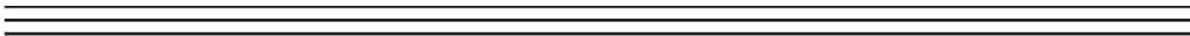


**City of Phoenix**



*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.

**Golf Courses** - to account for all revenues and expenditures associated with all City owned golf courses.

## 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  
June 30, 2015  
(in thousands)

Exhibit C-1

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Development Services	Grants	Public Housing
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12,728	\$ 3,274	\$ 21,002	\$ 298	\$ —
Cash Deposits	29	—	—	—	123
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	1,959
Investments	62,980	16,225	103,767	2,997	18,081
Due from Other Funds	—	—	—	—	—
Receivables, Net of Allowance					
Accounts Receivable	(2)	—	397	4,144	1,465
Taxes Receivable	—	—	—	—	—
Intergovernmental	10,444	—	142	21,678	2,154
Accrued Interest	—	—	—	—	20
Notes Receivable	—	—	—	—	12,384
Prepaid Items	—	—	—	—	4,263
Inventories	—	—	—	—	—
Total Assets	<u>\$ 86,179</u>	<u>\$ 19,499</u>	<u>\$ 125,308</u>	<u>\$ 29,117</u>	<u>\$ 40,449</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	—	—	—	—	—
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ —	\$ 1,259
Accounts Payable	7,447	1,251	7,458	6,179	1,124
Insurance Claims Payable	—	—	—	—	—
Trust Liabilities and Deposits	2,474	2,821	7,168	366	16,506
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Advance Payments	—	—	5,550	22,572	1,225
Total Liabilities	<u>9,921</u>	<u>4,072</u>	<u>20,176</u>	<u>29,117</u>	<u>20,114</u>
Deferred Inflows of Resources					
Service Concession Arrangement	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—
Fund Balances					
Non-Spendable					
Inventories	—	—	—	—	—
Prepaid Items	—	—	—	—	4,264
Spendable					
Restricted	76,258	11,724	61,011	—	11,667
Committed	—	3,703	—	—	—
Assigned	—	—	44,121	—	4,404
Unassigned	—	—	—	—	—
Total Fund Balances	<u>76,258</u>	<u>15,427</u>	<u>105,132</u>	<u>—</u>	<u>20,335</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 86,179</u>	<u>\$ 19,499</u>	<u>\$ 125,308</u>	<u>\$ 29,117</u>	<u>\$ 40,449</u>

Special Revenue Funds					Capital Projects Funds				
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Golf Courses	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	
\$ 7,647	\$ 2,396	\$ —	\$ 102	\$ 47,447	\$ 843	\$ 6,641	\$ 4,760	\$ —	
—	—	—	—	152	—	—	—	—	
—	—	—	—	1,959	—	—	—	—	
38,185	16,697	—	1,193	260,125	6,487	35,220	13,147	—	
—	—	—	—	—	—	—	5,027	—	
268	—	—	9,000	15,272	—	—	1,590	—	
7	—	—	—	7	—	—	—	—	
—	—	—	—	34,418	—	—	11,089	—	
—	—	—	—	20	—	—	11	—	
—	—	—	—	12,384	—	—	27,791	—	
—	—	—	—	4,263	—	—	—	—	
—	—	—	104	104	—	—	—	—	
<b>\$ 46,107</b>	<b>\$ 19,093</b>	<b>\$ —</b>	<b>\$ 10,399</b>	<b>\$ 376,151</b>	<b>\$ 7,330</b>	<b>\$ 41,861</b>	<b>\$ 63,415</b>	<b>\$ —</b>	
—	—	—	—	—	—	—	—	—	
\$ —	\$ —	\$ 10,323	\$ —	\$ 11,582	\$ —	\$ —	\$ —	\$ 7,814	
945	2	2	132	24,540	453	1,536	1,539	116	
—	—	—	—	—	—	—	—	—	
264	75	—	14	29,688	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	154	29,501	—	—	—	—	
<b>1,209</b>	<b>77</b>	<b>10,325</b>	<b>300</b>	<b>95,311</b>	<b>453</b>	<b>1,536</b>	<b>1,539</b>	<b>7,930</b>	
—	—	—	8,825	8,825	—	—	—	—	
—	—	—	8,825	8,825	—	—	—	—	
—	—	—	104	104	—	—	—	—	
—	—	—	—	4,264	—	—	—	—	
32,377	19,016	5,873	—	217,926	—	40,325	17,188	—	
—	—	—	—	3,703	6,877	—	—	—	
12,521	—	—	1,170	62,216	—	—	44,688	—	
—	—	(16,198)	—	(16,198)	—	—	—	(7,930)	
<b>44,898</b>	<b>19,016</b>	<b>(10,325)</b>	<b>1,274</b>	<b>272,015</b>	<b>6,877</b>	<b>40,325</b>	<b>61,876</b>	<b>(7,930)</b>	
<b>\$ 46,107</b>	<b>\$ 19,093</b>	<b>\$ —</b>	<b>\$ 10,399</b>	<b>\$ 376,151</b>	<b>\$ 7,330</b>	<b>\$ 41,861</b>	<b>\$ 63,415</b>	<b>\$ —</b>	

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

Exhibit C-1

June 30, 2015

(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	\$ —	\$ 72	\$ —	\$ 23,960	\$ 164
Cash Deposits	—	—	—	—	—
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	—
Investments	74	351	473	19,999	2,668
Due from Other Funds	2,082	11,968	7,731	—	—
Receivables, Net of Allowance					
Accounts Receivable	—	—	—	7,122	78
Taxes Receivable	—	—	—	—	—
Intergovernmental	—	—	—	—	394
Accrued Interest	—	—	—	—	—
Notes Receivable	—	—	—	837	—
Prepaid Items	—	—	—	—	—
Inventories	—	—	—	—	—
Total Assets	<u>\$ 2,156</u>	<u>\$ 12,391</u>	<u>\$ 8,204</u>	<u>\$ 51,918</u>	<u>\$ 3,304</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 46,038	\$ —
Accounts Payable	304	28	227	554	11,481
Insurance Claims Payable	—	—	—	—	—
Trust Liabilities and Deposits	—	423	—	—	1
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Advance Payments	—	—	—	—	—
Total Liabilities	<u>304</u>	<u>451</u>	<u>227</u>	<u>46,592</u>	<u>11,482</u>
Deferred Inflows of Resources					
Service Concession Arrangement	—	—	—	—	—
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances					
Non-Spendable					
Inventories	—	—	—	—	—
Prepaid Items	—	—	—	—	—
Spendable					
Restricted	1,852	9,341	7,977	—	—
Committed	—	—	—	—	—
Assigned	—	2,599	—	6,102	—
Unassigned	—	—	—	(776)	(8,178)
Total Fund Balances	<u>1,852</u>	<u>11,940</u>	<u>7,977</u>	<u>5,326</u>	<u>(8,178)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,156</u>	<u>\$ 12,391</u>	<u>\$ 8,204</u>	<u>\$ 51,918</u>	<u>\$ 3,304</u>

Exhibit C-1

(Continued)

Capital Projects Funds		Debt Service Funds				Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	City Improvement	Special Assessment	Total	
\$ —	\$ 36,440	\$ 667	\$ 737	\$ 82	\$ 1,486	\$ 85,373
—	—	—	—	—	—	152
—	—	6,022	65,466	3	71,491	73,450
12,793	91,212	12,619	3,544	—	16,163	367,500
3,263	30,071	—	—	—	—	30,071
—	8,790	3,182	—	73	3,255	27,317
—	—	—	—	—	—	7
—	11,483	—	—	—	—	45,901
81	92	—	—	—	—	112
—	28,628	—	—	—	—	41,012
—	—	—	—	—	—	4,263
—	—	—	—	—	—	104
<b>\$ 16,137</b>	<b>\$ 206,716</b>	<b>\$ 22,490</b>	<b>\$ 69,747</b>	<b>\$ 158</b>	<b>\$ 92,395</b>	<b>\$ 675,262</b>
—	—	—	—	—	—	—
\$ —	\$ 53,852	\$ —	\$ —	\$ —	\$ —	\$ 65,434
1	16,239	43	—	—	43	40,822
—	—	—	—	—	—	—
—	424	—	—	—	—	30,112
—	—	4,985	52,175	—	57,160	57,160
—	—	1,037	13,291	3	14,331	14,331
—	—	—	—	155	155	29,656
1	70,515	6,065	65,466	158	71,689	237,515
—	—	—	—	—	—	8,825
—	—	—	—	—	—	8,825
—	—	—	—	—	—	104
—	—	—	—	—	—	4,264
3,264	79,947	—	4,281	—	4,281	302,154
—	6,877	16,425	—	—	16,425	27,005
12,872	66,261	—	—	—	—	128,477
—	(16,884)	—	—	—	—	(33,082)
16,136	136,201	16,425	4,281	—	20,706	428,922
<b>\$ 16,137</b>	<b>\$ 206,716</b>	<b>\$ 22,490</b>	<b>\$ 69,747</b>	<b>\$ 158</b>	<b>\$ 92,395</b>	<b>\$ 675,262</b>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Development Services	Grants	Public Housing
<b>REVENUES</b>					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Intergovernmental	111,763	—	—	90,841	73,121
Charges for Services	8	9,305	49,108	381	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	(347)	(87)	(541)	(21)	13
Interest	766	195	1,228	45	108
Dwelling Rentals	—	—	—	1	7,103
Other	152	—	4,787	9,936	739
Total Revenues	112,342	9,413	54,582	101,183	81,084
<b>EXPENDITURES</b>					
Current Operating					
General Government	—	225	—	1,069	—
Criminal Justice	—	1,746	—	—	—
Public Safety	—	4,314	—	17,321	—
Transportation	48,282	—	—	63	—
Community Enrichment	—	—	—	43,378	—
Community Development	—	—	39,654	35,725	78,891
Environmental Services	—	—	—	14	—
Capital Outlay	37,770	602	21,589	3,606	4,850
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Other	—	—	—	—	—
Total Expenditures	86,052	6,887	61,243	101,176	83,741
Excess (Deficiency) of Revenues Over Expenditures	26,290	2,526	(6,661)	7	(2,657)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	1,009	—	—	—	8
Transfers to Other Funds	(3,830)	—	(2,068)	(7)	(197)
Issuance of Debt					
Premium on Municipal Corporation Obligations	—	—	—	—	—
Refunding Bonds	—	—	—	—	—
Deposit to Refunding Escrow	—	—	—	—	—
Total Other Financing Sources (Uses)	(2,821)	—	(2,068)	(7)	(189)
Net Change in Fund Balances	23,469	2,526	(8,729)	—	(2,846)
<b>FUND BALANCES, JULY 1</b>	52,789	12,901	113,861	—	23,181
<b>FUND BALANCES, JUNE 30</b>	\$ 76,258	\$ 15,427	\$ 105,132	\$ —	\$ 20,335

**Exhibit C-2**

(Continued)

Special Revenue Funds					Capital Projects Funds				
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Golf Courses	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	
\$ 7,067	\$ 29,881	\$ 84,828	\$ —	\$121,776	\$ 14,281	\$ 29,882	\$ —	\$ —	
165	—	—	—	165	—	—	—	—	
584	—	8	—	276,317	—	—	5,876	—	
8,177	—	—	—	66,979	10	84	—	—	
111	—	—	—	111	—	—	—	—	
1,416	—	—	5,977	7,393	—	—	—	—	
—	—	—	—	—	—	—	—	—	
(175)	(75)	99	19	(1,115)	(39)	(256)	(10)	—	
391	172	(223)	(62)	2,620	80	574	41	—	
—	—	—	—	7,104	—	—	—	—	
24,828	181	—	445	41,068	20	—	174	—	
42,564	30,159	84,712	6,379	522,418	14,352	30,284	6,081	—	
18,180	—	—	—	19,474	—	—	—	—	
—	—	—	—	1,746	—	—	—	—	
6,171	17,945	65,234	—	110,985	—	—	—	—	
1,918	—	—	—	50,263	145	—	—	—	
2,299	—	—	6,041	51,718	—	3,293	—	—	
3,926	—	—	—	158,196	—	—	—	—	
1,835	—	—	—	1,849	61	—	—	—	
1,249	—	37	—	69,703	16,383	13,261	28,249	2,738	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
35,578	17,945	65,271	6,041	463,934	16,589	16,554	28,249	2,738	
6,986	12,214	19,441	338	58,484	(2,237)	13,730	(22,168)	(2,738)	
1,486	—	—	4,532	7,035	—	—	3,830	—	
(1,125)	(32)	(64)	—	(7,323)	—	(4,564)	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
361	(32)	(64)	4,532	(288)	—	(4,564)	3,830	—	
7,347	12,182	19,377	4,870	58,196	(2,237)	9,166	(18,338)	(2,738)	
37,551	6,834	(29,702)	(3,596)	213,819	9,114	31,159	80,214	(5,192)	
\$ 44,898	\$ 19,016	\$ (10,325)	\$ 1,274	\$272,015	\$ 6,877	\$ 40,325	\$ 61,876	\$ (7,930)	

**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, 2015

(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
<b>REVENUES</b>					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Intergovernmental	—	355	3,651	—	72,403
Charges for Services	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	—	(14)	(31)	(34)	—
Interest	—	32	75	178	—
Dwelling Rentals	—	—	—	—	—
Other	2	158	381	430	421
<b>Total Revenues</b>	<b>2</b>	<b>531</b>	<b>4,076</b>	<b>574</b>	<b>72,824</b>
<b>EXPENDITURES</b>					
Current Operating					
General Government	—	—	—	—	—
Criminal Justice	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Community Enrichment	—	—	—	—	—
Community Development	—	—	—	—	—
Environmental Services	—	—	—	—	—
Capital Outlay	3,225	1,535	3,585	19,961	68,334
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Other	—	—	—	—	—
<b>Total Expenditures</b>	<b>3,225</b>	<b>1,535</b>	<b>3,585</b>	<b>19,961</b>	<b>68,334</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,223)</b>	<b>(1,004)</b>	<b>491</b>	<b>(19,387)</b>	<b>4,490</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	—	—	—	5,739	—
Transfers to Other Funds	—	—	—	(2,765)	—
Issuance of Debt					
Premium on Certificates of Participation and Municipal Corporation Obligations	—	—	—	—	—
Refunding Bonds	—	—	—	—	—
Deposit to Refunding Escrow	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,974</b>	<b>—</b>
<b>Net Change in Fund Balances</b>	<b>(3,223)</b>	<b>(1,004)</b>	<b>491</b>	<b>(16,413)</b>	<b>4,490</b>
<b>FUND BALANCES, JULY 1</b>	<b>5,075</b>	<b>12,944</b>	<b>7,486</b>	<b>21,739</b>	<b>(12,668)</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,852</b>	<b>\$ 11,940</b>	<b>\$ 7,977</b>	<b>\$ 5,326</b>	<b>\$ (8,178)</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 Improvement	Special Assessment	Total		
\$ —	\$ 44,163	\$ 17,062	\$ —	\$ —	\$ —	\$ 17,062	\$ 183,001	
—	—	—	—	—	—	—	165	
—	82,285	—	—	—	—	—	358,602	
—	94	—	—	—	—	—	67,073	
—	—	—	—	—	—	—	111	
—	—	—	—	—	—	—	7,393	
—	—	—	—	—	29	29	29	
(88)	(472)	(137)	—	—	—	(137)	(1,724)	
100	1,080	310	—	—	—	310	4,010	
—	—	—	—	—	—	—	7,104	
271	1,857	124	—	—	—	124	43,049	
283	129,007	17,359	—	—	29	17,388	668,813	
—	—	113	—	—	—	113	19,587	
—	—	—	—	—	—	—	1,746	
—	—	1,244	—	—	—	1,244	112,229	
—	145	—	—	—	—	—	50,408	
—	3,293	936	—	—	—	936	55,947	
—	—	12,264	—	—	—	12,264	170,460	
—	61	—	—	—	—	—	1,910	
64	157,335	1,741	—	—	—	1,741	228,779	
—	—	4,985	—	52,420	18	57,423	57,423	
—	—	3,894	—	28,039	7	31,940	31,940	
—	—	—	—	344	—	344	344	
—	—	3	—	18	—	21	21	
—	—	—	—	—	7	7	7	
64	160,834	25,180	—	80,821	32	106,033	730,801	
219	(31,827)	(7,821)	—	(80,821)	(3)	(88,645)	(61,988)	
—	9,569	1,024	—	81,499	3	82,526	99,130	
(269)	(7,598)	—	—	(1,024)	—	(1,024)	(15,945)	
—	—	—	—	10	—	10	10	
—	—	—	—	60,945	—	60,945	60,945	
—	—	—	—	(60,604)	—	(60,604)	(60,604)	
(269)	1,971	1,024	—	80,826	3	81,853	83,536	
(50)	(29,856)	(6,797)	—	5	—	(6,792)	21,548	
16,186	166,057	23,222	—	4,276	—	27,498	407,374	
\$ 16,136	\$ 136,201	\$ 16,425	\$ —	\$ 4,281	\$ —	\$ 20,706	\$ 428,922	



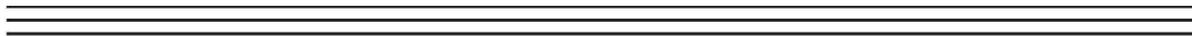
**City of Phoenix**



*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**  
For the Fiscal Year Ended June 30, 2015  
(in thousands)

Exhibit D-1

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expenditures	Encumbrances	Total	
General Government							
Mayor	\$ 1,831	\$ —	\$ 1,831	\$ 1,454	\$ 5	\$ 1,459	\$ 372
City Council	3,536	—	3,536	3,188	33	3,221	315
City Manager	2,366	—	2,366	2,280	19	2,299	67
City Auditor	2,410	—	2,410	2,025	11	2,036	374
Information Technology	36,683	—	36,683	29,307	3,254	32,561	4,122
Equal Opportunity	2,336	—	2,336	2,234	4	2,238	98
City Clerk	4,244	—	4,244	2,932	89	3,021	1,223
Elections	616	—	616	938	29	967	(351)
Human Resources	9,871	—	9,871	8,648	123	8,771	1,100
Law	19,960	—	19,960	16,893	269	17,162	2,798
Budget and Research	2,956	—	2,956	2,726	17	2,743	213
Finance	18,277	—	18,277	16,242	369	16,611	1,666
Other	1,388	—	1,388	874	78	952	436
Total General Government	106,474	—	106,474	89,741	4,300	94,041	12,433
Criminal Justice							
Municipal Court	29,049	—	29,049	25,579	605	26,184	2,865
Public Defender	4,982	—	4,982	4,830	4	4,834	148
Total Criminal Justice	34,031	—	34,031	30,409	609	31,018	3,013
Public Safety							
Police	471,386	—	471,386	459,234	3,671	462,905	8,481
Fire	255,563	—	255,563	247,712	5,491	253,203	2,360
Other	14	—	14	196	—	196	(182)
Total Public Safety	726,963	—	726,963	707,142	9,162	716,304	10,659
Transportation							
Street Transportation	20,012	—	20,012	12,610	2,206	14,816	5,196
Public Transit	18,202	—	18,202	17,467	287	17,754	448
Total Transportation	38,214	—	38,214	30,077	2,493	32,570	5,644
Community Enrichment							
Parks & Recreation	92,913	—	92,913	83,799	837	84,636	8,277
Library	35,515	(314)	35,201	31,957	1,954	33,911	1,290
Human Services	18,895	—	18,895	16,132	687	16,819	2,076
Other	2,872	—	2,872	2,520	138	2,658	214
Total Community Enrichment	150,195	(314)	149,881	134,408	3,616	138,024	11,857
Community Development							
Economic Development	4,796	—	4,796	4,143	16	4,159	637
Neighborhood Services	12,482	—	12,482	10,672	158	10,830	1,652
Other	4,963	—	4,963	3,970	27	3,997	966
Total Community Development	22,241	—	22,241	18,785	201	18,986	3,255
Environmental Services							
Public Works	17,663	—	17,663	10,403	4,001	14,404	3,259
Other	845	—	845	631	47	678	167
Total Environmental Services	18,508	—	18,508	11,034	4,048	15,082	3,426
Cable							
General Government	2,560	—	2,560	2,293	51	2,344	216
Transportation	1,542	—	1,542	1,617	—	1,617	(75)
Total Cable	4,102	—	4,102	3,910	51	3,961	141
Capital							
General Government	1,105	314	1,419	364	80	444	975
Community Enrichment	200	—	200	(1,037)	1,037	—	200
Environmental Services	1,540	—	1,540	964	1	965	575
Total Capital	2,845	314	3,159	291	1,118	1,409	1,750
Contingency	45,268	—	45,268	—	—	—	45,268
Totals	\$ 1,148,841	\$ —	\$ 1,148,841	\$ 1,025,797	\$ 25,598	\$ 1,051,395	\$ 97,446

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Excise Tax Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2015  
(in thousands)

**Exhibit D-2**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 793,778	\$ 793,778	\$ 764,076	\$ (29,702)
Licenses and Permits	2,833	2,833	2,782	(51)
Intergovernmental	310,648	310,648	307,401	(3,247)
Total Revenues	<u>1,107,259</u>	<u>1,107,259</u>	<u>1,074,259</u>	<u>(33,000)</u>
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund	(721,405)	(721,405)	(704,268)	17,137
Transit 2000	(115,177)	(115,177)	(110,347)	4,830
Parks and Preserves	(31,137)	(31,137)	(29,882)	1,255
Sports Facilities	(16,451)	(16,451)	(17,062)	(611)
Capital Construction	(15,410)	(15,410)	(14,281)	1,129
Police Neighborhood Protection	(21,791)	(21,791)	(20,917)	874
Block Watch Neighborhood Protection	(1,556)	(1,556)	(1,494)	62
Fire Neighborhood Protection	(7,783)	(7,783)	(7,470)	313
Police Public Safety Enhancement	(16,227)	(16,227)	(15,542)	685
Fire Public Safety Enhancement	(9,931)	(9,931)	(9,526)	405
Police Public Safety Expansion	(49,805)	(49,805)	(47,808)	1,997
Fire Public Safety Expansion	(12,450)	(12,450)	(11,952)	498
City Improvement	(35,424)	(35,424)	(32,580)	2,844
Phoenix Convention Center	(47,993)	(47,993)	(46,402)	1,591
Other Restricted Funds	(4,718)	(4,718)	(4,728)	(10)
Total Other Financing Uses	<u>(1,107,258)</u>	<u>(1,107,258)</u>	<u>(1,074,259)</u>	<u>32,999</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>—</u>	<u>\$ (1)</u>
Fund Balance, July 1			<u>—</u>	
Fund Balance, June 30			<u>\$ —</u>	

## Budgetary Comparison Schedule

## Highway User Revenue Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Highway User	\$ 106,383	\$ 106,383	\$ 111,748	\$ 5,365
State Government	—	—	15	15
Interest	200	200	384	184
Miscellaneous	200	200	160	(40)
Total Revenues	106,783	106,783	112,307	5,524
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	48,066	48,066	48,282	(216)
Capital	56,796	56,796	39,066	17,730
Total Expenditures and Encumbrances	104,862	104,862	87,348	17,514
Excess of Revenues Over Expenditures and Encumbrances	1,921	1,921	24,959	23,038
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
General Fund	723	723	1,009	286
Transfers To Other Funds				
Transit 2000	(10,000)	(10,000)	—	10,000
Capital Projects Fund	—	—	(3,830)	(3,830)
Recovery of Prior Years Expenditures	500	500	413	(87)
Total Other Financing Sources and Uses	(8,777)	(8,777)	(2,408)	6,369
Net Change in Fund Balance	\$ (6,856)	\$ (6,856)	22,551	\$ 29,407
Fund Balance, July 1			18,657	
Fund Balance, June 30			\$ 41,208	

## Budgetary Comparison Schedule

## Municipal Court Awards Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 4,386	\$ 4,386	\$ 7,774	\$ 3,388
Total Revenues	4,386	4,386	7,774	3,388
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	328	328	234	94
Public Safety	4,058	4,058	4,694	(636)
Capital	2,782	2,782	155	2,627
Total Expenditures and Encumbrances	7,168	7,168	5,083	2,085
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(2,782)	(2,782)	2,691	5,473
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	4	4
Total Other Financing Sources	—	—	4	4
Net Change in Fund Balance	\$ (2,782)	\$ (2,782)	2,695	\$ 5,477
Fund Balance, July 1			761	
Fund Balance, June 30			\$ 3,456	

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

**Exhibit D-5**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 42,837	\$ 42,837	\$ 42,666	\$ (171)
Miscellaneous	(54)	(54)	(33)	21
Total Revenues	42,783	42,783	42,633	(150)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	44,457	43,957	34,184	9,773
Capital	277	1,077	475	602
Total Expenditures and Encumbrances	44,734	45,034	34,659	10,375
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(1,951)	(2,251)	7,974	10,225
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,936)	(2,936)	(2,782)	154
Recovery of Prior Years Expenditures	—	—	2	2
Total Other Financing Sources and Uses	(2,936)	(2,936)	(2,780)	156
Net Change in Fund Balance	<u>\$ (4,887)</u>	<u>\$ (5,187)</u>	5,194	<u>\$ 10,381</u>
Fund Balance, July 1			28,437	
Fund Balance, June 30			<u>\$ 33,631</u>	

**Budgetary Comparison Schedule**

**Community Reinvestment Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 105	\$ 105	\$ 114	\$ 9
Rentals	2,414	2,414	4,448	2,034
Interest	90	90	113	23
Miscellaneous	—	—	372	372
Total Revenues	2,609	2,609	5,047	2,438
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	480	680	502	178
Capital	4,726	5,326	5,084	242
Total Expenditures and Encumbrances	5,206	6,006	5,586	420
Deficiency of Revenues Over Expenditures and Encumbrances	(2,597)	(3,397)	(539)	2,858
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Other	(2,068)	(2,068)	(2,068)	—
Recovery of Prior Years Expenditures	—	—	4	4
Total Other Financing Sources and Uses	(2,068)	(2,068)	(2,064)	4
Net Change in Fund Balance	<u>\$ (4,665)</u>	<u>\$ (5,465)</u>	<u>(2,603)</u>	<u>\$ 2,862</u>
Fund Balance, July 1			15,714	
Fund Balance, June 30			<u>\$ 13,111</u>	

