

CITY OF PHOENIX, ARIZONA  
**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**



FOR FISCAL YEAR ENDED JUNE 30, 2018

Supporting Neighborhoods,  
Investing in the Community



**City of Phoenix, Arizona**



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**City Council**

Thelda Williams, Mayor, District 1  
Jim Waring, Vice Mayor, District 2  
Debra Stark, District 3  
Laura Pastor, District 4  
Daniel Valenzuela, 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 M. Olson, Chief Financial Officer



**City of Phoenix**

# Comprehensive Annual Financial Report

## Table of Contents

For the Fiscal Year Ended June 30, 2018

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	<u>Exhibit</u>	<u>Page</u>
<b><u>Introductory Section</u></b>		
Letter of Transmittal		I
Certificate of Achievement for Excellence in Financial Reporting		VII
Organizational Chart		VIII
Council Members and District Boundaries		IX
<b><u>Financial Section</u></b>		
<b>Independent Auditor's Report</b>		1
<b>Management's Discussion and Analysis (required supplementary information)</b>		5
<b>Basic Financial Statements</b>		
<b><u>Government-Wide Financial Statements</u></b>		
Statement of Net Position	A-1	16
Statement of Activities	A-2	18
<b><u>Fund Financial Statements</u></b>		
<b>Governmental Fund Financial Statements</b>		
Balance Sheet	B-1	22
Reconciliation of the Balance Sheet to the Statement of Net Position	B-2	23
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Budgetary Comparison Statement - General Fund	B-4	25
Budgetary Comparison Statement - General Fund	B-5	26
Budgetary Comparison Statements - Transit Special Revenue Fund		
Transit 2000	B-6	27
Transit Other Agency	B-7	28
Transit - Federal Transit Grants	B-8	29
Transportation Tax 2050	B-9	30
<b>Enterprise Fund Financial Statements</b>		
Statement of Net Position	B-10	32
Statement of Revenues, Expenses and Changes in Net Position	B-11	34
Statement of Cash Flows	B-12	36
<b>Fiduciary Fund Financial Statements</b>		
Statement of Fiduciary Net Position	B-13	38
Statement of Changes in Fiduciary Net Position	B-14	39
<b><u>Notes to the Financial Statements</u></b>		41
<b><u>Required Supplementary Information</u></b>		
Schedule of Changes in Net Pension Liability and Related Ratios - COPERS		113
Schedule of Employer Contributions - COPERS		114
Schedule of Changes in Net Pension Liability and Related Ratios for Reporting Date Ended June 30 - PSPRS - Police		115
Schedule of Changes in Net Pension Liability and Related Ratios for Reporting Date Ended June 30 - PSPRS - Fire		116
Schedule of Contributions for Measurement Date Ended June 30 - PSPRS - Police & Fire		117
Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios - LTD		118
Schedule of Employer OPEB Contributions - LTD		119
Schedule of Changes in Net OPEB Liability and Related Ratios - MERP		120
Schedule of Employer OPEB Contributions - MERP		121
Schedule of Changes in Net OPEB Liability and Related Ratios for Reporting Date Ended June 30 - PSPRS - Police & Fire		122
Schedule of Contributions for Measurement Date Ended June 30 - PSPRS - Police & Fire		123

# Table of Contents

For the Fiscal Year Ended June 30, 2018

(Continued)

---

	<u>Table</u>	<u>Page</u>
<b>Other Supplementary Information</b>		
<b><u>Nonmajor Governmental Funds - Combining Fund Financial Statements</u></b>		
Fund Descriptions		125
Combining Balance Sheet	C-1	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	132
<b><u>Nonmajor Governmental Funds - Budgetary Comparison Schedules</u></b>		
General Fund Schedule of Expenditures and Encumbrances	D-1	137
Excise Tax Special Revenue Fund	D-2	138
Highway User Revenue Special Revenue Fund	D-3	139
Municipal Court Awards Special Revenue Fund	D-4	140
Development Services Special Revenue Fund	D-5	141
Community Reinvestment Special Revenue Fund	D-6	142
Federal Operating Trust Grants Special Revenue Fund	D-7	143
Community Development Grants Special Revenue Fund	D-8	144
Human Services Grants Special Revenue Fund	D-9	145
Public Housing Special Revenue Fund	D-10	146
Public Housing Neighborhood Transformation Grant Special Revenue Fund	D-11	147
Sports Facilities Special Revenue Fund	D-12	148
Capital Construction Special Revenue Fund	D-13	149
Parks and Preserves Special Revenue Fund	D-14	150
Other Restricted Special Revenue Funds	D-15	151
Neighborhood Protection Special Revenue Fund	D-16	152
Public Safety Enhancement Special Revenue Fund	D-17	153
Public Safety Expansion Special Revenue Fund	D-18	154
Golf Courses Special Revenue Fund	D-19	155
Regional Wireless Cooperative	D-20	156
Secondary Property Tax Debt Service Fund	D-21	157
City Improvement Debt Service Fund	D-22	158
<b><u>Enterprise Funds - Comparative Statements and Schedules</u></b>		
<b>Aviation Enterprise Fund</b>		
Comparative Statements of Net Position	E-1	160
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-2	162
Comparative Statements of Cash Flows	E-3	163
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Aviation	E-4	164
<b>Phoenix Convention Center Enterprise Fund</b>		
Comparative Statements of Net Position	E-5	166
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-6	168
Comparative Statements of Cash Flows	E-7	169
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-8	170

## Table of Contents

For the Fiscal Year Ended June 30, 2018

(Continued)

---

	<u>Table</u>	<u>Page</u>
<b>Water System Enterprise Fund</b>		
Comparative Statements of Net Position	E-9	172
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-10	174
Comparative Statements of Cash Flows	E-11	175
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Water	E-12	176
Water - Val Vista	E-13	177
<b>Wastewater Enterprise Fund</b>		
Comparative Statements of Net Position	E-14	178
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-15	180
Comparative Statements of Cash Flows	E-16	181
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Wastewater	E-17	182
Wastewater - SROG	E-18	183
<b>Solid Waste Enterprise Fund</b>		
Comparative Statements of Net Position	E-19	184
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-20	186
Comparative Statements of Cash Flows	E-21	187
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-22	188
<b><u>Fiduciary Funds</u></b>		
Combining Statement of Fiduciary Net Position	F-1	190
Combining Statement of Changes in Fiduciary Net Position	F-2	194
Agency Fund - Combining Statement of Changes in Assets and Liabilities	F-3	196
<b><u>Component Units</u></b>		
<b>Phoenix Housing Financing Corporations</b>		
Combining Statement of Net Position	G-1	200
Combining Statement of Revenues, Expenses and Changes in Net Position	G-2	202
<b><u>Other Supporting Schedules</u></b>		
Summary of Operating Funds - Budget Basis	H-1	206
Summary of Capital Project Funds - Budget Basis	H-2	208
Capital Improvement Program - Expenditures and Encumbrances	H-3	212
Transfers To/From Other Funds	H-4	213
Budgetary Transfers - Budget Basis	H-5	214
Bonds and Other Debt Payable	H-6	216
Debt Service Requirements		
General Obligation Bonds		
Limited to Six Percent of Assessed Valuation	H-7	217
Limited to Twenty Percent of Assessed Valuation	H-8	218
By Type of Security to Bondholders	H-9	220
By General Purpose of Assets Acquired	H-10	221
Bond Ratings	H-11	222

# Table of Contents

For the Fiscal Year Ended June 30, 2018

(Continued)

---

	<u>Table</u>	<u>Page</u>
<b><u>Statistical Section (Unaudited)</u></b>		
<b>Financial Trends</b>		
Net Position by Component	1	224
Changes in Net Position	2	226
Fund Balances of Governmental Funds	3	232
Changes in Fund Balances of Governmental Funds	4	234
Tax Revenues by Source - Governmental Funds	5	238
Intergovernmental Revenues by Source - Governmental Funds	6	240
<b>Revenue Capacity</b>		
City Transaction Privilege Taxes by Category	7	244
Direct and Overlapping Sales Tax Rates	8	246
City Transaction Privilege Taxpayers by Category	9	248
City Property Tax Levies and Collections	10	251
Property Tax Rates and Levies - Direct and Overlapping Governments	11	252
Property Tax Levies Applicable to Phoenix Property Owners	12	254
Primary Net Assessed Valuation and Estimated True Valuation	13	256
Principal Property Taxpayers	14	258
<b>Debt Capacity</b>		
Legal Debt Margin - General Obligation Bonds	15	260
Ratio of Debt Service Expenditures for General Bonded Debt to General Governmental Operating Expenditures - Budget Basis	16	262
Pledged - Revenue Bond Coverage	17	263
Ratio of Outstanding Debt by Type	18	265
Governmental Activities Direct Bonded Debt per Capita	19	266
Direct and Overlapping Bonded Debt	20	267
<b>Economic and Demographic Information</b>		
Demographic Statistics	21	269
Principal Employers	22	270
<b>Operating Information</b>		
Statistical Profile	23	272



## **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 14, 2018

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, 2018. 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 BKD, LLP to perform the audit of the City's CAFR for fiscal year 2017-2018. 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 Amendments Act of 1996 and U.S. Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which superseded OMB Circular A-133 and other related documents. BKD, 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 Amendments Act of 1996 and related OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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: <https://www.phoenix.gov/financesite/Pages/singleauditindex.aspx>.

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## ***The Report***

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The CAFR is presented in three sections 1) Introductory Section, 2) Financial Section and 3) the Statistical Section.

The Introductory Section includes the letter of transmittal, the City's organizational chart, and certificate of achievement.

The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the governmental, enterprise and fiduciary fund financial statements. The Financial Section also includes the combining and comparative fund financial statements. Required Supplementary information reports on financial position of pension funds and Other Postemployment Benefits (OPEB). Budgetary comparison schedules are also included in the Financial Section for all funds.

The Statistical Section is the last section of the CAFR and includes financial trends, revenue capacity, debt capacity, economic and demographic information, and operating information.

The Letter of Transmittal and the MD&A section of the CAFR is to provide information on the financial position of the city and provide explanations of financial trends and significant differences in fund financial statements.

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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 fifth 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 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, 2018, the City encompassed 519.5 square miles, with the City of Phoenix estimating the City's population at 1,598,736 making it the fifth most populous city in the United States.

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

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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 City has shown steady growth in terms of population, employment, housing starts, affordable housing, personal income, and retail sales in recent years. The City continues to implement policies and standards to remain structurally balanced, maintain or improve current service levels, and attract wealth generating companies.

Phoenix continues to be among the fastest growing cities in the country. During the period of 2010 to 2017, population growth was an estimated 12.5% in Phoenix as compared to 5.5% for the U.S. In that same time frame, employment in the Phoenix area has grown 20.5% while employment in the U.S. has grown 12.5%. The Phoenix area unemployment rate was equal to or just slightly higher than the U.S. unemployment rate for most of fiscal year 2017-18. As of June 2018, the non-seasonally adjusted unemployment rate for both the Phoenix area and the U.S. was 4.2%. 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 (55.3%); trade, transportation, and utilities (19.1%); government (11.3%); manufacturing (6.2%); construction (6.2%); information (1.8%); and natural resources and mining (0.2%).

The housing market in the Phoenix area is growing as building permits associated with single-family homes increased 3.9% from 2016 to 2017 to the highest level since 2007. Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 25.7% from 2015 to the second quarter of 2018 as compared to a 20.1% 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 2017 was \$248,800 and the median sales price for a similar home in Greater Phoenix was \$246,700. 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 Salt Lake.

According to the Eller Economic and Business Research Center (EBRC) at the University of Arizona, retail sales in the Phoenix area have grown by an average of 5.6% per year from 2011 through 2016 with 2017 holding that trend with growth of 5.5%. This growth was supported by gains in personal income averaging 5.0% from 2011 through 2016. The EBRC estimates increases in retail sales of 6.1% in 2018 and 4.8% in 2019.

For fiscal year 2015-16, the primary assessed valuation and the secondary assessed valuation were combined into a single valuation of \$10.6 billion. The fiscal year 2016-17 assessed valuation increased 3.8% to \$11.0 billion. The assessed valuation increased 6.7% to \$11.7 billion for fiscal year 2017-18 and another 5.8% to \$12.4 billion for fiscal year 2018-19. On July 5, 2018 the Phoenix City Council voted to decrease the City total property tax rate (primary and secondary) to \$2.14 from \$2.16 per \$100 assessed valuation.

The City Excise Taxes, consisting primarily of City sales taxes, increased from \$876.9 million in fiscal year 2016-17 to \$913.5 million in fiscal year 2017-18. This is an increase of \$36.6 million or 4.2% resulting from growth.

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. A large part of this strategy has been to emphasize Phoenix as a tech industry hub. Phoenix has experienced rapid growth of its tech industry and has seen 12,650 tech jobs added from 2012 to 2017. According to EBRC the long term outlook remains positive for the metropolitan Phoenix area due to expectations that population and employment growth will continue to out-pace the nation through the next three decades though not at the same rate as the previous three 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.

The enterprise departments routinely update their long-range capital and financial plans. This process has been very valuable in determining the rates necessary to support the enterprise funds and their capital programs and in identifying industry trends. The process has allowed the enterprise departments to adjust their capital spending and operations accordingly.

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

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In 2017, the International City/County Management Association (ICMA) recognized the City of Phoenix for its data-driven management and reporting efforts with a Certificate of Excellence in Performance Management. The certificate is awarded to those who track and report key outcomes, survey residents and local government employees, incorporate data into performance dashboards or other visual communications, and foster the development of a performance culture throughout their organization. Phoenix was among 25 jurisdictions receiving the Certificate of Excellence, and one of 57 recognized overall. It is the sixteenth year that Phoenix has been recognized for its accomplishments since the certificates were first awarded in 2002.

For the second consecutive year, the City of Phoenix received an Outstanding Achievement in Local Government Innovation Award from the Alliance for Innovation. This year's recipient, the PHXteens program, launched in September 2016 and was developed to help teenagers better connect with the community and realize their full potential. The program is facilitated out of eight community and recreation centers located throughout the City. During its inaugural year, 233 teens registered for the program. Teens participated in 31 cultural and 24 recreational field trips, 70 teen council meetings, 28 workshops, and 2,439 volunteer hours.

In 2017, Phoenix was named the top overall performing city in the inaugural Equipt To Innovate Survey. Equipt to Innovate is a new initiative launched by Governing Magazine and Living Cities. It is an integrated, collaborative framework of seven essential elements that define high performance government and empower innovation. The seven Equipt elements are: Dynamically Planned; Broadly Partnered; Resident-Involved; Race-Informed; Smartly Resourced; Employee-Engaged; and Data Driven. Cities from across the country participated in the inaugural 2016 Equipt survey, assessing their capacity and competence in these seven key areas.

In 2017, Arizona Forward awarded its prestigious Governor's Award for Arizona's Future to the City of Phoenix for its landmark 2017 agreement with the Gila River Indian Community to preserve endangered Colorado River water in Lake Mead. In all, Phoenix received nine awards at Arizona Forward's 37th Annual Environmental Excellence award. Under the agreement, Phoenix works with the Tribe to preserve 13 billion gallons of its annual portion of Colorado River water in Lake Mead, which helps preserve water levels in the dangerously over-allocated reservoir.

In 2018, the City of Phoenix Housing Department was awarded a \$30 million Choice Neighborhood Implementation Grant from the U.S. Department of Housing and Urban Development (HUD) to improve a community with the largest concentration of public housing in the state. The implementation grant will redevelop public housing and stimulate economic growth in the area near St. Luke's Hospital and Edison Park, 18th and Van Buren streets with new amenities, upgraded infrastructure, and local transit-oriented development opportunities.

The City's commitment to economic development and neighborhood revitalization is evident in the repurposing of the downtown warehouse district. At the turn of the 20th Century, produce companies occupied the large warehouses located south of Jefferson and north of Sherman between Seventh Street and Seventh Avenue. Over time, the produce businesses moved on and many of the warehouses left vacant were a shadow of the area's bustling past. Recently, the Warehouse District has experienced a renaissance as startups and entrepreneurs have become increasingly attracted to the charm, history and spacious functionality of the refurbished warehouse buildings. R&R Partners, the Scheduling Institute, WebPT, and the Duce Restaurant are some of the companies that have been instrumental in the area's revitalization. The City's Community and Economic Development department has developed new marketing tools including a webpage, an interactive map, a 360 virtual tour and a promotional brochure to further promote the area and to attract more businesses.

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 General Obligation, Excise Tax Revenue, Water Revenue and Sewer Revenue Bonds in fiscal year 2017-18 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 222.

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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, 2017. 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, 2018 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements.

Further, the GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2017. The Outstanding Achievement award is a prestigious national award recognizing conformance with the highest standards for preparation of local government popular reports. PAFR content have to conform to program standards of creativity, presentation, understanding and reader appeal.

The component unit financial report for COPERS for the year ended June 30, 2017 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,

A handwritten signature in cursive script that reads "Denise M. Olson".

Denise M. Olson  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Phoenix  
Arizona**

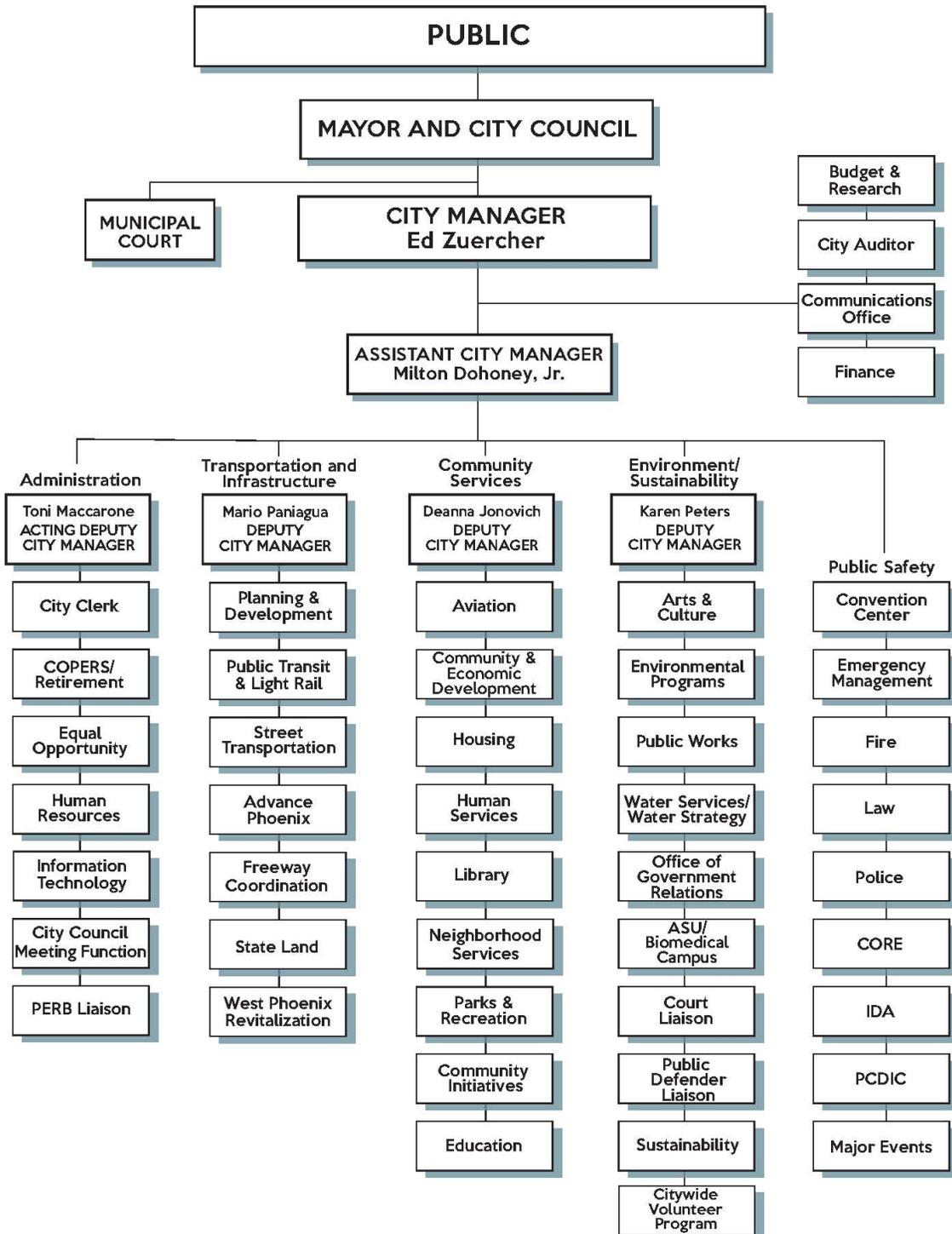
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF PHOENIX ORGANIZATIONAL CHART





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## City of Phoenix Council Members and District Boundaries



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**Debra Stark**  
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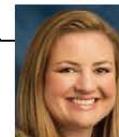
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**Sal DiCiccio**  
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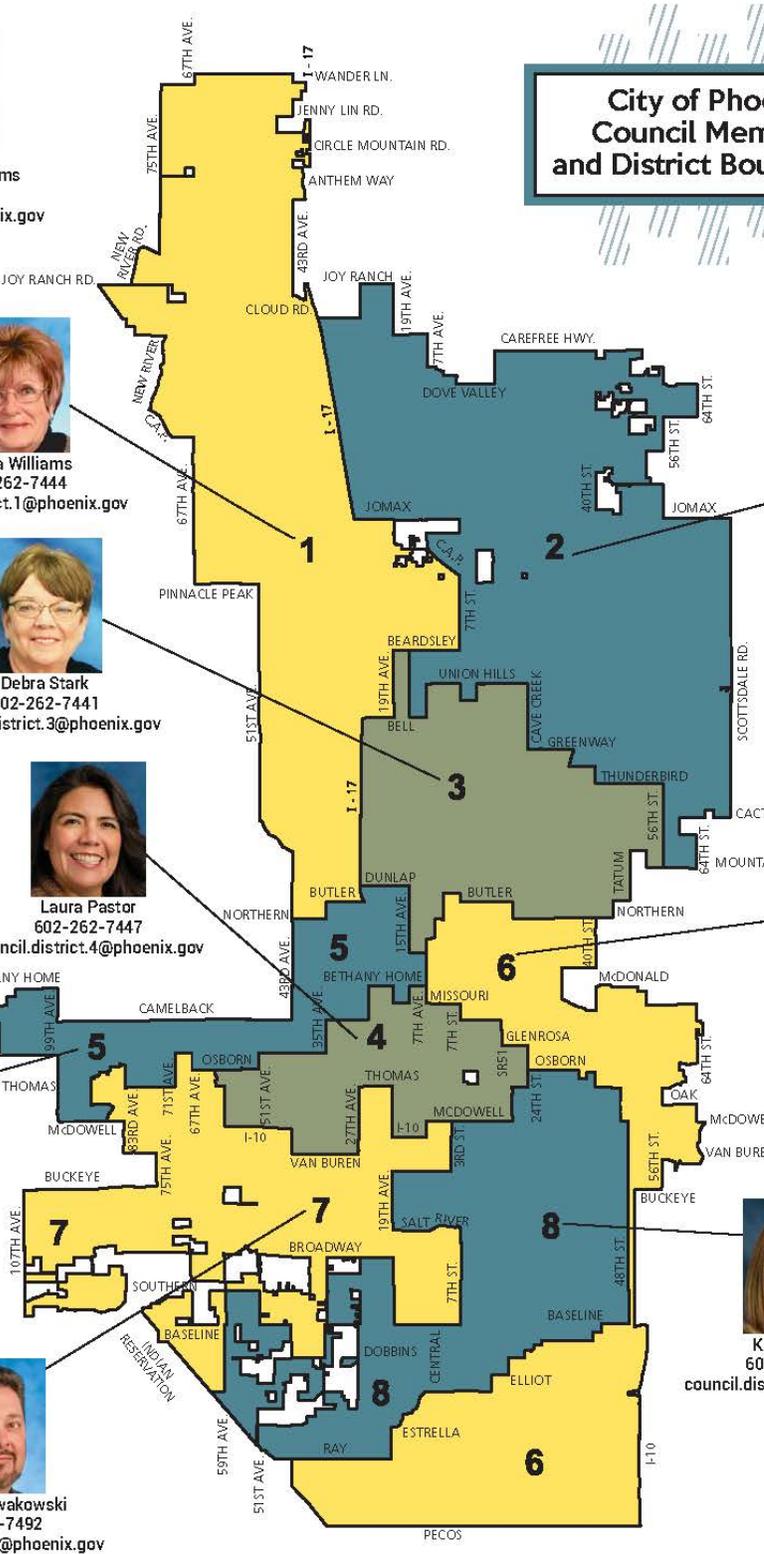
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**City of Phoenix**



## **Financial Section**

**The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Notes to the Financial Statements, and Other Supplementary Information.**





## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (City), as of and for the year ended June 30, 2018, 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 (IDA), a discretely presented component unit, which represents 8 percent, 9 percent and 4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Multi-City Subregional Operating Group (SROG), a joint use agreement of the City, which represents approximately 4 percent of total assets, 24 percent of net position and approximately 41 percent of the total nonoperating revenues (expenses) of the enterprise funds of the City. We also did not audit the financial statements of the Valley Metro Rail, Inc. or Regional Wireless Cooperative, joint use agreements of the City, which represents approximately 12 percent of the assets and 75 percent of net position of the governmental activities of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for IDA and the joint use activities related to SROG, Valley Metro Rail, Inc. and Regional Wireless Cooperative is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 reports 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 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows 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 Matter***

As discussed in *Note 1* to the financial statements, for 2018 the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are 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 pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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.

***Other 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 introductory section, nonmajor governmental combining fund financial statements, nonmajor governmental funds budgetary comparison schedules, enterprise funds comparative statements, enterprise funds budget and actual schedules, fiduciary funds and component units combining statements, other supporting schedules and statistical section 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.

The nonmajor governmental combining fund financial statements, enterprise funds comparative statements and fiduciary funds and component units combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such 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, based on our audit and the procedures performed as described above, the nonmajor governmental combining fund financial statements, enterprise funds comparative statements and fiduciary funds and component units combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements as of and for the year ended June 30, 2017, which are not presented with the accompanying financial statements. In our report dated December 29, 2017, we expressed unmodified opinions on the respective 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.

The introductory section, nonmajor governmental funds budgetary comparison schedules, enterprise funds budget and actual schedules, other supporting schedules and statistical section have 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 them.

**BKD, LLP**

Dallas, Texas  
December 14, 2018



**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, 2018. 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 of resources at the close of the fiscal year by \$5.2 billion (net position). Although total Government net position decreased by \$8.6 million, fiscal year 2017-18 operations resulted in an increase to net position for the City as a whole of \$148.1 million. Governmental Activities accounted for \$41.9 million or 28.3 percent of the total and Business-Type Activities accounted for \$106.2 or 71.7 percent. The implementation of GASB 75 resulted in a restatement of beginning net position.
- On the Government-Wide Financial Statements, the City's total cash and investments of \$2.2 billion at June 30, 2018 may be used to meet the City's ongoing obligations to citizens and creditors.
- Net pension liability for the Business-Type Activities decreased by \$68.8 million or 11.6%. This was due to a \$70.0 million pay-down of the unfunded pension liability in the Wastewater Enterprise Fund.
- Other revenues increased by \$39.2 million or 40.1% and was attributed to increases in streets developer contributions and library insurance claim settlements. This was offset by an overall increase in transportation expenses due to increases in pension, depreciation and expenses related to the Light Rail Northwest Extension project.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.4 billion, a decrease of \$35.0 million from last fiscal year. Approximately 36.9 percent of the total governmental fund balance amount, or \$513.1 million, is designated by the City as committed, assigned and unassigned. The remaining 63.1 percent or \$877.8 million is designated as non-spendable or restricted. See Note 3 on page 54 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 16 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 41 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, 2018.

**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 \$5.2 billion at the close of the fiscal year.

The largest portion of the City's net position, \$6.4 billion, 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 2,680,252	\$ 2,709,209	\$ 2,421,483	\$ 2,411,132	\$ 5,101,735	\$ 5,120,341
Capital assets	4,950,110	4,843,442	7,015,791	6,867,490	11,965,901	11,710,932
Total assets	<u>7,630,362</u>	<u>7,552,651</u>	<u>9,437,274</u>	<u>9,278,622</u>	<u>17,067,636</u>	<u>16,831,273</u>
Deferred outflows of resources	628,023	683,444	91,792	99,492	719,815	782,936
Other liabilities	348,616	348,221	546,006	584,490	894,622	932,711
Long-term liabilities outstanding	6,518,763	6,409,267	4,965,709	4,837,888	11,484,472	11,247,155
Total liabilities	<u>6,867,379</u>	<u>6,757,488</u>	<u>5,511,715</u>	<u>5,422,378</u>	<u>12,379,094</u>	<u>12,179,866</u>
Deferred inflows of resources	142,665	157,149	35,242	38,142	177,907	195,291
Net position:						
Net investment in capital assets	3,084,874	2,809,418	3,323,229	2,972,041	6,408,103	5,781,459
Restricted	860,634	920,847	432,141	486,857	1,292,775	1,407,704
Unrestricted	(2,697,167)	(2,408,807)	226,739	458,696	(2,470,428)	(1,950,111)
Total net position	<u>\$ 1,248,341</u>	<u>\$ 1,321,458</u>	<u>\$ 3,982,109</u>	<u>\$ 3,917,594</u>	<u>\$ 5,230,450</u>	<u>\$ 5,239,052</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. The long-term liability associated with pensions and OPEB (\$4.7 billion) are included in the remaining balance, or the *unrestricted net position*, resulting in a deficit of \$2.5 billion. The City's balance of \$2.2 billion in cash and investments, as shown on Exhibit A-1, 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, 2018, totaled \$12.0 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$255.0 million, an increase of \$106.7 million for Governmental Activities and an increase of \$148.3 million for Business-Type Activities. Major additions to capital assets during the fiscal year included the following:

- Aviation terminal 3 modification project valued at \$141.7 million.
- Various street and storm sewer projects throughout the City valued at \$130.7 million.
- New and replacement water and sewer mains throughout the City valued at \$79.9 million.
- Water and wastewater distribution and collection facilities projects valued at \$67.5 million.
- Design and construction related to the PHX Sky Train at Sky Harbor International Airport valued at \$59.1 million.
- Transit bus purchases valued at \$49.9 million.
- Various water and wastewater treatment plant projects valued at \$33.3 million.
- Aviation runway and taxiway construction valued at \$22.6 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,287,147	\$ 1,283,588	\$ 703,878	\$ 703,934	\$ 1,991,025	\$ 1,987,522
Artwork	7,044	7,044	10,749	10,749	17,793	17,793
Construction-in-Progress	218,227	173,184	934,364	664,848	1,152,591	838,032
Buildings	797,334	819,843	1,683,628	1,751,792	2,480,962	2,571,635
Improvements	288,870	277,896	1,882,016	1,922,130	2,170,886	2,200,026
Infrastructure	1,991,410	1,952,280	1,169,396	1,135,303	3,160,806	3,087,583
Equipment	338,435	310,030	538,393	582,640	876,828	892,670
Intangible Assets	21,643	19,577	93,367	96,094	115,010	115,671
Total	<u>\$ 4,950,110</u>	<u>\$ 4,843,442</u>	<u>\$ 7,015,791</u>	<u>\$ 6,867,490</u>	<u>\$ 11,965,901</u>	<u>\$ 11,710,932</u>

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

**Long-term Liabilities.** The City's total long-term obligations increased by \$237.3 million or 2.1%. This was primarily the result of the City implementing GASB 75 for fiscal year 2018 and recognizing a net OPEB liability of \$141.4 million. The 2017 MD&A does not reflect changes for the adoption of GASB 75.

General obligation bonds are backed by the full faith and credit of the City. 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 full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's full cash net assessed valuation. The general obligation bonds long-term balance was \$1.2 billion net of discounts/premiums and the City's available debt margin at June 30, 2018 was \$809.6 million in the 6% capacity and \$2.3 billion 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 City 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 which resulted in \$4.8 billion of municipal corporation obligations net of discounts/premiums. 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 fiscal year 2018, the Civic Improvement Corporation issued \$959.0 million of refunding bonds and \$133.3 million in new debt. The \$133.3 million will be used to pay the cost of certain improvements of the City's wastewater system which are part of the City's five-year capital improvement program.

Net pension liability for the Business-Type Activities decreased by \$68.8 million or 11.6%. This was due to a \$70.0 million pay-down of the unfunded pension liability in the Wastewater Enterprise Fund.

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	
	2018	2017	2018	2017	2018	2017
General obligation bonds, net	\$ 1,210,924	\$ 1,274,311	\$ 21,189	\$ 24,033	\$ 1,232,113	\$ 1,298,344
Revenue bonds/Bank loans	305,940	305,940	13,014	14,007	318,954	319,947
Municipal corporation obligations, net	539,241	634,329	4,286,008	4,121,571	4,825,249	4,755,900
Special assessment bonds	77	96	—	—	77	96
Insurance claims payable	169,629	154,208	—	—	169,629	154,208
Compensated absences	142,732	145,864	20,450	20,120	163,182	165,984
Landfill closure/Post-closure costs	—	—	56,895	62,338	56,895	62,338
Pollution remediation	7,325	10,879	2,100	2,200	9,425	13,079
Other	2,301	2,301	—	—	2,301	2,301
Capital lease	4,517	5,586	—	—	4,517	5,586
Net pension liability	4,035,879	3,875,753	524,861	593,619	4,560,740	4,469,372
Net OPEB liability	100,198	—	41,192	—	141,390	—
<b>Total</b>	<b>\$ 6,518,763</b>	<b>\$ 6,409,267</b>	<b>\$ 4,965,709</b>	<b>\$ 4,837,888</b>	<b>\$ 11,484,472</b>	<b>\$ 11,247,155</b>

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	
	2018	2017	2018	2017	2018	2017
<u>Revenues</u>						
Program revenues						
Charges for services	\$ 234,970	\$ 223,341	\$ 1,321,764	\$ 1,191,888	\$ 1,556,734	\$ 1,415,229
Grants and contributions						
Operating	407,429	396,866	—	—	407,429	396,866
Capital	177,863	96,058	95,356	204,212	273,219	300,270
General revenues						
Excise taxes	913,491	876,923	—	—	913,491	876,923
Other taxes	251,924	239,908	—	—	251,924	239,908
Grants/contributions not restricted to specific programs	434,985	406,084	—	—	434,985	406,084
Other	127,810	92,349	9,062	5,347	136,872	97,696
Total revenues	<u>2,548,472</u>	<u>2,331,529</u>	<u>1,426,182</u>	<u>1,401,447</u>	<u>3,974,654</u>	<u>3,732,976</u>
<u>Expenses</u>						
General government	100,307	98,541	—	—	100,307	98,541
Criminal justice	35,040	34,045	—	—	35,040	34,045
Public safety	1,200,523	1,347,829	—	—	1,200,523	1,347,829
Transportation	523,946	373,455	—	—	523,946	373,455
Community enrichment	289,183	276,991	—	—	289,183	276,991
Community development	225,386	218,463	—	—	225,386	218,463
Environmental services	39,113	32,960	—	—	39,113	32,960
Interest on long-term debt	67,523	77,073	—	—	67,523	77,073
Aviation	—	—	514,271	496,131	514,271	496,131
Phoenix Convention Center	—	—	105,703	103,248	105,703	103,248
Water services	—	—	406,501	333,706	406,501	333,706
Wastewater services	—	—	172,461	177,185	172,461	177,185
Solid waste	—	—	146,589	146,910	146,589	146,910
Total expenses	<u>2,481,021</u>	<u>2,459,357</u>	<u>1,345,525</u>	<u>1,257,180</u>	<u>3,826,546</u>	<u>3,716,537</u>
Increase (Decrease) in net position before transfers	67,451	(127,828)	80,657	144,267	148,108	16,439
Transfers	(25,547)	(18,321)	25,547	18,321	—	—
Increase (Decrease) in net position	<u>41,904</u>	<u>(146,149)</u>	<u>106,204</u>	<u>162,588</u>	<u>148,108</u>	<u>16,439</u>
<b>Net Position - July 1</b>	<u>1,321,458</u>	<u>1,467,607</u>	<u>3,917,594</u>	<u>3,755,006</u>	<u>5,239,052</u>	<u>5,222,613</u>
Restatement of Beginning Net Position	(115,021)	—	(41,689)	—	(156,710)	—
<b>Net Position - July 1, as restated</b>	<u>1,206,437</u>	<u>1,467,607</u>	<u>3,875,905</u>	<u>3,755,006</u>	<u>5,082,342</u>	<u>5,222,613</u>
<b>Net Position - June 30</b>	<u>\$ 1,248,341</u>	<u>\$ 1,321,458</u>	<u>\$ 3,982,109</u>	<u>\$ 3,917,594</u>	<u>\$ 5,230,450</u>	<u>\$ 5,239,052</u>

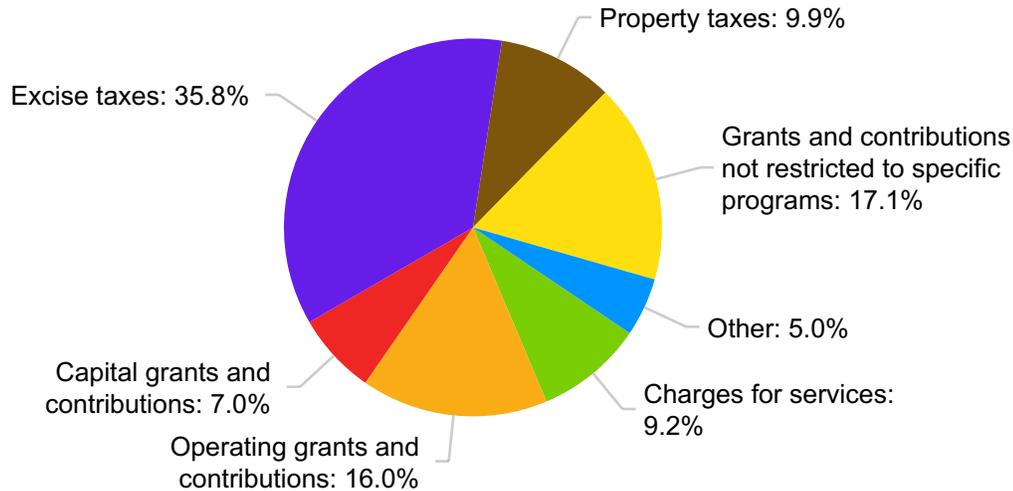
As shown above, Total Government net position decreased by \$8.6 million, primarily due to the implementation of GASB 75 which resulted in a restatement of beginning net position. Fiscal year 2017-18 operations resulted in an increase to net position for the City as a whole of \$148.1 million. Governmental Activities accounted for \$41.9 million or 28.3 percent of the total and Business-Type Activities accounted for \$106.2 or 71.7 percent.

In fiscal year 2018, other revenues increased \$39.2 million or 40.1 percent and was attributed to increases in streets developer contributions and library insurance claim settlements. This was offset by an overall increase in transportation expenses resulting primarily from increases in pension, depreciation and expenses related to the Light Rail Northwest Extension project.

Public safety expenses decreased \$147.3 million or 10.9 percent in fiscal year 2018 due to a decrease in pension expense. Water services expenses increased \$72.8 million or 21.8 percent resulting from increases in pension, interest on capital debt and inventory expenses.

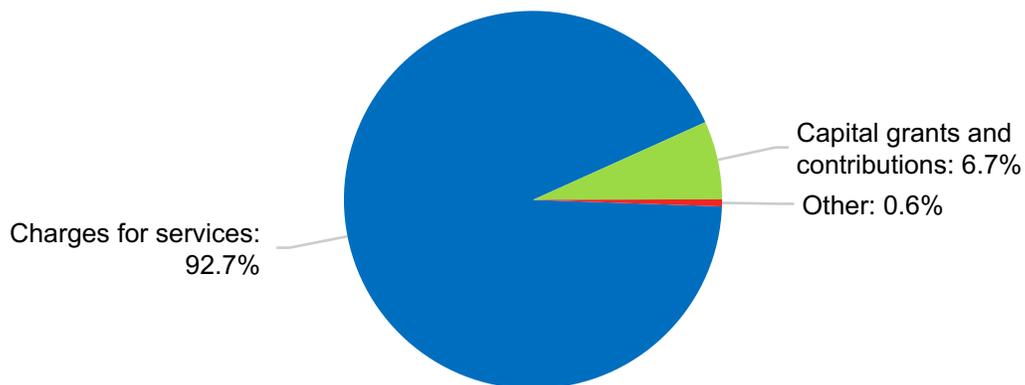
The sources of the revenues shown previously are portrayed in the following charts by percentage for the Governmental Activities and then the Business-Type Activities.

### Revenues by Source - Governmental Activities Fiscal Year Ended June 30, 2018



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 35.8 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, 2018



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.

#### **Basic Financial Statements - Fund Financial Statements**

The Fund Financial Statements are presented in Exhibits B-1 through B-14 beginning on page 22 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-9), Enterprise Funds (Exhibits B-10 through B-12) and Fiduciary Funds (Exhibits B-13 and B-14).

**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-four 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-one 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 found in Exhibits C-1 and C-2.

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-9) 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-10 through B-12 beginning on page 32) 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-9 beginning on page 22) 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, 2018**  
(in thousands)

	Fund Balances June 30, 2017	Net Change in Fund Balances	Fund Balances June 30, 2018
General Fund	\$ 355,952	\$ 3,713	\$ 359,665
Transit Special Revenue Fund	287,321	(56,352)	230,969
G.O./Secondary Property Tax	81,101	(389)	80,712
Nonmajor Governmental	701,505	18,055	719,560
<b>Total</b>	<b>\$ 1,425,879</b>	<b>\$ (34,973)</b>	<b>\$ 1,390,906</b>
Total Nonspendable	18,941	(1,812)	17,129
Spendable - Restricted	920,847	(60,213)	860,634
Spendable - Committed, Assigned, Unassigned	486,091	27,052	513,143
<b>Total Governmental Fund Balances</b>	<b>\$ 1,425,879</b>	<b>\$ (34,973)</b>	<b>\$ 1,390,906</b>

Note: See Exhibit B-1 on page 22 and Note 3 on page 54 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 \$1.4 billion, a decrease of \$35.0 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.8 percent of this amount, or \$1.4 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$513.1 million available at the City's discretion and has been categorized as committed, assigned or unassigned. The remaining 63.1 percent or \$877.8 million is designated as non-spendable or restricted. Examples of fund balance restrictions include: Public Transit Operations, Debt Service and Road Maintenance and Construction. Non-spendable funds include inventory and prepaid items. See Note 3 on page 54 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 \$3.7 million. This increase in fund balance was primarily due to increases in vehicle license, property, and excise taxes.

The Transit Special Revenue Fund accounts for the voter approved excise taxes dedicated to the construction, operation and maintenance of the public transit system. In 2018, the fund balance decreased by \$56.4 million or 19.6 percent as a result of increased capital outlay expenditures related to the Light Rail Northwest Extension project.

The fund balance for the nonmajor governmental funds increased by \$18.1 million. The Development Services fund had an increase in impact, permit and plan review fee revenues as well as a decrease in capital outlay. Additionally, the Public Safety Enhancement fund increased due to increased excise tax revenue and a transfer from the Other Restricted fund to hire additional police officers per proposition 104. This was offset by a decrease in fund balance in the Municipal Buildings and Service Centers fund. The Transit capital projects fund increased primarily due to an increase in grant revenue.

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-9) 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, 2018  
(in thousands)**

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 333,658	\$ 360,401	\$ 26,743
Expenditures and Encumbrances	1,290,439	1,177,279	113,160
Deficiency of Revenues Under Expenditures and Encumbrances	(956,781)	(816,878)	139,903
Other Financing Sources (Uses)	811,308	807,004	(4,304)
Net Change in Fund Balance	<u>\$ (145,473)</u>	<u>(9,874)</u>	<u>\$ 135,599</u>
Fund Balance July 1		144,494	
Fund Balance June 30		<u>\$ 134,620</u>	

The total revenues in the General Fund were within 8.0 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 \$1.3 billion includes \$55.9 million of contingency. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2018, were \$1.2 billion which is \$113.2 million less than the amended budget (see Exhibit B-5). The actual general fund expenditures reflect department efficiencies, service cuts and controlling costs during the fiscal year.

**Enterprise Funds.** The Enterprise Fund Financial Statements (Exhibits B-10 through B-12) 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-10 and B-11.

**City of Phoenix  
Changes in Enterprise Fund Net Position  
Fiscal Year Ended June 30, 2018  
(in thousands)**

	Net Position (Deficit) July 1, 2017, as Restated	Change in Net Position (Deficit)	Net Position (Deficit) June 30, 2018
Aviation	\$ 1,654,073	\$ 19,100	\$ 1,673,173
Phoenix Convention Center	(44,804)	(8,021)	(52,825)
Water System	1,372,063	37,445	1,409,508
Wastewater	910,886	56,724	967,610
Solid Waste	(16,313)	956	(15,357)
Total	<u>\$ 3,875,905</u>	<u>\$ 106,204</u>	<u>\$ 3,982,109</u>

As shown in the table, Net Position for the Enterprise Funds increased in total by \$106.2 million during the fiscal year. Aviation, Water System, Wastewater and Solid Waste ended the year with increases totaling \$114.2 million. The increases were due to increased revenues and debt restructuring. The deficit for the Phoenix Convention Center increased by \$8.0 million. This deficit is driven by the timing difference between depreciation expense on the north and west building expansion, principal payments for the related debt, and pension expense. As the City increases the principal payments in accordance with the debt service schedules and the depreciation remains constant, the deficit balance will be eliminated. The Phoenix Convention Center currently has a positive cash flow and is expected to generate enough cash to meet future debt service payments and operating requirements.

## **2) 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 41 of this report. Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 20 to the financial statements and as required supplemental information.

### **ECONOMIC FACTORS**

- During the period of 2010 to 2017, population growth was an estimated 12.5% in Phoenix as compared to 5.5% for the U.S. As of June 30, 2018, the City encompasses 519.5 square miles and has an estimated population of 1,598,736.
- The Phoenix area unemployment rate was equal to or just slightly higher than the U.S. unemployment rate for most of fiscal year 2017-2018. As of June 2018, the non-seasonally adjusted unemployment rate for both the Phoenix area and the U.S. was 4.2%.
- The fiscal year 2018-19 assessed valuation increased 5.8% to \$12.4 billion. On July 5, 2018 the Phoenix City Council voted to decrease the City total property tax rate (primary and secondary) to \$2.14 from \$2.16 per \$100 assessed valuation.
- Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 25.7% from 2015 to the second quarter of 2018 as compared to a 20.1% increase nationwide for the same time period.
- According to the Eller EBRC at the University of Arizona, retail sales in the Phoenix area have grown by an average of 5.6% per year from 2011 through 2016 with 2017 holding that trend with growth of 5.5%. This growth was supported by gains in personal income averaging 5.0% from 2011 through 2016. The EBRC estimates increases in retail sales of 6.1% in 2018 and 4.8% in 2019.

### **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**







**City of Phoenix**

City of Phoenix, Arizona  
Government-Wide Financial Statements  
Statement of Net Position  
June 30, 2018  
(in thousands)

Exhibit A-1

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 114,114	\$ 108,195	\$ 222,309	\$ —	\$ 5,123	\$ 18,751
Cash Deposits	1,121	326	1,447	—	6,415	30
Cash and Securities with Fiscal Agents/Trustees	184,823	—	184,823	—	158	—
Investments	1,150,511	663,970	1,814,481	—	—	—
Receivables, Net of Allowances	280,556	134,165	414,721	—	10,444	384
Prepaid Items	570	5,447	6,017	—	186	31
Inventories	16,559	22,280	38,839	—	—	—
Restricted Assets	—	810,063	810,063	277,479	—	—
Investment in Joint Use Agreements	931,998	555,658	1,487,656	—	—	—
Other Noncurrent Assets	—	121,379	121,379	—	—	11,764
Capital Assets						
Non-depreciable	2,040,835	1,648,991	3,689,826	—	27,866	—
Depreciable, net	2,909,275	5,366,800	8,276,075	—	14,185	—
Total Assets	<u>7,630,362</u>	<u>9,437,274</u>	<u>17,067,636</u>	<u>277,479</u>	<u>64,377</u>	<u>30,960</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	23,896	62,533	86,429	—	—	—
Pension Related	602,779	28,898	631,677	—	—	—
OPEB Related	1,348	361	1,709	—	—	—
Total Deferred Outflows of Resources	<u>628,023</u>	<u>91,792</u>	<u>719,815</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Net Position**  
June 30, 2018  
(in thousands)

**Exhibit A-1**  
(Continued)

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
<b>LIABILITIES</b>						
Accounts Payable	99,261	75,870	175,131	731	278	225
Reimbursement Agreement to City	—	—	—	—	2,862	—
Trust Liabilities and Deposits	46,569	354	46,923	—	204	—
Advance Payments	25,460	15,273	40,733	—	58	—
Liabilities Payable from Restricted Assets	—	179,078	179,078	—	76	—
Matured Bonds and Certificates Payable	133,765	176,737	310,502	—	—	—
Interest Payable	39,293	98,694	137,987	—	1,812	—
Hotel Loan Interest Payable	4,268	—	4,268	—	—	—
Noncurrent Liabilities						
Due Within One Year						
Insurance Claims Payable	49,648	—	49,648	—	—	—
Accrued Compensated Absences	17,530	2,711	20,241	—	—	—
Pollution Remediation	171	100	271	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	2,468	2,468	—	—	—
General Obligation Bonds	57,460	7,275	64,735	—	—	—
Revenue Bonds/Bank Loans	—	1,023	1,023	—	—	—
Municipal Corporation Obligations	98,425	166,710	265,135	—	—	—
Special Assessment Bonds	17	—	17	—	—	—
Capital Lease	1,093	—	1,093	—	—	—
Due in More Than One Year						
Insurance Claims Payable	119,981	—	119,981	—	—	—
Accrued Compensated Absences	125,202	17,739	142,941	—	—	—
Pollution Remediation	7,154	2,000	9,154	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	54,427	54,427	—	—	—
General Obligation Bonds, net	1,153,464	13,914	1,167,378	—	—	—
Revenue Bonds/Bank Loans, net	305,940	11,991	317,931	—	—	—
Municipal Corporation Obligations, net	440,816	4,119,298	4,560,114	—	—	—
Special Assessment Bonds	60	—	60	—	—	—
Notes Payable	—	—	—	—	40,708	—
Utility/Water Contractual Agreements	2,301	—	2,301	—	—	—
Capital Lease	3,424	—	3,424	—	—	—
Net Pension Liability	4,035,879	524,861	4,560,740	—	—	—
Net OPEB Liability	100,198	41,192	141,390	—	—	—
Total Liabilities	<u>6,867,379</u>	<u>5,511,715</u>	<u>12,379,094</u>	<u>731</u>	<u>45,998</u>	<u>225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Gain on Refunding	9,772	4,171	13,943	—	—	—
Service Concession Arrangement	10,028	—	10,028	—	—	—
Pension Related	115,105	31,071	146,176	—	—	—
OPEB Related	7,760	—	7,760	—	—	—
Total Deferred Inflows of Resources	<u>142,665</u>	<u>35,242</u>	<u>177,907</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,084,874	3,323,229	6,408,103	—	(536)	—
Restricted For:						
Capital Projects	170,325	—	170,325	—	—	—
Debt Service	84,988	121,379	206,367	—	—	—
Passenger Facility Charges	—	87,521	87,521	—	—	—
Customer Facility Charges	—	106,912	106,912	—	—	—
Public Transit Operations	228,700	—	228,700	—	—	—
Other	376,621	116,329	492,950	—	—	—
Unrestricted (Deficit)	<u>(2,697,167)</u>	<u>226,739</u>	<u>(2,470,428)</u>	<u>276,748</u>	<u>18,915</u>	<u>30,735</u>
Total Net Position	<u>\$ 1,248,341</u>	<u>\$ 3,982,109</u>	<u>\$ 5,230,450</u>	<u>\$ 276,748</u>	<u>\$ 18,379</u>	<u>\$ 30,735</u>

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

For the Fiscal Year Ended June 30, 2018  
(in thousands)

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities</b>				
General Government	\$ 100,307	\$ 20,491	\$ 1,574	\$ 3,792
Criminal Justice	35,040	15,684	—	—
Public Safety	1,200,523	69,201	21,615	286
Transportation	523,946	36,181	222,177	171,128
Community Enrichment	289,183	9,448	47,259	100
Community Development	225,386	83,925	114,566	—
Environmental Services	39,113	40	238	2,557
Interest on Long-Term Debt	67,523	—	—	—
Total Governmental Activities	<u>2,481,021</u>	<u>234,970</u>	<u>407,429</u>	<u>177,863</u>
<b>Business-Type Activities</b>				
Aviation	514,271	506,988	—	22,569
Phoenix Convention Center	105,703	44,743	—	—
Water Services	406,501	413,263	—	44,424
Wastewater Services	172,461	207,747	—	28,350
Solid Waste	146,589	149,023	—	13
Total Business-Type Activities	<u>1,345,525</u>	<u>1,321,764</u>	<u>—</u>	<u>95,356</u>
Total Primary Government	<u>\$ 3,826,546</u>	<u>\$ 1,556,734</u>	<u>\$ 407,429</u>	<u>\$ 273,219</u>
<b>Component Units:</b>				
Downtown Phoenix Hotel Corporation	<u>\$ 60,123</u>	<u>\$ 60,920</u>	<u>\$ —</u>	<u>\$ —</u>
Phoenix Housing Finance Corporations	<u>\$ 6,799</u>	<u>\$ 7,640</u>	<u>\$ —</u>	<u>\$ —</u>
Phoenix Industrial Development Authority	<u>\$ 1,955</u>	<u>\$ 3,093</u>	<u>\$ —</u>	<u>\$ —</u>
<b>General Revenues</b>				
<b>Taxes</b>				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues and Transfers				
Change in Net Position (Deficit)				
<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.

