

PHOENIX CITY GOVERNMENT

The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's 40 Departments/Functions, 18 Initiative/Projects and 15,947 employees include police, Municipal Court, fire protection, parks, recreation, libraries, sanitation, water, sewer, transportation (including streets and public transit), airports, building safety, public works, neighborhood improvement and housing, community and economic development and convention and cultural services. These services are being provided in fiscal year 2023-24 through an adopted operating budget of \$6,750.0 million. Of this, the general purpose funds budget totals \$1,906.7 million, which is for general municipal services and excludes enterprise activities such as water, sewer, refuse and airports and special revenue funds such as grants, secondary property taxes, Arizona Highway User Revenues, impact fees and voter-approved dedicated sales taxes.

**VALUE OF BUILDING PERMITS
CITY OF PHOENIX
(\$ in thousands)**

Year	Residential	Commercial	Industrial	Other	Total
2023	\$ 1,284,249	\$ 1,800,939	\$ 688,870	\$ 3,314,536	\$ 7,088,594
2022	1,179,318 (1)	2,926,484	1,974,967	3,111,992	9,192,762
2021	1,496,932	1,256,911	527,677	4,658,188	7,939,708
2020	1,379,302	1,481,012	234,211	3,169,478	6,264,003
2019	1,217,854	1,583,252	207,162	2,049,625	5,057,893
2018	1,125,341	1,158,984	334,010	1,818,854	4,437,189
2017	945,802	1,081,797	211,361	1,747,075	3,986,035
2016	862,071	1,062,657	225,377	1,588,603	3,738,708
2015	824,633	1,130,212	133,785	1,464,853	3,553,483
2014	635,000	1,040,100	206,052	1,270,957	3,152,109

Source: Raw data provided by City of Phoenix Planning and Development Department

(1) Reflects change in Residential Permits due to previously incomplete data.

NEW HOUSING STARTS (1)

<u>Year</u>	<u>City of Phoenix</u>
2023 (2)	13,210
2022	14,598
2021	11,492
2020	11,647
2019	9,474
2018	7,262
2017	6,806
2016	6,972
2015	4,611
2014	5,138
2013	3,131

(1) Reflects housing permits authorized, including single-family, multi-family and mobile homes.

(2) Data through November 2023.

Sources: Center for Real Estate Research and Practice, College of Business Administration, Arizona State University, and the United States Census Bureau.

APPENDIX B
City of Phoenix, Arizona — Financial Data

VALUATIONS

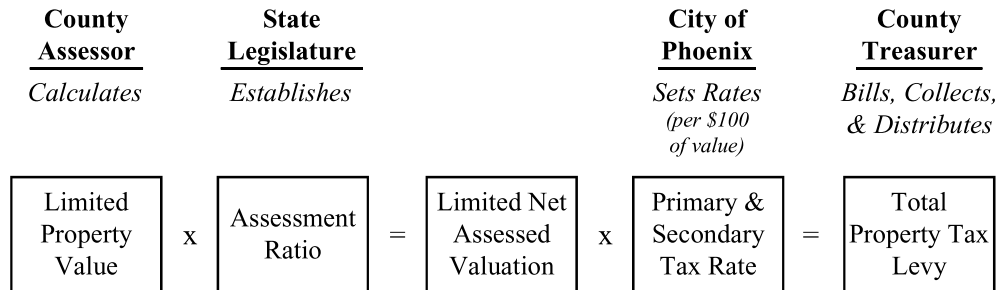
2023-24 Fiscal Year

Limited Net Assessed Valuation	\$ 16,265,332,852(1)
Total Property Tax Levy	341,441,867
Full Cash Value	292,923,548,766(2)

- (1) Limited net assessed valuation represents the amount used in determining primary and secondary property tax levies.
- (2) Full cash value represents total market value of taxable property and is calculated by the Maricopa County Assessor’s Office and the Arizona Department of Revenue, Division of Property and Special Taxes.

Source: Arizona Department of Revenue and Maricopa County Assessor’s Office

Arizona Property Tax System



Arizona’s property tax system was substantially revised by 1980 amendments to the Arizona Constitution and implementing legislation. Two separate tax systems were created: a Primary system for taxes levied to pay current operation and maintenance expenses; and a Secondary system for taxes levied to pay principal and interest on bonded indebtedness, special district assessments and tax overrides, as well as for the determination of the maximum permissible bonded indebtedness. There are specific provisions under each system governing determination of the full cash value of property, the limited property value, the basis of assessment and the maximum annual tax levies on certain types of property and by certain taxing authorities.

In 2012, voters approved Proposition 117, also known as the Property Tax Assessed Valuation Amendment, amending the Arizona Constitution by eliminating the use of secondary net assessed valuations (now referred to as full cash net assessed valuations) to calculate secondary property tax levies and capping the annual increase in limited property values used to calculate primary net assessed valuations. Beginning in fiscal year 2015-16, the amendment lowered the cap on the annual increase to limited property value from 10% to no greater than 5% above the previous year, plus new construction. The limited property value is used to calculate primary net assessed valuations, which will be used to determine both the primary and secondary levies and as a result, the terms “limited net assessed valuations” and “primary net assessed valuations” are sometimes used interchangeably. The amendment does not change the methodology used by county assessors to calculate limited net assessed valuations, and property owners may still appeal valuations to their county assessor. The amendment does not impose limits on the rate at which primary and secondary property taxes may be assessed and does not materially adversely affect the City’s ability to levy and collect property tax revenues.

The basis of assessment for all property classifications is shown in the following table. Prior to legislative changes in 2012, the percentage assessment factor for each property classification was applied to the limited property value and full cash value of each property to determine primary and secondary net assessed valuations for tax levy purposes. Beginning in fiscal year 2015-16, the percentage assessment factor for each property

classification is applied to the limited property value of each property to determine limited net assessed valuations, which are used to determine both the primary and secondary tax levies.