**Budgetary Comparison Schedule**

**Federal Operating Trust Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 52,101	\$ 52,101	\$ 37,569	\$ (14,532)
Contributions/Donations	—	—	22	22
Interest	2	2	13	11
Miscellaneous	40	40	7,226	7,186
Total Revenues	52,143	52,143	44,830	(7,313)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	950	950	818	132
Public Safety	17,846	17,846	19,342	(1,496)
Transportation	50	50	74	(24)
Community Enrichment	1,286	1,286	1,410	(124)
Community Development	30,501	30,496	22,805	7,691
Environmental Services	40	40	13	27
Capital	1,468	2,173	458	1,715
Total Expenditures and Encumbrances	52,141	52,841	44,920	7,921
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	2	(698)	(90)	608
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Other Funds				
Housing Special Revenue Fund	—	—	(7)	(7)
Recovery of Prior Years Expenditures	—	—	97	97
Total Other Financing Sources and Uses	—	—	90	90
Net Change in Fund Balance	\$ 2	\$ (698)	—	\$ 698
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

**Budgetary Comparison Schedule**

**Community Development Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 31,880	\$ 31,880	\$ 11,426	\$ (20,454)
Charges for Services	—	—	384	384
Interest	2	2	3	1
Miscellaneous	63	63	2,518	2,455
Total Revenues	31,945	31,945	14,331	(17,614)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	260	260	250	10
Community Enrichment	555	555	553	2
Community Development	29,167	29,167	13,491	15,676
Capital	1,963	1,963	40	1,923
Total Expenditures and Encumbrances	31,945	31,945	14,334	17,611
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	—	—	(3)	(3)
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Year Expenditures	—	—	3	\$ 3
Total Other Financing Sources and Uses	—	—	3	3
Net Change in Fund Balance	\$ —	\$ —	—	\$ —
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

## Budgetary Comparison Schedule

## Human Services Grants Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 40,042	\$ 40,042	\$ 37,445	\$ (2,597)
Contributions/Donations	32	32	29	(3)
Interest	5	5	8	3
Total Revenues	40,079	40,079	37,482	(2,597)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	40,079	44,079	37,642	6,437
Total Expenditures and Encumbrances	40,079	44,079	37,642	6,437
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	—	(4,000)	(160)	3,840
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	—	—	160	160
Total Other Financing Sources and Uses	—	—	160	160
Net Change in Fund Balance	\$ —	\$ (4,000)	—	\$ 4,000
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Housing Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2015  
(in thousands)

**Exhibit D-10**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ 180	\$ 180	\$ 112	(68)
Intergovernmental	74,502	74,502	70,421	(4,081)
Interest	56	56	14	(42)
Dwelling Rentals	5,208	5,208	5,157	(51)
Miscellaneous	1,304	1,304	1,750	446
Total Revenues	81,250	81,250	77,454	(3,796)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	81,266	81,266	76,230	5,036
Capital	13,185	13,185	4,086	9,099
Total Expenditures and Encumbrances	94,451	94,451	80,316	14,135
Deficiency of Revenues Over Expenditures and Encumbrances	(13,201)	(13,201)	(2,862)	10,339
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Federal Operating Trust Grants Special Revenue Fund	—	—	7	7
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(302)	(302)	(163)	139
City Improvement	(74)	(74)	(34)	40
Recovery of Prior Years Expenditures	—	—	696	696
Total Other Financing Sources and Uses	(376)	(376)	506	882
Net Change in Fund Balance	<u>\$ (13,577)</u>	<u>\$ (13,577)</u>	<u>(2,356)</u>	<u>\$ 11,221</u>
Fund Balance, July 1			12,431	
Fund Balance, June 30			<u>\$ 10,075</u>	

**Budgetary Comparison Schedule**

**Public Housing Hope VI Grant Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,363	\$ 2,363	\$ 857	\$ (1,506)
Interest	1	1	3	2
Miscellaneous	—	—	171	171
Total Revenues	2,364	2,364	1,031	(1,333)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	467	467	384	83
Capital	1,897	1,897	843	1,054
Total Expenditures and Encumbrances	2,364	2,364	1,227	1,137
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	—	—	(196)	(196)
Net Change in Fund Balance	\$ —	\$ —	(196)	\$ (196)
Fund Balance, July 1			2,200	
Fund Balance, June 30			\$ 2,004	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Sports Facilities Special Revenue Fund**

**Exhibit D-12**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 116	\$ 116	\$ 166	\$ 50
Miscellaneous	134	134	123	(11)
Total Revenues	250	250	289	39
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	129	139	112	27
Public Safety	1,244	1,244	1,244	—
Community Enrichment	500	560	536	24
Community Development	147	677	144	533
Capital	1,292	1,392	987	405
Lease-Purchase Payments	9,168	9,168	8,882	286
Lease-Purchase Payments (Hotel Debt Service)	12,707	12,707	11,925	782
Total Expenditures and Encumbrances	25,187	25,887	23,830	2,057
Deficiency of Revenues Over Expenditures and Encumbrances	(24,937)	(25,637)	(23,541)	2,096
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	16,451	16,451	17,062	611
Capital Project Fund	—	—	1,024	1,024
Transfers to Other Funds				
General Fund				
Staff and Administrative	(117)	(117)	(117)	—
Other	(79)	(79)	(78)	1
Capital Reserve Fund	(1,421)	(1,421)	—	1,421
Total Other Financing Sources and Uses	14,834	14,834	17,891	3,057
Net Change in Fund Balance	<u>\$ (10,103)</u>	<u>\$ (10,803)</u>	<u>(5,650)</u>	<u>\$ 5,153</u>
Fund Balance, July 1			23,911	
Fund Balance, June 30			<u>\$ 18,261</u>	

## Budgetary Comparison Schedule

## Capital Construction Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 60	\$ 60	\$ 39	\$ (21)
Miscellaneous	—	—	30	30
Total Revenues	60	60	69	9
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	129	129	145	(16)
Environmental Services	70	70	61	9
Capital	18,638	18,638	16,880	1,758
Total Expenditures and Encumbrances	18,837	18,837	17,086	1,751
Deficiency of Revenues Over Expenditures and Encumbrances	(18,777)	(18,777)	(17,017)	1,760
<b>OTHER FINANCING SOURCES</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	15,410	15,410	14,281	(1,129)
Recovery of Prior Years Expenditures	—	—	242	242
Total Other Financing Sources	15,410	15,410	14,523	(887)
Net Change in Fund Balance	<u>\$ (3,367)</u>	<u>\$ (3,367)</u>	<u>(2,494)</u>	<u>\$ 873</u>
Fund Balance, July 1			5,659	
Fund Balance, June 30			<u>\$ 3,165</u>	

## Budgetary Comparison Schedule

## Parks and Preserves Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ —	\$ —	\$ 84	\$ 84
Interest	200	200	287	87
Total Revenues	200	200	371	171
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	4,025	4,025	3,351	674
Capital	42,808	42,808	13,807	29,001
Total Expenditures and Encumbrances	46,833	46,833	17,158	29,675
Deficiency of Revenues Over Expenditures and Encumbrances	(46,633)	(46,633)	(16,787)	29,846
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	31,137	31,137	29,882	(1,255)
Capital Projects Fund	300	300	—	(300)
Transfers to Other Funds				
Golf Courses	(5,047)	(5,047)	(4,532)	515
Infrastructure Repayment Agreement Trust	(53)	(53)	(32)	21
Recovery of Prior Years Expenditures	50	50	486	436
Total Other Financing Sources and Uses	26,387	26,387	25,804	(583)
Net Change in Fund Balance	<u>\$ (20,246)</u>	<u>\$ (20,246)</u>	9,017	<u>\$ 29,263</u>
Fund Balance, July 1			30,270	
Fund Balance, June 30			<u>\$ 39,287</u>	

## Budgetary Comparison Schedule

## Other Restricted Special Revenue Funds

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ 1,322	\$ 1,322	\$ 1,191	\$ (131)
Licenses and Permits	—	—	165	165
City Taxes	2,318	2,318	2,308	(10)
Intergovernmental	539	539	584	45
Charges for Services	10,657	10,657	9,728	(929)
Fines and Forfeitures	54	54	111	57
Parks and Recreation	1,967	1,967	1,673	(294)
Rentals	5,365	5,365	4,985	(380)
Interest	157	157	361	204
Miscellaneous	5,835	5,835	3,635	(2,200)
Total Revenues	28,214	28,214	24,741	(3,473)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	1,472	1,472	1,012	460
Criminal Justice	6,291	6,291	1,749	4,542
Public Safety	8,075	8,075	6,259	1,816
Transportation	2,106	2,106	1,918	188
Community Enrichment	3,534	3,534	2,625	909
Community Development	8,083	8,083	5,819	2,264
Environmental Services	2,968	2,968	2,078	890
Capital	13,793	13,793	348	13,445
Total Expenditures and Encumbrances	46,322	46,322	21,808	24,514
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(18,108)	(18,108)	2,933	21,041
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	4,718	4,718	4,728	10
General Fund - Library	—	—	842	842
General Fund - Other	—	—	1	1
Parks and Preserves	262	262	—	(262)
Capital Projects Fund	—	—	644	644
Transfers to Other Funds				
General Fund				
Staff and Administrative	(254)	(254)	(270)	(16)
Other	(779)	(779)	(1,125)	(346)
Recovery of Prior Years Expenditures	—	—	53	53
Total Other Financing Sources and Uses	3,947	3,947	4,873	926
Net Change in Fund Balance	\$ (14,161)	\$ (14,161)	7,806	\$ 21,967
Fund Balance, July 1			53,892	
Fund Balance, June 30			\$ 61,698	

**Budgetary Comparison Schedule**

**Neighborhood Protection Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 5	\$ 5	\$ 87	\$ 82
Miscellaneous	171	171	182	11
Total Revenues	176	176	269	93
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	24,228	24,228	18,969	5,259
Total Expenditures and Encumbrances	24,228	24,228	18,969	5,259
Deficiency of Revenues Over Expenditures and Encumbrances	(24,052)	(24,052)	(18,700)	5,352
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	31,130	31,130	29,881	(1,249)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(150)	(150)	(196)	(46)
Infrastructure Repayment Agreement Trust	(53)	(53)	(32)	21
Total Other Financing Sources and Uses	30,927	30,927	29,653	(1,274)
Net Change in Fund Balance	\$ 6,875	\$ 6,875	\$ 10,953	\$ 4,078
Fund Balance, July 1			6,109	
Fund Balance, June 30			\$ 17,062	

## Budgetary Comparison Schedule

## Public Safety Enhancement Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ —	\$ —	\$ 8	\$ 8
Total Revenues	—	—	8	8
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	21,554	21,554	16,021	5,533
Total Expenditures and Encumbrances	21,554	21,554	16,021	5,533
Deficiency of Revenues Over Expenditures and Encumbrances	(21,554)	(21,554)	(16,013)	5,541
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	26,158	26,158	25,068	(1,090)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(201)	(201)	(204)	(3)
Recovery of Prior Years Expenditures	—	—	1	1
Total Other Financing Sources and Uses	25,957	25,957	24,865	(1,092)
Net Change in Fund Balance	\$ 4,403	\$ 4,403	\$ 8,852	\$ 4,449
Fund Balance, July 1			(11,749)	
Fund Balance, June 30			\$ (2,897)	

**Budgetary Comparison Schedule**

**Public Safety Expansion Special Revenue Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ (68)	\$ (68)	\$ (109)	\$ (41)
Total Revenues	(68)	(68)	(109)	(41)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	60,483	60,483	48,526	11,957
Total Expenditures and Encumbrances	60,483	60,483	48,526	11,957
Deficiency of Revenues Over Expenditures and Encumbrances	(60,551)	(60,551)	(48,635)	11,916
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	62,255	62,255	59,760	(2,495)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(515)	(515)	(536)	(21)
Infrastructure Repayment Agreement Trust	(105)	(105)	(64)	41
Recovery of Prior Years Expenditures	—	—	1	1
Total Other Financing Sources and Uses	61,635	61,635	59,161	(2,474)
Net Change in Fund Balance	\$ 1,084	\$ 1,084	10,526	\$ 9,442
Fund Balance, July 1			(17,464)	
Fund Balance, June 30			\$ (6,938)	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Golf Courses Special Revenue Fund**

**Exhibit D-19**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 8,429	\$ 8,429	\$ 5,992	\$ (2,437)
Rentals	76	76	129	53
Interest	(70)	(70)	(30)	40
Miscellaneous	116	116	126	10
Total Revenues	8,551	8,551	6,217	(2,334)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	8,355	8,355	6,226	2,129
Total Expenditures and Encumbrances	8,355	8,355	6,226	2,129
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	196	196	(9)	(205)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Parks and Preserves Special Revenue Fund	—	—	4,532	4,532
Transfers to Other Funds				
General Fund	—	—	—	—
Recovery of Prior Years Expenditures	—	—	9	9
Total Other Financing Sources and Uses	—	—	4,541	4,541
Net Change in Fund Balance	\$ 196	\$ 196	4,532	\$ 4,336
Fund Balance, July 1			(4,532)	
Fund Balance, June 30			\$ —	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Regional Wireless Cooperative**  
For the Fiscal Year Ended June 30, 2015  
(in thousands)

**Exhibit D-20**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 3,726	\$ 3,726	\$ 3,566	\$ (160)
Interest	31	31	24	(7)
Miscellaneous	1,214	1,214	1,224	10
Total Revenues	4,971	4,971	4,814	(157)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	4,718	5,718	4,065	1,653
Total Expenditures and Encumbrances	4,718	5,718	4,065	1,653
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	253	(747)	749	1,496
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Transit 2000 Special Revenue Fund	5	5	—	(5)
Enterprise Funds	1,025	1,025	—	(1,025)
Total Other Financing Sources	1,030	1,030	—	(1,030)
Net Change in Fund Balance	<u>\$ 1,283</u>	<u>\$ 283</u>	749	<u>\$ 466</u>
Fund Balance, July 1			2,132	
Fund Balance, June 30			<u>\$ 2,881</u>	

**Budgetary Comparison Schedule**

**Secondary Property Tax Debt Service Fund**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 50,404	\$ 50,404	\$ 49,567	\$ (837)
Intergovernmental	4,905	4,905	4,716	(189)
Interest	24	24	—	(24)
Total Revenues	<u>55,333</u>	<u>55,333</u>	54,283	(1,050)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Obligation Bond Debt Service				
Principal	66,195	66,195	58,585	7,610
Interest	64,227	64,227	62,223	2,004
Early Redemption	(75,094)	(75,094)	(66,473)	(8,621)
Arbitrage Rebate and Fiscal Agent Fees	5	5	1	4
Other Debt Service Costs	710	710	126	584
Total Expenditures and Encumbrances	<u>56,043</u>	<u>56,043</u>	54,462	1,581
Deficiency of Revenues Over Expenditures and Encumbrances	(710)	(710)	(179)	531
Net Change in Fund Balance	<u>\$ (710)</u>	<u>\$ (710)</u>	<u>\$ (179)</u>	<u>\$ 531</u>
Fund Balance, July 1			279	
Fund Balance, June 30			<u>\$ 100</u>	

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

**Exhibit D-22**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Lease-Purchase Payments	\$ 81,978	\$ 81,978	\$ 80,459	\$ 1,519
Arbitrage Rebate and Fiscal Agent Fees	19	19	18	1
Other Debt Service Costs	—	—	102	(102)
Total Expenditures and Encumbrances	81,997	81,997	80,579	1,418
Deficiency of Revenues Over Expenditures and Encumbrances	(81,997)	(81,997)	(80,579)	1,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Refunding Bonds	—	—	60,713	60,713
Transfers from Other Funds				
Excise Tax Special Revenue Fund	35,424	35,424	32,580	(2,844)
Transit 2000 Special Revenue Fund	47,522	47,522	47,520	(2)
Public Housing Special Revenue Fund	74	74	34	(40)
Capital Projects Fund	—	—	1,366	1,366
Deposits to Refunding Escrow	—	—	(60,604)	(60,604)
Transfers to Other Funds				
Capital Projects Fund	(1,024)	(1,024)	(1,024)	—
Total Other Financing Sources and Uses	81,996	81,996	80,585	(1,411)
Net Change in Fund Balance	\$ (1)	\$ (1)	6	\$ 7
Fund Balance, July 1			—	
Fund Balance, June 30			\$ 6	



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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.







**City of Phoenix**

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

**Exhibit E-1**

June 30, 2015 and 2014  
(in thousands)

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 56,355	\$ 42,465
Investments	270,506	270,344
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2015, \$98 and 2014, \$44)	12,122	6,410
Intergovernmental	173	126
Deposits in Escrow	346	338
Inventories, at Average Cost	1,749	1,707
Total Unrestricted Current Assets	<u>341,251</u>	<u>321,390</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	205,492	206,201
Accrued Interest Receivable	7	4
Customer Facility Charge		
Cash and Cash Equivalents	—	788
Cash with Fiscal Agent/Trustee	55,573	45,322
Investments	21,742	21,644
Accounts Receivable	3,060	2,913
Capital Projects		
Cash and Cash Equivalents	31,978	4,958
Investments	72,009	63,735
Receivables		
Intergovernmental	9,714	7,191
Passenger Facility Charges	7,755	8,414
Total Restricted Current Assets	<u>407,330</u>	<u>361,170</u>
Total Current Assets	<u>748,581</u>	<u>682,560</u>
Noncurrent Assets		
Capital Assets		
Land	573,007	566,437
Buildings	1,619,698	1,531,014
Improvements Other Than Buildings	1,626,816	1,505,025
Equipment	614,154	530,021
Intangibles	23,521	23,068
Construction in Progress	90,984	290,848
Less: Accumulated Depreciation	(1,802,242)	(1,644,615)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,745,938</u>	<u>2,801,798</u>
OPEB Asset	59	58
Total Noncurrent Assets	<u>2,745,997</u>	<u>2,801,856</u>
Total Assets	<u>3,494,578</u>	<u>3,484,416</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	1,329	1,641
Pension Related	29,090	—
Total Deferred Outflows of Resources	<u>30,419</u>	<u>1,641</u>

**Exhibit E-1**

(Continued)

	<b>2015</b>	<b>2014</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	18,922	14,741
Trust Liabilities and Deposits	1,817	1,589
Advance Payments	16,294	8,298
Current Portion of Pollution Remediation	850	1,500
Current Portion of Accrued Compensated Absences	794	826
Total Current Liabilities Payable from Current Assets	<u>38,677</u>	<u>26,954</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	140,000	120,000
Matured Bonds Payable	44,330	44,035
Interest Payable	36,187	37,134
Current Portion of General Obligation Bonds	—	5
Current Portion of Rental Car Facility Revenue Bonds	9,255	8,750
Current Portion of Municipal Corporation Obligations	37,320	35,575
Capital Projects		
Accounts Payable	19,804	10,577
Total Current Liabilities Payable from Restricted Assets	<u>286,896</u>	<u>256,076</u>
Total Current Liabilities	<u>325,573</u>	<u>283,030</u>
Noncurrent Liabilities		
General Obligation Bonds	7,865	7,865
Rental Car Facility Revenue Bonds	186,050	195,305
Municipal Corporation Obligations	1,119,170	1,156,490
Unamortized Premium (Discount)	51,069	55,996
Pollution Remediation	3,050	8,000
Accrued Compensated Absences	5,430	5,563
Net Pension Liability	172,577	133,150
Total Noncurrent Liabilities	<u>1,545,211</u>	<u>1,562,369</u>
Total Liabilities	<u>1,870,784</u>	<u>1,845,399</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	128	256
Pension Related	2,424	—
Total Deferred Inflows of Resources	<u>2,552</u>	<u>256</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,170,752	1,241,513
Restricted for:		
Debt Service	124,961	124,961
Passenger Facility Charges	138,136	76,996
Customer Facility Charges	80,375	70,667
Unrestricted	137,437	126,265
Total Net Position	<u>\$ 1,651,661</u>	<u>\$ 1,640,402</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, 2015 and 2014  
(in thousands)

	2015	2014
Operating Revenues		
Aeronautical Revenue		
Terminal Fees	\$ 78,422	\$ 73,090
Landing Fees	48,497	49,860
Air Cargo and Hangar Rentals	7,083	7,023
Other	11,044	11,660
Non-Aeronautical Revenue		
Parking	81,094	76,965
Rental Cars	52,103	49,628
Terminal - Food and Beverage	22,015	21,014
Terminal - Retail	11,087	10,649
Rental Revenue	17,605	16,416
Ground Transportation	6,318	4,897
Other	5,699	4,842
Total Operating Revenues	<u>340,967</u>	<u>326,044</u>
Operating Expenses		
Operation and Maintenance		
Personal Services	86,172	65,339
Contractual Services	115,486	124,360
Supplies	10,771	11,014
Equipment/Minor Improvements	31,128	26,045
Environmental, Studies & Noise Program	2,600	5,099
Depreciation	163,691	158,760
Staff and Administrative	7,969	7,262
Total Operating Expenses	<u>417,817</u>	<u>397,879</u>
Operating Loss	<u>(76,850)</u>	<u>(71,835)</u>
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	84,774	79,672
Rental Car Customer Facility Charges	44,839	43,113
Investment Income		
Net Decrease in Fair Value of Investments	(2,715)	(3,626)
Interest	5,703	7,457
Interest on Capital Debt	(65,051)	(64,863)
Loss on Disposal of Capital Assets	(47)	(29)
Total Non-Operating Revenues (Expenses)	<u>67,503</u>	<u>61,724</u>
Net Loss Before Contributions	<u>(9,347)</u>	<u>(10,111)</u>
Capital Contributions	20,970	27,184
Transfers from General Fund - Change for Phoenix	1	—
Transfers to Capital Projects Fund	(365)	(166)
Change in Net Position	<u>11,259</u>	<u>16,907</u>
Net Position, July 1	1,640,402	1,765,618
Restatement of Beginning Net Position	—	(142,123)
Net Position, July 1, as Restated	<u>1,640,402</u>	<u>1,623,495</u>
Net Position, June 30	<u>\$ 1,651,661</u>	<u>\$ 1,640,402</u>

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Cash Flows**

**Exhibit E-3**

For the Fiscal Years Ended June 30, 2015 and 2014  
(in thousands)

	2015	2014
Cash Flows from Operating Activities		
Receipts from Customers	\$ 343,481	\$ 325,320
Payments to Suppliers	(161,771)	(169,123)
Payments to Employees	(73,254)	(74,194)
Payment of Staff and Administrative Expenses	(7,969)	(7,262)
Net Cash Provided by Operating Activities	<u>100,487</u>	<u>74,741</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	1	—
Operating Transfers to Other Funds	(365)	(166)
Net Cash Used by Noncapital Financing Activities	<u>(364)</u>	<u>(166)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	20,000	20,057
Principal Paid on Capital Debt	(44,035)	(36,070)
Interest Paid on Capital Debt	(73,401)	(74,012)
Acquisition and Construction of Capital Assets	(96,054)	(139,229)
Proceeds from Sales of Capital Assets	64	152
Passenger Facility Charges	85,434	80,954
Customer Facility Charges	44,693	43,188
Capital Contributions	18,400	22,753
Net Cash Used by Capital and Related Financing Activities	<u>(44,899)</u>	<u>(82,207)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(549,617)	(1,239,934)
Proceeds from Sale and Maturities of Investment Securities	552,183	1,250,820
Net Activity for Short-Term Investments	(11,099)	(17,294)
Interest on Investments	2,981	3,833
Net Cash Used by Investing Activities	<u>(5,552)</u>	<u>(2,575)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>49,672</u>	<u>(10,207)</u>
Cash and Cash Equivalents, July 1	300,072	310,279
Cash and Cash Equivalents, June 30	<u>\$ 349,744</u>	<u>\$ 300,072</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	(76,850)	(71,835)
Adjustments		
Depreciation	163,691	158,760
(Increase) Decrease in Assets/Deferred Outflows		
Receivables	(5,766)	3,636
Allowance for Doubtful Accounts	54	(1)
Inventories	(42)	(131)
OPEB Asset	(1)	(3)
Pension	(29,090)	—
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	4,181	(560)
Trust Liabilities and Deposits	228	176
Advance Payments	7,996	(4,535)
Pollution Remediation	(5,600)	(1,690)
Accrued Compensated Absences	(165)	(103)
Pension	41,851	(8,973)
Net Cash Provided by Operating Activities	<u>\$ 100,487</u>	<u>\$ 74,741</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	184	407
Increase in Fair Value of Investments	25	20
Total Noncash Transactions Affecting Financial Position	<u>\$ 209</u>	<u>\$ 427</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, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget Positive
	Original	Final		
<b>REVENUES</b>				
Landing Area	\$ 47,380	\$ 47,380	\$ 52,082	\$ 4,702
Terminal Area	125,097	125,097	127,641	2,544
Ground Transportation	120,467	120,467	127,039	6,572
Interest on Investments	800	800	1,842	1,042
Other	28,608	28,607	31,129	2,522
Total Revenues	322,352	322,351	339,733	17,382
Transfer from Customer Facility Charge Revenues for O&M expense reimbursement	—	—	14,488	14,488
Total Revenues and Transfers from CFC	322,352	322,351	354,221	31,870
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance				
Personal Services	105,732	105,837	105,760	77
Contractual Services	115,239	114,174	105,198	8,976
Supplies	10,387	10,362	11,092	(730)
Equipment/Minor Improvements	3,984	4,769	4,115	654
Contingency	14,000	14,000	—	14,000
Total Operating Expenditures	249,342	249,142	226,165	22,977
Net Revenue Available for Revenue Bond Debt Service	73,010	73,209	128,056	54,847
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	22,870	22,870	22,870	—
Interest	25,862	25,862	25,862	—
Total Senior Lien Revenue Bond Debt Service	48,732	48,732	48,732	—
Net Revenue Available for Junior Lien Revenue Bond Debt Service	24,278	24,477	79,324	54,847
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	22,674	22,873	77,720	54,847
Other Expenditures				
Capital Improvement Program	29,282	29,482	17,719	11,763
General Obligation Bond Debt Service				
Principal	4,095	4,095	5	4,090
Interest	347	347	201	146
Total Other Expenditures	33,724	33,924	17,925	15,999
Total Expenditures and Encumbrances	333,402	333,402	294,426	38,976
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(11,050)	(11,051)	59,795	70,846
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Aviation Capital Fund	—	—	532	532
General Fund - Change for Phoenix	—	—	1	1
Transfers to Other Funds				
General Fund				
Staff and Administrative	(7,262)	(7,262)	(7,969)	(707)
Aviation Capital Fund	—	—	(38,599)	(38,599)
Interest Alignment Trust	—	—	(8,000)	(8,000)
Recovery of Prior Years Expenditures	—	—	2,368	2,368
Total Other Financing Sources (Uses)	(7,262)	(7,262)	(51,667)	(44,405)
Net Increase (Decrease) in Fund Balance	\$ (18,312)	\$ (18,313)	8,128	\$ 26,441
<b>FUND BALANCE, JULY 1</b>			319,159	
<b>FUND BALANCE, JUNE 30</b>			\$ 327,287	