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority	
\$ (74,450)	\$ —	\$ (74,450)				
(19,356)	—	(19,356)				
(1,109,421)	—	(1,109,421)				
(94,460)	—	(94,460)				
(232,376)	—	(232,376)				
(26,895)	—	(26,895)				
(36,278)	—	(36,278)				
(67,523)	—	(67,523)				
<u>(1,660,759)</u>	<u>—</u>	<u>(1,660,759)</u>				
	15,286	15,286				
	(60,960)	(60,960)				
	51,186	51,186				
	63,636	63,636				
	2,447	2,447				
	<u>71,595</u>	<u>71,595</u>				
<u>(1,660,759)</u>	<u>71,595</u>	<u>(1,589,164)</u>				
			\$ 797			
				\$ 841		
					\$ 1,138	
913,491	—	913,491	—	—	—	—
156,568	—	156,568	—	—	—	—
95,356	—	95,356	—	—	—	—
434,985	—	434,985	—	—	—	—
9,190	9,062	18,252	376	141	365	365
118,620	—	118,620	28,665	—	962	962
(25,547)	25,547	—	—	—	—	—
<u>1,702,663</u>	<u>34,609</u>	<u>1,737,272</u>	<u>29,041</u>	<u>141</u>	<u>1,327</u>	<u>1,327</u>
<u>41,904</u>	<u>106,204</u>	<u>148,108</u>	<u>29,838</u>	<u>982</u>	<u>2,465</u>	<u>2,465</u>
1,321,458	3,917,594	5,239,052	246,910	16,594	28,270	28,270
(115,021)	(41,689)	(156,710)	—	803	—	—
<u>1,206,437</u>	<u>3,875,905</u>	<u>5,082,342</u>	<u>246,910</u>	<u>17,397</u>	<u>28,270</u>	<u>28,270</u>
<u>\$ 1,248,341</u>	<u>\$ 3,982,109</u>	<u>\$ 5,230,450</u>	<u>\$ 276,748</u>	<u>\$ 18,379</u>	<u>\$ 30,735</u>	<u>\$ 30,735</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, 2018

(in thousands)

	General	Transit Special Revenue	General Obligation/Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,217	\$ 18,068	\$ —	\$ 92,829	\$ 114,114
Cash Deposits	1,092	—	—	29	1,121
Cash and Securities with Fiscal Agents/Trustees	—	—	75,170	109,653	184,823
Investments	215,222	183,501	79,190	672,598	1,150,511
Due from Other Funds	11,446	36,473	—	—	47,919
Receivables, Net of Allowance					
Accounts Receivable	25,669	2,206	—	4,112	31,987
Taxes Receivable	117,851	239	1,183	242	119,515
Delinquent Taxes Receivable	2,531	—	1,856	—	4,387
Intergovernmental	21,104	10,614	—	82,426	114,144
Accrued Interest	38	—	339	282	659
Notes Receivable	—	—	—	9,864	9,864
Prepaid Items	—	570	—	—	570
Inventories	16,175	384	—	—	16,559
Total Assets	<u>\$ 414,345</u>	<u>\$ 252,055</u>	<u>\$ 157,738</u>	<u>\$ 972,035</u>	<u>\$ 1,796,173</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	\$ —	\$ —	\$ —	\$ 47,919	\$ 47,919
Accounts Payable	39,720	21,052	—	38,489	99,261
Insurance Claims Payable	176	—	—	—	176
Trust Liabilities and Deposits	7,126	34	—	39,409	46,569
Matured Bonds Payable	—	—	49,185	84,580	133,765
Interest Payable	—	—	25,985	13,308	39,293
Hotel Loan Interest Payable	—	—	—	4,268	4,268
Advance Payments	5,127	—	—	24,502	29,629
Total Liabilities	<u>52,149</u>	<u>21,086</u>	<u>75,170</u>	<u>252,475</u>	<u>400,880</u>
Deferred Inflows of Resources					
Delinquent Property Taxes	2,531	—	1,856	—	4,387
Total Deferred Inflows of Resources	<u>2,531</u>	<u>—</u>	<u>1,856</u>	<u>—</u>	<u>4,387</u>
Fund Balances					
Non-Spendable					
Inventories	16,175	384	—	—	16,559
Prepaid Items	—	570	—	—	570
Spendable					
Restricted	47,774	228,700	80,712	503,448	860,634
Committed	—	—	—	72,032	72,032
Assigned	79,144	1,315	—	154,746	235,205
Unassigned	216,572	—	—	(10,666)	205,906
Total Fund Balances	<u>359,665</u>	<u>230,969</u>	<u>80,712</u>	<u>719,560</u>	<u>1,390,906</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 414,345</u>	<u>\$ 252,055</u>	<u>\$ 157,738</u>	<u>\$ 972,035</u>	<u>\$ 1,796,173</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, 2018

(in thousands)

Fund balances - total governmental funds balance sheet	\$	1,390,906
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	7,314,859	
Accumulated depreciation	<u>(2,364,749)</u>	4,950,110
The investment in joint use agreements are not a financial resource and, therefore, are not reported in the funds.		
Valley Metro Rail Inc.	879,413	
Regional Wireless Cooperative	<u>52,585</u>	931,998
A portion of advance payments and delinquent property taxes receivable reported in governmental activities are not available to pay for current period expenditures and, therefore, are not recognized in the funds.		
		8,556
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are excluded from the funds.		
Deferred outflows of resources from the refunding of bonds.	23,896	
Deferred outflows of resources from pensions.	602,779	
Deferred outflows of resources from OPEB.	<u>1,348</u>	628,023
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(2,056,182)	
Pollution remediation	(7,325)	
Compensated absences	(142,732)	
Insurance claims payable	(169,453)	
Water repayment agreements	(2,301)	
Capital lease	(4,517)	
Net pension liability	(4,035,879)	
Net OPEB liability	<u>(100,198)</u>	(6,518,587)
Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the funds.		
Deferred inflows of resources from the refunding of bonds.	(9,772)	
Deferred inflows of resources from service concession arrangement.	(10,028)	
Deferred inflows of resources from pensions.	(115,105)	
Deferred inflows of resources from OPEB.	(7,760)	
		<u>(142,665)</u>
Net position of governmental activities - statement of net position	\$	<u>1,248,341</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, 2018

(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
City Taxes	\$ 663,898	\$ 216,164	\$ 95,435	\$ 190,042	\$ 1,165,539
Licenses and Permits	19,678	—	—	447	20,125
Intergovernmental	428,058	90,797	4,752	473,101	996,708
Charges for Services	72,000	33,313	—	87,025	192,338
Fines and Forfeitures	12,277	—	—	72	12,349
Parks and Recreation	—	—	—	1,715	1,715
Special Assessments	—	—	—	11	11
Investment Income					
Net Change in Fair Value of Investments	(1,481)	(2,030)	292	(1,913)	(5,132)
Interest	4,189	3,448	732	5,953	14,322
Dwelling Rentals	—	—	—	8,057	8,057
Other	53,209	11,394	—	51,351	115,954
Total Revenues	1,251,828	353,086	101,211	815,861	2,521,986
<b>EXPENDITURES</b>					
Current Operating					
General Government	72,047	—	—	3,270	75,317
Criminal Justice	32,191	—	—	2,094	34,285
Public Safety	818,250	—	—	141,491	959,741
Transportation	16,805	230,203	—	61,110	308,118
Community Enrichment	163,134	—	—	57,064	220,198
Community Development	19,339	—	—	181,692	201,031
Environmental Services	8,314	—	—	2,310	10,624
Capital Outlay	41,950	113,805	—	342,962	498,717
Debt Service					
Principal	—	—	49,185	84,599	133,784
Interest	—	—	52,057	35,875	87,932
Bond Issuance Costs	—	—	358	103	461
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	12	12
Capital Lease	1,192	—	—	—	1,192
Total Expenditures	1,173,222	344,008	101,600	912,582	2,531,412
Excess (Deficiency) of Revenues Over Expenditures	78,606	9,078	(389)	(96,721)	(9,426)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From Other Funds	33,782	—	—	128,510	162,292
Transfers to Other Funds	(108,675)	(65,430)	—	(13,734)	(187,839)
Total Other Financing Sources and (Uses)	(74,893)	(65,430)	—	114,776	(25,547)
Net Change in Fund Balances	3,713	(56,352)	(389)	18,055	(34,973)
<b>FUND BALANCES, JULY 1</b>	355,952	287,321	81,101	701,505	1,425,879
<b>FUND BALANCES, JUNE 30</b>	\$ 359,665	\$ 230,969	\$ 80,712	\$ 719,560	\$ 1,390,906

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, 2018

(in thousands)

Net change in fund balances - total governmental funds	\$	(34,973)
--	----	----------

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 (\$307,476) plus the increase in the equity share of the joint venture (\$4,333) exceeded depreciation (\$190,076) and loss on disposals of capital assets (\$34,302) in the current period.	87,431
--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	26,486
--	--------

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 activity including refundings, net	133,784
Amortization of bond premium/discount and deferred gain/loss on refundings	21,005

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	3,131
Insurance claims	(15,245)
Capital lease	1,069
Pollution remediation	3,554
Pensions	(191,645)
OPEB	7,307

Change in net position of governmental activities - statement of activities	\$	<u>41,904</u>
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The accompanying notes are an integral part of these financial statements.

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**General Fund**  
**Budgetary Comparison Statement**  
For the Fiscal Year Ended June 30, 2018  
(in thousands)

**Exhibit B-5**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 155,469	\$ 155,469	\$ 156,613	\$ 1,144
Contributions/Donations	1	1	17	16
Licenses and Permits	15,671	15,671	16,806	1,135
Intergovernmental	64,363	64,363	67,806	3,443
Charges for Services	68,846	68,846	71,439	2,593
Fines and Forfeitures	9,106	9,106	11,710	2,604
Rentals	3,880	3,880	5,565	1,685
Interest	3,908	3,908	7,014	3,106
Miscellaneous	12,414	12,414	23,431	11,017
Total Revenues	333,658	333,658	360,401	26,743
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	118,398	118,398	110,407	7,991
Criminal Justice	34,322	34,322	32,232	2,090
Public Safety	847,357	847,357	817,960	29,397
Transportation	20,548	20,548	16,366	4,182
Community Enrichment	155,258	160,306	156,325	3,981
Community Development	22,583	22,583	20,243	2,340
Environmental Services	13,731	13,731	12,624	1,107
Capital Outlay	9,642	17,294	11,122	6,172
Contingency	55,900	55,900	—	55,900
Total Expenditures and Encumbrances	1,277,739	1,290,439	1,177,279	113,160
Deficiency of Revenues Over Expenditures and Encumbrances	(944,081)	(956,781)	(816,878)	139,903
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Staff and Administrative	36,769	36,769	39,179	2,410
In-Lieu Property Taxes	26,221	26,221	25,418	(803)
Excise Taxes and Other	810,190	810,190	781,758	(28,432)
Enterprise Funds	1,165	1,165	1,165	—
Transfers to Other Funds				
City Improvement Debt Service Fund	(44,985)	(44,985)	(115)	44,870
Other Restricted Special Revenue Fund	(17,000)	(17,000)	(17,000)	—
Miscellaneous	(1,053)	(1,053)	(25,201)	(24,148)
Recovery of Prior Years Expenditures	1	1	1,800	1,799
Total Other Financing Sources (Uses)	811,308	811,308	807,004	(4,304)
Net Change in Fund Balance	\$ (132,773)	\$ (145,473)	(9,874)	\$ 135,599
Fund Balance, July 1			144,494	
Fund Balance, June 30			\$ 134,620	

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

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

**Exhibit B-6**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ —	\$ —	\$ (4)	\$ (4)
Miscellaneous	—	—	(25)	(25)
Total Revenues	—	—	(29)	(29)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating Transportation	—	—	(304)	304
Capital	—	—	(363)	363
Total Expenditures and Encumbrances	—	—	(667)	667
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	638	638
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	232	232
Total Other Financing Sources	—	—	232	232
Net Change in Fund Balance	<u>\$ —</u>	<u>\$ —</u>	870	<u>\$ 870</u>
Fund Balance, July 1			1,278	
Fund Balance, June 30			<u>\$ 2,148</u>	

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

**City of Phoenix, Arizona**  
**Budgetary Comparison Statement**  
**Transit - Other Agency Special Revenue Fund**

**Exhibit B-7**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 38,289	\$ 38,289	\$ 38,751	\$ 462
Rentals	—	—	15	15
Interest	(74)	(74)	(71)	3
Total Revenues	38,215	38,215	38,695	480
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	31,681	31,681	31,705	(24)
Capital	9,827	9,827	2,725	7,102
Total Expenditures and Encumbrances	41,508	41,508	34,430	7,078
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(3,293)	(3,293)	4,265	7,558
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	28	28
Total Other Financing Sources	—	—	28	28
Net Change in Fund Balance	<u>\$ (3,293)</u>	<u>\$ (3,293)</u>	4,293	<u>\$ 7,586</u>
Fund Balance, July 1			(13,989)	
Fund Balance, June 30			<u>\$ (9,696)</u>	

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

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

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 53,697	\$ 53,697	\$ 14,490	\$ (39,207)
Total Revenues	53,697	53,697	14,490	(39,207)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	9,981	13,381	13,185	196
Capital	43,716	21,216	1,175	20,041
Total Expenditures and Encumbrances	53,697	34,597	14,360	20,237
Excess of Revenues Over Expenditures and Encumbrances	—	19,100	130	(18,970)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	104	104
Total Other Financing Sources	—	—	104	104
Net Change in Fund Balance	\$ —	\$ 19,100	234	\$ (18,866)
Fund Balance, July 1			1	
Fund Balance, June 30			\$ 235	

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

**City of Phoenix, Arizona**  
**Budgetary Comparison Statement**  
**Transportation Tax 2050 Special Revenue Fund**

**Exhibit B-9**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 44,353	\$ 44,353	\$ 42,333	\$ (2,020)
Rentals	26	26	141	115
Interest	1,684	1,684	3,613	1,929
Miscellaneous	5,313	5,313	2,518	(2,795)
Total Revenues	51,376	51,376	48,605	(2,771)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating Transportation	202,141	202,141	191,987	10,154
Capital	69,271	69,271	47,329	21,942
Contingency	10,000	10,000	—	10,000
Total Expenditures and Encumbrances	281,412	281,412	239,316	42,096
Deficiency of Revenues Over Expenditures and Encumbrances	(230,036)	(230,036)	(190,711)	39,325
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	210,700	210,700	215,806	5,106
Enterprise Funds	358	358	358	—
Transfers to Other Funds				
General Fund				
Staff and Administrative	(752)	(752)	(945)	(193)
City Improvement Debt Service Fund	(64,098)	(64,098)	(64,033)	65
Other Restricted Special Revenue Funds	—	—	(1,199)	(1,199)
Infrastructure Repayment Agreement Trust	(1,245)	(1,245)	(199)	1,046
Recovery of Prior Years Expenditures	—	—	501	501
Total Other Financing Sources (Uses)	144,963	144,963	150,289	5,326
Net Change in Fund Balance	<u>\$ (85,073)</u>	<u>\$ (85,073)</u>	<u>(40,422)</u>	<u>\$ 44,651</u>
Fund Balance, July 1			254,758	
Fund Balance, June 30			<u>\$ 214,336</u>	

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



**City of Phoenix**

	Aviation	Phoenix Convention Center
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 57,817	\$ 6,205
Investments	342,853	40,278
Receivables, Net of Allowances	14,214	376
Prepaid Items	—	—
Cash Deposits	326	—
Inventories, at Average Cost	2,953	209
Total Unrestricted Current Assets	<u>418,163</u>	<u>47,068</u>
Restricted Assets		
Cash and Cash Equivalents	21,915	805
Cash Deposits	—	4,178
Cash and Securities with Fiscal Agents/Trustees	185,888	25,498
Investments	69,003	14,294
Receivables, Net of Allowances	27,613	4
Total Restricted Current Assets	<u>304,419</u>	<u>44,779</u>
Total Current Assets	<u>722,582</u>	<u>91,847</u>
Noncurrent Assets		
Debt Service, Cash with Fiscal Agent/Trustee	121,379	—
Capital Assets, Net of Accumulated Depreciation	2,861,220	633,409
Investment in Joint Use Agreement	—	—
Total Noncurrent Assets	<u>2,982,599</u>	<u>633,409</u>
Total Assets	<u>3,705,181</u>	<u>725,256</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	27,940	4,834
Pension Related	9,755	2,209
OPEB Related	103	24
Total Deferred Outflows of Resources	<u>37,798</u>	<u>7,067</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	26,308	4,152
Trust Liabilities and Deposits	354	—
Advance Payments	15,260	—
Accrued Landfill Postclosure Care Costs	—	—
Current Portion of Pollution Remediation	100	—
Current Portion of Accrued Compensated Absences	930	191
Total Current Liabilities Payable from Current Assets	<u>42,952</u>	<u>4,343</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	54,085	—
Trust Liabilities and Deposits	—	4,086
Short-Term Obligations	100,000	—
Matured Bonds Payable	67,810	7,709
Interest Payable	37,185	17,628
Current Portion of General Obligation Bonds	4,520	—
Current Portion of Revenue Bonds/Bank Loans	—	—
Current Portion of Municipal Corporation Obligations	48,630	8,335
Accrued Landfill Closure Costs	—	—
Total Current Liabilities Payable from Restricted Assets	<u>312,230</u>	<u>37,758</u>
Total Current Liabilities	<u>355,182</u>	<u>42,101</u>
Noncurrent Liabilities		
General Obligation Bonds, net	3,450	—
Revenue Bonds/Bank Loans, net	—	—
Municipal Corporation Obligations, net	1,503,187	696,644
Pollution Remediation	2,000	—
Accrued Landfill Closure and Postclosure Care Costs	—	—
Accrued Compensated Absences	6,097	1,235
Net Pension Liability	177,182	40,117
Net OPEB Liability	11,543	2,676
Total Noncurrent Liabilities	<u>1,703,459</u>	<u>740,672</u>
Total Liabilities	<u>2,058,641</u>	<u>782,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Refunding Bonds	676	—
Pension Related	10,489	2,375
Total Deferred Inflows of Resources	<u>11,165</u>	<u>2,375</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,264,682	(74,445)
Restricted for Debt Service	121,379	—
Restricted from Passenger Facility Charges	87,521	—
Restricted from Customer Facility Charges	106,912	—
Restricted from Enabling Legislation for Capital Projects	—	—
Unrestricted (Deficit)	92,679	21,620
Total Net Position (Deficit)	<u>\$ 1,673,173</u>	<u>\$ (52,825)</u>

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

Exhibit B-10  
(Continued)

Water System	Wastewater	Solid Waste	Total
\$ 27,235	\$ 10,642	\$ 6,296	\$ 108,195
173,748	62,560	44,531	663,970
57,435	48,157	13,983	134,165
5,447	—	—	5,447
—	—	—	326
14,895	3,501	722	22,280
278,760	124,860	65,532	934,383
5,314	134,997	3,858	166,889
10,710	46	112	15,046
81,231	55,183	7,484	355,284
34,892	105,178	21,860	245,227
—	—	—	27,617
132,147	295,404	33,314	810,063
410,907	420,264	98,846	1,744,446
—	—	—	121,379
2,387,429	988,050	145,683	7,015,791
203,006	352,652	—	555,658
2,590,435	1,340,702	145,683	7,692,828
3,001,342	1,760,966	244,529	9,437,274
26,062	3,008	689	62,533
11,412	92	5,430	28,898
125	43	66	361
37,599	3,143	6,185	91,792
29,123	11,617	4,670	75,870
—	—	—	354
12	1	—	15,273
—	—	2,468	2,468
—	—	—	100
958	206	426	2,711
30,093	11,824	7,564	96,776
7,472	1,744	551	63,852
10,810	46	112	15,054
—	—	—	100,000
52,976	42,642	5,600	176,737
28,529	13,468	1,884	98,694
—	1,160	1,595	7,275
233	790	—	1,023
58,445	42,110	9,190	166,710
—	—	172	172
158,465	101,960	19,104	629,517
188,558	113,784	26,668	726,293
6,893	1,802	1,769	13,914
2,740	9,251	—	11,991
1,191,161	661,239	67,067	4,119,298
—	—	—	2,000
—	—	54,427	54,427
6,319	1,357	2,731	17,739
207,270	1,672	98,620	524,861
14,222	4,941	7,810	41,192
1,428,605	680,262	232,424	4,785,422
1,617,163	794,046	259,092	5,511,715
—	2,354	1,141	4,171
12,270	99	5,838	31,071
12,270	2,453	6,979	35,242
1,296,598	776,935	59,459	3,323,229
—	—	—	121,379
—	—	—	87,521
—	—	—	106,912
57,760	58,569	—	116,329
55,150	132,106	(74,816)	226,739
\$ 1,409,508	\$ 967,610	\$ (15,357)	\$ 3,982,109

## Fund Financial Statements

## Enterprise Funds

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

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Aeronautical Fees	\$ 160,900	\$ —
Sales	—	—
Rentals	111,618	10,558
Sewer Service Charges	—	—
Sanitation and Landfill Fees	—	—
Concessions	—	13,152
Other	101,375	21,033
Total Operating Revenues	<u>373,893</u>	<u>44,743</u>
Operating Expenses		
Administration and Engineering	—	28,910
Operation and Maintenance	270,053	14,948
Promotion	—	2,511
Depreciation	166,145	24,046
Staff and Administrative	9,141	2,710
Other	—	1,729
Total Operating Expenses	<u>445,339</u>	<u>74,854</u>
Operating Income (Loss)	<u>(71,446)</u>	<u>(30,111)</u>
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	83,885	—
Rental Car Customer Facility Charges	49,210	—
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	(5,426)	(426)
Interest on Investments	10,020	786
Interest	(64,403)	(30,849)
Equity Interest in Joint Use Agreement Operating Loss	—	—
Gain (Loss) on Disposal of Capital Assets	(4,529)	—
Total Non-Operating Revenues (Expenses)	<u>68,757</u>	<u>(30,489)</u>
Income (Loss) Before Contributions and Transfers	<u>(2,689)</u>	<u>(60,600)</u>
Capital Contributions	22,569	—
Transfers from Other Funds	168	52,730
Transfers to Other Funds	(948)	(151)
Change in Net Position (Deficit)	<u>19,100</u>	<u>(8,021)</u>
Net Position (Deficit), July 1	1,665,441	(41,999)
Restatement of Beginning Net Position	(11,368)	(2,805)
Net Position (Deficit), July 1, as Restated	<u>1,654,073</u>	<u>(44,804)</u>
Net Position (Deficit), June 30	<u>\$ 1,673,173</u>	<u>\$ (52,825)</u>

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

**Exhibit B-11**  
(Continued)

	<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>
\$	—	\$	—	\$
	367,021	—	—	160,900
	—	—	—	367,021
	—	—	—	122,176
	—	166,104	—	166,104
	—	—	137,726	137,726
	—	—	—	13,152
	45,713	41,643	11,297	221,061
	412,734	207,747	149,023	1,188,140
	63,271	18,165	27,870	138,216
	173,700	66,467	86,874	612,042
	—	—	—	2,511
	107,306	40,839	15,653	353,989
	8,024	4,481	7,178	31,534
	—	—	7,454	9,183
	352,301	129,952	145,029	1,147,475
	60,433	77,795	3,994	40,665
	—	—	—	83,885
	—	—	—	49,210
	(2,590)	(1,946)	(704)	(11,092)
	4,063	4,132	1,153	20,154
	(43,451)	(19,601)	(1,522)	(159,826)
	(10,749)	(22,899)	—	(33,648)
	529	(9)	(38)	(4,047)
	(52,198)	(40,323)	(1,111)	(55,364)
	8,235	37,472	2,883	(14,699)
	44,424	28,350	13	95,356
	—	—	—	52,898
	(15,214)	(9,098)	(1,940)	(27,351)
	37,445	56,724	956	106,204
	1,386,495	916,022	(8,365)	3,917,594
	(14,432)	(5,136)	(7,948)	(41,689)
	1,372,063	910,886	(16,313)	3,875,905
\$	1,409,508	\$	(15,357)	\$
		967,610		3,982,109

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

**Exhibit B-12**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 374,696	\$ 45,613
Payments to Suppliers	(170,100)	(26,258)
Payments to Employees	(83,350)	(19,193)
Payment of Staff and Administrative Expenses	(9,141)	(2,710)
Net Cash Provided (Used) by Operating Activities	112,105	(2,548)
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	168	52,730
Transfers to Other Funds	(948)	(151)
Net Cash Provided (Used) by Noncapital Financing Activities	(780)	52,579
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	118,778	—
Principal Paid on Capital Debt	(50,525)	(5,210)
Interest Paid on Capital Debt	(71,852)	(34,138)
Acquisition and Construction of Capital Assets	(280,096)	(1,834)
Proceeds from Sales of Capital Assets	198	—
Passenger Facility Charges	83,951	—
Customer Facility Charges	48,765	—
Capital Contributions	21,138	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(129,643)	(41,182)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(957,477)	(3,635)
Proceeds from Sale and Maturities of Investment Securities	935,311	3,639
Net Activity for Short-Term Investments	26,940	(6,961)
Interest on Investments	4,531	360
Net Cash Provided (Used) by Investing Activities	9,305	(6,597)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,013)	2,252
Cash and Cash Equivalents, July 1	396,338	34,434
Cash and Cash Equivalents, June 30	\$ 387,325	\$ 36,686
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (71,446)	\$ (30,111)
Adjustments		
Depreciation	166,145	24,046
Deferred Outflows - Pension and OPEB	7,300	1,884
Deferred Inflows - Pension	772	43
Change in Assets and Liabilities		
Receivables	2,074	229
Allowance for Doubtful Accounts	—	—
Prepaid Items	—	—
Inventories	(126)	(18)
Accounts Payable	3,449	2,002
Trust Liabilities and Deposits	(3,740)	639
Advance Payments	2,467	—
Pollution Remediation	(100)	—
Accrued Compensated Absences	121	65
Accrued Landfill Closure and Postclosure Care Costs	—	—
Net Pension Liability	4,944	(1,215)
Net OPEB Liability	245	(112)
Net Cash Provided (Used) by Operating Activities	\$ 112,105	\$ (2,548)
Noncash Capital and Financing Activities		
Contributions of Capital Assets	\$ —	\$ —
Bond Capital Appreciation	—	(566)
Amortization of Deferred Gains/Losses of Bond Refundings	1,351	273
Increase (Decrease) in Fair Value of Investments	172	41
Total Noncash Capital and Financing Activities	\$ 1,523	\$ (252)
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 57,817	\$ 6,205
Cash Deposits	326	—
Total Unrestricted	58,143	6,205
Restricted		
Cash and Cash Equivalents	21,915	805
Cash and Securities with Fiscal Agents/Trustees	307,267	25,498
Cash Deposits	—	4,178
Total Restricted	329,182	30,481
	\$ 387,325	\$ 36,686

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

**Exhibit B-12**  
(Continued)

	Water System*	Wastewater	Solid Waste	Total
\$	415,297 \$	193,989 \$	148,662 \$	1,178,257
	(118,923)	(58,137)	(82,252)	(455,670)
	(93,962)	(93,731)	(48,020)	(338,256)
	(8,024)	(4,481)	(7,178)	(31,534)
	194,388	37,640	11,212	352,797
	—	—	—	52,898
	(15,214)	(9,098)	(1,940)	(27,351)
	(15,214)	(9,098)	(1,940)	25,547
	—	151,520	—	270,298
	(53,445)	(40,380)	(8,710)	(158,270)
	(57,938)	(29,614)	(3,279)	(196,821)
	(149,634)	(68,871)	(5,491)	(505,926)
	589	25	135	947
	—	—	—	83,951
	—	—	—	48,765
	43,388	28,322	—	92,848
	(217,040)	41,002	(17,345)	(364,208)
	—	(256,346)	(464)	(1,217,922)
	—	114,111	603	1,053,664
	14,501	167,745	(1,024)	201,201
	1,474	2,186	448	8,999
	15,975	27,696	(437)	45,942
	(21,891)	97,240	(8,510)	60,078
	146,381	103,628	26,260	707,041
\$	124,490 \$	200,868 \$	17,750 \$	767,119
\$	60,433 \$	77,795 \$	3,994 \$	40,665
	107,306	40,839	15,653	353,989
	8,648	7,202	4,840	29,874
	838	(4,057)	(16)	(2,420)
	485	(13,670)	(535)	(11,417)
	90	(95)	176	171
	(759)	—	—	(759)
	7,449	950	101	8,356
	3,271	818	(1,663)	7,877
	1,989	8	—	(1,104)
	—	—	—	2,467
	—	—	—	(100)
	123	1	20	330
	—	—	(6,118)	(6,118)
	4,642	(71,986)	(5,143)	(68,758)
\$	(127) \$	(165) \$	(97)	(256)
\$	194,388 \$	37,640 \$	11,212 \$	352,797
\$	1,035 \$	28 \$	— \$	1,063
	—	—	—	(566)
	2,038	570	(2)	4,230
	—	86	—	299
\$	3,073 \$	684 \$	(2) \$	5,026
\$	27,235 \$	10,642 \$	6,296 \$	108,195
	—	—	—	326
	27,235	10,642	6,296	108,521
	5,314	134,997	3,858	166,889
	81,231	55,183	7,484	476,663
	10,710	46	112	15,046
	97,255	190,226	11,454	658,598
\$	124,490 \$	200,868 \$	17,750 \$	767,119

\*Cash and Cash Equivalents, July 1 was incorrectly stated in fiscal year 2017 and corrected as indicated above.

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

**Exhibit B-13**

**Statement of Fiduciary Net Position**

June 30, 2018  
(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 117,089	\$ 8,915
Investments		
Treasurer's Pooled Investments	8,729	50,514
Temporary Investments	108,991	—
Fixed Income	425,570	—
Domestic Equities	1,595,296	—
International Equities	581,418	—
Real Return	58,528	—
Absolute Return	122,733	—
Real Estate	12,075	—
Receivables		
Accounts Receivable	12,621	—
Contributions Receivable	7,358	—
Interest and Dividends	1,763	—
Prepaid Items	5,150	—
Total Assets	<u>3,057,321</u>	<u>59,429</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	145,185	—
Accrued Payroll Payable	—	59,429
Claims Payable	24,223	—
Total Liabilities	<u>169,408</u>	<u>59,429</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>
<b><u>NET POSITION</u></b>		
Restricted for pension and other employee benefits	<u>\$ 2,887,913</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-14**

**Statement of Changes in Fiduciary Net Position**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>
<b><u>ADDITIONS</u></b>	
Contributions	
City of Phoenix	\$ 404,319
Employees	87,130
Inter-System Transfers	484
Other	12,057
Total Contributions	<u>503,990</u>
Investment Income	
Net Increase in Fair Value of Investments	158,785
Interest	12,316
Dividends	25,308
Other	2,263
Investment Income	<u>198,672</u>
Less: Investment Expense	<u>17,073</u>
Total Net Investment Income	<u>181,599</u>
Total Additions	<u>685,589</u>
<b><u>DEDUCTIONS</u></b>	
Benefit Payments	453,403
Refunds of Contributions	3,490
Inter-System Transfers	134
Other	14,048
Total Deductions	<u>471,075</u>
Net Increase	214,514
Net Position Restricted for Pension and Other Employee Benefits	
Beginning of Year, July 1	\$ 2,673,399
End of Year, June 30	<u>\$ 2,887,913</u>

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



**City of Phoenix**



**Financial Section**

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# 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	Tax Abatements
18	Joint Use Agreements
19	Deferred Compensation and Defined Contribution Plans
20	Pension Plans
21	Other Postemployment Benefits
22	Subsequent Events





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 Statement No. 14 and GASB Statement 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. Tier 1 employees contribute 5%, Tier 2 and Tier 3 employees contribute a maximum 11.0% 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 or on-line at <https://www.phoenix.gov/copers/pension-plan-reports>.

#### **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 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.

## Notes to the Financial Statements (Continued)

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### **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, 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 discretely presented component unit of the City for financial reporting purposes because of the City Council’s relationship to the corporation.

### **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. The City Council of the City of Phoenix elects the board of directors for Phoenix IDA and may remove a director at any time, with or without cause. Upon future dissolution, all funds held by the Phoenix IDA and title to its property will revert to the City. Although the Phoenix IDA is legally separate from the City, governmental accounting standards require the Phoenix IDA to be reported as a 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 \$20.8 million) to the PMGA operating and capital budget.

**c. Basic Financial Statements**

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

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

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

The government-wide statement of net position reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position, with the assets and 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

## Notes to the Financial Statements (Continued)

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

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

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

### **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 of resources, liabilities, deferred inflows of resources, 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 and Transportation 2050 excise tax revenues and the City's local matching funds. Expenditures are for the administrative and operating costs of the public transit system.

## Notes to the Financial Statements (Continued)

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

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

### **The City has the following nonmajor governmental funds:**

#### **Special Revenue Funds**

Eight nonmajor special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted or committed 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 operating income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of operating 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.

## Notes to the Financial Statements (Continued)

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

### **Agency Funds**

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

### **e. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus whereby only current assets plus deferred outflows of resources and current liabilities plus deferred inflows of resources 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 fiduciary net position present additions and deductions in net position held in trust for pension and other employee benefits 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

## Notes to the Financial Statements (Continued)

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

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

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

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

An operating budget is legally adopted by ordinance each fiscal year for the General Fund, all special revenue funds, Secondary Property Tax Debt Service Fund, City Improvement Debt Service Fund and all enterprise funds on a modified accrual basis plus encumbrances. Due to the number of individual special revenue funds, the Transit, Development Services, Grants, and Public Housing special revenue funds include two or more budgeted funds with similar purposes for GAAP financial statement presentation. The level of legal budgetary control is by fund, except for the General Fund, for which the control is by program (i.e., related activities performed by one or more departments, such as public safety or community enrichment). For the applicable level of control, the budget can be amended only by City Council action subject to state law limitations. Transfers of sums within any specific appropriation may be made, but require the City Manager's approval. The General Fund, Development Services Fund, Transportation Tax 2050 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 2017-18, the reappropriation budget was \$1.4 billion.

### **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 2017-18 expenditure limit supplied by the Economic Estimates Commission was \$1.5 billion. The City increased this limit to \$6.6 billion 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.

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

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 2015 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 2019-20. Previously established exclusions for pay-as-you-go capital projects continue to apply.

**Budget Calendar**

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

<b>Action</b>	<b>City Charter</b>	<b>State Statutes</b>
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 on budget plus tax levy or truth-in-taxation hearing (when required) and final budget adoption	No provision	Public hearing or before the 14th day before the tax levy is adopted and 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 initial public hearing and no later than the third Monday in August

## Notes to the Financial Statements (Continued)

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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 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 thirty-seven 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. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **i. Inventories**

Inventories consist of expendable supplies held for consumption. Inventories in governmental funds are primarily accounted for on the consumption method and are stated at average cost. Enterprise fund inventories are stated at average cost. 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 one year. All artwork, land and non-depreciable infrastructure is capitalized. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated

## Notes to the Financial Statements (Continued)

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capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Capital leases are classified as capital assets in amounts equal to the lesser of fair market value or the present value of net minimum lease payments at the inception of the lease.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. See Note 9 for presentation of capital additions 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.

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).

### **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. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans as described in Note 20 and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **m. 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 effective interest method. Bond liabilities are reported net of unamortized bond premiums or discounts in the financial statements.

## Notes to the Financial Statements (Continued)

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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.

### **n. Fund Deficits**

Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. The Phoenix Convention Center Enterprise fund reported a deficit of \$52.8 million. The deficit is primarily in the Net Investment in Capital Assets resulting from the timing difference between depreciation on the Phoenix Convention Center north and west building expansion and the principal payments for the related debt. As the City increases the principal payments in accordance with the debt service schedules and the depreciation remains constant, the deficit balance will be eliminated. Due to the implementation of GASB Statements No. 68 and No. 75, the Solid Waste Enterprise Fund reported a deficit of \$15.4 million. The City is in the process of evaluating revenues and expenses over a five-year financial plan to eliminate the deficit.

### **o. 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, transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

### **p. 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 Statement No. 9, the trust funds are not required to present a statement of cash flows.

### **q. New Accounting Pronouncements**

#### **New Accounting Pronouncements Adopted in 2018:**

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 has implemented this Statement in fiscal year 2018 and, accordingly, has restated amounts of effected balances within the government-wide financial statements as of June 30, 2017 (in thousands):

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

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Beginning net position as previously reported at June 30, 2017</b>	\$ 1,321,458	\$ 3,917,594	\$ 5,239,052
Noncurrent liabilities - implementation of GASB 75:			
Net OPEB asset - LTD (measurement date 2017)	23,013	5,012	28,025
Net OPEB liability - MERP (measurement date 2017)	(158,577)	(46,460)	(205,037)
Net OPEB asset - PSPRS (measurement date 2016)	20,543	—	20,543
Elimination of OPEB asset as previously reported at June 30, 2017	—	(241)	(241)
Restatement of beginning net position	(115,021)	(41,689)	(156,710)
<b>Net position as restated, July 1, 2017</b>	<u>\$ 1,206,437</u>	<u>\$ 3,875,905</u>	<u>\$ 5,082,342</u>

GASB Statement No. 81, **Irrevocable Split-Interest Agreements**, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The Statement also provides expanded guidance for circumstances in which the government holds the assets. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has determined there is no impact to the financial statements as a result of this Statement.

GASB Statement No. 85, **Omnibus 2017**, addresses practice issues that were identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The City has determined there is no impact to the financial statements as a result of this Statement.

GASB Statement No. 86, **Certain Debt Extinguishment Issues**, establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources—that is, resources other than the proceeds of refunding debt—are placed in a irrevocable trust for the sole purpose of future repayment of outstanding debt. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The City has determined there is no impact to the financial statements as a result of this Statement.

GASB Statement No. 89, **Accounting for Interest Cost Incurred before the End of a Construction Period**, requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. For financial statement that are prepared with the current financial resources measurement focus, the interest cost incurred before the end of a construction period should be recognized as an expense according to governmental fund accounting principles. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. The City has implemented this Statement in fiscal year 2018.

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

**Pronouncements Issued But Not Yet Effective:**

GASB has issued the following pronouncements that may effect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. The City has not fully determined the effect these pronouncements will have on the City's financial statements.

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
90	<i>Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61</i>	2020

**2. Budget Basis of Accounting**

The City's budget is adopted on a basis other than GAAP. The Budgetary Comparison Statements for the General Fund (Exhibit B-5) and the Transit Special Revenue Funds (Exhibits B6 through B-9) are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP bases are:

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

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

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

Adjustments necessary to convert the change in fund balance for the fiscal year ended June 30, 2018 on the budget basis to the GAAP basis are as follows (in thousands):

	<u>General Fund</u>	<u>Transit Special Revenue Fund</u>
Budget basis	\$ (9,874)	\$ (35,025)
Entity differences - amounts not budgeted	26,732	(2)
Transfers not recognized for budget purposes	(38,693)	(215,219)
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	4,876	253,446
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	18,394	(4,116)
Unrealized gain or loss on investments	463	(2,133)
Encumbrances at June 30 recognized as expenditures for budget purposes	1,815	(53,303)
GAAP basis	<u>\$ 3,713</u>	<u>\$ (56,352)</u>

Adjustments necessary to convert the fund balances at June 30, 2018 on the budget basis to the GAAP basis are as follows (in thousands):

**Fund Balances at June 30**

	<u>General Fund</u>	<u>Transit Special Revenue Fund</u>
Budget basis	\$ 134,620	\$ 207,023
Entity differences - amounts not budgeted	174,708	(4,454)
Transfers not recognized for budget purposes	(71,790)	(214,825)
Advance payments not recognized for budget purposes	10,699	212,430
Accrued expenditures not recognized for budget purposes	29,068	(5,538)
Unrealized gain or loss on investments	38,991	638
Encumbrances at June 30 recognized as expenditures for budget purposes	43,369	35,695
GAAP basis	<u>\$ 359,665</u>	<u>\$ 230,969</u>

**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.

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

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, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative unassigned 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.

	General	Transit Special Revenue	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances (in thousands):					
Nonspendable:					
Inventory/Prepaid/Notes Receivable	\$ 16,175	\$ 954	\$ —	\$ —	\$ 17,129
Spendable:					
Restricted for:					
Capital Construction	—	—	—	144,558	144,558
Debt Service	—	—	80,712	4,276	84,988
Public Transit Operations	—	227,083	—	4,872	231,955
Road Maintenance and Construction	—	—	—	124,636	124,636
Public Parks and Preserves	—	—	—	63,571	63,571
Insurance Claims	47,774	1,617	—	—	49,391
Low Income Housing Programs	—	—	—	27,589	27,589
Court Operations	—	—	—	6,957	6,957
Police and Fire Personnel	—	—	—	75,074	75,074
Other	—	—	—	51,915	51,915
Committed to:					
Debt Service	—	—	—	48,513	48,513
Capital Construction	—	—	—	20,467	20,467
Court Operations	—	—	—	3,052	3,052
Assigned to:					
Capital Construction	—	—	—	52,113	52,113
Insurance	49,612	—	—	—	49,612
Development Services	—	—	—	73,976	73,976
Low Income Housing Programs	—	—	—	6,313	6,313
Public Transit Operations	—	1,315	—	—	1,315
Pension Reserve	24,750	—	—	—	24,750
Other	4,782	—	—	22,344	27,126
Unassigned	216,572	—	—	(10,666)	205,906
Total fund balances	<u>\$ 359,665</u>	<u>\$ 230,969</u>	<u>\$ 80,712</u>	<u>\$ 719,560</u>	<u>\$ 1,390,906</u>

## Notes to the Financial Statements (Continued)

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### 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.

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 is used to calculate primary net assessed valuations (PNAV) also referred to as limited net assessed valuation (LNAV), which is used to calculate 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. The City of Phoenix PNAV for tax year 2018 (fiscal year 2018-19) is \$12.4 billion.

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 property tax levies are limited to annual general obligation debt service plus a reasonable delinquency factor and may also include new money issuances and defeasances.

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 LPV as determined by the Maricopa County Assessor. For locally assessed property, the LPV 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 LPV 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.

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

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

	2017 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ —	\$ —	\$ —	\$ 5,566	\$ 5,566
Current Tax Levy	156,586	96,596	253,182	—	253,182
Adjustment by County Assessor	(891)	(475)	(1,366)	(1,945)	(3,311)
	155,695	96,121	251,816	3,621	255,437
Less: Collections, net	(153,386)	(94,711)	(248,097)	(1,903)	(250,000)
Taxes Receivable, June 30	\$ 2,309	\$ 1,410	\$ 3,719	\$ 1,718	\$ 5,437

In fiscal year 2017-18, current property tax collections were \$248.0 million, or 98.0% 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 fiscal year 2018-19, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied. The year end balance in the General Obligation/Secondary Property Tax Debt Service Fund must be used for future debt service payments. Any year that total primary tax collections, excluding delinquent collections, exceed the primary tax levy, the excess amount must be deducted from the maximum levy of the following year.

**Taxes Due and Payable**

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

**Delinquent Taxes - Sales and Redemption**

Public auctions for sale of delinquent real estate taxes are held in the office of the County Treasurer in February following the May 1 date upon which the second half taxes become delinquent. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest provided by law is 16% per annum. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase, which has not been redeemed, may demand of the County Treasurer a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate may institute a quiet title action. If the suit is successful, the Court will instruct the County Treasurer to issue a County Treasurer's Deed. 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, 2018, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 58,304
Cash on Hand	174
Short-Term Pooled Investments	228,256
Short-Term Non-Pooled Investments	252,342
Total Cash and Cash Equivalents	\$ 539,076

## Notes to the Financial Statements (Continued)

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

Primary Government		
Unrestricted		
General Fund	\$	3,217
Transit Special Revenue Fund		18,068
Non-Major Governmental Funds		92,829
Enterprise Funds		
Aviation		57,817
Phoenix Convention Center		6,205
Water System		27,235
Wastewater		10,642
Solid Waste		6,296
Total Unrestricted		<u>222,309</u>
Restricted		
Enterprise Funds		
Aviation		21,915
Phoenix Convention Center		805
Water System		5,314
Wastewater		134,997
Solid Waste		3,858
Total Restricted		<u>166,889</u>
Total Primary Government		<u>389,198</u>
Component Unit - PHFC		5,123
Component Unit - Phoenix IDA		18,751
Fiduciary Funds		
Employee Pension Trust		90,421
Employee Benefit Trust		26,668
Payroll Agency		8,915
Total Reporting Entity	\$	<u><u>539,076</u></u>

### **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 were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name at fiscal year end. There were five days during fiscal year 2018 that had undercollateralized deposit liabilities. The carrying amount of the City's deposits at June 30, 2018 was \$56.7 million and the bank ledger balance was \$32.4 million.

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, 2018 was \$661.5 million. 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, 2018 were \$21.3 million.

### **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

## Notes to the Financial Statements

(Continued)

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funds consist of investments in U.S. equities, non-U.S. equities, core fixed income, real return securities, marketable alternatives, and real estate.

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 2018, the City has recorded approximately \$1.2 million in rebates related to its single use account program.

## Notes to the Financial Statements (Continued)

Total investments at June 30, 2018, stated at fair value, were \$5.0 billion. 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	\$ 92,183	0.006
U.S. Treasury Securities	AA+	852,762	1.934
U.S. Government Agency Securities			
FFCB Notes	AA+	280,308	2.111
FNMA Notes	AA+	155,548	1.639
FHLMC Notes	AA+	87,807	1.797
FHLB Notes	AA+	281,150	1.720
Total U.S. Government Agency Securities		<u>804,813</u>	1.849
Pre-Refunded Municipal Securities	N/A (1)	15,132	1.662
Certificates of Deposit	N/A (2)	127,880	0.113
Commercial Paper	A-1	123,364	0.081
Mortgage Backed Securities			
GNMA	AA+	89,691	2.943
FHLMC Notes	AA+	360	3.476
Total Mortgage Backed Securities		<u>90,051</u>	2.945
Total Pooled Investments		<u>2,106,185</u>	1.639
Less: Joint Venture Pooled Investments		(39,725)	
Less: Short-Term Pooled Investments		<u>(309,959)</u>	
Net Pooled Investments		1,756,501	
Non-Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	20,927	0.006
U.S. Treasury Securities	AA+	509,605	0.502
U.S. Treasury Securities Money Market Mutual Funds	AAAm	300	0.003
U.S. Government Agency Securities			
FFCB Notes	AA+	5,882	3.203
FHLMC Notes	AA+	4,954	1.017
FHLB Notes	AA+	53,688	0.701
Total U.S. Government Agency Securities		<u>64,524</u>	0.953
Pre-Refunded Municipal Securities	N/A (1)	33	0.988
Investment in Land	N/A	872	
Total Non-Pooled Investments		<u>596,261</u>	0.533
Less: Short-Term Non-Pooled Investments		<u>(162,236)</u>	
Net Non-Pooled Investments		<u>434,025</u>	
Total City Investments		<u>\$ 2,190,526</u>	

- (1) Pre-Refunded Municipal Securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities.
- (2) 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	\$ 248	3.032
Total Derivatives		248	
U. S. Treasury Securities	Not Rated	1,739	0.295
U. S. Treasury Securities	AAA	38,815	10.479
U. S. Treasury Securities	A	9	23.937
U. S. Treasury Securities	BBB	111	12.146
Total U. S. Treasury Securities		40,674	
Total U.S. Government Agency Securities	Note Rated	4,678	1.251
Total U.S. Government Agency Securities	AA	1,402	3.262
		6,080	
Mortgage Backed Securities	Not Rated	41,881	28.083
Mortgage Backed Securities	AAA	9,004	16.458
Mortgage Backed Securities	AA	2,959	12.940
Mortgage Backed Securities	A	2,132	24.476
Mortgage Backed Securities	BBB	1,914	22.743
Mortgage Backed Securities	B	18	16.416
Mortgage Backed Securities	CCC	449	17.527
Total Mortgage Backed Securities		58,357	
Asset Backed Securities	Not Rated	4,733	11.119
Asset Backed Securities	AAA	952	13.179
Asset Backed Securities	AA	180	5.071
Asset Backed Securities	BBB	582	14.091
Asset Backed Securities	CCC	455	28.921
Total Asset Backed Securities		6,902	
Corporate Bonds	Not Rated	9,650	3.802
Corporate Bonds	AAA	9,463	16.106
Corporate Bonds	AA	7,208	15.915
Corporate Bonds	A	16,400	11.383
Corporate Bonds	BBB	29,291	11.402
Corporate Bonds	BB	809	8.269
Corporate Bonds	B	100	31.482
Corporate Bonds	CCC	66	27.921
Total Corporate Bonds		72,987	
International Bonds	Not Rated	212	4.679
International Bonds	AAA	498	2.636
International Bonds	AA	512	8.893
International Bonds	A	675	13.700
International Bonds	BBB	6,205	19.012
International Bonds	CCC	213	5.567
Total International Bonds		8,315	
Total Foreign Commingled	Not Rated	103,151	7.200
Total Fixed Income Investments		296,714	
Temporary Investments from Securities		108,991	
Domestic Equities:			
Common Stocks		1,060,474	
Commingled Equity Index Fund		113,536	
Real Estate		347,188	
Total Domestic Equities		1,521,198	
Global Commingled		465,986	
International Equities		71,814	
Hedged Funds		122,339	
Total COPERS Investments		\$ 2,587,042	

**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			
Doubleline Core Total Return	Not Rated	\$ 14,389	7.000
PIMCO Total Return	Not Rated	14,349	5.800
Vanguard Total Bond Market Index	Not Rated	28,543	8.400
Total Bond Mutual Funds		<u>57,281</u>	
Stock Mutual Funds	Not Rated	188,319	
Pacific Hedged Strategies Funds	Not Rated	394	
Total Fiduciary Fund External Investments		<u>\$ 245,994</u>	
Phoenix Industrial Development Authority			
Investment in Land	N/A	\$ 3,898	—
A summary of investments by fund follows (in thousands):			
Primary Government			
Unrestricted			
General Fund		\$	215,222
Transit Special Revenue Fund			183,501
General Obligation/Secondary Property Tax			79,190
Non-Major Governmental Funds			672,598
Enterprise Funds			
Aviation			342,853
Phoenix Convention Center			40,278
Water System			173,748
Wastewater			62,560
Solid Waste			44,531
Total Unrestricted			<u>1,814,481</u>
Restricted			
Enterprise Funds			
Aviation			69,003
Phoenix Convention Center			14,294
Water System			34,892
Wastewater			105,178
Solid Waste			21,860
Total Restricted			<u>245,227</u>
Total Primary Government			2,059,708
Component Unit - PIDA			3,898
Fiduciary Funds			
Employee Pension Trust			2,587,902
Employee Benefit Trust			325,438
Payroll Agency			50,514
Total Reporting Entity			<u>\$ 5,027,460</u>

## Notes to the Financial Statements (Continued)

### Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using			
	6/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government securities	\$ 1,488,031	\$ 15,785	\$ 1,472,246	\$ —
U.S. Government agency obligations	957,774	—	957,774	—
U.S. Government agency MBS/CMO	1,646	—	1,646	—
Municipal bonds	15,132	—	15,132	—
Commercial paper	123,364	—	123,364	—
Investment in land	872	—	—	872
Total investments, including those classified as, cash equivalents by fair value level	<u>\$ 2,586,819</u>	<u>\$ 15,785</u>	<u>\$ 2,570,162</u>	<u>\$ 872</u>

U.S. Government securities totaling \$15.8 million in fiscal year 2018 are classified in Level 1 of the fair value hierarchy and are valued using quoted prices in active markets.