Basis of Property Assessments (1)

Tax Year	Class 1 Mining, Utility, Commercial and Industrial(2)(3)(5)	Class 2 Vacant Land and Agricultural(3)(5)	Class 3 Primary Residential (Owner Occupied)	Class 4 Non-Primary Residential (includes Leased and Rented)	Class 5 Private Railroad Car Companies and Airline Flight Property(4)
2023	17.0%	15.0%	10.0%	10.0%	14.0%
2022	17.5	15.0	10.0	10.0	15.0
2021	18.0	15.0	10.0	10.0	15.0
2020	18.0	15.0	10.0	10.0	15.0
2019	18.0	15.0	10.0	10.0	15.0
2018	18.0	15.0	10.0	10.0	14.0
2017	18.0	15.0	10.0	10.0	15.0
2016	18.0	15.0	10.0	10.0	14.0
2015	18.5	16.0	10.0	10.0	15.0
2014	19.0	16.0	10.0	10.0	16.0

- (1) Additional classes of property exist, but do not amount to a significant portion of total valuation for the City of Phoenix. These classes consist of historic property; aerospace manufacturing property in a reuse zone; property in a foreign trade zone; environmental technology property for the first twenty years from the date placed in service and leasehold or other possessory interest in certain public property.
- (2) The assessment ratio for this property classification will decrease to 16.5% for tax year 2024, and 16% for tax year 2025. Pursuant to Arizona Laws 2022, Fifty-Fifth Legislature, Second Session, Chapter 171 (Senate Bill 1093) (the “*SB1093 Legislation*”), Section 2, which was signed by the Governor of Arizona on April 22, 2022. The assessment ratios for this property classification will decrease to 15.5% for tax year 2026 and 15% for each tax year thereafter.
- (3) Legislation authorized by an amendment to the Constitution of Arizona by vote at the November 5, 1996 general election provided for a reduced assessment factor on commercial, industrial and agricultural personal property by granting exemptions. The exemption amount is adjusted annually for inflation by the Arizona Department of Revenue. The maximum exempt amount for tax year 2023 is \$225,572. Any portion of the full cash value in excess of this amount will be assessed at the applicable assessment factor.
- (4) This percentage is determined annually pursuant to Arizona Revised Statutes Section 42-15005.
- (5) In addition, Arizona Laws 2022, Fifty-Fifth Legislature, Second Session, Chapter 103 (House Bill 2822) (the “*HB2822 Legislation*”), which was signed by the Governor of Arizona on March 30, 2022, updates the method of assessment valuation of certain types of property within this class for personal property that is acquired or initially classified during or after tax year 2022 by changing the valuation factor to two and one-half percent (2.5%) rather than the depreciation schedule currently used for such valuation.

Under the Primary system, annual tax levies are limited based on the nature of the property being taxed, and the nature of the taxing authority. Taxes levied for Primary purposes on residential property only are limited to 1% of the limited property value of such property. In addition, taxes levied for Primary purposes on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year’s levy, plus any amount directly attributable to new construction and annexation and involuntary tort judgments. In November 2006, voters of the State passed Proposition 101 which adjusts the base for the maximum allowable Primary property tax levy limit to the actual 2005 property taxes levied. The 2% limitation does not apply to taxes levied for Primary purposes on behalf of local school districts, nor to the Secondary annual tax levies by any entity for bonded indebtedness and special district assessments.

Property Tax Procedures

The Arizona Legislature revised the property tax valuation system effective with the tax year beginning January 1, 1997. Under this system, a valuation date is established as of January 1 of the year preceding the tax year, or January 1, 1997 for tax year 1998. A new, simplified system for sending notices of valuation, correction of errors and filing of appeals for locally assessed property was implemented. To ease implementation, real property on the tax rolls in 1995 remained at the 1995 values for tax year 1996. In July 1996, the Arizona Legislature revised the property valuation and appeal processes of centrally valued properties to conform to the changes made for locally assessed property. To allow for the change to the new system, the legislation provided that for the 1998 tax year, centrally valued property remained at 1997 values.

The new valuation system was intended to improve upon prior law by simplifying and streamlining the appeals process and increasing the length of time for preparing the assessment roll while still taking into account any corrections made as a result of appeals.

Legislation passed in 1997 permits county assessors, upon meeting certain conditions, to assess residential, agricultural and vacant land at the same assessed valuation for up to three consecutive tax years. The Maricopa County Assessor began reassessing existing properties within these classes on a two-year cycle, with assessments for tax year 2000 the same as tax year 1999. As a result, existing properties within these classes were reassessed for tax years 2001, 2003 and 2005. Starting with tax year 2007, the Maricopa County Assessor began reassessing existing properties within these classes on an annual cycle.

Legislation passed in 2001 calls for each county assessor to complete the assessment roll by the December 20 preceding the beginning of the tax year. As under prior law, a tax lien attaches to the property on January 1 of the tax year (January 1, 2001 for tax year 2001) and the County Board of Supervisors sets the tax rates on the third Monday in August each year.

Additional legislation passed in 2001 established a joint legislative oversight committee to monitor the current property tax assessment and appeals systems. The committee meets periodically to review the administrative structure and procedures utilized for assessing taxes and handling appeals, and identify and suggest solutions to potential problems.

Delinquent Tax Procedures

The property taxes due to the City, along with State and other property taxes are billed by Maricopa County in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the treasurer of the county prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the treasurer of the county to deliver a Treasurer's Deed to the certificate holder as prescribed by law.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code, the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing

administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor’s estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that “tax sale investors” may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

VALUATION HISTORY

Full Cash Value History

<u>Fiscal Year</u>	<u>City of Phoenix</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2023-24	\$292,923,548,766	\$912,877,653,607	\$1,278,372,792,322
2022-23	232,423,574,149	717,773,815,395	1,019,590,781,744
2021-22	215,741,892,809	663,161,039,191	945,109,071,965
2020-21	198,012,408,578	607,928,072,929	875,031,115,207
2019-20	179,418,109,860	552,974,238,023	800,497,344,608
2018-19	164,275,190,973	508,477,424,166	739,955,361,749
2017-18	152,048,146,858	475,077,339,532	695,772,327,425
2016-17	140,141,257,980	443,207,234,847	656,511,478,502
2015-16	127,280,069,634	403,013,954,546	604,197,687,777
2014-15	106,487,248,298	339,536,632,619	526,147,191,080

Source: Arizona Department of Revenue, Division of Property and Special Taxes and Maricopa County Finance Department

Limited Net Assessed Valuation History

<u>Fiscal Year</u>	<u>City of Phoenix</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2023-24	\$16,265,332,852	\$54,722,310,149	\$83,026,530,244
2022-23	15,490,531,936	51,575,018,185	78,405,598,978
2021-22	14,800,877,416	48,724,126,672	74,200,233,397
2020-21	13,923,185,918	45,704,969,813	69,914,521,042
2019-20	13,223,017,360	43,194,326,395	66,154,632,834
2018-19	12,399,776,105	40,423,232,423	62,328,357,186
2017-18	11,721,385,399	38,251,891,249	59,404,007,785
2016-17	10,982,150,871	36,135,494,474	56,573,588,295
2015-16	10,577,031,720	34,623,670,323	54,840,074,052
2014-15	10,298,185,184	33,519,795,354	53,549,091,433

Source: Arizona Department of Revenue, Division of Property and Special Taxes and Maricopa County Finance Department

Limited Net Assessed Valuation by Classification, City of Phoenix (1)

<u>Fiscal Year</u>	<u>Commercial/ Utilities/ Industrial</u>	<u>Residential</u>	<u>Rural & Other</u>	<u>Total</u>
2023-24	\$6,283,933,955	\$9,641,817,797	\$339,581,100	\$16,265,332,852
2022-23	6,105,702,694	9,053,200,045	331,629,197	15,490,531,936
2021-22	5,971,431,974	8,464,971,050	364,474,392	14,800,877,416
2020-21	5,650,658,475	7,965,352,886	307,174,557	13,923,185,918
2019-20	5,459,355,615	7,444,157,108	319,504,637	13,223,017,360
2018-19	5,159,913,759	6,938,818,656	301,043,690	12,399,776,105
2017-18	4,922,316,144	6,491,721,411	307,347,844	11,721,385,399
2016-17	4,642,739,507	6,062,572,209	276,839,155	10,982,150,871
2015-16	4,579,069,622	5,701,785,501	296,176,597	10,577,031,720
2014-15	4,700,793,219	5,788,310,977	329,529,990	10,818,634,186

(1) Fiscal years prior to 2016 used the Secondary Net Assessed Valuation.