**City of Phoenix**

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

**Exhibit E-5**

June 30, 2015 and 2014

(in thousands)

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 5,324	\$ 3,510
Investments	30,215	24,907
Accounts Receivable, Net of Allowance for Doubtful Accounts (2015, \$0 and 2014, \$4)	205	254
Inventories, at Average Cost	228	233
Total Unrestricted Current Assets	35,972	28,904
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	13,336	20,730
Capital Projects		
Cash and Cash Equivalents	979	655
Investments	13,991	14,314
Receivables		
Accrued Interest	4	2
Customer and Other Deposits	3,082	2,300
Total Restricted Current Assets	31,392	38,001
Total Current Assets	67,364	66,905
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	939,538	940,430
Improvements Other Than Buildings	12,999	13,566
Equipment	23,204	23,565
Intangible Assets	149	149
Construction in Progress	3,526	1,855
Less: Accumulated Depreciation	(278,506)	(254,188)
Total Capital Assets, Net of Accumulated Depreciation	730,328	754,795
OPEB Asset	14	15
Total Noncurrent Assets	730,342	754,810
Total Assets	797,706	821,715
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	5,486	497
Pension Related	7,161	—
Total Deferred Outflows of Resources	12,647	497

<u>LIABILITIES</u>	<u>2015</u>	<u>2014</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	2,017	1,621
Current Portion of Accrued Compensated Absences	184	190
Total Current Liabilities Payable from Current Assets	<u>2,201</u>	<u>1,811</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	2,350	2,220
Interest Payable	10,879	18,404
Current Portion of Municipal Corporation Obligations	2,480	2,350
Capital Projects		
Accounts Payable	—	14
Customer Deposits	2,711	2,315
Total Current Liabilities Payable from Restricted Assets	<u>18,420</u>	<u>25,303</u>
Total Current Liabilities	<u>20,621</u>	<u>27,114</u>
Noncurrent Liabilities		
Municipal Corporation Obligations	662,645	692,410
Unamortized Premium (Discount)	66,708	33,886
Accrued Compensated Absences	1,243	1,266
Net Pension Liability	42,483	35,412
Total Noncurrent Liabilities	<u>773,079</u>	<u>762,974</u>
Total Liabilities	<u>793,700</u>	<u>790,088</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b> 		
Pension Related	597	—
Total Deferred Inflows of Resources	<u>597</u>	<u>—</u>
 <b><u>NET POSITION</u></b> 		
Net Investment in Capital Assets	1,631	24,428
Unrestricted	14,425	7,696
Total Net Position	<u>\$ 16,056</u>	<u>\$ 32,124</u>

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

**Exhibit E-6**

For the Fiscal Years Ended June 30, 2015 and 2014  
(in thousands)

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 11,776	\$ 8,914
Concessions	13,623	9,076
Box Office Services	685	623
Other (1)	16,675	18,251
Total Operating Revenues	<u>42,759</u>	<u>36,864</u>
Operating Expenses		
Administration	26,458	21,514
Operation and Maintenance	13,187	13,407
Promotion	2,598	2,775
Depreciation	26,344	26,403
Staff and Administrative	2,330	2,258
Security	1,044	1,693
Total Operating Expenses	<u>71,961</u>	<u>68,050</u>
Operating Loss	(29,202)	(31,186)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(262)	(389)
Interest	637	755
Interest on Capital Debt	(33,393)	(35,144)
Loss on Disposal of Capital Assets	(104)	(40)
Total Non-Operating Revenues (Expenses)	<u>(33,122)</u>	<u>(34,818)</u>
Loss Before Contributions and Transfers	(62,324)	(66,004)
Capital Contributions - Municipalities	—	102
Transfers from Excise Tax Fund	46,402	44,311
Transfers from General Fund - Change for Phoenix	—	—
Transfers to Capital Projects Fund	(12)	(5)
Transfers to Infrastructure Repayment Agreement Trust Fund	(134)	(253)
Change in Net Position	<u>(16,068)</u>	<u>(21,849)</u>
Net Position, July 1	32,124	92,040
Restatement of Beginning Net Position	—	(38,067)
Net Position, July 1, as Restated	<u>32,124</u>	<u>53,973</u>
Net Position, June 30	<u>\$ 16,056</u>	<u>\$ 32,124</u>

(1) Other revenues includes payment received from the State of Arizona for debt service on series 2005B bonds.

**City of Phoenix, Arizona**  
**Phoenix Convention Center Enterprise Fund**  
**Comparative Statements of Cash Flows**

**Exhibit E-7**

For the Fiscal Years Ended June 30, 2015 and 2014

(in thousands)

	2015	2014
Cash Flows from Operating Activities		
Receipts from Customers	\$ 43,204	\$ 37,025
Payments to Suppliers	(24,110)	(21,619)
Payments to Employees	(18,297)	(20,232)
Payment of Staff and Administrative Expenses	(2,330)	(2,258)
Net Cash Used by Operating Activities	(1,533)	(7,084)
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	46,402	44,311
Operating Transfers to Other Funds	(146)	(258)
Net Cash Provided by Noncapital Financing Activities	46,256	44,053
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	1,479	—
Principal Paid on Capital Debt	(2,220)	(16,888)
Interest Paid on Capital Debt	(41,847)	(31,863)
Acquisition and Construction of Capital Assets	(1,999)	(1,278)
Proceeds from Sales of Capital Assets	4	1
Capital Contributions	—	—
Net Cash Used by Capital and Related Financing Activities	(44,583)	(50,028)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(15,022)	(20,950)
Proceeds from Sale and Maturities of Investment Securities	14,890	20,923
Net Activity for Short-Term Investments	(4,855)	1,797
Interest on Investments	373	367
Net Cash Provided (Used) by Investing Activities	(4,614)	2,137
Net Decrease in Cash and Cash Equivalents	(4,474)	(10,922)
Cash and Cash Equivalents, July 1	27,195	38,117
Cash and Cash Equivalents, June 30	\$ 22,721	\$ 27,195
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (29,202)	\$ (31,186)
Adjustments		
Depreciation and Amortization	26,344	26,403
(Increase) Decrease in Assets/Deferred Outflows		
Accounts Receivable	49	(3)
Inventories	5	(26)
OPEB Asset	1	—
Pension	(7,161)	—
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	396	330
Customer Deposits	396	164
Accrued Compensated Absences	(29)	(111)
Pension	7,668	(2,655)
Net Cash Used by Operating Activities	(1,533)	(7,084)
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	—	102
Bond Capital Appreciation	—	—
Refunding Issuance in Excess of Bond Retirement	62	62
Increase in Fair Value of Investments	4	39
Total Noncash Transactions Affecting Financial Position	\$ 66	\$ 203

**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, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Rental of Facilities and Equipment	\$ 4,911	\$ 4,911	\$ 5,639	\$ 728
Concessions	9,357	9,357	14,990	5,633
Box Office Services	341	341	239	(102)
Interest	176	176	293	117
Other	720	720	1,004	284
Total Revenues	15,505	15,505	22,165	6,660
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	47,755	47,755	41,347	6,408
Capital Improvement Program	3,791	3,971	2,839	1,132
Lease-Purchase Payments	18,585	18,585	16,553	2,032
Total Expenditures and Encumbrances	70,131	70,311	60,739	9,572
Deficiency of Revenues Over Expenditures and Encumbrances	(54,626)	(54,806)	(38,574)	16,232
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from Refunding Bonds	—	—	632	632
Transfers from Other Funds				
Excise Tax Fund	47,993	47,993	46,402	(1,591)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,258)	(2,258)	(2,330)	(72)
Capital Projects Fund	(12)	(12)	(12)	0
Infrastructure Repayment Agreement Trust Fund	(253)	(253)	(134)	119
Recovery of Prior Years Expenditures	—	—	28	28
Total Other Financing Sources (Uses)	45,470	45,470	44,586	(884)
Net Increase (Decrease) in Fund Balance	\$ (9,156)	\$ (9,336)	6,012	\$ 15,348
<b>FUND BALANCE, JULY 1</b>			32,487	
<b>FUND BALANCE, JUNE 30</b>			\$ 38,499	



**City of Phoenix**

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

**Exhibit E-9**

June 30, 2015 and 2014  
(in thousands)

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 37,389	\$ 32,110
Investments	178,697	217,219
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2015, \$2,148 and 2014, \$2,155)	46,458	53,277
Intergovernmental	1,957	1,289
Prepaid Items	2,646	4,120
Inventories, at Average Cost	15,845	19,474
Total Unrestricted Current Assets	<u>282,992</u>	<u>327,489</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	94,395	87,416
Capital Projects		
Cash and Cash Equivalents	13,398	9,150
Investments	65,497	67,492
Customer and Other Deposits	5,278	4,919
Total Restricted Current Assets	<u>178,568</u>	<u>168,977</u>
Total Current Assets	<u>461,560</u>	<u>496,466</u>
Noncurrent Assets		
Capital Assets		
Land	63,821	62,813
Buildings	240,806	237,849
Improvements Other Than Buildings	862,337	847,640
Equipment	313,539	290,094
Mains, Hydrants, Meters and Service Connections	1,692,428	1,659,339
Intangibles	164,025	192,755
Construction in Progress	248,698	192,142
Less: Accumulated Depreciation	(1,285,236)	(1,207,427)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,300,418</u>	<u>2,275,205</u>
Other Assets		
Investment in Val Vista Treatment Plant		
Joint Use Agreement	223,350	229,439
OPEB Asset	67	70
Total Other Assets	<u>223,417</u>	<u>229,509</u>
Total Noncurrent Assets	<u>2,523,835</u>	<u>2,504,714</u>
Total Assets	<u>2,985,395</u>	<u>3,001,180</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	9,750	9,010
Pension Related	33,974	—
Total Deferred Outflows of Resources	<u>43,724</u>	<u>9,010</u>

**Exhibit E-9**

(Continued)

	<u>2015</u>	<u>2014</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	15,352	21,940
Advance Payments	10	10
Current Portion of Accrued Compensated Absences	850	900
Total Current Liabilities Payable from Current Assets	<u>16,212</u>	<u>22,850</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	—	175,000
Matured Bonds Payable	60,557	54,578
Interest Payable	34,102	33,147
Current Portion of General Obligation Bonds	15,680	5,515
Current Portion of Revenue Bonds	214	207
Current Portion of Municipal Corporation Obligations	34,130	54,930
Capital Projects		
Accounts Payable	206	1,369
Customer and Other Deposits	5,378	4,918
Total Current Liabilities Payable from Restricted Assets	<u>150,267</u>	<u>329,664</u>
Total Current Liabilities	<u>166,479</u>	<u>352,514</u>
Noncurrent Liabilities		
General Obligation Bonds	12,489	28,170
Revenue Bonds	3,420	3,633
Municipal Corporation Obligations	1,238,715	1,171,745
Unamortized Premium (Discount)	130,446	60,393
Accrued Compensated Absences	5,903	6,162
Net Pension Liability	201,552	160,547
Total Noncurrent Liabilities	<u>1,592,525</u>	<u>1,430,650</u>
Total Liabilities	<u>1,759,004</u>	<u>1,783,164</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Pension Related	2,831	—
Total Deferred Inflows of Resources	<u>2,831</u>	<u>—</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	988,753	926,007
Restricted from Enabling Legislation	48,626	43,199
Unrestricted	229,905	257,820
Total Net Position	<u>\$ 1,267,284</u>	<u>\$ 1,227,026</u>

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

**Exhibit E-10**

For the Fiscal Years Ended June 30, 2015 and 2014  
(in thousands)

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Water Sales	\$ 301,797	\$ 327,057
Environmental Charges	42,613	45,494
Other	14,350	12,305
Total Operating Revenues	<u>358,760</u>	<u>384,856</u>
Operating Expenses		
Administration and Engineering	36,318	20,974
Operation and Maintenance		
Customer Service	9,538	13,698
Production and Treatment	71,712	70,901
Distribution and Centralized Functions	57,262	46,579
Depreciation and Amortization	106,741	105,962
Staff and Administrative	7,056	7,493
Total Operating Expenses	<u>288,627</u>	<u>265,607</u>
Operating Income	70,133	119,249
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(2,549)	(3,726)
Interest	6,011	7,239
Interest on Capital Debt	(39,440)	(49,681)
Equity Interest in Joint Use Agreement Operating Loss	(8,252)	(18,072)
Gain (Loss) on Disposal of Capital Assets	(126)	438
Total Non-Operating Revenues (Expenses)	<u>(44,356)</u>	<u>(63,802)</u>
Net Income Before Contributions and Transfers	25,777	55,447
Capital Contributions	26,397	12,211
Transfers from General Fund - Change for Phoenix	6	4
Transfers to General Fund - In Lieu Property Taxes	(11,674)	(12,067)
Transfers to Capital Projects Fund	(248)	(113)
Change in Net Position	<u>40,258</u>	<u>55,482</u>
Net Position, July 1	1,227,026	1,341,315
Restatement of Beginning Net Position	—	(169,771)
Net Position, July 1, as Restated	<u>1,227,026</u>	<u>1,171,544</u>
Net Position, June 30	<u>\$ 1,267,284</u>	<u>\$ 1,227,026</u>

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2015 and 2014  
(in thousands)

**Exhibit E-11**

	<b>2015</b>	<b>2014</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 365,369	\$ 385,279
Payments to Suppliers	(84,646)	(85,786)
Payments to Employees	(82,112)	(86,842)
Payment of Staff and Administrative Expenses	(7,056)	(7,493)
Net Cash Provided by Operating Activities	191,555	205,158
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	6	4
Operating Transfers to Other Funds	(11,922)	(12,180)
Net Cash Used by Noncapital Financing Activities	(11,916)	(12,176)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	3,517	49
Principal Paid on Capital Debt	(54,578)	(35,502)
Interest Paid on Capital Debt	(53,304)	(65,473)
Acquisition and Construction of Capital Assets	(114,179)	(89,292)
Proceeds from Sales of Capital Assets	195	537
Capital Contributions	11,593	11,178
Net Cash Used by Capital and Related Financing Activities	(206,756)	(178,503)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(28,660)	(31,435)
Proceeds from Sales and Maturities of Investment Securities	28,660	39,111
Net Activity for Short-Term Investments	40,520	(19,123)
Interest on Investments	3,462	3,513
Net Cash Provided (Used) by Investing Activities	43,982	(7,934)
Net Increase in Cash and Cash Equivalents	16,865	6,545
Cash and Cash Equivalents, July 1	133,595	127,050
Cash and Cash Equivalents, June 30	\$ 150,460	\$ 133,595
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 70,133	\$ 119,249
Adjustments		
Depreciation and Amortization	106,741	105,962
(Increase) Decrease in Assets/Deferred Outflows		
Receivables	6,158	456
Allowance for Doubtful Accounts	(7)	(194)
Prepaid Expenses	1,474	(580)
Inventories	3,629	(12,703)
OPEB Asset	3	(4)
Pension	(33,974)	—
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	(6,589)	2,227
Customer and Other Deposits	460	161
Accrued Compensated Absences	(309)	(192)
Pension	43,836	(9,224)
Net Cash Provided by Operating Activities	\$ 191,555	\$ 205,158
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 14,804	\$ 1,033
Bond Capital Appreciation	—	74
Refunding Issuance in Excess of Bond Retirement	1,695	1,446
Increase in Fair Value of Investments	—	—
Total Noncash Transactions Affecting Financial Position	\$ 16,499	\$ 2,553

## Water System Enterprise Fund

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

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Water Sales	\$ 340,533	\$ 340,533	\$ 301,798	\$ (38,735)
Environmental Charges	47,135	47,135	42,613	(4,522)
Development Occupational Fees	2,600	2,600	2,416	(184)
Water Service Fees	6,000	6,000	5,449	(551)
Distribution	590	590	3,661	3,071
Interest	2,295	2,295	2,770	475
Other	9,335	9,335	6,257	(3,078)
Total Revenues	408,488	408,488	364,964	(43,524)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	169,409	169,409	146,514	22,895
Operation and Maintenance - Val Vista	13,259	13,259	9,201	4,058
Total Operating Expenditures and Encumbrances	182,668	182,668	155,715	26,953
Net Revenue Available for Revenue Bond Debt Service	225,820	225,820	209,249	(16,571)
Junior Lien Revenue Bond Debt Service				
Principal	55,137	55,137	55,042	95
Interest	64,770	64,770	51,493	13,277
Total Junior Lien Revenue Bond Debt Service	119,907	119,907	106,535	13,372
Net Revenue Available After Junior Lien Revenue Bond Debt Service	105,913	105,913	102,714	(3,199)
Other Expenditures and Encumbrances				
Commercial Paper Program Notes Interest	1,750	1,750	85	1,665
Operating Capital Outlay	1,492	1,492	1,391	101
Capital Improvement Program	172,274	164,774	114,892	49,882
General Obligation Bond Debt Service				
Principal	5,515	5,515	5,515	—
Interest	1,438	1,438	1,337	101
Total Other Expenditures and Encumbrances	182,469	174,969	123,220	51,749
Total Expenditures and Encumbrances	485,044	477,544	385,470	92,074
Deficiency of Revenues Over Expenditures and Encumbrances	(76,556)	(69,056)	(20,506)	48,550
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
General Fund - Change for Phoenix	—	—	6	6
Debt Service Fund	—	—	195	195
Transfers to Other Funds				
General Fund				
Staff and Administrative	(7,437)	(7,437)	(7,056)	381
In-Lieu Property Taxes	(12,443)	(12,443)	(11,674)	769
Capital Projects Fund	(248)	(248)	(248)	—
Recovery of Prior Years Expenditures	—	—	704	704
Total Other Financing Sources (Uses)	(20,128)	(20,128)	(18,073)	2,055
Net Decrease in Fund Balance	\$ (96,684)	\$ (89,184)	(38,579)	\$ 50,605
<b>FUND BALANCE, JULY 1</b>			134,872	
<b>FUND BALANCE, JUNE 30</b>			\$ 96,293	

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Val Vista Water Treatment Plant**

**Exhibit E-13**

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

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Val Vista Water System	\$ 6,826	\$ 6,826	\$ 5,858	\$ (968)
Operating Revenue - Water	13,259	13,259	9,201	(4,058)
Interest	47	47	4	(43)
Other	—	—	59	59
Total Revenues	20,132	20,132	15,122	(5,010)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	17,347	17,347	12,991	4,356
Capital Outlay				
Operating	13	13	12	1
Capital Improvement Program	2,060	2,060	1,976	84
Total Expenditures and Encumbrances	19,420	19,420	14,979	4,441
Excess of Revenues Over Expenditures and Encumbrances	712	712	143	(569)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(602)	(602)	(500)	102
Recovery of Prior Years Expenditures	—	—	2	2
Total Other Financing Sources (Uses)	(602)	(602)	(498)	104
Net Increase (Decrease) in Fund Balance	\$ 110	\$ 110	(355)	(465)
<b>FUND BALANCE, JULY 1</b>			1,751	
<b>FUND BALANCE, JUNE 30</b>			1,396	
Members' Contributed Operating Reserve			2,136	
Members' Contributed Replacement Reserve			1,169	
<b>FUND DEFICIT, UNRESERVED</b>			\$ (1,909)	

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**

**Exhibit E-14**

June 30, 2015 and 2014

(in thousands)

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 22,239	\$ 12,469
Investments	110,278	99,765
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2015, \$1,249 and 2014, \$1,211)	19,539	19,490
Intergovernmental	6,693	4,568
Inventories, at Average Cost	5,483	5,379
Total Unrestricted Current Assets	<u>164,232</u>	<u>141,671</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	39,665	48,448
Capital Projects		
Cash and Cash Equivalents	14,683	9,884
Investments	71,690	72,483
Customer Deposits and Other Trust Liabilities	59	57
Total Restricted Current Assets	<u>126,097</u>	<u>130,872</u>
Total Current Assets	<u>290,329</u>	<u>272,543</u>
Noncurrent Assets		
Capital Assets		
Land	23,825	22,799
Buildings	73,063	73,356
Improvements Other Than Buildings	1,254,862	1,241,381
Equipment	149,895	149,254
Intangibles	40,515	45,179
Construction in Progress	67,077	51,580
Less: Accumulated Depreciation	<u>(646,761)</u>	<u>(610,031)</u>
Total Capital Assets, Net of Accumulated Depreciation	962,476	973,518
Other Assets		
Investment in SROG Joint Use Agreement	396,446	416,616
OPEB Asset	25	26
Total Noncurrent Assets	<u>1,358,947</u>	<u>1,390,160</u>
Total Assets	<u>1,649,276</u>	<u>1,662,703</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	7,111	9,576
Pension Related	12,385	—
Total Deferred Outflows of Resources	<u>19,496</u>	<u>9,576</u>

**Exhibit E-14**

(continued)

	<b>2015</b>	<b>2014</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	9,874	11,674
Advance Payments	1	1
Current Portion of Accrued Compensated Absences	201	239
Total Current Liabilities Payable from Current Assets	<u>10,076</u>	<u>11,914</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	—	—
Matured Bonds Payable	23,867	33,564
Interest Payable	17,093	16,163
Current Portion of General Obligation Bonds	6,338	1,255
Current Revenue Bonds	723	702
Current Portion of Municipal Corporation Obligations	35,845	21,910
Capital Projects		
Accounts Payable	188	385
Customer Deposits and Other Trust Liabilities	59	57
Total Current Liabilities Payable from Restricted Assets	<u>84,113</u>	<u>74,036</u>
Total Current Liabilities	<u>94,189</u>	<u>85,950</u>
Noncurrent Liabilities		
General Obligation Bonds	6,549	12,887
Revenue Bonds	11,552	12,275
Municipal Corporation Obligations	612,125	647,970
Unamortized Premium (Discount)	40,903	46,598
Accrued Compensated Absences	1,397	1,656
Net Pension Liability	73,473	59,051
Total Noncurrent Liabilities	<u>745,999</u>	<u>780,437</u>
Total Liabilities	<u>840,188</u>	<u>866,387</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	2,258	2,429
Pension Related	1,032	—
Total Deferred Inflows of Resources	<u>3,290</u>	<u>2,429</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	600,196	594,589
Restricted from Enabling Legislation	49,798	45,573
Unrestricted	175,300	163,301
Total Net Position	<u>\$ 825,294</u>	<u>\$ 803,463</u>

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**

**Exhibit E-15**

**Comparative Statements of Revenues, Expenses and  
Changes in Net Position**

For the Fiscal Years Ended June 30, 2015 and 2014  
(in thousands)

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Sewer Service Charges	\$ 147,038	\$ 146,169
Environmental Charges	33,784	33,831
Other	5,152	6,350
Total Operating Revenues	<u>185,974</u>	<u>186,350</u>
Operating Expenses		
Administration	15,930	9,260
Operation and Maintenance		
Wastewater Treatment Plants	30,462	28,791
Sewer Maintenance and Collections	19,944	25,279
Industrial Waste/Pre-Treatment	4,478	4,804
Depreciation	43,008	44,065
Staff and Administrative	3,354	3,602
Total Operating Expenses	<u>117,176</u>	<u>115,801</u>
Operating Income	<u>68,798</u>	<u>70,549</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(1,653)	(2,225)
Interest	3,762	4,422
Interest on Capital Debt	(28,481)	(33,210)
Equity Interest in Joint Use Agreement Operating Loss	(25,425)	(25,896)
Gain (Loss) on Disposal of Capital Assets	(168)	(58)
Total Non-Operating Revenues (Expenses)	<u>(51,965)</u>	<u>(56,967)</u>
Net Income Before Contributions and Transfers	<u>16,833</u>	<u>13,582</u>
Capital Contributions	12,451	11,806
Transfers to General Fund - In Lieu Property Taxes	(7,287)	(7,641)
Transfers to Capital Projects Fund	(166)	(75)
Change in Net Position	<u>21,831</u>	<u>17,672</u>
Net Position, July 1	<u>803,463</u>	<u>851,206</u>
Restatement of Beginning Net Position	—	(65,415)
Net Position, July 1, as Restated	<u>803,463</u>	<u>785,791</u>
Net Position, June 30	<u>\$ 825,294</u>	<u>\$ 803,463</u>

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2015 and 2014  
(in thousands)

**Exhibit E-16**

	2015	2014
Cash Flows from Operating Activities		
Receipts from Customers	\$ 183,802	\$ 190,429
Payments to Suppliers	(48,298)	(53,708)
Payments to Employees	(21,647)	(22,874)
Payment of Staff and Administrative Expenses	(3,354)	(3,602)
Net Cash Provided by Operating Activities	110,503	110,245
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(7,453)	(7,716)
Net Cash Used by Noncapital Financing Activities	(7,453)	(7,716)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	—	1,413
Principal Paid on Capital Debt	(33,564)	(54,337)
Interest Paid on Capital Debt	(33,256)	(39,733)
Acquisition and Construction of Capital Assets	(30,439)	(27,745)
Proceeds from Sales of Capital Assets	62	41
Capital Contributions	7,546	6,711
Net Cash Used by Capital and Related Financing Activities	(89,651)	(113,650)
Cash Flows from Investing Activities		
Purchases of Investment Securities	—	(74,323)
Proceeds from Sales and Maturities of Investment Securities	—	77,276
Net Activity for Short-Term Investments	(9,719)	(5,385)
Interest on Investments	2,108	2,197
Net Cash Used by Investing Activities	(7,611)	(235)
Net Increase (Decrease) in Cash and Cash Equivalents	5,788	(11,356)
Cash and Cash Equivalents, July 1	70,858	82,214
Cash and Cash Equivalents, June 30	\$ 76,646	\$ 70,858
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 68,798	\$ 70,549
Adjustments		
Depreciation	43,008	44,065
(Increase) Decrease in Assets/Deferred Outflows		
Receivables	(2,213)	4,260
Allowance for Doubtful Accounts	39	(222)
Inventories	(104)	(4,427)
OPEB Asset	1	—
Pension	(12,385)	—
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	(1,800)	2,513
Customer Deposits	2	42
Accrued Compensated Absences	(297)	(166)
Pension	15,454	(6,364)
Net Cash Provided by Operating Activities	\$ 110,503	\$ 110,250
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 4,906	\$ 5,095
Refunding Issuance in Excess of Bond Retirement	2,293	2,472
Increase in Fair Value of Investments	—	—
Total Noncash Transactions Affecting Financial Position	\$ 7,199	\$ 7,567