U.S. Government securities totaling \$1.5 billion, U.S. government agency obligations totaling \$957.8 million, U.S. government agency MBS/CMO totaling \$1.6 million, municipal bonds totaling \$15.1 million and commercial paper totaling \$123.4 million in fiscal year 2018 are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These prices are obtained from a pricing source.

Investment in Land totaling \$872 thousand in fiscal year 2018, classified in Level 3 of the fair value hierarchy is valued by appraisal using valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow model and similar techniques not on market, exchange, dealer or broker-traded transactions.

For the LTD and MERP Trusts, Bond Mutual Funds totaling \$57.3 million and Stock Mutual Funds totaling \$184.1 million classified in Level 1 of the fair value hierarchy in fiscal year 2018 are valued using quoted prices in active markets. Stock Mutual Funds totaling \$4.2 million classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Pacific Hedged Strategies Funds totaling \$394 thousand in fiscal year 2018, classified in Level 3 of the fair value hierarchy is valued by appraisal using valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow model and similar techniques not on market, exchange, dealer or broker-traded transactions.

## Notes to the Financial Statements (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of COPERS as of June 30, 2018 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using			
	6/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equities	\$ 1,060,474	\$ 538,342	\$ —	\$ 522,132
International Equities Commingled	71,814	—	—	71,814
Fixed Income				
Futures	124	124	—	—
SWAPS	124	—	124	—
US government and agency securities	46,754	38,134	8,620	—
Mortgage backed securities - residential	58,357	—	58,357	—
Asset backed securities	6,902	—	6,902	—
Municipal bonds	—	—	—	—
Corporate bonds	72,987	—	72,987	—
Corporate bonds commingled	—	—	—	—
Foreign	8,315	—	8,315	—
Foreign commingled	103,151	—	—	103,151
Total fixed income securities	<u>296,714</u>	<u>38,258</u>	<u>155,305</u>	<u>103,151</u>
Temporary Investments from Securities Lending	<u>18,483</u>		<u>18,483</u>	
Subtotal	<u>1,447,485</u>	<u>576,600</u>	<u>173,788</u>	<u>697,097</u>
Investments measured at the net asset value (NAV)				
Private Equity	<u>113,536</u>			
Hedge Funds	<u>122,339</u>			
Global Commingled	<u>465,986</u>			
Real Estate Funds	<u>347,188</u>			
Investments at net asset value	<u>1,049,049</u>			
Cash Equivalents in Securities Lending	<u>90,508</u>			
Total investments and cash equivalents by fair value level	<u>\$ 2,587,042</u>	<u>\$ 576,600</u>	<u>\$ 173,788</u>	<u>\$ 697,097</u>

## Notes to the Financial Statements (Continued)

Certain investments are reported at the net asset values calculated by the investment manager. These investments at June 30, 2018, detailed in the following table, are subject to capital calls and specific redemption terms:

	June 30, 2018 (in thousands)	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	\$ 122,339	\$ —	Quarterly	90 Days
Global Commingled	465,986	—	Monthly	30 Days
Private Equity	113,536	70,205	Quarterly	0-90 Days
Real Estate Funds	347,188	143,601	Quarterly	0-90 Days

Alternative investments measured at NAV include hedge funds, real estate, opportunistic and global fixed income. Below is a description of the various investment strategies:

- COPERS invests in three direct hedge funds which all have a global macro strategy.
- COPERS' portfolio consists of one commingled fixed income fund and two fixed income separate accounts. These accounts have a core-plus strategy.
- COPERS has two global commingled funds. One fund which has a global large cap growth mandate and the second fund which has a large cap value mandate.
- COPERS' real estate investments consists of two core real estate funds and 15 non-core real estate partnerships. The core funds permit redemptions with a 90-day notice, the non-core fund investments have a limited liquidity and redemptions are restricted.

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those debts and securities. Debt and equity securities categorized as Level 2 are valued using matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the relationship to benchmark quoted prices. Investment derivative instruments categorized as Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates. Mortgage-backed securities categorized as Level 2 are valued using discounted cash flow techniques. Debt and equity securities categorized as Level 3 are debt and securities whose stated market price is unobservable by the market place, many of these securities are priced by the issuers or industry groups for these securities. Collateralized debt obligations categorized as Level 3 are valued using consensus pricing. The fair value of international equity funds and related short-term investments classified as Level 3 represent the value of unit positions in funds that are not publicly traded on an exchange. Fair value of these securities can be impacted by redemption restrictions imposed by the fund managers.

### **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, 2018, have weighted average maturities ranging from 5.8 to 8.4 years.

## Notes to the Financial Statements

(Continued)

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 services agreement with Western directs them to maintain an average weighted duration of portfolio security holdings including futures and options positions within +/- 20% of the Barclays Capital US Aggregate Index. COPERS' investment management agreement with Longfellow specifies a weighted average duration of +/- 20% 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. The investment management agreement MFS 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 or escrowed to maturity municipal securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Treasury 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. 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 Five managers responsible for fixed income investments. Aberdeen Asset Management Inc., Longfellow Investment Management, 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 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, excluding U.S. governments that represent 5% or more of total City investments are as follows (in thousands):

Issuer	Fair Value
FFCB	286,189
FHLB	334,837
FNMA	155,540

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 9% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 18.3% of total COPERS' assets as of June 30, 2018. The fair value of COPERS' international equity funds at June 30, 2018 was \$71.8 million, managed by Baillie Gifford, GMO, MSCI ACW Ex US Index and Mondrian, all of which was exposed to foreign currency risk.

## Notes to the Financial Statements (Continued)

### Securities Lending

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions, and COPERS has, via a Securities Lending Authorization Agreement effective May 6, 2015, authorized Bank of New York Mellon ("BNY") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement.

During 2018 and 2017, BNY lent, on behalf of COPERS, certain securities held by BNY as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. BNY did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 100% of the fair value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the fair value of the loaned securities.

During 2018, 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 liquidity pool and a duration pool. The collateral pool had a weighted average maturity (WAM) of 14 days and a weighted average life (WAL) of 96 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The collateral held and the fair value of securities on loan for COPERS as of June 30, 2018 was \$109.0 million.

### 6. Receivables

Receivables at June 30, 2018 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	\$ 25,669	\$ 120,382	\$ 38	\$ 21,104	\$ —	\$ 167,193
Transit Special Revenue	2,206	239	—	10,614	—	13,059
G.O./Secondary Property Tax	—	3,039	339	—	—	3,378
Nonmajor	4,112	242	282	82,426	9,864	96,926
	<u>31,987</u>	<u>123,902</u>	<u>659</u>	<u>114,144</u>	<u>9,864</u>	<u>280,556</u>
Business-Type Activities						
Aviation	14,052	—	—	162	—	14,214
Phoenix Convention Center	376	—	—	—	—	376
Water System	56,669	—	—	766	—	57,435
Wastewater	21,804	—	—	5,298	21,055	48,157
Solid Waste	13,978	—	—	5	—	13,983
	<u>106,879</u>	<u>—</u>	<u>—</u>	<u>6,231</u>	<u>21,055</u>	<u>134,165</u>
Subtotal	<u>138,866</u>	<u>123,902</u>	<u>659</u>	<u>120,375</u>	<u>30,919</u>	<u>414,721</u>
Restricted						
Business-Type Activities						
Aviation	15,081	—	74	12,458	—	27,613
Phoenix Convention Center	—	—	4	—	—	4
	<u>15,081</u>	<u>—</u>	<u>78</u>	<u>12,458</u>	<u>—</u>	<u>27,617</u>
Total	<u>\$ 153,947</u>	<u>\$ 123,902</u>	<u>\$ 737</u>	<u>\$ 132,833</u>	<u>\$ 30,919</u>	<u>\$ 442,338</u>

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

(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, 2018 (in thousands):

	<b>Allowance for Doubtful Accounts</b>		
	<b>Accounts</b>	<b>Taxes</b>	<b>Total</b>
Governmental			
General Fund	\$ 15,695	\$ 28,040	\$ 43,735
Transit Special Revenue Fund	219	—	219
Nonmajor	3,632	—	3,632
Business-Type			
Aviation	—	—	—
Phoenix Convention Center	31	—	31
Water System	2,406	—	2,406
Wastewater	1,146	—	1,146
Solid Waste	1,363	—	1,363
	<u>\$ 19,551</u>	<u>\$ 28,040</u>	<u>\$ 47,591</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2018, as follows (in thousands):

Aviation	\$ 9,044
Water System	24,488
Wastewater	8,192
Solid Waste	5,139
	<u>\$ 46,863</u>

**Notes Receivable**

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; PIBHC Marcos De Niza LLC; PERC II Frank Luke Addition LLC; PERC III Frank Luke Addition LLC; and Phoenix Starfish Place Corporation 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 \$76.8 million.

The City has entered into various loan agreements with third parties related to its affordable 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 \$81.0 million as of June 30, 2018.

The City has also entered into various loan agreements with third parties related to its affordable 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

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

periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2018 and as late as fiscal year ending 2055. As of June 30, 2018 the total amount of the notes outstanding is \$9.9 million. The payments received from these loans are restricted by the Federal Government for affordable housing programs. Therefore the City records a trust liability within the Public Housing Special Revenue Fund for the outstanding balance of the notes.

The City has entered into a loan agreement with Ninety-First Avenue Renewable Biogas, LLC to provide secured financing for the construction of a digester gas (biogas) treatment facility at the 91st Avenue Wastewater Treatment Plant. The agreement has been recorded as a notes receivable in the Wastewater Enterprise Fund. After completion of the Biogas Facility and continuing to the maturity date, the City will be repaid the capital costs over a maximum of ten years with 4.5 percent annual interest. The amount of the note outstanding is \$21.1 million as of June 30, 2018.

**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, 2018 (in thousands):

	<u>Payable Funds</u>
	<u>Governmental Funds</u>
	Nonmajor Governmental
Receivable Funds	
Governmental Funds	
General Fund	\$ 11,446
Transit Special Revenue	36,473
Total Governmental Funds	<u>\$ 47,919</u>

Interfund balances at June 30, 2018 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements.

Net transfers of \$25.5 million 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, 2018 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 108,675	\$ 33,782
Transit Special Revenue Fund	65,430	—
Nonmajor Governmental	13,734	128,510
Total Governmental Funds	<u>187,839</u>	<u>162,292</u>
Enterprise Funds		
Aviation	948	168
Phoenix Convention Center	151	52,730
Water System	15,214	—
Wastewater	9,098	—
Solid Waste	1,940	—
Total Enterprise Funds	<u>27,351</u>	<u>52,898</u>
Total Transfers	<u>\$ 215,190</u>	<u>\$ 215,190</u>

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

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

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

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2018, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 166,889
Cash Deposits	15,046
Cash and Securities with Fiscal Agents/Trustees	355,284
Investments	245,227
Receivables, Net of Allowances	27,617
Total Restricted Assets	<u>\$ 810,063</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 63,852
Trust Liabilities and Deposits	15,054
Short-Term Obligations	100,000
Accrued Landfill Closure Costs	172
Subtotal	<u>179,078</u>
Matured Bonds and Certificates Payable	176,737
Interest Payable	98,694
Current Portion of General Obligation Bonds	7,275
Current Portion of Revenue Bonds	1,023
Current Portion of Municipal Corporation Obligations	166,710
Total Liabilities Payable from Restricted Assets	<u>\$ 629,517</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2018, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 277,427
Receivables, Net of Allowances	52
Total Restricted Assets	<u>\$ 277,479</u>
Total Liabilities Payable from Restricted Assets	<u>\$ —</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				Balances
	July 1, 2017	Additions	Deletions	Transfers	June 30, 2018
<b>Governmental activities:</b>					
Non-depreciable assets:					
Land	\$ 1,283,588	\$ 3,209	\$ (13,653)	\$ 14,003	\$ 1,287,147
Infrastructure	515,537	9,284	—	3,596	528,417
Artwork	7,044	—	—	—	7,044
Construction-in-Progress	173,184	156,511	(19,762)	(91,706)	218,227
Total non-depreciable assets	1,979,353	169,004	(33,415)	(74,107)	2,040,835
Depreciable assets:					
Buildings	1,508,219	4,463	(3,923)	15,196	1,523,955
Improvements	608,646	14,152	(99)	21,957	644,656
Infrastructure	2,163,505	68,419	(31,775)	21,252	2,221,401
Equipment	786,660	68,173	(27,841)	17,082	844,074
Intangible Assets	76,031	1,702	(42,075)	4,280	39,938
Total depreciable assets	5,143,061	156,909	(105,713)	79,767	5,274,024
Less accumulated depreciation for:					
Buildings	(688,376)	(41,248)	3,204	(201)	(726,621)
Improvements	(330,750)	(25,083)	47	—	(355,786)
Infrastructure	(726,762)	(63,421)	31,775	—	(758,408)
Equipment	(476,630)	(56,409)	27,726	(326)	(505,639)
Intangible Assets	(56,454)	(3,915)	42,074	—	(18,295)
Total accumulated depreciation	(2,278,972)	(190,076)	104,826	(527)	(2,364,749)
Total depreciable assets, net	2,864,089	(33,167)	(887)	79,240	2,909,275
Governmental activities, capital assets, net	\$ 4,843,442	\$ 135,837	\$ (34,302)	\$ 5,133	\$ 4,950,110
<b>Business-type activities:</b>					
Non-depreciable assets:					
Land	\$ 703,934	\$ —	\$ (3)	\$ (53)	\$ 703,878
Artwork	10,749	—	—	—	10,749
Construction-in-Progress	664,848	448,640	(28,616)	(150,508)	934,364
Total non-depreciable assets	1,379,531	448,640	(28,619)	(150,561)	1,648,991
Depreciable assets:					
Buildings	3,034,902	11,352	(16,462)	10,648	3,040,440
Improvements	3,854,094	35,730	(17,591)	55,934	3,928,167
Infrastructure	1,758,938	22,675	(19,552)	54,647	1,816,708
Equipment	1,300,136	22,261	(19,769)	16,811	1,319,439
Intangible Assets	236,550	293	(39,334)	6,859	204,368
Total depreciable assets	10,184,620	92,311	(112,708)	144,899	10,309,122
Less accumulated depreciation for:					
Buildings	(1,283,110)	(88,783)	14,951	130	(1,356,812)
Improvements	(1,931,964)	(136,106)	17,591	4,328	(2,046,151)
Infrastructure	(623,635)	(43,229)	19,552	—	(647,312)
Equipment	(717,496)	(75,993)	16,372	(3,929)	(781,046)
Intangible Assets	(140,456)	(9,878)	39,333	—	(111,001)
Total accumulated depreciation	(4,696,661)	(353,989)	107,799	529	(4,942,322)
Total depreciable assets, net	5,487,959	(261,678)	(4,909)	145,428	5,366,800
Business-type activities, capital assets, net	\$ 6,867,490	\$ 186,962	\$ (33,528)	\$ (5,133)	\$ 7,015,791

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

**Component Units**

**Downtown Phoenix Hotel Corporation:\***

	<b>Balances</b> <b>July 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balances</b> <b>June 30, 2018</b>
Non-depreciable assets:					
Intangible Assets	\$ 95	\$ —	\$ (95)	\$ —	\$ —
Construction in Progress	—	—	—	—	—
Total non-depreciable assets	95	—	(95)	—	—
Depreciable assets:					
Buildings	277,624	—	(277,624)	—	—
Improvements	537	—	(537)	—	—
Equipment	4,628	—	(4,628)	—	—
Intangible Assets	114	—	(114)	—	—
Total depreciable assets	282,903	—	(282,903)	—	—
Less accumulated depreciation for:					
Buildings	(60,725)	(7,054)	67,779	—	—
Improvements	(314)	(36)	350	—	—
Equipment	(3,098)	(412)	3,510	—	—
Intangible Assets	(99)	(7)	106	—	—
Total accumulated depreciation	(64,236)	(7,509)	71,745	—	—
Total depreciable assets, net	218,667	(7,509)	(211,158)	—	—
Component Unit, capital assets, net	\$ 218,762	\$ (7,509)	\$ (211,253)	\$ —	\$ —

\*In fiscal year 2018, the downtown hotel was sold.

**Phoenix Housing Finance Corporations:**

	<b>Balances</b> <b>July 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balances</b> <b>June 30, 2018</b>
Non-depreciable assets:					
Land	\$ 6,283	\$ —	\$ —	\$ —	\$ 6,283
Construction in Progress	21,593	—	—	(10)	21,583
Total non-depreciable assets	27,876	—	—	(10)	27,866
Depreciable assets:					
Buildings	18,040	—	—	10	18,050
Improvements	52	—	—	—	52
Intangible Assets	1,545	—	—	—	1,545
Total depreciable assets	19,637	—	—	10	19,647
Less accumulated depreciation for:					
Buildings	(4,706)	(668)	—	—	(5,374)
Improvements	(10)	(1)	—	—	(11)
Intangible Assets	—	(77)	—	—	(77)
Total accumulated depreciation	(4,716)	(746)	—	—	(5,462)
Total depreciable assets, net	14,921	(746)	—	10	14,185
Component Unit, capital assets, net	\$ 42,797	\$ (746)	\$ —	\$ —	\$ 42,051

## 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, 2018 as follows (in thousands):

General Government	\$	9,709
Criminal Justice		177
Public Safety		33,367
Transportation		95,794
Community Enrichment		33,322
Community Development		9,349
Environmental Services		8,358
	\$	<u>190,076</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, 2018 is \$34.1 million.

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

**10. Long-Term Obligations**

Changes in long-term obligations during fiscal year 2017-18 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	\$ 1,178,330	\$ —	\$ 49,185	\$ 1,129,145	\$ 57,460
Revenue Bonds/Bank Loans	305,940	—	—	305,940	—
Municipal Corporation Obligations	590,600	—	84,580	506,020	98,425
Special Assessment Bonds	96	—	19	77	17
	2,074,966	—	133,784	1,941,182	155,902
Discounts/Premiums	139,710	—	24,710	115,000	—
Total Bonds and Notes Payable	2,214,676	—	158,494	2,056,182	155,902
Other Liabilities:					
Insurance Claims Payable	154,208	53,105	37,684	169,629	49,648
Accrued Compensated Absences	145,864	142,732	145,864	142,732	17,530
Utility/Water Contractual Agreements	2,301	—	—	2,301	—
Pollution Remediation	10,879	—	3,554	7,325	171
Capital Lease	5,586	—	1,069	4,517	1,093
Net Pension	3,875,753	1,517,792	1,357,666	4,035,879	—
Net OPEB	115,020	64,709	79,531	100,198	—
Total Other Liabilities	4,309,611	1,778,338	1,625,368	4,462,581	68,442
Total Governmental Activities	\$ 6,524,287	\$ 1,778,338	\$ 1,783,862	\$ 6,518,763	\$ 224,344
<b>Business-Type Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 23,075	\$ —	\$ 2,435	\$ 20,640	\$ 7,275
Revenue Bonds/Bank Loans	14,007	—	993	13,014	1,023
Municipal Corporation Obligations	3,671,669	1,092,405	1,031,559	3,732,515	166,710
	3,708,751	1,092,405	1,034,987	3,766,169	175,008
Discounts/Premiums	339,184	161,556	57,808	442,932	—
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	111,676	—	566	111,110	—
Total Bonds and Notes Payable	4,159,611	1,253,961	1,093,361	4,320,211	175,008
Other liabilities:					
Accrued Compensated Absences	20,120	20,450	20,120	20,450	2,711
Accrued Landfill Closure and Postclosure Care Costs	62,338	675	6,118	56,895	2,468
Pollution Remediation	2,200	100	200	2,100	100
Net Pension	593,619	170,096	238,854	524,861	—
Net OPEB	41,449	11,677	11,934	41,192	—
Total Other Liabilities	719,726	202,998	277,226	645,498	5,279
Total Business-Type Activities	\$ 4,879,337	\$ 1,456,959	\$ 1,370,587	\$ 4,965,709	\$ 180,287
<b>Component Units</b>					
Phoenix Housing Finance Corporations					
Notes Payable	\$ 40,557	\$ 151	\$ —	\$ 40,708	\$ —
Total Component Units	\$ 40,557	\$ 151	\$ —	\$ 40,708	\$ —

(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. Net Pension and OPEB Liabilities are generally liquidated by the Enterprise Funds, General Fund and the following Special Revenue Funds: Transit, Municipal Court, Development Services, Grants, Public Housing, Other Restricted, Neighborhood Protection, Public Safety Enhancement and Parks and Preserves.

## 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, 2018 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2018, were as follows (in thousands):

	Principal	Interest	Total
<b>Governmental Funds</b>			
General Obligation Bonds	\$ 49,185	\$ 25,985	\$ 75,170
Revenue Bonds/Bank Loans	—	4,268	4,268
Municipal Corporation Obligations	84,580	13,306	97,886
Special Assessment Bonds	—	1	1
	133,765	43,560	177,325
<b>Enterprise Funds</b>			
General Obligation Bonds	2,435	380	2,815
Municipal Corporation Obligations	170,656	98,106	268,762
	173,091	98,486	271,577
	\$ 306,856	\$ 142,046	\$ 448,902

Issues of long-term debt, excluding deferred gain/losses on refundings, net of \$72.5 million and accumulated appreciation on State of Arizona distribution revenue bonds (\$111.1 million) were as follows at June 30, 2018 (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>								
03/01/04	Various Improvements (3)	7/1/10-28	4.22	16.3	\$ 200,000	\$ 14,720	\$ 4,416	\$ (52)
10/27/09	Various Improv - Taxable 2009A (2)(14)	7/1/20-34	3.42	18.4	280,955	280,955	142,742	—
10/27/09	Various Improvements - Taxable 2009B	7/1/15-20	3.97	7.9	69,045	16,930	829	—
10/27/09	Refunding 2009C	7/1/11-23	2.70	6.7	117,195	36,990	3,865	(362)
06/12/12	Various Improvements 2012A	7/1/23-34	3.55	17.2	103,360	103,360	43,851	(2,856)
06/12/12	Various Improvements - Taxable 2012B	7/1/21-23	2.76	9.8	16,640	16,640	1,694	—
06/12/12	Refunding 2012C	7/1/15-27	2.39	9.2	176,465	132,595	23,370	(8,116)
06/24/14	Refunding	7/1/19-27	2.71	9.5	278,015	278,015	60,058	(17,042)
09/13/16	Refunding	7/1/18-27	1.74	9.0	226,215	219,415	79,457	(48,345)
06/21/17	Refunding	7/1/18-27	1.52	3.4	68,305	50,165	7,774	(5,554)
	Total General Obligation Bonds				1,536,195	1,149,785	368,056	(82,327)
<b>Revenue Bonds/Bank Loans</b>								
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,131	759	—
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	1,477	155	—
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,108	—
09/14/11	Water Revenue	7/1/24-29	2.97	15.8	1,497	1,497	399	—
08/12/15	Hotel (4b)(15)	7/1/21-45	2.84	19.8	305,940	305,940	57,819	—
	Total Revenue Bonds				319,726	318,954	60,240	—

(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	37,390	7,472	(558)
06/02/04	Rental Car Facility (Taxable) (3)(9)	7/1/07-29	6.20	16.5	260,000	165,885	68,146	—
10/06/05	State Distribution Revenue 2005B (3)(11)	7/1/12-44	4.72	28.9	275,362	258,640	468,796	(17,583)
06/02/09	Water System Revenue 2009A (5)	7/1/14-39	4.63	20.5	450,000	11,480	574	(6)
06/02/09	Water System Revenue Refunding 2009B (5)	7/1/10-19	2.78	6.0	90,295	11,370	517	(185)
09/01/10	Airport Revenue 2010A (Non-AMT)(3)(6b)(12)	7/1/13-40	4.69	19.0	642,680	31,310	2,262	(99)
09/01/10	Airport Rev 2010B (Tax) (3)(6b)(12)(13)(14)	7/1/2040	3.67	29.8	21,345	21,345	30,993	—
09/01/10	Airport Revenue Ref 2010C (Non-AMT)(3)(6b)	7/1/23-25	4.33	13.9	32,080	32,080	9,676	(1,062)
06/07/11	Excise Tax Revenue 2011A (4a)	7/1/14-31	2.86	7.6	27,530	10,280	1,973	(607)
06/07/11	Excise Tax Revenue (Taxable) 2011B (4a)	7/1/15-36	4.86	13.1	59,195	43,525	20,183	—
06/07/11	Excise Tax Revenue Refunding 2011C (4a)	7/1/21-28	3.79	12.6	24,305	24,305	6,533	(1,283)
06/07/11	Excise Tax Revenue Ref (Taxable) 2011D (4a)	7/1/15-21	3.91	7.6	22,805	12,345	875	—
06/07/11	Multipurpose Arena Ref (Taxable) 2011 (4b)	7/1/12-19	3.71	5.1	27,500	4,200	185	—
11/22/11	Water System Revenue Refunding (5)	7/1/14-26	3.12	9.3	167,510	115,920	27,119	(8,465)
12/22/11	Wastewater System Revenue Ref (7b)	7/1/14-24	2.58	8.4	118,290	82,115	13,327	(5,609)
06/21/12	Excise Tax Revenue Refunding 2012 (4a)	7/1/14-29	2.97	9.7	15,205	8,500	3,471	(1,127)
06/21/12	Excise Tax Revenue Refunding 2012A (4b)	7/1/14-25	2.30	6.7	17,510	8,300	1,459	(711)
06/21/12	Excise Tax Revenue Ref 2012B (Taxable) (4b)	7/1/16-33	4.01	13.7	33,095	29,365	10,687	—
03/05/13	Airport Revenue Ref (AMT)(3)(6a)	7/1/14-32	3.28	11.8	196,600	160,825	66,636	(19,192)
07/16/13	Transit Excise Tax Refunding (10)	7/1/14-20	2.01	4.6	328,920	128,335	9,381	(5,280)
04/15/14	Wastewater System Refunding (7b)	7/1/15-29	3.00	9.4	127,810	105,435	33,640	(11,584)
12/17/14	Water System Revenue 2014A (5)	7/1/19-44	3.76	19.7	152,830	152,830	119,843	(19,065)
12/17/14	Water System Rev Refunding 2014B (5)	7/1/16-29	2.64	9.7	445,085	414,000	127,013	(49,462)
05/12/15	Excise Tax Rev Refunding 2015A (4b)(8)	7/1/17-41	3.56	16.2	319,305	306,710	208,621	(43,209)
05/12/15	Excise Tax Rev Ref 2015B (Taxable) (4b)	7/1/16-35	3.35	10.2	60,895	53,755	15,272	—
12/15/15	Airport Revenue 2015A (Non-AMT)(3)(6b)(12)	7/1/16-45	3.99	18.6	95,785	91,820	75,183	(10,033)
12/15/15	Airport Rev Ref 2015B (Non-AMT)(3)(6b)(12)	7/1/2034	4.08	18.5	18,655	18,655	14,924	(2,112)
11/16/16	Wastewater System Rev Refunding (7b)	7/1/17-35	2.89	11.3	225,325	214,750	109,314	(39,441)
01/10/17	Water System Rev Refunding 2016 (5)	7/1/17-39	3.59	15.1	375,780	373,475	254,986	(55,400)
06/01/17	Excise Tax Revenue 2017A (4b)	7/1/18-32	2.16	6.8	116,835	109,570	28,804	(13,946)
06/01/17	Excise Tax Rev Refunding 2017B (4b) (8)	7/1/19-29	2.02	6.3	101,895	101,895	24,677	(13,242)
06/01/17	Excise Tax Rev Ref (Taxable) 2017C (4b)	7/1/18-22	2.04	3.1	15,680	12,655	616	—
11/21/17	Airport Revenue 2017A (AMT)(3)(6a)	7/1/18-47	3.84	18.7	190,930	189,130	173,113	(28,464)
11/21/17	Airport Rev Ref 2017B (Non-AMT)(3)(6a)	7/1/21-38	3.23	13.5	173,440	173,440	111,864	(32,356)
11/21/17	Airport Rev Ref (Taxable) 2017C (3)(6a)	7/1/18-21	2.23	2.2	35,745	30,610	1,143	—
12/21/17	Airport Rev Ref 2017D (Non-AMT)(3)(6b)(12)	7/1/21-40	3.36	14.2	474,725	474,725	301,907	(68,674)
06/19/18	Wastewater System Revenue 2018A (7b)	7/1/25-43	3.66	17.4	133,270	133,270	107,739	(17,715)
06/19/18	Wastewater System Rev Ref 2018B (7a)	7/1/19-24	2.26	4.0	84,295	84,295	16,657	(9,135)
Total Municipal Corporation Obligations					6,058,492	4,238,535	2,475,581	(475,605)
<b>Special Assessment Bonds</b>								
Various	Unredeemed Matured Bonds	—	—	—	44	44	—	—
2010	Various Improvements	1/1/11-20	6.90	10.0	163	33	2	—
Total Special Assessment Bonds					207	77	2	—
<b>Total Primary Government Bonds</b>					<b>\$7,914,620</b>	<b>\$ 5,707,351</b>	<b>\$ 2,903,879</b>	<b>\$ (557,932)</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) Enhanced 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.

## Notes to the Financial Statements (Continued)

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- (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, a portion of 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% increase to the City's privilege license (sales) tax, which was approved at a special election held on March 14, 2000. On August 21, 2015, voters approved a 0.3% increase to the tax for a total of 0.7%. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds.
- (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) The City has further pledged an irrevocable commitment of 100% of net proceeds of a passenger facility charge for the debt service due on or before July 1, 2021 on these bonds, with the exception of the Series 2015A bonds. The Series 2015A bonds have a pledge equivalent to 30% of the principal and interest requirement for debt service due on or before July 1, 2021. The Passenger Facility Charge is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- (13) 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.
- (14) 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 6.6% (the "Sequester Reductions") in FY 2018. 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.
- (15) Assumes the City will retire or refinance the loan before July 1, 2025. If the loan is not retired or refinanced before July 1, 2025, any unpaid principal remaining at that time will convert to a variable rate loan, at 9.2% per annum for a 180-day period and, thereafter, a variable rate with a maximum rate of 15% per annum. Additionally, principal payments on or after July 1, 2025 will become due semi-annually until the final maturity of July 1, 2045, as long as no event of default has occurred.

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

### **General Obligation Bonds**

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

### **Revenue Bonds/Bank Loans**

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.

In August 2015, the City entered into a loan agreement with DNT Asset Trust, a subsidiary of JP Morgan Chase Bank, N.A., (the "Loan") for \$305.9 million. The Loan is payable from and secured by a subordinated lien on the City's excise tax revenues on parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

## Notes to the Financial Statements

(Continued)

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### **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 November 2017, the CIC issued \$190.9 million of Senior Lien Airport Revenue Bonds, Series 2017A (AMT). Proceeds of the bonds refunded \$180.0 million outstanding under a Revolving Credit Agreement with remaining proceeds applied to the Terminal 3 Modernization Project. The bonds have an average life of 18.7 years and were sold at an all-in true interest cost of 3.84%.
- In November 2017, the CIC issued \$173.4 million of Senior Lien Airport Revenue Refunding Bonds, Series 2017B (Non-AMT). Proceeds of the bonds refunded \$206.8 million of Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT). The bonds have an average life of 13.5 years, were sold at an all-in true interest cost of 3.23% and produced present value savings, net of transaction costs, of \$34.5 million.
- In November 2017, the CIC issued \$35.7 million of Senior Lien Airport Revenue Refunding Bonds, Taxable Series 2017C. Proceeds of the bonds refunded \$45.8 million of Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT). The bonds have an average life of 2.2 years, were sold at an all-true interest cost of 2.23% and produced present value savings, net of transaction costs, of \$1.8 million.
- In December 2017, the CIC issued \$474.7 million of Junior Lien Airport Revenue Refunding Bonds, Series 2017D (Non-AMT). Proceeds of the bonds refunded \$512.9 million of Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT). The bonds have an average life of 14.2 years, were sold at an all-true interest cost of 3.36% and produced present value savings, net of transaction costs, of \$56.4 million.
- In June 2018, the CIC issued \$133.3 million of Junior Lien Wastewater System Revenue Bonds, Series 2018A. Proceeds of the bonds will be used to pay the cost of certain improvements of the City's wastewater system which are part of the City's five-year capital improvement program. The bonds have an average life of 17.4 years and were sold at an all-in true interest cost of 3.66%.
- In June 2018, the CIC issued \$84.3 million of Senior Lien Wastewater System Revenue Refunding Bonds, Series 2018B. Proceeds of the bonds refunded \$92.3 million of Senior Lien Wastewater Revenue Refunding Bonds, Series 2008. The bonds have an average life of 4.0 years, were sold at an all-in true interest cost of 2.26% and produced present value savings, net of transactions costs, of \$11.0 million.

### **Special Assessment Bonds**

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

### **Component Units**

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, 2018 is \$40.7 million.

# 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		Revenue Obligations/Bank Loans (1)		Municipal Corporation Obligations		Special Assessment Bonds		Debt Service Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 57,460	\$ 49,845	\$ —	\$ 8,512	\$ 98,425	\$ 22,801	\$ 61	\$ 2	\$ 237,106
2020	68,825	47,385	—	8,536	104,360	18,369	16	1	247,492
2021	84,285	44,561	6,650	8,536	34,985	13,501	—	—	192,518
2022	87,845	41,219	6,840	8,350	33,800	11,952	—	—	190,006
2023	97,845	37,654	7,030	8,205	34,360	10,425	—	—	195,519
2024-28	542,925	113,578	285,420	15,680	126,260	31,107	—	—	1,114,970
2029-33	155,485	31,061	—	—	60,385	9,835	—	—	256,766
2034-38	34,475	1,625	—	—	13,445	1,217	—	—	50,762
	<u>\$ 1,129,145</u>	<u>\$ 366,928</u>	<u>\$ 305,940</u>	<u>\$ 57,819</u>	<u>\$ 506,020</u>	<u>\$ 119,207</u>	<u>\$ 77</u>	<u>\$ 3</u>	<u>\$ 2,485,139</u>
Authorized	\$ 2,790,760								
Unissued	\$ 152,355								
Interest Rates	2.0 - 5.5%								

City of Phoenix Bonds - Business-Type Activities									
Fiscal Years	General Obligation		Revenue Obligations/Bank Loans		Municipal Corporation Obligations		Special Assessment Bonds		Debt Service Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 7,275	\$ 645	\$ 1,023	\$ 386	\$ 166,710	\$ 192,416	\$ —	\$ —	\$ 368,455
2020	12,350	419	1,053	356	180,065	184,634	—	—	378,877
2021	685	47	1,084	325	178,866	176,528	—	—	357,535
2022	330	17	1,116	292	187,938	167,992	—	—	357,685
2023	—	—	1,150	259	201,703	158,726	—	—	361,838
2024-28	—	—	6,280	764	956,370	643,872	—	—	1,607,286
2029-33	—	—	1,308	39	702,649	430,320	—	—	1,134,316
2034-38	—	—	—	—	664,223	266,732	—	—	930,955
2039-43	—	—	—	—	408,366	117,960	—	—	526,326
2044-47	—	—	—	—	85,625	17,195	—	—	102,820
	<u>\$ 20,640</u>	<u>\$ 1,128</u>	<u>\$ 13,014</u>	<u>\$ 2,421</u>	<u>\$ 3,732,515</u>	<u>\$ 2,356,375</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,126,093</u>
Authorized	\$ 248,399								
Interest Rates	2.0 - 5.5%								

Total	<u>\$ 1,149,785</u>	<u>\$ 368,056</u>	<u>\$ 318,954</u>	<u>\$ 60,240</u>	<u>\$ 4,238,535</u>	<u>\$ 2,475,582</u>	<u>\$ 77</u>	<u>\$ 3</u>	<u>\$ 8,611,232</u>
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(1) Assumes the City will retire or refinance the loan before July 1, 2025. If the loan is not retired or refinanced before July 1, 2025, any unpaid principal remaining at that time will convert to a variable rate loan, at 9.2% per annum for a 180-day period and, thereafter, a variable rate with a maximum rate of 15% per annum. Additionally, principal payments on or after July 1, 2025 will become due semi-annually until the final maturity of July 1, 2045, as long as no event of default has occurred.

## 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, 2018 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 \$142.0 million, including \$94.6 million that has already been paid out and an estimated \$47.4 million that will be paid out in

## Notes to the Financial Statements

(Continued)

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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 \$4.9 million during fiscal 2017-18 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$51.6 million, including \$3.1 million that has already been paid out and an estimated \$48.2 million that will be paid out in future years. \$9.7 million of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 19.9% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$172 thousand 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 \$29.0 million from third parties. These recoveries are used to reduce remediation expense in the year the recovery is assured. A total of \$7.0 million (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, 2018, the total remaining liability is \$7.3 million and it is estimated that the remediation will be completed in 81 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, 2018 is \$2.1 million, 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. Prior to January 2018, certain issues of bonds could have been refunded prior to the call date, known as an advanced refunding. The Tax Cuts and Jobs Act of 2017 prohibits refunding tax-exempt bonds before their call date, unless the bonds are refunded with taxable bonds. In most cases an advanced refunding of tax-exempt bonds with taxable bonds would not be financially beneficial. However, there may be circumstances when the benefits of the advanced refunding outweigh the disadvantages of issuing taxable bonds.

Future principal and interest payments on refunded bonds have been provided through advanced refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government, 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.

### **Defeasances**

During fiscal year 2017-18, the City defeased \$6.4 million of Senior Lien Airport Revenue Bonds, Series 2008B (AMT) and \$9.6 million of Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT). Airport funds were

## Notes to the Financial Statements (Continued)

used to fund the defeasance with the trustee on June 29, 2018 for payment to bondholders on July 1, 2018. The Airport reduced future interest payments by defeasing the bonds that were callable on July 1, 2018.

### Refundings

During fiscal year 2017-18, the City issued Senior Lien Airport Revenue Refunding Bonds, Series 2017B (Non-AMT); Senior Lien Airport Revenue Refunding Bonds, Taxable Series 2017C; Junior Lien Airport Revenue Refunding Bonds, Series 2017D (Non-AMT); and Senior Lien Wastewater System Revenue Refunding Bonds, Series 2018B. The refunding 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. The effects of the new money and refundings are summarized as follows (in thousands):

	Civic Improvement Corporation			
	Senior Lien Airport Revenue	Senior Lien Airport Revenue	Junior Lien Airport Revenue	Senior Lien Wastewater Revenue
Series	2017B	2017C	2017D	2018B
Closing Date	11/21/17	11/21/17	12/21/17	06/19/18
Net Interest Rate	3.58%	2.11%	3.64%	2.33%
Refunding Bonds Issued	\$ 173,440	\$ 35,745	\$ 474,725	\$ 84,295
Premium	33,888	—	71,394	9,135
Underwriter's Discount	(704)	(100)	(1,890)	(238)
Issuance Costs and Insurance	(509)	(88)	(620)	(297)
Net Proceeds	<u>\$ 206,115</u>	<u>\$ 35,557</u>	<u>\$ 543,609</u>	<u>\$ 92,895</u>
Refunded Amount	\$ 206,840	\$ 45,760	\$ 512,925	\$ 92,725
Decrease in Debt Service	\$ 50,925	\$ 10,810	\$ 90,137	\$ 11,845
Economic Gain	\$ 34,520	\$ 1,812	\$ 56,381	\$ 10,978
Number of Years Affected	21	5	23	7

The deferred and amortized amounts of accounting gains/losses on bond refundings (which are deferred outflows/inflows of resources) at June 30, 2018, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions (Gains)/Losses	Reductions due to Refundings	Amortization Gains/(Losses)	Deferred Amount June 30
General Government					
General Obligation	\$ 15,251	\$ —	\$ —	\$ (2,637)	\$ 12,614
Civic Improvement Corporation	2,578	—	—	(1,068)	1,510
	<u>\$ 17,829</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,705)</u>	<u>\$ 14,124</u>
Enterprise Funds					
Aviation					
General Obligation	\$ —	\$ —	\$ —	\$ —	\$ —
Civic Improvement Corporation	314	28,300	—	(1,350)	27,264
Convention Center					
Civic Improvement Corporation	5,107	—	—	(273)	4,834
Water					
General Obligation	180	—	—	(90)	90
Civic Improvement Corporation	27,919	—	—	(1,947)	25,972
Wastewater					
General Obligation	264	—	—	(139)	125
Civic Improvement Corporation	2,377	1,231	(2,648)	(431)	529
Solid Waste					
General Obligation	66	—	—	(117)	(51)
Civic Improvement Corporation	(519)	—	—	118	(401)
	<u>\$ 35,708</u>	<u>\$ 29,531</u>	<u>\$ (2,648)</u>	<u>\$ (4,229)</u>	<u>\$ 58,362</u>

## Notes to the Financial Statements (Continued)

Advanced refunding and defeasance arrangements at June 30, 2018 were as follows (in thousands):

Date Refunded/ Deceased	Refunded and Defeased Bonds			Balance Outstanding	Assets Held in Trust (1)
	Call Date	Issue Dates	Type		
01/10/17	07/01/19	06/02/09	Civic Improvement Corporation Junior Lien Water System Revenue Refunding Bonds	\$ 397,810	\$ 412,619
12/21/17	07/01/20	09/01/10	Civic Improvement Corporation Junior Lien Airport Revenue Bonds (Non-AMT)	\$ 512,925	\$ 544,581

(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 tax revenues are used to pay principal and interest on general obligation bonded indebtedness. Also discussed in Note 4 are the changes from Proposition 117 that established the use of a single limited property valuation for determining the primary net assessed valuation (PNAV). PNAV is now used to calculate both the primary and secondary property tax levies. Changes from Proposition 117 were effective in fiscal year 2015-16. For that one year, the City's debt limitation was also calculated using the PNAV.

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is once again based on the full cash net assessed valuation (FCNAV) instead of the PNAV. The FCNAV for tax year 2018 (fiscal year 2018-19) is \$16.7 billion.

Under Arizona law, outstanding general obligation bonded debt for combined water, sewer, light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's FCNAV. Outstanding general obligation bonded debt for all other purposes may not exceed 6% of a city's FCNAV. The total debt margin available at July 1, 2018 was as follows (in thousands):

Six Percent Bonds	\$	809,558
Twenty Percent Bonds		2,319,968
Total Debt Margin Available	\$	<u>3,129,526</u>

### 13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2018, as described below.

#### General Fund and Transit Special Revenue Fund

**Liability** - The City maintained a self-insured retention of \$7.5 million for most public entity liability exposures and a self-insured retention of \$5.0 million 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 \$10.0 million for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Since July 1, 2010, contracted transit operators have been required to provide first-dollar liability and workers'

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

compensation coverage. The City's exposure to Phoenix Transit's workers' compensation liability is in the run-off phase.

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 and a "cyber" insurance policy.

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

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

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the Government-Wide Statement of Net Position, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. Settlements have not exceeded coverages for each of the last three fiscal years. At June 30, 2018, claims payable totaled \$169.6 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2018	2017
Claims Payable, July 1	\$ 154,208	\$ 155,872
Current Year Claims and Changes in Estimates	53,105	30,848
Claim Payments	(37,684)	(32,512)
Claims Payable, June 30	<u>\$ 169,629</u>	<u>\$ 154,208</u>

Claims that are expected to be paid with expendable available financial resources are accounted for in the General Fund (\$176.0 million). All other claims are accounted for in the Government-Wide Statement of Net Position. Balances in the Government-Wide Statement of Net Position were as follows (in thousands):

	June 30	
	2018	2017
Amounts due within one year	\$ 49,648	\$ 46,498
Amounts due in more than one year	119,981	107,710
	<u>\$ 169,629</u>	<u>\$ 154,208</u>

In addition, assets of \$82.9 million and \$1.6 million are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2018 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Position. As a result, of the General Fund Balance, \$47.8 million is restricted, \$35.1 million is assigned for payment of claims, \$14.5 million is assigned for payment of insurance premiums and \$1.6 million of the Transit Special Revenue Fund Balance is restricted.

**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 \$1.0 million and aggregate losses exceeding \$248.2 million. 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. See Note 20 for additional information.

## Notes to the Financial Statements

(Continued)

At June 30, 2018, claims payable totaled \$24.2 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2018	2017
Claims Payable, July 1	\$ 22,762	\$ 20,282
Current Year Claims and Changes in Estimates	201,951	189,813
Claim Payments	(200,490)	(187,333)
Claims Payable, June 30	<u>\$ 24,223</u>	<u>\$ 22,762</u>

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

	June 30	
	2018	2017
Amounts due within one year	<u>\$ 24,223</u>	<u>\$ 22,762</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 \$55.8 million for the fiscal year ended June 30, 2018.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2018 were as follows (in thousands):

Years Ending	
June 30	
2019	\$ 79,221
2020	76,280
2021	71,792
2022	70,675
2023	65,817
2024-2069	370,026
	<u>\$ 733,811</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 \$18.6 million for the fiscal year ended June 30, 2018. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2018 is as follows (in thousands):

Buildings	\$ 1,127,678
Less: Accumulated Depreciation	(653,456)
	<u>\$ 474,222</u>

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

**Capital Leases**

In fiscal year 2016, the City entered into a capital lease for the purchase of fourteen fire trucks. Capital lease payments are recorded as expenditures when payable. The present value of future minimum payments is as follows (in thousands):

Years Ending	
<u>June 30</u>	
2019	\$ 1,093
2020	1,117
2021	1,142
2022	1,165
	<u>\$ 4,517</u>

**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, 2018, 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 invested a total of \$11.4 million in course and clubhouse improvements. The City will retain ownership of all assets at the end of the lease. As of June 30, 2018, the City has recorded \$10.0 million as a deferred inflows of resources on the financial statements. The deferred inflows of resources 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 "VMRI". 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, 2018 are as follows (in thousands):

<b>Contractor</b>	<b>Type of Service</b>	<b>Expiration Date</b>	<b>Estimated Annual Subsidy</b>
MV Transportation Service	Dial-a-Ride	June 30, 2024	\$ 15,065
First Transit Inc.	Fixed Route Bus Service	June 30, 2019	35,700
Transdev Services, Inc.	Fixed Route Bus Service	June 30, 2020	92,280
Valley Metro Rail	Light Rail Service	June 30, 2019	27,833
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2019	6,855
			<u>\$ 177,733</u>

Approximately 15.1% 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 7.9% of the total transit costs for fiscal 2018-19. The City has been the designated recipient for these grants since 1975.

## Notes to the Financial Statements (Continued)

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### **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, 2018, as follows (in thousands):

Aviation	\$	525,771
Phoenix Convention Center		3,622
Water System		201,978
Wastewater		125,621
Solid Waste		17,843
	\$	<u>874,835</u>

### **Encumbrances**

Governmental fund encumbrances at June 30, 2018, were as follows (in thousands):

General Fund	\$	43,378
Transit Special Revenue Fund		58,882
Non-Major Funds		142,264
	\$	<u>244,524</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, 2018.

### **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 Field Unit 3 employees who have accumulated 750 qualifying hours or more of unused sick leave at the time of normal service retirement are eligible to receive a payment equal to their base hourly rate for 25% of the hours in excess of 250 hours. Middle management and Executive General City employees who have accumulated 750 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement are eligible to receive a payment up to 20% of their base hourly rate. Sworn Police and Fire Middle Managers and Executives who have accumulated 1,000 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement (1,400 for 56-hour employees) are eligible to receive a payment up to 40% of their base hourly rate of hours in excess of 500

## Notes to the Financial Statements (Continued)

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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, 2018, 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>2018</b>
General	\$ 158,776
Police	104,072
Fire	41,700
	<u>304,548</u>
Less: Amounts Accrued as a Liability	(74,391)
	<u>\$ 230,157</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, 2018 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, 2018.

### **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. Tax Abatements**

GASB Statement No. 77 defines a tax abatement and requires disclosure about reporting a government's own tax abatement agreements and those agreements entered into by other governments that reduce the reporting government's tax revenues.

As of June 30, 2018, the City of Phoenix provides tax incentives through Government Property Lease Excise Tax (GPLET) authority. Pursuant to Arizona Revised Statutes 42-6201, the State of Arizona established the GPLET as a redevelopment tool by reducing a project's operating costs by replacing the real property tax with an excise tax. Under the state statute, an excise tax is established for the building type of use and is calculated on the gross square footage of the building. The excise tax rate can be abated for the first eight years after a certificate of occupancy on the building is issued as long as the property is located within a Central Business District and Redevelopment Area, and increases the value of the property by more than 100 percent. Pursuant to change adopted in 2010, the use of the excise tax is limited to a maximum of 25 years and requires the land and improvements conveyed to a government entity and leased back for private use. Another program of the City also reimburses certain transaction privilege taxes as a redevelopment tool to initiate economic development.

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

Below is information relevant to the disclosure of those programs for the year ended June 30, 2018:

<i>City of Phoenix Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i>		Required Disclosure	
1)	Name of Program	Government Property Lease Excise Tax (GPLET)	Transaction Privilege Tax Reimbursement
2)	Purpose of Program	Redevelopment tool to initiate development by reducing a project's operating costs by replacing the real property tax with an excise tax.	Redevelopment tool to initiate development by reducing a project's public infrastructure development costs by reimbursing the project for a percentage of transaction privilege taxes generated by the project after the revenue is generated and the infrastructure has been constructed and accepted by the City.
3)	Tax Being Abated	Real Property Tax	Transaction Privilege Taxes
4)	Authority under which abatement agreements are entered into	Arizona Revised Statutes (ARS) Title 42, Chapter 6, Article 6, Sections 42-6201, 42-6203, 42-6208, and 42-6209.	City Council approval of development agreements.
5)	Criteria to be eligible to receive abatement	1) Taxes may be abated for a limited period beginning at the time the certificate of occupancy is issued and ending eight years after the certificate of occupancy is issued on a government property improvement.	1) Provide significant new job creation, and capital investment with the development, including the construction of public infrastructure if necessary, that would otherwise not occur.
		2) The improvement is located in a single central business district in the city or town and is subject to a lease or development agreement.	
		3) The government property improvement resulted or will result in an increase in property value of at least 100%.	
6)	How recipients' taxes are reduced	Real Property Tax is replaced by an Excise Tax.	Transaction privilege taxes that are generated by the project are reimbursed to the project based on performance requirements.
7)	How amount of abatement is determined	100% Excise Tax Reduction.	The percentage of taxes reimbursed is determined in the development agreement by the scale of development and/or job creation and the public infrastructure needed.
8)	Provisions for recapturing abated taxes	N/A	N/A
9)	Types of commitments made by the City other than to reduce taxes	N/A	N/A
10)	Gross Dollar Amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	2018 (in thousands)	
		\$4,287	\$543

**18. Joint Use Agreements**

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

The City currently participates with the cities of Tempe, Mesa, Chandler, 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, 2018, was \$879.4 million.

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)

### **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, 2018, was \$52.6 million.

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 \$352.7 million at June 30, 2018, 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, 2018 is provided below (in thousands).

	<u>2018</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 28,294
Receivables	11,703
Inventories, at average cost	5,777
Capital Assets, Net of Accumulated Depreciation	669,024
Total Assets	<u>714,798</u>
Liabilities	<u>(30,972)</u>
Net Position	<u>\$ 683,826</u>
Total Revenues	\$ 73,646
Total Expenses	(85,291)
Decrease in Net Position	<u>\$ (11,645)</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 \$203.0 million at June 30, 2018, 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, 2018 is provided below (in thousands).

	<u>2018</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 5,797
Receivables	3,289
Inventories, at average cost	2,184
Capital Assets, Net of Accumulated Depreciation	247,900
Total Assets	<u>259,170</u>
Liabilities	<u>(5,778)</u>
Net Position	<u>\$ 253,392</u>
Total Revenues	<u>\$ 22,818</u>
Total Expenses	<u>(35,083)</u>
Decrease in Net Position	<u>\$ (12,265)</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.

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

The City offers eligible employees a Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457 and a Defined Contribution Plan created in accordance with Internal Revenue Code 401(a). The Plans provide employees with a means to supplement retirement income. The City did not contribute to these Plans in fiscal year 2018.