Source: Maricopa County Finance Department

Beginning in fiscal year 2015-16 (tax year 2015), primary and secondary levies are based on a single valuation, the limited net assessed valuation. Although no longer the basis for calculating secondary property tax levies, full cash net assessed valuations (previously referred to as secondary net assessed valuations) are the basis for calculating the City’s debt limitation. See page B-12 for more detail on the Debt Limitation. The table set forth below presents historical full cash net assessed valuations.

Full Cash Net Assessed Valuation History

<u>Fiscal Year</u>	<u>City of Phoenix</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2023-24	\$28,939,043,354	\$91,557,158,476	\$129,473,530,919
2022-23	23,045,115,141	72,238,314,892	103,872,223,919
2021-22	21,780,880,732	67,535,008,138	97,282,221,465
2020-21	19,889,713,798	61,824,712,434	90,007,317,461
2019-20	18,193,680,624	56,588,192,576	82,730,928,616
2018-19	16,665,875,186	51,944,549,129	76,437,036,352
2017-18	15,366,353,843	48,351,864,363	71,673,967,461
2016-17	14,008,918,676	44,850,741,762	67,264,430,756
2015-16	12,783,575,022	41,124,639,380	62,635,586,917
2014-15	10,818,634,186	35,079,646,593	55,353,879,728

Source: State numbers are from Arizona Department of Revenue, Division of Property and Special Taxes and City of Phoenix and Maricopa County numbers are from Maricopa County Finance Department

**City of Phoenix, Arizona
Major Property Taxpayers
2022-23**

<u>Taxpayer</u>	<u>2022-23 Limited Net Assessed Valuation</u>	<u>As % of City Total Limited Net Assessed Valuation</u>
Arizona Public Service Company	\$ 525,426,557	3.39%
Southwest Gas Corporation	132,180,876	0.85
CenturyLink (Qwest Communications)	40,050,922	0.26
Esplanade Owner LP	34,906,024	0.23
Phoenix Plaza PT LLC	28,550,903	0.18
Host Kierland LP	28,527,874	0.18
Target Corporation	25,103,772	0.16
United Services Automobile Association	24,333,920	0.16
Biltmore Center Owner LLC	20,619,896	0.13
Epic Apollo LLC	20,059,565	0.13
Host Camelback I LLC	18,393,348	0.12
Bre Iconic ABR Owner LLC	18,141,323	0.12
Liberty Property LP	17,902,315	0.12
Kierland Greenway LLC	17,549,975	0.11
Viola Lordsmeer LP	16,224,363	0.10
AGP Arizona Center Owner LLC	15,876,920	0.10
Verizon Wireless	15,640,470	0.10
Biltmore Shopping Center Partners	15,351,439	0.10
Aligned Data Centers Phoenix Propco LLC	15,116,294	0.10
Safeway Inc.	15,055,059	0.10
Total	<u>\$1,045,011,815</u>	<u>6.74%</u>

Source: Maricopa County Assessor's Office and the City of Phoenix Finance Department

TAX DATA

The tax rates provided below reflect the total property tax rate levied by the City. For a description of the Primary system and Secondary system, see “APPENDIX B — City of Phoenix, Arizona — Financial Data — Arizona Property Tax System.”

<u>Fiscal Year</u>	<u>City's Primary Tax Rate Per \$100 Assessed</u>	<u>City's Secondary Tax Rate Per \$100 Assessed</u>	<u>City's Total Tax Rate Per \$100 Assessed</u>
2023-24	\$1.29	\$0.81	\$2.10
2022-23	1.30	0.81	2.11
2021-22	1.31	0.81	2.12
2020-21	1.31	0.82	2.13
2019-20	1.31	0.82	2.13
2018-19	1.32	0.82	2.14
2017-18	1.34	0.82	2.16
2016-17	1.34	0.83	2.17
2015-16	1.34	0.48	1.82
2014-15	1.35	0.47	1.82

Maricopa County assesses and collects all City property taxes. Property taxes are payable in two installments. The first installment is due on the first business day of October and becomes delinquent on the first business day of November. The second installment is due on the first business day of March and becomes delinquent on the first business day of May. Interest at the rate of 16% per annum attaches on first and second installments following delinquent dates. The following table sets forth the City's tax levy and the tax collection record for fiscal year 2023-24 and for the past nine fiscal years. It should be noted that the total collection figures for each fiscal year reflect amounts collected on such year's levy and amounts collected during such year on prior years' levies, but do not include penalties for delinquent payments.

<u>Fiscal Year</u>	<u>Tax Rate Per \$100 Assessed</u>	<u>Tax Levy</u>	<u>Current Collection(1)</u>		<u>Total Collection(2)</u>	
			<u>Amount</u>	<u>% of Levy</u>	<u>Amount</u>	<u>% of Levy</u>
2023-24	\$2.10	\$341,441,867	\$191,278,739	56.0%	\$193,718,313	56.7%
2022-23	2.11	327,314,939	318,942,999	97.4	322,610,629	98.6
2021-22	2.12	313,719,398	308,465,871	98.3	312,137,012	99.5
2020-21	2.13	296,508,167	292,524,970	98.7	297,345,416	100.3
2019-20	2.13	281,597,378	273,728,062	97.2	277,286,090	98.5
2018-19	2.14	265,404,808	260,407,895	98.1	263,688,880	99.4
2017-18	2.16	253,181,925	248,097,481	98.0	249,999,942	98.7
2016-17	2.17	238,312,673	234,999,427	98.6	237,091,724	99.5
2015-16	1.82	192,501,977	189,460,339	98.4	191,769,813	99.6
2014-15	1.82	189,851,743	185,764,231	97.8	187,935,914	99.0

(1) Reflects amounts collected on each year's levy through June 30, the end of the fiscal year, and the current fiscal year through December 2023.

(2) Reflects amounts collected on each year's levy and amounts collected during such year on prior years' levies.