## Wastewater Enterprise Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sewer Service Charges	\$ 146,228	\$ 146,228	\$ 147,038	\$ 810
Environmental Charges	33,971	33,971	33,784	(187)
Development Occupational Fees	2,400	2,400	2,256	(144)
Interest	1,306	1,306	1,561	255
Other	7,060	7,060	5,393	(1,667)
Total Revenues	190,965	190,965	190,032	(933)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	51,456	51,456	45,283	6,173
Operation and Maintenance - SROG	25,388	25,388	20,516	4,872
Total Operating Expenditures and Encumbrances	76,844	76,844	65,799	11,045
Net Revenue Available for Revenue Bond Debt Service	114,121	114,121	124,233	10,112
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	13,655	13,655	13,655	—
Interest	8,020	8,020	8,020	—
Total Senior Lien Revenue Bond Debt Service	21,675	21,675	21,675	—
Net Revenue Available for Junior Lien Revenue Bond Debt Service	92,446	92,446	102,558	10,112
Junior Lien Revenue Bond Debt Service				
Principal	9,507	9,507	8,957	550
Interest	26,880	26,880	25,659	1,221
Total Junior Lien Revenue Bond Debt Service	36,387	36,387	34,616	1,771
Net Revenue Available After Junior Lien Revenue Bond Debt Service	56,059	56,059	67,942	11,883
Other Expenditures and Encumbrances				
Commercial Paper Program Notes Interest	250	250	—	250
Operating Capital Outlay	607	607	438	169
Capital Improvement Program	71,164	71,164	33,965	37,199
General Obligation Bond Debt Service				
Principal	1,535	1,535	1,255	280
Interest	513	513	507	6
Total Other Expenditures and Encumbrances	74,069	74,069	36,165	37,904
Total Expenditures and Encumbrances	208,975	208,975	158,255	50,720
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(18,010)	(18,010)	31,777	49,787
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,577)	(3,577)	(3,354)	223
In-Lieu Property Taxes	(7,837)	(7,837)	(7,287)	550
Capital Projects Fund	(165)	(165)	(165)	—
Recovery of Prior Years Expenditures	—	—	783	783
Total Other Financing Sources (Uses)	(11,579)	(11,579)	(10,023)	1,556
Net Increase (Decrease) in Fund Balance	\$ (29,589)	\$ (29,589)	21,754	\$ 51,343
<b>FUND BALANCE, JULY 1</b>			81,745	
<b>FUND BALANCE, JUNE 30</b>			\$ 103,499	

## Wastewater Enterprise Fund

## Sub-Regional Operating Group ("SROG")

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

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Multi-City Sewer System	\$ 16,199	\$ 16,199	\$ 13,498	\$ (2,701)
Operating Revenue - Wastewater	25,388	25,388	20,516	(4,872)
Sales of By-Products	7,551	7,551	7,393	(158)
Interest	42	42	33	(9)
Other	35	35	433	398
Total Revenues	49,215	49,215	41,873	(7,342)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	41,842	41,842	35,432	6,410
Capital Outlay				
Operating	382	382	352	30
Capital Improvement Program	5,000	5,000	4,927	73
Total Expenditures and Encumbrances	47,224	47,224	40,711	6,513
Excess of Revenues Over Expenditures and Encumbrances	1,991	1,991	1,162	(829)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,782)	(1,782)	(1,683)	99
Recovery of Prior Years Expenditures	—	—	35	35
Total Other Financing Sources (Uses)	(1,782)	(1,782)	(1,648)	134
Net Increase (Decrease) in Fund Balance	\$ 209	\$ 209	(486)	\$ (695)
<b>FUND BALANCE, JULY 1 as reported</b>			7,496	
<b>FUND BALANCE, JUNE 30</b>			7,010	
Members' Contributed Replacement Reserve			6,363	
Members' Contributed Operating Reserve			6,035	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (5,388)</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-19**

June 30, 2015 and 2014  
(in thousands)

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 11,378	\$ 5,323
Investments	56,575	45,636
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2015, \$1,194 and 2014, \$1,269)	13,900	13,700
Intergovernmental	7	—
Total Unrestricted Current Assets	<u>81,860</u>	<u>64,659</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	11,698	10,939
Capital Projects		
Cash and Cash Equivalents	4,852	3,894
Investments	23,740	27,217
Customer Deposits	109	103
Total Restricted Current Assets	<u>40,399</u>	<u>42,153</u>
Total Current Assets	<u>122,259</u>	<u>106,812</u>
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	79,917	79,917
Improvements Other Than Buildings	39,570	39,570
Equipment	126,028	126,635
Intangibles	5,352	5,357
Construction in Progress	6,896	13,323
Less: Accumulated Depreciation	<u>(131,504)</u>	<u>(119,815)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>139,599</u>	<u>158,327</u>
OPEB Asset	<u>34</u>	<u>33</u>
Total Noncurrent Assets	<u>139,633</u>	<u>158,360</u>
Total Assets	<u>261,892</u>	<u>265,172</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	1,523	694
Pension Related	16,578	—
Total Deferred Outflows of Resources	<u>18,101</u>	<u>694</u>

**Exhibit E-19**  
(Continued)

<u>LIABILITIES</u>	<u>2015</u>	<u>2014</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	5,939	2,973
Accrued Landfill Postclosure Care Costs	2,519	2,506
Current Portion of Accrued Compensated Absences	387	364
Total Current Liabilities Payable from Current Assets	<u>8,845</u>	<u>5,843</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	10,205	7,970
Interest Payable	1,493	2,969
Current Portion of General Obligation Bonds	1,040	2,320
Current Portion of Municipal Corporation Obligations	8,295	7,885
Capital Projects		
Accounts Payable	36	104
Accrued Landfill Closure Costs	1,295	1,061
Customer Deposits	108	102
Total Current Liabilities Payable from Restricted Assets	<u>22,472</u>	<u>22,411</u>
Total Current Liabilities	<u>31,317</u>	<u>28,254</u>
Noncurrent Liabilities		
General Obligation Bonds	6,515	7,555
Municipal Corporation Obligations	83,760	98,905
Unamortized Premium (Discount)	9,875	2,139
Accrued Landfill Closure and Postclosure Care Costs	62,061	63,955
Accrued Compensated Absences	2,569	2,417
Net Pension Liability	98,348	74,869
Total Noncurrent Liabilities	<u>263,128</u>	<u>249,840</u>
Total Liabilities	<u>294,445</u>	<u>278,094</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Gain on Refunding Bonds	482	547
Pension Related	1,381	—
Total Deferred Inflows of Resources	<u>1,863</u>	<u>547</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	20,950	31,942
Restricted from Enabling Legislation	—	2,550
Unrestricted	(37,265 )	(47,267 )
Total Net Position	<u>\$ (16,315 )</u>	<u>\$ (12,775 )</u>

**City of Phoenix, Arizona**

**Exhibit E-20**

**Solid Waste Enterprise Fund**

**Comparative Statements of Revenues, Expenses and Changes  
in Net Position**

For the Fiscal Years Ended June 30, 2015 and 2014

(in thousands)

	<b>2015</b>	<b>2014</b>
Operating Revenues		
Solid Waste Service Fees	\$ 126,854	\$ 125,489
Landfill Fees	8,491	7,945
Recycling	9,438	9,828
Other	2,539	2,357
Total Operating Revenues	<u>147,322</u>	<u>145,619</u>
Operating Expenses		
Administration	29,504	17,203
Solid Waste Collections	42,364	40,843
Landfills		
Operations	32,421	26,456
Closure and Postclosure Care Costs	(44)	372
Recycling	4,984	3,655
Depreciation	17,285	17,702
Staff and Administrative	6,701	6,607
Other	12,262	10,552
Total Operating Expenses	<u>145,477</u>	<u>123,390</u>
Operating Income	1,845	22,229
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(737)	(936)
Interest	1,667	1,816
Interest on Capital Debt	(5,148)	(5,280)
Gain on Disposal of Capital Assets	214	171
Total Non-Operating Revenues (Expenses)	<u>(4,004)</u>	<u>(4,229)</u>
Net Income (Loss) Before Operating Transfers	(2,159)	18,000
Capital Contributions - Municipalities	62	—
Transfers to General Fund - In Lieu Property Taxes	(1,208)	(1,235)
Transfers to Capital Projects Fund	(235)	(107)
Change in Net Position	<u>(3,540)</u>	<u>16,658</u>
Net Position, July 1	(12,775)	51,030
Restatement of Beginning Net Position	—	(80,463)
Net Position, July 1, as Restated	<u>(12,775)</u>	<u>(29,433)</u>
Net Position, June 30	<u>\$ (16,315)</u>	<u>\$ (12,775)</u>

**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Cash Flows**

**Exhibit E-21**

For the Fiscal Years Ended June 30, 2015 and 2014

(in thousands)

	2015	2014
Cash Flows from Operating Activities		
Receipts from Customers	\$ 147,122	\$ 145,693
Payments to Suppliers	(68,786)	(67,413)
Payments to Employees	(42,931)	(43,064)
Payment of Staff and Administrative Expenses	(6,701)	(6,607)
Net Cash Provided by Operating Activities	28,704	28,609
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(1,443)	(1,342)
Net Cash Used by Noncapital Financing Activities	(1,443)	(1,342)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	298	4
Principal Paid on Capital Debt	(7,970)	(7,115)
Interest Paid on Capital Debt	(6,930)	(6,105)
Acquisition and Construction of Capital Assets	960	(14,533)
Proceeds from Sales of Capital Assets	690	671
Net Cash Used by Capital and Related Financing Activities	(12,952)	(27,078)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(10,935)	(16,281)
Proceeds from Sales and Maturities of Investment Securities	11,178	16,281
Net Activity for Short-Term Investments	(7,704)	(2,891)
Interest on Investments	930	880
Net Cash Used by Investing Activities	(6,531)	(2,011)
Net Increase (Decrease) in Cash and Cash Equivalents	7,778	(1,822)
Cash and Cash Equivalents, July 1	20,259	22,081
Cash and Cash Equivalents, June 30	\$ 28,037	\$ 20,259
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 1,845	\$ 22,229
Adjustments		
Depreciation and Amortization	17,285	17,702
(Increase) Decrease in Assets/Deferred Outflows		
Receivables	(132)	167
Allowance for Doubtful Accounts	(75)	(78)
OPEB Asset	(1)	(1)
Pension	(16,578)	—
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	2,966	(1,390)
Customer Deposits	6	(15)
Accrued Compensated Absences	175	(107)
Accrued Landfill Closure and Postclosure Care	(1,647)	(4,304)
Pension	24,860	(5,594)
Net Cash Provided by Operating Activities	\$ 28,704	\$ 28,609
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	90	110
Decrease in Fair Value of Investments	—	—
Total Noncash Transactions Affecting Financial Position	\$ 90	\$ 110

## 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, 2015

(in thousands)

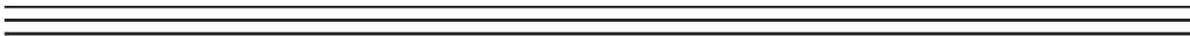
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Solid Waste Service Fees	\$ 126,896	\$ 126,896	\$ 127,073	\$ 177
City Landfill Fees	20,169	20,169	17,703	(2,466)
Interest	270	270	564	294
Other	2,815	2,815	3,044	229
Total Revenues	150,150	150,150	148,384	(1,766)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	138,299	129,928	107,722	22,206
Capital Improvement Program	31,997	40,368	25,039	15,329
General Obligation Bond Debt Service				
Principal	2,830	2,830	2,320	510
Interest	434	434	422	12
Lease-Purchase Payments	13,026	13,026	12,675	351
Total Expenditures and Encumbrances	186,586	186,586	148,178	38,408
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(36,436)	(36,436)	206	36,642
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from Other Funds				
Capital Projects Fund	—	—	2,922	2,922
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,607)	(6,607)	(6,701)	(94)
In-Lieu Property Taxes	(1,244)	(1,244)	(1,208)	36
Solid Waste Capital Reserve	(600)	(600)	(1,270)	(670)
Capital Projects Fund	(235)	(235)	(235)	—
Interest Alignment Trust	—	—	(3,700)	(3,700)
Recovery of Prior Years Expenditures	—	—	17	17
Total Other Financing Sources (Uses)	(8,686)	(8,686)	(10,175)	(1,489)
Net Decrease in Fund Balance	\$ (45,122)	\$ (45,122)	\$ (9,969)	\$ 35,153
<b>FUND BALANCE, JULY 1</b>			57,763	
<b>FUND BALANCE, JUNE 30</b>			\$ 47,794	



*Financial Section*

**Other Supplementary Information –**

**Fiduciary Funds –  
Combining Fund Financial  
Statements**







**City of Phoenix**

**City of Phoenix, Arizona**  
**Fiduciary Funds**

**Exhibit F-1**

Combining Statement of Fiduciary Net Position

June 30, 2015

(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>	
	<b>City of Phoenix Employee Retirement System (COPERS)</b>	<b>Excess Benefit Arrangement</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 50,557	\$ —
Investments		
Treasurer's Pooled Investments	—	591
Temporary Investments	84,164	—
Fixed Income	543,972	—
Domestic Equities	692,113	—
International Equities	720,219	—
Real Return	—	—
Absolute Return	259,383	—
Receivables		
Accounts Receivable	184,915	—
Contributions Receivable	3,746	—
Interest and Dividends	1,871	—
Prepaid Items	—	—
Total Assets	<u>2,540,940</u>	<u>591</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>
<b><u>LIABILITIES</u></b>		
Due to Primary Government	—	—
Accounts Payable	331,414	—
Accrued Payroll Payable	—	—
Claims Payable	—	—
Total Liabilities	<u>331,414</u>	<u>—</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>\$ 2,209,526</u>	<u>\$ 591</u>

**Pension and Other Employee Benefit Trusts**

<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long Term Disability</b>	<b>Total</b>
\$ 15,056	\$ 25	\$ 1	\$ 30	\$ 65,669
—	14,149	—	146	14,886
—	—	—	—	84,164
73,297	—	33,183	18,197	668,649
—	—	43,790	17,742	753,645
—	—	21,484	17,510	759,213
—	—	27,183	15,005	42,188
—	—	13,002	7,904	280,289
3,462	—	—	—	188,377
1,356	—	—	—	5,102
201	2	—	—	2,074
5,150	—	—	—	5,150
<u>98,522</u>	<u>14,176</u>	<u>138,643</u>	<u>76,534</u>	<u>2,869,406</u>
—	—	—	—	—
—	—	177	—	177
2,669	—	5	31	334,119
—	—	—	—	—
<u>25,455</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,455</u>
<u>28,124</u>	<u>—</u>	<u>182</u>	<u>31</u>	<u>359,751</u>
—	—	—	—	—
<u>\$ 70,398</u>	<u>\$ 14,176</u>	<u>\$ 138,461</u>	<u>\$ 76,503</u>	<u>\$ 2,509,655</u>

**City of Phoenix, Arizona**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
June 30, 2015  
(in thousands)

**Exhibit F-1**  
(continued)

	<b>Agency Funds</b>			
	<b>Post Employment Health Plan</b>	<b>Deferred Compensation Plan</b>	<b>Accrued Payroll</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ —	\$ —	\$ 9,368	\$ 9,368
Investments				
Treasurer's Pooled Investments	—	—	45,740	45,740
Temporary Investments	—	—	—	—
Fixed Income	—	—	—	—
Domestic Equities	—	—	—	—
International Equities	—	—	—	—
Real Return	—	—	—	—
Absolute Return	—	—	—	—
Receivables				
Accounts Receivable	—	—	—	—
Contributions Receivable	—	—	—	—
Interest and Dividends	—	—	—	—
Prepaid Items	—	—	—	—
Total Assets	—	—	55,108	55,108
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Total Deferred Outflows of Resources	—	—	—	—
<b><u>LIABILITIES</u></b>				
Accounts Payable	—	—	—	—
Accrued Payroll Payable	—	—	55,108	55,108
Claims Payable	—	—	—	—
Total Liabilities	—	—	55,108	55,108
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Total Deferred Inflows of Resources	—	—	—	—
<b><u>NET POSITION</u></b>				
Held in trust for pension and other employee benefits	\$ —	\$ —	\$ —	\$ —



**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, 2015

(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>	
	<b>City of Phoenix Employee Retirement System (COPERS)</b>	<b>Excess Benefit Arrangement</b>
<b><u>ADDITIONS</u></b>		
Contributions		
City of Phoenix	\$ 117,092	\$ 228
Employees	27,861	—
Inter-System Transfers	199	—
Other	—	—
Total Contributions	<u>145,152</u>	<u>228</u>
Investment Income (Loss)		
From Investing Activities		
Net (Increase) Decrease in Fair Value of Investments	21,960	(1)
Interest	8,676	3
Dividends	23,507	—
Other	(1,042)	—
Investment Income (Loss)	<u>53,101</u>	<u>2</u>
Less: Investment Expense	<u>5,952</u>	<u>—</u>
Net Investment Income (Loss) from Investing Activities	<u>47,149</u>	<u>2</u>
Total Net Investment Income (Loss)	<u>47,149</u>	<u>2</u>
Total Additions	<u>192,301</u>	<u>230</u>
<b><u>DEDUCTIONS</u></b>		
Benefit Payments	201,178	612
Refunds of Contributions	3,004	—
Inter-System Transfers	421	—
Other	414	—
Total Deductions	<u>205,017</u>	<u>612</u>
Net Increase (Decrease)	<u>(12,716)</u>	<u>(382)</u>
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	2,222,242	973
End of Year, June 30	<u>\$ 2,209,526</u>	<u>\$ 591</u>

**Pension and Other Employee Benefit Trusts**

<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long Term Disability</b>	<b>Total</b>
\$ 139,045	\$ —	\$ 27,936	\$ 2,581	\$ 286,882
71,394	—	—	—	99,255
10,619	—	—	—	10,818
6,490	—	—	—	6,490
<u>227,548</u>	<u>—</u>	<u>27,936</u>	<u>2,581</u>	<u>403,445</u>
(719)	—	(1,995)	(1,204)	18,041
1,357	67	2,950	—	13,053
—	—	—	1,641	25,148
—	—	—	143	(899)
<u>638</u>	<u>67</u>	<u>955</u>	<u>580</u>	<u>55,343</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,952</u>
<u>638</u>	<u>67</u>	<u>955</u>	<u>580</u>	<u>49,391</u>
<u>638</u>	<u>67</u>	<u>955</u>	<u>580</u>	<u>49,391</u>
<u>228,186</u>	<u>67</u>	<u>28,891</u>	<u>3,161</u>	<u>452,836</u>
210,007	—	26,405	4,764	442,966
31	—	—	—	3,035
10,619	1,435	—	—	12,475
13,432	—	390	308	14,544
<u>234,089</u>	<u>1,435</u>	<u>26,795</u>	<u>5,072</u>	<u>473,020</u>
<u>(5,903)</u>	<u>(1,368)</u>	<u>2,096</u>	<u>(1,911)</u>	<u>(20,184)</u>
76,301	15,544	136,365	78,414	2,529,839
<u>\$ 70,398</u>	<u>\$ 14,176</u>	<u>\$ 138,461</u>	<u>\$ 76,503</u>	<u>\$ 2,509,655</u>

Agency Fund

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2015

(in thousands)

	<i>Post Employment Health Plan</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ —	\$ 10,580	\$ 10,580	\$ —
Treasurer's Pooled Investments	—	—	—	—
Total Assets	\$ —	\$ 10,580	\$ 10,580	\$ —

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ —	\$ 10,580	\$ 10,580	\$ —
Total Liabilities	\$ —	\$ 10,580	\$ 10,580	\$ —

	<i>Deferred Compensation Plan</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ —	\$ 95,719	\$ 95,719	\$ —
Treasurer's Pooled Investments	—	—	—	—
Total Assets	\$ —	\$ 95,719	\$ 95,719	\$ —

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ —	\$ 95,719	\$ 95,719	\$ —
Total Liabilities	\$ —	\$ 95,719	\$ 95,719	\$ —

**City of Phoenix, Arizona**  
**Agency Fund**  
**Combining Statement of Changes in Assets and Liabilities**  
For the Fiscal Year Ended June 30, 2015  
(in thousands)

**Exhibit F-3**  
(continued)

	<i>Accrued Payroll</i>			
	<b>Balance July 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30</b>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 5,969	\$ 346,569	\$ 343,170	\$ 9,368
Treasurer's Pooled Investments	43,769	1,677,445	1,675,474	45,740
Total Assets	<u>\$ 49,738</u>	<u>\$ 2,024,014</u>	<u>\$ 2,018,644</u>	<u>\$ 55,108</u>

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 49,738	\$ 2,024,014	\$ 2,018,644	\$ 55,108
Total Liabilities	<u>\$ 49,738</u>	<u>\$ 2,024,014</u>	<u>\$ 2,018,644</u>	<u>\$ 55,108</u>

	<i>Totals</i>			
	<b>Balance July 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30</b>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 5,969	\$ 452,868	\$ 449,469	\$ 9,368
Treasurer's Pooled Investments	43,769	1,677,445	1,675,474	45,740
Total Assets	<u>\$ 49,738</u>	<u>\$ 2,130,313</u>	<u>\$ 2,124,943</u>	<u>\$ 55,108</u>

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 49,738	\$ 2,130,313	\$ 2,124,943	\$ 55,108
Total Liabilities	<u>\$ 49,738</u>	<u>\$ 2,130,313</u>	<u>\$ 2,124,943</u>	<u>\$ 55,108</u>



**City of Phoenix**



*Financial Section*

**Other Supplementary  
Information –**

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







**City of Phoenix**

**Phoenix Housing Finance Corporations (Discretely Presented  
Component Units)  
Combining Statement of Net Position**

June 30, 2015

(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ —	\$ 50	\$ 695	\$ —
Cash Deposits	—	—	448	—
Cash and Securities with Fiscal Agents/Trustees	26	—	—	116
Receivables, Net of Allowances	4,616	—	614	2,443
Prepaid Items	—	—	4	—
Capital Assets, at Cost				
Non-depreciable	—	—	13,205	—
Depreciable (net)	—	—	1,877	—
Total Assets	4,642	50	16,843	2,559
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Total Deferred Outflows of Resources	—	—	—	—
<b><u>LIABILITIES</u></b>				
Accounts Payable	173	—	—	—
Reimbursement Agreement to City	—	—	3,298	—
Trust Liabilities and Deposits	—	—	68	—
Advance Payments	—	—	218	—
Interest Payable	—	—	568	—
Noncurrent Liabilities				
Due in More Than One Year				
Notes Payable to City	—	—	15,560	—
Total Liabilities	173	—	19,712	—
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Total Deferred Inflows of Resources	—	—	—	—
<b><u>NET POSITION</u></b>				
Net Investment in Capital Assets	—	—	2,186	—
Unrestricted	4,469	50	(5,055)	2,559
Total Net Position	\$ 4,469	\$ 50	\$ (2,869)	\$ 2,559

**Exhibit G-1**

(continued)

	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$	673	\$ —	\$ 1,056	\$ —	\$ —	2,474
	560	—	—	—	730	1,738
	—	—	—	—	—	142
	849	977	—	2,625	28	12,152
	23	—	—	—	44	71
	6,189	—	—	—	5,604	24,998
	4,797	—	—	—	8,176	14,850
	13,091	977	1,056	2,625	14,582	56,425
	—	—	—	—	—	—
	72	—	—	—	—	245
	—	—	—	—	—	3,298
	48	—	—	—	66	182
	7	—	—	—	20	245
	—	—	—	—	536	1,104
	5,532	—	—	—	15,778	36,870
	5,659	—	—	—	16,400	41,944
	—	—	—	—	—	—
	6,303	—	—	—	(1,998)	6,491
	1,129	977	1,056	2,625	180	7,990
\$	7,432	\$ 977	\$ 1,056	\$ 2,625	\$ (1,818)	\$ 14,481

## 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, 2015

(in thousands)

	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	\$ —	\$ —	\$ 2,856	\$ —
Vending Income	—	—	11	—
Other Income	25	—	109	—
Interest Income	—	—	—	—
Post Construction Interest	—	—	—	86
Total Revenues	25	—	2,976	86
<b>Operating Expenses</b>				
Salaries	—	—	711	—
Advertising	—	—	42	—
Maintenance	—	—	600	—
Administrative Costs	—	2	178	—
Utilities	—	—	458	—
Insurance	—	—	34	—
Interest Expense	—	—	172	—
Other	—	—	190	—
Depreciation	—	—	191	—
Total Operating Expenses	—	2	2,576	—
Change in Net Position	25	(2)	400	86
Net Position, July 1	4,444	52	(3,269)	2,473
Net Position, June 30	\$ 4,469	\$ 50	\$ (2,869)	\$ 2,559

**Exhibit G-2**  
(continued)

	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$	1,123	\$ —	\$ —	\$ —	2,059	\$ 6,038
	—	—	—	—	—	11
	77	977	—	547	132	1,867
	—	—	—	—	4	4
	—	—	—	—	—	86
	1,200	977	—	547	2,195	8,006
	343	—	—	—	541	1,595
	17	—	—	—	9	68
	218	—	—	—	425	1,243
	70	—	—	—	173	423
	255	—	—	—	669	1,382
	49	—	—	—	119	202
	—	—	—	—	176	348
	93	—	181	—	148	612
	234	—	—	—	255	680
	1,279	—	181	—	2,515	6,553
	(79)	977	(181)	547	(320)	1,453
	7,511	—	1,237	2,078	(1,498)	13,028
\$	7,432	\$ 977	\$ 1,056	\$ 2,625	\$ (1,818)	\$ 14,481



**City of Phoenix**



*Financial Section*

**Other Supplementary  
Information –**

**Other Supporting  
Schedules**







**City of Phoenix**

## Summary of Operating Funds - Budget Basis

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Resources					
	Fund Balances July 1	Revenues	Recoveries	Fund Transfers		Total
				From	To	
<b>General Purpose Funds</b>						
General Fund	\$ 78,579	\$ 315,740	\$ 970	\$ 762,335	\$ (5,794)	\$ 1,151,830
Excise Tax	—	1,074,259	—	—	(1,074,259)	—
Total General Purpose Funds	78,579	1,389,999	970	762,335	(1,080,053)	1,151,830
<b>Federal Funds</b>						
Transit - Federal Grants	—	58,552	466	—	—	59,018
Grants						
Human Services	—	37,482	160	—	—	37,642
Community Development	—	14,331	3	—	—	14,334
Federal Operating Trust	—	44,830	97	—	(7)	44,920
Public Housing Hope VI	2,200	1,031	—	—	—	3,231
Total Federal Funds	2,200	156,226	726	—	(7)	159,145
<b>Other Special Revenue and Debt Service Funds</b>						
Highway User Revenue	18,657	112,307	413	1,009	(3,830)	128,556
Transit 2000	295,929	54,620	838	110,347	(48,420)	413,314
Transit - Other Agency	(4,572)	31,477	168	—	—	27,073
Court Awards	761	7,774	4	—	—	8,539
Parks and Preserves	30,270	371	486	29,882	(4,564)	56,445
Development Services	28,437	42,633	2	—	(2,782)	68,290
Community Reinvestment	15,714	5,047	4	—	(2,068)	18,697
Public Housing	12,431	77,454	696	7	(197)	90,391
Sports Facilities	23,911	289	—	18,086	(195)	42,091
Capital Construction	5,659	69	242	14,281	—	20,251
Other Restricted	53,892	24,741	53	6,215	(1,395)	83,506
Neighborhood Protection	6,109	269	—	29,881	(228)	36,031
Public Safety Enhancement	(11,749)	8	1	25,068	(204)	13,124
Public Safety Expansion	(17,464)	(109)	1	59,760	(600)	41,588
Golf Courses	(4,532)	6,217	9	4,532	—	6,226
Secondary Property Tax Debt Service	279	54,283	—	—	—	54,562
City Improvement	—	—	—	142,213	(61,628)	80,585
Regional Wireless Cooperative	2,132	4,814	—	—	—	6,946
Total Other Funds	455,864	422,264	2,917	441,281	(126,111)	1,196,215
<b>Enterprise Funds</b>						
Aviation	319,159	354,221	2,368	533	(54,568)	621,713
Phoenix Convention Center	32,487	22,165	28	47,034	(2,476)	99,238
Water System	134,872	364,964	704	201	(18,978)	481,763
Water System - Val Vista	1,751	15,122	2	—	(500)	16,375
Wastewater	81,745	190,032	783	—	(10,806)	261,754
Wastewater - SROG	7,496	41,873	35	—	(1,683)	47,721
Solid Waste	57,763	148,384	17	2,922	(13,114)	195,972
Total Enterprise Funds	635,273	1,136,761	3,937	50,690	(102,125)	1,724,536
Total Operating Funds	<u>\$ 1,171,916</u>	<u>\$ 3,105,250</u>	<u>\$ 8,550</u>	<u>\$ 1,254,306</u>	<u>\$ (1,308,296)</u>	<u>\$ 4,231,726</u>
Other Transfers - Non-budgeted Funds				60,390	(5,659)	
Debt Service Adjustment (2)				(61,345)	60,604	
				<u>1,253,351</u>	<u>(1,253,351)</u>	

(1) Includes operating capital outlay and utility repayment agreements.