The Deferred Compensation Plan allows employees to defer up to \$18,500 of their salaries during calendar year 2018. Enrollment and deferral charges are allowed on an ongoing basis. Compensation deferred under this Plan is generally not available to participants until termination, retirement or a qualified unforeseeable emergency.

The Defined Contribution Plan allows employees to make contributions to the Plan by irrevocably electing to defer a percentage of their salary to the Plan. The 2018 annual contribution limit is \$55 thousand. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of base annual salary. The City contributed \$26.2 million for the year ended June 30, 2018. Compensation deferred under this Plan is generally not available to participants until termination, retirement or a qualified unforeseeable emergency.

A governing board makes decisions about investment options available within each Plan. All assets and income earned thereon are held in trust for the exclusive benefit of Plan participants. The Plans are administered by Nationwide Investment Services.

**20. 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.

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

A summary of pension related items as of and for the year ended June 30, 2018, is presented below (in thousands).

<u>Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
<b>COPERS</b>				
Governmental Activities	\$ 1,146,671	\$ 63,134	\$ 67,883	\$ 142,912
Business-Type Activities	524,861	28,898	31,071	65,414
PSPRS - Police	1,900,688	325,451	15,536	266,532
PSPRS - Fire	981,713	212,941	31,408	119,253
EORP	6,807	1,253	278	1,756
<b>Total</b>	<u>\$ 4,560,740</u>	<u>\$ 631,677</u>	<u>\$ 146,176</u>	<u>\$ 595,867</u>

**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>	
	<u>2018</u>	<u>2017</u>
<b>Active Members</b>		
Tier 1	5,638	6,030
Tier 2	737	823
Tier 3	1,602	1,177
Total	<u>7,977</u>	<u>8,030</u>
<b>Deferred Vested Member Counts</b>	<u>943</u>	<u>925</u>
<b>In Pay Members</b>		
Service Retirees	5,813	5,661
Beneficiaries	1,076	1,072
Disabled Retirees	249	247
Total	<u>7,138</u>	<u>6,980</u>
<b>Total Members</b>	<u>16,058</u>	<u>15,935</u>

**b. Plan Benefits**

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

## Notes to the Financial Statements (Continued)

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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. Tier 2 and 3 Pension Benefits: Employees hired on or after July 1, 2013 for Tier 2 and January 1, 2016 for Tier 3 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.

The pension benefit for Tier 3 employees is based on 1.85% of final average compensation multiplied by years of service credit for those with less than 10 years, 1.9% for 10-19.9 years, 2% for 20-29.9 years and 2.1% 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 20 year period. For the fiscal year ended June 30, 2018, the total contribution rate was 37.16% of compensation. Tier 1 employees contributed 5% of compensation, and beginning January 1, 2016, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder, \$229.0 million for the fiscal year.

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

**d. Net Pension Liability**

The City's net pension liability was measured as of June 30, 2018, 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**

(in thousands)

	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	(a)	(b)	(a)-(b)
<b>Balances at 6/30/2017</b>	\$ 4,129,452	\$ 2,353,607	\$ 1,775,845
<b>Changes for the year:</b>			
Service cost	73,072	—	73,072
Interest on the total pension liability	293,883	—	293,883
Difference between expected and actual experience of the total pension liability	(42,785)	—	(42,785)
Benefit payments, including refunds of employee contributions	(227,576)	(227,576)	—
Contributions - employer	—	229,006	(229,006)
Contributions - employee	—	33,340	(33,340)
Net investment income	—	166,514	(166,514)
Pension plan administrative expense	—	(377)	377
<b>Net changes</b>	<u>96,594</u>	<u>200,907</u>	<u>(104,313)</u>
<b>Balances at 6/30/2018</b>	<u>\$ 4,226,046</u>	<u>\$ 2,554,514</u>	<u>\$ 1,671,532</u>

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, 2018 valuation were based on the results of the actuarial experience study covering the period from July 1, 2009 through June 30, 2014. Those assumptions, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.25%
Inflation	2.50%
Salary increase rate	Individual salary increases are composed of a price inflation component, a real wage growth component, and a merit or longevity component that varies by age. Total salary increases range from 9.60% at age 20 to 3.00% for members age 65 and older.
COLA (cost of living adjustments)	1.25%
Administrative expenses	Assumed to be equal to the prior year's amount, increased by 3.00%.

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. The

## Notes to the Financial Statements (Continued)

member contribution crediting rate was updated for the June 30, 2018 actuarial valuation to reflect the provisions of the ballot measure that passed in August, 2015.

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 COPERS investments, 7.25%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

A Single Discount Rate of 7.25% 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 7.25%. 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 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)
US Equity	26.70 %	7.32 %
International Equity	18.30 %	8.30 %
US Fixed Income	13.20 %	2.58 %
Emerging Markets Bonds	6.60 %	5.52 %
Real Return	6.80 %	4.68 %
Real Estate	13.60 %	7.32 %
Absolute Return (Hedge Funds)	4.80 %	4.25 %
Private Equity	4.50 %	10.28 %
TIPS	5.10 %	— %
Cash	0.40 %	1.51 %

### f. Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

The table below presents the net pension liability of the City calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower (6.25%) or 1.0% higher (8.25%) than the current rate at June 30, 2018:

#### Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

(in thousands)

	1.0% Decrease (6.25%)	Current Single Discount Rate Assumption (7.25%)	1.0% Increase (8.25%)
Net Pension Liability	\$2,183,696	\$1,671,532	\$1,244,297

**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, 2018, the City recognized pension expense of \$208.3 million. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Schedule of Deferred Inflows and Outflows of Resources**

(in thousands)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 257	\$ 71,187
Changes in assumptions	52,425	27,767
Net difference between projected and actual earnings on pension plan investments	39,350	—
<b>Total</b>	<b>\$ 92,032</b>	<b>\$ 98,954</b>

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

Measurement year ended June 30:

2019	\$ 46,197
2020	(22,039)
2021	(23,591)
2022	(7,489)
2023	—
Thereafter	—
<b>Total</b>	<b>\$ (6,922)</b>

**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:

	<b>June 30, 2017</b>	
	<b>Police</b>	<b>Fire</b>
Retirees and Beneficiaries	2,310	1,086
Inactive, Non-Retired Members	637	228
Active Members	2,586	1,398
<b>Total</b>	<b>5,533</b>	<b>2,712</b>
Covered Valuation Payroll (in thousands)	\$ 231,023	\$ 127,530

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

**b. Plan Benefits**

For employees who became a member of the PSPRS on or before December 31, 2011, retirement benefits will commence the first day of month following termination of employment and based upon the following:

<u>Age</u>	<u>Service</u>	<u>Calculation</u>
62	15 years	Average monthly benefit compensation x 50% for the first 20 years of credited service. The benefit is reduced by 4% for each year of credited service under 20 years. A.R.S. §§ 38-842(7 and 32) and 38-845(A)(1).
Not required	20 years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service. A.R.S. §§ 38-842(7) and 38-845(A).
Not required	20 years of service with less than 20 years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service. The benefit is reduced by 4% for each year of credited service under 20 years. A.R.S. §§ 38-842(7 and 32) and 38-845(A)(1).
Not required	20 to 24.99 years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service plus 2% of the average monthly benefit compensation for each year of credited service between 20 and 24.99. A.R.S. §§ 38-842(7) and 38-845(A)(2).
Not required	25 or more years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 20 years up to a maximum of 80% of the average monthly benefit compensation. A.R.S. §§ 38-842(7) and 38-845(A)(2).

For employees who became a member of the PSPRS on or after January 1, 2012 through June 30, 2017, retirement benefits will commence the first day of month following termination of employment and based upon the following:

<u>Age</u>	<u>Service</u>	<u>Calculation</u>
52.5	15 years of service	Effective August 9, 2017 pursuant to Senate Bill 1115: Average monthly benefit compensation x credited service x multiplier (below). A.R.S. §§ 38-842(7 and 32) and 38-845(G).
52.5	25 or more years of service	Average monthly benefit compensation x 62.5% for the first 25 years of credited service plus 2.5% of the average monthly benefit compensation for each year over 25 years of credited service years up to a maximum of 80% of the average monthly benefit compensation. The benefit is reduced by 4% for each year of credited service under 25 years with a pro-rata reduction for any fractional years. A.R.S. §§ 38-842(7 and 32) and 38-845(G).

<u>Credited Service</u>	<u>Multiplier</u>
15 to 16.99	1.50%
17 to 18.99	1.75%
19 to 21.99	2.00%
22 to 24.99	2.25%
25 or more	2.50%

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 actuarially equivalent to the member's accumulated contributions in the System plus an equal amount paid by the employer. The Deferred Annuity option is only available to inactive employees who became PSPRS members on or before December 31, 2011.

**c. Contributions and Funding Policy**

The System, for both police and fire personnel, is funded via member contributions of 7.65% of compensation for employees whose membership date was prior to July 20, 2011, and 11.65% of compensation for employees whose

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

membership date began on or after July 20, 2011. Employees whose membership date was on or after January 1, 2012 have the option of participating in the hybrid plan for non-social security positions with contributions of 14.65%, of which 3% goes toward a defined contribution plan and is matched by the employer. Employer rates are set by an actuarial valuation and expressed as a percent of compensation. For fiscal year ended June 30, 2018, the required employer contribution rates were 55.81% and 52.09% for Police and Fire, respectively, however the City chose to contribute 60.34% and 56.62% for Police and Fire, which amounted to \$139.5 million and \$74.7 million, respectively.

**d. Net Pension Liability**

The City's net pension liability was measured as of June 30, 2017, 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 as of the actuary report dated June 30, 2018 (in thousands):

**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 6/30/2017</b>	\$ 2,949,525	\$ 1,171,617	\$ 1,777,908	\$ 1,558,108	\$ 649,296	\$ 908,812
<b>Changes for the Year:</b>						
Service cost	58,148	—	58,148	31,155	—	31,155
Interest on the total pension liability	217,244	—	217,244	114,721	—	114,721
Changes of benefit terms	22,618	—	22,618	9,098	—	9,098
Differences between expected and actual experience	1,601	—	1,601	5,985	—	5,985
Changes of assumptions	107,195	—	107,195	61,290	—	61,290
Contributions - employer	—	113,645	(113,645)	—	56,671	(56,671)
Contributions - employee	—	31,289	(31,289)	—	16,694	(16,694)
Net investment income	—	139,676	(139,676)	—	76,651	(76,651)
Benefit payments, including refunds of employee contributions	(164,031)	(164,031)	—	(88,133)	(88,133)	—
Administrative expense	—	(1,236)	1,236	—	(679)	679
Other	—	652	(652)	—	11	(11)
<b>Net changes</b>	<b>242,775</b>	<b>119,995</b>	<b>122,780</b>	<b>134,116</b>	<b>61,215</b>	<b>72,901</b>
<b>Balances at 6/30/2018</b>	<b>\$ 3,192,300</b>	<b>\$ 1,291,612</b>	<b>\$ 1,900,688</b>	<b>\$ 1,692,224</b>	<b>\$ 710,511</b>	<b>\$ 981,713</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, 2017 actuarial valuation were based on the results of the actuarial experience study covering the period from July 1, 2011 through June 30, 2016. 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	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Payroll Growth	3.50%
Price Inflation	2.50%
Salary Increases	3.50% to 7.50% including inflation
Investment Rate of Return	7.40%, 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 2017 valuation pursuant to an experience study of the period July 1, 2011 - June 30, 2016.
Mortality	RP-2014 mortality tables projected backwards 1 year to 2013 with MP-2014 (110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016.

#### Other Information:

Assumed Future Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.
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A Single Discount Rate of 7.40% 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 7.40%. 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, 2017, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Equity	16.00 %	7.60 %
Non-U.S. Equity	14.00 %	8.70 %
Private Equity	12.00 %	6.75 %
Fixed Income	5.00 %	1.25 %
Private Credit	16.00 %	5.83 %
Absolute Return	2.00 %	3.75 %
GTAA	10.00 %	3.96 %
Real Assets	9.00 %	4.52 %
Real Estate	10.00 %	3.75 %
Risk Parity	4.00 %	5.00 %
Short Term Inv	2.00 %	0.25 %

\*Geometric Real Rate of Return. Based on inflation assumption of 2.75%.

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

**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 7.40%, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower (6.40%) or 1.0% higher (8.40%) than the current rate (in thousands):

<b>POLICE</b>			
	<b>1% Decrease (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Net Pension Liability	\$ 2,321,131	\$ 1,900,688	\$ 1,557,048

<b>FIRE</b>			
	<b>1% Decrease (6.40%)</b>	<b>Current Single Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Net Pension Liability	\$ 1,199,302	\$ 981,713	\$ 802,909

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

For the year ended June 30, 2018, pension expense of \$266.5 million and \$119.3 million were recognized for Police and Fire, respectively. Contributions made subsequent to the measurement date are reported as deferred outflows of resources in the Governmental Activities of the Government-Wide Statement of Net Position (Exhibit A-1) and will decrease net pension liability in fiscal year 2019. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported (in thousands):

	<b>POLICE</b>		<b>FIRE</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,178	\$ 15,536	\$ 5,068	\$ 31,408
Changes in assumptions	165,264	—	122,502	—
Net difference between projected and actual earnings on pension plan investments	17,514	—	10,692	—
Contributions made subsequent to the measurement date	139,495	—	74,679	—
<b>Total</b>	<b>\$ 325,451</b>	<b>\$ 15,536</b>	<b>\$ 212,941</b>	<b>\$ 31,408</b>

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

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

POLICE			FIRE		
Year Ending June 30	Net Deferred Outflows of Resources		Year Ending June 30	Net Deferred Outflows of Resources	
2019	\$	70,529	2019	\$	28,423
2020		61,051	2020		35,230
2021		37,236	2021		17,930
2022		1,604	2022		8,270
2023		—	2023		11,578
Thereafter		—	Thereafter		5,423
<b>Total</b>	<b>\$</b>	<b>170,420</b>	<b>Total</b>	<b>\$</b>	<b>106,854</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, 2018, the City had 8 covered officials participating in the plan. Covered payroll for the year then ended was \$211 thousand (of \$521.3 million general City covered payroll). Net pension liability for EORP was \$6.8 million as of June 30, 2018 and is reported in the Governmental Activities of the Government-Wide Statement of Net Position (Exhibit A-1). 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).

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

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.

A summary of OPEB related items as of and for the year ended June 30, 2018, is presented below (in thousands).

Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Income)
LTD				
Governmental Activities	\$ (22,460)	\$ 452	\$ —	\$ 1,697
Business-Type Activities	(4,616)	93	—	350
MERP				
Governmental Activities	153,097	896	—	14,310
Business-Type Activities	45,808	268	—	4,275
PSPRS - Police	(17,868)	—	5,431	(1,363)
PSPRS - Fire	(12,571)	—	2,329	(774)
<b>Total</b>	<b>\$ 141,390</b>	<b>\$ 1,709</b>	<b>\$ 7,760</b>	<b>\$ 18,495</b>

# Notes to the Financial Statements

(Continued)

## Long-Term Disability Program

### a. Plan Description

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. The LTD Trust is a single-employer, defined benefit plan. 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.

### b. Plan Benefits

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 number of participants as of June 30, 2017, the effective date of the biennial OPEB valuation, follows:

	Fire	Police	General City	Total
Current Active Employees	1,630	2,924	8,110	12,664
Currently Disabled Employees	7	11	264	282
Total Covered Participants	1,637	2,935	8,374	12,946

### c. Contributions

Contributions by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended June 30, 2018, the City contributed \$1.6 million. Employees are not required to contribute to the LTD program.

### d. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. The net OPEB liability is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 7.00% was used to measure the total OPEB liability as of June 30, 2018. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## Notes to the Financial Statements

(Continued)

The schedule below indicates changes in net OPEB liability (asset):

### Change in Net OPEB Liability (Asset)

(in thousands)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
<b>Balances at 6/30/2017</b>	\$ 48,886	\$ 76,911	\$ (28,025)
<b>Changes for the year:</b>			
Service cost	3,554	—	3,554
Interest on the total OPEB liability	3,407	—	3,407
Benefit payments, including refunds of employee contributions	(3,993)	(3,993)	—
Employer contributions	—	1,643	(1,643)
OPEB plan net investment income	—	4,611	(4,611)
OPEB plan administrative expense	—	(409)	409
Other	—	167	(167)
<b>Net change in plan fiduciary net position</b>	<b>2,968</b>	<b>2,019</b>	<b>949</b>
<b>Balances at 6/30/2018</b>	<b>\$ 51,854</b>	<b>\$ 78,930</b>	<b>\$ (27,076)</b>

### e. Actuarial Assumptions

The following table summarizes the more significant actuarial methods and assumptions used to calculate total OPEB liability.

Valuation date	6/30/17, rolled forward to 6/30/18
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7%
Projected payroll increases	3.5%
Inflation	3%

Mortality rates are based on the sex-distinct employee and annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. Half of active member deaths are assumed to be duty related.

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

The long-term expected rate of return on LTD investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Broad US Equity	23.00 %
International Equity	23.00 %
Fixed Income	24.00 %
Marketable Alternatives	20.00 %
Diversified Inflation-Related	5.00 %
Real Estate	5.00 %
<b>Total</b>	<b>100.00 %</b>

**f. Sensitivity of the Net OPEB Liability (Asset) to the Single Discount Rate Assumption**

Below is a table providing the sensitivity of the net OPEB liability (asset) to changes in the discount rate as of June 30, 2018. In particular, the table presents the plan's net OPEB liability if it were calculated using a Single Discount Rate that is one-percentage-point lower or one-percentage-point higher than the current Single Discount Rate:

**Sensitivity of Net OPEB Liability (Asset) to the Single Discount Rate Assumption**

(in thousands)

	1% Decrease <b>(6.00%)</b>	Current Single Discount Rate Assumption <b>(7.00%)</b>	1% Increase <b>(8.00%)</b>
Net OPEB Liability (Asset):	\$(23,519)	\$(27,076)	\$(30,266)

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

For the year ended June 30, 2018, the City recognized OPEB expense of approximately \$2.0 million. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Schedule of Deferred Inflows and Outflows of Resources**

(in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 545	\$ —
<b>Total</b>	<b>\$ 545</b>	<b>\$ —</b>

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

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Measurement year ended June 30:		
2019	\$	137
2020		136
2021		136
2022		136
2023		—
Thereafter		—
<b>Total</b>	<b>\$</b>	<b>545</b>

**Medical Expense Reimbursement Plan**

**a. Plan Description**

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 other post employment benefit plan.

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 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 fiduciary responsibility for the MERP Trust, subject to oversight of the City Council.

**b. Plan Benefits**

The MERP benefit provides an offset to out of pocket healthcare expenses such as premiums, deductibles and co-pays, whether the retiree or survivor elects to purchase coverage through city sponsored retiree plans or other sources. City sponsored health plans are provided to eligible non- Medicare retirees and dependents. There are currently three plans to choose from: Savers Choice Plan (HDHP), Cigna HMO, and BCBSAZ PPO. The City also sponsors a retiree exchange through Willis Towers Watson to offer individual health plan coverage to non-Medicare and Medicare retirees and dependents.

The employees covered by MERP at June 30, 2017 are:

	<b>2017</b>
Plan Members Currently Receiving Benefits	8,769
Active Plan Members	<u>4,396</u>
Total Plan Members	<u>13,165</u>

**c. Contributions**

Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP. The City’s Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based

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

on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, the City contributed \$25.9 million. Employees are not required to contribute to the MERP.

**d. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. The net OPEB liability is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 7.00% was used to measure the total OPEB liability as of June 30, 2018. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The schedule below indicates changes in net OPEB liability:

**Change in Net OPEB Liability**

(in thousands)

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
<b>Balances at 6/30/2017</b>	\$ 364,365	\$ 159,328	\$ 205,037
<b>Changes for the year:</b>			
Service cost	4,690	—	4,690
Interest on the total OPEB liability	24,826	—	24,826
Benefit payments, including refunds of employee contributions	(24,107)	(24,107)	—
Employer contributions	—	25,881	(25,881)
OPEB plan net investment income	—	9,761	(9,761)
Other	—	6	(6)
<b>Net change in plan fiduciary net position</b>	<b>5,409</b>	<b>11,541</b>	<b>(6,132)</b>
<b>Balances at 6/30/2018</b>	<b>\$ 369,774</b>	<b>\$ 170,869</b>	<b>\$ 198,905</b>

## Notes to the Financial Statements (Continued)

### e. Actuarial Assumptions

The following table summarizes the more significant actuarial methods and assumptions used to calculate the total OPEB liability.

Valuation date	6/30/17, rolled forward to 6/30/18
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	3.5%
Inflation rate	3%

Mortality rates are based on the sex-distinct employee and annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. 1% of pre-retirement deaths for general employees are assumed to be duty-related and 12% of pre-retirement deaths for safety employees are assumed to be duty-related.

The long-term expected rate of return on the MERP investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Broad US Equity	23.00 %
International Equity	23.00 %
Fixed Income	24.00 %
Marketable Alternatives	20.00 %
Diversified Inflation-Related	5.00 %
Real Estate	5.00 %
<b>Total</b>	<b>100.00 %</b>

### f. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

Below is a table providing the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2018. In particular, the table presents the plan's net OPEB liability if it were calculated using a Single Discount Rate that is one-percentage-point lower or one-percentage-point higher than the current Single Discount Rate:

#### Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

(in thousands)

	1% Decrease (6.00%)	Current Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$234,252	\$198,905	\$168,699

### g. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

Below is a table providing the sensitivity of the net OPEB liability to changes in the healthcare cost trend rate as of June 30, 2018. In particular, the table presents the plan's net OPEB liability if it were calculated using a

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

Healthcare Cost Trend Rate that is one-percentage-point lower or one-percentage-point higher than the current Healthcare Cost Trend Rate:

**Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption**

(in thousands)

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$198,892	\$198,905	\$198,919

**h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$18.6 million. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Schedule of Deferred Inflows and Outflows of Resources**

(in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,164	\$ —
<b>Total</b>	<b>\$ 1,164</b>	<b>\$ —</b>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Measurement year ended June 30:

2019	\$ 291
2020	291
2021	291
2022	291
2023	—
Thereafter	—
<b>Total</b>	<b>\$ 1,164</b>

**PSPRS - OPEB**

**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.

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

The City's PSPRS membership data is as follows:

	June 30, 2017	
	Police	Fire
Retirees and Beneficiaries	2,310	1,086
Inactive, Non-Retired Members	336	203
Active Members	2,586	1,398
Total	5,232	2,687

**b. Plan Benefits**

A post-retirement health insurance subsidy is payable on behalf of retired members and survivors who elect coverage provided by the state or participating employer. The monthly amounts cannot exceed:

Member Only		With Dependents		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One with Medicare
\$ 150	\$ 100	\$ 260	\$ 170	\$ 215

**c. Contributions**

The System has the authority to establish and amend the contribution requirements of the City and active employees. The System establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. For the year ended June 30, 2018, there were no employer contributions. Employees are not required to contribute to the OPEB Plan.

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

**d. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net OPEB liability as of the actuary report dated June 30, 2018 (in thousands):

**Change in Net OPEB Liability  
(Asset)**

	POLICE			FIRE		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)	(a)	(b)	(a)-(b)
<b>Balances at 6/30/2017</b>	\$ 50,562	\$ 61,638	\$ (11,076)	\$ 25,303	\$ 34,770	\$ (9,467)
<b>Changes for the Year:</b>						
Service cost	762	—	762	357	—	357
Interest on the total OPEB liability	3,708	—	3,708	1,846	—	1,846
Changes of benefit terms	26	—	26	28	—	28
Differences between expected and actual experience of the total OPEB liability	(2,617)	—	(2,617)	(595)	—	(595)
Changes of assumptions	(1,636)	—	(1,636)	(774)	—	(774)
Net investment income	—	7,098	(7,098)	—	4,002	(4,002)
Benefit payments, including refunds of employee contributions	(3,014)	(3,014)	—	(1,735)	(1,735)	—
OPEB plan administrative expense	—	(63)	63	—	(36)	36
<b>Net changes</b>	<b>(2,771)</b>	<b>4,021</b>	<b>(6,792)</b>	<b>(873)</b>	<b>2,231</b>	<b>(3,104)</b>
<b>Balances at 6/30/2018</b>	<b>\$ 47,791</b>	<b>\$ 65,659</b>	<b>\$ (17,868)</b>	<b>\$ 24,430</b>	<b>\$ 37,001</b>	<b>\$ (12,571)</b>

## Notes to the Financial Statements (Continued)

### e. Actuarial Assumptions

The following table summarizes the more significant actuarial methods and assumptions used to calculate the the total OPEB liability.

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Payroll Growth	3.50%
Price Inflation	2.50%
Salary Increases	3.50% to 7.50% including inflation
Investment Rate of Return	7.40%, 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 2017 valuation pursuant to an experience study of the period July 1, 2011 - June 30, 2016.
Mortality	RP-2014 mortality tables projected backwards 1 year to 2013 with MP-2014 (110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016.
Health Care Trend Rates:	None
Other Information:	
Notes	There were no benefit changes during the year. The latest experience study was conducted as of June 30, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB 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 OPEB plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equity	16.00 %	7.60 %
Non-U.S. Equity	14.00 %	8.70 %
Private Equity	12.00 %	6.75 %
Fixed Income	5.00 %	1.25 %
Private Credit	16.00 %	5.83 %
Absolute Return	2.00 %	3.75 %
GTAA	10.00 %	3.96 %
Real Assets	9.00 %	4.52 %
Real Estate	10.00 %	3.75 %
Risk Parity	4.00 %	5.00 %
Short Term Investments	2.00 %	0.25 %
<b>Total</b>	100.00 %	

\* Geometric Real Rate of Return. Based on inflation assumption of 2.75%

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

**f. Sensitivity of the Net OPEB Liability (Asset) to the Single Discount Rate Assumption**

The table below presents the net OPEB liability/(asset) of both Police and Fire calculated using the discount rate of 7.40%, as well as what the net OPEB liability/(asset) would be if it were calculated using the discount rate that is 1.0% lower (6.40%) or 1.0% higher (8.40%) than the current rate (in thousands):

<b>POLICE</b>			
	<b>1% Decrease (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Net OPEB Liability/(Asset)	\$ (12,225)	\$ (17,868)	\$ (22,579)

<b>FIRE</b>			
	<b>1% Decrease (6.40%)</b>	<b>Current Single Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Net OPEB Liability/(Asset)	\$ (9,709)	\$ (12,571)	\$ (14,959)

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

For the year ended June 30, 2018, the City recognized a credit to OPEB expense of \$2.1 million. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>POLICE</b>		<b>FIRE</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ 2,066	\$ —	\$ 505
Changes in assumptions	—	1,292	—	656
Net difference between projected and actual earnings on OPEB plan investments	—	2,073	—	1,168
<b>Total</b>	<b>\$ —</b>	<b>\$ 5,431</b>	<b>\$ —</b>	<b>\$ 2,329</b>

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

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

<b>POLICE</b>			<b>FIRE</b>		
Year Ending June 30	Net Deferred Outflows and Inflows of Resources		Year Ending June 30	Net Deferred Outflows and Inflows of Resources	
2019	\$	(1,414)	2019	\$	(499)
2020		(1,414)	2020		(499)
2021		(1,415)	2021		(500)
2022		(1,188)	2022		(500)
2023		—	2023		(207)
Thereafter		—	Thereafter		(124)
<b>Total</b>	<b>\$</b>	<b>(5,431)</b>	<b>Total</b>	<b>\$</b>	<b>(2,329)</b>

**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 the employee's Post Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a single-employer defined contribution plan administered by Nationwide Retirement Solutions. Funds accumulated in the employee's account can be used upon termination of employment for qualified medical expenses.

**22. Subsequent Events**

**Council Members**

On July 18, 2018, Councilman Daniel Valenzuela resigned and on August 1, 2018 the City Council appointed Vania Guevara as interim council member for District 5.

On August 7, 2018, Councilwoman Kate Gallego resigned and on August 21, 2018, the City Council appointed Felicita Mendoza as interim council member for District 8.

**Debt Issuances**

On September 25, 2018, the City of Phoenix made a partial prepayment on the Hotel Bank Loan. The total payment of \$266.7 million included principal of \$265.0 million plus \$1.7 million of accrued interest. The prepayment was funded with proceeds from the sale of the Hotel and other available funds.

On October 25, 2018, the City of Phoenix Civic Improvement Corporation issued \$226.2 million of Senior Lien Airport Revenue Bonds, Series 2018 (AMT). The bonds were issued at an all-in true interest cost of 4.2% and were dated and delivered November 28, 2018.



*Financial Section*



**Required  
Supplementary  
Information**





**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**COPERS**

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

(in thousands)

	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>FYE 2014</u>
<u>Total Pension Liability</u>					
Service cost	\$ 73,072	\$ 72,876	\$ 80,757	\$ 75,310	\$ 78,331
Interest on the total pension liability	293,883	293,258	293,206	266,355	257,219
Changes of benefit terms	—	—	(3,229)	—	—
Differences between expected and actual experience of the total pension liability	(42,785)	429	(76,891)	(31,009)	(20,336)
Changes of assumptions	—	2,420	(69,420)	254,870	—
Benefit payments, including refunds of employee contributions	<u>(227,576)</u>	<u>(223,668)</u>	<u>(216,193)</u>	<u>(204,403)</u>	<u>(179,877)</u>
Net change in total pension liability	\$ 96,594	\$ 145,315	\$ 8,230	\$ 361,123	135,337
Total pension liability - beginning	<u>4,129,452</u>	<u>3,984,137</u>	<u>3,975,907</u>	<u>3,614,784</u>	<u>3,479,447</u>
Total pension liability - ending	<u><u>\$4,226,046</u></u>	<u><u>\$4,129,452</u></u>	<u><u>\$3,984,137</u></u>	<u><u>\$3,975,907</u></u>	<u><u>\$3,614,784</u></u>
<u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 229,006	\$ 152,153	\$ 119,844	\$ 117,092	\$ 110,629
Contributions - employee	33,340	30,870	29,523	27,861	27,760
Net investment income	166,514	243,211	9,171	47,148	298,736
Benefit payments, including refunds of employee contributions	(227,576)	(223,668)	(216,409)	(204,403)	(179,877)
Pension plan administrative expense	<u>(377)</u>	<u>(380)</u>	<u>(234)</u>	<u>(414)</u>	<u>(628)</u>
Net change in plan fiduciary net position	\$ 200,907	\$ 202,186	\$ (58,105)	\$ (12,716)	256,620
Plan fiduciary net position - beginning	<u>2,353,607</u>	<u>2,151,421</u>	<u>2,209,526</u>	<u>2,222,242</u>	<u>1,965,622</u>
Plan fiduciary net position - ending	<u><u>\$2,554,514</u></u>	<u><u>\$2,353,607</u></u>	<u><u>\$2,151,421</u></u>	<u><u>\$2,209,526</u></u>	<u><u>\$2,222,242</u></u>
Net pension liability	<u><u>\$1,671,532</u></u>	<u><u>\$1,775,845</u></u>	<u><u>\$1,832,716</u></u>	<u><u>\$1,766,381</u></u>	<u><u>\$1,392,542</u></u>
Plan fiduciary net position as a percentage of the total pension liability	60.45%	57.00%	54.00%	55.57%	61.48%
Covered payroll	\$ 526,667	\$ 521,295	\$ 473,974	\$ 484,309	\$ 518,746
Net pension liability as a percentage of covered payroll	317.38%	340.66%	386.67%	364.72%	268.44%

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**COPERS Schedule of Employer Contributions**

(in thousands)

<b>Fiscal Year Ended June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2018	\$ 159,006	\$ 229,006	\$ (70,000) *	\$ 526,667	43.48%
2017	152,153	152,153	—	521,295	29.19%
2016	119,844	119,844	—	473,974	25.28%
2015	117,092	117,092	—	484,309	24.18%
2014	110,629	110,629	—	518,746	21.33%
2013	115,244	115,244	—	524,648	21.97%
2012	114,709	114,709	—	540,792	21.21%
2011	105,682	105,682	—	541,388	19.52%
2010	90,965	90,965	—	578,327	15.73%
2009	86,241	86,241	—	587,171	14.69%

\*City made an additional \$70.0 million contribution in fiscal year 2018.

**NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**Valuation date:** June 30, 2016. Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the current measurement period. The rates for FYE June 30, 2018 were determined based on the June 30, 2016 valuation.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	The UAL as of June 30, 2013 is amortized as a level percentage of payroll over a closed 25-year period. The impact of the September 2013 assumption changes is amortized over a closed 25-year period with a four-year phase-in. The impact of the August 2015 assumption changes is amortized over a closed 25-year period with a four-year phase-in. Future gains and losses are amortized over closed 20-year periods. However, future gains will not be amortized over a shorter period than the remaining period on the amortization of the 2013 UAL.
Asset valuation method	4-Year smoothed market; 25% corridor
Salary increases	3.50% plus merit component based on age ranging from 6.60% at age 20 to 0.00% for members age 65 and older.
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2009 - 2014.
Mortality	CalPERS mortality tables with adjustment factors, projected with MP-2015
Cost-of-living adjustment	1.50%

**Other:** The assumptions shown above pertain to the actuarial valuation as of July 1, 2016 and were used to determine the actuarially determined contribution for the fiscal year ending June 30, 2018. The Board adopted new economic assumptions effective with the July 1, 2017 valuation which will determine the actuarially determined contribution for the fiscal year ending June 30, 2019.

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**PSPRS - Pension**

**Schedule of Changes in Net Pension Liability and Related Ratios for Reporting Date ended June 30,**

(in thousands)

	<b>POLICE</b>			
	2018	2017	2016	2015
<u>Total Pension Liability</u>				
Service Cost	\$ 58,148	\$ 47,232	\$ 47,490	\$ 50,173
Interest on the Total Pension Liability	217,244	199,120	195,645	170,560
Changes of benefit terms	22,618	171,696	—	38,647
Difference between expected and actual experience of the Total Pension Liability	1,601	3,644	(42,065)	(13,758)
Changes of assumptions	107,195	100,323	—	211,118
Benefit payments, including refunds of employee contributions	(164,031)	(170,877)	(142,444)	(129,266)
Net change in total pension liability	\$ 242,775	\$ 351,138	\$ 58,626	\$ 327,474
Total pension liability - beginning	2,949,525	2,598,387	2,539,761	2,212,287
Total pension liability - ending	<u>\$ 3,192,300</u>	<u>\$ 2,949,525</u>	<u>\$ 2,598,387</u>	<u>\$ 2,539,761</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 113,645	\$ 92,298	\$ 80,311	\$ 78,428
Contributions - employee	31,289	31,061	28,941	27,931
Net investment income	139,676	7,019	43,559	146,354
Benefit payments, including refunds of employee contributions	(164,031)	(170,877)	(142,444)	(129,266)
Pension Plan Administrative Expense	(1,236)	(1,010)	(1,063)	—
Other*	652	411	(842)	(53,122)
Net change in Plan Fiduciary Net Position	\$ 119,995	\$ (41,098)	\$ 8,462	\$ 70,325
Plan Fiduciary Net Position - Beginning	1,171,617	1,212,715	1,204,253	1,133,928
Plan Fiduciary Net Position - Ending	<u>\$ 1,291,612</u>	<u>\$ 1,171,617</u>	<u>\$ 1,212,715</u>	<u>\$ 1,204,253</u>
Net Pension Liability	\$ 1,900,688	\$ 1,777,908	\$ 1,385,672	\$ 1,335,508
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.46%	39.72%	46.67%	47.42%
Covered Payroll	\$ 231,023	\$ 225,236	\$ 215,928	\$ 229,987
Net Pension Liability as a Percentage of Covered Valuation Payroll	822.73%	789.35%	641.73%	580.69%

\* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

The information in this schedule has been determined as of the measurement date 6/30/17 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**Schedule of Changes in Net Pension Liability and Related Ratios for Reporting Date ended June 30,**

(in thousands)

	<b>FIRE</b>			
	2018	2017	2016	2015
<u>Total Pension Liability</u>				
Service Cost	\$ 31,155	\$ 25,101	\$ 25,159	\$ 25,964
Interest on the Total Pension Liability	114,721	107,388	106,101	93,775
Changes of benefit terms	9,098	95,865	—	18,125
Difference between expected and actual experience of the Total Pension Liability	5,985	(22,672)	(24,035)	(9,814)
Changes of assumptions	61,290	51,468	—	100,149
Benefit payments, including refunds of employee contributions	(88,133)	(108,988)	(72,612)	(68,945)
Net change in total pension liability	\$ 134,116	\$ 148,162	\$ 34,613	\$ 159,254
Total pension liability - Beginning	1,558,108	1,409,946	1,375,333	1,216,079
Total pension liability - Ending	<u>\$1,692,224</u>	<u>\$1,558,108</u>	<u>\$1,409,946</u>	<u>\$1,375,333</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 56,671	\$ 49,932	\$ 43,076	\$ 42,900
Contributions - employee	16,694	16,039	14,250	14,152
Net investment income	76,651	3,927	24,513	82,575
Benefit payments, including refunds of employee contributions	(88,133)	(108,988)	(72,612)	(68,945)
Pension Plan Administrative Expense	(679)	(565)	(599)	—
Other*	11	1,050	(536)	(30,298)
Net change in Plan Fiduciary Net Position	\$ 61,215	\$ (38,605)	\$ 8,092	\$ 40,384
Plan Fiduciary Net Position - Beginning	649,296	687,901	679,809	639,425
Plan Fiduciary Net Position - Ending	<u>\$ 710,511</u>	<u>\$ 649,296</u>	<u>\$ 687,901</u>	<u>\$ 679,809</u>
Net Pension Liability	\$ 981,713	\$ 908,812	\$ 722,045	\$ 695,524
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.99%	41.67%	48.79%	49.43%
Covered Payroll	\$ 127,530	\$ 124,322	\$ 121,291	\$ 125,639
Net Pension Liability as a Percentage of Covered Valuation Payroll	769.79%	731.02%	595.30%	553.59%

\* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

The information in this schedule has been determined as of the measurement date 6/30/17 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

<b>Schedule of Contributions for Measurement Date Ended June 30,</b>						
(in thousands)	<b>Year Ended</b>	<b>Actuarially</b>	<b>Contribution</b>			<b>Actual Contribution</b>
	<b>June 30,</b>	<b>Determined</b>	<b>Actual</b>	<b>Deficiency</b>	<b>Covered</b>	<b>as a % of Covered</b>
		<b>Contribution</b>	<b>Contribution **</b>	<b>(Excess)</b>	<b>Payroll</b>	<b>Valuation Payroll</b>
<b>Police</b>	2018	\$ —	\$ 139,494	\$ —	\$ —	—%
	2017	113,645	113,645	—	231,023	49.19
	2016	92,298	92,298	—	225,236	40.98
	2015	80,311	80,311	—	215,928	37.19
	2014	78,428	78,428	—	229,987	34.10
<b>Fire</b>	2018	\$ —	\$ 74,679	\$ —	\$ —	—%
	2017	56,671	56,671	—	127,530	44.44
	2016	49,932	49,932	—	124,322	40.16
	2015	43,076	43,076	—	121,291	35.51
	2014	42,900	42,900	—	125,639	34.15

\*\* 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. In fiscal year 2018, the City chose to contribute more than the actuarially determined amount. Fiscal year 2018 actual contributions represent contributions made subsequent to the measurement date.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS**  
**USED IN THE CALCULATION OF THE 2017 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 2017 Contribution Rates:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years; 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 Inflation	4.00%
Price Inflation	3.00%; No explicit price inflation assumption is used in this valuation.
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 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: Members Retired on or before July 1, 2011: 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members Retired on or after August 1, 2011: 0.5% of overall average benefit compounded annually. All members receive the same dollar amount of increase

\* Based on Valuation Assumptions used in the June 30, 2015 actuarial valuation

The information in this schedule has been determined as of the measurement date 6/30/17 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**LTD**

**Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios**

(in thousands)

	<u>FYE 2018</u>	<u>FYE 2017</u>
<u>Total OPEB liability/(asset)</u>		
Service cost	\$ 3,554	\$ 3,434
Interest on the total OPEB liability/(asset)	3,407	3,226
Benefit payments, including refunds of employee contributions	<u>(3,993)</u>	<u>(4,289)</u>
Net change in total OPEB liability/(asset)	2,968	2,371
Total OPEB liability/(asset) - beginning	<u>48,886</u>	<u>46,515</u>
Total OPEB liability/(asset) - ending	<u><u>\$ 51,854</u></u>	<u><u>\$ 48,886</u></u>
<u>Plan Fiduciary Net Position</u>		
Employer contributions	\$ 1,643	\$ 1,381
OPEB plan net investment income	4,611	8,488
Benefit payments, including refunds of employee contributions	(3,993)	(4,290)
OPEB plan administrative expense	(409)	(276)
Other	<u>167</u>	<u>129</u>
Net change in plan fiduciary net position	2,019	5,432
Plan fiduciary net position - beginning	<u>76,911</u>	<u>71,479</u>
Plan fiduciary net position - ending	<u><u>\$ 78,930</u></u>	<u><u>\$ 76,911</u></u>
Net OPEB liability/(asset) - ending	<u><u>\$ (27,076)</u></u>	<u><u>\$ (28,025)</u></u>
Plan fiduciary net position as a percentage of total OPEB liability/(asset)	152.23 %	157.33 %
Covered payroll	\$ 832,952	\$ 804,784
Net OPEB liability/(asset) as a percentage of covered payroll	(3.25)%	(3.48)%

**Notes to Schedule:**

- Service Cost determined under the Entry Age Normal Method

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**Schedule of Employer OPEB 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 Payroll</b>	<b>Actual Contribution as a percentage of Covered Payroll</b>
2017	\$ 1,514	\$ 1,381	\$ 133	\$ 804,784	0.17%
2018	1,772	1,643	129	832,952	0.20

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation date:** June 30, 2017

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Inflation	3.00%
Projected payroll increases	3.50%
Investment rate of return	7.00%
Health care trend rates	Due to nature of the benefit, health care trend rates are not applicable to the calculation of contribution rates.
Expenses	Investment expenses are paid from investment returns.

**Other information:**

Notes: There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**MERP**

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

(in thousands)

	<u>FYE 2018</u>	<u>FYE 2017</u>
<u>Total OPEB Liability</u>		
Service cost	\$ 4,690	\$ 4,531
Interest on the total OPEB liability	24,826	24,472
Benefit payments, including refunds of employee contributions	<u>(24,107)</u>	<u>(23,936)</u>
Net change in total OPEB liability	5,409	5,067
Total OPEB liability - beginning	<u>364,365</u>	<u>359,298</u>
Total OPEB liability - ending	<u>\$ 369,774</u>	<u>\$ 364,365</u>
<u>Plan Fiduciary Net Position</u>		
Employer contributions	\$ 25,881	\$ 27,863
OPEB plan net investment income	9,761	17,188
Benefit payments, including refunds of employee contributions	(24,107)	(23,936)
Other	<u>6</u>	<u>—</u>
Net change in plan fiduciary net position	11,541	21,115
Plan fiduciary net position - beginning	<u>159,328</u>	<u>138,213</u>
Plan fiduciary net position - ending	<u>\$ 170,869</u>	<u>\$ 159,328</u>
Net OPEB liability - ending	<u>\$ 198,905</u>	<u>\$ 205,037</u>
Plan fiduciary net position as a percentage of total OPEB liability	46.21%	43.73%
Covered payroll	\$ 329,982	\$ 318,823
Net OPEB liability as a percentage of covered payroll	60.28%	64.31%

**Notes to Schedule:**

- Service Cost determined under the Entry Age Normal Method

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**Schedule of Employer OPEB 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 Payroll</b>	<b>Actual Contribution as a percentage of Covered Payroll</b>
2017	\$ 27,860	\$ 27,863	\$(3)	318,823	8.74%
2018	22,465	25,881	(3,416)	329,982	7.84

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation date:** June 30, 2017

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	Market
Inflation	3.00%
Projected payroll increases	3.50%
Investment rate of return	7.00%
Health care trend rates	Applies only to Duty Related Death Benefits: Rates starting at 7.5% in 2018 grading down to 4.5% in 2032.
Expenses	Investment expenses are paid from investment returns.

**Other information:**

Notes: There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

**PSPRS - OPEB**

**Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios for Reporting  
Date ended June 30,**  
(in thousands)

	<u>POLICE</u>	<u>FIRE</u>
	<u>2018</u>	
<u>Total OPEB Liability</u>		
Service Cost	\$ 762	\$ 357
Interest on the Total OPEB Liability	3,708	1,846
Changes of benefit terms	26	28
Difference between expected and actual experience of the Total OPEB Liability	(2,617)	(595)
Changes of assumptions	(1,636)	(774)
Benefit payments, including refunds of employee contributions	(3,014)	(1,735)
Net change in total OPEB liability	\$ (2,771)	\$ (873)
Total pension liability - beginning	50,562	25,303
Total pension liability - ending	<u>\$ 47,791</u>	<u>\$ 24,430</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ —	\$ —
Contributions - employee	—	—
Net investment income	7,098	4,002
Benefit payments, including refunds of employee contributions	(3,014)	(1,735)
OPEB Plan Administrative Expense	(63)	(36)
Other	—	—
Net change in Plan Fiduciary Net Position	\$ 4,021	\$ 2,231
Plan Fiduciary Net Position - Beginning	61,638	34,770
Plan Fiduciary Net Position - Ending	<u>\$ 65,659</u>	<u>\$ 37,001</u>
Net OPEB Liability/(Asset)	\$ (17,868)	(12,571)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	137.39 %	151.46 %
Covered Payroll	\$ 231,023	\$ 127,530
Net OPEB Liability (Asset) as a Percentage of Covered Valuation Payroll	(7.73)%	(9.86)%

Changes of assumptions:

- Decreased the investment return assumption from 7.5% to 7.4%.
- Decrease the wage inflation assumption from 4.0% to 3.5%.
- Updated mortality to the RP-2014 tables, with 75% of MP-2016 fully generational projection scales.
- Updated withdrawal, disability and retirement assumptions.

The information in this schedule has been determined as of the measurement date 6/30/17 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2018

<b>Schedule of Contributions for Measurement Date Ended June 30,</b>						
(in thousands)	Year Ended June 30,	Actuarially Determined Contribution**	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Valuation Payroll
<b>Police</b>	2017	\$ —	\$ —	\$ —	\$ 231,023	—%
<b>Fire</b>	2017	\$ —	\$ —	\$ —	\$ 127,530	—%

\*\* 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 2017 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 2017 Contribution Rates:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years; 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 Inflation	4.00%
Price Inflation	3.00%; No explicit price inflation assumption is used in this valuation.
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 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).
Health Care Trend Rates:	None

**Other Information:**

**Notes** There were no benefit changes during the year. The latest experience study was conducted as of June 30, 2011.

\* Based on Valuation Assumptions used in the June 30, 2015 actuarial valuation

The information in this schedule has been determined as of the measurement date 6/30/17 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.



**City of Phoenix**



*Financial Section*



**Other Supplementary  
Information**

**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 0.2% public safety expansion sales tax which was implemented in December 2007.