Source: Maricopa County Treasurer's Office

**Total Direct And Overlapping Tax Rates
Per \$100 Assessed Valuation (1)
For Fiscal Year 2023-24**

<u>Overlapping Municipality</u>	<u>Total Tax Rate Inside City of Phoenix</u>
Inside Agua Fria Union High School District No. 216	
Inside Litchfield Elementary School District No. 79 (3)	\$11.5717
Inside Glendale Union High School District No. 205	
Inside Washington Elementary School District No. 6 (3)	13.2390
Inside Phoenix Union High School District No. 210	
Inside Phoenix Elementary School District No. 1	14.6006
Inside Riverside Elementary School District No. 2	12.7292
Inside Isaac Elementary School District No. 5	17.6147
Inside Wilson Elementary School District No. 7	14.4471
Inside Osborn Elementary School District No. 8	13.3654
Inside Creighton Elementary School District No. 14	14.1677
Inside Murphy Elementary School District No. 21	13.2289
Inside Balsz Elementary School District No. 31	13.1149
Inside Madison Elementary School District No. 38	13.3266
Inside Laveen Elementary School District No. 59	16.6949
Inside Roosevelt Elementary School District No. 66	15.7340
Inside Alhambra Elementary School District No. 68	15.9130
Inside Cartwright Elementary School District No. 83 (3)	19.1859
Inside Tempe Union High School District No. 213	
Inside Tempe Elementary School District No. 3 (2)	11.8938
Inside Kyrene Elementary School District No. 28 (2)	11.0616
Inside Tolleson Union High School District No. 214	
Inside Tolleson Elementary School District No. 17 (3)	14.8304
Inside Fowler Elementary School District No. 45 (3)	13.7954
Inside Union Elementary School District No. 62 (3)	14.9104
Inside Littleton Elementary School District No. 65 (3)	15.2794
Inside Pendergast Elementary School District No. 92 (3)	16.2361
Inside Scottsdale Unified School District No. 48 (2)	8.4911
Inside Paradise Valley Unified School District No. 69 (3)	10.7445
Inside Cave Creek Unified School District No. 93	6.5641
Inside Deer Valley Unified School District No. 97 (3)	10.9844

(1) Included in the computation for each of the overlapping municipalities is the City of Phoenix tax rate of \$2.0992, the Maricopa County tax rate of \$1.2044, the Maricopa County Flood Control District tax rate of \$0.1536, the Central Arizona Water Conservation District tax rate of \$0.1400, the Maricopa County Library District tax rate of \$0.0488, the Volunteer Fire District Assistance tax rate of \$0.0081, the Maricopa Special Health Care District tax rate of \$0.2716 and the Maricopa County Community College District tax rate of \$1.1388.

(2) Includes the East Valley Institute of Technology tax rate of \$0.0500.

(3) Includes the West Maricopa Education Center tax rate of \$0.1807.

Source: Maricopa County Treasurer's Office.

STATEMENT OF BONDED INDEBTEDNESS

Direct General Obligation Bonded Debt Outstanding

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Bonds Outstanding As of 1-1-24</u>
03-01-04	\$ 200,000,000	Various Improvements	7-1-10/28	\$ 14,720,000
10-27-09	280,955,000	Various Improvements (Taxable)	7-1-20/34	221,160,000(1)
06-24-14	278,015,000	Refunding	7-1-19/27	73,825,000
09-13-16	226,215,000	Refunding	7-1-18/27	194,415,000
06-21-17	68,305,000	Refunding	7-1-13/27	10,545,000
05-25-22	146,400,000	Refunding	7-1-23/34	133,235,000
Net Direct General Obligation Bonded Debt Outstanding				<u>\$647,900,000</u>

**City of Phoenix, Arizona
Schedule of Annual Debt Service Requirements
General Obligation Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$102,280,000	\$ 31,711,483	\$133,991,483
2024-25	99,430,000	27,012,585	126,442,585
2025-26	108,085,000	22,279,728	130,364,728
2026-27	108,600,000	17,013,069	125,613,069
2027-28	42,000,000	11,584,431	53,584,431
2028-29	28,340,000	9,726,833	38,066,833
2029-30	29,445,000	8,256,060	37,701,060
2030-31	30,590,000	6,728,194	37,318,194
2031-32	31,785,000	5,141,169	36,926,169
2032-33	33,025,000	3,492,429	36,517,429
2033-34	34,320,000	1,779,646	36,099,646
	<u>\$647,900,000</u>	<u>\$144,725,627</u>	<u>\$792,625,627</u>

- (1) On October 27, 2009, the City issued \$280,955,000 par amount of Qualified Build America Bonds (Direct Pay). The City elected to receive subsidy payments, in the amount of 35% of each interest payment on the Qualified Build America Bonds, paid directly to the City by the United States of America. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy payments over the past several years. The reduction is 5.7% for the federal government’s fiscal year ending September 30, 2023 (the “*Sequester Reductions*”). However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.

The City Council appointed a citizen’s General Obligation (“GO”) Bond Committee on June 1, 2022 to listen to community feedback, evaluate and prioritize proposed projects, and develop a GO Bond Program recommendation. The committee concluded their work on November 14, 2022. The GO Bond Recommendations were presented to and approved by the City Council on December 13, 2022.

On June 14, 2023, the Mayor and City Council voted to propose four GO Bond questions to voters during a Special Election in November 2023. These questions total \$500 million, pursuant to the recommendations of the citizen’s GO Bond Executive Committee. The Executive Committee’s recommendations from the Public Safety and Streets & Storm Drainage program areas were included on the ballot in Question Number 1: Enhance Community Safety through Fire, Police, Roadway and Pedestrian Infrastructure. Recommendations from the Neighborhoods & City Services and Parks & Recreation program areas were included on the ballot in Question Number 2: Improve Quality of Life in Phoenix Neighborhoods. Recommendations from the Arts & Culture, Economic Development & Education, and Environment & Sustainability program areas were included on the ballot in Question Number 3: Create an Efficient, Modern Phoenix to Live and Work. Finally, recommendations from the Housing, Human Services & Homelessness program area were included on the ballot in Question Number 4: Enhance, Preserve and Increase the Supply of Affordable Housing and Senior Centers.

On November 7, 2023 Phoenix voters passed the City Council approved \$500 million GO Bond Program. GO Bond programs help to fund critical infrastructure and rehabilitation needs of City facilities such as parks, libraries, fire and police stations, affordable housing, streets and storm drains. Approved projects will be prioritized and allocated over the five-year period of 2024-25 to 2028-29 and included in the Preliminary Capital Improvement Program scheduled to be presented to City Council on March 19, 2024.