(2) Fund Transfers include amounts for proceeds from various bonds. These amounts are adjusted out of the Fund Transfer total to show actual transfer balances.

**Exhibit H-1**  
(Continued)

Expenditures and Encumbrances						
Current Operating (1)	Capital Impr. Program	Debt Service	Lease- Purchase	Total	Fund Balances June 30	
\$ 1,049,986	\$ 1,409	\$ —	\$ —	\$ 1,051,395	\$	100,435
—	—	—	—	—	—	—
1,049,986	1,409	—	—	1,051,395	—	100,435
21,579	37,439	—	—	59,018	—	—
37,642	—	—	—	37,642	—	—
14,294	40	—	—	14,334	—	—
44,462	458	—	—	44,920	—	—
384	843	—	—	1,227	—	2,004
118,361	38,780	—	—	157,141	—	2,004
48,282	39,066	—	—	87,348	—	41,208
125,312	15,207	—	—	140,519	—	272,795
27,414	13,569	—	—	40,983	—	(13,910)
4,928	155	—	—	5,083	—	3,456
3,351	13,807	—	—	17,158	—	39,287
34,184	475	—	—	34,659	—	33,631
502	5,084	—	—	5,586	—	13,111
76,230	4,086	—	—	80,316	—	10,075
2,036	987	—	20,807	23,830	—	18,261
206	16,880	—	—	17,086	—	3,165
21,460	348	—	—	21,808	—	61,698
18,969	—	—	—	18,969	—	17,062
16,021	—	—	—	16,021	—	(2,897)
48,526	—	—	—	48,526	—	(6,938)
6,226	—	—	—	6,226	—	—
—	—	54,462	—	54,462	—	100
—	—	120	80,459	80,579	—	6
4,065	—	—	—	4,065	—	2,881
437,712	109,664	54,582	101,266	703,224	—	492,991
226,165	17,719	50,542	—	294,426	—	327,287
41,347	2,839	—	16,553	60,739	—	38,499
157,190	114,892	113,388	—	385,470	—	96,293
13,003	1,976	—	—	14,979	—	1,396
66,237	33,965	58,053	—	158,255	—	103,499
35,784	4,927	—	—	40,711	—	7,010
107,722	25,039	2,742	12,675	148,178	—	47,794
647,448	201,357	224,725	29,228	1,102,758	—	621,778
\$ 2,253,507	\$ 351,210	\$ 279,307	\$ 130,494	\$ 3,014,518	\$	1,217,208

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

**Exhibit H-2**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
<b>General Government</b>					
2001 Bond Program	\$ (51)	\$ —	\$ —	\$ —	\$ —
2006 Bond Program	4,948	—	43	—	—
2010 Lease Purchase	(1,916)	—	—	—	20
2013 Lease Purchase	(5,587)	—	—	—	—
General Gov't Lease Purchase	1,417	—	4	—	—
Mega IV Lease Purchase	4,406	—	—	—	—
Mega V Lease Purchase	1,036	—	4	270	445
Regional Wireless	(9,279)	121	92	8,567	1
Sports Facilities Capital Reserve	12,861	—	15	—	—
Trunked Radio System	179	—	—	—	—
	8,014	121	158	8,837	466
<b>Public Safety</b>					
1988 Bond Program	27	—	—	—	—
2001 Bond Program	(452)	—	—	—	—
2006 Bond Program	2,775	—	—	—	2
CIC Excise Tax Rev Bonds POLICE	987	—	—	—	110
Impact Fees	3,968	—	33	1,131	—
Other Cities Reimbursement - 800Mhz	289	—	—	—	—
	7,594	—	33	1,131	112
<b>Transportation</b>					
1988 Bond Program	845	—	—	—	—
2001 Bond Program	(457)	—	—	—	—
2004 CIC Transit LRT Revenue Bonds	—	—	—	—	—
2006 Bond Program	9,570	—	—	—	88
AHUR Capital Reserve	17,839	—	36	7	1,127
American Rec. & Reinv. Act of 2009	(1)	—	—	—	—
Federal Aid - Street Transportation	214	3,825	—	—	312
Federal Transportation Administration Grants	(3,175)	3,790	—	—	243
Impact Fees	5,947	—	61	341	1
State Aid - Street Transportation	(9)	2,051	—	166	48
	30,773	9,666	97	514	1,819
<b>Public Works</b>					
1988 Bond Program	—	—	—	—	—
2001 Bond Program	306	—	—	—	—
2006 Bond Program	1,512	—	—	1	45
Capital Replacement Fund	7,274	—	52	432	—
Impact Fees	9,257	—	78	659	954
	18,349	—	130	1,092	999
<b>Community Enrichment</b>					
1988 Bond Program	413	—	—	—	—
2001 Bond Program	2,949	—	—	—	2
2006 Bond Program	5,394	—	—	—	26
Impact Fees	29,971	—	233	2,435	35
Parks & Rec Grants	361	355	—	—	—
Parks and Rec Dept Capital Gifts	21	—	—	150	—
Parks land sale proceeds	2,135	—	16	8	2
	41,244	355	249	2,593	65
<b>Community Development</b>					
1989 Bond Program	3	—	—	—	—
2001 Bond Program	5,854	—	—	—	—
2006 Bond Program	501	—	—	205	2,684
830 E Jefferson Remodel	(13)	—	—	—	—
American Rec. & Reinv. Act of 2009	—	—	—	—	—
Downtown Education	269	—	—	—	—
Federal Modernization Grants	790	3,651	41	175	92
Impact Fees	1,785	—	90	1,760	—
	\$ 9,189	\$ 3,651	\$ 131	\$ 2,140	\$ 2,776

**Exhibit H-2**  
(Continued)

Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Ending Balances, June 30	Bonds Available for Sale	
			Expenditures and Encumbrances				
\$	— \$	— \$	(51)	\$	— \$	(51) \$	615
—	—	—	4,991	—	(330)	4,661	4,790
—	(1)	(1)	(1,897)	—	(486)	(2,383)	—
—	—	—	(5,587)	—	—	(5,587)	—
—	—	—	1,421	—	(816)	605	—
—	—	—	4,406	—	—	4,406	—
—	—	—	1,755	—	(762)	993	—
—	4,714	4,714	4,216	—	(17,819)	(13,603)	—
—	—	—	12,876	—	—	12,876	—
—	—	—	179	—	—	179	—
—	4,713	4,713	22,309	—	(20,213)	2,096	5,405
—	—	—	27	—	—	27	—
—	1	1	(451)	—	—	(451)	1,915
—	—	—	2,777	—	(319)	2,458	36,700
—	(1,097)	(1,097)	—	—	—	—	—
—	—	—	5,132	—	(1,353)	3,779	—
—	—	—	289	—	—	289	—
—	(1,096)	(1,096)	7,774	—	(1,672)	6,102	38,615
—	—	—	845	—	—	845	1,000
—	—	—	(457)	—	—	(457)	2,225
—	—	—	—	—	—	—	—
—	—	—	9,658	—	(1,036)	8,622	23,865
—	3,830	3,830	22,839	—	(5,938)	16,901	—
—	—	—	(1)	—	—	(1)	—
—	—	—	4,351	—	(13,625)	(9,274)	—
—	—	—	858	—	(18,688)	(17,830)	—
—	—	—	6,350	—	(63)	6,287	—
—	—	—	2,256	—	(5,336)	(3,080)	—
—	3,830	3,830	46,699	—	(44,686)	2,013	27,090
—	—	—	—	—	2	2	—
—	—	—	306	—	(256)	50	305
—	—	—	1,558	—	(2,105)	(547)	9,669
—	(644)	(644)	7,114	—	(10)	7,104	—
—	—	—	10,948	—	(3,277)	7,671	—
—	(644)	(644)	19,926	—	(5,646)	14,280	9,974
—	—	—	413	—	—	413	—
—	—	—	2,951	—	(1)	2,950	7,400
—	—	—	5,420	—	(527)	4,893	26,056
—	—	—	32,674	—	(6,453)	26,221	—
—	—	—	716	—	(355)	361	—
—	—	—	171	—	(246)	(75)	—
—	—	—	2,161	—	(9)	2,152	—
—	—	—	44,506	—	(7,591)	36,915	33,456
—	—	—	3	—	(1)	2	—
—	1	1	5,855	—	(10)	5,845	3,150
—	—	—	3,390	—	(2,841)	549	34,665
—	—	—	(13)	—	—	(13)	—
—	—	—	—	—	—	—	—
—	(269)	(269)	—	—	—	—	—
—	—	—	4,749	—	(3,925)	824	—
—	—	—	3,635	—	(1,585)	2,050	—
\$	— \$	(268) \$	17,619	\$	(8,362) \$	9,257 \$	37,815

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

**Exhibit H-2**  
**(Continued)**

For Fiscal Year Ended June 30, 2015  
(in thousands)

	Beginning Balances, July 1	Resources			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
<b>Aviation</b>					
Airport Facilities Improvement Grants	\$ (25,065)	\$ 14,295	\$ —	\$ —	\$ 1,100
Airport Rev Bnd Rsrv-Restrict Inv Acct	13,671	—	—	—	—
Airport Revenue Bonds	(19,415)	—	—	—	—
American Rec. & Reinv. Act of 2009	—	—	—	—	—
Aviation Commercial Paper Fund	—	—	—	—	—
CFC City Improvement Reserves/Surplus	21,651	—	81	—	—
CFC Trustee-Improvement Reserves/Surplus	47,583	—	42	44,693	—
City Improvement Aviation Bonds	36,024	—	—	—	—
Community Noise Reduction Program Bonds	1,666	—	—	—	—
Passenger Facility Charges	83,889	—	830	85,564	21,727
Senior Lien Airport Revenue Bonds	18,732	—	54	—	158
Transportation Security Admin Grant	—	4,644	3	—	—
	<u>178,736</u>	<u>18,939</u>	<u>1,010</u>	<u>130,257</u>	<u>22,985</u>
<b>Phoenix Convention Center</b>					
CC Expansion Series B	9,610	20,449	55	—	—
	<u>9,610</u>	<u>20,449</u>	<u>55</u>	<u>—</u>	<u>—</u>
<b>Water System</b>					
CIC Water Bonds	877	—	—	—	285
Impact Fees	29,899	—	251	5,787	14
Special Water Improvement	125,000	—	—	5	—
Val Vista - Other Agencies' Participation	(86)	—	—	572	86
	<u>155,690</u>	<u>—</u>	<u>251</u>	<u>6,364</u>	<u>385</u>
<b>Wastewater</b>					
CIC WasteWater Bonds	538	—	—	—	245
Impact Fees	41,452	—	329	4,344	—
Special Wastewater Improvement	70,000	—	—	—	—
SROG - Other Agencies' Participation	(2,339)	—	—	2,177	7
	<u>109,651</u>	<u>—</u>	<u>329</u>	<u>6,521</u>	<u>252</u>
<b>Solid Waste</b>					
Buckeye Landfill Park	125	—	—	—	—
End Use Reserve	13,198	—	103	—	—
Impact Fees	2,550	—	4	—	—
Solid - Mega IV	1,390	—	91	—	—
Solid Waste Disposal CIC Bonds Prin/Int	4	—	—	—	—
Solid Waste Remediation Funds	5,926	—	69	—	—
	<u>23,193</u>	<u>—</u>	<u>267</u>	<u>—</u>	<u>—</u>
	<u>\$ 592,043</u>	<u>\$ 53,181</u>	<u>\$ 2,710</u>	<u>\$ 159,449</u>	<u>\$ 29,859</u>

**Exhibit H-2**  
(Continued)

Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Ending Balances, June 30	Bonds Available for Sale
			Expenditures and Encumbrances			
\$ —	\$ (1,342)	\$ (11,012)	\$ (10,853)		\$ (21,865)	—
—	(13,671)	—	—		—	—
—	18,000	(1,415)	(121,927)		(123,342)	—
—	—	—	—		—	—
40,000	—	40,000	—		40,000	—
—	—	21,732	—		21,732	—
—	(14,488)	77,830	(21,280)		56,550	—
—	84,737	120,761	—		120,761	—
—	(1,666)	—	—		—	—
—	(30,086)	161,924	(86,956)		74,968	—
—	(18,271)	673	(1,852)		(1,179)	—
—	—	4,647	—		4,647	—
40,000	23,213	415,140	(242,868)		172,272	—
—	—	30,114	(20,449)		9,665	—
—	—	30,114	(20,449)		9,665	—
330	(57)	1,435	(916)		519	—
—	—	35,951	(504)		35,447	—
—	(25,000)	100,005	—		100,005	—
—	—	572	(826)		(254)	—
330	(25,057)	137,963	(2,246)		135,717	—
—	—	783	(585)		198	—
—	—	46,125	(60)		46,065	—
—	(17,000)	53,000	—		53,000	—
—	—	(155)	(1,691)		(1,846)	—
—	(17,000)	99,753	(2,336)		97,417	—
—	(125)	—	—		—	—
—	1,269	14,570	—		14,570	—
—	(2,554)	—	—		—	—
—	(243)	1,238	(731)		507	—
55,018	(55,018)	4	—		4	—
—	—	5,995	(256)		5,739	—
55,018	(56,671)	21,807	(987)		20,820	—
\$ 95,348	\$ (68,980)	\$ 863,610	\$ (357,056)		\$ 506,554	\$ 152,355

**City of Phoenix, Arizona**  
**Capital Improvement Program**  
**Expenditures and Encumbrances**

**Exhibit H-3**

For the Fiscal Years Ended June 30, 2015 and 2014

(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2015	2014	2015	2014	2015	2014
General Government						
Information Technology	\$ 4,320	\$ 764	\$ 12,681	\$ 10,026	\$ 17,001	\$ 10,790
Regional Wireless	—	—	5,926	5,330	5,926	5,330
Finance Projects	967	4,073	791	3,280	1,758	7,353
	5,287	4,837	19,398	18,636	24,685	23,473
Public Safety						
Fire Protection	38	—	1,942	4,499	1,980	4,499
Police Protection	555	6,330	69	8,065	624	14,395
	593	6,330	2,011	12,564	2,604	18,894
Transportation						
Street Transportation and Drainage	56,272	72,898	29,834	69,407	86,106	142,305
Transit	65,480	18,237	18,696	4,176	84,176	22,413
	121,752	91,135	48,530	73,583	170,282	164,718
Public Works						
Energy Conservation	1,175	4,759	—	—	1,175	4,759
Facilities Management	2,172	4,250	3,701	1,135	5,873	5,385
	3,347	9,009	3,701	1,135	7,048	10,144
Community Enrichment						
Arts and Cultural Facilities	9	208	—	583	9	791
Libraries	58	114	311	547	369	661
Parks and Mountain Preserves	14,534	15,230	7,284	4,143	21,818	19,373
	14,601	15,552	7,595	5,273	22,196	20,825
Community Development						
Economic/Downtown Development	4,896	3,222	3	184	4,899	3,406
Human Services	6	82	11	2,021	17	2,103
Historic Preservation	—	—	454	189	454	189
Housing / HOPE VI	5,310	11,402	6,154	6,496	11,464	17,898
Neighborhood Development	127	983	332	482	459	1,465
	10,339	15,689	6,954	9,372	17,293	25,061
Aviation	16,752	21,578	242,868	158,996	259,620	180,574
Convention Center	4,184	2,740	20,449	20,449	24,633	23,189
Water System	114,941	137,551	2,254	(8,471)	117,195	129,080
Wastewater	37,578	31,951	2,302	26,061	39,880	58,012
Solid Waste	21,838	2,990	994	5,074	22,832	8,064
	\$ 351,212	\$ 339,362	\$ 357,056	\$ 322,672	\$ 708,268	\$ 662,034

(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, 2015 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 17,719
Convention Center	2,839
Water	114,892
Water - Val Vista	1,976
Wastewater	33,965
Wastewater - SROG	4,927
Solid Waste	25,039
	<u>\$ 201,357</u>

Transfers To/From Other Funds

For the Fiscal Year Ended June 30, 2015

(in thousands)

	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Totals
<b>Transfers From</b>						
<b>General Fund</b>	\$ —	\$ 1,851 (1)	\$ 32,583 (2)	\$ 3,684 (3)	\$ 46,409	\$ 84,527
<b>Special Revenue</b>						
Highway User Revenue	—	—	—	3,830 (4)	—	3,830
Transit	129	—	47,520 (5)	5 (3)	—	47,654
Development Services	2,068	—	—	—	—	2,068
Grants	—	7 (6)	—	—	—	7
Public Housing	163	—	34 (5)	—	—	197
Public Safety Enhancement	64	—	—	—	—	64
Neighborhood Protection	32	—	—	—	—	32
Other Restricted	1,125	—	—	—	—	1,125
Total Special Revenue	3,581	7	47,554	3,835	—	54,977
<b>Debt Service</b>						
City Improvement	—	—	—	1,024 (3)	—	1,024
Total Debt Service	—	—	—	1,024	—	1,024
<b>Capital Projects</b>						
Parks & Preserves	32	4,532 (7)	—	—	—	4,564
Municipal Buildings and Service Centers	—	645 (8)	2,120 (5)	—	—	2,765
Sports and Cultural Facilities	—	—	269 (5)	—	—	269
Total Capital Projects	32	5,177	2,389	—	—	7,598
<b>Enterprise</b>						
Aviation	—	—	—	365 (3)	—	365
Phoenix Convention Center	134	—	—	12 (3)	—	146
Water System	11,674	—	—	248 (3)	—	11,922
Wastewater	7,287	—	—	166 (3)	—	7,453
Solid Waste	1,208	—	—	235 (3)	—	1,443
Total Enterprise	20,303	—	—	1,026	—	21,329
Totals	\$ 23,916	\$ 7,035	\$ 82,526	\$ 9,569	\$ 46,409	\$ 169,455

(1) Highway User Revenue, Other Restricted

(2) City Improvement, Special Assessments

(3) Municipal Buildings and Service Centers

(4) Street Improvements

(5) City Improvement

(6) Public Housing

(7) Golf Courses

(8) Other Restricted

**City of Phoenix, Arizona**  
**Budgetary Transfers - Budget Basis**

**Exhibit H-5**

For the Fiscal Year Ended June 30, 2015  
(in thousands)

	Transfers to					
	General Fund			Special Revenue		
	Staff and Administrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neighborhood Protection	Transit 2000
<b>Transfers from</b>						
<b>General Fund</b>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Special Revenue Funds</b>						
Excise Tax	—	—	704,268	704,268	29,881	110,347
Highway User Revenue	—	—	—	—	—	—
Transit 2000	766	—	—	766	—	—
Development Services	2,782	—	—	2,782	—	—
Community Reinvestment	—	—	2,068	2,068	—	—
Federal Operating Trust Grants	—	—	—	—	—	—
Public Housing	—	163	—	163	—	—
Sports Facilities	117	—	78	195	—	—
Parks and Preserves	—	—	—	—	—	—
Other Restricted	270	—	1,125	1,395	—	—
Neighborhood Protection	196	—	—	196	—	—
Public Safety Enhancement	204	—	—	204	—	—
Public Safety Expansion	536	—	—	536	—	—
Total Special Revenue	4,871	163	707,539	712,573	29,881	110,347
<b>Debt Service Funds</b>						
City Improvement	—	—	—	—	—	—
Total Debt Service	—	—	—	—	—	—
<b>Enterprise Funds</b>						
Aviation	7,969	—	—	7,969	—	—
Phoenix Convention Center	2,330	—	—	2,330	—	—
Water System	7,056	11,674	—	18,730	—	—
Water System - Val Vista	500	—	—	500	—	—
Wastewater	3,354	7,287	—	10,641	—	—
Wastewater - SROG	1,683	—	—	1,683	—	—
Solid Waste	6,701	1,208	—	7,909	—	—
Total Enterprise	29,593	20,169	—	49,762	—	—
<b>Other Funds not Budgeted</b>						
Municipal Buildings Capital	—	—	—	—	—	—
Sports and Cultural Facilities Capital	—	—	—	—	—	—
Aviation Capital	—	—	—	—	—	—
Water Capital	—	—	—	—	—	—
Solid Waste Capital	—	—	—	—	—	—
Total Other Funds not Budgeted	—	—	—	—	—	—
<b>Totals</b>	<b>\$ 34,464</b>	<b>\$ 20,332</b>	<b>\$ 707,539</b>	<b>\$ 762,335</b>	<b>\$ 29,881</b>	<b>\$ 110,347</b>

- (1) Transfer to Highway User Revenue (\$1,009), Other Restricted (\$843) Special Revenue Funds
- (2) Transfer to Capital Construction (\$14,281), Sports Facilities (\$17,062), Parks and Preserves (\$29,882), Public Safety Enhancement (\$25,068), Public Safety Expansion (\$59,760), Other Restricted (\$4,728) Special Revenue Funds
- (3) Transfer to Public Housing Special Revenue Fund
- (4) Transfer to Golf Courses Special Revenue Fund
- (5) Transfer to Municipal Buildings and Service Centers Capital Projects Fund
- (6) Transfer to Other Restricted Special Revenue Fund
- (7) Transfer to City Improvement Debt Service Fund
- (8) Transfer to Water (\$6), Aviation (\$1) Enterprise Funds
- (9) Transfer to Aviation Enterprise Fund
- (10) Transfer to Water Enterprise Fund
- (11) Transfer to Solid Waste Enterprise Fund

**Exhibit H-5**

(Continued)

Transfers to							
Funds		Enterprise Funds			Funds Not Budgeted		Totals
Other	Debt Service Funds	Phoenix Convention Center	Other	Infrastructure Repayment Agreement	Other		
\$ 1,852 (1)	\$ —	\$ —	\$ 7 (8)	\$ 252	\$ 3,683 (5)	\$ 5,794	
150,781 (2)	32,580 (7)	46,402	—	—	—	1,074,259	
—	—	—	—	—	3,830 (12)	3,830	
—	47,520 (7)	—	—	129	5 (5)	48,420	
—	—	—	—	—	—	2,782	
—	—	—	—	—	—	2,068	
7 (3)	—	—	—	—	—	7	
—	34 (7)	—	—	—	—	197	
—	—	—	—	—	—	195	
4,532 (4)	—	—	—	32	—	4,564	
—	—	—	—	—	—	1,395	
—	—	—	—	32	—	228	
—	—	—	—	—	—	204	
—	—	—	—	64	—	600	
155,320	80,134	46,402	—	257	3,835	1,138,749	
1,024 (5)	—	—	—	—	—	1,024	
1,024	—	—	—	—	—	1,024	
—	—	—	—	—	46,599 (13)	54,568	
—	—	—	—	134	12 (5)	2,476	
—	—	—	—	—	248 (5)	18,978	
—	—	—	—	—	—	500	
—	—	—	—	—	165 (5)	10,806	
—	—	—	—	—	—	1,683	
—	—	—	—	—	5,205 (14)	13,114	
—	—	—	—	134	52,229	102,125	
644 (6)	1,097 (7)	—	—	—	—	1,741	
—	269 (7)	—	—	—	—	269	
—	—	—	532 (9)	—	—	532	
—	—	—	195 (10)	—	—	195	
—	—	—	2,922 (11)	—	—	2,922	
644	1,366	—	3,649	—	—	5,659	
\$ 158,840	\$ 81,500	\$ 46,402	\$ 3,656	\$ 643	\$ 59,747	\$ 1,253,351	

(12) Transfer to Street Improvements Capital Projects Fund

(13) Transfer to Aviation Capital Fund (\$38,599), Interest Alignment Trust Fund (\$8,000)

(14) Transfer to Solid Waste Capital Reserve Fund (\$1,270), Municipal Buildings and Service Centers Capital Projects Fund (\$235), Interest Alignment Trust Fund (\$3,700)

**City of Phoenix, Arizona**  
**Bonds and Certificates Payable**

**Exhibit H-6**

June 30, 2015  
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Appreciat on	Outstanding at June 30, 2015 (1)			
						Total	Payable from		City Revenues/ Other (2)
							General Property Taxes		
<b>General Obligation Bonds</b>									
6% Limitation									
Various Purpose	\$ 669,765	\$ 605,445	\$ 64,320	\$ 289,740	\$ —	\$ 315,705	\$ 315,705	\$ —	\$ —
Solid Waste	28,845	28,845	—	21,290	—	7,555	—	7,555	—
20% Limitation									
Various Purpose	1,831,905	1,743,870	88,035	687,955	—	1,055,915	1,055,915	—	—
Airport	30,435	30,435	—	22,570	—	7,865	—	7,865	—
Sanitary Sewers	70,740	70,740	—	57,853	—	12,887	—	12,887	—
Water	112,949	112,949	—	84,779	—	28,170	—	28,170	—
Total General Obligation Bonds	2,744,639	2,592,284	152,355	1,164,187	—	1,428,097	1,371,620	56,477	—
<b>Revenue Bonds</b>									
Street and Highway User	356,966	356,966	—	356,966	—	—	—	—	—
Wastewater	17,591	17,591	—	5,316	—	12,275	—	12,275	—
Water	6,520	6,520	—	2,887	—	3,633	—	3,633	—
Total Revenue Bonds	381,077	381,077	—	365,169	—	15,908	—	15,908	—
Total General Obligation and Revenue Bonds	3,125,716	2,973,361	152,355	1,529,356	—	1,444,005	1,371,620	72,385	—
<b>Certificates of Participation</b>	35,465	35,465	—	35,465	—	—	—	—	—
<b>Municipal Corporation Obligations</b>									
General Government	1,648,346	1,648,346	—	1,020,061	—	628,285	—	628,285	—
Enterprise	6,925,631	6,925,631	—	3,007,517	111,676	4,029,790	—	4,029,790	—
Total Municipal Corporation Obligations	8,573,977	8,573,977	—	4,027,578	111,676	4,658,075	—	4,658,075	—
<b>Special Assessment Bonds</b>	185	185	—	96	—	89	—	89	—
Subtotal	11,735,343	11,582,988	152,355	5,592,495	111,676	6,102,169	1,371,620	4,730,549	—
<b>Downtown Phoenix Hotel Corp. Bonds-Component Unit</b>	350,000	350,000	—	20,280	—	329,720	—	329,720	—
Totals	\$12,085,343	\$11,932,988	\$ 152,355	\$ 5,612,775	\$ 111,676	\$ 6,431,889	\$ 1,371,620	\$ 5,060,269	—

- (1) Net of July 1, 2015 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in the general obligation reserve fund. General obligation reserve fund balance totaled \$182 million at June 30, 2015.
- (2) These bonds are supported by City enterprise revenues, excise taxes, special revenues, special assessments, and grants.