## Capital Projects Funds

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

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

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

**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.

# Fund Descriptions

(continued)

**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.

**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, 2018  
(in thousands)

Exhibit C-1

	<b>Special Revenue Funds</b>				
	<b>Highway User Revenue</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>	<b>Grants</b>	<b>Public Housing</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 11,796	\$ 2,136	\$ 24,933	\$ —	\$ 5,696
Cash Deposits	29	—	—	—	—
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	7,498
Investments	87,442	12,879	140,912	—	33,877
Receivables, Net of Allowance					
Accounts Receivable	49	—	569	2,521	392
Taxes Receivable	—	—	—	—	—
Intergovernmental	11,794	—	—	24,158	330
Accrued Interest	—	—	—	—	101
Notes Receivable	—	—	—	—	9,864
Total Assets	<u>\$ 111,110</u>	<u>\$ 15,015</u>	<u>\$ 166,414</u>	<u>\$ 26,679</u>	<u>\$ 57,758</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>					
<b>Liabilities</b>					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 7,564	\$ —
Accounts Payable	7,028	383	7,789	5,223	2,132
Trust Liabilities and Deposits	4,130	4,622	8,749	163	19,608
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Hotel Loan Interest Payable	—	—	—	—	—
Advance Payments	—	—	8,540	13,729	2,116
Total Liabilities	<u>11,158</u>	<u>5,005</u>	<u>25,078</u>	<u>26,679</u>	<u>23,856</u>
<b>Deferred Inflows of Resources</b>					
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund Balances</b>					
<b>Spendable</b>					
Restricted	99,952	6,957	67,360	—	27,589
Committed	—	3,053	—	—	—
Assigned	—	—	73,976	—	6,313
Unassigned	—	—	—	—	—
Total Fund Balances	<u>99,952</u>	<u>10,010</u>	<u>141,336</u>	<u>—</u>	<u>33,902</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 111,110</u>	<u>\$ 15,015</u>	<u>\$ 166,414</u>	<u>\$ 26,679</u>	<u>\$ 57,758</u>

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 11,655	\$ 3,966	\$ 7,777	\$ 67,959	\$ 3,038	\$ 9,151	\$ —	\$ —
—	—	—	29	—	—	—	—
—	—	—	7,498	—	—	—	—
62,103	20,455	44,159	401,827	18,256	56,332	62,173	—
314	—	—	3,845	—	—	135	—
2	60	120	182	—	60	—	—
44	—	—	36,326	—	—	10,245	—
—	—	—	101	—	—	90	—
—	—	—	9,864	—	—	—	—
<b>\$ 74,118</b>	<b>\$ 24,481</b>	<b>\$ 52,056</b>	<b>\$ 527,631</b>	<b>\$ 21,294</b>	<b>\$ 65,543</b>	<b>\$ 72,643</b>	<b>\$ —</b>
—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ 7,564	\$ —	\$ —	\$ 818	\$ 10,628
1,974	52	20	24,601	827	1,972	5,574	22
322	1,391	—	38,985	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	24,385	—	—	—	—
2,296	1,443	20	95,535	827	1,972	6,392	10,650
—	—	—	—	—	—	—	—
51,915	23,038	52,036	328,847	—	63,571	24,684	—
—	—	—	3,053	20,467	—	—	—
19,907	—	—	100,196	—	—	41,567	—
—	—	—	—	—	—	—	(10,650)
71,822	23,038	52,036	432,096	20,467	63,571	66,251	(10,650)
<b>\$ 74,118</b>	<b>\$ 24,481</b>	<b>\$ 52,056</b>	<b>\$ 527,631</b>	<b>\$ 21,294</b>	<b>\$ 65,543</b>	<b>\$ 72,643</b>	<b>\$ —</b>

City of Phoenix, Arizona  
Combining Balance Sheet  
Nonmajor Governmental Funds

Exhibit C-1

June 30, 2018

(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 120	\$ 1,702	\$ 986	\$ 1,360	\$ —
Cash Deposits	—	—	—	—	—
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	—
Investments	677	9,644	4,436	61,274	—
Receivables, Net of Allowance					
Accounts Receivable	—	5	—	—	—
Taxes Receivable	—	—	—	—	—
Intergovernmental	—	—	2,066	—	33,789
Accrued Interest	—	—	—	85	—
Notes Receivable	—	—	—	—	—
Total Assets	<u>\$ 797</u>	<u>\$ 11,351</u>	<u>\$ 7,488</u>	<u>\$ 62,719</u>	<u>\$ 33,789</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	\$ —	\$ —	\$ —	\$ —	\$ 28,909
Accounts Payable	—	22	355	5,025	7
Trust Liabilities and Deposits	—	423	—	—	1
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Hotel Loan Interest Payable	—	—	—	—	—
Advance Payments	—	—	—	—	—
Total Liabilities	<u>—</u>	<u>445</u>	<u>355</u>	<u>5,025</u>	<u>28,917</u>
Deferred Inflows of Resources					
Total Deferred Inflows of Resources	—	—	—	—	—
Fund Balances					
Spendable					
Restricted	797	8,469	7,133	57,710	4,872
Committed	—	—	—	—	—
Assigned	—	2,437	—	—	—
Unassigned	—	—	—	(16)	—
Total Fund Balances	<u>797</u>	<u>10,906</u>	<u>7,133</u>	<u>57,694</u>	<u>4,872</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 797</u>	<u>\$ 11,351</u>	<u>\$ 7,488</u>	<u>\$ 62,719</u>	<u>\$ 33,789</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	
\$ 515	\$ 16,872	\$ 7,276	\$ 641	\$ 81	\$ 7,998	\$ 92,829
—	—	—	—	—	—	29
—	—	12,161	89,993	1	102,155	109,653
13,114	225,906	41,230	3,635	—	44,865	672,598
—	140	91	—	36	127	4,112
—	60	—	—	—	—	242
—	46,100	—	—	—	—	82,426
6	181	—	—	—	—	282
—	—	—	—	—	—	9,864
<b>\$ 13,635</b>	<b>\$ 289,259</b>	<b>\$ 60,758</b>	<b>\$ 94,269</b>	<b>\$ 118</b>	<b>\$ 155,145</b>	<b>\$ 972,035</b>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
\$ —	\$ 40,355	\$ —	\$ —	\$ —	\$ —	\$ 47,919
—	13,804	84	—	—	84	38,489
—	424	—	—	—	—	39,409
—	—	6,545	78,035	—	84,580	84,580
—	—	1,349	11,958	1	13,308	13,308
—	—	4,268	—	—	4,268	4,268
—	—	—	—	117	117	24,502
—	54,583	12,246	89,993	118	102,357	252,475
—	—	—	—	—	—	—
—	—	—	—	—	—	—
3,089	170,325	—	4,276	—	4,276	503,448
—	20,467	48,512	—	—	48,512	72,032
10,546	54,550	—	—	—	—	154,746
—	(10,666)	—	—	—	—	(10,666)
<b>13,635</b>	<b>234,676</b>	<b>48,512</b>	<b>4,276</b>	<b>—</b>	<b>52,788</b>	<b>719,560</b>
<b>\$ 13,635</b>	<b>\$ 289,259</b>	<b>\$ 60,758</b>	<b>\$ 94,269</b>	<b>\$ 118</b>	<b>\$ 155,145</b>	<b>\$ 972,035</b>

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

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
<b>REVENUES</b>					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Intergovernmental	131,355	—	—	107,366	79,318
Charges for Services	44	5,486	73,465	76	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	(786)	(84)	(599)	(19)	(110)
Interest	1,289	141	1,000	37	301
Dwelling Rentals	—	—	—	—	8,057
Other	72	—	7,413	4,638	6,760
Total Revenues	131,974	5,543	81,279	112,098	94,326
<b>EXPENDITURES</b>					
Current Operating					
General Government	—	77	—	1,683	—
Criminal Justice	—	2,094	—	—	—
Public Safety	—	3,719	—	21,235	—
Transportation	57,056	—	—	36	—
Community Enrichment	—	—	—	48,572	155
Community Development	—	—	52,968	38,833	85,505
Environmental Services	—	—	—	298	—
Capital Outlay	79,153	377	12,807	1,441	5,303
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Total Expenditures	136,209	6,267	65,775	112,098	90,963
Excess (Deficiency) of Revenues Over Expenditures	(4,235)	(724)	15,504	—	3,363
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	—	—	—	—	525
Transfers to Other Funds	—	—	(2,068)	—	(347)
Total Other Financing Sources (Uses)	—	—	(2,068)	—	178
Net Change in Fund Balances	(4,235)	(724)	13,436	—	3,541
<b>FUND BALANCES, JULY 1</b>	104,187	10,734	127,900	—	30,361
<b>FUND BALANCES, JUNE 30</b>	\$ 99,952	\$ 10,010	\$ 141,336	\$ —	\$ 33,902

**Exhibit C-2**

(Continued)

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 7,958	\$ 31,683	\$ 89,164	\$128,805	\$ 9,574	\$ 31,684	\$ —	\$ —
447	—	—	447	—	—	—	—
768	—	—	318,807	—	—	24,043	—
7,946	—	—	87,017	8	—	—	—
72	—	—	72	—	—	—	—
1,715	—	—	1,715	—	—	—	—
—	—	—	—	—	—	—	—
(272)	(181)	(104)	(2,155)	(126)	(474)	249	—
459	302	176	3,705	214	816	163	—
—	—	—	8,057	—	—	—	—
14,041	231	—	33,155	29	311	735	—
33,134	32,035	89,236	579,625	9,699	32,337	25,190	—
1,396	—	—	3,156	—	—	—	—
—	—	—	2,094	—	—	—	—
24,712	31,776	58,650	140,092	—	—	—	—
3,888	—	—	60,980	130	—	—	—
3,092	—	—	51,819	—	4,705	—	—
3,958	—	—	181,264	—	—	—	—
1,942	—	—	2,240	70	—	—	—
3,193	3,459	3,258	108,991	5,327	28,649	31,760	1,105
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
42,181	35,235	61,908	550,636	5,527	33,354	31,760	1,105
(9,047)	(3,200)	27,328	28,989	4,172	(1,017)	(6,570)	(1,105)
18,543	—	—	19,068	—	3,279	—	—
(9,147)	(28)	(57)	(11,647)	—	(28)	—	—
9,396	(28)	(57)	7,421	—	3,251	—	—
349	(3,228)	27,271	36,410	4,172	2,234	(6,570)	(1,105)
71,473	26,266	24,765	395,686	16,295	61,337	72,821	(9,545)
\$ 71,822	\$ 23,038	\$ 52,036	\$432,096	\$ 20,467	\$ 63,571	\$ 66,251	\$ (10,650)

**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, 2018

(in thousands)

	<b>Capital Projects Funds</b>				
	<b>Storm Sewers</b>	<b>Parks, Recreation and Libraries</b>	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>
<b>REVENUES</b>					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Intergovernmental	—	—	—	—	130,251
Charges for Services	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	—	(15)	(22)	920	—
Interest	—	25	35	295	—
Dwelling Rentals	—	—	—	—	—
Other	—	—	4,588	95	344
Total Revenues	<u>—</u>	<u>10</u>	<u>4,601</u>	<u>1,310</u>	<u>130,595</u>
<b>EXPENDITURES</b>					
Current Operating					
General Government	—	—	—	—	—
Criminal Justice	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Community Enrichment	—	—	—	—	—
Community Development	—	—	—	—	—
Environmental Services	—	—	—	—	—
Capital Outlay	45	257	4,178	41,907	119,687
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Total Expenditures	<u>45</u>	<u>257</u>	<u>4,178</u>	<u>41,907</u>	<u>119,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45)</u>	<u>(247)</u>	<u>423</u>	<u>(40,597)</u>	<u>10,908</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	—	—	—	1,026	—
Transfers to Other Funds	—	—	—	(1,033)	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7)</u>	<u>—</u>
Net Change in Fund Balances	<u>(45)</u>	<u>(247)</u>	<u>423</u>	<u>(40,604)</u>	<u>10,908</u>
<b>FUND BALANCES, JULY 1</b>	842	11,153	6,710	98,298	(6,036)
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 797</u>	<u>\$ 10,906</u>	<u>\$ 7,133</u>	<u>\$ 57,694</u>	<u>\$ 4,872</u>

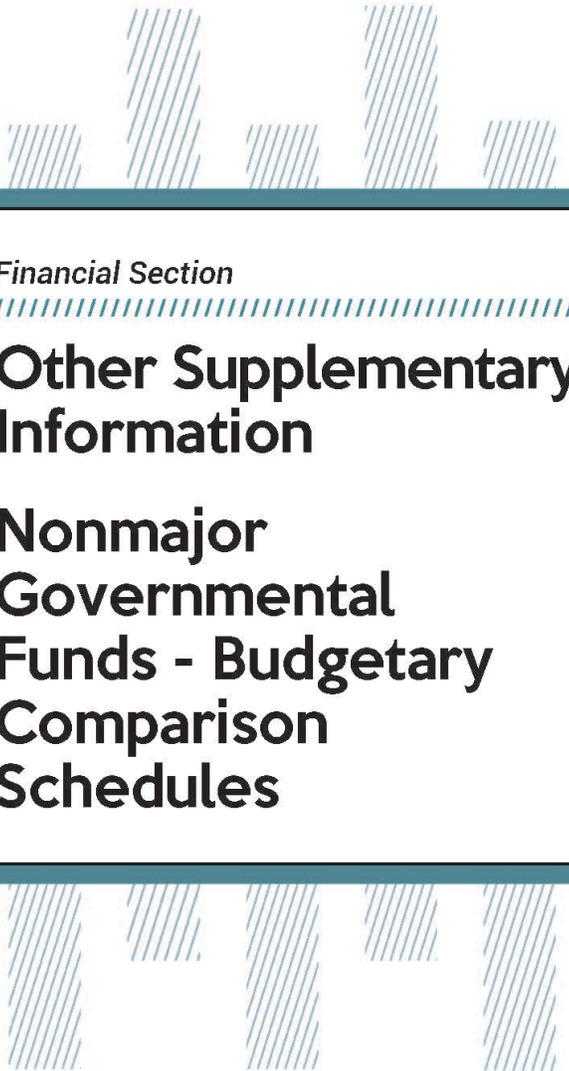
**Exhibit C-2**

(Continued)

Capital Projects Funds		Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	City Improvement	Special Assessment	Total		
\$ —	\$ 41,258	\$ 19,979	\$ —	\$ —	\$ 19,979	\$ 190,042	
—	—	—	—	—	—	447	
—	154,294	—	—	—	—	473,101	
—	8	—	—	—	—	87,025	
—	—	—	—	—	—	72	
—	—	—	—	—	—	1,715	
—	—	—	—	11	11	11	
13	545	(303)	—	—	(303)	(1,913)	
119	1,667	534	47	—	581	5,953	
—	—	—	—	—	—	8,057	
304	6,406	11,790	—	—	11,790	51,351	
436	204,178	32,000	47	11	32,058	815,861	
—	—	114	—	—	114	3,270	
—	—	—	—	—	—	2,094	
—	—	1,399	—	—	1,399	141,491	
—	130	—	—	—	—	61,110	
—	4,705	540	—	—	540	57,064	
—	—	428	—	—	428	181,692	
—	70	—	—	—	—	2,310	
645	233,560	411	—	—	411	342,962	
—	—	6,545	78,035	19	84,599	84,599	
—	—	11,209	24,663	3	35,875	35,875	
—	—	—	103	—	103	103	
—	—	2	10	—	12	12	
645	238,465	20,648	102,811	22	123,481	912,582	
(209)	(34,287)	11,352	(102,764)	(11)	(91,423)	(96,721)	
—	4,305	1,452	103,674	11	105,137	128,510	
—	(1,061)	—	(1,026)	—	(1,026)	(13,734)	
—	3,244	1,452	102,648	11	104,111	114,776	
(209)	(31,043)	12,804	(116)	—	12,688	18,055	
13,844	265,719	35,708	4,392	—	40,100	701,505	
<u>\$ 13,635</u>	<u>\$ 234,676</u>	<u>\$ 48,512</u>	<u>\$ 4,276</u>	<u>\$ —</u>	<u>\$ 52,788</u>	<u>\$ 719,560</u>	



**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, 2018  
(in thousands)

**Exhibit D-1**

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expenditures	Encumbrances	Total	
<b>General Government</b>							
Mayor	\$ 1,962	\$ —	\$ 1,962	\$ 1,560	\$ —	\$ 1,560	\$ 402
City Council	4,207	—	4,207	3,368	61	3,429	778
City Manager	2,403	—	2,403	2,172	55	2,227	176
City Auditor	2,853	—	2,853	2,471	104	2,575	278
Information Technology	37,590	—	37,590	30,563	4,863	35,426	2,164
Equal Opportunity	2,461	—	2,461	2,269	60	2,329	132
City Clerk	4,052	—	4,052	3,823	74	3,897	155
Elections	874	—	874	671	6	677	197
Human Resources	10,345	—	10,345	10,144	57	10,201	144
Office of Sustainability	432	—	432	425	8	433	(1)
Law	20,354	—	20,354	19,365	227	19,592	762
Budget and Research	3,501	(95)	3,406	2,952	5	2,957	449
Finance	23,628	95	23,723	20,809	903	21,712	2,011
Other	1,299	—	1,299	1,082	37	1,119	180
<b>Total General Government</b>	<b>115,961</b>	<b>—</b>	<b>115,961</b>	<b>101,674</b>	<b>6,460</b>	<b>108,134</b>	<b>7,827</b>
<b>Criminal Justice</b>							
Municipal Court	29,241	—	29,241	26,946	352	27,298	1,943
Public Defender	5,081	—	5,081	4,924	10	4,934	147
<b>Total Criminal Justice</b>	<b>34,322</b>	<b>—</b>	<b>34,322</b>	<b>31,870</b>	<b>362</b>	<b>32,232</b>	<b>2,090</b>
<b>Public Safety</b>							
Police	548,803	—	548,803	522,996	4,746	527,742	21,061
Fire	298,471	—	298,471	286,298	3,821	290,119	8,352
Other	83	—	83	99	—	99	(16)
<b>Total Public Safety</b>	<b>847,357</b>	<b>—</b>	<b>847,357</b>	<b>809,393</b>	<b>8,567</b>	<b>817,960</b>	<b>29,397</b>
<b>Transportation</b>							
Street Transportation	16,343	—	16,343	9,544	3,197	12,741	3,602
Public Transit	1,713	—	1,713	1,278	344	1,622	91
<b>Total Transportation</b>	<b>18,056</b>	<b>—</b>	<b>18,056</b>	<b>10,822</b>	<b>3,541</b>	<b>14,363</b>	<b>3,693</b>
<b>Community Enrichment</b>							
Parks & Recreation	90,984	2,900	93,884	90,716	1,188	91,904	1,980
Library	38,795	2,148	40,943	37,869	2,285	40,154	789
Human Services	19,141	—	19,141	16,041	1,708	17,749	1,392
Other	6,338	—	6,338	6,315	203	6,518	(180)
<b>Total Community Enrichment</b>	<b>155,258</b>	<b>5,048</b>	<b>160,306</b>	<b>150,941</b>	<b>5,384</b>	<b>156,325</b>	<b>3,981</b>
<b>Community Development</b>							
Economic Development	5,091	—	5,091	4,652	83	4,735	356
Neighborhood Services	13,281	—	13,281	11,245	680	11,925	1,356
Other	4,211	—	4,211	3,513	70	3,583	628
<b>Total Community Development</b>	<b>22,583</b>	<b>—</b>	<b>22,583</b>	<b>19,410</b>	<b>833</b>	<b>20,243</b>	<b>2,340</b>
<b>Environmental Services</b>							
Public Works	13,112	—	13,112	(877)	13,065	12,188	924
Other	619	—	619	413	23	436	183
<b>Total Environmental Services</b>	<b>13,731</b>	<b>—</b>	<b>13,731</b>	<b>(464)</b>	<b>13,088</b>	<b>12,624</b>	<b>1,107</b>
<b>Cable</b>							
General Government	2,437	—	2,437	2,241	32	2,273	164
Transportation	2,492	—	2,492	2,003	—	2,003	489
<b>Total Cable</b>	<b>4,929</b>	<b>—</b>	<b>4,929</b>	<b>4,244</b>	<b>32</b>	<b>4,276</b>	<b>653</b>
<b>Capital</b>							
Community Enrichment	950	7,652	8,602	5,250	2,580	7,830	772
General Government	3,809	—	3,809	(3,653)	5,341	1,688	2,121
Environmental Services	4,883	—	4,883	1,538	66	1,604	3,279
<b>Total Capital</b>	<b>9,642</b>	<b>7,652</b>	<b>17,294</b>	<b>3,135</b>	<b>7,987</b>	<b>11,122</b>	<b>6,172</b>
Contingency	55,900	—	55,900	—	—	—	55,900
<b>Totals</b>	<b>\$ 1,277,739</b>	<b>\$ 12,700</b>	<b>\$ 1,290,439</b>	<b>\$ 1,131,025</b>	<b>\$ 46,254</b>	<b>\$ 1,177,279</b>	<b>\$ 113,160</b>

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Excise Tax Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2018  
(in thousands)

**Exhibit D-2**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 909,442	\$ 909,442	\$ 909,168	\$ (274)
Licenses and Permits	2,896	2,896	2,872	(24)
Intergovernmental	345,267	345,267	356,034	10,767
Total Revenues	1,257,605	1,257,605	1,268,074	10,469
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund	(761,733)	(761,733)	(774,514)	(12,781)
Transportation Tax 2050	(210,700)	(210,700)	(215,806)	(5,106)
Parks and Preserves	(31,328)	(31,328)	(31,594)	(266)
Sports Facilities	(19,235)	(19,235)	(19,979)	(744)
Capital Construction	(11,006)	(11,006)	(9,574)	1,432
Police Neighborhood Protection	(21,930)	(21,930)	(22,491)	(561)
Block Watch Neighborhood Protection	(1,567)	(1,567)	(1,579)	(12)
Fire Neighborhood Protection	(7,832)	(7,832)	(7,523)	309
Police Public Safety Enhancement	(16,297)	(16,297)	(15,994)	303
Fire Public Safety Enhancement	(9,987)	(9,987)	(9,803)	184
Police Public Safety Expansion	(50,126)	(50,126)	(50,550)	(424)
Fire Public Safety Expansion	(12,531)	(12,531)	(12,638)	(107)
City Improvement	(44,861)	(44,861)	(37,781)	7,080
Phoenix Convention Center	(51,897)	(51,897)	(52,730)	(833)
Other Restricted Funds	(6,575)	(6,575)	(5,518)	1,057
Total Other Financing Uses	(1,257,605)	(1,257,605)	(1,268,074)	(10,469)
Net Change in Fund Balance	\$ —	\$ —	—	\$ —
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

**Budgetary Comparison Schedule**

**Highway User Revenue Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ —	\$ —	\$ 5	\$ 5
Intergovernmental				
Highway User	127,531	127,531	131,355	3,824
Interest	500	500	1,334	834
Miscellaneous	150	150	44	(106)
Total Revenues	<u>128,181</u>	<u>128,181</u>	<u>132,738</u>	<u>4,557</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	61,319	61,319	62,379	(1,060)
Capital	105,175	105,175	63,921	41,254
Total Expenditures and Encumbrances	<u>166,494</u>	<u>166,494</u>	<u>126,300</u>	<u>40,194</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(38,313)	(38,313)	6,438	44,751
<b>OTHER FINANCING SOURCES</b>				
Transfers From Other Funds				
Capital Projects Fund	—	—	131	131
Recovery of Prior Years Expenditures	—	—	1,124	1,124
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>1,255</u>	<u>1,255</u>
Net Change in Fund Balance	<u>\$ (38,313)</u>	<u>\$ (38,313)</u>	<u>7,693</u>	<u>\$ 46,006</u>
Fund Balance, July 1			55,415	
Fund Balance, June 30			<u>\$ 63,108</u>	

**Budgetary Comparison Schedule**

**Municipal Court Awards Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 4,847	\$ 4,847	\$ 4,213	\$ (634)
Total Revenues	4,847	4,847	4,213	(634)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	183	183	126	57
Public Safety	4,703	5,003	4,333	670
Total Expenditures and Encumbrances	4,886	5,186	4,459	727
Deficiency of Revenues Over Expenditures and Encumbrances	(39)	(339)	(246)	93
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	269	269
Total Other Financing Sources	—	—	269	269
Net Change in Fund Balance	<u>\$ (39)</u>	<u>\$ (339)</u>	23	<u>\$ 362</u>
Fund Balance, July 1			235	
Fund Balance, June 30			<u>\$ 258</u>	

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

**Exhibit D-5**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 53,979	\$ 53,979	\$ 59,691	\$ 5,712
Miscellaneous	(30)	(30)	153	183
Total Revenues	53,949	53,949	59,844	5,895
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	56,164	56,164	49,270	6,894
Capital	1,988	1,988	1,465	523
Contingency	5,000	5,000	—	5,000
Total Expenditures and Encumbrances	63,152	63,152	50,735	12,417
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(9,203)	(9,203)	9,109	18,312
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,289)	(3,289)	(3,494)	(205)
City Improvement Debt Service Fund	(79)	(79)	—	79
Recovery of Prior Years Expenditures	—	—	14	14
Total Other Financing Sources (Uses)	(3,368)	(3,368)	(3,480)	(112)
Net Change in Fund Balance	\$ (12,571)	\$ (12,571)	5,629	\$ 18,200
Fund Balance, July 1			54,220	
Fund Balance, June 30			\$ 59,849	

**Budgetary Comparison Schedule**

**Community Reinvestment Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 124	\$ 124	\$ 133	\$ 9
Rentals	4,854	4,854	6,365	1,511
Interest	102	102	174	72
Miscellaneous	12	12	895	883
Total Revenues	5,092	5,092	7,567	2,475
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	417	417	478	(61)
Capital	5,272	5,272	2,849	2,423
Total Expenditures and Encumbrances	5,689	5,689	3,327	2,362
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(597)	(597)	4,240	4,837
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund				
Other	(2,068)	(2,068)	(2,068)	—
Recovery of Prior Years Expenditures	—	—	51	51
Total Other Financing Uses	(2,068)	(2,068)	(2,017)	51
Net Change in Fund Balance	<u>\$ (2,665)</u>	<u>\$ (2,665)</u>	2,223	<u>\$ 4,888</u>
Fund Balance, July 1			12,030	
Fund Balance, June 30			<u>\$ 14,253</u>	

**Budgetary Comparison Schedule**

**Federal Operating Trust Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 49,201	\$ 49,201	\$ 45,427	\$ (3,774)
Interest	512	512	22	(490)
Miscellaneous	336	336	4,393	4,057
Total Revenues	50,049	50,049	49,842	(207)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	1,460	1,460	1,418	42
Public Safety	18,404	24,104	21,851	2,253
Transportation	45	45	17	28
Community Enrichment	1,366	1,366	1,060	306
Community Development	27,534	27,534	25,437	2,097
Environmental Services	468	468	440	28
Capital	772	772	—	772
Total Expenditures and Encumbrances	50,049	55,749	50,223	5,526
Deficiency of Revenues Over Expenditures and Encumbrances	—	(5,700)	(381)	5,319
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	381	381
Total Other Financing Sources	—	—	381	381
Net Change in Fund Balance	\$ —	\$ (5,700)	—	\$ 5,700
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

**Budgetary Comparison Schedule**

**Community Development Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 30,075	\$ 30,075	\$ 14,013	\$ (16,062)
Charges for Services	—	—	72	72
Interest	—	—	2	2
Miscellaneous	63	63	205	142
Total Revenues	30,138	30,138	14,292	(15,846)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	267	267	263	4
Community Enrichment	546	546	694	(148)
Community Development	26,920	26,920	14,115	12,805
Capital	2,405	2,405	147	2,258
Total Expenditures and Encumbrances	30,138	30,138	15,219	14,919
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	(927)	(927)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Year Expenditures	—	—	18	\$ 18
Total Other Financing Sources	—	—	18	18
Net Change in Fund Balance	\$ —	\$ —	(909)	\$ (909)
Fund Balance, July 1			3,791	
Fund Balance, June 30			\$ 2,882	

**Budgetary Comparison Schedule**

**Human Services Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 45,990	\$ 45,990	\$ 45,752	\$ (238)
Contributions/Donations	32	32	43	11
Interest	10	10	14	4
Total Revenues	46,032	46,032	45,809	(223)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	46,032	46,932	46,118	814
Total Expenditures and Encumbrances	46,032	46,932	46,118	814
Deficiency of Revenues Over Expenditures and Encumbrances	—	(900)	(309)	591
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	309	309
Total Other Financing Sources	—	—	309	309
Net Change in Fund Balance	\$ —	\$ (900)	—	\$ 900
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

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

**Exhibit D-10**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ 75	\$ 75	\$ —	(75)
Intergovernmental	81,683	81,683	76,237	(5,446)
Charges for Services	5	5	5	—
Interest	11	11	194	183
Dwelling Rentals	5,288	5,288	5,735	447
Miscellaneous	5,579	5,579	6,589	1,010
Total Revenues	92,641	92,641	88,760	(3,881)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	(3)	(3)	—	(3)
Community Enrichment	205	205	155	50
Community Development	86,884	86,884	81,194	5,690
Capital	13,257	13,257	4,261	8,996
Total Expenditures and Encumbrances	100,343	100,343	85,610	14,733
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(7,702)	(7,702)	3,150	10,852
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Other Restricted Special Revenue Funds	—	—	43	43
Interest Alignment Trust	—	—	1,781	1,781
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(200)	(200)	(274)	(74)
City Improvement	(73)	(73)	(73)	—
Recovery of Prior Years Expenditures	—	—	176	176
Total Other Financing Sources (Uses)	(273)	(273)	1,653	1,926
Net Change in Fund Balance	<u>\$ (7,975)</u>	<u>\$ (7,975)</u>	4,803	<u>\$ 12,778</u>
Fund Balance, July 1			15,878	
Fund Balance, June 30			<u>\$ 20,681</u>	

## Budgetary Comparison Schedule

## Public Housing Neighborhood Transformation Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ —	\$ —	\$ 75	\$ 75
Intergovernmental	1,973	1,973	400	(1,573)
Interest	4	4	26	22
Miscellaneous	21	21	298	277
Total Revenues	1,998	1,998	799	(1,199)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	1,916	1,916	1,264	652
Capital	82	82	41	41
Total Expenditures and Encumbrances	1,998	1,998	1,305	693
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	(506)	(506)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Year Expenditures	\$ —	\$ —	3	3
Total Other Financing Sources	—	—	3	3
Net Change in Fund Balance	\$ —	\$ —	(503)	\$ (503)
Fund Balance, July 1			3,813	
Fund Balance, June 30			\$ 3,310	

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

**Exhibit D-12**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Rentals	\$ —	\$ —	\$ 3,192	\$ 3,192
Interest	340	340	553	213
Hotel Debt Service Reimbursement	8,512	8,512	8,512	—
Miscellaneous	—	—	86	86
Total Revenues	8,852	8,852	12,343	3,491
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	129	129	114	15
Public Safety	1,399	1,399	1,400	(1)
Community Enrichment	626	626	683	(57)
Community Development	164	164	163	1
Capital	—	2,300	1,628	672
Debt Service				
Arbitrage Rebate and Fiscal Agent Fees	2	2	2	—
Other	—	—	6	(6)
Lease-Purchase Payments	9,242	9,242	9,242	—
Lease-Purchase Payments (Hotel Debt Service)	8,512	11,412	8,512	2,900
Total Expenditures and Encumbrances	20,074	25,274	21,750	3,524
Deficiency of Revenues Over Expenditures and Encumbrances	(11,222)	(16,422)	(9,407)	7,015
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	19,235	19,235	19,979	744
Capital Project Fund	1,026	1,026	1,026	—
Other Restricted Special Revenue Fund	—	—	427	427
Transfers to Other Funds				
General Fund				
Staff and Administrative	(220)	(220)	(186)	34
Other	(79)	(79)	(79)	—
Other Restricted Special Revenue Fund	(124)	(124)	—	124
Recovery of Prior Years Expenditures	—	—	105	105
Total Other Financing Sources (Uses)	19,838	19,838	21,272	1,434
Net Change in Fund Balance	\$ 8,616	\$ 3,416	11,865	\$ 8,449
Fund Balance, July 1			37,809	
Fund Balance, June 30			\$ 49,674	

**Budgetary Comparison Schedule**

**Capital Construction Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 70	\$ 70	\$ 222	\$ 152
Miscellaneous	—	—	37	37
Total Revenues	70	70	259	189
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	171	171	130	41
Environmental Services	70	70	71	(1)
Capital	23,399	23,399	5,465	17,934
Total Expenditures and Encumbrances	23,640	23,640	5,666	17,974
Deficiency of Revenues Over Expenditures and Encumbrances	(23,570)	(23,570)	(5,407)	18,163
<b>OTHER FINANCING SOURCES</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	11,006	11,006	9,574	(1,432)
Capital Projects Fund	—	—	106	106
Recovery of Prior Years Expenditures	—	—	283	283
Total Other Financing Sources	11,006	11,006	9,963	(1,043)
Net Change in Fund Balance	\$ (12,564)	\$ (12,564)	4,556	\$ 17,120
Fund Balance, July 1			11,224	
Fund Balance, June 30			\$ 15,780	

**Budgetary Comparison Schedule**

**Parks and Preserves Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 525	\$ 525	\$ 845	\$ 320
Miscellaneous	—	—	400	400
Total Revenues	525	525	1,245	720
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	6,083	6,083	5,133	950
Capital	53,902	53,902	22,759	31,143
Total Expenditures and Encumbrances	59,985	59,985	27,892	32,093
Deficiency of Revenues Over Expenditures and Encumbrances	(59,460)	(59,460)	(26,647)	32,813
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	31,328	31,328	31,594	266
Enterprise Funds	90	90	90	—
Other Restricted Special Revenue Fund	—	—	3,279	3,279
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(181)	(181)	(28)	153
Recovery of Prior Years Expenditures	50	50	280	230
Total Other Financing Sources (Uses)	31,287	31,287	35,215	3,928
Net Change in Fund Balance	<u>\$ (28,173)</u>	<u>\$ (28,173)</u>	8,568	<u>\$ 36,741</u>
Fund Balance, July 1			43,795	
Fund Balance, June 30			<u>\$ 52,363</u>	

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

**Exhibit D-15**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ 1,240	\$ 1,240	\$ 1,649	\$ 409
Licenses and Permits	316	316	447	131
City Taxes	5,244	5,244	2,440	(2,804)
Intergovernmental	600	600	768	168
Charges for Services	8,543	8,543	9,192	649
Fines and Forfeitures	55	55	72	17
Parks and Recreation	2,423	2,423	2,153	(270)
Rentals	6,796	6,796	5,097	(1,699)
Interest	432	432	739	307
Miscellaneous	5,690	5,690	11,623	5,933
Total Revenues	31,339	31,339	34,180	2,841
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	2,175	2,175	1,359	816
Criminal Justice	4,750	4,750	2,182	2,568
Public Safety	25,422	25,422	24,090	1,332
Transportation	4,382	4,382	4,482	(100)
Community Enrichment	3,880	3,630	3,536	94
Community Development	9,106	9,106	6,730	2,376
Environmental Services	3,144	3,144	1,972	1,172
Capital	15,006	15,256	4,940	10,316
Total Expenditures and Encumbrances	67,865	67,865	49,291	18,574
Deficiency of Revenues Over Expenditures and Encumbrances	(36,526)	(36,526)	(15,111)	21,415
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	6,575	6,575	5,518	(1,057)
General Fund - Other	17,000	17,000	17,000	—
Transportation Tax 2050 Special Revenue Fund	—	—	1,199	1,199
Enterprise Funds	522	522	—	(522)
Sports Facilities Special Revenue Fund	124	124	—	(124)
Transfers to Other Funds				
General Fund - Staff and Administrative	(197)	(197)	(253)	(56)
General Fund - Library	—	—	(386)	(386)
General Fund - Other	(3,115)	(3,115)	(4,711)	(1,596)
Sports Facilities Special Revenue Fund	—	—	(427)	(427)
Housing Special Revenue Fund	—	—	(43)	(43)
Parks and Preserves Special Revenue Fund	—	—	(3,279)	(3,279)
Recovery of Prior Years Expenditures	—	—	223	223
Total Other Financing Sources (Uses)	20,909	20,909	14,841	(6,068)
Net Change in Fund Balance	<u>\$ (15,617)</u>	<u>\$ (15,617)</u>	<u>(270)</u>	<u>\$ 15,347</u>
Fund Balance, July 1			85,566	
Fund Balance, June 30			<u>\$ 85,296</u>	

**Budgetary Comparison Schedule**

**Neighborhood Protection Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 180	\$ 180	\$ 313	\$ 133
Miscellaneous	185	185	321	136
Total Revenues	365	365	634	269
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	33,525	35,925	33,148	2,777
Total Expenditures and Encumbrances	33,525	35,925	33,148	2,777
Deficiency of Revenues Over Expenditures and Encumbrances	(33,160)	(35,560)	(32,514)	3,046
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	31,329	31,329	31,593	264
Enterprise Funds	89	89	90	1
Transfers to Other Funds				
General Fund				
Staff and Administrative	(173)	(173)	(317)	(144)
Infrastructure Repayment Agreement Trust	(179)	(179)	(28)	151
Recovery of Prior Years Expenditures		—	13	13
Total Other Financing Sources (Uses)	31,066	31,066	31,351	285
Net Change in Fund Balance	\$ (2,094)	\$ (4,494)	(1,163)	\$ 3,331
Fund Balance, July 1			23,541	
Fund Balance, June 30			\$ 22,378	

**Budgetary Comparison Schedule**

**Public Safety Enhancement Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	\$ 26,976	\$ 26,976	\$ 15,714	\$ 11,262
Total Expenditures and Encumbrances	26,976	26,976	15,714	11,262
Deficiency of Revenues Over Expenditures and Encumbrances	(26,976)	(26,976)	(15,714)	11,262
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	26,284	26,284	25,797	(487)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(290)	(290)	(199)	91
Total Other Financing Sources (Uses)	25,994	25,994	25,598	(396)
Net Change in Fund Balance	<u>\$ (982)</u>	<u>\$ (982)</u>	9,884	<u>\$ 10,866</u>
Fund Balance, July 1			9,711	
Fund Balance, June 30			<u>\$ 19,595</u>	

**Budgetary Comparison Schedule**

**Public Safety Expansion Special Revenue Fund**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 54	\$ 54	\$ 183	\$ 129
Total Revenues	54	54	183	129
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	67,965	67,965	45,417	22,548
Total Expenditures and Encumbrances	67,965	67,965	45,417	22,548
Deficiency of Revenues Over Expenditures and Encumbrances	(67,911)	(67,911)	(45,234)	22,677
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	62,657	62,657	63,188	531
Enterprise Funds	179	179	179	—
Transfers to Other Funds				
General Fund				
Staff and Administrative	(406)	(406)	(466)	(60)
Infrastructure Repayment Agreement Trust	(363)	(363)	(57)	306
Recovery of Prior Years Expenditures	—	—	1	1
Total Other Financing Sources (Uses)	62,067	62,067	62,845	778
Net Change in Fund Balance	<u>\$ (5,844)</u>	<u>\$ (5,844)</u>	17,611	<u>\$ 23,455</u>
Fund Balance, July 1			15,161	
Fund Balance, June 30			<u>\$ 32,772</u>	

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

**Exhibit D-19**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 5,585	\$ 5,585	\$ 4,707	\$ (878)
Rentals	234	234	232	(2)
Interest	(2)	(2)	(8)	(6)
Miscellaneous	125	125	791	666
Total Revenues	5,942	5,942	5,722	(220)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	5,843	6,143	6,007	136
Total Expenditures and Encumbrances	5,843	6,143	6,007	136
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	99	(201)	(285)	(84)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	35	35
Total Other Financing Sources	—	—	35	35
Net Change in Fund Balance	\$ 99	\$ (201)	(250)	\$ (49)
Fund Balance, July 1			250	
Fund Balance, June 30			\$ —	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Regional Wireless Cooperative**  
For the Fiscal Year Ended June 30, 2018  
(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	\$ 3,165	\$ 3,165	\$ 2,939	\$ (226)
Interest	38	38	54	16
Miscellaneous	1,256	1,256	1,246	(10)
Total Revenues	4,459	4,459	4,239	(220)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	4,628	5,428	4,209	1,219
Total Expenditures and Encumbrances	4,628	5,428	4,209	1,219
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(169)	(969)	30	999
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	39	39
Total Other Financing Sources	—	—	39	39
Net Change in Fund Balance	<u>\$ (169)</u>	<u>\$ (969)</u>	69	<u>\$ 1,038</u>
Fund Balance, July 1			1,756	
Fund Balance, June 30			<u>\$ 1,825</u>	

Budgetary Comparison Schedule

Secondary Property Tax Debt Service Fund

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 94,664	\$ 94,664	\$ 95,435	\$ 771
Intergovernmental	4,737	4,737	4,752	15
Total Revenues	99,401	99,401	100,187	786
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Obligation Bond Debt Service				
Principal	49,440	49,940	49,185	755
Interest	52,175	52,175	52,057	118
Arbitrage Rebate and Fiscal Agent Fees	1	1	—	1
Other Debt Service Costs	650	650	358	292
Total Expenditures and Encumbrances	102,266	102,766	101,600	1,166
Deficiency of Revenues Over Expenditures and Encumbrances	(2,865)	(3,365)	(1,413)	1,952
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Debt Service - General Obligation Reserve Fund	2,866	2,866	987	(1,879)
Total Other Financing Sources	2,866	2,866	987	(1,879)
Net Change in Fund Balance	\$ 1	\$ (499)	(426)	\$ 73
Fund Balance, July 1			526	
Fund Balance, June 30			\$ 100	

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

**Exhibit D-22**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ —	\$ —	\$ 45	\$ 45
Total Revenues	—	—	45	45
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Lease-Purchase Payments	110,896	110,896	102,698	8,198
Arbitrage Rebate and Fiscal Agent Fees	12	12	10	2
Other Debt Service Costs	—	—	103	(103)
Total Expenditures and Encumbrances	110,908	110,908	102,811	8,097
Deficiency of Revenues Over Expenditures and Encumbrances	(110,908)	(110,908)	(102,766)	(8,052)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
General Fund - Library	124	124	115	(9)
Excise Tax Special Revenue Fund	44,861	44,861	37,781	(7,080)
Public Housing Special Revenue Fund	73	73	73	—
Enterprise Funds	2,699	2,699	1,667	(1,032)
Development Services Special Revenue Fund	79	79	—	(79)
Transportation Tax 2050 Special Revenue Fund	64,098	64,098	64,033	(65)
Capital Projects Fund	—	—	7	7
Transfers to Other Funds				
Capital Projects Fund	(1,026)	(1,026)	(1,026)	—
Total Other Financing Sources (Uses)	110,908	110,908	102,650	(8,258)
Net Change in Fund Balance	\$ —	\$ —	(116)	\$ (16,310)
Fund Balance, July 1			116	
Fund Balance, June 30			\$ —	



*Financial Section*

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## 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, 2018 and 2017

(in thousands)

	<b>2018</b>	<b>2017</b>
		<b>Restated *</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 57,817	\$ 69,970
Investments	342,853	295,482
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2018, \$0 and 2017, \$0)	14,052	16,126
Intergovernmental	162	354
Deposits in Escrow	326	326
Inventories, at Average Cost	2,953	2,827
Total Unrestricted Current Assets	<u>418,163</u>	<u>385,085</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	105,256	86,957
Accrued Interest Receivable	—	11
Customer Facility Charge		
Cash with Fiscal Agent/Trustee	80,632	74,887
Investments	22,226	21,945
Accounts Receivable	4,054	3,610
Capital Projects		
Cash and Cash Equivalents	21,915	32,184
Investments	46,777	99,203
Receivables		
Interest	74	—
Intergovernmental	12,458	10,836
Passenger Facility Charges	11,027	11,093
Total Restricted Current Assets	<u>304,419</u>	<u>340,726</u>
Total Current Assets	<u>722,582</u>	<u>725,811</u>
Noncurrent Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	121,379	132,014
Capital Assets		
Land	574,238	574,238
Buildings	1,744,334	1,744,512
Improvements Other Than Buildings	1,661,086	1,643,995
Equipment	671,947	672,068
Intangibles	24,355	25,620
Construction in Progress	390,231	148,709
Less: Accumulated Depreciation	(2,204,971)	(2,065,636)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,861,220</u>	<u>2,743,506</u>
Total Noncurrent Assets	<u>2,982,599</u>	<u>2,875,520</u>
Total Assets	<u>3,705,181</u>	<u>3,601,331</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	27,940	1,032
Pension Related	9,755	17,158
OPEB Related	103	—
Total Deferred Outflows of Resources	<u>37,798</u>	<u>18,190</u>

\*Due to the adoption of GASB 75 and moving certain restricted cash balances from current to noncurrent assets.

**Exhibit E-1**

(Continued)

	<b>2018</b>	<b>2017</b>
		<b>Restated *</b>
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	26,308	22,859
Trust Liabilities and Deposits	354	4,094
Advance Payments	15,260	12,793
Current Portion of Pollution Remediation	100	—
Current Portion of Accrued Compensated Absences	930	921
Total Current Liabilities Payable from Current Assets	<u>42,952</u>	<u>40,667</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Short-Term Obligations	100,000	180,000
Matured Bonds Payable	67,810	50,525
Interest Payable	37,185	36,372
Current Portion of General Obligation Bonds	4,520	—
Current Portion of Rental Car Facility Revenue Bonds	10,990	10,370
Current Portion of Municipal Corporation Obligations	37,640	42,845
Capital Projects		
Accounts Payable	54,085	45,596
Total Current Liabilities Payable from Restricted Assets	<u>312,230</u>	<u>365,708</u>
Total Current Liabilities	<u>355,182</u>	<u>406,375</u>
Noncurrent Liabilities		
General Obligation Bonds, net	3,450	8,045
Rental Car Facility Revenue Bonds, net	154,895	165,885
Municipal Corporation Obligations, net	1,348,292	1,182,987
Pollution Remediation	2,000	2,200
Accrued Compensated Absences	6,097	5,985
Net Pension Liability	177,182	172,238
Net OPEB Liability	11,543	11,298
Total Noncurrent Liabilities	<u>1,703,459</u>	<u>1,548,638</u>
Total Liabilities	<u>2,058,641</u>	<u>1,955,013</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Refunding Bonds	676	718
Pension Related	10,489	9,717
Total Deferred Inflows of Resources	<u>11,165</u>	<u>10,435</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,264,682	1,196,595
Restricted for:		
Debt Service	121,379	132,014
Passenger Facility Charges	87,521	125,311
Customer Facility Charges	106,912	100,442
Unrestricted	92,679	99,711
Total Net Position	<u>\$ 1,673,173</u>	<u>\$ 1,654,073</u>

\*Due to the adoption of GASB 75 and moving certain restricted cash balances from current to noncurrent assets.

**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, 2018 and 2017  
(in thousands)

	2018	2017
		Restated*
Operating Revenues		
Aeronautical Revenue		
Terminal Fees	\$ 89,389	\$ 80,956
Landing Fees	50,030	51,278
Air Cargo and Hangar Rentals	8,412	7,989
Other	13,069	13,986
Non-Aeronautical Revenue		
Parking	88,190	84,151
Rental Cars	54,902	53,595
Terminal - Food and Beverage	22,457	22,019
Terminal - Retail	11,210	10,279
Rental Revenue	23,049	21,236
Ground Transportation	8,585	6,207
Other	4,600	4,722
Total Operating Revenues	<u>373,893</u>	<u>356,418</u>
Operating Expenses		
Operation and Maintenance		
Personal Services	134,785	127,792
Contractual Services	117,162	103,158
Supplies	11,731	9,300
Equipment/Minor Improvements	6,375	11,145
Environmental, Studies & Noise Program	—	959
Depreciation	166,145	165,826
Staff and Administrative	9,141	8,373
Total Operating Expenses	<u>445,339</u>	<u>426,553</u>
Operating Loss	(71,446)	(70,135)
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	83,885	83,577
Rental Car Customer Facility Charges	49,210	47,348
Investment Income		
Net Decrease in Fair		
Value of Investments	(5,426)	(4,180)
Interest	10,020	6,735
Interest on Capital Debt	(64,403)	(67,915)
Loss on Disposal of Capital Assets	(4,529)	(1,417)
Total Non-Operating Revenues (Expenses)	<u>68,757</u>	<u>64,148</u>
Net Loss Before Contributions and Transfers	(2,689)	(5,987)
Capital Contributions	22,569	26,639
Transfers from General Fund - Other	168	—
Transfers to Capital Projects Fund	—	(370)
Transfers to Debt Service Fund	(948)	—
Change in Net Position	<u>19,100</u>	<u>20,282</u>
Net Position, July 1	1,654,073	1,645,405
Restatement of Beginning Net Position	—	(11,614)
Net Position, July 1, as Restated	<u>1,654,073</u>	<u>1,633,791</u>
Net Position, June 30	<u>\$ 1,673,173</u>	<u>\$ 1,654,073</u>

\* Due to the adoption of GASB 75.

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

**Exhibit E-3**

For the Fiscal Years Ended June 30, 2018 and 2017  
(in thousands)

	<u>2018</u>	<u>2017</u>
		Restated*
Cash Flows from Operating Activities		
Receipts from Customers	\$ 374,696	\$ 345,577
Payments to Suppliers	(170,100)	(177,494)
Payments to Employees	(83,350)	(77,115)
Payment of Staff and Administrative Expenses	(9,141)	(8,373)
Net Cash Provided by Operating Activities	<u>112,105</u>	<u>82,595</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	168	—
Operating Transfers to Other Funds	(948)	(370)
Net Cash Used by Noncapital Financing Activities	<u>(780)</u>	<u>(370)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	118,778	50,000
Principal Paid on Capital Debt	(50,525)	(47,390)
Interest Paid on Capital Debt	(71,852)	(74,656)
Acquisition and Construction of Capital Assets	(280,096)	(167,484)
Proceeds from Sales of Capital Assets	198	313
Passenger Facility Charges	83,951	80,133
Customer Facility Charges	48,765	46,882
Capital Contributions	21,138	21,937
Net Cash Used by Capital and Related Financing Activities	<u>(129,643)</u>	<u>(90,265)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(957,477)	(338,846)
Proceeds from Sale and Maturities of Investment Securities	935,311	338,766
Net Activity for Short-Term Investments	26,940	(5,284)
Interest on Investments	4,531	2,548
Net Cash Provided (Used) by Investing Activities	<u>9,305</u>	<u>(2,816)</u>
Net Decrease in Cash and Cash Equivalents	<u>(9,013)</u>	<u>(10,856)</u>
Cash and Cash Equivalents, July 1	396,338	407,194
Cash and Cash Equivalents, June 30	<u>\$ 387,325</u>	<u>\$ 396,338</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	(71,446)	(70,135)
Adjustments		
Depreciation	166,145	165,826
Deferred Outflows - Pension and OPEB	7,300	17,029
Deferred Inflows - Pension	772	(3,665)
Change in Assets and Liabilities		
Receivables	2,074	(4,103)
Allowance for Doubtful Accounts	—	(1,320)
Inventories	(126)	(1,116)
Accounts Payable	3,449	(6,019)
Trust Liabilities and Deposits	(3,740)	835
Advance Payments	2,467	(6,252)
Pollution Remediation	(100)	(175)
Accrued Compensated Absences	121	486
Net Pension Liability	4,944	(8,549)
Net OPEB Liability	245	(247)
Net Cash Provided by Operating Activities	<u>\$ 112,105</u>	<u>\$ 82,595</u>
Noncash Capital and Financing Activities		
Amortization of Deferred Gains/Losses of Bond Refundings	1,351	27
Increase (Decrease) in Fair Value of Investments	172	(86)
Total Noncash Capital and Financing Activities	<u>\$ 1,523</u>	<u>\$ (59)</u>

\*Due to the adoption of GASB 75.

## Aviation Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget BasisFor the Fiscal Year Ended June 30, 2018  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Landing Area	\$ 52,000	\$ 52,000	\$ 52,218	\$ 218
Terminal Area	128,936	128,936	147,184	18,248
Ground Transportation	131,270	131,270	139,866	8,596
Interest on Investments	1,500	1,500	7,019	5,519
Other	30,835	30,835	39,601	8,766
Total Revenues	344,541	344,541	385,888	41,347
Transfer from Customer Facility Charge Revenues for O&M Expense Reimbursement	—	—	15,309	15,309
Total Revenues and Transfers from CFC	344,541	344,541	401,197	56,656
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance				
Personal Services	121,342	121,342	121,218	124
Contractual Services	119,537	119,237	113,318	5,919
Supplies	11,182	11,182	11,216	(34)
Equipment/Minor Improvements	4,391	4,691	3,861	830
Contingency	14,000	14,000	—	14,000
Total Operating Expenditures	270,452	270,452	249,613	20,839
Net Revenue Available for Revenue Bond Debt Service	74,089	74,089	151,584	77,495
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	26,575	26,575	28,628	(2,053)
Interest	22,275	22,275	26,552	(4,277)
Total Senior Lien Revenue Bond Debt Service	48,850	48,850	55,180	(6,330)
Net Revenue Available for Junior Lien Revenue Bond Debt Service	25,239	25,239	96,404	71,165
Junior Lien Revenue Bond Debt Service				
Principal	1,131	1,131	1,131	—
Interest	4,804	4,804	4,804	—
Total Junior Lien Revenue Bond Debt Service	5,935	5,935	5,935	—
Net Revenue Available After Junior Lien Revenue Bond Debt Service	19,304	19,304	90,469	71,165
Other Expenditures				
Capital Improvement Program	109,065	109,065	57,596	51,469
General Obligation Bond Debt Service				
Interest	197	197	197	—
Early Defeasance of Bonds	—	—	13,377	(13,377)
Short Term Interest	—	—	810	(810)
Total Other Expenditures	109,262	109,262	71,980	37,282
Total Expenditures and Encumbrances	434,499	434,499	382,708	51,791
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(89,958)	(89,958)	18,489	108,447
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Aviation Capital Fund	16,000	16,000	12,708	(3,292)
General Fund - Other	438	438	168	(270)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(8,373)	(8,373)	(9,141)	(768)
Other	(1,165)	(1,165)	(1,165)	—
Special Revenue Funds	(716)	(716)	(717)	(1)
Debt Service Fund	(1,014)	(1,014)	(949)	65
Aviation Capital Fund	(744)	(744)	(2,867)	(2,123)
Recovery of Prior Years Expenditures	—	—	3,363	3,363
Total Other Financing Sources (Uses)	4,426	4,426	1,400	(3,026)
Net Increase (Decrease) in Fund Balance	\$ (85,532)	\$ (85,532)	19,889	\$ 105,421
<b>FUND BALANCE, JULY 1</b>			334,111	
<b>FUND BALANCE, JUNE 30</b>			\$ 354,000	



**City of Phoenix**

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

**Exhibit E-5**

June 30, 2018 and 2017

(in thousands)

	<b>2018</b>	<b>2017</b>
		<b>Restated*</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 6,205	\$ 7,403
Investments	40,278	33,653
Accounts Receivable, Net of Allowance for Doubtful Accounts (2018, \$31 and 2017, \$117)	376	605
Inventories, at Average Cost	209	191
Total Unrestricted Current Assets	47,068	41,852
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	25,498	22,424
Capital Projects		
Cash and Cash Equivalents	805	1,110
Investments	14,294	13,962
Receivables		
Accrued Interest	4	4
Customer and Other Deposits	4,178	3,497
Total Restricted Current Assets	44,779	40,997
Total Current Assets	91,847	82,849
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	895,321	895,056
Improvements Other Than Buildings	9,936	9,905
Equipment	23,525	23,527
Intangible Assets	50	149
Construction in Progress	3,579	2,039
Less: Accumulated Depreciation	(328,420)	(304,473)
Total Capital Assets, Net of Accumulated Depreciation	633,409	655,621
Total Noncurrent Assets	633,409	655,621
Total Assets	725,256	738,470
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	4,834	5,107
Pension Related	2,209	4,117
OPEB Related	24	—
Total Deferred Outflows of Resources	7,067	9,224

\*Due to the adoption of GASB 75.

**Exhibit E-5**  
(Continued)

	2018	2017
		Restated*
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	4,152	2,150
Current Portion of Accrued Compensated Absences	191	183
Total Current Liabilities Payable from Current Assets	4,343	2,333
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	7,709	5,210
Interest Payable	17,628	17,053
Current Portion of Municipal Corporation Obligations	8,335	7,709
Capital Projects		
Customer Deposits	4,086	3,447
Total Current Liabilities Payable from Restricted Assets	37,758	33,419
Total Current Liabilities	42,101	35,752
Noncurrent Liabilities		
Municipal Corporation Obligations, net	696,644	709,116
Accrued Compensated Absences	1,235	1,178
Net Pension Liability	40,117	41,332
Net OPEB Liability	2,676	2,788
Total Noncurrent Liabilities	740,672	754,414
Total Liabilities	782,773	790,166
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Pension Related	2,375	2,332
Total Deferred Inflows of Resources	2,375	2,332
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	(74,445)	(61,306)
Unrestricted	21,620	16,502
Total Net Position (Deficit)	\$ (52,825)	\$ (44,804)

\*Due to the adoption of GASB 75.