**2023 GENERAL OBLIGATION BOND PROGRAM
SUMMARY OF AUTHORIZED, ISSUED, AND UNISSUED GENERAL OBLIGATION BONDS**

<u>Purpose</u>	<u>Original Authorization</u>	<u>Bonds Issued</u>	<u>Remaining Authorization(1)</u>
Question 1:			
Public Safety	\$132,500,000	\$ —	\$132,500,000
Street & Storm Drainage	81,500,000	—	81,500,000
Question 1 Total	214,000,000	—	214,000,000
Question 2:			
Neighborhood & City Services	44,615,000	—	44,615,000
Parks & Recreation	64,000,000	—	64,000,000
Question 2 Total	108,615,000	—	108,615,000
Question 3:			
Arts & Culture	50,385,000	—	50,385,000
Economic Development & Education	38,000,000	—	38,000,000
Environment & Sustainability	26,000,000	—	26,000,000
Question 3 Total	114,385,000	—	114,385,000
Question 4:			
Housing, Human Services & Homelessness	63,000,000	—	63,000,000
Question 4 Total	63,000,000	—	63,000,000
Total 2023 General Obligation Bonds	<u>\$500,000,000</u>	<u>\$ —</u>	<u>\$500,000,000</u>

(1) Represents the unissued portion of the 2023 General Obligation Bond Program.

**1988, 2001, AND 2006 GENERAL OBLIGATION BOND PROGRAMS
SUMMARY OF AUTHORIZED, ISSUED, AND UNISSUED GENERAL OBLIGATION BONDS**

<u>Purpose</u>	<u>Original Authorization</u>	<u>Bonds Issued</u>	<u>Remaining Authorization(1)</u>
Affordable Housing and Neighborhood Revitalization . . .	\$ 81,000,000	\$ 63,385,000	\$ 17,615,000
Computer Technology	136,400,000	133,195,000	3,205,000
Education Facilities	198,700,000	190,610,000	8,090,000
Environmental Cleanup	37,600,000	32,515,000	5,085,000
Family, Senior and Youth Cultural Facilities	170,922,000	150,110,000	20,812,000
Fire Protection	136,205,000	121,900,000	14,305,000
Freeway Mitigation, Neighborhood Stabilization and Slum and Blight Elimination	29,285,000	28,285,000	1,000,000
Historic Preservation	12,000,000	11,205,000	795,000
Library Facilities	62,178,000	53,200,000	8,978,000
Neighborhood Protection and Senior Centers	74,000,000	71,645,000	2,355,000
Parks, Open Space and Recreational Facilities	192,500,000	174,865,000	17,635,000
Police Protection	186,095,000	159,585,000	26,510,000
Street Improvements	169,700,000	147,410,000	22,290,000
Storm Sewer Systems and Flood Protection	131,400,000	127,720,000	3,680,000
Total General Obligation Bonds	<u>\$1,617,985,000</u>	<u>\$1,465,630,000</u>	<u>\$152,355,000</u>

(1) Represents the unissued portion of the 1988, 2001, and 2006 General Obligation Bond Programs. The City does not intend to issue bonds for the remaining 1988, 2001, and 2006 authorizations.

DEBT LIMITATION

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City’s debt limitation is based on the full cash net assessed valuation. The full cash net assessed valuation for 2023-24 is \$28,939,043,354. 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. Unused borrowing capacity as of January 1, 2024 is shown below.

**Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety,
Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds**

20% Constitutional Limitation	\$5,787,808,671
Less: Direct General Obligation Bonds Outstanding	593,935,000(1)
Debt Limit Reduction from Refunding(2)	44,848,438
Unused 20% Limitation Borrowing Capacity	<u>\$5,832,657,109</u>

All Other General Obligation Bonds

6% Constitutional Limitation	\$1,736,342,601
Less: Direct General Obligation Bonds Outstanding	53,965,000(1)
Debt Limit Reduction from Refunding(2)	6,834,582
Unused 6% Limitation Borrowing Capacity	<u>\$1,743,177,183</u>

- (1) Represents general obligation bonds outstanding as of January 1, 2024.
- (2) 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.

**NET DIRECT AND OVERLAPPING GENERAL OBLIGATION
BONDED DEBT AND DEBT RATIOS**

	As of January 1, 2024(1)
City of Phoenix	\$ 647,900,000
Maricopa County Community College District	54,897,000
Various Elementary School Districts	677,934,000
Various High School Districts	535,944,000
Various Unified School Districts	361,127,000
Total Direct and Overlapping General Obligation Bonded Debt	\$2,277,802,000

(1) The total direct debt of the City of Phoenix is as of January 1, 2024. The direct debt for the other districts is as of July 1, 2023, the latest available data.

Does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States of America, Department of the Interior for repayment of capital costs for construction of the Central Arizona Project (“CAP”), a major reclamation project constructed by the Department of the Interior to deliver Colorado River water to central and southern Arizona. The obligation is evidenced by a master repayment agreement between the CAWCD and the Department of the Interior. The CAWCD repayment obligation was reduced from over \$2 billion to \$1.65 billion as a result of a settlement between the United States and CAWCD over the amount of the repayment obligations and repayment terms. The settlement provided that 73% of the repayment obligation bear interest at the rate of 3.342% per annum on the unpaid balance, and 27% of the repayment obligation be non-interest bearing. The repayment will take place over a period of 50 years with the final payment in 2046. The repayment amount was offset through 2019 by revenue collected from power generation before calculating the net capital charge rate to the users, such as the City of Phoenix. As of 2020, there is no offset. The charge to the City of Phoenix averaged \$1.8 million per year for years 2009 through 2014. The charge was \$2.7 million in 2015, \$2.8 million in 2016, 3.8 million in 2017, \$5.5 million in 2018, \$5.0 million in 2019, \$8.6 million in 2020 and \$9.1 million in 2021. The charge was \$8.4 million in 2022 and 2023, and is estimated at \$7.0 million in 2024.

The CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the District and to assist in repayment of the Central Arizona Project capital costs to the United States. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial, and agricultural water users for delivery of Central Arizona Project water) and a tax levy against all taxable property in the District. Currently, the tax levy is limited by Arizona Revised Statutes to \$0.14 per \$100 of assessed valuation. There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. The CAWCD has levied a tax of \$0.14 per \$100 of assessed valuation for the 2023-24 fiscal year.

Net Direct And Overlapping General Obligation Bonded Debt Ratios(1)

		As Percent of City’s 2023-24	
	Per Capita Debt (Pop. Est. 1,644,409) (2)	Limited Net Assessed Valuation	Full Cash Valuation
Direct General Obligation Bonded Debt Outstanding	\$ 394.00	3.98%	0.22%
Direct and Overlapping General Obligation Bonded Debt Outstanding	1,385.18	14.00	0.78

(1) Represents direct debt and overlapping general obligation bonds outstanding as of January 1, 2024.

(2) The City of Phoenix population is as of July 1, 2022, the most recently available figure from the U.S. Census Bureau.

**Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
As of July 1, 2023
(in thousands)**

<u>Overlapping Municipality</u>	<u>2023-24 Limited Net Assessed Valuation</u>	<u>Net Bonded Debt</u>	<u>Approximate Applicable Percent</u>	<u>Net Overlapping Bonded Debt</u>	<u>2023-24 Tax Rate Per \$100 Assessed</u>
State of Arizona	\$83,026,530	\$ —	19.59%	\$ —	—
Maricopa County	54,722,310	—	29.72	—	—
Maricopa County Community College District	54,722,310	184,715	29.72	54,897	—
Maricopa County Special Health Care District	55,027,364	—	29.56	—	—
Elementary School Districts:					
Phoenix Elementary School District No. 1	894,446	41,975	100.00	41,975	5.0383
Riverside Elementary School District No. 2	492,745	30,855	97.86	30,195	3.1669
Tempe Elementary School District No. 3	1,954,706	138,935	13.79	19,159	4.3521
Washington Elementary School District No. 6 ...	1,595,597	94,145	97.37	91,669	4.3936
Wilson Elementary School District No. 7	123,231	2,625	100.00	2,625	4.8848
Osborn Elementary School District No. 8	546,454	43,200	99.95	43,178	3.8031
Creighton Elementary School District No. 14 ...	561,441	64,185	87.23	55,989	4.6054
Tolleson Elementary School District No. 17	276,967	20,855	16.82	3,508	4.2725
Murphy Elementary School District No. 21	130,130	6,681	100.00	6,681	3.6666
Kyrene Elementary School District No. 28	2,627,428	196,460	40.15	78,879	3.5199
Balsz Elementary School District No. 31	388,394	24,425	93.91	22,938	3.5526
Madison Elementary School District No. 38	1,289,479	80,670	100.00	80,670	3.7643
Glendale Elementary School District No. 40	386,047	38,315	—	—	5.1766
Fowler Elementary School District No. 45	487,409	6,425	88.84	5,708	3.2375
Laveen Elementary School District No. 59	332,934	18,800	86.04	16,176	7.1326
Union Elementary School District No. 62	103,501	10,745	97.08	10,431	4.3525
Littleton Elementary School District No. 65	386,274	46,755	17.14	8,014	4.7215
Roosevelt Elementary School District No. 66 ...	823,677	65,705	98.92	64,995	6.1717
Alhambra Elementary School District No. 68 ...	388,744	37,560	80.16	30,108	6.3507
Litchfield Elementary School District No. 79 ...	1,445,259	37,130	0.02	7	3.0068
Cartwright Elementary School District No. 83 ...	322,983	44,690	100.00	44,690	9.4429
Pendergast Elementary School District No. 92 ...	487,085	49,950	40.72	20,340	5.6782
High School Districts:					
Glendale Union High School District No. 205 ...	1,981,643	121,070	78.40	94,919	3.6002
Phoenix Union High School District No. 210 ...	6,473,623	335,365	96.31	322,990	4.4978
Tempe Union High School District No. 213	4,582,133	71,410	28.90	20,637	2.4272
Tolleson Union High School District No. 214 ...	1,741,235	200,720	48.51	97,369	5.3127
Agua Fria Union High School District No. 216 ...	2,100,141	144,845	0.02	29	3.3197
Unified School Districts:					
Scottsdale Unified School District No. 48	6,708,327	284,682	13.97	39,770	3.3766
Paradise Valley Unified School District No. 69 ...	4,439,569	322,539	70.36	226,938	5.4993
Cave Creek Unified School District No. 93	2,590,065	24,665	13.65	3,367	1.4996
Deer Valley Unified School District No. 97	3,400,364	163,880	55.56	91,052	5.7392
Total Overlapping General Obligation Bonded Debt				<u>\$1,629,902</u>	

Source: Maricopa County Finance Department

**Authorized and Unissued Bonds of Overlapping Jurisdictions
As of January 1, 2024**

<u>Jurisdictions</u>	<u>Authorized and Unissued Bonds</u>
Agua Fria Union High School District No. 216	\$197,000,000
Cartwright Elementary School District No. 83	15,000,000
Deer Valley Unified School District No. 97	40,385,000
Fowler Elementary School District No. 45	24,000,000
Glendale Elementary School District No. 40	40,000,000
Kyrene Elementary School District No. 28	161,000,000
Litchfield Elementary School District No. 79	100,000,000
Madison Elementary School District No. 38	105,000
Murphy Elementary School District No. 21	2,015,000
Osborn Elementary School District No. 8	100,000,000
Paradise Valley Unified School District No. 69	340,000,000
Pendergast Elementary School District No. 92	129,090,000
Phoenix Elementary School District No. 1	49,000,000
Phoenix Union High School District No. 210	475,000,000
Riverside Elementary School District No. 2	47,393,971
Roosevelt Elementary School District No. 66	25,000,000
Tempe Elementary School District No. 3	196,500,000
Tempe Union High School District No. 213	48,840,000
Tolleson Elementary School District No. 17	30,000,000
Tolleson Union High School District No. 214	125,000,000
Union Elementary School District No. 62	19,500,000
Washington Elementary School District No. 6	105,000,000

OTHER LONG-TERM OBLIGATIONS

The City executed purchase and lease agreements with the City of Phoenix Civic Improvement Corporation (the “*Corporation*”) for the construction of a municipal building, a Phoenix municipal courthouse building, a city parking garage, and to finance the acquisition of certain municipal facilities, consisting of real property and equipment.

Under the terms of these agreements, the City has agreed to make lease and purchase payments in amounts sufficient to pay principal and interest on bonds issued by the Corporation to finance the facilities, and has pledged its excise tax collections for these payments. The City’s excise tax collections in 2018-19 totaled \$977.0 million, in 2019-20 totaled \$1,001.3 million, in 2020-21 totaled \$1,112.3 million, in 2021-22 totaled \$1,252.2 million, and in 2022-23 totaled \$1,432.5 million.

On October 5, 1993, voters approved a 0.1% increase in the City’s transaction privilege tax rate. The revenues produced by the increase must be used to add police officers and firefighters and to expand neighborhood programs designed to deter crime.

On September 7, 1999, voters approved a 0.1% increase in the City’s transaction privilege tax rate to be levied for a 10-year period. The revenues produced by the increase will be used for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks located within the City. On May 20, 2008, City of Phoenix voters approved a 30-year extension of the 0.1% tax for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks in Phoenix. This extension will also expand the possible uses of these funds to include operational expenses such as salaries for park rangers and maintenance workers. Forty percent of the revenues produced by the extension will be used to acquire land for Phoenix’s Sonoran Preserve. The remaining sixty percent will be used to finance improvements to parks throughout the City.

On March 14, 2000, City of Phoenix residents approved a 0.4% increase in the City’s transaction privilege (sales) tax rate to be levied for a 20-year period dedicated to transit improvements (the “*Transit Sales Tax*”). Transit improvements included expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators, and the construction and operation of a light rail system. In addition, the tax provided funding for 500 bus pull-outs, 100 miles of bike lanes and left-turn arrows at all major intersections.