**City of Phoenix, Arizona**  
**Debt Service Requirements**

**Exhibit H-7**

**General Obligation Bonds Limited to Six Percent of Assessed Valuation (1)**

June 30, 2015

(in thousands)

Fiscal Year	General Government (2)			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015-16	\$ 47,385	\$ 14,098	\$ 61,483	\$ 1,040	\$ 341	\$ 1,381	\$ 48,425	\$ 14,439	\$ 62,864
2016-17	47,275	12,062	59,337	1,090	294	1,384	48,365	12,356	60,721
2017-18	46,485	9,949	56,434	1,150	245	1,395	47,635	10,194	57,829
2018-19	33,890	7,880	41,770	1,675	193	1,868	35,565	8,074	43,639
2019-20	54,310	6,307	60,617	1,265	123	1,388	55,575	6,429	62,004
2020-21	45,440	3,863	49,303	650	60	710	46,090	3,923	50,013
2021-22	29,840	1,827	31,667	685	31	716	30,525	1,858	32,383
2022-23	4,255	399	4,654	—	—	—	4,255	399	4,654
2023-24	6,825	273	7,098	—	—	—	6,825	273	7,098
	<u>\$ 315,705</u>	<u>\$ 56,658</u>	<u>\$ 372,363</u>	<u>\$ 7,555</u>	<u>\$ 1,287</u>	<u>\$ 8,842</u>	<u>\$ 323,260</u>	<u>\$ 57,945</u>	<u>\$ 381,205</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, 2015  
(in thousands)

Fiscal Year	General Government (2)			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015-16	\$ 18,915	\$ 45,625	\$ 64,540	\$ —	\$ 197	\$ 197
2016-17	23,025	44,764	67,789	—	197	197
2017-18	20,915	43,563	64,478	—	197	197
2018-19	36,850	42,555	79,405	4,520	197	4,717
2019-20	40,935	40,917	81,852	3,345	83	3,428
2020-21	64,345	39,221	103,566	—	—	—
2021-22	84,760	36,666	121,426	—	—	—
2022-23	109,770	33,342	143,112	—	—	—
2023-24	108,390	28,656	137,046	—	—	—
2024-25	120,210	23,969	144,179	—	—	—
2025-26	95,650	18,766	114,416	—	—	—
2026-27	99,535	14,849	114,384	—	—	—
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>\$ 1,055,915</u>	<u>\$ 456,513</u>	<u>\$ 1,512,428</u>	<u>\$ 7,865</u>	<u>\$ 871</u>	<u>\$ 8,736</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.

**Exhibit H-8**  
(Continued)

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 15,680	\$ 1,195	\$ 16,875	\$ 6,338	\$ 464	\$ 6,802	\$ 40,933	\$ 47,481	\$ 88,414
5,755	556	6,311	1,271	263	1,534	30,051	45,780	75,831
—	197	197	1,335	204	1,539	22,250	44,161	66,411
—	197	197	1,409	143	1,552	42,779	43,091	85,870
6,735	196	6,931	1,724	91	1,815	52,739	41,288	94,027
—	—	—	810	31	841	65,155	39,252	104,407
—	—	—	—	—	—	84,760	36,666	121,426
—	—	—	—	—	—	109,770	33,342	143,112
—	—	—	—	—	—	108,390	28,656	137,046
—	—	—	—	—	—	120,210	23,969	144,179
—	—	—	—	—	—	95,650	18,766	114,416
—	—	—	—	—	—	99,535	14,849	114,384
—	—	—	—	—	—	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>\$ 28,170</u>	<u>\$ 2,341</u>	<u>\$ 30,511</u>	<u>\$ 12,887</u>	<u>\$ 1,196</u>	<u>\$ 14,083</u>	<u>\$ 1,104,837</u>	<u>\$ 460,921</u>	<u>\$ 1,565,758</u>

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

**Exhibit H-9**

June 30, 2015

(in thousands)

Fiscal Year	General Obligation (1)		
	Principal	Interest	Total
2015-16	\$ 89,358	\$ 61,920	\$ 151,278
2016-17	78,416	58,136	136,552
2017-18	69,885	54,355	124,240
2018-19	78,344	51,165	129,509
2019-20	108,314	47,717	156,031
2020-21	111,245	43,175	154,420
2021-22	115,285	38,524	153,809
2022-23	114,025	33,741	147,766
2023-24	115,215	28,929	144,144
2024-25	120,210	23,969	144,179
2025-26	95,650	18,766	114,416
2026-27	99,535	14,849	114,384
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>\$ 1,428,097</u>	<u>\$ 518,866</u>	<u>\$ 1,946,963</u>

(1) Includes all property tax supported various purpose general obligation bonds and general obligation bonds issued for the City's enterprise funds.

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

**Exhibit H-10**

June 30, 2015

(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015-16	\$ 66,300	\$ 59,723	\$ 126,023	\$ 23,058	\$ 2,197	\$ 25,255	\$ 89,358	\$ 61,920	\$ 151,278
2016-17	70,300	56,826	127,126	8,116	1,310	9,426	78,416	58,136	136,552
2017-18	67,400	53,512	120,912	2,485	843	3,328	69,885	54,355	124,240
2018-19	70,740	50,435	121,175	7,604	730	8,334	78,344	51,165	129,509
2019-20	95,245	47,224	142,469	13,069	493	13,562	108,314	47,717	156,031
2020-21	109,785	43,084	152,869	1,460	91	1,551	111,245	43,175	154,420
2021-22	114,600	38,493	153,093	685	31	716	115,285	38,524	153,809
2022-23	114,025	33,741	147,766	—	—	—	114,025	33,741	147,766
2023-24	115,215	28,929	144,144	—	—	—	115,215	28,929	144,144
2024-25	120,210	23,969	144,179	—	—	—	120,210	23,969	144,179
2025-26	95,650	18,766	114,416	—	—	—	95,650	18,766	114,416
2026-27	99,535	14,849	114,384	—	—	—	99,535	14,849	114,384
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
	\$1,371,620	\$ 513,171	\$1,884,791	\$ 56,477	\$ 5,695	\$ 62,172	\$1,428,097	\$ 518,866	\$1,946,963

(1) Includes all property tax supported various purpose general obligation bonds.

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

**City of Phoenix, Arizona  
Bond Ratings**

**Exhibit H-11**

Description	Rating (1)	
	Moody's	S & P
General Obligation	Aa1	AA+
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 (4)	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)	Aa2	AA
Transit Excise Tax Revenue Bonds (Light Rail) (2)	Aa2	AA

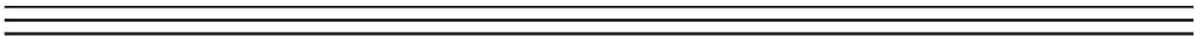
- (1) Represents underlying rating.
- (2) Issued by the City of Phoenix Civic Improvement Corporation.
- (3) There are currently no outstanding junior lien non-sports facilities backed bonds.
- (4) No bonds currently outstanding.
- (5) Issued by the Downtown Phoenix Hotel Corporation.



*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		
	2015	2014	2013
<b>GOVERNMENTAL ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 2,653,697	\$ 2,576,366	\$ 2,454,765
Restricted	830,425	868,223	930,237
Unrestricted	(1,691,553)	1,002,557	991,572
Total Governmental Activities Net Position	<u>\$ 1,792,569</u>	<u>\$ 4,447,146</u>	<u>\$ 4,376,574</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 2,782,282	\$ 2,818,479	\$ 2,826,143
Restricted	441,896	363,946	174,160
Unrestricted	519,802	970,844	1,102,763
Total Business-Type Activities Net Position	<u>\$ 3,743,980</u>	<u>\$ 4,153,269</u>	<u>\$ 4,103,066</u>
<b>PRIMARY GOVERNMENT</b>			
Net Investment in Capital Assets	\$ 5,435,979	\$ 5,394,845	\$ 5,280,908
Restricted	1,272,321	1,232,169	1,104,397
Unrestricted	(1,171,751)	1,973,401	2,094,335
Total Primary Government Net Position	<u>\$ 5,536,549</u>	<u>\$ 8,600,415</u>	<u>\$ 8,479,640</u>

**Table 1**  
(Continued)

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
\$ 2,313,680	\$ 2,325,050	\$ 2,184,990	\$ 2,441,889	\$ 2,857,041	\$ 2,068,052	\$ 1,434,512
1,233,603	1,017,009	756,315	620,582	832,814	1,095,820	996,048
861,526	1,105,061	1,387,562	1,321,470	532,706	640,050	588,754
<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>	<u>\$ 4,383,941</u>	<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>
\$ 2,968,536	\$ 2,992,285	\$ 3,146,717	\$ 3,260,962	\$ 3,304,081	\$ 3,144,988	\$ 2,688,581
188,682	187,755	153,667	163,387	153,980	179,365	148,571
943,329	882,301	716,343	611,455	717,703	585,710	755,825
<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>	<u>\$ 4,035,804</u>	<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>
\$ 5,282,216	\$ 5,317,335	\$ 5,331,707	\$ 5,702,851	\$ 6,161,122	\$ 5,213,040	\$ 4,123,093
1,422,285	1,204,764	909,982	783,969	986,794	1,275,185	1,144,619
1,804,855	1,987,362	2,103,905	1,932,925	1,250,409	1,225,760	1,344,579
<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>	<u>\$ 8,419,745</u>	<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>

**City of Phoenix, Arizona**  
**Changes in Net Position**

**Table 2**

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

	Fiscal Year		
	2015	2014	2013
<b>Expenses</b>			
<b>Governmental Activities</b>			
General Government	\$ 99,320	\$ 152,502	\$ 186,104
Criminal Justice	34,242	34,356	35,409
Public Safety	914,215	888,801	896,801
Transportation	398,925	394,664	407,563
Community Enrichment	245,795	252,760	237,856
Community Development	215,931	222,266	221,588
Environmental Services	48,293	33,616	33,334
Interest on Long-Term Debt	83,796	93,013	117,667
Total Governmental Activities Expenses	2,040,517	2,071,978	2,136,322
<b>Business-Type Activities</b>			
Aviation	482,915	471,744	464,388
Phoenix Convention Center	105,458	105,889	103,472
Water Services	336,445	342,584	335,004
Wastewater Services	171,250	181,329	191,568
Solid Waste	150,625	134,264	133,295
Golf Courses (1)	—	—	9,876
Total Business-Type Activities Expenses	1,246,693	1,235,810	1,237,603
<b>Total Primary Government Expenses</b>	<b>\$ 3,287,210</b>	<b>\$ 3,307,788</b>	<b>\$ 3,373,925</b>

(1) On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. As of July 1, 2013, all activity of the City of Phoenix Municipal Golf program was reported in the governmental funds.

**Table 2**  
(Continued)

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
\$ 88,178	\$ 76,270	\$ 83,975	\$ 92,403	\$ 97,369	\$ 103,039	\$ 94,129
35,703	36,345	40,029	39,477	40,258	40,085	37,702
850,636	847,244	851,414	869,389	795,839	732,927	667,663
421,680	416,344	541,666	385,240	182,769	264,347	316,356
245,713	245,417	287,019	264,615	278,649	263,031	251,403
218,847	229,902	225,137	210,645	205,934	204,441	196,374
42,326	39,003	58,189	47,320	38,585	44,656	44,668
109,412	95,462	107,480	96,631	103,035	96,401	102,428
2,012,495	1,985,987	2,194,909	2,005,720	1,742,438	1,748,927	1,710,723
435,675	439,911	393,485	389,460	336,572	312,171	279,873
103,420	127,569	114,071	86,942	70,170	66,378	68,801
361,751	329,457	359,342	326,775	327,544	272,341	276,073
178,258	179,466	187,134	186,565	160,008	153,100	148,480
133,414	133,118	136,395	141,693	147,096	126,029	115,107
8,879	8,790	8,894	9,716	9,572	9,790	8,446
1,221,397	1,218,311	1,199,321	1,141,151	1,050,962	939,809	896,780
\$ 3,233,892	\$ 3,204,298	\$ 3,394,230	\$ 3,146,871	\$ 2,793,400	\$ 2,688,736	\$ 2,607,503

**City of Phoenix, Arizona**  
**Changes in Net Position**

**Table 2**  
(Continued)

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

	Fiscal Year		
	2015	2014	2013
<b>Program Revenue</b>			
Governmental Activities			
Charges for Services:			
General Government	\$ 18,159	\$ 16,272	\$ 15,748
Criminal Justice	18,336	20,337	21,737
Public Safety	71,381	71,913	69,648
Transportation	37,907	38,780	36,125
Community Enrichment	10,737	13,740	5,071
Community Development	58,599	64,893	60,837
Environmental Services	478	505	232
Operating Grants and Contributions	361,919	343,898	393,652
Capital Grants and Contributions	82,285	150,410	98,647
Total Governmental Activities Program Revenue	659,801	720,748	701,697
Business-Type Activities			
Charges for Services:			
Aviation	385,806	369,157	305,686
Phoenix Convention Center	42,759	36,864	24,218
Water Services	358,760	385,294	381,862
Wastewater Services	185,974	186,350	190,519
Solid Waste	147,536	145,790	144,055
Golf Courses (1)	—	—	8,401
Capital Grants and Contributions	144,654	130,975	158,314
Total Business-Type Activities Program Revenue	1,265,489	1,254,430	1,213,055
Total Primary Government Program Revenue	\$ 1,925,290	\$ 1,975,178	\$ 1,914,752
Net (Expense)/Revenue			
Governmental Activities	\$ (1,380,716)	\$ (1,351,230)	\$ (1,434,625)
Business-Type Activities	18,796	18,620	(24,548)
Total Primary Government Net Expense	\$ (1,361,920)	\$ (1,332,610)	\$ (1,459,173)

**Table 2**  
(Continued)

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
\$ 16,469	\$ 17,675	\$ 17,150	\$ 19,360	\$ 15,672	\$ 20,939	\$ 19,358
24,864	27,623	27,461	29,808	21,746	27,383	28,174
72,081	63,842	58,939	56,763	54,702	43,099	34,371
38,035	36,599	39,804	63,758	31,004	81,502	26,875
5,589	5,392	5,180	6,366	4,969	3,187	3,028
49,618	46,128	38,293	62,845	67,733	100,876	98,960
520	220	363	469	838	577	577
358,692	400,525	360,927	340,756	368,938	327,157	312,712
101,019	191,856	203,473	174,302	216,788	186,130	164,500
666,887	789,860	751,590	754,427	782,390	790,850	688,555
299,783	296,463	266,778	273,079	286,986	277,228	246,288
15,888	33,111	21,636	28,407	12,080	10,518	9,351
380,679	341,501	329,003	307,752	299,568	272,191	257,415
212,361	211,702	190,716	181,764	173,021	160,097	139,418
144,004	142,320	137,956	134,957	133,170	125,351	117,121
6,653	6,278	5,728	6,183	7,229	7,725	6,842
173,149	184,019	200,485	178,800	300,575	301,660	360,381
1,232,517	1,215,394	1,152,302	1,110,942	1,212,629	1,154,770	1,136,816
\$ 1,899,404	\$ 2,005,254	\$ 1,903,892	\$ 1,865,369	\$ 1,995,019	\$ 1,945,620	\$ 1,825,371
\$ (1,345,608)	\$ (1,196,127)	\$ (1,443,319)	\$ (1,251,293)	\$ (960,048)	\$ (958,077)	\$ (1,022,168)
11,120	(2,917)	(47,019)	(30,209)	161,667	214,961	240,036
\$ (1,334,488)	\$ (1,199,044)	\$ (1,490,338)	\$ (1,281,502)	\$ (798,381)	\$ (743,116)	\$ (782,132)

**City of Phoenix, Arizona**  
**Changes in Net Position**

**Table 2**  
(Continued)

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

	Fiscal Year		
	2015	2014	2013
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities			
Taxes	\$ 955,091	\$ 1,001,017	\$ 1,029,392
Grants and Contributions Not Restricted	376,923	349,149	318,673
Investment Earnings, Net	7,419	22,572	2,404
Miscellaneous	82,321	69,860	77,337
Transfers - Internal Activities	(25,080)	(22,653)	(25,416)
Total Governmental Activities	1,396,674	1,419,945	1,402,390
Business-Type Activities			
Investment Earnings, Net	9,864	10,787	1,651
Transfers	25,080	22,653	25,416
Total Business-Type Activities	34,944	33,440	27,067
Total Primary Government	1,431,618	1,453,385	1,429,457
<b>Change in Net Position</b>			
Governmental Activities	15,958	68,715	(32,235)
Business-Type Activities	53,740	52,060	2,519
Total Primary Government	\$ 69,698	\$ 120,775	\$ (29,716)

**Table 2**  
(Continued)

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
\$ 944,388	\$ 970,925	\$ 939,218	\$ 982,746	\$ 1,014,103	\$ 955,921	\$ 896,212
297,342	299,593	360,241	407,156	410,945	374,299	338,907
6,671	11,924	19,605	43,558	91,304	92,700	64,379
78,397	71,450	83,357	54,527	51,757	50,787	40,242
(19,501)	(39,512)	(14,176)	(52,649)	(52,010)	(42,925)	(41,035)
1,307,297	1,314,380	1,388,245	1,435,338	1,516,099	1,430,782	1,298,705
7,585	9,019	13,766	31,970	52,024	59,200	47,541
19,501	39,512	14,176	52,649	52,010	42,925	41,035
27,086	48,531	27,942	84,619	104,034	102,125	88,576
1,334,383	1,362,911	1,416,187	1,519,957	1,620,133	1,532,907	1,387,281
(38,311)	118,253	(55,074)	184,045	556,051	472,705	276,537
38,206	45,614	(19,077)	54,410	265,701	317,086	328,612
\$ (105)	\$ 163,867	\$ (74,151)	\$ 238,455	\$ 821,752	\$ 789,791	\$ 605,149

**City of Phoenix, Arizona**  
**Fund Balances of Governmental Funds**

**Table 3**

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

	Fiscal Year			
	2015	2014	2013	2012
<b>General Fund</b>				
Reserved				
Unreserved				
Non-Spendable	\$ 14,224	\$ 14,198	\$ 15,736	\$ 15,357
Spendable				
Restricted	61,564	61,309	40,361	37,913
Assigned	41,338	46,181	55,390	50,250
Unassigned	210,286	178,563	161,012	200,892
<b>Total General Fund</b>	<b>327,412</b>	<b>300,251</b>	<b>272,499</b>	<b>304,412</b>
<b>All Other Governmental Funds</b>				
Reserved				
Unreserved, reported in				
Special Revenue Funds				
Capital Project Funds				
Debt Service Funds				
Non-Spendable	5,394	5,945	5,601	5,891
Spendable				
Restricted	768,861	823,478	889,876	982,955
Committed	27,005	36,491	47,874	58,703
Assigned	132,902	128,261	139,593	140,036
Unassigned	(33,082)	(57,039)	(56,671)	(36,942)
<b>Total All Other Governmental Funds</b>	<b>901,080</b>	<b>937,136</b>	<b>1,026,273</b>	<b>1,150,643</b>
<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 1,228,492</b>	<b>\$ 1,237,387</b>	<b>\$ 1,298,772</b>	<b>\$ 1,455,055</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					
2011	2010	2009	2008	2007	2006
	\$ 24,394	\$ 72,332	\$ 83,379	\$ 89,651	\$ 81,275
	231,187	190,278	205,286	362,943	311,166
\$ 16,671					
—					
96,126					
194,918					
307,715 (1)	255,581	262,610 (2)	288,665 (3)	452,594	392,441
	656,396	598,258	562,967	601,198	719,962
	379,913	411,659	482,721	523,035	483,611
	149,795	8,456	223,916	420,697	236,346
	886	2,153	742	1,254	1,752
6,099					
1,017,009					
54,591					
120,145					
(34,395)					
1,163,449	1,186,990	1,020,526	1,270,346	1,546,184	1,441,671
\$ 1,471,164	\$ 1,442,571	\$ 1,283,136	\$ 1,559,011	\$ 1,998,778	\$ 1,834,112

**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			
	2015	2014	2013	2012
<b>Revenues</b>				
City Taxes (see Table 5)	\$ 955,818	\$ 1,001,873	\$ 1,031,123	\$ 947,012
Licenses and Permits	17,602	15,860	15,377	16,039
Intergovernmental (see Table 6)	821,127	850,231	809,198	757,053
Charges for Services	169,276	178,290	169,527	163,408
Fines and Forfeitures	14,222	15,340	15,942	18,332
Parks and Recreation	7,393	10,316	1,891	2,414
Special Assessments	29	39	35	55
Investment Income	7,419	22,572	2,404	6,671
Dwelling Rentals	7,104	6,658	6,882	6,987
Other	82,604	70,170	79,557	76,173
Total Revenues	2,082,594	2,171,349	2,131,936	1,994,144
<b>Expenditures</b>				
General Government	78,182	133,854	170,009	69,705
Criminal Justice	32,403	34,223	35,258	35,372
Public Safety	826,488	830,599	832,133	795,995
Transportation	263,509	253,517	252,812	252,965
Community Enrichment	194,428	197,960	189,899	193,355
Community Development	189,580	201,812	202,038	196,309
Environmental Services	16,853	13,987	16,549	19,036
Debt Service:				
Principal	116,008	70,768	90,671	94,169
Interest	94,163	98,897	122,189	110,740
Bond Issuance Costs	470	3,187	79	1,902
Other	29	25	422	522
Capital	254,647	365,887	350,744	346,979
Total Expenditures	2,066,760	2,204,716	2,262,803	2,117,049
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,834	\$ (33,367)	\$ (130,867)	\$ (122,905)

**Table 4**  
(Continued)

Fiscal Year						
	2011	2010	2009	2008	2007	2006
\$	972,066	\$ 938,470	\$ 980,401	\$ 1,012,645	\$ 954,761	\$ 896,995
	16,307	16,744	18,926	14,949	15,787	14,206
	905,741	921,642	912,904	995,307	885,478	800,697
	157,243	148,276	148,316	151,701	177,374	168,646
	18,129	17,383	18,861	18,549	19,141	19,932
	2,326	1,909	3,004	2,933	2,838	2,524
	114	70	372	643	678	1,233
	11,922	19,605	43,558	91,304	92,700	64,379
	6,858	8,574	9,806	8,452	8,098	7,818
	71,304	84,011	54,553	51,692	50,484	51,947
	2,162,010	2,156,684	2,190,701	2,348,175	2,207,339	2,028,377
	55,708	57,180	69,860	68,686	67,097	59,697
	35,106	36,977	37,717	38,539	36,160	33,952
	790,886	812,552	812,788	765,464	665,817	620,215
	247,563	265,934	254,420	237,738	244,728	137,817
	192,201	198,049	211,851	226,597	211,695	197,445
	206,262	185,265	189,345	189,748	185,596	173,710
	16,353	19,164	24,029	24,432	19,529	17,024
	109,660	115,825	97,006	95,209	279,183	83,768
	104,309	110,736	103,909	110,184	94,369	101,851
	636	2,346	2,055	31	1,185	500
	676	35	31	211	790	77
	429,770	529,394	611,023	841,681	641,795	618,506
	2,189,130	2,333,457	2,414,034	2,598,520	2,447,944	2,044,562
\$	(27,120)	\$ (176,773)	\$ (223,333)	\$ (250,345)	\$ (240,605)	\$ (16,185)