**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, 2018 and 2017

(in thousands)

	2018	2017
		Restated*
Operating Revenues		
Rental of Facilities and Equipment	\$ 10,558	\$ 10,904
Concessions	13,152	11,444
Box Office Services	1,036	792
Other (1)	19,997	17,428
Total Operating Revenues	<u>44,743</u>	<u>40,568</u>
Operating Expenses		
Administration	28,910	26,339
Operation and Maintenance	14,948	12,996
Promotion	2,511	2,799
Depreciation	24,046	24,371
Staff and Administrative	2,710	2,663
Security	1,729	1,725
Total Operating Expenses	<u>74,854</u>	<u>70,893</u>
Operating Loss	<u>(30,111)</u>	<u>(30,325)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(426)	(426)
Interest	786	686
Interest on Capital Debt	(30,849)	(31,575)
Loss on Disposal of Capital Assets	—	(10)
Total Non-Operating Revenues (Expenses)	<u>(30,489)</u>	<u>(31,325)</u>
Loss Before Contributions and Transfers	<u>(60,600)</u>	<u>(61,650)</u>
Transfers from Excise Tax Fund	52,730	49,051
Transfers to Capital Projects Fund	—	(12)
Transfers to Debt Service Fund	(93)	—
Transfers to Infrastructure Repayment Agreement Trust Fund	(58)	(5)
Change in Net Position (Deficit)	<u>(8,021)</u>	<u>(12,616)</u>
Net Position, July 1	<u>(44,804)</u>	<u>(28,613)</u>
Restatement of Beginning Net Position	—	(3,575)
Net Position (Deficit), July 1, as Restated	<u>(44,804)</u>	<u>(32,188)</u>
Net Position (Deficit), June 30	<u>\$ (52,825)</u>	<u>\$ (44,804)</u>

\*Due to the adoption of GASB 75.

(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, 2018 and 2017

(in thousands)

	2018	2017
		Restated*
Cash Flows from Operating Activities		
Receipts from Customers	\$ 45,613	\$ 40,966
Payments to Suppliers	(26,258)	(25,809)
Payments to Employees	(19,193)	(19,280)
Payment of Staff and Administrative Expenses	(2,710)	(2,663)
Net Cash Used by Operating Activities	(2,548)	(6,786)
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	52,730	49,051
Operating Transfers to Other Funds	(151)	(17)
Net Cash Provided by Noncapital Financing Activities	52,579	49,034
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(5,210)	(2,746)
Interest Paid on Capital Debt	(34,138)	(35,083)
Acquisition and Construction of Capital Assets	(1,834)	(2,075)
Net Cash Used by Capital and Related Financing Activities	(41,182)	(39,904)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(3,635)	(60,474)
Proceeds from Sale and Maturities of Investment Securities	3,639	60,375
Net Activity for Short-Term Investments	(6,961)	(488)
Interest on Investments	360	260
Net Cash Used by Investing Activities	(6,597)	(327)
Net Increase in Cash and Cash Equivalents	2,252	2,017
Cash and Cash Equivalents, July 1	34,434	32,417
Cash and Cash Equivalents, June 30	\$ 36,686	\$ 34,434
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (30,111)	\$ (30,325)
Adjustments		
Depreciation	24,046	24,371
Deferred Outflows - Pension and OPEB	1,884	4,330
Deferred Inflows - Pension	43	(974)
Change in Assets and Liabilities		
Accounts Receivable	229	(351)
Inventories	(18)	17
Accounts Payable	2,002	(407)
Customer Deposits	639	748
Accrued Compensated Absences	65	(88)
Net Pension Liability	(1,215)	(3,337)
Net OPEB Liability	(112)	(770)
Net Cash Used by Operating Activities	(2,548)	(6,786)
Noncash Capital and Financing Activities		
Bond Capital Appreciation	(566)	—
Amortization of Deferred Gains/Losses of Bond Refundings	273	560
Increase in Fair Value of Investments	41	3
Total Noncash Capital and Financing Activities	\$ (252)	\$ 563

\*Due to the adoption of GASB 75.

**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, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Rental of Facilities and Equipment	\$ 6,520	\$ 6,520	\$ 6,373	\$ (147)
Concessions	13,475	13,475	14,287	812
Box Office Services	276	276	530	254
Interest	324	324	727	403
Other	688	688	1,155	467
Total Revenues	21,283	21,283	23,072	1,789
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	50,392	50,692	45,946	4,746
Capital Improvement Program	6,167	5,867	4,274	1,593
Lease-Purchase Payments	20,263	20,263	19,922	341
Total Expenditures and Encumbrances	76,822	76,822	70,142	6,680
Deficiency of Revenues Over Expenditures and Encumbrances	(55,539)	(55,539)	(47,070)	8,469
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Fund	51,897	51,897	52,730	833
Convention Center Capital Fund	—	—	4	4
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,663)	(2,663)	(2,710)	(47)
Infrastructure Repayment Agreement Trust Fund	(852)	(852)	(58)	794
Debt Service Fund	(105)	(105)	(94)	11
Other Restricted Special Revenue Fund	(522)	(522)	—	522
Recovery of Prior Years Expenditures	—	—	61	61
Total Other Financing Sources (Uses)	47,755	47,755	49,933	2,178
Net Increase (Decrease) in Fund Balance	\$ (7,784)	\$ (7,784)	2,863	\$ 10,647
<b>FUND BALANCE, JULY 1</b>			43,780	
<b>FUND BALANCE, JUNE 30</b>			\$ 46,643	



**City of Phoenix**

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2018 and 2017  
(in thousands)

**Exhibit E-9**

	<u>2018</u>	<u>2017</u>
		<u>Restated*</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 27,235	\$ 37,316
Investments	173,748	152,098
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2018, \$2,406 and 2017, \$2,317)	56,669	56,507
Intergovernmental	766	1,503
Prepaid Items	5,447	4,688
Inventories, at Average Cost	14,895	22,344
Total Unrestricted Current Assets	<u>278,760</u>	<u>274,456</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	81,231	82,583
Capital Projects		
Cash and Cash Equivalents	5,314	17,761
Investments	34,892	71,043
Customer and Other Deposits	10,710	8,721
Total Restricted Current Assets	<u>132,147</u>	<u>180,108</u>
Total Current Assets	<u>410,907</u>	<u>454,564</u>
Noncurrent Assets		
Capital Assets		
Land	57,630	57,683
Buildings	247,354	240,491
Improvements Other Than Buildings	868,651	843,897
Equipment	345,130	337,368
Mains, Hydrants, Meters and Service Connections	1,816,708	1,758,938
Intangibles	142,535	172,066
Construction in Progress	388,342	356,493
Less: Accumulated Depreciation	<u>(1,478,921)</u>	<u>(1,427,541)</u>
Total Capital Assets, Net of Accumulated Depreciation	2,387,429	2,339,395
Other Assets		
Investment in Val Vista Treatment Plant		
Joint Use Agreement	203,006	211,637
Total Other Assets	<u>203,006</u>	<u>211,637</u>
Total Noncurrent Assets	<u>2,590,435</u>	<u>2,551,032</u>
Total Assets	<u>3,001,342</u>	<u>3,005,596</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	26,062	28,099
Pension Related	11,412	20,185
OPEB Related	125	—
Total Deferred Outflows of Resources	<u>37,599</u>	<u>48,284</u>

\*Due to the adoption of GASB 75.

**Exhibit E-9**

(Continued)

	<u>2018</u>	<u>2017</u>
		<b>Restated*</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	29,123	25,852
Advance Payments	12	12
Current Portion of Accrued Compensated Absences	958	952
Total Current Liabilities Payable from Current Assets	<u>30,093</u>	<u>26,816</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	52,976	53,445
Interest Payable	28,529	29,409
Current Portion of Revenue Bonds/Bank Loans	233	226
Current Portion of Municipal Corporation Obligations	58,445	52,750
Capital Projects		
Accounts Payable	7,472	623
Customer and Other Deposits	10,810	8,821
Total Current Liabilities Payable from Restricted Assets	<u>158,465</u>	<u>145,274</u>
Total Current Liabilities	<u>188,558</u>	<u>172,090</u>
Noncurrent Liabilities		
General Obligation Bonds, net	6,893	6,972
Revenue Bonds/Bank Loans, net	2,740	2,973
Municipal Corporation Obligations, net	1,191,161	1,265,171
Accrued Compensated Absences	6,319	6,202
Net Pension Liability	207,270	202,628
Net OPEB Liability	14,222	14,349
Total Noncurrent Liabilities	<u>1,428,605</u>	<u>1,498,295</u>
Total Liabilities	<u>1,617,163</u>	<u>1,670,385</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Pension Related	<u>12,270</u>	<u>11,432</u>
Total Deferred Inflows of Resources	<u>12,270</u>	<u>11,432</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,296,598	1,203,666
Restricted from Enabling Legislation	57,760	69,558
Unrestricted	55,150	98,839
Total Net Position	<u>\$ 1,409,508</u>	<u>\$ 1,372,063</u>

\*Due to the adoption of GASB 75.

**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, 2018 and 2017  
(in thousands)

	<u>2018</u>	<u>2017</u>
		<u>Restated*</u>
Operating Revenues		
Water Sales	\$ 367,021	\$ 352,396
Environmental Charges	34,427	33,358
Other	11,286	12,509
Total Operating Revenues	<u>412,734</u>	<u>398,263</u>
Operating Expenses		
Administration and Engineering	63,271	30,482
Operation and Maintenance		
Customer Service	6,619	6,063
Production and Treatment	98,771	69,181
Distribution and Centralized Functions	68,310	63,830
Depreciation and Amortization	107,306	105,136
Staff and Administrative	8,024	7,574
Total Operating Expenses	<u>352,301</u>	<u>282,266</u>
Operating Income	60,433	115,997
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(2,590)	(2,530)
Interest	4,063	3,667
Interest on Capital Debt	(43,451)	(37,183)
Equity Interest in Joint Use Agreement Operating Loss	(10,749)	(12,349)
Gain (Loss) on Disposal of Capital Assets	529	(1,033)
Total Non-Operating Revenues (Expenses)	<u>(52,198)</u>	<u>(49,428)</u>
Net Income Before Contributions and Transfers	8,235	66,569
Capital Contributions	44,424	70,258
Transfers from Special Revenue Funds	—	187
Transfers to Wastewater Enterprise Fund	—	(23,612)
Transfers to General Fund - In Lieu Property Taxes	(14,730)	(14,485)
Transfers to General Fund - Other	(484)	—
Transfers to Capital Projects Fund	—	(3,441)
Change in Net Position	<u>37,445</u>	<u>95,476</u>
Net Position, July 1	1,372,063	1,291,894
Restatement of Beginning Net Position	—	(15,307)
Net Position, July 1, as Restated	<u>1,372,063</u>	<u>1,276,587</u>
Net Position, June 30	<u>\$ 1,409,508</u>	<u>\$ 1,372,063</u>

\*Due to the adoption of GASB 75.

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2018 and 2017  
(in thousands)

**Exhibit E-11**

	2018	2017
		Restated*
Cash Flows from Operating Activities		
Receipts from Customers	\$ 415,297	\$ 396,837
Payments to Suppliers	(118,923)	(87,515)
Payments to Employees	(93,962)	(87,749)
Payment of Staff and Administrative Expenses	(8,024)	(7,574)
Net Cash Provided by Operating Activities	194,388	213,999
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	—	187
Operating Transfers to Other Funds	(15,214)	(17,926)
Net Cash Used by Noncapital Financing Activities	(15,214)	(17,739)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	—	2,355
Principal Paid on Capital Debt	(53,445)	(50,024)
Interest Paid on Capital Debt	(57,938)	(62,112)
Acquisition and Construction of Capital Assets	(149,634)	(102,649)
Proceeds from Sales of Capital Assets	589	212
Capital Contributions	43,388	20,738
Net Cash Used by Capital and Related Financing Activities	(217,040)	(191,480)
Cash Flows from Investing Activities		
Net Activity for Short-Term Investments	14,501	(2,506)
Interest on Investments	1,474	1,137
Net Cash Provided (Used) by Investing Activities	15,975	(1,369)
Net Increase (Decrease) in Cash and Cash Equivalents	(21,891)	3,411
Cash and Cash Equivalents, July 1	146,381	142,970
Cash and Cash Equivalents, June 30	\$ 124,490	\$ 146,381
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 60,433	\$ 115,997
Adjustments		
Depreciation and Amortization	107,306	105,136
Deferred Outflows - Pension and OPEB	8,648	20,491
Deferred Inflows - Pension	838	(4,490)
Change in Asset and Liabilities		
Receivables	485	(4,421)
Allowance for Doubtful Accounts	90	180
Prepaid Expenses	(759)	(1,957)
Inventories	7,449	(6,334)
Accounts Payable	3,271	(348)
Customer and Other Deposits	1,989	2,815
Accrued Compensated Absences	123	289
Net Pension Liability	4,642	(12,483)
Net OPEB Liability	(127)	(876)
Net Cash Provided by Operating Activities	\$ 194,388	\$ 213,999
Noncash Capital and Financing Activities		
Contributions of Capital Assets	\$ 1,035	\$ 49,520
Amortization of Deferred Gains/Losses of Bond Refundings	2,038	2,038
Transfers to Wastewater Enterprise Fund	—	(23,612)
Total Noncash Capital and Financing Activities	\$ 3,073	\$ 27,946

\*Due to the adoption of GASB 75 and correction of cash and cash equivalents as of July 1, 2017.

## 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, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Water Sales	\$ 358,912	\$ 358,912	\$ 367,021	\$ 8,109
Environmental Charges	33,861	33,861	34,427	566
Development Occupational Fees	3,600	3,600	3,916	316
Water Service Fees	5,800	5,800	5,915	115
Distribution	600	600	5,242	4,642
Interest	2,243	2,243	3,613	1,370
Other	9,350	9,350	7,637	(1,713)
Total Revenues	414,366	414,366	427,771	13,405
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	185,394	188,582	177,554	11,028
Operation and Maintenance - Val Vista	12,995	12,995	11,643	1,352
Total Operating Expenditures and Encumbrances	198,389	201,577	189,197	12,380
Net Revenue Available for Revenue Bond Debt Service	215,977	212,789	238,574	25,785
Junior Lien Revenue Bond Debt Service				
Principal	51,746	51,746	52,976	(1,230)
Interest	58,094	65,094	56,861	8,233
Total Junior Lien Revenue Bond Debt Service	109,840	116,840	109,837	7,003
Net Revenue Available After Junior Lien Revenue Bond Debt Service	106,137	95,949	128,737	32,788
Other Expenditures and Encumbrances				
Operating Capital Outlay	3,047	3,047	2,859	188
Capital Improvement Program	159,448	112,338	104,408	7,930
General Obligation Bond Debt Service				
Interest	197	197	197	—
Total Other Expenditures and Encumbrances	162,692	115,582	107,464	8,118
Total Expenditures and Encumbrances	470,921	433,999	406,498	27,501
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(56,555)	(19,633)	21,273	40,906
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Water Capital Fund	24,722	24,722	25,000	278
Val Vista Operating Fund	1,077	1,077	—	(1,077)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(7,760)	(7,760)	(8,024)	(264)
In-Lieu Property Taxes	(15,284)	(15,284)	(14,730)	554
Debt Service Fund	(538)	(538)	—	538
Recovery of Prior Years Expenditures	—	—	6,828	6,828
Total Other Financing Sources (Uses)	2,217	2,217	9,074	6,857
Net Increase (Decrease) in Fund Balance	\$ (54,338)	\$ (17,416)	30,347	\$ 47,763
<b>FUND BALANCE, JULY 1</b>				62,239
<b>FUND BALANCE, JUNE 30</b>				\$ 92,586

**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, 2018

(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	\$ 6,168	\$ 6,168	\$ 6,445	\$ 277
Operating Revenue - Water	12,995	12,995	11,643	(1,352)
Interest	36	36	10	(26)
Other	—	—	7	7
Total Revenues	19,199	19,199	18,105	(1,094)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	18,793	17,715	15,464	2,251
Capital Outlay				
Operating	63	63	120	(57)
Capital Improvement Program	—	—	2,546	(2,546)
Total Expenditures and Encumbrances	18,856	17,778	18,130	(352)
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	343	1,421	(25)	(1,446)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(343)	(343)	(550)	(207)
Water Operating Fund	(1,077)	(1,077)	—	1,077
Recovery of Prior Years Expenditures	—	—	407	407
Total Other Financing Sources (Uses)	(1,420)	(1,420)	(143)	1,277
Net Increase (Decrease) in Fund Balance	\$ (1,077)	\$ 1	(168)	\$ (169)
<b>FUND BALANCE, JULY 1</b>			354	
<b>FUND BALANCE, JUNE 30</b>			186	
Members' Contributed Operating Reserve			2,048	
Members' Contributed Replacement Reserve			2,866	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (4,728)</u>	

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

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

**Exhibit E-14**

June 30, 2018 and 2017

(in thousands)

	<b>2018</b>	<b>2017</b>
		<b>Restated*</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 10,642	\$ 29,260
Investments	62,560	117,653
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2018, \$1,146 and 2017, \$1,241)	21,804	20,730
Intergovernmental	5,298	5,767
Notes Receivable	21,055	7,895
Inventories, at Average Cost	3,501	4,451
Total Unrestricted Current Assets	<u>124,860</u>	<u>185,756</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	55,183	55,431
Capital Projects		
Cash and Cash Equivalents	134,997	18,899
Investments	105,178	75,594
Customer Deposits and Other Trust Liabilities	46	38
Total Restricted Current Assets	<u>295,404</u>	<u>149,962</u>
Total Current Assets	<u>420,264</u>	<u>335,718</u>
Noncurrent Assets		
Capital Assets		
Land	29,252	29,255
Buildings	74,724	74,926
Improvements Other Than Buildings	1,348,987	1,316,727
Equipment	145,817	142,870
Intangibles	32,339	33,363
Construction in Progress	120,105	119,545
Less: Accumulated Depreciation	<u>(763,174)</u>	<u>(743,485)</u>
Total Capital Assets, Net of Accumulated Depreciation	988,050	973,201
Other Assets		
Investment in SROG Joint Use Agreement	352,652	362,086
Total Noncurrent Assets	<u>1,340,702</u>	<u>1,335,287</u>
Total Assets	<u>1,760,966</u>	<u>1,671,005</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	3,008	5,203
Pension Related	92	7,337
OPEB Related	43	—
Total Deferred Outflows of Resources	<u>3,143</u>	<u>12,540</u>

\*Due to the adoption of GASB 75.

**Exhibit E-14**

(continued)

	2018	2017
		<b>Restated*</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	11,617	10,799
Advance Payments	1	1
Current Portion of Accrued Compensated Absences	206	209
Total Current Liabilities Payable from Current Assets	11,824	11,009
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	42,642	40,380
Interest Payable	13,468	15,967
Current Portion of General Obligation Bonds	1,160	590
Current Portion of Revenue Bonds/Bank Loans	790	767
Current Portion of Municipal Corporation Obligations	42,110	41,285
Capital Projects		
Accounts Payable	1,744	1,455
Customer Deposits and Other Trust Liabilities	46	38
Total Current Liabilities Payable from Restricted Assets	101,960	100,482
Total Current Liabilities	113,784	111,491
Noncurrent Liabilities		
General Obligation Bonds, net	1,802	3,035
Revenue Bonds/Bank Loans, net	9,251	10,041
Municipal Corporation Obligations, net	661,239	561,257
Accrued Compensated Absences	1,357	1,353
Net Pension Liability	1,672	73,658
Net OPEB Liability Liability	4,941	5,106
Total Noncurrent Liabilities	680,262	654,450
Total Liabilities	794,046	765,941
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	2,354	2,562
Pension Related	99	4,156
Total Deferred Inflows of Resources	2,453	6,718
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	776,935	667,502
Restricted from Enabling Legislation	58,569	59,532
Unrestricted	132,106	183,852
Total Net Position	\$ 967,610	\$ 910,886

\*Due to the adoption of GASB 75.

**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, 2018 and 2017

(in thousands)

	2018	2017
		Restated*
Operating Revenues		
Sewer Service Charges	\$ 166,104	\$ 159,993
Environmental Charges	34,474	33,212
Other	7,169	5,740
Total Operating Revenues	<u>207,747</u>	<u>198,945</u>
Operating Expenses		
Administration	18,165	19,074
Operation and Maintenance		
Wastewater Treatment Plants	39,317	33,262
Sewer Maintenance and Collections	21,313	19,434
Industrial Waste/Pre-Treatment	5,837	5,784
Depreciation	40,839	40,233
Staff and Administrative	4,481	3,705
Total Operating Expenses	<u>129,952</u>	<u>121,492</u>
Operating Income	<u>77,795</u>	<u>77,453</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(1,946)	(1,973)
Interest	4,132	3,036
Interest on Capital Debt	(19,601)	(20,124)
Equity Interest in Joint Use Agreement Operating Loss	(22,899)	(22,942)
Loss on Disposal of Capital Assets	(9)	(12,327)
Total Non-Operating Revenues (Expenses)	<u>(40,323)</u>	<u>(54,330)</u>
Net Income Before Contributions and Transfers	<u>37,472</u>	<u>23,123</u>
Capital Contributions	28,350	23,689
Transfers from Water System Enterprise Fund	—	23,612
Transfers to General Fund - In Lieu Property Taxes	(9,098)	(8,787)
Transfers to Capital Projects Fund	—	(2,287)
Change in Net Position	<u>56,724</u>	<u>59,350</u>
Net Position, July 1	910,886	856,972
Restatement of Beginning Net Position	—	(5,436)
Net Position, July 1, as Restated	<u>910,886</u>	<u>851,536</u>
Net Position, June 30	<u>\$ 967,610</u>	<u>\$ 910,886</u>

\*Due to the adoption of GASB 75.

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2018 and 2017  
(in thousands)

**Exhibit E-16**

	2018	2017
		Restated*
Cash Flows from Operating Activities		
Receipts from Customers	\$ 193,989	\$ 190,892
Payments to Suppliers	(58,137)	(49,846)
Payments to Employees	(93,731)	(22,732)
Payment of Staff and Administrative Expenses	(4,481)	(3,705)
Net Cash Provided by Operating Activities	37,640	114,609
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(9,098)	(11,074)
Net Cash Used by Noncapital Financing Activities	(9,098)	(11,074)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	151,520	1,666
Principal Paid on Capital Debt	(40,380)	(44,930)
Interest Paid on Capital Debt	(29,614)	(30,636)
Acquisition and Construction of Capital Assets	(68,871)	(38,082)
Proceeds from Sales of Capital Assets	25	12
Capital Contributions	28,322	8,738
Net Cash Provided (Used) by Capital and Related Financing Activities	41,002	(103,232)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(256,346)	(7,985)
Proceeds from Sales and Maturities of Investment Securities	114,111	7,985
Net Activity for Short-Term Investments	167,745	(5,774)
Interest on Investments	2,186	1,063
Net Cash Provided (Used) by Investing Activities	27,696	(4,711)
Net Increase (Decrease) in Cash and Cash Equivalents	97,240	(4,408)
Cash and Cash Equivalents, July 1	103,628	108,036
Cash and Cash Equivalents, June 30	\$ 200,868	\$ 103,628
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 77,795	\$ 77,453
Adjustments		
Depreciation	40,839	40,233
Deferred Outflows - Pension and OPEB	7,202	7,026
Deferred Inflows - Pension	(4,057)	(1,466)
Change in Assets and Liabilities		
Receivables	(13,670)	(8,117)
Allowance for Doubtful Accounts	(95)	59
Inventories	950	492
Accounts Payable	818	1,533
Customer Deposits	8	3
Accrued Compensated Absences	1	(9)
Net Pension Liability	(71,986)	(2,297)
Net OPEB Liability	(165)	(301)
Net Cash Provided by Operating Activities	\$ 37,640	\$ 114,609
Noncash Capital and Financing Activities		
Contributions of Capital Assets	\$ 28	\$ 14,950
Amortization of Deferred Gains/Losses of Bond Refundings	570	744
Increase in Fair Value of Investments	86	—
Transfers from Water System Enterprise Fund	—	23,612
Total Noncash Capital and Financing Activities	\$ 684	\$ 39,306

\*Due to the adoption of GASB 75.

## Wastewater Enterprise Fund

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

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sewer Service Charges	\$ 160,525	\$ 160,525	\$ 166,104	\$ 5,579
Environmental Charges	33,711	33,711	34,471	760
Development Occupational Fees	3,600	3,600	3,751	151
Interest	1,613	1,613	3,462	1,849
Other	5,424	5,424	7,207	1,783
Total Revenues	204,873	204,873	214,995	10,122
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	60,995	60,995	56,062	4,933
Operation and Maintenance - SROG	25,090	25,090	22,691	2,399
Total Operating Expenditures and Encumbrances	86,085	86,085	78,753	7,332
Net Revenue Available for Revenue Bond Debt Service	118,788	118,788	136,242	17,454
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	11,145	11,145	11,145	—
Interest	5,713	5,713	5,543	170
Total Senior Lien Revenue Bond Debt Service	16,858	16,858	16,688	170
Net Revenue Available for Junior Lien Revenue Bond Debt Service	101,930	101,930	119,554	17,624
Junior Lien Revenue Bond Debt Service				
Principal	29,007	29,007	30,907	(1,900)
Interest	23,333	23,333	21,428	1,905
Total Junior Lien Revenue Bond Debt Service	52,340	52,340	52,335	5
Net Revenue Available After Junior Lien Revenue Bond Debt Service	49,590	49,590	67,219	17,629
Other Expenditures and Encumbrances				
Operating Capital Outlay	1,711	1,711	1,639	72
Capital Improvement Program	74,347	29,853	29,966	(113)
General Obligation Bond Debt Service				
Principal	945	945	590	355
Interest	144	144	138	6
Total Other Expenditures and Encumbrances	77,147	32,653	32,333	320
Total Expenditures and Encumbrances	232,430	187,936	180,109	7,827
Deficiency of Revenues Over Expenditures and Encumbrances	(27,557)	16,937	34,886	17,949
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,697)	(3,697)	(4,481)	(784)
In-Lieu Property Taxes	(9,375)	(9,375)	(9,098)	277
Debt Service Fund	(359)	(359)	—	359
Pay Down of Unfunded Pension Liability (1)	—	(72,300)	(70,000)	2,300
Recovery of Prior Years Expenditures	—	—	585	585
Total Other Financing Sources (Uses)	(13,431)	(85,731)	(82,994)	2,737
Net Decrease in Fund Balance	\$ (40,988)	\$ (68,794)	(48,108)	\$ 20,686
<b>FUND BALANCE, JULY 1</b>			81,539	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 33,431</u>	

(1) In fiscal year 2018, City Council authorized the use of Wastewater Funds to pay down the COPERS unfunded pension liability.

## 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, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Multi-City Sewer System	\$ 17,259	\$ 17,259	\$ 14,780	\$ (2,479)
Operating Revenue - Wastewater	25,090	25,090	22,691	(2,399)
Sales of By-Products	7,744	7,744	9,332	1,588
Interest	51	51	85	34
Other	35	35	54	19
Total Revenues	50,179	50,179	46,942	(3,237)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	44,215	44,709	40,996	3,713
Capital Outlay				
Operating	46	46	151	(105)
Capital Improvement Program	5,500	5,500	5,045	455
Total Expenditures and Encumbrances	49,761	50,255	46,192	4,063
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	418	(76)	750	826
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,705)	(1,705)	(1,235)	470
Recovery of Prior Years Expenditures			929	929
Total Other Financing Sources (Uses)	(1,705)	(1,705)	(306)	1,399
Net Increase (Decrease) in Fund Balance	\$ (1,287)	\$ (1,781)	444	\$ 2,225
<b>FUND BALANCE, JULY 1 as reported</b>			5,331	
<b>FUND BALANCE, JUNE 30</b>			5,775	
Members' Contributed Replacement Reserve			7,109	
Members' Contributed Operating Reserve			6,323	
<b>FUND DEFICIT, UNRESERVED</b>			<u><u>\$ (7,657)</u></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**  
June 30, 2018 and 2017  
(in thousands)

**Exhibit E-19**

	<u>2018</u>	<u>2017</u>
		<b>Restated*</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 6,296	\$ 10,292
Investments	44,531	42,565
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2018, \$1,363 and 2017, \$1,188)	13,978	13,624
Intergovernmental	5	—
Inventories	722	823
Total Unrestricted Current Assets	<u>65,532</u>	<u>67,304</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	7,484	9,981
Capital Projects		
Cash and Cash Equivalents	3,858	5,875
Investments	21,860	22,940
Customer Deposits	112	112
Total Restricted Current Assets	<u>33,314</u>	<u>38,908</u>
Total Current Assets	<u>98,846</u>	<u>106,212</u>
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	78,707	79,917
Improvements Other Than Buildings	39,507	39,570
Equipment	143,769	135,052
Intangibles	5,089	5,352
Construction in Progress	32,107	38,062
Less: Accumulated Depreciation	<u>(166,836)</u>	<u>(155,526)</u>
Total Capital Assets, Net of Accumulated Depreciation	145,683	155,767
Total Noncurrent Assets	<u>145,683</u>	<u>155,767</u>
Total Assets	<u>244,529</u>	<u>261,979</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	689	918
Pension Related	5,430	10,336
OPEB Related	66	—
Total Deferred Outflows of Resources	<u>6,185</u>	<u>11,254</u>

\*Due to the adoption of GASB 75.

**Exhibit E-19**  
(Continued)

	2018	2017
	<b>Restated*</b>	
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	4,670	6,333
Accrued Landfill Postclosure Care Costs	2,468	2,592
Current Portion of Accrued Compensated Absences	426	428
Total Current Liabilities Payable from Current Assets	7,564	9,353
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	5,600	8,710
Interest Payable	1,884	1,271
Current Portion of General Obligation Bonds	1,595	1,845
Current Portion of Municipal Corporation Obligations	9,190	3,755
Capital Projects		
Accounts Payable	551	316
Accrued Landfill Closure Costs	172	847
Customer Deposits	112	112
Total Current Liabilities Payable from Restricted Assets	19,104	16,856
Total Current Liabilities	26,668	26,209
Noncurrent Liabilities		
General Obligation Bonds	1,769	3,546
Municipal Corporation Obligations	67,067	78,441
Accrued Landfill Closure and Postclosure Care Costs	54,427	59,746
Accrued Compensated Absences	2,731	2,709
Net Pension Liability	98,620	103,763
Net OPEB Liability	7,810	7,907
Total Noncurrent Liabilities	232,424	256,112
Total Liabilities	259,092	282,321
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	1,141	1,371
Pension Related	5,838	5,854
Total Deferred Inflows of Resources	6,979	7,225
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	59,459	59,015
Unrestricted (Deficit)	(74,816)	(75,328)
Total Net Position (Deficit)	\$ (15,357)	\$ (16,313)

\*Due to the adoption of GASB 75.

## Solid Waste Enterprise Fund

Comparative Statements of Revenues, Expenses and Changes  
in Net Position

For the Fiscal Years Ended June 30, 2018 and 2017

(in thousands)

	2018	2017
		Restated*
Operating Revenues		
Solid Waste Service Fees	\$ 129,636	\$ 128,363
Landfill Fees	8,090	9,099
Recycling	9,225	10,202
Other	2,072	2,350
Total Operating Revenues	<u>149,023</u>	<u>150,014</u>
Operating Expenses		
Administration	27,870	32,550
Solid Waste Collections	50,978	45,658
Landfills		
Operations	31,830	25,388
Closure and Postclosure Care Costs	(4,098)	1,589
Recycling	8,164	7,103
Depreciation	15,653	16,405
Staff and Administrative	7,178	6,901
Other	7,454	8,008
Total Operating Expenses	<u>145,029</u>	<u>143,602</u>
Operating Income	3,994	6,412
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value		
of Investments	(704)	(832)
Interest	1,153	1,164
Interest on Capital Debt	(1,522)	(2,795)
Gain (Loss) on Disposal of Capital Assets	(38)	332
Total Non-Operating Revenues (Expenses)	<u>(1,111)</u>	<u>(2,131)</u>
Net Income Before Contributions and Transfers	2,883	4,281
Capital Contributions		
Municipalities	—	49
Gifts/Public	13	—
Transfers to General Fund - In Lieu Property Taxes	(1,316)	(1,292)
Transfers to Capital Projects Fund	—	(238)
Transfers to Debt Service Fund	(624)	—
Change in Net Position (Deficit)	<u>956</u>	<u>2,800</u>
Net Position (Deficit), July 1	<u>(16,313)</u>	<u>(10,652)</u>
Restatement of Beginning Net Position	—	(8,461)
Net Position, July 1, as Restated	<u>(16,313)</u>	<u>(19,113)</u>
Net Position (Deficit), June 30	<u>\$ (15,357)</u>	<u>\$ (16,313)</u>

\*Due to the adoption of GASB 75.

## Solid Waste Enterprise Fund

## Comparative Statements of Cash Flows

For the Fiscal Years Ended June 30, 2018 and 2017

(in thousands)

	2018	2017
		Restated*
Cash Flows from Operating Activities		
Receipts from Customers	\$ 148,662	\$ 150,062
Payments to Suppliers	(82,252)	(68,144)
Payments to Employees	(48,020)	(44,006)
Payment of Staff and Administrative Expenses	(7,178)	(6,901)
Net Cash Provided by Operating Activities	11,212	31,011
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(1,940)	(1,530)
Net Cash Used by Noncapital Financing Activities	(1,940)	(1,530)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	—	446
Principal Paid on Capital Debt	(8,710)	(9,335)
Interest Paid on Capital Debt	(3,279)	(5,623)
Acquisition and Construction of Capital Assets	(5,491)	(33,362)
Proceeds from Sales of Capital Assets	135	537
Net Cash Used by Capital and Related Financing Activities	(17,345)	(47,337)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(464)	(515)
Proceeds from Sales and Maturities of Investment Securities	603	376
Net Activity for Short-Term Investments	(1,024)	12,506
Interest on Investments	448	332
Net Cash Provided (Used) by Investing Activities	(437)	12,699
Net Decrease in Cash and Cash Equivalents	(8,510)	(5,157)
Cash and Cash Equivalents, July 1	26,260	31,417
Cash and Cash Equivalents, June 30	\$ 17,750	\$ 26,260
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 3,994	\$ 6,412
Adjustments		
Depreciation and Amortization	15,653	16,405
Deferred Outflows - Pension and OPEB	4,840	9,113
Deferred Inflows - Pension	(16)	(1,758)
Change in Assets and Liabilities		
Receivables	(535)	156
Allowance for Doubtful Accounts	176	(111)
Inventories	101	(17)
Accounts Payable	(1,663)	1,106
Customer Deposits	—	2
Accrued Compensated Absences	20	145
Accrued Landfill Closure and Postclosure Care	(6,118)	(848)
Net Pension Liability	(5,143)	919
Net OPEB Liability	(97)	(513)
Net Cash Provided by Operating Activities	\$ 11,212	\$ 31,011
Noncash Capital and Financing Activities		
Amortization of Deferred Gains/Losses of Bond Refundings	(2)	(69)
Total Noncash Capital and Financing Activities	\$ (2)	\$ (69)

\*Due to the adoption of GASB 75.

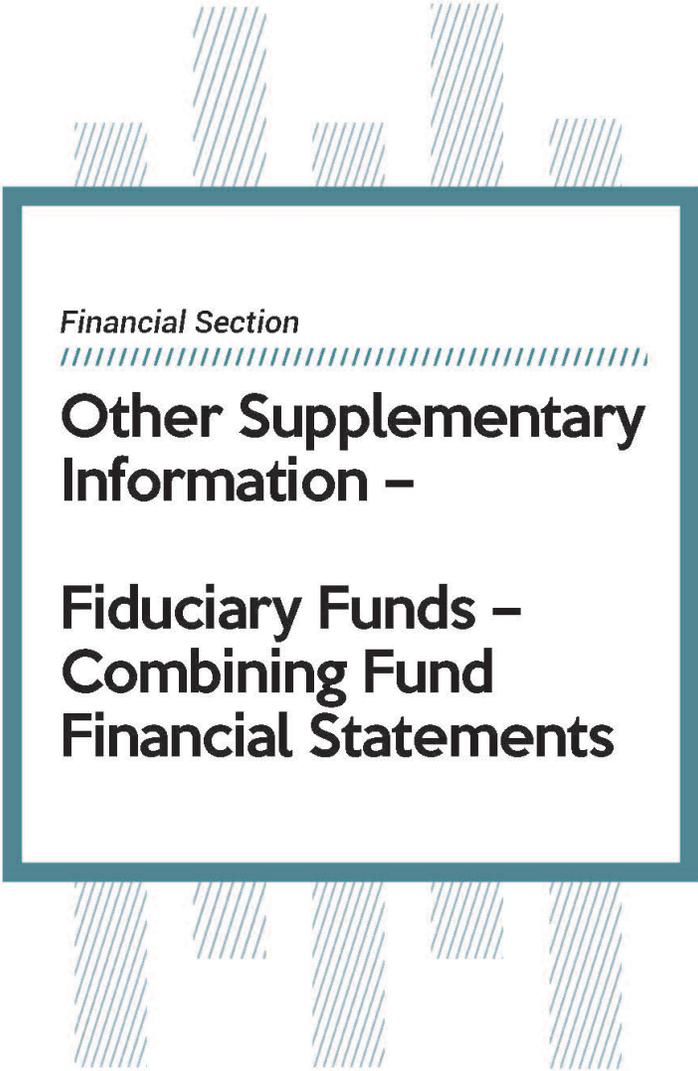
## Solid Waste Enterprise Fund

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

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Solid Waste Service Fees	\$ 128,850	\$ 128,850	\$ 129,708	\$ 858
City Landfill Fees	16,498	16,498	17,313	815
Interest	625	625	791	166
Other	2,696	2,696	2,135	(561)
Total Revenues	148,669	148,669	149,947	1,278
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	131,706	132,113	128,539	3,574
Capital Improvement Program	25,911	25,504	8,083	17,421
General Obligation Bond Debt Service				
Principal	1,150	1,150	1,845	(695)
Interest	245	245	236	9
Lease-Purchase Payments	12,289	12,289	7,410	4,879
Total Expenditures and Encumbrances	171,301	171,301	146,113	25,188
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(22,632)	(22,632)	3,834	26,466
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,901)	(6,901)	(7,178)	(277)
In-Lieu Property Taxes	(1,362)	(1,362)	(1,316)	46
Solid Waste Capital Reserve	(1,200)	(1,200)	(1,276)	(76)
Debt Service Fund	(683)	(683)	(624)	59
Recovery of Prior Years Expenditures			268	268
Total Other Financing Sources (Uses)	(10,146)	(10,146)	(10,126)	20
Net Decrease in Fund Balance	\$ (32,778)	\$ (32,778)	(6,292)	\$ 26,486
<b>FUND BALANCE, JULY 1</b>			43,901	
<b>FUND BALANCE, JUNE 30</b>			\$ 37,609	



*Financial Section*



**Other Supplementary  
Information –**

**Fiduciary Funds –  
Combining Fund  
Financial Statements**





**City of Phoenix**

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

Combining Statement of Fiduciary Net Position  
 June 30, 2018  
 (in thousands)

**Exhibit F-1**

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 90,105	\$ 316
Investments		
Treasurer's Pooled Investments	—	860
Temporary Investments	108,991	—
Fixed Income	296,714	—
Domestic Equities	1,521,198	—
International Equities	537,800	—
Real Return	—	—
Absolute Return	122,339	—
Real Estate	—	—
Receivables		
Accounts Receivable	10,759	—
Contributions Receivable	6,719	—
Interest and Dividends	1,545	1
Prepaid Items	—	—
Total Assets	<u>2,696,170</u>	<u>1,177</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	141,656	—
Claims Payable	—	—
Total Liabilities	<u>141,656</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>		
Restricted for pension and other employee benefits	<u>\$ 2,554,514</u>	<u>\$ 1,177</u>

**Exhibit F-1**

(continued)

<b>Pension and Other Employee Benefit Trusts</b>				
<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long-Term Disability</b>	<b>Total</b>
\$ 23,710	\$ 1,024	\$ 1,693	\$ 241	\$ 117,089
—	5,983	1,574	312	8,729
—	—	—	—	108,991
71,575	—	38,976	18,305	425,570
—	—	55,650	18,448	1,595,296
—	—	25,764	17,854	581,418
—	—	38,798	19,730	58,528
—	—	254	140	122,733
—	—	8,155	3,920	12,075
1,862	—	—	—	12,621
639	—	—	—	7,358
206	11	—	—	1,763
5,150	—	—	—	5,150
<u>103,142</u>	<u>7,018</u>	<u>170,864</u>	<u>78,950</u>	<u>3,057,321</u>
—	—	—	—	—
3,509	—	—	20	145,185
<u>24,223</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,223</u>
<u>27,732</u>	<u>—</u>	<u>—</u>	<u>20</u>	<u>169,408</u>
—	—	—	—	—
<u>\$ 75,410</u>	<u>\$ 7,018</u>	<u>\$ 170,864</u>	<u>\$ 78,930</u>	<u>\$ 2,887,913</u>

**City of Phoenix, Arizona**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
June 30, 2018  
(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	\$ —	\$ —	\$ 8,915	\$ 8,915
Investments				
Treasurer's Pooled Investments	—	—	50,514	50,514
Total Assets	—	—	59,429	59,429
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Total Deferred Outflows of Resources	—	—	—	—
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	—	—	59,429	59,429
Total Liabilities	—	—	59,429	59,429
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Total Deferred Inflows of Resources	—	—	—	—
<b><u>NET POSITION</u></b>				
Restricted 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, 2018

(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	\$ 229,006	\$ 526
Employees	33,340	—
Inter-System Transfers	484	—
Other	—	—
Total Contributions	<u>262,830</u>	<u>526</u>
Investment Income		
From Investing Activities		
Net Increase (Decrease) in Fair Value of Investments	150,688	2
Interest	7,164	13
Dividends	23,671	—
Other	2,064	—
Investment Income	<u>183,587</u>	<u>15</u>
Less: Investment Expense	<u>17,073</u>	<u>—</u>
Total Net Investment Income	<u>166,514</u>	<u>15</u>
Total Additions	<u>429,344</u>	<u>541</u>
<b><u>DEDUCTIONS</u></b>		
Benefit Payments	224,454	361
Refunds of Contributions	3,472	—
Inter-System Transfers	134	—
Other	377	—
Total Deductions	<u>228,437</u>	<u>361</u>
Net Increase (Decrease)	<u>200,907</u>	<u>180</u>
Net Position Restricted for Pension and Other Employee Benefits		
Beginning of Year, July 1	<u>2,353,607</u>	<u>997</u>
End of Year, June 30	<u>\$ 2,554,514</u>	<u>\$ 1,177</u>

<b>Pension and Other Employee Benefit Trusts</b>					
<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long-Term Disability</b>	<b>Total</b>	
\$ 147,263	\$ —	\$ 25,881	\$ 1,643	\$	404,319
53,790	—	—	—		87,130
—	—	—	—		484
12,057	—	—	—		12,057
<u>213,110</u>	<u>—</u>	<u>25,881</u>	<u>1,643</u>		<u>503,990</u>
(1,177)	5	6,293	2,974		158,785
1,575	97	3,467	—		12,316
—	—	—	1,637		25,308
—	—	—	199		2,263
<u>398</u>	<u>102</u>	<u>9,760</u>	<u>4,810</u>		<u>198,672</u>
—	—	—	—		17,073
<u>398</u>	<u>102</u>	<u>9,760</u>	<u>4,810</u>		<u>181,599</u>
<u>213,508</u>	<u>102</u>	<u>35,641</u>	<u>6,453</u>		<u>685,589</u>
199,169	1,874	23,553	3,992		453,403
18	—	—	—		3,490
—	—	—	—		134
12,715	—	546	410		14,048
<u>211,902</u>	<u>1,874</u>	<u>24,099</u>	<u>4,402</u>		<u>471,075</u>
1,606	(1,772)	11,542	2,051		214,514
73,804	8,790	159,322	76,879		2,673,399
<u>\$ 75,410</u>	<u>\$ 7,018</u>	<u>\$ 170,864</u>	<u>\$ 78,930</u>	<u>\$</u>	<u>2,887,913</u>

Agency Fund

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2018

(in thousands)

	<i>Post Employment Health Plan</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ —	\$ 12,517	\$ 12,517	\$ —
Treasurer's Pooled Investments	—	—	—	—
Total Assets	\$ —	\$ 12,517	\$ 12,517	\$ —

<b>LIABILITIES</b>				
Accrued Payroll Payable	\$ —	\$ 12,517	\$ 12,517	\$ —
Total Liabilities	\$ —	\$ 12,517	\$ 12,517	\$ —

	<i>Deferred Compensation Plan</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ —	\$ 108,735	\$ 108,735	\$ —
Treasurer's Pooled Investments	—	—	—	—
Total Assets	\$ —	\$ 108,735	\$ 108,735	\$ —

<b>LIABILITIES</b>				
Accrued Payroll Payable	\$ —	\$ 108,735	\$ 108,735	\$ —
Total Liabilities	\$ —	\$ 108,735	\$ 108,735	\$ —

**City of Phoenix, Arizona**  
**Agency Fund**  
**Combining Statement of Changes in Assets and Liabilities**  
For the Fiscal Year Ended June 30, 2018  
(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	\$ 10,914	\$ 358,498	\$ 360,497	\$ 8,915
Treasurer's Pooled Investments	43,655	2,049,675	2,042,816	50,514
Total Assets	<u>\$ 54,569</u>	<u>\$ 2,408,173</u>	<u>\$ 2,403,313</u>	<u>\$ 59,429</u>

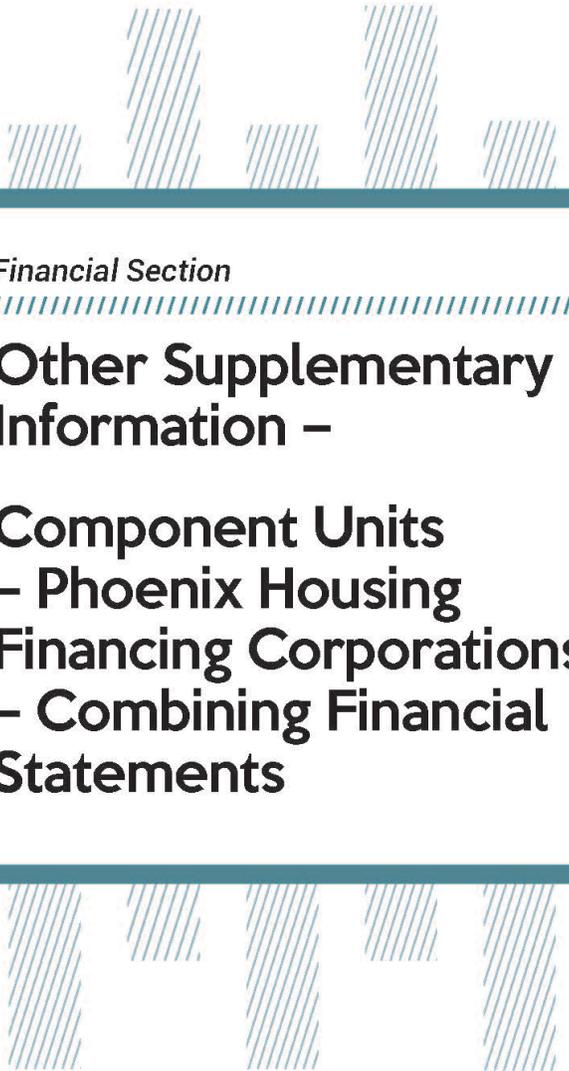
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 54,569	\$ 2,408,173	\$ 2,403,313	\$ 59,429
Total Liabilities	<u>\$ 54,569</u>	<u>\$ 2,408,173</u>	<u>\$ 2,403,313</u>	<u>\$ 59,429</u>

	<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	\$ 10,914	\$ 479,750	\$ 481,749	\$ 8,915
Treasurer's Pooled Investments	43,655	2,049,675	2,042,816	50,514
Total Assets	<u>\$ 54,569</u>	<u>\$ 2,529,425</u>	<u>\$ 2,524,565</u>	<u>\$ 59,429</u>

<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 54,569	\$ 2,529,425	\$ 2,524,565	\$ 59,429
Total Liabilities	<u>\$ 54,569</u>	<u>\$ 2,529,425</u>	<u>\$ 2,524,565</u>	<u>\$ 59,429</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, 2018

(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ —	\$ —	\$ 1,435	\$ —
Cash Deposits	—	—	1,380	—
Cash and Securities with Fiscal Agents/Trustees	39	—	—	119
Receivables, Net of Allowances	4,603	—	4	2,697
Prepaid Items	—	—	48	—
Capital Assets, at Cost				
Non-depreciable	—	—	13,205	—
Depreciable (net)	—	—	1,305	—
Total Assets	4,642	—	17,377	2,816
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	—	—	—	—
<b>LIABILITIES</b>				
Accounts Payable	173	—	—	—
Reimbursement Agreement to City	—	—	2,862	—
Trust Liabilities and Deposits	—	—	82	—
Advance Payments	—	—	26	—
Liabilities Payable from Restricted Assets	—	—	—	—
Interest Payable	—	—	877	—
Noncurrent Liabilities				
Due in More Than One Year				
Notes Payable to Instrumentality	—	—	—	—
Notes Payable to City	—	—	15,304	—
Total Liabilities	173	—	19,151	—
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	—	—	—	—
<b>NET POSITION</b>				
Net Investment in Capital Assets	—	—	(3,656)	—
Unrestricted	4,469	—	1,882	2,816
Total Net Position	\$ 4,469	\$ —	\$ (1,774)	\$ 2,816

**Exhibit G-1**

(continued)

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix East Revitalization Corporation (III)	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Phoenix Starfish Place Corporation	Total
\$ 804	\$ 968	\$ 1,056	\$ 803	\$ —	\$ —	\$ 57	\$ 5,123
892	—	—	—	—	4,138	5	6,415
—	—	—	—	—	—	—	158
834	10	—	803	1,472	16	5	10,444
34	—	—	—	—	102	2	186
6,189	—	—	—	—	7,417	1,055	27,866
4,095	—	—	—	—	6,980	1,805	14,185
12,848	978	1,056	1,606	1,472	18,653	2,929	64,377
—	—	—	—	—	—	—	—
81	—	—	—	—	11	13	278
—	—	—	—	—	—	—	2,862
47	—	—	—	—	70	5	204
8	—	—	—	—	24	—	58
—	—	—	—	—	76	—	76
—	—	—	—	—	935	—	1,812
—	—	—	—	—	—	150	150
5,532	—	—	—	—	16,777	2,945	40,558
5,668	—	—	—	—	17,893	3,113	45,998
—	—	—	—	—	—	—	—
5,585	—	—	—	—	(2,380)	(85)	(536)
1,595	978	1,056	1,606	1,472	3,140	(99)	18,915
\$ 7,180	\$ 978	\$ 1,056	\$ 1,606	\$ 1,472	\$ 760	\$ (184)	\$ 18,379

## 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, 2018

(in thousands)

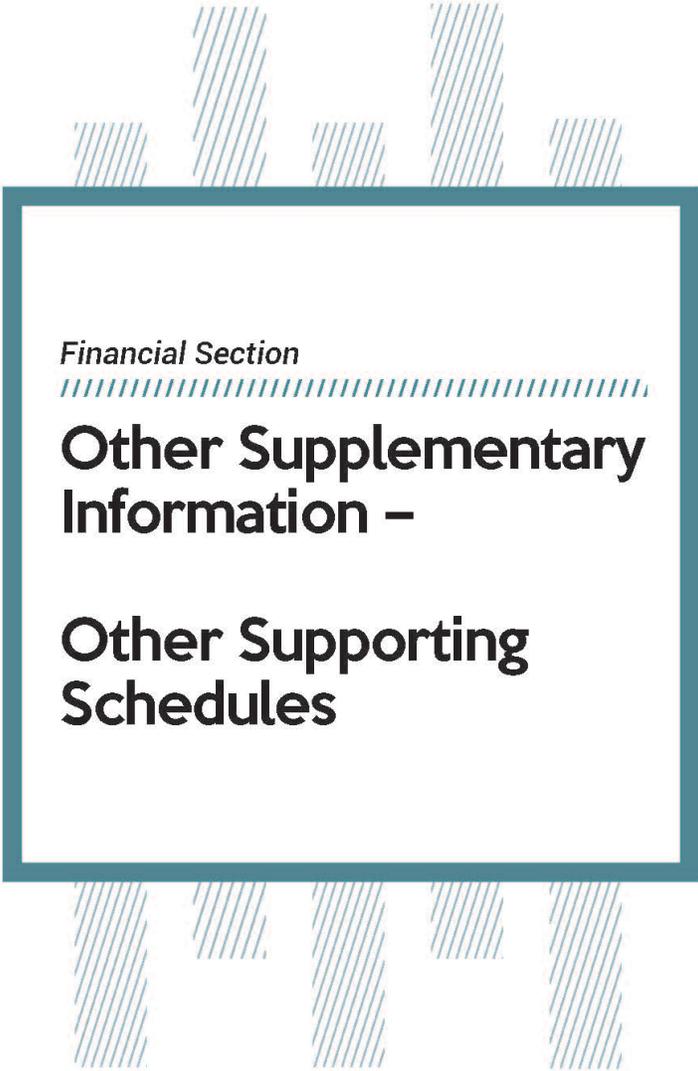
	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<b>Revenues</b>				
Rental Income	\$ —	\$ —	\$ 3,054	\$ —
Vending Income	—	—	—	—
Other Income	—	24	123	—
Interest Income	—	—	7	1
Post Construction Interest	—	—	—	85
Contribution from City of Phoenix	—	—	—	—
Total Revenues	—	24	3,184	86
<b>Operating Expenses</b>				
Salaries	—	—	762	—
Temporary Labor	—	—	—	—
Advertising	—	—	20	—
Maintenance	—	—	680	—
Administrative Costs	—	—	157	—
Utilities	—	—	544	—
Insurance	—	—	43	—
Interest Expense	—	—	103	—
Other	—	24	173	—
Depreciation	—	—	191	—
Total Operating Expenses	—	24	2,673	—
Operating Income (Loss)	—	—	511	86
<b>Non-Operating Expenses</b>				
Grants to Non-Profits	—	—	—	—
Total Non-Operating Expenses	—	—	—	—
Change in Net Position	—	—	511	86
Net Position, July 1	4,469	—	(2,285)	2,730
Restatement of Beginning Net Position	—	—	—	—
Net Position, July 1, as Restated	4,469	—	(2,285)	2,730
Net Position, June 30	\$ 4,469	\$ —	\$ (1,774)	\$ 2,816