On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing Transit Sales Tax dedicated for transportation. The dedicated Transit Sales Tax rate was increased from the previous 0.4% sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. The increased Transit Sales Tax will continue to fund expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators and the operation of the light rail system. The increased Transit Sales Tax will also provide for expanded bus and light rail service hours and routes, high capacity transit corridors, and infrastructure improvements to bus stops, maintenance facilities and transit centers. In addition, the increased Transit Sales Tax will provide for street improvements including pavement maintenance, new bicycle lanes, sidewalk installation and traffic signal enhancements.

On September 11, 2007, voters approved a 0.2% increase in the City’s transaction privilege tax rate. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (“*CSI*”) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services.

The City also entered into leases with the City of Phoenix Civic Improvement Corporation to finance the acquisition of certain municipal facilities, consisting of real property and equipment. The Corporation issued bonds for payment of the acquisition costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a 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, although there are currently no junior lien excise tax obligations outstanding.

The City entered into lease and leaseback agreements with the City of Phoenix Civic Improvement Corporation for the purpose of acquiring and constructing a downtown multipurpose arena. The Corporation issued bonds for the payment of the City's portion of land acquisition and construction costs and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a 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.

The City entered into a leaseback agreement with the Phoenix Civic Plaza Building Corporation for the purpose of acquiring the site for and constructing and equipping a multi-level parking structure to serve the downtown area of the City. The Corporation issued bonds for the payment of acquisition and construction costs and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a 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. These bonds have been refunded through the City of Phoenix Civic Improvement Corporation.

The City entered into a leaseback agreement with the City of Phoenix Civic Improvement Corporation for the purpose of financing the acquisition of certain real property as well as the construction of certain improvements to the City's solid waste system. The Corporation issued bonds for the payment of acquisition and construction costs and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a 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. In keeping with the City's policy of maintaining the City's solid waste system as a self-supporting enterprise, solid waste revenues are used to pay the debt service on bonds issued by the Corporation for solid waste improvements.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center. The Corporation issued bonds to fund a portion of the costs of the Phoenix Convention Center expansion project and the City pledged its excise tax collections to make loan payments sufficient to pay principal and interest on the bonds. This pledge is on a 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.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation for the purpose of financing the renovation of the 100 West Washington building, which after completion, will serve as the new Police Department Headquarters. The Corporation issued bonds to fund significant infrastructure upgrades and other build-out costs including the 911 call and dispatch center, which will be operating 24/7/365. The City pledged its excise tax collections to make loan payments sufficient to pay principal and interest on the bonds. This pledge is on a 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.

As of January 1, 2024 there are no Senior Obligations outstanding, but the senior lien priority remains available for future use if necessary.

**City of Phoenix Civic Improvement Corporation
Subordinated Junior Lien Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
06-21-12	\$ 17,510,000	Municipal Facilities Refunding	7-1-14/25	4.62%	\$ 220,000
05-12-15	319,305,000	Municipal Facilities Refunding(1)	7-1-17/41	4.98	266,480,000
05-12-15	60,895,000	Municipal Facilities Refunding (Taxable)	7-1-16/35	3.34	32,045,000
06-01-17	116,835,000	Municipal Facilities	7-1-18/32	4.39	54,110,000
06-01-17	101,895,000	Municipal Facilities Refunding	7-1-19/29	4.64	43,265,000
08-25-20	131,595,000	Municipal Facilities(2)	7-1-21/45	4.68	123,670,000
08-25-20	150,000,000	Municipal Facilities-Arena (Taxable)	7-1-21/45	2.36	135,595,000
08-25-20	116,685,000	Municipal Facilities Refunding (Taxable)	7-1-23/36	1.50	103,050,000
08-03-22	131,650,000	Municipal Facilities	7-1-25/47	5.00	131,650,000
Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Bonded Debt					<u>\$890,085,000</u>

- (1) Debt service requirements on \$18,030,000 of these obligations are supported by solid waste revenues.
- (2) Debt service requirements on \$28,470,000 of these obligations are supported by solid waste revenues.

**City of Phoenix Civic Improvement Corporation
Schedule of Total Annual Excise Tax Debt Service Requirements
Subordinated Junior Lien Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 61,825,000	\$ 35,589,419	\$ 97,414,419
2024-25	60,805,000	33,483,832	94,288,832
2025-26	62,830,000	31,196,692	94,026,692
2026-27	56,190,000	28,771,203	84,961,203
2027-28	53,135,000	26,699,794	79,834,794
2028-29	49,590,000	24,866,684	74,456,684
2029-30	40,295,000	23,171,224	63,466,224
2030-31	41,855,000	21,616,525	63,471,525
2031-32	42,875,000	19,967,865	62,842,865
2032-33	40,235,000	18,244,693	58,479,693
2033-34	39,305,000	16,565,747	55,870,747
2034-35	41,010,000	14,856,623	55,866,623
2035-36	39,740,000	13,064,300	52,804,300
2036-37	30,955,000	11,287,533	42,242,533
2037-38	32,325,000	9,916,926	42,241,926
2038-39	33,755,000	8,482,738	42,237,738
2039-40	35,260,000	6,981,969	42,241,969
2040-41	36,825,000	5,411,091	42,236,091
2041-42	17,250,000	3,757,406	21,007,406
2042-43	17,915,000	3,087,932	21,002,932
2043-44	18,615,000	2,390,786	21,005,786
2044-45	19,345,000	1,664,383	21,009,383
2045-46	8,855,000	907,500	9,762,500
2046-47	9,295,000	464,750	9,759,750
	<u>\$890,085,000</u>	<u>\$362,447,615</u>	<u>\$1,252,532,615</u>

The City entered into a Revolving Credit Agreement dated June 4, 2020 (the “*Transportation Excise Tax Revolving Credit Agreement*”) with Bank of America, N.A. (the “*Transportation Excise Tax Credit Agreement Provider*”) which extended an initial three-year loan of \$200,000,000 to finance transportation improvements. In May 2023, the City extended the term of the Transportation Excise Tax Revolving Credit Agreement for an additional two years.

**City of Phoenix
Transportation Excise Tax
Revolving Loan Outstanding**

Loan Issue Date	Loan Amount	Purpose	Loans Outstanding As of 1-1-24
06-04-2020	\$200,000,000	Transportation Improvements	\$200,000,000

The Transportation Excise Tax Revolving Credit Agreement remains in effect until June 2, 2025 (the “*Credit Commitment Period*”), during which the City may borrow, repay and re-borrow amounts, but not exceeding \$200,000,000 outstanding in the aggregate at any one time (each a “*Loan*”). Loans made under the Transportation Excise Tax Revolving Credit Agreement will be payable solely from the Transit Sales Tax. For more information on the Transit Sales Tax see, “*Other Long-Term Obligations*”. If the City elects to borrow additional amounts under the Transportation Excise Tax Revolving Credit Agreement that are outstanding at the end of the Credit Commitment Period, the City can, subject to certain conditions, convert the borrowing to a three-year term loan payable in twelve equal quarterly principal installments ending on June 2, 2028.