**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			
	2015	2014	2013	2012
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	\$ 123,046	\$ 122,091	\$ 136,971	\$ 129,121
Transfers to Other Funds	(148,126)	(144,744)	(162,387)	(148,622)
Issuance of Debt:				
General Obligation and Revenue Bonds	—	—	—	120,000
Premium on General Obligation and Revenue Bonds	—	28,544	—	25,880
Certificates of Participation and Municipal Corporation Obligations	—	—	—	—
Premium on Certificates of Participation and Municipal Corporation Obligations	10	39,826	—	4,889
Special Assessment Bonds	—	—	—	—
Refunding Bonds	60,945	591,600	—	238,120
Deposit to Refunding Escrow	(60,604)	(656,414)	—	(262,592)
Total Other Financing Sources and Uses	(24,729)	(19,097)	(25,416)	106,796
Net Change in Fund Balances	<u>\$ (8,895)</u>	<u>\$ (52,464)</u>	<u>\$ (156,283)</u>	<u>\$ (16,109)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	11.4%	8.8%	10.5%	10.7%

(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					
2011	2010	2009	2008	2007	2006
\$ 152,527 (192,039)	\$ 1,063,679 (1,077,855)	\$ 1,098,048 (1,150,697)	\$ 1,186,183 (1,238,193)	\$ 1,094,014 (1,136,939)	\$ 1,104,360 (1,145,395)
—	348,369	—	—	420,250	300,000
—	1,631	—	—	11,501	5,246
86,725	—	—	—	21,115	70,150
5,662	—	—	—	5,437	562
—	—	22	—	—	—
74,610 (71,772)	69,911 (69,527)	—	—	265,995 (276,102)	—
55,713	336,208	(52,627)	(52,010)	405,271	334,923
\$ 28,593	\$ 159,435	\$ (275,960)	\$ (302,355)	\$ 164,666	\$ 318,738
11.4%	10.4%	10%	10.4%	18.4% (2)	11.1%

**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			
	2015	2014	2013	2012
General Property Taxes				
Primary - Operating	\$ 138,242	\$ 143,931	\$ 132,101	\$ 128,054
Secondary - Debt Service	49,567	35,204	62,012	94,436
Total General Property Taxes	187,809	179,135	194,113	222,490
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	324,006	326,459	318,751	308,727
Utility and Franchise Tax	107,386	98,870	99,027	104,962
Earmarked for:				
Sports Facilities	17,062	15,988	14,893	14,670
Convention Center	46,402	44,311	40,828	40,030
Neighborhood Protection	29,881	29,153	27,515	26,503
Public Safety Enhancement	25,068	24,849	24,648	23,670
Public Safety Expansion	59,760	58,308	55,029	53,084
Parks & Preserves	29,882	29,153	27,515	26,546
Capital Construction	14,281	15,087	16,382	16,560
Transit 2000	110,347	111,068	110,059	106,185
Total City Sales and Franchise Taxes	764,075	753,246	734,647	720,937
Access to Care Tax	31	65,621	98,431	—
Special Taxing District	2,308	2,240	2,291	2,061
Salt River Project In-Lieu Taxes	1,595	1,631	1,641	1,524
Total City Taxes	\$ 955,818	\$ 1,001,873	\$ 1,031,123	\$ 947,012

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

**Table 5**  
(Continued)

<b>Fiscal Year</b>						
<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	
\$ 130,913	\$ 121,366	\$ 110,085	\$ 103,033	\$ 95,060	\$ 89,721	
149,018	196,673	196,568	161,413	117,337	107,763	
279,931	318,039	306,653	264,446	212,397	197,484	
292,131	254,762	265,162	323,135	339,921	324,207	
102,662	100,827	105,881	96,323	92,745	83,720	
14,076	12,502	14,203	16,010	15,992	14,834	
37,835	34,801	47,417	58,126	61,647	56,889	
25,387	21,615	25,615	28,980	31,105	29,634	
23,782	23,978	24,361	24,653	23,656	20,330	
50,680	43,131	46,578	32,214	—	—	
25,345	21,615	24,335	28,979	31,106	29,633	
15,486	17,415	19,802	20,710	18,975	18,870	
101,379	86,465	97,325	115,914	124,432	118,537	
688,763	617,111	670,679	745,044	739,579	696,654	
—	—	—	—	—	—	
1,924	1,925	1,835	1,848	1,554	1,595	
1,448	1,395	1,234	1,307	1,231	1,262	
\$ 972,066	\$ 938,470	\$ 980,401	\$ 1,012,645	\$ 954,761	\$ 896,995	

**City of Phoenix, Arizona**

**Table 6**

**Intergovernmental Revenues by Source - Governmental Funds (1)**

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	Fiscal Year			
	2015	2014	2013	2012
State Shared Revenue				
Highway User Tax	\$ 111,748	\$ 102,009	\$ 98,804	\$ 90,368
State Sales Tax	132,218	127,005	118,730	114,017
State Income Tax	175,184	161,580	147,668	122,012
Vehicle License Tax	55,293	51,689	48,370	46,400
Local Transportation Assistance	4,334	4,265	4,251	4,242
Total State Shared Revenue	478,777	446,548	417,823	377,039
Federal Grants	234,616	236,169	277,236	261,053
Other Intergovernmental Revenue	107,734	167,514	114,139	118,961
Total Intergovernmental Revenues	\$ 821,127	\$ 850,231	\$ 809,198	\$ 757,053

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

**Table 6**  
(Continued)

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ 104,908	\$ 103,979	\$ 109,620	\$ 125,288	\$ 130,223	\$ 124,791	
111,787	106,917	122,593	135,134	141,466	141,194	
143,647	190,546	220,806	207,694	167,560	138,313	
48,299	49,500	53,629	59,244	61,158	63,108	
1,265	3,771	6,506	6,910	6,969	7,034	
409,906	454,713	513,154	534,270	507,376	474,440	
269,482	233,721	185,078	194,960	186,665	177,550	
226,353	233,208	214,672	266,077	191,437	148,707	
\$ 905,741	\$ 921,642	\$ 912,904	\$ 995,307	\$ 885,478	\$ 800,697	



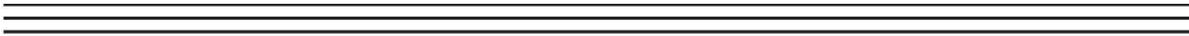
**City of Phoenix**



*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**

**Table 7**

Last Ten Fiscal Years  
(in thousands)

Category	Fiscal Year			
	2015	2014	2013	2012
Retail	\$ 267,260	\$ 251,514	\$ 238,698	\$ 230,900
Retail Food Sales (1)	24,792	43,831	51,589	49,393
Utilities & Telecommunications	109,857	111,767	113,839	112,973
Construction Contracting	45,279	49,506	43,851	44,071
Commercial Rental	58,919	58,007	60,179	58,721
Restaurants & Bars	63,645	59,039	55,350	52,298
Hotel/Motel Lodging	39,501	34,403	31,666	30,486
Tangible Personal Property Rental	19,406	17,463	19,760	16,354
Apartment/Residential Rental	32,589	30,046	27,144	25,025
Motor Vehicle Rental	18,618	18,186	17,148	16,907
Amusements	7,065	6,925	6,463	6,225
Advertising	2,689	2,458	2,655	2,800
Job Printing	2,171	2,035	2,212	2,109
Publishing	523	519	365	140
Transportation	7	8	8	6
Use Tax	32,071	30,755	23,927	24,204
Jet Fuel	3,105	2,937	3,089	2,996
<b>Total</b>	<b>\$ 727,497</b>	<b>\$ 719,399</b>	<b>\$ 697,943</b>	<b>\$ 675,608</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>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	
\$ 218,470	\$ 219,097	\$ 223,673	\$ 254,949	\$ 268,642	\$ 264,184	
46,282	7,007	—	—	—	—	
110,200	113,188	120,691	118,051	103,157	100,296	
43,446	41,237	64,559	87,306	99,171	89,213	
59,017	55,737	60,133	56,395	51,661	47,904	
48,708	46,272	48,586	49,685	49,067	46,967	
28,324	26,868	30,423	35,643	35,819	32,643	
17,291	17,323	22,227	23,276	23,589	20,925	
22,923	20,788	21,580	21,566	21,250	19,949	
16,647	14,787	15,407	17,103	16,878	15,955	
5,843	6,297	6,348	7,210	7,260	6,901	
2,745	2,733	3,202	4,111	4,657	4,151	
2,093	2,101	2,708	3,146	3,189	3,152	
241	407	426	531	575	552	
8	8	10	7	14	24	
22,536	20,098	19,507	20,037	20,407	18,592	
3,039	2,826	2,998	3,224	3,191	3,575	
<b>\$ 647,813</b>	<b>\$ 596,774</b>	<b>\$ 642,478</b>	<b>\$ 702,240</b>	<b>\$ 708,527</b>	<b>\$ 674,983</b>	

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

**Table 8**

Category (1)	As of June 30			
	2015	2014	2013	2012
<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					
2011	2010	2009	2008	2007	2006
2.00%	2.00%	2.00%	2.00%	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	2.00	2.00	1.80	1.80
2.10	2.10	2.10	2.10	1.90	1.90
2.00	2.00	2.00	2.00	1.80	1.80
5.00	5.00	5.00	5.00	4.80	4.80
2.00	2.00	2.00	2.00	1.80	1.80
2.00	2.00	2.00	2.00	1.80	1.80
4.00	4.00	4.00	4.00	3.80	3.80
2.00	2.00	2.00	2.00	1.80	1.80
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	1.80	1.80
2.00	2.00	2.00	2.00	1.80	1.80
2.00	2.00	2.00	2.00	1.80	1.80
2.00	2.00	2.00	2.00	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 Nine Years Ago

**Table 9**

Category	2015			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	22,700	39.39%	\$ 292,052	40.14%
Utilities & Telecommunications	423	0.73	109,857	15.10
Construction Contracting	9,500	16.48	45,279	6.22
Commercial Rental	8,098	14.05	58,919	8.10
Restaurants & Bars	3,261	5.66	63,645	8.75
Hotel/Motel Lodging	258	0.45	39,501	5.43
Tangible Personal Property Rental	1,109	1.92	19,406	2.67
Apartment/Residential Rental	8,010	13.90	32,589	4.48
Motor Vehicle Rental	35	0.06	18,618	2.56
Amusements	251	0.44	7,065	0.97
Advertising	232	0.40	2,689	0.37
Job Printing	334	0.58	2,171	0.30
Publishing	83	0.14	523	0.07
Transportation	17	0.03	7	—
Use Tax	3,306	5.74	32,071	4.41
Jet Fuel	20	0.03	3,105	0.43
<b>Total</b>	<b>57,637</b>	<b>100.00%</b>	<b>\$ 727,497</b>	<b>100.00%</b>

Source: City of Phoenix Finance Department, Tax Division

**Table 9**  
(Continued)

2006			
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
19,999	39.75%	\$ 264,184	39.14%
603	1.20	100,296	14.86
9,464	18.81	89,213	13.22
6,787	13.49	47,904	7.10
2,949	5.86	46,967	6.96
233	0.46	32,643	4.84
1,601	3.18	20,925	3.10
3,907	7.77	19,949	2.96
40	0.08	15,955	2.36
437	0.87	6,901	1.02
186	0.37	4,151	0.61
391	0.78	3,152	0.47
74	0.15	552	0.08
12	0.02	24	—
3,593	7.14	18,592	2.75
36	0.07	3,575	0.53
<b>50,312</b>	<b>100.00%</b>	<b>\$ 674,983</b>	<b>100.00%</b>



**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,	Collected within the Fiscal Year of the Levy				Total Collections to Date	
	Tax Levy	Amount	% of Levy	Collections In Subsequent Years (1)	Amount	% of Levy
2015	\$ 189,852	\$ 185,764	97.85%	\$ —	\$ 185,764	97.85%
2014	180,295	176,226	97.74	2,955	179,181	99.38
2013	196,891	191,304	97.16	3,287	194,591	98.83
2012	223,483	216,457	96.86	3,832	220,289	98.57
2011	284,142	271,156	95.43	6,245	277,401	97.63
2010	321,817	308,114	95.74	10,270	318,384	98.93
2009	311,292	298,351	95.84	9,627	307,978	98.94
2008	266,892	258,971	97.03	7,249	266,220	99.75
2007	216,132	211,511	97.86	3,058	214,569	99.28
2006	201,122	195,836	97.37	2,738	198,574	98.73

(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**

**Table 11**

Last Ten Fiscal Years

(in thousands)

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District	Maricopa County Library District	
	Primary	Secondary	Total					
<b>Tax Rates per \$100 of Primary Net Assessed Valuation (1)</b>								
2015-16	\$ 1.34	\$ 0.48	\$ 1.82	\$ 1.36	\$ 0.16	\$ 0.14	\$ 0.06	
2014-15	1.35	0.47	1.82	1.32	0.14	0.14	0.06	
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	
<b>Tax Levies (1)</b>								
2015-16	\$ 141,880	\$ 50,622	\$ 192,502	\$ 143,943	\$ 15,126	\$ 14,866	\$ 5,881	
2014-15	139,448	50,404	189,852	136,029	13,465	15,135	6,015	
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	

- (1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based in a single valuation, the Primary Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 use either the Primary Net Assessed Valuation or the Secondary Net Assessed Valuation, as applicable.
- (2) 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	Education Equalization	School Districts				Total
			Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (2)	
\$ 0.01	\$ 0.30	\$ 0.51	\$ 1.49	\$ 0.05	\$ 0.07	\$ 12.15	\$ 18.12
0.01	0.19	0.51	1.52	0.05	0.08	11.34	17.18
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	9.6	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
\$ 1,227	\$ 31,953	\$ 53,456	\$ 158,021	\$ 767	\$ 3,402	\$ 914,751	\$ 1,535,895
1,223	20,079	52,407	157,628	774	4,019	877,269	1,473,895
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

**Property Tax Levies**  
Applicable to Phoenix Property Owners

(in thousands)

	2015-16 Levies							
	Primary Net Assessed Valuation (1)			Primary Tax Rate Per \$100	Total Phoenix Primary Tax Levy	Secondary Tax Rate Per \$100	Total Phoenix Secondary Tax Levy	Total Phoenix Tax Levy
	Total	Percent	Amount					
City of Phoenix	\$ 10,577,032	100.00%	\$10,577,032	\$ 1.3414	\$ 141,880	\$ 0.4786	\$ 50,622	\$ 192,502
Maricopa County	34,623,670	30.55	10,577,032	1.3609	143,943	—	—	143,943
Education Equalization	34,623,670	30.55	10,577,032	0.5054	53,456	—	—	53,456
Flood Control	31,100,588	30.55	9,501,230	—	—	0.1592	15,126	15,126
Central Arizona Water Conservation District	34,757,248	30.55	10,618,339	—	—	0.1400	14,866	14,866
Maricopa County Library District	34,623,670	30.55	10,577,032	—	—	0.0556	5,881	5,881
Volunteer Fire District Assistance	34,623,670	30.55	10,577,032	—	—	0.0116	1,227	1,227
East Valley Institute of Technology	15,228,027	10.07	1,534,183	—	—	0.0500	767	767
West Maricopa Education Center	12,790,484	38.11	4,874,264	—	—	0.0698	3,402	3,402
Maricopa Special Health Care District	34,623,670	30.55	10,577,032	—	—	0.3021	31,953	31,953
State of Arizona	54,840,074	19.29	10,577,032	—	—	—	—	—
<u>School Districts</u>								
Maricopa County Community College District	34,623,670	30.55	10,577,032	1.2628	133,567	0.2312	24,454	158,021
High School Districts								
Phoenix Union	4,206,508	96.22	4,047,433	3.5951	145,509	1.3620	55,126	200,635
Glendale Union	1,350,518	79.54	1,074,251	2.4743	26,580	1.9818	21,290	47,870
Tempe Union	3,033,283	30.26	917,738	2.2188	20,363	0.6559	6,019	26,382
Tolleson Union	937,650	47.63	446,616	2.4000	10,719	1.6051	7,169	17,888
Agua Fria Union	976,336	0.01	109	2.0732	2	1.1935	1	3
Total High School Districts								292,778
Elementary School Districts								
No. 1 Phoenix	596,876	100.00	596,876	4.2675	25,472	2.9206	17,432	42,904
No. 2 Riverside	336,139	97.63	328,186	1.6208	5,319	1.9918	6,537	11,856
No. 3 Tempe	1,250,829	14.76	184,650	3.2204	5,946	2.2514	4,157	10,103
No. 5 Isaac	116,559	100.00	116,559	6.4029	7,463	4.0818	4,758	12,221
No. 6 Washington	1,102,587	97.43	1,074,251	2.8248	30,345	2.9628	31,828	62,173
No. 7 Wilson	80,729	100.00	80,729	4.4554	3,597	2.4098	1,945	5,542
No. 8 Osborn	372,262	99.93	371,983	2.2370	8,321	1.7802	6,622	14,943
No. 14 Creighton	354,923	85.50	303,458	2.3847	7,237	3.6149	10,970	18,207
No. 17 Tolleson	146,136	21.29	31,109	2.0699	644	2.7101	843	1,487
No. 21 Murphy	88,850	100.00	88,850	3.1207	2,773	2.9681	2,637	5,410
No. 28 Kyrene	1,782,454	41.13	733,088	2.1409	15,695	1.8654	13,675	29,370
No. 31 Balsz	254,087	93.74	238,186	2.2828	5,437	2.2977	5,473	10,910
No. 38 Madison	848,358	100.00	848,358	2.4048	20,401	2.2514	19,100	39,501
No. 45 Fowler	258,660	89.42	231,289	2.0408	4,720	2.0089	4,646	9,366
No. 48 Scottsdale (Unified)	4,520,829	13.64	616,445	2.8332	17,465	1.0263	6,327	23,792
No. 59 Laveen	180,631	84.00	151,730	2.4591	3,731	4.9233	7,470	11,201
No. 62 Union	52,578	94.14	49,495	2.5673	1,271	2.2789	1,128	2,399
No. 65 Littleton	212,668	14.89	31,672	2.4797	785	3.4455	1,091	1,876
No. 66 Roosevelt	507,702	98.82	501,711	4.3869	22,010	3.2527	16,319	38,329
No. 68 Alhambra	263,982	81.60	215,397	2.2642	4,877	5.2643	11,339	16,216
No. 69 Paradise Valley (Unified)	2,946,463	69.63	2,051,708	4.3431	89,108	2.6499	54,368	143,476
No. 79 Litchfield	661,374	0.02	109	2.2606	2	1.5746	2	4
No. 83 Cartwright	205,410	100.00	205,410	4.3281	8,890	6.8168	14,002	22,892
No. 92 Pendergast	267,608	38.51	103,051	2.5302	2,607	4.3506	4,483	7,090
No. 93 Cave Creek (Unified)	1,706,835	12.53	213,838	1.8198	3,891	0.1829	391	4,282
No. 97 Deer Valley (Unified)	2,206,517	54.77	1,208,446	4.3630	52,725	1.9610	23,698	76,423
Total Elementary School Districts								621,973
Total All School Districts								1,072,772
Total Levies Applicable to Phoenix								\$ 1,535,895

(1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based on a single valuation. See Note 4 to the financial statements.

Sources: Maricopa County Finance Department and the State of Arizona

**City of Phoenix, Arizona**  
**Property Tax Levies**  
**Applicable to Phoenix Property Owners**

**Table 12**  
(Continued)

(in thousands)

	2014-15 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	\$ 10,298,185	100.00%	10,298,185	\$ 1.3541	\$10,818,634	100.00%	10,818,634	\$ 0.4659	\$ 189,852	
Maricopa County	33,519,795	30.72	10,298,185	1.3209	35,079,647	30.84	10,818,634	—	136,029	
Education Equalization	33,519,795	30.72	10,298,185	0.5089	—	—	—	—	52,407	
Flood Control	—	—	—	—	31,365,181	30.84	9,673,085	0.1392	13,465	
Central Arizona Water Conservation District	—	—	—	—	35,054,723	30.84	10,810,947	0.14	15,135	
Maricopa County Library District	—	—	—	—	35,079,647	30.84	10,818,634	0.0556	6,015	
Volunteer Fire District Assistance	—	—	—	—	35,079,647	30.84	10,818,634	0.0113	1,223	
East Valley Institute of Technology	—	—	—	—	15,353,631	10.09	1,548,538	0.05	774	
West Maricopa Education Center	—	—	—	—	13,001,469	38.16	4,961,788	0.081	4,019	
Maricopa Special Health Care District	—	—	—	—	35,079,647	30.84	10,818,634	0.1856	20,079	
State of Arizona	53,549,091	19.23	10,298,185	—	55,353,880	19.54	10,818,634	—	—	
<u>School Districts</u>										
Maricopa County Community College District	33,519,795	30.72	10,298,185	1.2824	35,079,647	30.84	10,818,634	0.2363	157,628	
<u>High School Districts</u>										
Phoenix Union	4,134,579	96.27	3,980,360	3.4171	4,372,062	96.30	4,210,351	1.2025	186,642	
Glendale Union	1,318,880	79.73	1,051,549	2.5904	1,403,098	79.23	1,111,674	1.8285	47,566	
Tempe Union	2,935,754	30.05	882,196	2.4348	3,070,795	30.27	929,502	0.6268	27,306	
Tolleson Union	888,086	46.74	415,130	2.8582	945,905	47.35	447,883	1.6766	19,374	
Agua Fria Union	925,574	0.01	116	2.99	975,254	0.01	118	1.2105	5	
Total High School Districts									280,893	
<u>Elementary School Districts</u>										
No. 1 Phoenix	\$ 597,403	100.00%	597,403	\$ 3.9479	\$ 633,259	100.00%	633,259	\$ 2.7682	\$ 41,115	
No. 2 Riverside	336,102	97.84	328,853	1.3757	345,902	97.86	338,510	1.9465	11,113	
No. 3 Tempe	1,226,122	14.63	179,357	3.3038	1,291,284	14.49	187,082	2.451	10,511	
No. 5 Isaac	115,989	100.00	115,989	2.6025	122,601	100.00	122,601	3.7535	7,620	
No. 6 Washington	1,078,857	97.47	1,051,549	2.9215	1,142,089	97.34	1,111,674	2.78	61,626	
No. 7 Wilson	78,875	100.00	78,875	4.4554	81,159	100.00	81,159	2.2918	5,374	
No. 8 Osborn	371,185	99.93	370,909	2.1494	401,890	99.93	401,614	1.6485	14,593	
No. 14 Creighton	343,405	85.75	294,457	2.1031	370,844	86.24	319,832	1.885	12,222	
No. 17 Tolleson	141,903	21.13	29,984	1.9787	149,596	21.82	32,642	2.5933	1,440	
No. 21 Murphy	89,576	100.00	89,576	1.428	91,996	100.00	91,996	3.0506	4,086	
No. 28 Kyrene	1,709,632	41.11	702,839	2.2522	1,779,511	41.72	742,420	1.784	29,074	
No. 31 Balsz	257,986	94.09	242,728	2.1016	269,752	94.04	253,668	1.6377	9,255	
No. 38 Madison	819,678	100.00	819,678	2.3677	849,638	100.00	849,638	2.2349	38,396	
No. 45 Fowler	239,016	89.52	213,974	2.0419	253,930	89.81	228,044	1.8548	8,599	
No. 48 Scottsdale (Unified)	4,357,889	13.62	593,731	3.1091	4,556,319	13.59	619,036	1.0045	24,678	
No. 59 Laveen	170,365	83.09	141,552	2.5143	181,758	83.10	151,043	4.4918	10,344	
No. 62 Union	45,183	94.27	42,596	1.8486	48,470	94.30	45,708	2.3384	1,856	
No. 65 Littleton	207,640	14.03	29,141	2.5899	222,599	14.44	32,134	3.3086	1,818	
No. 66 Roosevelt	497,880	98.76	491,725	4.3869	530,043	98.77	523,516	3.1912	38,278	
No. 68 Alhambra	257,440	81.54	209,921	1.9572	272,909	81.79	223,203	5.0448	15,369	
No. 69 Paradise Valley (Unified)	2,893,517	69.58	2,013,416	4.1128	2,970,808	69.91	2,077,013	2.667	138,202	
No. 79 Litchfield	619,728	0.02	116	2.3282	652,775	0.02	118	1.4498	4	
No. 83 Cartwright	198,694	100.00	198,694	4.3281	220,312	100.00	220,312	6.308	22,497	
No. 92 Pendergast	254,343	39.09	99,435	2.6783	271,310	40.31	109,355	4.5117	7,597	
No. 93 Cave Creek (Unified)	1,625,946	12.20	198,392	2.0457	1,685,306	12.30	207,312	0.1099	4,286	
No. 97 Deer Valley (Unified)	2,113,443	55.02	1,162,821	4.4104	2,202,994	55.16	1,215,272	2.0685	76,423	
Total Elementary School Districts									596,376	
Total All School Districts									1,034,897	
Total Levies Applicable to Phoenix									\$ 1,473,895	

**City of Phoenix, Arizona**  
**Primary Net Assessed Valuation and**  
**Estimated True Valuation**

**Table 13**

Last Ten Fiscal Years

(dollars in thousands except for per capita amounts)

**Primary Net Assessed Valuation by Classification (1)**

<b>Fiscal Year</b>	<b>Secondary Tax Rate</b>	<b>Commercial/ Utilities/ Industrial</b>	<b>Residential</b>	<b>Rural and Other</b>	<b>Total</b>
2015-16	\$0.48	\$ 4,579,070	\$ 5,701,785	\$ 296,177	\$ 10,577,032
2014-15	0.47	4,700,793	5,788,311	329,530	10,818,634
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	6,000,142	473,946	12,343,773
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

Source: Maricopa County Finance Department

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 2016 (tax year 2015), primary and secondary levies are based on a single valuation, the Primary Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 use the Secondary Net Assessed Valuation.
- (2) 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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**Assessed Valuation Per Capita (2)**

<b>Percent Change in Net Valuation</b>	<b>Actual</b>	<b>Uninflated</b>	<b>Estimated True Valuation</b>
(0.02) \$	6,930 \$	5,127 \$	105,206,669
8.46	7,188	5,357	106,487,248
(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

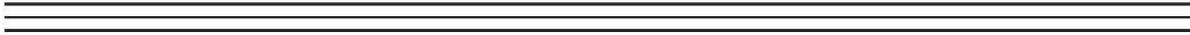
**City of Phoenix, Arizona**  
**Principal Property Taxpayers**

**Table 14**

Current Year and Nine Years Ago  
(in thousands)

<b>Taxpayer</b>	<b>2014-15 Secondary Assessed Valuation</b>	<b>Ranking</b>	<b>As a Percent of Total City</b>	<b>2005-06 Secondary Assessed Valuation</b>	<b>Ranking</b>	<b>As a Percent of Total City</b>
Arizona Public Service Company	\$ 375,403	1	3.47%	\$ 327,713	1	2.87%
Southwest Gas Corporation	76,802	2	0.71	70,594	3	0.62
Century Link (Qwest Communications)	61,626	3	0.57	239,614	2	2.10
AT&T Corporation	38,524	4	0.36	51,837	4	0.45
Host Kierland LP	35,350	5	0.33			
Metropolitan Life Insurance Company	25,631	6	0.24			
Target Corporation	23,781	7	0.22			
Hub Properties Trust	21,125	8	0.20			
Cole of Phoenix AZ II LLC	21,104	9	0.20			
Phoenix Plaza PT LLC	20,981	10	0.19			
Honeywell International Inc.				51,648	5	0.45
Starwood Hotels and Resorts				38,780	6	0.34
Cox Communications				36,472	7	0.32
Westcor Malls				32,903	8	0.29
MONY/Pointe Resorts Partnerships				32,527	9	0.28
American Express Companies				30,648	10	0.27%
<b>Total</b>	<u>700,327</u>		<u>6.49%</u>	<u>912,736</u>		<u>7.99%</u>
<b>City Total Secondary Assessed Valuation</b>	<u><u>\$ 10,818,634</u></u>			<u><u>\$ 11,419,619</u></u>		

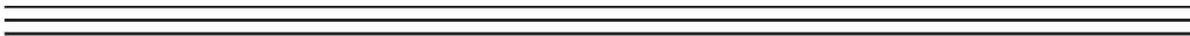
Sources: Maricopa County Assessor  
Arizona Department of Revenue  
City of Phoenix Finance Department



*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**

**Table 15**

Last Ten Fiscal Years  
(in thousands)

	Fiscal Year			
	2015	2014	2013	2012
<b>6% Limitation</b>				
Legal Debt Limitation	\$ 634,622	\$ 649,118	\$ 598,483	\$ 650,985
General Obligation Bonds Outstanding (1)	323,260	363,100	370,195	370,195
Less: Assets held in Restricted Redemption Funds	(181,730)	(247,025)	(290,812)	(321,451)
	141,530	116,075	79,383	48,744
Total Debt Margin Available	\$ 493,092	\$ 533,043	\$ 519,100	\$ 602,241
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	22.30%	17.88%	13.26%	7.49%
<b>20% Limitation</b>				
Legal Debt Limitation	\$ 2,115,406	\$ 2,163,727	\$ 1,994,943	\$ 2,169,949
General Obligation Bonds Outstanding (1)	1,104,837	1,132,676	1,174,635	1,218,080
Less: Capital Appreciation (2)	—	—	(882)	(811)
	1,104,837	1,132,676	1,173,753	1,217,269
Total Debt Margin Available	\$ 1,010,569	\$ 1,031,051	\$ 821,190	\$ 952,680
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	52.23%	52.35%	58.84%	56.10%
Primary Net Assessed Valuation (3)	\$ 10,577,032	\$ 10,818,634	\$ 9,974,713	\$ 10,849,744

(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 Secondary Net 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 Net 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.