**Exhibit G-2**  
(continued)

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix East Revitalization Corporation (III)	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Phoenix Starfish Place Corporation	Total
\$ 1,170	\$ —	\$ —	\$ —	\$ —	2,057	\$ 43	\$ 6,324
—	—	—	—	—	12	—	12
54	225	—	803	—	42	33	1,304
—	—	—	—	—	48	—	56
—	—	—	—	—	—	—	85
—	—	—	—	—	—	—	—
1,224	225	—	803	—	2,159	76	7,781
327	—	—	—	—	521	35	1,645
—	—	—	—	—	10	—	10
19	—	—	—	—	16	—	55
169	—	—	—	—	671	84	1,604
73	—	—	—	—	112	9	351
242	—	—	—	—	468	21	1,275
33	—	—	—	—	82	3	161
—	—	—	—	—	155	—	258
117	244	—	—	—	63	23	644
234	—	—	—	—	226	95	746
1,214	244	—	—	—	2,324	270	6,749
10	(19)	—	803	—	(165)	(194)	1,032
—	—	—	—	—	(50)	—	(50)
—	—	—	—	—	(50)	—	(50)
10	(19)	—	803	—	(215)	(194)	982
7,170	997	1,056	—	1,472	975	10	16,594
—	—	—	803	—	—	—	803
7,170	997	1,056	803	1,472	975	10	17,397
\$ 7,180	\$ 978	\$ 1,056	\$ 1,606	\$ 1,472	\$ 760	\$ (184)	\$ 18,379



**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, 2018

(in thousands)

	Resources					
	Fund Balances July 1	Revenues	Recoveries	Fund Transfers		Total
				From	To	
<b>General Purpose Funds</b>						
General Fund	\$ 144,494	\$ 360,401	\$ 1,800	\$ 847,520	\$ (42,316)	\$ 1,311,899
Excise Tax	—	1,268,074	—	—	(1,268,074)	—
Total General Purpose Funds	144,494	1,628,475	1,800	847,520	(1,310,390)	1,311,899
<b>Federal Funds</b>						
Transit - Federal Grants	1	14,490	104	—	—	14,595
Grants						
Human Services	—	45,809	309	—	—	46,118
Community Development	3,791	14,292	18	—	—	18,101
Federal Operating Trust	—	49,842	381	—	—	50,223
Public Housing Neighborhood Transformation	3,813	799	3	—	—	4,615
Total Federal Funds	7,605	125,232	815	—	—	133,652
<b>Other Special Revenue and Debt Service Funds</b>						
Highway User Revenue	55,415	132,738	1,124	131	—	189,408
Transit 2000	1,278	(29)	232	—	—	1,481
Transportation Tax 2050	254,758	48,605	501	216,164	(66,376)	453,652
Transit - Other Agency	(13,989)	38,695	28	—	—	24,734
Municipal Court Awards	235	4,213	269	—	—	4,717
Parks and Preserves	43,795	1,245	280	34,963	(28)	80,255
Development Services	54,220	59,844	14	—	(3,494)	110,584
Community Reinvestment	12,030	7,567	51	—	(2,068)	17,580
Public Housing	15,878	88,760	176	1,824	(347)	106,291
Sports Facilities	37,809	12,343	105	21,432	(265)	71,424
Capital Construction	11,224	259	283	9,680	—	21,446
Other Restricted	85,566	34,180	223	23,717	(9,099)	134,587
Neighborhood Protection	23,541	634	13	31,683	(345)	55,526
Public Safety Enhancement	9,711	—	—	25,797	(199)	35,309
Public Safety Expansion	15,161	183	1	63,367	(523)	78,189
Golf Courses	250	5,722	35	—	—	6,007
Secondary Property Tax Debt Service	526	100,187	—	987	—	101,700
City Improvement	116	45	—	103,676	(1,026)	102,811
Regional Wireless Cooperative	1,756	4,239	39	—	—	6,034
Total Other Funds	609,280	539,430	3,374	533,421	(83,770)	1,601,735
<b>Enterprise Funds</b>						
Aviation	334,111	401,197	3,363	12,876	(14,839)	736,708
Phoenix Convention Center	43,780	23,072	61	52,734	(2,862)	116,785
Water System	62,239	427,771	6,828	25,000	(22,754)	499,084
Water System - Val Vista	354	18,105	407	—	(550)	18,316
Wastewater	81,539	214,995	585	—	(13,579)	283,540
Wastewater - SROG	5,331	46,942	929	—	(1,235)	51,967
Solid Waste	43,901	149,947	268	—	(10,394)	183,722
Total Enterprise Funds	571,255	1,282,029	12,441	90,610	(66,213)	1,890,122
Total Operating Funds	<u>\$ 1,332,634</u>	<u>\$ 3,575,166</u>	<u>\$ 18,430</u>	<u>1,471,551</u>	<u>(1,460,373)</u>	<u>\$ 4,937,408</u>
Other Transfers - Non-budgeted Funds				29,546	(40,724)	
				<u>\$ 1,501,097</u>	<u>\$ (1,501,097)</u>	

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

Exhibit H-1

(Continued)

Expenditures and Encumbrances							Fund Balances June 30
Current Operating (1)	Capital Impr. Program	Debt Service	Lease-Purchase	Total			
\$ 1,166,157	\$ 11,122	\$ —	\$ —	\$ 1,177,279	\$	134,620	
—	—	—	—	—	—	—	
1,166,157	11,122	—	—	1,177,279		134,620	
13,185	1,175	—	—	14,360		235	
46,118	—	—	—	46,118		—	
15,072	147	—	—	15,219		2,882	
50,223	—	—	—	50,223		—	
1,264	41	—	—	1,305		3,310	
125,862	1,363	—	—	127,225		6,427	
62,379	63,921	—	—	126,300		63,108	
(304)	(363)	—	—	(667)		2,148	
191,987	47,329	—	—	239,316		214,336	
31,705	2,725	—	—	34,430		(9,696)	
4,459	—	—	—	4,459		258	
5,133	22,759	—	—	27,892		52,363	
49,270	1,465	—	—	50,735		59,849	
478	2,849	—	—	3,327		14,253	
81,349	4,261	—	—	85,610		20,681	
2,360	1,628	8	17,754	21,750		49,674	
201	5,465	—	—	5,666		15,780	
44,351	4,940	—	—	49,291		85,296	
33,148	—	—	—	33,148		22,378	
15,714	—	—	—	15,714		19,595	
45,417	—	—	—	45,417		32,772	
6,007	—	—	—	6,007		—	
—	—	101,600	—	101,600		100	
—	—	113	102,698	102,811		—	
4,209	—	—	—	4,209		1,825	
577,863	156,979	101,721	120,452	957,015		644,720	
249,613	57,596	61,311	—	368,520		368,188	
45,946	4,274	—	19,922	70,142		46,643	
192,056	104,408	110,034	—	406,498		92,586	
15,584	2,546	—	—	18,130		186	
80,392	29,966	69,751	—	180,109		103,431	
41,147	5,045	—	—	46,192		5,775	
128,539	8,083	2,081	7,410	146,113		37,609	
753,277	211,918	243,177	27,332	1,235,704		654,418	
\$ 2,623,159	\$ 381,382	\$ 344,898	\$ 147,784	\$ 3,497,223	\$	1,440,185	

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

**Exhibit H-2**

For the Fiscal Year Ended June 30, 2018

(in thousands)

	Resources				Recovery of Prior Years Expenditures
	Beginning Balances, July 1	Current Revenue			
		Grants	Interest	Other	
<b>General Government</b>					
2001 Bond Program	\$ (51)	\$ —	\$ —	\$ —	\$ —
2006 Bond Program	4,570	—	328	—	—
2010 Lease Purchase	383	—	—	—	15
2013 Lease Purchase	(4,697)	—	—	—	—
General Gov't Lease Purchase	61,810	—	784	—	681
Mega IV Lease Purchase	4,406	—	—	—	—
Mega V Lease Purchase	9,104	—	154	304	—
Regional Wireless	30,622	—	357	279	52
Sports Facilities Capital Reserve	10,426	—	139	—	—
Trunked Radio System	179	—	—	—	—
	116,752	—	1,762	583	748
<b>Public Safety</b>					
1988 Bond Program	27	—	—	—	—
2001 Bond Program	(512)	—	—	—	—
2006 Bond Program	405	—	—	—	61
Impact Fees	6,941	—	113	3,298	—
Other Cities Reimbursement - 800Mhz	289	—	—	—	—
	7,150	—	113	3,298	61
<b>Transportation</b>					
1988 Bond Program	845	—	—	—	—
2001 Bond Program	(457)	—	—	—	—
2004 CIC Transit LRT Revenue Bonds	66	—	—	—	—
2006 Bond Program	6,735	—	—	—	13
AHUR Capital Reserve	17,661	22,178	394	72	302
American Rec. & Reinv. Act of 2009	(1)	—	—	—	—
Federal Aid - Street Transportation	(4,478)	9,776	—	—	158
Federal Transportation Administration Grants	(15,592)	4,035	—	—	2
Impact Fees	12,211	—	178	4,326	—
State Aid - Street Transportation	(13,672)	14,267	—	618	621
Streets Developer Reimbursement	—	—	—	46	—
	3,318	50,256	572	5,062	1,096
<b>Public Works</b>					
2001 Bond Program	332	—	—	—	—
2006 Bond Program	(738)	—	—	—	3
Capital Replacement Fund	7,518	—	31	95	—
Impact Fees	8,631	—	128	2,014	6
	15,743	—	159	2,109	9
<b>Community Enrichment</b>					
1988 Bond Program	419	—	—	—	—
2001 Bond Program	2,884	—	—	—	—
2006 Bond Program	4,216	—	—	—	—
Impact Fees	29,259	—	416	4,125	2
Parks & Rec Grants	361	—	—	—	—
Parks and Rec Dept Capital Gifts	31	—	—	—	—
Parks land sale proceeds	1,981	—	26	—	3
	39,151	—	442	4,125	5
<b>Community Development</b>					
1989 Bond Program	2	—	—	—	—
2001 Bond Program	5,927	—	—	—	—
2006 Bond Program	(88)	—	—	—	141
830 E Jefferson Remodel	(13)	—	—	—	—
Federal Modernization Grants	2,921	(254)	36	4,842	5
Impact Fees	1,240	—	26	(123)	—
	\$ 9,989	\$ (254)	\$ 62	\$ 4,719	\$ 146

**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
—	—	4,898	(125)		4,773	4,790
—	—	398	(388)		10	—
—	—	(4,697)	—		(4,697)	—
—	—	63,275	(48,762)		14,513	—
—	—	4,406	—		4,406	—
—	—	9,562	—		9,562	—
—	(7)	31,303	(18,168)		13,135	—
—	—	10,565	—		10,565	—
—	—	179	—		179	—
—	(7)	119,838	(67,443)		52,395	5,405
—	—	27	—		27	—
—	—	(512)	(800)		(1,312)	1,915
—	—	466	(339)		127	36,700
—	—	10,352	(406)		9,946	—
—	—	289	—		289	—
—	—	10,622	(1,545)		9,077	38,615
—	—	845	—		845	1,000
—	—	(457)	—		(457)	2,225
—	—	66	—		66	—
—	—	6,748	(52)		6,696	23,865
—	—	40,607	(1,149)		39,458	—
—	—	(1)	—		(1)	—
—	(578)	4,878	(17,638)		(12,760)	—
—	—	(11,555)	(84)		(11,639)	—
—	—	16,715	(1,726)		14,989	—
—	219	2,053	(5,917)		(3,864)	—
—	—	46	—		46	—
—	(359)	59,945	(26,566)		33,379	27,090
—	—	332	—		332	305
—	10	(725)	—		(725)	9,669
—	—	7,644	(6,296)		1,348	—
—	112	10,891	(5,474)		5,417	—
—	122	18,142	(11,770)		6,372	9,974
—	—	419	—		419	—
—	—	2,884	(16)		2,868	7,400
—	—	4,216	(259)		3,957	26,056
—	—	33,802	(1,656)		32,146	—
—	—	361	—		361	—
—	—	31	—		31	—
—	—	2,010	—		2,010	—
—	—	43,723	(1,931)		41,792	33,456
—	—	2	—		2	—
—	—	5,927	(197)		5,730	3,150
—	—	53	(635)		(582)	34,665
—	—	(13)	—		(13)	—
—	—	7,550	(5,070)		2,480	—
—	—	1,143	(280)		863	—
\$ —	\$ —	\$ 14,662	\$ (6,182)	\$ —	\$ 8,480	\$ 37,815

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

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

For Fiscal Year Ended June 30, 2018  
(in thousands)

	Resources				Recovery of Prior Years Expenditures
	Beginning Balances, July 1	Current Revenue			
		Grants	Interest	Other	
Aviation					
2020 CFC Bond	\$ —	\$ —	\$ —	\$ —	\$ —
Airport Facilities Improvement Grants	(21,855)	19,250	—	—	384
Airport Revenue Bonds	(275,909)	—	—	—	—
Aviation Commercial Paper Fund	47,874	—	6	—	—
CFC City Improvement Reserves/Surplus	23,141	—	245	—	—
CFC Trustee-Improvement Reserves/Surplus	76,427	—	860	49,057	—
City Improvement Aviation Bonds	127,814	—	2	—	—
Line of Credit	—	—	214	—	—
Passenger Facility Charges	51,725	—	1,785	84,510	—
Transportation Security Admin Grant	13	502	—	—	—
	29,230	19,752	3,112	133,567	384
Phoenix Convention Center					
CC Expansion Series B	9,858	22,499	133	—	—
	9,858	22,499	133	—	—
Water System					
CIC Water Bonds	(34,511)	—	—	3	295
Impact Fees	50,691	—	589	10,687	—
Special Water Improvement	100,008	—	—	—	—
Val Vista - Other Agencies' Participation	(442)	—	—	603	20
	115,746	—	589	11,293	315
Wastewater					
CIC Wastewater Bonds	(12,490)	—	89	10	222
Impact Fees	55,669	—	778	4,810	—
Special Wastewater Improvement	53,000	—	—	—	—
SROG - Other Agencies' Participation	(14,578)	—	—	15,935	2
	81,601	—	867	20,755	224
Solid Waste					
End Use Reserve	17,457	—	220	—	—
Solid - Mega IV	953	—	84	—	—
Solid Waste Disposal CIC Bonds Prin/Int	4	—	—	—	—
Solid Waste Remediation Funds	4,453	—	98	—	—
	22,867	—	402	—	—
	\$ 451,405	\$ 92,253	\$ 8,213	\$ 185,511	\$ 2,988

**Exhibit H-2**  
(Continued)

Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Ending Balances, June 30	Bonds Available for Sale
			Expenditures and Encumbrances			
\$ —	\$ —	\$ —	\$ (25,470)	\$ (25,470)	\$ (25,470)	—
—	2,327	106	(24,226)	(24,120)	(24,120)	—
25,000	91,296	(159,613)	(987)	(160,600)	(160,600)	—
538	(47,158)	1,260	(1,260)	—	—	—
—	—	23,386	—	23,386	23,386	—
—	(22,547)	103,797	(21,277)	82,520	82,520	—
800,505	(807,324)	120,997	(1,176)	119,821	119,821	—
100,000	(66,305)	33,909	—	33,909	33,909	—
—	17,578	155,598	(451,499)	(295,901)	(295,901)	—
—	(13)	502	(38)	464	464	—
926,043	(832,146)	279,942	(525,933)	(245,991)	(245,991)	—
—	—	32,490	(22,499)	9,991	9,991	—
—	—	32,490	(22,499)	9,991	9,991	—
—	—	(34,213)	(123,404)	(157,617)	(157,617)	—
—	(25,000)	36,967	(560)	36,407	36,407	—
—	—	100,008	—	100,008	100,008	—
—	—	181	(433)	(252)	(252)	—
—	(25,000)	102,943	(124,397)	(21,454)	(21,454)	—
150,466	—	138,297	(62,271)	76,026	76,026	—
—	—	61,257	(2,692)	58,565	58,565	—
—	—	53,000	—	53,000	53,000	—
—	—	1,359	(9,163)	(7,804)	(7,804)	—
150,466	—	253,913	(74,126)	179,787	179,787	—
—	1,276	18,953	(4,134)	14,819	14,819	—
—	—	1,037	(57)	980	980	—
—	—	4	—	4	4	—
—	—	4,551	(7)	4,544	4,544	—
—	1,276	24,545	(4,198)	20,347	20,347	—
\$ 1,076,509	\$ (856,114)	\$ 960,765	\$ (866,590)	\$ 94,175	\$ 94,175	\$ 152,355

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

**Exhibit H-3**

For the Fiscal Years Ended June 30, 2018 and 2017

(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2018	2017	2018	2017	2018	2017
General Government						
Information Technology	\$ 8,658	\$ 8,131	\$ 34,726	\$ 14,827	\$ 43,384	\$ 22,958
Regional Wireless	—	—	1,735	1,471	1,735	1,471
Finance Projects	15	—	22	—	37	—
	<u>8,673</u>	<u>8,131</u>	<u>36,483</u>	<u>16,298</u>	<u>45,156</u>	<u>24,429</u>
Public Safety						
Fire Protection	—	616	1,670	418	1,670	1,034
Police Protection	—	325	—	—	—	325
	<u>—</u>	<u>941</u>	<u>1,670</u>	<u>418</u>	<u>1,670</u>	<u>1,359</u>
Transportation						
Street Transportation and Drainage	92,175	98,310	60,014	24,704	152,189	123,014
Transit	28,637	92,910	84	16,132	28,721	109,042
	<u>120,812</u>	<u>191,220</u>	<u>60,098</u>	<u>40,836</u>	<u>180,910</u>	<u>232,056</u>
Public Works						
Energy Conservation	972	1,181	—	—	972	1,181
Facilities Management	4,296	2,510	9,536	23	13,832	2,533
	<u>5,268</u>	<u>3,691</u>	<u>9,536</u>	<u>23</u>	<u>14,804</u>	<u>3,714</u>
Community Enrichment						
Arts and Cultural Facilities	—	—	16	55	16	55
Libraries	7,711	171	260	220	7,971	391
Parks and Mountain Preserves	22,967	36,505	1,986	781	24,953	37,286
	<u>30,678</u>	<u>36,676</u>	<u>2,262</u>	<u>1,056</u>	<u>32,940</u>	<u>37,732</u>
Community Development						
Economic/Downtown Development	5,443	6,835	—	—	5,443	6,835
Historic Preservation	—	—	251	197	251	197
Housing / HOPE VI	4,302	3,848	5,070	4,550	9,372	8,398
Neighborhood Development	113	840	113	40	226	880
	<u>9,858</u>	<u>11,523</u>	<u>5,434</u>	<u>4,787</u>	<u>15,292</u>	<u>16,310</u>
Aviation	56,989	41,814	525,932	110,144	582,921	151,958
Convention Center	6,386	1,436	22,499	20,449	28,885	21,885
Water System	104,880	154,376	124,376	34,834	229,256	189,210
Wastewater	31,659	79,610	74,126	26,557	105,785	106,167
Solid Waste	6,181	6,400	4,174	1,017	10,355	7,417
	<u>\$ 381,384</u>	<u>\$ 535,818</u>	<u>\$ 866,590</u>	<u>\$ 256,419</u>	<u>\$ 1,247,974</u>	<u>\$ 792,237</u>

(1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2018 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 57,596
Convention Center	4,274
Water	104,408
Water - Val Vista	2,546
Wastewater	29,966
Wastewater - SROG	5,045
Solid Waste	8,084
	<u>\$ 211,919</u>

Transfers To/From Other Funds

For the Fiscal Year Ended June 30, 2018

(in thousands)

	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Totals
<b>Transfers From</b>						
<b>General Fund</b>	\$ —	\$ 17,869 (1)	\$ 37,908 (3)	\$ —	\$ 52,898	\$ 108,675
<b>Special Revenue</b>						
Transit	199	1,199 (2)	64,032 (4)	—	—	65,430
Development Services	2,068	—	—	—	—	2,068
Public Housing	274	—	73 (4)	—	—	347
Public Safety Enhancement	57	—	—	—	—	57
Neighborhood Protection	28	—	—	—	—	28
Other Restricted	5,442	—	426 (5)	3,279 (6)	—	9,147
Total Special Revenue	8,068	1,199	64,531	3,279	—	77,077
<b>Debt Service</b>						
City Improvement	—	—	—	1,026 (7)	—	1,026
Total Debt Service	—	—	—	1,026	—	1,026
<b>Capital Projects</b>						
Parks and Preserves	28	—	—	—	—	28
Municipal Buildings and Service Centers	—	—	1,033 (4)	—	—	1,033
Total Capital Projects	28	—	1,033	—	—	1,061
<b>Enterprise</b>						
Aviation	—	—	948 (4)	—	—	948
Phoenix Convention Center	58	—	93 (4)	—	—	151
Water System	15,214	—	—	—	—	15,214
Wastewater	9,098	—	—	—	—	9,098
Solid Waste	1,316	—	624 (4)	—	—	1,940
Total Enterprise	25,686	—	1,665	—	—	27,351
Totals	\$ 33,782	\$ 19,068	\$ 105,137	\$ 4,305	\$ 52,898	\$ 215,190

(1) Public Housing, Other Restricted

(2) Other Restricted

(3) City Improvement, Special Assessments

(4) City Improvement

(5) Sports Facilities

(6) Parks and Preserves

(7) Municipal Buildings and Service Centers

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

**Exhibit H-5**

For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Transfers to					
	General Fund			Special Revenue		
	Staff and Administrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neighborhood Protection	Transportation Tax 2050
<b>Transfers from</b>						
<b>General Fund</b>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Special Revenue Funds</b>						
Excise Tax	—	—	774,514	774,514	31,593	215,806
Transportation Tax 2050	945	—	—	945	—	—
Development Services	3,494	—	—	3,494	—	—
Community Reinvestment	—	—	2,068	2,068	—	—
Public Housing	—	274	—	274	—	—
Sports Facilities	186	—	79	265	—	—
Parks and Preserves	—	—	—	—	—	—
Other Restricted	253	—	5,097	5,350	—	—
Neighborhood Protection	317	—	—	317	—	—
Public Safety Enhancement	199	—	—	199	—	—
Public Safety Expansion	466	—	—	466	—	—
Total Special Revenue	5,860	274	781,758	787,892	31,593	215,806
<b>Debt Service Funds</b>						
City Improvement	—	—	—	—	—	—
Total Debt Service	—	—	—	—	—	—
<b>Enterprise Funds</b>						
Aviation	9,141	—	1,165	10,306	90	358
Phoenix Convention Center	2,710	—	—	2,710	—	—
Water System	8,024	14,730	—	22,754	—	—
Water System - Val Vista	550	—	—	550	—	—
Wastewater	4,481	9,098	—	13,579	—	—
Wastewater - SROG	1,235	—	—	1,235	—	—
Solid Waste	7,178	1,316	—	8,494	—	—
Total Enterprise	33,319	25,144	1,165	59,628	90	358
<b>Other Funds not Budgeted</b>						
Interest Alignment Trust	—	—	—	—	—	—
Municipal Buildings Capital	—	—	—	—	—	—
General Obligation Reserve Fund	—	—	—	—	—	—
Streets Improvements Capital	—	—	—	—	—	—
Aviation Capital	—	—	—	—	—	—
Phoenix Convention Center Capital	—	—	—	—	—	—
Water Capital	—	—	—	—	—	—
Total Other Funds not Budgeted	—	—	—	—	—	—
<b>Totals</b>	<b>\$ 39,179</b>	<b>\$ 25,418</b>	<b>\$ 782,923</b>	<b>\$ 847,520</b>	<b>\$ 31,683</b>	<b>\$ 216,164</b>

- (1) Transfer to Other Restricted Special Revenue Funds
- (2) Transfer to Capital Construction (\$9,574), Sports Facilities (\$19,979), Parks and Preserves (\$31,594), Public Safety Enhancement (\$25,797), Public Safety Expansion (\$63,188), Other Restricted (\$5,518) Special Revenue Funds
- (3) Transfer to Sports Facilities (\$427), Public Housing (\$43), Parks and Preserves (\$3,279) Special Revenue Funds
- (4) Transfer to Municipal Buildings and Service Centers Capital Projects Fund
- (5) Transfer to Parks and Preserves (\$90), Public Safety Expansion (\$179) Special Revenue Funds
- (6) Transfer to Public Housing Special Revenue Fund
- (7) Transfer to Highway User Revenue (\$131), Capital Construction (\$106) Special Revenue Funds

**Exhibit H-5**

(Continued)

Transfers to							
Funds		Enterprise Funds		Funds Not Budgeted			
Other	Debt Service Funds	Phoenix Convention Center	Other	Infrastructure Repayment Agreement	Other	Totals	
\$ 17,000 (1)	\$ 115 (8)	\$ —	\$ 168 (10)	\$ 283	\$ 24,750 (12)	\$ 42,316	
155,650 (2)	37,781 (8)	52,730	—	—	—	1,268,074	
1,199 (1)	64,033 (8)	—	—	199	—	66,376	
—	—	—	—	—	—	3,494	
—	—	—	—	—	—	2,068	
—	73 (8)	—	—	—	—	347	
—	—	—	—	—	—	265	
—	—	—	—	28	—	28	
3,749 (3)	—	—	—	—	—	9,099	
—	—	—	—	28	—	345	
—	—	—	—	—	—	199	
—	—	—	—	57	—	523	
160,598	101,887	52,730	—	312	—	1,350,818	
1,026 (4)	—	—	—	—	—	1,026	
1,026	—	—	—	—	—	1,026	
269 (5)	949 (8)	—	—	—	2,867 (13)	14,839	
—	94 (8)	—	—	58	—	2,862	
—	—	—	—	—	—	22,754	
—	—	—	—	—	—	550	
—	—	—	—	—	—	13,579	
—	—	—	—	—	—	1,235	
—	624 (8)	—	—	—	1,276 (14)	10,394	
269	1,667	—	—	58	4,143	66,213	
1,781 (6)	—	—	—	—	—	1,781	
—	7 (8)	—	—	—	—	7	
—	987 (9)	—	—	—	—	987	
237 (7)	—	—	—	—	—	237	
—	—	—	12,708 (10)	—	—	12,708	
—	—	4	—	—	—	4	
—	—	—	25,000 (11)	—	—	25,000	
2,018	994	4	37,708	—	—	40,724	
<u>\$ 180,911</u>	<u>\$ 104,663</u>	<u>\$ 52,734</u>	<u>\$ 37,876</u>	<u>\$ 653</u>	<u>\$ 28,893</u>	<u>\$1,501,097</u>	

- (8) Transfer to City Improvement Debt Service Fund
- (9) Transfer to Secondary Property Tax Debt Service Fund
- (10) Transfer to Aviation Enterprise Fund
- (11) Transfer to Water System Enterprise Fund
- (12) Transfer to PSPRS Pension Reserve Trust Fund
- (13) Transfer to Aviation Capital Fund
- (14) Transfer to Solid Waste Capital Reserve Fund

**City of Phoenix, Arizona**  
**Bonds and Other Debt Payable**

**Exhibit H-6**

June 30, 2018

(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Appreciation	Outstanding at June 30, 2018 (1)			
						Total	Payable from		City Revenues/ Other (2)
							General Property Taxes		
<b>General Obligation Bonds</b>									
6% Limitation									
Various Purpose	\$ 755,530	\$ 691,210	\$ 64,320	\$ 521,685	\$ —	\$ 169,525	\$ 169,525	\$ —	\$ —
Solid Waste	32,815	32,815	—	29,660	—	3,155	—	3,155	—
20% Limitation									
Various Purpose	2,035,230	1,947,195	88,035	987,575	—	959,620	959,620	—	—
Airport	30,435	30,435	—	22,570	—	7,865	—	7,865	—
Sanitary Sewers	72,200	72,200	—	69,315	—	2,885	—	2,885	—
Water	112,949	112,949	—	106,214	—	6,735	—	6,735	—
Total General Obligation Bonds	3,039,159	2,886,804	152,355	1,737,019	—	1,149,785	1,129,145	20,640	—
<b>Revenue Bonds/Bank Loans</b>									
Hotel	305,940	305,940	—	—	—	305,940	—	305,940	—
Wastewater	17,591	17,591	—	7,551	—	10,040	—	10,040	—
Water	6,520	6,520	—	3,546	—	2,974	—	2,974	—
Total Revenue Bonds/ Bank Loans	330,051	330,051	—	11,097	—	318,954	—	318,954	—
Total General Obligation and Revenue Bonds/ Bank Loans	3,369,210	3,216,855	152,355	1,748,116	—	1,468,739	1,129,145	339,594	—
<b>Municipal Corporation Obligations</b>									
General Government	1,838,676	1,838,676	—	1,332,656	—	506,020	—	506,020	—
Enterprise	8,777,661	8,777,661	—	5,045,146	111,110	3,843,625	—	3,843,625	—
Total Municipal Corporation Obligations	10,616,337	10,616,337	—	6,377,802	111,110	4,349,645	—	4,349,645	—
<b>Special Assessment Bonds</b>									
Totals	229	229	—	152	—	77	—	77	—
Totals	\$13,985,776	\$13,833,421	\$152,355	\$ 8,126,070	\$ 111,110	\$ 5,818,461	\$ 1,129,145	\$ 4,689,316	—

(1) Net of July 1, 2018 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 \$82 million on June 30, 2018.

(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, 2018

(in thousands)

Fiscal Year	General Government (2)			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018-19	\$ 25,160	\$ 7,619	\$ 32,779	\$ 1,595	\$ 144	\$ 1,739	\$ 26,755	\$ 7,763	\$ 34,518
2019-20	31,495	6,569	38,064	920	78	998	32,415	6,647	39,062
2020-21	21,485	5,266	26,751	310	32	342	21,795	5,298	27,093
2021-22	14,340	4,428	18,768	330	17	347	14,670	4,445	19,115
2022-23	16,255	3,697	19,952	—	—	—	16,255	3,697	19,952
2023-24	29,825	2,971	32,796	—	—	—	29,825	2,971	32,796
2024-25	30,965	1,548	32,513	—	—	—	30,965	1,548	32,513
	<u>\$ 169,525</u>	<u>\$ 32,098</u>	<u>\$ 201,623</u>	<u>\$ 3,155</u>	<u>\$ 271</u>	<u>\$ 3,426</u>	<u>\$ 172,680</u>	<u>\$ 32,369</u>	<u>\$ 205,049</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, 2018  
(in thousands)

Fiscal Year	General Government (2)			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018-19	\$ 32,300	\$ 42,227	\$ 74,527	\$ 4,520	\$ 197	\$ 4,717
2019-20	37,330	40,817	78,147	3,345	83	3,428
2020-21	62,800	39,295	102,095	—	—	—
2021-22	73,505	36,792	110,297	—	—	—
2022-23	81,590	33,957	115,547	—	—	—
2023-24	78,895	30,520	109,415	—	—	—
2024-25	90,435	27,141	117,576	—	—	—
2025-26	132,135	23,253	155,388	—	—	—
2026-27	138,015	17,208	155,223	—	—	—
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>\$ 959,620</u>	<u>\$ 334,830</u>	<u>\$ 1,294,450</u>	<u>\$ 7,865</u>	<u>\$ 280</u>	<u>\$ 8,145</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
\$ —	\$ 197	\$ 197	\$ 1,160	\$ 107	\$ 1,267	\$ 37,980	\$ 42,728	\$ 80,708
6,735	196	6,931	1,350	62	1,412	48,760	41,158	89,918
—	—	—	375	15	390	63,175	39,310	102,485
—	—	—	—	—	—	73,505	36,792	110,297
—	—	—	—	—	—	81,590	33,957	115,547
—	—	—	—	—	—	78,895	30,520	109,415
—	—	—	—	—	—	90,435	27,141	117,576
—	—	—	—	—	—	132,135	23,253	155,388
—	—	—	—	—	—	138,015	17,208	155,223
—	—	—	—	—	—	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>\$ 6,735</u>	<u>\$ 393</u>	<u>\$ 7,128</u>	<u>\$ 2,885</u>	<u>\$ 184</u>	<u>\$ 3,069</u>	<u>\$ 977,105</u>	<u>\$ 335,687</u>	<u>\$ 1,312,792</u>

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

**Exhibit H-9**

June 30, 2018

(in thousands)

Fiscal Year	General Obligation (1)		
	Principal	Interest	Total
2018-19	\$ 64,735	\$ 50,491	\$ 115,226
2019-20	81,175	47,805	128,980
2020-21	84,970	44,608	129,578
2021-22	88,175	41,237	129,412
2022-23	97,845	37,654	135,499
2023-24	108,720	33,491	142,211
2024-25	121,400	28,689	150,089
2025-26	132,135	23,253	155,388
2026-27	138,015	17,208	155,223
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>\$ 1,149,785</u>	<u>\$ 368,056</u>	<u>\$ 1,517,841</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, 2018

(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018-19	\$ 57,460	\$ 49,846	\$ 107,306	\$ 7,275	\$ 645	\$ 7,920	\$ 64,735	\$ 50,491	\$ 115,226
2019-20	68,825	47,386	116,211	12,350	419	12,769	81,175	47,805	128,980
2020-21	84,285	44,561	128,846	685	47	732	84,970	44,608	129,578
2021-22	87,845	41,220	129,065	330	17	347	88,175	41,237	129,412
2022-23	97,845	37,654	135,499	—	—	—	97,845	37,654	135,499
2023-24	108,720	33,491	142,211	—	—	—	108,720	33,491	142,211
2024-25	121,400	28,689	150,089	—	—	—	121,400	28,689	150,089
2025-26	132,135	23,253	155,388	—	—	—	132,135	23,253	155,388
2026-27	138,015	17,208	155,223	—	—	—	138,015	17,208	155,223
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
	<u>\$1,129,145</u>	<u>\$ 366,928</u>	<u>\$1,496,073</u>	<u>\$ 20,640</u>	<u>\$ 1,128</u>	<u>\$ 21,768</u>	<u>\$1,149,785</u>	<u>\$ 368,056</u>	<u>\$1,517,841</u>

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

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

Description	Rating (1)		
	Moody's	S & P	Fitch (2)
General Obligation	Aa1	AA+	AAA
Senior Lien Excise Tax Revenue (3)	Aa2	AAA	AA+
Junior Lien Excise Tax Revenue (4)	-	-	-
Subordinated Excise Tax Revenue (3)	Aa2	AA+	AA+
Senior Lien Airport Revenue (3)	Aa3	AA-	-
Junior Lien Airport Revenue (3)	A1	A+	-
Senior Lien Street & Highway User Revenue (5)	-	-	-
Junior Lien Street & Highway User Revenue (5)	-	-	-
Senior Lien Wastewater System Revenue (3)	Aa2	AAA	-
Junior Lien Wastewater System Revenue (3)	Aa2	AA+	-
Senior Lien Water Revenue (5)	-	-	-
Junior Lien Water Revenue (3)	Aa2	AAA	-
Rental Car Facility Charge Revenue Bonds (3)	A2	A	-
State of AZ Distribution Revenue Bonds (Convention Center) (3)	Aa2	AA	-
Transit Excise Tax Revenue Bonds (Light Rail) (3)	Aa2	AA	-

- (1) Represents underlying rating.
- (2) Fitch Ratings assigns a single Issuer Default Rating for all General Fund credits. Currently, Fitch does not rate the City's Enterprise or Special Revenue credits. To date, Fitch has only rated the City's Series 2017 General Obligation Bonds, and the Series 2017A, 2017B, and 2017C Subordinated Excise Tax Revenue Bonds.
- (3) Issued by the City of Phoenix Civic Improvement Corporation.
- (4) No bonds outstanding. As long as the Hotel Loan remains outstanding, there are additional requirements that must be met in order to issue Junior Lien Excise Tax Revenue bonds.
- (5) No bonds currently outstanding.



*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		
	2018	2017	2016
<b>GOVERNMENTAL ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 3,084,874	\$ 2,809,418	\$ 2,788,275
Restricted	860,634	920,847	763,630
Unrestricted (Deficit) (1)	(2,697,167)	(2,408,807)	(2,084,298)
Total Governmental Activities Net Position	<u>\$ 1,248,341</u>	<u>\$ 1,321,458</u>	<u>\$ 1,467,607</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 3,323,229	\$ 2,972,041	\$ 2,803,361
Restricted	432,141	486,857	462,115
Unrestricted (1)	226,739	458,696	489,530
Total Business-Type Activities Net Position	<u>\$ 3,982,109</u>	<u>\$ 3,917,594</u>	<u>\$ 3,755,006</u>
<b>PRIMARY GOVERNMENT</b>			
Net Investment in Capital Assets	\$ 6,408,103	\$ 5,781,459	\$ 5,591,636
Restricted	1,292,775	1,407,704	1,225,745
Unrestricted (Deficit) (1)	(2,470,428)	(1,950,111)	(1,594,768)
Total Primary Government Net Position	<u>\$ 5,230,450</u>	<u>\$ 5,239,052</u>	<u>\$ 5,222,613</u>

(1) Unrestricted net position decreased starting in fiscal year 2015 due to the implementation of GASB Statement No. 68.

**Table 1**  
(Continued)

Fiscal Year						
2015	2014	2013	2012	2011	2010	2009
\$ 2,653,697	\$ 2,576,366	\$ 2,454,765	\$ 2,313,680	\$ 2,325,050	\$ 2,184,990	\$ 2,441,889
830,425	868,223	930,237	1,233,603	1,017,009	756,315	620,582
(1,691,553)	1,002,557	991,572	861,526	1,105,061	1,387,562	1,321,470
<u>\$ 1,792,569</u>	<u>\$ 4,447,146</u>	<u>\$ 4,376,574</u>	<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>	<u>\$ 4,383,941</u>
\$ 2,782,282	\$ 2,818,479	\$ 2,826,143	\$ 2,968,536	\$ 2,992,285	\$ 3,146,717	\$ 3,260,962
441,896	363,946	174,160	188,682	187,755	153,667	163,387
519,802	970,844	1,102,763	943,329	882,301	716,343	611,455
<u>\$ 3,743,980</u>	<u>\$ 4,153,269</u>	<u>\$ 4,103,066</u>	<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>	<u>\$ 4,035,804</u>
\$ 5,435,979	\$ 5,394,845	\$ 5,280,908	\$ 5,282,216	\$ 5,317,335	\$ 5,331,707	\$ 5,702,851
1,272,321	1,232,169	1,104,397	1,422,285	1,204,764	909,982	783,969
(1,171,751)	1,973,401	2,094,335	1,804,855	1,987,362	2,103,905	1,932,925
<u>\$ 5,536,549</u>	<u>\$ 8,600,415</u>	<u>\$ 8,479,640</u>	<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>	<u>\$ 8,419,745</u>

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

**Table 2**

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

	Fiscal Year		
	2018	2017	2016
<b>Expenses</b>			
<b>Governmental Activities</b>			
General Government	\$ 100,307	\$ 98,541	\$ 111,801
Criminal Justice	35,040	34,045	35,198
Public Safety	1,200,523	1,347,829	1,025,401
Transportation	523,946	373,455	399,228
Community Enrichment	289,183	276,991	570,183
Community Development	225,386	218,463	200,762
Environmental Services	39,113	32,960	49,050
Interest on Long-Term Debt	67,523	77,073	84,893
Total Governmental Activities Expenses	2,481,021	2,459,357	2,476,516
<b>Business-Type Activities</b>			
Aviation	514,271	496,131	504,304
Phoenix Convention Center	105,703	103,248	107,133
Water Services	406,501	333,706	359,703
Wastewater Services	172,461	177,185	170,440
Solid Waste	146,589	146,910	141,129
Golf Courses (1)	—	—	—
Total Business-Type Activities Expenses	1,345,525	1,257,180	1,282,709
<b>Total Primary Government Expenses</b>	<b>\$ 3,826,546</b>	<b>\$ 3,716,537</b>	<b>\$ 3,759,225</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						
2015	2014	2013	2012	2011	2010	2009
\$ 99,320	\$ 152,502	\$ 186,104	\$ 88,178	\$ 76,270	\$ 83,975	\$ 92,403
34,242	34,356	35,409	35,703	36,345	40,029	39,477
914,215	888,801	896,801	850,636	847,244	851,414	869,389
398,925	394,664	407,563	421,680	416,344	541,666	385,240
245,795	252,760	237,856	245,713	245,417	287,019	264,615
215,931	222,266	221,588	218,847	229,902	225,137	210,645
48,293	33,616	33,334	42,326	39,003	58,189	47,320
83,796	93,013	117,667	109,412	95,462	107,480	96,631
2,040,517	2,071,978	2,136,322	2,012,495	1,985,987	2,194,909	2,005,720
482,915	471,744	464,388	435,675	439,911	393,485	389,460
105,458	105,889	103,472	103,420	127,569	114,071	86,942
336,445	342,584	335,004	361,751	329,457	359,342	326,775
171,250	181,329	191,568	178,258	179,466	187,134	186,565
150,625	134,264	133,295	133,414	133,118	136,395	141,693
—	—	9,876	8,879	8,790	8,894	9,716
1,246,693	1,235,810	1,237,603	1,221,397	1,218,311	1,199,321	1,141,151
\$ 3,287,210	\$ 3,307,788	\$ 3,373,925	\$ 3,233,892	\$ 3,204,298	\$ 3,394,230	\$ 3,146,871

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

**Table 2**  
(Continued)

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

	Fiscal Year		
	2018	2017	2016
<b>Program Revenue</b>			
Governmental Activities			
Charges for Services:			
General Government	\$ 20,491	\$ 19,784	\$ 18,387
Criminal Justice	15,684	14,583	15,813
Public Safety	69,201	69,671	68,167
Transportation	36,181	35,083	36,331
Community Enrichment	9,448	9,708	11,016
Community Development	83,925	74,490	68,396
Environmental Services	40	22	134
Operating Grants and Contributions	407,429	396,866	355,750
Capital Grants and Contributions	177,863	96,058	94,379
Total Governmental Activities Program Revenue	<u>820,262</u>	<u>716,265</u>	<u>668,373</u>
Business-Type Activities			
Charges for Services:			
Aviation	506,988	403,766	380,533
Phoenix Convention Center	44,743	40,568	42,840
Water Services	413,263	398,263	378,378
Wastewater Services	207,747	198,945	193,727
Solid Waste	149,023	150,346	146,799
Golf Courses (1)	—	—	—
Capital Grants and Contributions	95,356	204,212	138,162
Total Business-Type Activities Program Revenue	<u>1,417,120</u>	<u>1,396,100</u>	<u>1,280,439</u>
Total Primary Government Program Revenue	<u>\$ 2,237,382</u>	<u>\$ 2,112,365</u>	<u>\$ 1,948,812</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (1,660,759)	\$ (1,743,092)	\$ (1,808,143)
Business-Type Activities	71,595	138,920	(2,270)
Total Primary Government Net Expense	<u>\$ (1,589,164)</u>	<u>\$ (1,604,172)</u>	<u>\$ (1,810,413)</u>

**Table 2**  
(Continued)

Fiscal Year						
2015	2014	2013	2012	2011	2010	2009
\$ 18,159	\$ 16,272	\$ 15,748	\$ 16,469	\$ 17,675	\$ 17,150	\$ 19,360
18,336	20,337	21,737	24,864	27,623	27,461	29,808
71,381	71,913	69,648	72,081	63,842	58,939	56,763
37,907	38,780	36,125	38,035	36,599	39,804	63,758
10,737	13,740	5,071	5,589	5,392	5,180	6,366
58,599	64,893	60,837	49,618	46,128	38,293	62,845
478	505	232	520	220	363	469
361,919	343,898	393,652	358,692	400,525	360,927	340,756
82,285	150,410	98,647	101,019	191,856	203,473	174,302
659,801	720,748	701,697	666,887	789,860	751,590	754,427
385,806	369,157	305,686	299,783	296,463	266,778	273,079
42,759	36,864	24,218	15,888	33,111	21,636	28,407
358,760	385,294	381,862	380,679	341,501	329,003	307,752
185,974	186,350	190,519	212,361	211,702	190,716	181,764
147,536	145,790	144,055	144,004	142,320	137,956	134,957
—	—	8,401	6,653	6,278	5,728	6,183
144,654	130,975	158,314	173,149	184,019	200,485	178,800
1,265,489	1,254,430	1,213,055	1,232,517	1,215,394	1,152,302	1,110,942
\$ 1,925,290	\$ 1,975,178	\$ 1,914,752	\$ 1,899,404	\$ 2,005,254	\$ 1,903,892	\$ 1,865,369
\$ (1,380,716)	\$ (1,351,230)	\$ (1,434,625)	\$ (1,345,608)	\$ (1,196,127)	\$ (1,443,319)	\$ (1,251,293)
18,796	18,620	(24,548)	11,120	(2,917)	(47,019)	(30,209)
\$ (1,361,920)	\$ (1,332,610)	\$ (1,459,173)	\$ (1,334,488)	\$ (1,199,044)	\$ (1,490,338)	\$ (1,281,502)

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

**Table 2**  
(Continued)

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

	Fiscal Year		
	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities			
Taxes	\$ 1,165,415	\$ 1,116,831	\$ 1,009,824
Grants and Contributions Not Restricted	434,985	406,084	376,017
Investment Earnings, Net	9,190	6,355	11,932
Miscellaneous	118,620	85,994	82,607
Transfers - Internal Activities	(25,547)	(18,321)	(24,631)
Total Governmental Activities	1,702,663	1,596,943	1,455,749
Business-Type Activities			
Investment Earnings, Net	9,062	5,347	16,097
Transfers	25,547	18,321	24,631
Total Business-Type Activities	34,609	23,668	40,728
Total Primary Government	1,737,272	1,620,611	1,496,477
<b>Change in Net Position (Deficit)</b>			
Governmental Activities	41,904	(146,149)	(352,394)
Business-Type Activities	106,204	162,588	38,458
Total Primary Government	\$ 148,108	\$ 16,439	\$ (313,936)

**Table 2**  
(Continued)

Fiscal Year						
2015	2014	2013	2012	2011	2010	2009
\$ 955,091	\$ 1,001,017	\$ 1,029,392	\$ 944,388	\$ 970,925	\$ 939,218	\$ 982,746
376,923	349,149	318,673	297,342	299,593	360,241	407,156
7,419	22,572	2,404	6,671	11,924	19,605	43,558
82,321	69,860	77,337	78,397	71,450	83,357	54,527
(25,080)	(22,653)	(25,416)	(19,501)	(39,512)	(14,176)	(52,649)
1,396,674	1,419,945	1,402,390	1,307,297	1,314,380	1,388,245	1,435,338
9,864	10,787	1,651	7,585	9,019	13,766	31,970
25,080	22,653	25,416	19,501	39,512	14,176	52,649
34,944	33,440	27,067	27,086	48,531	27,942	84,619
1,431,618	1,453,385	1,429,457	1,334,383	1,362,911	1,416,187	1,519,957
15,958	68,715	(32,235)	(38,311)	118,253	(55,074)	184,045
53,740	52,060	2,519	38,206	45,614	(19,077)	54,410
\$ 69,698	\$ 120,775	\$ (29,716)	\$ (105)	\$ 163,867	\$ (74,151)	\$ 238,455

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

**Table 3**

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

	Fiscal Year			
	2018	2017	2016	2015
<b>General Fund</b>				
Reserved				
Unreserved				
Non-Spendable	\$ 16,175	\$ 13,706	\$ 13,498	\$ 14,224
Spendable				
Restricted	47,774	49,024	62,047	61,564
Assigned	79,144	51,510	48,715	41,338
Unassigned	216,572	241,712	227,227	210,286
<b>Total General Fund</b>	<b>359,665</b>	<b>355,952</b>	<b>351,487</b>	<b>327,412</b>
<b>All Other Governmental Funds</b>				
Reserved				
Unreserved, reported in				
Special Revenue Funds				
Capital Project Funds				
Debt Service Funds				
Non-Spendable	954	5,235	5,386	5,394
Spendable				
Restricted	812,860	871,823	701,583	768,861
Committed	72,032	55,304	38,803	27,005
Assigned	156,061	153,146	141,007	132,902
Unassigned	(10,666)	(15,581)	(11,117)	(33,082)
<b>Total All Other Governmental Funds</b>	<b>1,031,241</b>	<b>1,069,927</b>	<b>875,662</b>	<b>901,080</b>
<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 1,390,906</b>	<b>\$ 1,425,879</b>	<b>\$ 1,227,149</b>	<b>\$ 1,228,492</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.

**Table 3**  
(Continued)

Fiscal Year					
2014	2013	2012	2011	2010	2009
				\$ 24,394	\$ 72,332
				231,187	190,278
\$ 14,198	\$ 15,736	15,357	16,671		
61,309	40,361	37,913	—		
46,181	55,390	50,250	96,126		
178,563	161,012	200,892	194,918		
300,251	272,499	304,412	307,715 (1)	255,581	262,610 (2)
				656,396	598,258
				379,913	411,659
				149,795	8,456
				886	2,153
5,945	5,601	5,891	6,099		
823,478	889,876	982,955	1,017,009		
36,491	47,874	58,703	54,591		
128,261	139,593	140,036	120,145		
(57,039)	(56,671)	(36,942)	(34,395)		
937,136	1,026,273	1,150,643	1,163,449	1,186,990	1,020,526
\$ 1,237,387	\$ 1,298,772	\$ 1,455,055	\$ 1,471,164	\$ 1,442,571	\$ 1,283,136

**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			
	2018	2017	2016	2015
<b>Revenues</b>				
City Taxes (see Table 5)	\$ 1,165,539	\$ 1,116,077	\$ 1,009,918	\$ 955,818
Licenses and Permits	20,125	19,275	18,209	17,602
Intergovernmental (see Table 6)	996,708	885,972	814,134	821,127
Charges for Services	192,338	183,619	173,372	169,276
Fines and Forfeitures	12,349	11,285	12,106	14,222
Parks and Recreation	1,715	1,865	6,919	7,393
Special Assessments	11	14	13	29
Investment Income	9,190	6,355	11,932	7,419
Dwelling Rentals	8,057	7,825	7,077	7,104
Other	115,954	86,022	82,546	82,604
Total Revenues	2,521,986	2,318,309	2,136,226	2,082,594
<b>Expenditures</b>				
General Government	75,317	71,173	78,973	78,182
Criminal Justice	34,285	33,884	32,406	32,403
Public Safety	959,741	897,590	858,297	826,488
Transportation	308,118	266,745	253,265	263,509
Community Enrichment	220,198	216,310	505,522	194,428
Community Development	201,031	193,900	175,956	189,580
Environmental Services	10,624	12,839	12,002	16,853
Debt Service:				
Principal	133,784	149,208	130,974	116,008
Interest	87,932	89,040	95,401	94,163
Bond Issuance Costs	461	2,326	491	470
Other	1,204	1,207	1,225	29
Capital	498,717	303,398	274,864	254,647
Total Expenditures	2,531,412	2,237,620	2,419,376	2,066,760
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,426)	\$ 80,689	\$ (283,150)	\$ 15,834

**Table 4**  
(Continued)

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 1,001,873	\$ 1,031,123	\$ 947,012	\$ 972,066	\$ 938,470	\$ 980,401
15,860	15,377	16,039	16,307	16,744	18,926
850,231	809,198	757,053	905,741	921,642	912,904
178,290	169,527	163,408	157,243	148,276	148,316
15,340	15,942	18,332	18,129	17,383	18,861
10,316	1,891	2,414	2,326	1,909	3,004
39	35	55	114	70	372
22,572	2,404	6,671	11,922	19,605	43,558
6,658	6,882	6,987	6,858	8,574	9,806
70,170	79,557	76,173	71,304	84,011	54,553
2,171,349	2,131,936	1,994,144	2,162,010	2,156,684	2,190,701
133,854	170,009	69,705	55,708	57,180	69,860
34,223	35,258	35,372	35,106	36,977	37,717
830,599	832,133	795,995	790,886	812,552	812,788
253,517	252,812	252,965	247,563	265,934	254,420
197,960	189,899	193,355	192,201	198,049	211,851
201,812	202,038	196,309	206,262	185,265	189,345
13,987	16,549	19,036	16,353	19,164	24,029
70,768	90,671	94,169	109,660	115,825	97,006
98,897	122,189	110,740	104,309	110,736	103,909
3,187	79	1,902	636	2,346	2,055
25	422	522	676	35	31
365,887	350,744	346,979	429,770	529,394	611,023
2,204,716	2,262,803	2,117,049	2,189,130	2,333,457	2,414,034
\$ (33,367)	\$ (130,867)	\$ (122,905)	\$ (27,120)	\$ (176,773)	\$ (223,333)

**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			
	2018	2017	2016	2015
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	\$ 162,292	\$ 166,530	\$ 160,614	\$ 123,046
Transfers to Other Funds	(187,839)	(184,851)	(185,245)	(148,126)
Issuance of Debt:				
General Obligation and Revenue Bonds	—	—	—	—
Premium on General Obligation and Revenue Bonds	—	67,930	—	—
Certificates of Participation and Municipal Corporation Obligations	—	116,835	—	—
Premium on Certificates of Participation and Municipal Corporation Obligations	—	28,978	—	10
Special Assessment Bonds	—	—	—	—
Refunding Bonds	—	362,585	—	60,945
Proceeds from Refinancing	—	—	306,438	—
Deposit to Refunding Escrow	—	(439,966)	—	(60,604)
<b>Total Other Financing Sources and Uses</b>	<b>(25,547)</b>	<b>118,041</b>	<b>281,807</b>	<b>(24,729)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (34,973)</b>	<b>\$ 198,730</b>	<b>\$ (1,343)</b>	<b>\$ (8,895)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures (1)</b>	<b>10.0%</b>	<b>11.8%</b>	<b>10.1%</b>	<b>11.4%</b>

(1) Calculated by taking debt service expenditures divided by total expenditures minus capitalized expenditures (capital acquisitions from exhibit B-4 on page 25)

**Table 4**  
(Continued)

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 122,091	\$ 136,971	\$ 129,121	\$ 152,527	\$ 1,063,679	\$ 1,098,048
(144,744)	(162,387)	(148,622)	(192,039)	(1,077,855)	(1,150,697)
—	—	120,000	—	348,369	—
28,544	—	25,880	—	1,631	—
—	—	—	86,725	—	—
39,826	—	4,889	5,662	—	—
—	—	—	—	—	22
591,600	—	238,120	74,610	69,911	—
—	—	—	—	—	—
(656,414)	—	(262,592)	(71,772)	(69,527)	—
(19,097)	(25,416)	106,796	55,713	336,208	(52,627)
\$ (52,464)	\$ (156,283)	\$ (16,109)	\$ 28,593	\$ 159,435	\$ (275,960)
8.8%	10.5%	10.7%	11.4%	10.4%	10%

**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			
	2018	2017	2016	2015
General Property Taxes				
Primary - Operating	\$ 154,560	\$ 146,121	\$ 141,310	\$ 138,242
Secondary - Debt Service	95,435	91,021	50,484	49,567
Total General Property Taxes	249,995	237,142	191,794	187,809
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	366,280	355,904	351,148	324,006
Utility and Franchise Tax	93,791	90,780	90,845	107,386
Earmarked for:				
Sports Facilities	19,979	18,435	17,874	17,062
Convention Center	52,730	49,051	46,501	46,402
Neighborhood Protection	31,684	30,172	28,706	29,881
Public Safety Enhancement	25,976	25,238	25,391	25,068
Public Safety Expansion	63,188	60,167	57,350	59,760
Parks & Preserves	31,683	30,173	28,705	29,882
Capital Construction	9,574	11,064	12,875	14,281
Transit	216,165	203,201	154,628	110,347
Total City Sales and Franchise Taxes	911,050	874,185	814,023	764,075
Access to Care Tax	—	—	—	31
Special Taxing District	2,440	2,735	2,438	2,308
Salt River Project In-Lieu Taxes	2,054	2,015	1,663	1,595
Total City Taxes	\$ 1,165,539	\$ 1,116,077	\$ 1,009,918	\$ 955,818

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

**Table 5**  
(Continued)

<b>Fiscal Year</b>						
<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	
\$ 143,931	\$ 132,101	\$ 128,054	\$ 130,913	\$ 121,366	\$ 110,085	
35,204	62,012	94,436	149,018	196,673	196,568	
179,135	194,113	222,490	279,931	318,039	306,653	
326,459	318,751	308,727	292,131	254,762	265,162	
98,870	99,027	104,962	102,662	100,827	105,881	
15,988	14,893	14,670	14,076	12,502	14,203	
44,311	40,828	40,030	37,835	34,801	47,417	
29,153	27,515	26,503	25,387	21,615	25,615	
24,849	24,648	23,670	23,782	23,978	24,361	
58,308	55,029	53,084	50,680	43,131	46,578	
29,153	27,515	26,546	25,345	21,615	24,335	
15,087	16,382	16,560	15,486	17,415	19,802	
111,068	110,059	106,185	101,379	86,465	97,325	
753,246	734,647	720,937	688,763	617,111	670,679	
65,621	98,431	—	—	—	—	
2,240	2,291	2,061	1,924	1,925	1,835	
1,631	1,641	1,524	1,448	1,395	1,234	
\$ 1,001,873	\$ 1,031,123	\$ 947,012	\$ 972,066	\$ 938,470	\$ 980,401	

**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			
	2018	2017	2016	2015
State Shared Revenue				
Highway User Tax	\$ 131,355	\$ 126,058	\$ 116,682	\$ 111,748
State Sales Tax	155,998	143,975	137,544	132,218
State Income Tax	200,035	191,225	174,234	175,184
Vehicle License Tax	66,784	61,586	59,801	55,293
Local Transportation Assistance	4,366	4,242	4,356	4,334
Total State Shared Revenue	558,538	527,086	492,617	478,777
Federal Grants	217,976	250,217	256,853	234,616
Other Intergovernmental Revenue	220,194	108,669	64,664	107,734
Total Intergovernmental Revenues	<u>\$ 996,708</u>	<u>\$ 885,972</u>	<u>\$ 814,134</u>	<u>\$ 821,127</u>

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

**Table 6**  
(Continued)

Fiscal Year											
2014	2013	2012	2011	2010	2009						
\$	102,009	\$	98,804	\$	90,368	\$	104,908	\$	103,979	\$	109,620
	127,005		118,730		114,017		111,787		106,917		122,593
	161,580		147,668		122,012		143,647		190,546		220,806
	51,689		48,370		46,400		48,299		49,500		53,629
	4,265		4,251		4,242		1,265		3,771		6,506
	446,548		417,823		377,039		409,906		454,713		513,154
	236,169		277,236		261,053		269,482		233,721		185,078
	167,514		114,139		118,961		226,353		233,208		214,672
\$	850,231	\$	809,198	\$	757,053	\$	905,741	\$	921,642	\$	912,904



**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			
	2018	2017	2016	2015
Retail (2)	\$ 357,069	\$ 325,641	\$ 300,177	\$ 267,260
Retail Food Sales (1)	(3)	15	409	24,792
Utilities & Telecommunications	105,289	100,131	109,107	109,857
Construction Contracting (2)	58,113	49,117	43,201	45,279
Commercial Rental	75,161	70,001	63,945	58,919
Restaurants & Bars	85,132	76,848	71,828	63,645
Hotel/Motel Lodging	47,118	43,262	42,611	39,501
Tangible Personal Property Rental	32,632	27,165	21,334	19,406
Apartment/Residential Rental	45,405	39,310	37,451	32,589
Motor Vehicle Rental	13,427	16,109	19,751	18,618
Amusements	9,149	8,595	7,861	7,065
Advertising	2,258	2,110	2,312	2,689
Job Printing	2,327	2,207	2,136	2,171
Publishing	494	565	554	523
Transportation	15	8	5	7
Use Tax (2)	38,026	35,449	31,089	32,071
Jet Fuel	1,210	3,092	2,971	3,105
<b>Total</b>	<b>\$ 872,822</b>	<b>\$ 799,625</b>	<b>\$ 756,742</b>	<b>\$ 727,497</b>

Source: City of Phoenix Finance Department, Tax Division

(1) Effective April 1, 2015, 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. The tax rate was reduced to 0% from 1%.

(2) Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which will impact the following categories: Retail, Use Tax (Level 1 at 2.30% for first amount equal to or less than \$10,000 for a single item. Level 2 at 2.00% for amounts greater than \$10,000 for a single item) and Construction Contracting (Contracts accepted January 1, 2016 to current at 2.30%. Pre-2016 contracts at 2.00%).

**Table 7**  
(Continued)

Fiscal Year						
2014	2013	2012	2011	2010	2009	
\$ 251,514	\$ 238,698	\$ 230,900	\$ 218,470	\$ 219,097	\$ 223,673	
43,831	51,589	49,393	46,282	7,007	—	
111,767	113,839	112,973	110,200	113,188	120,691	
49,506	43,851	44,071	43,446	41,237	64,559	
58,007	60,179	58,721	59,017	55,737	60,133	
59,039	55,350	52,298	48,708	46,272	48,586	
34,403	31,666	30,486	28,324	26,868	30,423	
17,463	19,760	16,354	17,291	17,323	22,227	
30,046	27,144	25,025	22,923	20,788	21,580	
18,186	17,148	16,907	16,647	14,787	15,407	
6,925	6,463	6,225	5,843	6,297	6,348	
2,458	2,655	2,800	2,745	2,733	3,202	
2,035	2,212	2,109	2,093	2,101	2,708	
519	365	140	241	407	426	
8	8	6	8	8	10	
30,755	23,927	24,204	22,536	20,098	19,507	
2,937	3,089	2,996	3,039	2,826	2,998	
<b>\$ 719,399</b>	<b>\$ 697,943</b>	<b>\$ 675,608</b>	<b>\$ 647,813</b>	<b>\$ 596,774</b>	<b>\$ 642,478</b>	

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

**Table 8**

Category (1)	As of June 30			
	2018	2017	2016	2015
<b>City Rates</b>				
Retail (3)	2.30/2.00%	2.30/2.00%	2.30/2.00%	2.00%
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting (3)	2.30/2.00	2.30/2.00	2.30/2.00	2.00
Commercial Rental	2.40	2.40	2.40	2.10
Restaurants & Bars	2.30	2.30	2.30	2.00
Hotel/Motel Lodging	5.30	5.30	5.30	5.00
Tangible Personal Property Rental	2.30	2.30	2.30	2.00
Apartment/Residential Rental	2.30	2.30	2.30	2.00
Motor Vehicle Rental	4.30	4.30	4.30	4.00
Amusements	2.30	2.30	2.30	2.00
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.30	2.30	2.30	2.00
Mining	0.10	0.10	0.10	—
Timbering/Extractions	2.30	2.30	2.30	—
Publishing	2.30	2.30	2.30	2.00
Transportation	2.30	2.30	2.30	2.00
Use Tax (3)	2.30/2.00	2.30/2.00	2.30/2.00	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
Mining/Timbering/Extractions	0.44	0.44	0.44	—
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

(3) Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which will impact the following categories: Retail, Use Tax (Level 1 at 2.30% for first amount equal to or less than \$10,000 for a single item. Level 2 at 2.00% for amounts greater than \$10,000 for a single item) and Construction Contracting (Contracts accepted January 1, 2016 to current at 2.30%. Pre-2016 contracts at 2.00%).

Source: City of Phoenix Finance Department, Tax Division

**Table 8**  
(Continued)

As of June 30					
2014	2013	2012	2011	2010	2009
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
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	2.00	2.00
2.10	2.10	2.10	2.10	2.10	2.10
2.00	2.00	2.00	2.00	2.00	2.00
5.00	5.00	5.00	5.00	5.00	5.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00	2.00
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	2.00	2.00
—	—	—	—	—	—
—	—	—	—	—	—
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
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	2018			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	42,408	24.78%	\$ 357,066	40.91%
Utilities & Telecommunications	1,066	0.62	105,289	12.06
Construction Contracting	9,220	5.39	58,113	6.66
Mining, Timbering, Extraction	31	0.02	—	—
Commercial Rental	23,250	13.59	75,161	8.61
Restaurants & Bars	5,493	3.21	85,132	9.75
Hotel/Motel Lodging	1,349	0.79	47,118	5.40
Tangible Personal Property Rental	4,185	2.45	32,632	3.74
Apartment/Residential Rental	41,337	24.16	45,405	5.20
Motor Vehicle Rental	293	0.17	13,427	1.54
Amusements	874	0.51	9,149	1.05
Advertising	471	0.28	2,258	0.26
Job Printing	680	0.40	2,327	0.27
Publishing	184	0.11	494	0.06
Transportation	152	0.09	15	—
Use Tax	40,004	23.39	38,026	4.36
Jet Fuel	68	0.04	1,210	0.14
<b>Total</b>	<b>171,065</b>	<b>100.00%</b>	<b>\$ 872,822</b>	<b>100.01%</b>

Source: City of Phoenix Finance Department, Tax Division

**Table 9**  
(Continued)

2009			
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
21,249	39.09%	\$ 223,673	34.79%
631	1.16	120,691	18.79
11,541	21.22	64,559	10.05
—	—	—	—
7,921	14.57	60,133	9.36
3,416	6.28	48,586	7.56
62	0.11	30,423	4.74
1,497	2.75	22,227	3.46
5,058	9.30	21,580	3.36
34	0.06	15,407	2.40
183	0.34	6,348	0.99
279	0.51	3,202	0.50
431	0.79	2,708	0.42
76	0.14	426	0.07
7	0.01	10	—
1,977	3.64	19,507	3.04
16	0.03	2,998	0.47
<u>54,378</u>	<u>100.00%</u>	<u>\$ 642,478</u>	<u>100.00%</u>



**City of Phoenix**

**City of Phoenix, Arizona**  
**City Property Tax Levies and Collections**

**Table 10**

Last Ten Fiscal Years  
(in thousands)

Fiscal Year Ended June 30,	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		
2018	\$ 253,182	\$ 248,097	97.99%	\$ —	\$ 248,097	97.99%		
2017	238,313	235,000	98.61	3,025	238,025	99.88		
2016	192,502	189,460	98.42	2,276	191,736	99.60		
2015	189,852	185,764	97.85	2,066	187,830	98.94		
2014	180,295	176,226	97.74	2,630	178,856	99.20		
2013	196,891	191,304	97.16	3,112	194,416	98.74		
2012	223,483	216,456	96.86	3,721	220,177	98.52		
2011	284,142	271,156	95.43	6,178	277,334	97.60		
2010	321,817	308,114	95.74	10,195	318,309	98.91		
2009	311,292	298,351	95.84	9,546	307,897	98.91		

(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 Limited Net Assessed Valuation (1)</b>								
2018-19	\$ 1.32	\$ 0.82	\$ 2.14	\$ 1.40	\$ 0.18	\$ 0.14	\$ 0.06	
2017-18	1.34	0.82	2.16	1.40	0.18	0.14	0.06	
2016-17	1.34	0.83	2.17	1.40	0.18	0.14	0.06	
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	
<b>Tax Levies (1)</b>								
2018-19	\$ 163,218	\$ 102,187	\$ 265,405	\$ 173,708	\$ 20,337	\$ 17,385	\$ 6,894	
2017-18	156,586	96,596	253,182	164,205	19,058	16,402	6,517	
2016-17	146,711	91,602	238,313	153,849	17,767	15,401	6,106	
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	

- (1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based in a single valuation, the Limited 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	\$ 0.29	\$ 0.47	\$ 1.38	\$ 0.05	\$ 0.15	\$ 11.64	\$ 17.91
0.01	0.29	0.49	1.41	0.05	0.18	12.03	18.40
0.01	0.31	0.5	1.47	0.05	0.08	12.29	18.66
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	9.60	14.89
0.01	0.11	0.36	0.97	0.05	0.05	7.29	12.00
0.01	0.09	0.33	0.88	0.05	0.05	6.44	10.94
\$ 1,327	\$ 36,468	\$ 58,874	\$ 170,547	\$ 891	\$ 8,457	\$ 1,043,971	\$1,804,264
1,196	33,418	57,113	165,225	844	9,568	995,271	1,721,999
1,230	33,529	55,113	160,899	800	4,267	957,588	1,644,862
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

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

(in thousands)

2018-19 Levies								
	Limited 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	Within Phoenix						
		Percent	Amount					
City of Phoenix	\$ 12,399,776	100.00%	\$12,399,776	\$ 1.3163	\$ 163,218	\$ 0.8241	\$ 102,187	\$ 265,405
Maricopa County	40,423,232	30.67	12,399,776	1.4009	173,708	—	—	173,708
Education Equalization	40,489,189	30.67	12,418,034	0.4741	58,874	—	—	58,874
Flood Control	37,003,667	30.67	11,349,025	—	—	0.1792	20,337	20,337
Central Arizona Water Conservation District	40,489,189	30.67	12,418,034	—	—	0.1400	17,385	17,385
Maricopa County Library District	40,423,232	30.67	12,399,776	—	—	0.0556	6,894	6,894
Volunteer Fire District Assistance	40,423,232	30.67	12,399,776	—	—	0.0107	1,327	1,327
East Valley Institute of Technology	18,011,212	9.90	1,782,725	—	—	0.0500	891	891
West Maricopa Education Center	14,779,082	38.30	5,660,639	—	—	0.1494	8,457	8,457
Maricopa Special Health Care District	40,489,189	30.62	12,399,776	—	—	0.2941	36,468	36,468
State of Arizona	62,328,357	19.89	12,399,776	—	—	—	—	—
<u>School Districts</u>								
Maricopa County Community College District	40,423,232	30.67	12,399,776	1.1708	145,177	0.2046	25,370	170,547
<u>High School Districts</u>								
Phoenix Union	4,965,899	96.40	4,787,275	2.1396	102,429	3.0649	146,725	249,154
Glendale Union	1,576,505	79.62	1,255,201	2.0452	25,671	2.0649	25,919	51,590
Tempe Union	3,506,028	29.87	1,047,252	1.9871	20,810	0.6572	6,883	27,693
Tolleson Union	1,134,931	47.57	539,849	2.6686	14,406	1.7764	9,590	23,996
Agua Fria Union	1,187,073	0.02	208	2.0309	4	1.4467	3	7
Total High School Districts								352,440
<u>Elementary School Districts</u>								
No. 1 Phoenix	695,195	100.00	695,195	2.1311	14,815	4.3002	29,895	44,710
No. 2 Riverside	371,456	97.84	363,432	1.3821	5,023	2.5326	9,204	14,227
No. 3 Tempe	1,449,461	14.11	204,492	2.0508	4,194	2.8532	5,835	10,029
No. 5 Isaac	134,189	100.00	134,189	2.1422	2,875	7.2315	9,704	12,579
No. 6 Washington	1,289,041	97.37	1,255,200	2.1046	26,417	2.9987	37,640	64,057
No. 7 Wilson	102,454	100.00	102,454	2.3284	2,386	3.6624	3,752	6,138
No. 8 Osborn	462,643	99.94	462,373	2.0518	9,487	2.2261	10,293	19,780
No. 14 Creighton	425,191	86.55	368,015	2.2621	8,325	3.3487	12,324	20,649
No. 17 Tolleson	180,970	18.22	32,970	2.1338	704	2.7107	894	1,598
No. 21 Murphy	102,400	99.99	102,399	2.2075	2,260	2.5726	2,634	4,894
No. 28 Kyrene	2,056,568	40.98	842,760	2.0531	17,303	1.9132	16,124	33,427
No. 31 Balsz	299,459	93.84	281,011	2.1377	6,007	1.6974	4,770	10,777
No. 38 Madison	994,163	100.00	994,163	2.0258	20,140	2.3303	23,167	43,307
No. 40 Glendale	287,464	<0.01	1	2.0158	—	4.0357	—	—
No. 45 Fowler	321,309	87.60	281,463	1.9986	5,625	1.8213	5,126	10,751
No. 48 Scottsdale (Unified)	5,306,327	13.86	735,473	2.5675	18,883	1.1364	8,358	27,241
No. 59 Laveen	218,179	85.12	185,724	2.4746	4,596	5.5295	10,270	14,866
No. 62 Union	66,468	94.94	63,105	2.0837	1,315	2.6264	1,657	2,972
No. 65 Littleton	249,928	16.37	40,905	2.2019	901	3.3792	1,382	2,283
No. 66 Roosevelt	582,819	98.82	575,958	2.1984	12,662	5.1998	29,949	42,611
No. 68 Alhambra	347,825	84.08	292,434	2.1017	6,146	4.3170	12,624	18,770
No. 69 Paradise Valley (Unified)	3,381,200	69.88	2,362,674	4.0444	95,556	2.5139	59,395	154,951
No. 79 Litchfield	819,762	0.03	208	1.9720	4	1.8779	4	8
No. 83 Cartwright	229,927	100.00	229,927	2.3131	5,318	8.3083	19,103	24,421
No. 92 Pendergast	316,256	38.39	121,406	2.1597	2,622	4.5494	5,523	8,145
No. 93 Cave Creek (Unified)	1,975,121	13.25	261,664	1.6545	4,329	0.1813	474	4,803
No. 97 Deer Valley (Unified)	2,575,111	54.75	1,409,760	4.0723	57,410	2.5626	36,127	93,537
Total Elementary School Districts								691,531
Total All School Districts								1,214,518
Total Levies Applicable to Phoenix								\$ 1,804,264

(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)

	2017-18 Levies							
	Limited 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	\$ 11,721,385	100.00%	\$11,721,385	\$ 1.3359	\$ 156,586	\$ 0.8241	\$ 96,596	\$ 253,182
Maricopa County	38,251,891	30.64	11,721,385	1.4009	164,205	—	—	164,205
Education Equalization	38,236,098	30.64	11,715,540	0.4875	57,113	—	—	57,113
Flood Control	34,709,159	30.64	10,634,886	—	—	0.1792	19,058	19,058
Central Arizona Water Conservation District	38,236,246	30.64	11,715,586	—	—	0.1400	16,402	16,402
Maricopa County Library District	38,251,891	30.64	11,721,385	—	—	0.0556	6,517	6,517
Volunteer Fire District Assistance	38,251,891	30.64	11,721,385	—	—	0.0102	1,196	1,196
East Valley Institute of Technology	16,979,449	9.94	1,687,379	—	—	0.0500	844	844
West Maricopa Education Center	14,005,834	38.38	5,375,312	—	—	0.1780	9,568	9,568
Maricopa Special Health Care District	38,236,246	30.66	11,721,385	—	—	0.2851	33,418	33,418
State of Arizona	59,404,008	19.73	11,721,385	—	—	—	—	—
<u>School Districts</u>								
Maricopa County Community College District	38,251,891	30.64	11,721,385	1.1956	140,141	0.2140	25,084	165,225
<u>High School Districts</u>								
Phoenix Union	4,671,186	96.32	4,499,319	3.4240	154,057	1.6092	72,403	226,460
Glendale Union	1,475,889	79.67	1,175,848	2.5886	30,438	2.0159	23,704	54,142
Tempe Union	3,339,653	29.86	997,250	2.0559	20,502	0.5962	5,946	26,448
Tolleson Union	1,063,694	47.80	508,429	2.1647	11,006	1.7730	9,014	20,020
Agua Fria Union	1,102,200	0.02	178	2.4592	4	1.2553	2	6
Total High School Districts								327,076
<u>Elementary School Districts</u>								
No. 1 Phoenix	663,935	100.00	663,935	4.2675	28,333	2.7304	18,128	46,461
No. 2 Riverside	354,005	97.72	345,917	1.4329	4,957	2.3956	8,287	13,244
No. 3 Tempe	1,383,216	13.98	193,313	2.9552	5,713	2.0946	4,049	9,762
No. 5 Isaac	126,494	100.00	126,494	6.4029	8,099	3.9893	5,046	13,145
No. 6 Washington	1,206,762	97.44	1,175,848	2.5699	30,218	2.6422	31,068	61,286
No. 7 Wilson	107,814	100.00	107,814	4.1670	4,493	1.5217	1,641	6,134
No. 8 Osborn	398,648	99.93	398,385	2.1232	8,459	1.7078	6,804	15,263
No. 14 Creighton	402,277	86.17	346,628	2.4075	8,345	3.4760	12,049	20,394
No. 17 Tolleson	171,718	19.44	33,389	2.1211	708	2.3457	783	1,491
No. 21 Murphy	96,862	100.00	96,861	2.3616	2,287	2.6867	2,602	4,889
No. 28 Kyrene	1,956,437	41.09	803,937	2.0949	16,842	1.8817	15,128	31,970
No. 31 Balsz	293,353	93.96	275,641	2.1609	5,956	1.8757	5,170	11,126
No. 38 Madison	930,449	100.00	930,449	2.0914	19,459	2.3868	22,208	41,667
No. 45 Fowler	296,229	88.39	261,833	2.0705	5,421	2.0332	5,324	10,745
No. 48 Scottsdale (Unified)	4,998,096	13.81	690,129	2.7463	18,953	0.9864	6,807	25,760
No. 59 Laveen	205,407	84.88	174,341	2.5600	4,463	5.4837	9,560	14,023
No. 62 Union	65,189	93.52	60,963	2.1964	1,339	2.5533	1,557	2,896
No. 65 Littleton	231,909	16.31	37,834	2.4245	917	3.4563	1,308	2,225
No. 66 Roosevelt	553,169	98.81	546,580	4.3869	23,978	3.1387	17,156	41,134
No. 68 Alhambra	320,889	83.64	268,389	2.8482	7,644	4.3343	11,633	19,277
No. 69 Paradise Valley (Unified)	3,256,423	69.80	2,273,003	4.1427	94,164	2.4122	54,829	148,993
No. 79 Litchfield	756,560	0.02	178	2.0354	4	1.4409	3	7
No. 83 Cartwright	217,885	100.00	217,885	4.3281	9,430	6.7181	14,638	24,068
No. 92 Pendergast	298,649	38.31	114,410	2.2582	2,584	4.5963	5,259	7,843
No. 93 Cave Creek (Unified)	1,879,867	13.01	244,649	1.6484	4,033	0.1606	393	4,426
No. 97 Deer Valley (Unified)	2,440,361	54.59	1,332,155	4.2812	57,032	2.4722	32,934	89,966
Total Elementary School Districts								668,195
Total All School Districts								1,160,496
Total Levies Applicable to Phoenix								\$ 1,721,999

**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)

**Limited 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>
2018-19	\$0.82	\$ 5,159,914	\$ 6,938,819	\$ 301,043	\$ 12,399,776
2017-18	0.82	4,922,316	6,491,721	307,348	11,721,385
2016-17	0.83	4,642,740	6,062,572	276,839	10,982,151
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

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, also referred to as the Limited 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>
5.79% \$	7,756 \$	5,474 \$	121,702,906
6.73	7,422	5,355	116,338,740
3.83	7,013	5,153	110,159,434
(2.23)	6,922	5,121	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

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

**Table 14**

Current Year and Nine Years Ago  
(in thousands)

Taxpayer	2017-18			2008-09		
	Limited Net Assessed Valuation (1)	Ranking	As a Percent of Total City	Secondary Net Assessed Valuation (1)	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 414,086	1	3.53%	\$ 398,769	1	2.11%
Southwest Gas Corporation	83,345	2	0.71	77,799	3	0.41
Century Link (Qwest Communications)	57,259	3	0.49	184,274	2	0.98
Grand Canyon Education Inc.	49,508	4	0.42			
AT&T Corporation	39,042	5	0.33			
Host Kierland LP	37,214	6	0.32	55,467	7	0.29
Mayo Clinic Arizona	35,216	7	0.30			
Espanade Owner LP	28,110	8	0.24			
United Services Automobile Association	26,015	9	0.22			
Verizon Wireless	23,546	10	0.20			
Teachers Insurance & Annuity Assoc. of America				63,861	4	0.34
LBA Realty Fund II WBP LLC				58,504	5	0.31
Westcorp Company LP				55,683	6	0.30
Metropolitan Life Insurance Company				54,665	8	0.29
Cox Communications				53,055	9	0.28
Starwood Hotels and Resorts				47,334	10	0.25
<b>Total</b>	<b>\$ 793,341</b>		<b>6.76%</b>	<b>\$ 1,049,411</b>		<b>5.56%</b>
City Total Limited Net Assessed Valuation	<u>\$ 11,721,385</u>					
City Total Secondary Net Assessed Valuation				<u>\$ 18,856,072</u>		

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

(1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based on a single valuation, the Limited Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 used the Secondary Net Assessed Valuation.



*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			
	2018-19	2017-18	2016-17	2015-16 (3)
<b>6% Limitation</b>				
Legal Debt Limitation	\$ 999,953	\$ 921,981	\$ 840,535	\$ 634,622
General Obligation Bonds Outstanding (1)	172,680	207,115	274,835	323,260
Less: Assets held in Restricted Redemption Funds (4)	—	—	—	(181,730)
Debt Limit Reduction from Refunding (5)	17,715	19,355	—	—
	190,395	226,470	274,835	141,530
<b>Total Debt Margin Available</b>	<b>\$ 809,558</b>	<b>\$ 695,511</b>	<b>\$ 565,700</b>	<b>\$ 493,092</b>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	19.04%	24.56%	32.70%	22.30%
<b>20% Limitation</b>				
Legal Debt Limitation	\$ 3,333,175	\$ 3,073,271	\$ 2,801,784	\$ 2,115,406
General Obligation Bonds Outstanding (1)	977,105	994,290	1,061,880	1,104,837
Less: Capital Appreciation (2)	—	—	—	—
Debt Limit Reduction from Refunding (5)	36,102	37,915	—	—
	1,013,207	1,032,205	1,061,880	1,104,837
<b>Total Debt Margin Available</b>	<b>\$ 2,319,968</b>	<b>\$ 2,041,066</b>	<b>\$ 1,739,904</b>	<b>\$ 1,010,569</b>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	30.40%	33.59%	37.90%	52.23%
Full Cash Net Assessed Valuation	\$ 16,665,875	\$ 15,366,354	\$ 14,008,919	\$ 10,577,032

- (1) 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 the city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of the city's full net assessed valuation.
- (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) In 2015-16, as a result of Proposition 117, the debt limitation was based on the Primary Net Assessed Valuation. Prior years were based in Secondary Net Assessed Valuation now referred to as Full Cash Net Assessed Valuation. Legislation passed in 2016 changed the basis back to Full Cash Net Assessed Valuation starting in fiscal year 2016-17. See Note 4 to the financial statements for an explanation on Proposition 117.
- (4) Beginning in FY 2016-17, Assets held in Restricted Redemption Funds will no longer be used in the calculation of the 6% Legal Debt Limitation.
- (5) Per A.R.S. Section 35-473.01.I, refunding bonds issued on or after August 6, 2016 may cause a reduction in available debt limits based on the nature of the refunded bonds (each, a "Debt Limit Reduction from Refunding"). If the principal amount of the refunded bonds is greater than the principal amount of the bonds that are refunding them and net premium is used to fund the escrow, then the difference in principal amounts will constitute a Debt Limit Reduction from Refunding.

**Table 15**  
(Continued)

Fiscal Year						
2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	
\$ 649,118	\$ 598,483	\$ 650,985	\$ 740,626	\$ 965,538	\$ 1,131,674	
363,100	370,195	370,195	364,225	390,645	310,955	
(247,025)	(290,812)	(321,451)	(337,282)	(339,393)	(275,202)	
—	—	—	—	—	—	
116,075	79,383	48,744	26,943	51,252	35,753	
\$ 533,043	\$ 519,100	\$ 602,241	\$ 713,683	\$ 914,286	\$ 1,095,921	
17.88%	13.26%	7.49%	3.64%	5.31%	3.16%	
\$ 2,163,727	\$ 1,994,943	\$ 2,169,949	\$ 2,468,755	\$ 3,218,462	\$ 3,772,248	
1,132,676	1,174,635	1,218,080	1,180,264	1,241,159	1,036,479	
—	(882)	(811)	(745)	(682)	(2,234)	
—	—	—	—	—	—	
1,132,676	1,173,753	1,217,269	1,179,519	1,240,477	1,034,245	
\$ 1,031,051	\$ 821,190	\$ 952,680	\$ 1,289,236	\$ 1,977,985	\$ 2,738,003	
52.35%	58.84%	56.10%	47.78%	38.54%	27.42%	
\$ 10,818,634	\$ 9,974,713	\$ 10,849,744	\$ 12,343,774	\$ 16,092,308	\$ 18,861,238	

**Ratio of Debt Service Expenditures for General Bonded Debt  
to General Governmental Operating Expenditures - Budget Basis**

Last Ten Fiscal Years

(in thousands)

	<b>Total Debt Service</b>		<b>Total General Governmental Operating Expenditures (1)</b>		<b>Ratio of Debt Service to General Governmental Operating Expenditures</b>
2017-18	\$	213,683	\$	2,261,519	9.4%
2016-17		230,590		2,225,748	10.4
2015-16		219,326		2,046,050	10.7
2014-15		210,428		1,911,760	11.0
2013-14		170,762		1,898,389	9.0
2012-13		213,298		2,004,539	10.6
2011-12		206,977		1,911,330	10.8
2010-11		254,984		1,927,102	13.2
2009-10		252,190		1,984,144	12.7
2008-09		236,058		2,059,104	11.5

(1) 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 (2)</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>
2018	\$ 401,197	\$ 249,613	\$ 151,584	\$ 29,759	\$ 31,356	2.48
2017	370,841	245,116	125,725	26,310	28,420	2.30
2016	360,163	230,236	129,927	24,581	28,156	2.46
2015	354,221	226,165	128,056	22,870	27,466	2.54
2014	343,550	224,563	118,987	23,145	28,489	2.30
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

<b>Excise Tax Revenue Bonds (3)</b>					<b>Highway User Revenue Bonds (4)</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>	
2018	\$ 925,893	\$ 39,355	\$ 44,450	11.05	\$ 131,355	—	\$ —	—	
2017	887,212	41,855	40,718	10.74	126,058	—	—	—	
2016	858,716	38,285	44,146	10.42	116,682	—	—	—	
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	

**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 (5)				Special Assessment Bonds (6)				Transit Excise Tax Revenue Bonds (7)			
	Customer Facility Charge Revenues	Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues	Principal	Interest	Coverage
2018	\$ 48,765	\$ 10,370	\$ 10,903	2.29	\$ 11	\$ 19	\$ 3	0.50	\$ 123,318	\$ 55,205	\$ 8,775	1.93
2017	46,882	9,795	11,478	2.20	14	18	4	0.64	115,910	49,865	11,071	1.90
2016	46,969	9,255	12,022	2.21	13	19	5	0.54	112,113	37,145	12,807	2.25
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

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
2018	\$ 215,580	\$ 78,753	\$ 136,827	1.98	\$ 441,468	\$ 193,018	\$ 248,450	2.26
2017	205,748	74,591	131,157	1.90	420,471	168,119	252,352	2.36
2016	199,761	66,817	132,944	1.92	399,709	168,304	231,405	2.40
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

- Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation. Pledged-revenue coverage is calculated using budgetary basis operating revenues net of operating expenses. Actual budgetary amounts are obtained from Special Revenue Fund Budgetary Comparison Schedules and Enterprise Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis.
- (1) Actual budgetary amounts are obtained from Special Revenue Fund Budgetary Comparison Schedules and Enterprise Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis.
  - (2) Excludes defeasance of Airport Bonds Series 2008B and 2008D (AMT) on June 29, 2018.
  - (3) Includes debt service on bonds paid from airport revenues (fiscal years 2008-2011 only), solid waste revenues and the new 2015 City of Phoenix Hotel Loan.
  - (4) The final maturity of Highway User Revenue Bonds was paid on 7/1/2013.
  - (5) 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 2018, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.
  - (6) Coverage ratio is less than 1.0 due to prepayment of assessments that are currently in fund balance.
  - (7) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by the 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. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% transit sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds.

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 (2)	Total Debt Per Capita (2)
	General Obligation Bonds	Revenue Bonds & Bank Loans	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	Capital Leases (1)	General Obligation Bonds	Revenue Bonds & Bank Loans	Municipal Corporation Bonds	Total Primary Government		
2018	\$ 1,129,145	\$ 305,940	\$ 506,020	\$ 77	\$ —	\$ 4,516	\$ 20,640	\$ 13,014	\$ 3,843,625	\$ 5,822,977	8.3%	\$ 3,642
2017	1,178,330	305,940	590,600	96	—	5,586	23,075	14,007	3,783,345	5,900,979	8.9	3,737
2016	1,305,320	305,940	563,630	114	—	6,633	31,395	14,971	3,996,090	6,224,093	9.6	3,975
2015	1,371,620	—	628,285	133	—	—	56,477	15,908	4,029,790	6,102,213	9.7	3,993
2014	1,430,205	—	671,560	151	24,265	—	65,571	16,818	4,094,225	6,302,795	10.2	4,188
2013	1,472,180	—	739,170	169	25,630	—	73,532	17,701	4,246,165	6,574,547	11.4	4,425
2012	1,505,350	5,875	789,450	200	26,945	—	83,736	18,560	4,401,753	6,831,869	12.3	4,661
2011	1,450,024	12,141	821,455	259	26,970	—	95,209	17,896	4,516,528	6,940,482	13.0	4,775
2010	1,500,379	41,881	744,390	336	29,450	—	132,106	14,846	3,940,950	6,404,338	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

- (1) Capital Leases are not backed by pledged revenues of any City of Phoenix bond credits. Payments on Capital Leases are subject to annual expenditure appropriation of the General Fund.
- (2) 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 years 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. Per Capita Income is not available for calendar year 2016 or 2017; therefore, 2015 calendar year per capita income was used.

**Governmental Activities Direct Bonded Debt per Capita**

Last Ten Fiscal Years

Fiscal Year	(in thousands)		(in thousands)				
	General Obligation Bonded Debt	General Obligation Bonded Debt as a Percentage of Valuation of Property	Debt Secured by Revenues other than Property Tax (1)	Total Governmental Activities Direct Bonded Debt (2)	Governmental Activities Premiums/ (Discounts)	Net Governmental Activities Direct Bonded Debt	Total Governmental Activities Direct Bonded Debt Per Capita (3)
2017-18	\$ 1,129,145	9.1%	\$ 816,553	\$ 1,945,698	\$ 115,000	\$ 2,060,698	\$ 1,289
2016-17	1,178,330	10.1	902,223	2,080,553	139,710	2,220,263	1,406
2015-16	1,305,320	11.9	876,317	2,181,637	65,478	2,247,115	1,435
2014-15	1,371,620	13.0	628,418	2,000,038	80,287	2,080,325	1,361
2013-14	1,430,205	13.2	695,976	2,126,181	96,570	2,222,751	1,477
2012-13	1,472,180	14.8	764,969	2,237,149	57,815	2,294,964	1,545
2011-12	1,505,350	13.9	822,470	2,327,820	67,092	2,394,912	1,634
2010-11	1,450,024	11.7	860,825	2,310,849	45,217	2,356,066	1,621
2009-10	1,500,379	9.3	816,057	2,316,436	47,852	2,364,288	1,634
2008-09	1,200,792	6.4	885,071	2,085,863	54,013	2,139,876	1,285

- (1) Includes Revenue Bonds/Bank Loans, Certificates of Participation, Municipal Corporation Obligations, Special Assessment Bonds and Capital Leases.
- (2) See Note 10 to the Financial Statements, Governmental Activities - Total Bonds and Notes Payable prior to Discounts/Premiums.
- (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, 2018

(in thousands)

	<u>Direct Debt</u>		
<b>Direct Debt - City of Phoenix Governmental Activities (1)</b>			
General Obligation Bonds			
6% Limitation Various Purpose			\$ 169,525
20% Limitation Various Purpose			959,620
Total General Obligation Bonds			<u>1,129,145</u>
Other Obligations			
Revenue Bonds/Bank Loans			305,940
Municipal Corporation Obligations			506,020
Special Assessment Bonds			77
Capital Leases			4,516
Total Other Obligations			<u>816,553</u>
Total Direct Debt			<u>\$ 1,945,698</u>
	<b>Bonded Debt</b>	<b>Valuation Percent to City</b>	<b>Overlapping Debt</b>
<b>Overlapping Debt (2)</b>			
Maricopa County Community College District	\$ 445,570	30.67%	\$ 136,656
High School Districts			
Phoenix Union	273,636	96.40	263,785
Glendale Union	98,915	79.62	78,756
Tempe Union	91,995	29.87	27,479
Tolleson Union	21,200	47.57	10,085
Agua Fria Union	82,825	0.02	17
Elementary School Districts			
No. 1 Phoenix	45,215	100.00	45,215
No. 2 Riverside	32,455	97.84	31,754
No. 3 Tempe	131,875	14.11	18,608
No. 6 Washington	95,780	97.37	93,261
No. 7 Wilson	4,485	100.00	4,485
No. 8 Osborn	19,995	99.94	19,983
No. 14 Creighton	38,105	86.55	32,980
No. 17 Tolleson	5,955	18.22	1,085
No. 21 Murphy	8,995	99.99	8,994
No. 28 Kyrene	185,475	40.98	76,008
No. 31 Balsz	11,850	93.84	11,120
No. 38 Madison	94,345	100.00	94,345
No. 40 Glendale	25,905	<0.01	—
No. 45 Fowler	6,525	87.60	5,716
No. 48 Scottsdale (Unified)	220,989	13.86	30,629
No. 59 Laveen	20,430	85.12	17,390
No. 62 Union	6,165	94.94	5,853
No. 65 Littleton	21,530	16.37	3,524
No. 66 Roosevelt	42,010	98.82	41,514
No. 69 Paradise Valley (Unified)	315,565	69.88	220,517
No. 79 Litchfield	40,110	0.03	12
No. 83 Cartwright	22,980	100.00	22,980
No. 92 Pendergast	32,405	38.39	12,440
No. 93 Cave Creek (Unified)	37,040	13.25	4,908
No. 97 Deer Valley (Unified)	193,715	54.75	106,059
Total Overlapping Debt	<u>\$ 2,674,040</u>		<u>1,426,158</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 3,371,856</u>

(1) Net of cash with fiscal agent for July 1, 2018 maturities.

(2) Source: Prior year Arizona Department of Administration (ADOA) Report of Bond Indebtedness Fiscal Year 2017, General Obligation Bonds outstanding as of 6/30/17. The ADOA Report of Bond Indebtedness Fiscal Year 2018 is not available until December 2018.



**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**

June 30, 2018

**Table 21**

<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>
2018	1,598,736	\$ 69,749,654	\$ 43,628 (3)	35.8	226,279	4.7%
2017	1,579,253	68,899,650	43,628 (3)	35.6	280,857	5.0%
2016	1,565,896	68,316,911	43,628 (3)	36.1	281,906	5.8%
2015	1,528,115	64,321,417	42,092	35.7	271,089	6.6%
2014	1,505,070	62,041,996	41,222	35.6	268,065	7.6%
2013	1,485,719	57,564,183	38,745	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%

(1) Calendar Year

(2) For fiscal years 2010 through 2013, median age is based on the 2010 U.S. Census. For fiscal year 2009, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2017 or 2018; therefore, 2016 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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	49,800	1	2.60%	50,936	1	2.66%
Wal-Mart Stores Inc.	30,634	2	1.60%	32,814	3	1.71%
Banner Health	24,825	3	1.30%	23,100	2	1.20%
City of Phoenix	15,100	4	0.79%	17,068	4	0.89%
Wells Fargo & Co.	13,308	5	0.70%	14,000	6	0.73%
Bank of America	13,300	6	0.69%			
Maricopa County	12,792	7	0.67%	14,014	5	0.73%
Arizona State University	11,185	8	0.58%	13,005	7	0.68%
Apollo Group	11,000	9	0.57%			
JP Morgan Chase & Co.	10,600	10	0.55%			
Honeywell Aerospace				12,600	8	0.66%
US Postal Service				10,545	9	0.55%
Bashas' Inc.				10,460	10	0.55%

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**

	2018	2017	2016	2015
<b>AREA (square miles)</b>	519.5	519.5	519.4	519.4
<b>POPULATION AND DWELLING UNITS (1)</b>				
City of Phoenix (2) (3)	1,598,736	1,579,253	1,565,896	1,528,115
Maricopa County (Metro Phoenix)	4,229,000	4,221,684	4,152,807	4,078,062
Number of Dwelling Units (City) (3)	618,923	613,463	609,405	603,259
<b>CITY EMPLOYEES (4)</b>				
Governmental:				
General Government	880	900	879	819
Criminal Justice	255	254	249	253
Public Safety	5,856	5,775	5,642	5,530
Transportation	677	703	650	645
Environmental Services	394	394	370	377
Community Enrichment	1,071	1,080	1,045	1,051
Community Development	703	712	685	682
Total Governmental Employees	9,836	9,818	9,520	9,357
Public Enterprise:				
Aviation	815	784	748	732
Phoenix Convention Center	186	187	187	181
Water Services	1,025	1,029	978	931
Wastewater Services	281	292	288	278
Solid Waste	543	533	549	549
Golf (5)	—	—	—	—
Total Public Enterprise Employees	2,850	2,825	2,750	2,671
Total Full-Time Employees	12,686	12,643	12,270	12,028
Governmental per 1,000 Population	6.1	6.1	6.1	6.1
<b>PUBLIC SAFETY</b>				
<b>Police Protection</b>				
Police Precincts	7	7	7	7
Police Employees	3,272	3,272	3,269	3,268
Dispatched Calls for Service	899,200	691,346	671,456	655,874
Total Calls for 911/Crimestop	2,061,535	2,287,694	2,354,398	2,238,368
<b>Fire Protection</b>				
Fire Stations	58	58	58	58
Fire Employees	1,995	1,997	1,979	1,944
Total Calls for Service	212,869	212,259	204,669	186,594
<b>COMMUNITY ENRICHMENT</b>				
<b>Libraries</b>				
Number	17	17	17	17
Total Stock (in thousands)	3,500	1,837	1,908	1,854
Circulation (in thousands)	11,303	12,096	12,901	10,549
<b>Parks And Recreation</b>				
Number of Playgrounds (6)	268	268	256	256
City Parks (number of acres)	45,313	45,313	45,313	45,313

(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)

2014	2013	2012	2011	2010	2009
519.4	519.3	519.2	519.1	519.1	519.1
1,505,070	1,485,719	1,465,901	1,453,462	1,447,128	1,665,320
4,008,651	3,944,791	3,883,949	3,843,370	3,817,117	3,759,766
600,589	596,676	594,190	592,591	590,612	583,515
821	886	894	926	1,008	1,210
263	284	298	296	309	345
5,657	5,843	5,949	6,009	6,193	6,405
667	688	717	727	774	788
413	459	461	481	521	483
1,071	1,127	1,194	1,237	1,317	1,386
684	689	680	704	720	785
9,576	9,976	10,193	10,380	10,842	11,402
774	769	771	789	775	775
199	222	221	234	258	268
955	994	999	1,032	1,041	1,046
298	321	331	348	315	306
541	531	544	564	582	590
—	44	51	55	61	60
2,767	2,881	2,917	3,022	3,032	3,045
12,343	12,857	13,110	13,402	13,874	14,447
6.4	6.7	7	7.1	7.5	6.8
8	8	8	8	6	6
3,266	3,266	4,441	4,463	4,819	4,949
641,183	648,718	657,507	673,559	656,331	708,508
2,064,978	2,130,339	2,131,868	2,068,318	1,991,401	2,091,799
58	58	58	57	58	57
1,912	1,947	1,972	1,945	1,972	2,037
173,065	172,568	165,034	156,348	146,203	145,714
17	17	17	16	16	16
1,802	1,735	1,791	1,644	1,736	1,751
10,428	11,159	14,465	13,840	14,447	14,152
256	244	242	166	164	164
45,313	46,634	46,032	44,517	41,966	41,966

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

**Table 23**

	2018	2017	2016	2015
<b>TRANSPORTATION</b>				
<b>Public Transit Ridership</b>				
Bus (in thousands)	33,365	33,725	34,615	38,329
Dial-a-Ride (in thousands)	339	330	371	356
Light Rail (in thousands) (7)	10,318	10,864	9,850	9,039
<b>Traffic Control And Lighting</b>				
Signalized Intersections	1,135	1,140	1,130	1,106
Street Lights in Use	95,600	91,449	90,927	95,592
<b>Streets</b>				
Miles of Streets	4,863	4,857	4,857	4,857
Miles Resurfaced and Sealed:				
Major/Collector Streets	79	86	107	3
Local Streets	263	387	122	129
<b>COMMUNITY DEVELOPMENT</b>				
Construction Permits (8)				
Number of Permits Issued	44,533	42,698	42,384	37,527
Market Value (in thousands)	4,104,288	3,655,744	3,937,700	3,013,043
<b>AVIATION</b>				
Scheduled Airlines Served	21	19	19	19
Aircraft Traffic Movements (in thousands)	925	923	927	894
Passengers Enplaned/Deplaned (in thousands)	44,340	43,533	44,158	43,000
<b>PHOENIX CONVENTION CENTER</b>				
Number of Conventions	57	62	59	49
<b>WATER SERVICES</b>				
Production (billion gallons)	102.7	97.8	97.6	93.4
Average Daily Production (million gallons)	281.4	268.1	266.8	255.8
Miles of Water Mains (9)	6,967	6,888	6,882	6,883
Number of Accounts	421,226	423,569	416,303	418,995
<b>WASTEWATER SERVICES</b>				
Miles of Sewer Lines (9)	4,890	4,847	4,846	4,841
Number of Accounts (10)	414,559	410,952	406,967	402,495
<b>SOLID WASTE COLLECTION SERVICES</b>				
Residences Served	405,009	402,504	400,549	402,012
City Disposal (tons)	596,161	623,032	589,033	586,789
Total Disposal (tons)	861,177	943,347	896,255	883,119
Total Recycling (tons)	120,113	119,517	114,319	113,990
<b>GOLF</b>				
Rounds of Golf Played	170,480	200,405	223,266	221,267
Acres of Golf Courses Maintained	622	622	622	622

(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)

2014	2013	2012	2011	2010	2009
38,903	39,575	38,440	37,425	38,476	48,061
344	336	337	328	354	396
9,023	8,924	8,387	7,885	7,576	3,486
1,099	1,102	1,096	1,092	1,080	1,075
90,380	90,613	95,592	91,133	90,870	89,844
4,856	4,850	4,832	4,824	4,811	4,799
18	11	10	85	20	60
100	77	183	41	89	74
34,255	30,295	27,652	29,366	28,185	33,541
2,805,861	2,964,395	2,845,334	2,881,360	2,589,067	3,347,275
21	21	17	18	19	19
867	934	963	941	984	1,038
41,093	40,565	40,554	39,561	38,289	37,936
52	58	58	48	70	60
97.6	97.8	100.8	99.9	97.9	99.2
266.9	267.8	275.5	273.6	267.9	271.8
6,867	6,847	6,953	6,962	6,955	6,935
416,623	414,188	407,902	404,647	403,104	402,926
4,833	4,816	4,984	4,980	4,975	4,960
402,624	397,627	394,495	391,267	373,123	373,588
400,075	397,624	395,785	394,159	392,830	390,479
564,452	566,509	599,952	645,038	649,616	709,812
863,226	875,601	948,931	1,046,300	975,234	1,039,169
106,708	107,237	105,695	109,805	112,800	119,402
254,703	248,630	253,288	236,700	246,147	255,847
922	922	922	755	755	724



**City of Phoenix**



Supporting Neighborhoods, Investing in the Community