(3) Beginning in 2015, the debt limitation is based on the Primary Net Assessed Valuation. Prior years are based on Secondary Net Assessed Valuation. See Note 4 to the financial statements for an explanation on using a single valuation.

**Table 15**  
(Continued)

		Fiscal Year									
		2011	2010	2009	2008	2007	2006				
\$	740,626	\$	965,538	\$	1,131,674	\$	1,131,364	\$	964,129	\$	735,668
	364,225		390,645		310,955		329,535		346,240		518,445
	(337,282)		(339,393)		(275,202)		(199,185)		(146,625)		(286,753)
	26,943		51,252		35,753		130,350		199,615		231,692
\$	713,683	\$	914,286	\$	1,095,921	\$	1,001,014	\$	764,514	\$	503,976
	3.64%		5.31%		3.16%		11.52%		20.70%		31.49%
\$	2,468,755	\$	3,218,462	\$	3,772,248	\$	3,771,214	\$	3,213,763	\$	2,452,227
	1,180,264		1,241,159		1,036,479		1,075,421		1,122,561		780,116
	(745)		(682)		(2,234)		(3,438)		(3,105)		(2,792)
	1,179,519		1,240,477		1,034,245		1,071,983		1,119,456		777,324
\$	1,289,236	\$	1,977,985	\$	2,738,003	\$	2,699,231	\$	2,094,307	\$	1,674,903
	47.78%		38.54%		27.42%		28.43%		34.83%		31.70%
\$	12,343,774	\$	16,092,308	\$	18,861,238	\$	18,856,072	\$	16,068,816	\$	12,261,134

**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>
2014-15	\$ 54,582	\$ 1,911,760	2.9%
2013-14	43,096	1,898,389	2.3
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

(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)

<b>Airport Revenue Bonds</b>						
<b>Fiscal Year Ended June 30,</b>	<b>Operating Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Operating Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2015	\$ 342,101	\$ 226,165	\$ 115,936	\$ 22,870	\$ 27,466	2.30
2014	332,258	224,563	107,695	23,145	28,489	2.09
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

<b>Excise Tax Revenue Bonds (2)</b>					<b>Highway User Revenue Bonds (3)</b>			
<b>Fiscal Year Ended June 30,</b>	<b>Excise Tax Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>	<b>Highway User Tax Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2015	\$ 844,389	\$ 34,865	\$ 36,511	11.83	\$ 111,748	—	\$ —	—
2014	816,923	31,095	40,794	11.36	102,009	—	—	—
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

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

**Table 17**  
(Continued)

Last Ten Fiscal Years

(in thousands)

Fiscal Year Ended June 30,	Rental Car Facility Charge Revenue Bonds (4)				Special Assessment Bonds (5)				Transit Excise Tax Revenue Bonds (6)			
	Customer Facility Charge Revenues	Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues	Principal	Interest	Coverage
2015	\$ 45,698	\$ 8,750	\$ 12,527	2.15	\$ 29	\$ 18	\$ 7	1.16	\$ 110,347	\$ 32,775	\$ 14,416	2.34
2014	41,858	8,285	12,992	1.97	50	18	8	1.92	111,068	25,595	15,037	2.73
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

Fiscal Year Ended June 30,	Wastewater Revenue Bonds				Water Revenue Bonds			
	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Coverage	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Coverage
2015	\$ 190,815	\$ 65,799	\$ 125,016	2.22	\$ 371,591	\$ 159,505	\$ 212,086	1.99
2014	193,009	70,245	122,764	1.79	400,507	165,992	234,515	2.08
2013	194,611	70,244	124,367	1.98	425,937	164,137	261,800	2.41
2012	212,990	72,021	140,969	2.22	391,654	163,043	228,611	2.34
2011	211,876	71,740	140,136	2.01	354,311	168,488	185,823	1.66
2010	198,157	72,017	126,140	1.87	347,593	166,334	181,259	1.62
2009	190,927	71,552	119,375	1.90	331,861	160,814	171,047	2.36
2008	187,905	68,470	119,435	2.10	333,443	157,596	175,847	2.37
2007	177,471	62,954	114,517	2.59	313,707	142,740	170,967	2.39
2006	158,014	60,070	97,944	2.69	301,137	132,285	168,852	2.66

(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) The final maturity of Highway User Revenue Bonds was paid on 7/1/2013.

(4) 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 2015, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.

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

(6) 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**

**Table 18**

**Ratio of Outstanding Debt by Type**

Last Ten Fiscal Years

(in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				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	Total Primary Government		
2015	\$ 1,371,620	\$ —	\$ 628,285	\$ 89	\$ —	\$ 56,477	\$ 15,908	\$ 4,029,790	\$ 6,102,169	10.3%	\$ 3,993
2014	1,430,205	—	671,560	107	24,265	65,571	16,818	4,094,225	6,302,751	11.0%	4,188
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

(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. Fiscal year 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.

**Governmental Activities Direct Bonded Debt per Capita**

Last Ten Fiscal Years

Fiscal Year	(in thousands)			City General Obligation Bonded Debt as a Percentage of Valuation of Property	Per Capita (3)
	General Bonded Debt (1)	Debt Secured by Revenues other than Property Tax (2)	City General Obligation Bonded Debt		
2014-15	\$ 2,000,038	\$ 628,418	\$ 1,371,620	13.0%	1,308.83
2013-14	2,126,181	695,976	1,430,205	13.2	1,412.68
2012-13	2,237,149	764,969	1,472,180	14.8	1,505.77
2011-12	2,327,820	822,470	1,505,350	13.9	1,587.98
2010-11	2,310,849	860,825	1,450,024	11.7	1,589.89
2009-10	2,316,436	816,057	1,500,379	9.3	1,600.71
2008-09	2,085,863	885,071	1,200,792	6.4	1,252.53
2007-08	2,182,847	949,890	1,232,957	6.5	1,338.89
2006-07	2,259,443	1,007,921	1,251,522	7.8	1,416.26
2005-06	2,104,715	1,046,576	1,058,139	8.6	1,348.85

(1) See Note 10 to the Financial Statements, Governmental Activities - Total Bonds and Notes Payable prior to Discounts/Premiums.

(2) Includes Revenue Bonds, Certificates of Participation, Municipal Corporation Obligations, and Special Assessment Bonds.

(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**

**Table 20**

June 30, 2015  
(in thousands)

	<u>Bonded Debt</u>	<u>Less: Self-Supporting Debt</u>	<u>Net Bonded Debt</u>
<b>Direct Debt - City of Phoenix (1)(2)</b>			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 315,705	\$ —	\$ 315,705
Solid Waste	7,555	7,555	—
20% Limitation			
Various Purpose	1,055,915	—	1,055,915
Airport	7,865	7,865	—
Water	28,170	28,170	—
Sanitary Sewer	12,887	12,887	—
Total General Obligation Bonds	<u>1,428,097</u>	<u>56,477</u>	<u>1,371,620</u>
Less: Assets Held in General Obligation Reserve Fund			<u>(181,730)</u>
Net Direct Debt			<u>1,189,890</u>
	<u>Bonded Debt</u>	<u>Valuation Percent to City</u>	
<b>Overlapping Debt (3)</b>			
City Improvement Districts	\$ 89	100.00%	89
Tatum Ranch Community Facilities District	605	100.00	605
Maricopa County Community College District	593,820	30.55	181,412
High School Districts		—	
Phoenix Union	282,795	96.22	272,105
Glendale Union	102,965	79.54	81,898
Tempe Union	100,500	30.26	30,411
Tolleson Union	35,800	47.63	17,052
Agua Fria Union	51,855	0.01	5
Elementary School Districts		—	
No. 1 Phoenix	43,945	100.00	43,945
No. 2 Riverside	26,630	97.63	25,999
No. 3 Tempe	112,635	14.76	16,625
No. 6 Washington	67,600	97.43	65,863
No. 7 Wilson	5,805	100.00	5,805
No. 8 Osborn	27,705	99.93	27,686
No. 14 Creighton	27,375	85.50	23,406
No. 17 Tolleson	7,830	21.29	1,667
No. 21 Murphy	7,705	100.00	7,705
No. 28 Kyrene	168,675	41.13	69,376
No. 31 Balsz	16,095	93.74	15,087
No. 38 Madison	81,495	100.00	81,495
No. 45 Fowler	8,050	89.42	7,198
No. 48 Scottsdale (Unified)	225,143	13.64	30,710
No. 59 Laveen	16,875	84.00	14,175
No. 62 Union	1,825	94.14	1,718
No. 65 Littleton	22,255	14.89	3,314
No. 66 Roosevelt	59,750	98.82	59,045
No. 69 Paradise Valley (Unified)	289,360	69.63	201,481
No. 79 Litchfield	42,475	0.02	8
No. 83 Cartwright	25,250	100.00	25,250
No. 92 Pendergast	30,220	38.51	11,638
No. 93 Cave Creek (Unified)	32,285	12.53	4,045
No. 97 Deer Valley (Unified)	180,160	54.77	98,674
Total Overlapping Debt	<u>\$ 2,695,572</u>		<u>1,425,492</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,615,382</u>

- (1) Net of cash with fiscal agent for July 1, 2015 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



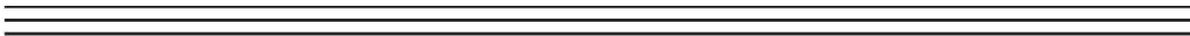
**City of Phoenix**



*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, 2015

<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>
2015	1,528,115	\$59,206,816	\$ 38,745 (3)	35.7	271,089	6.6%
2014	1,505,070	58,313,937	38,745 (3)	35.6	268,065	7.6%
2013	1,485,719	57,564,183	38,745 (3)	34.6	264,333	8.3%
2012	1,465,901	55,713,033	38,006	34.6	261,393	8.4%
2011	1,453,462	53,535,366	36,833	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%

- (1) Calendar Year
- (2) For fiscal years 2010 through 2013, median age is based on the 2010 U.S. Census. For fiscal years 2005 through 2009, median age is based on the 2000 U.S. Census.
- (3) Amount not yet available for calendar year 2014 or 2015; therefore, 2013 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

**City of Phoenix, Arizona**  
**Principal Employers**  
 Current Year and Nine Years Ago

**Table 22**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	50,816	1	2.74%	49,958	1	2.65%
Banner Health	35,406	2	1.91%	19,250	3	1.02%
Wal-Mart Stores Inc.	32,373	3	1.75%	28,246	2	1.50%
Fry's Food Stores	17,286	4	0.93%			
City of Phoenix	14,585	5	0.79%	13,844	4	0.73%
Wells Fargo	14,480	6	0.78%	11,533	6	0.61%
Maricopa County	13,567	7	0.73%	13,002	5	0.69%
Arizona State University	12,676	8	0.68%	11,202	7	0.59%
Dignity Health	12,100	9	0.65%			
Intel Corp.	11,760	10	0.63%	10,100	10	0.54%
US Postal Service				11,000	8	0.58%
Honeywell Aerospace				10,700	9	0.57%

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

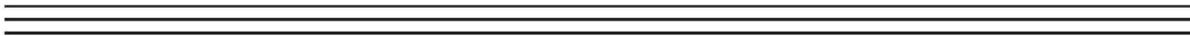
Note: Top employers in Maricopa County.



*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**

	2015	2014	2013	2012
<b>AREA (square miles)</b>	519.4	519.4	519.3	519.2
<b>POPULATION AND DWELLING UNITS (1)</b>				
City of Phoenix (2) (3)	1,528,115	1,505,070	1,485,719	1,465,901
Maricopa County (Metro Phoenix)	4,078,062	4,008,651	3,944,791	3,883,949
Number of Dwelling Units (City) (3)	603,259	600,589	596,676	594,190
<b>CITY EMPLOYEES (4)</b>				
Governmental:				
General Government	819	821	886	894
Criminal Justice	253	263	284	298
Public Safety	5,530	5,657	5,843	5,949
Transportation	645	667	688	717
Environmental Services	377	413	459	461
Community Enrichment	1,051	1,071	1,127	1,194
Community Development	682	684	689	680
Total Governmental Employees	9,357	9,576	9,976	10,193
Public Enterprise:				
Aviation	732	774	769	771
Phoenix Convention Center	181	199	222	221
Water Services	931	955	994	999
Wastewater Services	278	298	321	331
Solid Waste	549	541	531	544
Golf (5)	—	—	44	51
Total Public Enterprise Employees	2,671	2,767	2,881	2,917
Total Full-Time Employees	12,028	12,343	12,857	13,110
Governmental per 1,000 Population	6.1	6.4	6.7	7.0
<b>PUBLIC SAFETY</b>				
<b>Police Protection</b>				
Police Precincts	7	8	8	8
Police Employees	3,268	3,266	3,266	4,441
Dispatched Calls for Service	655,874	641,183	648,718	657,507
Total Calls for 911/Crimestop	2,238,368	2,064,978	2,130,339	2,131,868
<b>Fire Protection</b>				
Fire Stations	58	58	58	58
Fire Employees	1,944	1,912	1,947	1,972
Total Calls for Service	186,594	173,065	172,568	165,034
<b>COMMUNITY ENRICHMENT</b>				
<b>Libraries</b>				
Number	17	17	17	17
Total Stock (in thousands)	1,854	1,802	1,735	1,791
Circulation (in thousands)	10,549	10,428	11,159	14,465
<b>Parks And Recreation</b>				
Number of Playgrounds (6)	256	256	244	242
City Parks (number of acres)	45,313	45,313	46,634	46,032

- (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) On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. As of July 1, 2013, all activity of the City of Phoenix Municipal Golf program was reported in the governmental funds.
- (6) 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)

2011	2010	2009	2008	2007	2006
519.1	519.1	519.1	517.9	517.2	515.9
1,453,462	1,447,128	1,665,320	1,630,340	1,595,360	1,560,380
3,843,370	3,817,117	3,759,766	3,725,530	3,649,508	3,542,582
592,591	590,612	583,515	576,610	568,127	556,643
926	1,008	1,210	1,339	1,341	1,357
296	309	345	361	359	354
6,009	6,193	6,405	6,486	6,069	5,945
727	774	788	824	810	807
481	521	483	482	474	466
1,237	1,317	1,386	1,613	1,671	1,577
704	720	785	893	1,005	969
10,380	10,842	11,402	11,998	11,729	11,475
789	775	775	762	751	716
234	258	268	197	188	176
1,032	1,041	1,046	1,050	1,008	1,079
348	315	306	302	298	236
564	582	590	538	528	503
55	61	60	61	64	64
3,022	3,032	3,045	2,910	2,837	2,774
13,402	13,874	14,447	14,908	14,566	14,249
7.1	7.5	6.8	7.4	7.4	7.4
8	6	6	6	6	6
4,463	4,819	4,949	4,961	4,378	4,169
673,559	656,331	708,508	773,761	843,840	852,859
2,068,318	1,991,401	2,091,799	2,435,385	2,650,475	2,575,793
57	58	57	57	52	52
1,945	1,972	2,037	2,105	2,002	1,885
156,348	146,203	145,714	145,279	149,058	153,037
16	16	16	15	15	14
1,644	1,736	1,751	2,165	2,537	1,963
13,840	14,447	14,152	15,835	14,987	12,991
166	164	164	164	154	149
44,517	41,966	41,966	37,991	38,059	37,716

**City of Phoenix, Arizona**  
**Statistical Profile**  
 Last Ten Fiscal Years

**Table 23**

	2015	2014	2013	2012
<b>TRANSPORTATION</b>				
<b>Public Transit Ridership</b>				
Bus (in thousands)	38,329	38,903	39,575	38,440
Dial-a-Ride (in thousands)	356	344	336	337
Light Rail (in thousands) (7)	9,039	9,023	8,924	8,387
<b>Traffic Control And Lighting</b>				
Signalized Intersections	1,106	1,099	1,102	1,096
Street Lights in Use	95,592	90,380	90,613	95,592
<b>Streets</b>				
Miles of Streets	4,857	4,856	4,850	4,832
Miles Resurfaced and Sealed:				
Major/Collector Streets	3	18	11	10
Local Streets	129	100	77	183
<b>COMMUNITY DEVELOPMENT</b>				
Construction Permits (8)				
Number of Permits Issued	37,527	34,255	30,295	27,652
Market Value (in thousands)	3,013,043	2,805,861	2,964,395	2,845,334
<b>AVIATION</b>				
Scheduled Airlines Served	19	21	21	17
Aircraft Traffic Movements (in thousands)	894	867	934	963
Passengers Enplaned/Deplaned (in thousands)	43,000	41,093	40,565	40,554
<b>PHOENIX CONVENTION CENTER</b>				
Number of Conventions	49	52	58	58
<b>WATER SERVICES</b>				
Production (billion gallons)	93.4	97.6	97.8	100.8
Average Daily Production (million gallons)	255.8	266.9	267.8	275.5
Miles of Water Mains (9)	6,883	6,867	6,847	6,953
Number of Accounts	418,995	416,623	414,188	407,902
<b>WASTEWATER SERVICES</b>				
Miles of Sewer Lines (9)	4,841	4,833	4,816	4,984
Number of Accounts (10)	402,495	402,624	397,627	394,495
<b>SOLID WASTE COLLECTION SERVICES</b>				
Residences Served	402,012	400,075	397,624	395,785
City Disposal (tons)	586,789	564,452	566,509	599,952
Total Disposal (tons)	883,119	863,226	875,601	948,931
Total Recycling (tons)	113,990	106,708	107,237	105,695
<b>GOLF</b>				
Rounds of Golf Played	221,267	254,703	248,630	253,288
Acres of Golf Courses Maintained	622	922	922	922

(7) 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.

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

(9) 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.

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

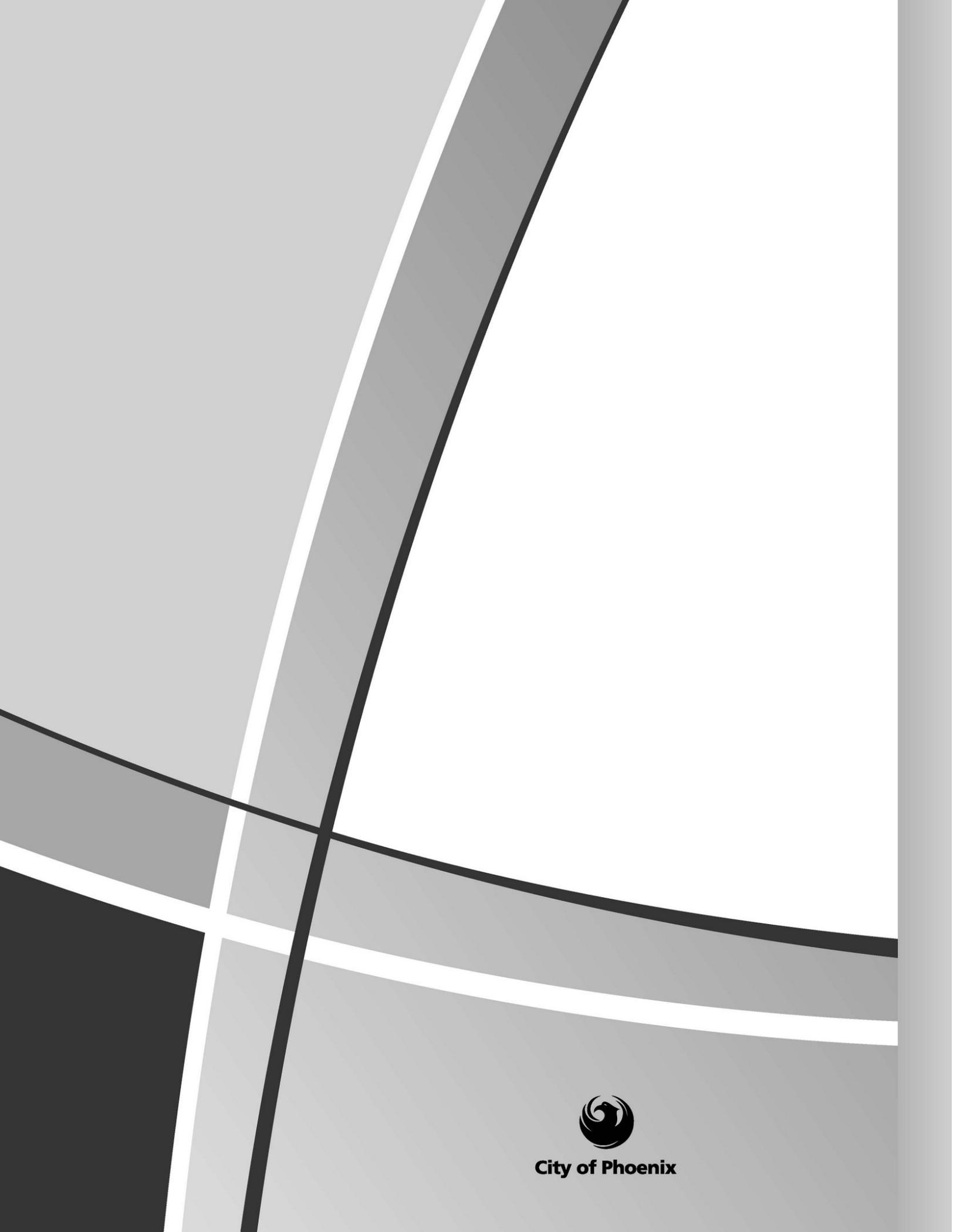
**Table 23**  
(continued)

2011	2010	2009	2008	2007	2006
37,425	38,476	48,061	45,543	44,109	45,381
328	354	396	391	411	409
7,885	7,576	3,486	—	—	—
1,092	1,080	1,075	1,012	992	979
91,133	90,870	89,844	89,632	86,524	82,971
4,824	4,811	4,799	4,799	4,995	4,886
85	20	60	22	13	21
41	89	74	82	97	122
29,366	28,185	33,541	33,550	43,894	46,442
2,881,360	2,589,067	3,347,275	3,440,591	5,431,182	4,474,346
18	19	19	21	22	22
941	984	1,038	1,085	1,130	1,083
39,561	38,289	37,936	41,646	41,886	41,673
48	70	60	54	49	40
99.9	97.9	99.2	106.6	106.0	109.4
273.6	267.9	271.8	291.2	290.4	299.9
6,962	6,955	6,935	6,905	6,790	6,630
404,647	403,104	402,926	403,752	401,937	394,155
4,980	4,975	4,960	4,943	4,730	4,696
391,267	373,123	373,588	374,555	373,035	364,555
394,159	392,830	390,479	386,389	379,047	366,903
645,038	649,616	709,812	711,365	732,360	719,438
1,046,300	975,234	1,039,169	1,054,206	1,150,580	1,114,186
109,805	112,800	119,402	128,047	126,100	126,400
236,700	246,147	255,847	299,000	313,000	326,000
755	755	724	922	922	922



**City of Phoenix**





**City of Phoenix**