Upon an event of default under the Revolving Credit Agreement, the Credit Agreement Provider may terminate its lending commitment but there is no provision for acceleration of current payment obligation.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center to create additional rentable convention space (the "*Convention Center Project*"). The Corporation issued bonds (the "*State Distribution Bonds*") to fund a portion of the costs of the Convention Center Project. The source of revenue for the City's payment under the loan agreement is State distributions the City receives pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State (the "*2003 Legislation*"). On April 6, 2011, the Governor of the State of Arizona signed into law Senate Bill ("*SB*") 1616 revising the annual amount of State monies distributed to the City of Phoenix to pay debt service on the State Distribution Bonds. The revised schedule of State distributions will be sufficient to make loan payments when due and the City has agreed to make the loan payments required to pay debt service on the bonds when due from the State distributions. The first State distribution was received on August 1, 2009 and payments continue to be made on time.

The 2003 Legislation also requires the State Auditor General to conduct or contract for an economic and fiscal impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under an amendment to the 2003 Legislation, beginning in 2014 and each year thereafter, if the Auditor General determines that the State has paid more in cumulative distributions than has been received in incremental revenue to the State general fund as a result of the Convention Center Project, the State can withhold State-Shared Sales Taxes from the next regularly scheduled distribution in an amount necessary to remedy the cumulative deficiency. The 2023 Economic and Fiscal Impact Analysis Update report released by the State Auditor General stated that from calendar year 2009 through calendar year 2022, the Phoenix Convention Center generated \$7.0 million more in incremental revenue to the State general fund than had been paid out in cumulative distributions. Assuming moderate levels of event demand and inflationary growth of visitor spending, the report projects the Phoenix Convention Center would continue to have a net positive impact on the State general fund, but the City is unable to predict at this time whether the State may pay more in cumulative distributions than it receives in incremental revenue as a result of the Convention Center Project or to what extent State-Shared Revenues may be withheld or what defenses the City may have to such action. A debt service schedule for the State Distribution Bonds is set forth on the following page.

**City of Phoenix Civic Improvement Corporation
State of Arizona Distribution Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
10-06-05	\$275,362,351.75	Convention Center Expansion	7-1-12/44	4.72%	\$244,262,887.25
Total State of Arizona Distribution Revenue Bonded Debt					\$244,262,887.25

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
State of Arizona Distribution Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Compounded Interest</u>	<u>Total Debt Service</u>
2023-24	\$ 4,443,799.80	\$ 19,228,550.00	\$ 1,826,200.20	\$ 25,498,550.00
2024-25	5,027,387.85	18,883,700.00	2,087,612.15	25,998,700.00
2025-26	5,639,202.30	18,492,375.00	2,365,797.70	26,497,375.00
2026-27	6,287,082.70	18,052,100.00	2,657,917.30	26,997,100.00
2027-28	6,972,383.00	17,560,125.00	2,962,617.00	27,495,125.00
2028-29	7,697,628.90	17,013,700.00	3,287,371.10	27,998,700.00
2029-30	8,465,538.90	16,409,525.00	3,624,461.10	28,499,525.00
2030-31	9,274,258.40	15,744,575.00	3,980,741.60	28,999,575.00
2031-32	10,123,692.00	15,015,550.00	4,356,308.00	29,495,550.00
2032-33	11,032,587.00	14,219,150.00	4,747,413.00	29,999,150.00
2033-34	11,637,351.75	13,351,250.00	5,007,648.25	29,996,250.00
2034-35	12,267,767.20	12,435,775.00	5,292,232.80	29,995,775.00
2035-36	12,935,793.00	11,469,975.00	5,594,207.00	29,999,975.00
2036-37	13,634,005.65	10,450,825.00	5,910,994.35	29,995,825.00
2037-38	14,372,964.80	9,375,850.00	6,247,035.20	29,995,850.00
2038-39	15,164,105.20	8,241,750.00	6,590,894.80	29,996,750.00
2039-40	15,997,068.00	7,045,225.00	6,952,932.00	29,995,225.00
2040-41	16,878,823.60	5,782,975.00	7,336,176.40	29,997,975.00
2041-42	17,805,886.80	4,451,150.00	7,739,113.20	29,996,150.00
2042-43	18,785,228.00	3,046,175.00	8,164,772.00	29,996,175.00
2043-44	19,820,332.40	1,563,925.00	8,614,667.60	29,998,925.00
	<u>\$244,262,887.25</u>	<u>\$257,834,225.00</u>	<u>\$105,347,112.75</u>	<u>\$607,444,225.00</u>

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for the purchase of certain improvements and expansion projects at the City's airports. The City of Phoenix Civic Improvement Corporation issued bonds for the improvements and expansion projects, and the City made a senior lien pledge of net airport revenues to make payments sufficient to pay principal of and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

**City of Phoenix Civic Improvement Corporation
Senior Lien Airport Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
11-21-17	\$190,930,000	Airport Improvements	7-1-18/47	5.00%	\$172,355,000
11-21-17	173,440,000	Airport Improvements Refunding	7-1-21/38	5.00	155,480,000
11-28-18	226,180,000	Airport Improvements	7-1-19/48	4.87	209,570,000
06-07-23	96,540,000	Airport Improvements Refunding	7-1-24/32	5.00	96,540,000
Total Senior Lien Airport Revenue Bonded Debt					\$633,945,000

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Senior Lien Airport Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 23,695,000	\$ 31,819,050	\$ 55,514,050
2024-25	25,195,000	30,312,500	55,507,500
2025-26	26,460,000	29,052,750	55,512,750
2026-27	27,780,000	27,729,750	55,509,750
2027-28	29,170,000	26,340,750	55,510,750
2028-29	30,625,000	24,882,250	55,507,250
2029-30	32,160,000	23,351,000	55,511,000
2030-31	33,765,000	21,743,000	55,508,000
2031-32	35,455,000	20,054,750	55,509,750
2032-33	23,600,000	18,282,000	41,882,000
2033-34	24,785,000	17,102,000	41,887,000
2034-35	26,025,000	15,862,750	41,887,750
2035-36	27,325,000	14,561,500	41,886,500
2036-37	28,685,000	13,195,250	41,880,250
2037-38	30,120,000	11,761,000	41,881,000
2038-39	16,650,000	10,255,000	26,905,000
2039-40	17,480,000	9,422,500	26,902,500
2040-41	18,355,000	8,548,500	26,903,500
2041-42	19,275,000	7,630,750	26,905,750
2042-43	20,240,000	6,667,000	26,907,000
2043-44	21,250,000	5,655,000	26,905,000
2044-45	22,280,000	4,622,500	26,902,500
2045-46	23,365,000	3,538,500	26,903,500
2046-47	24,505,000	2,400,250	26,905,250
2047-48	25,700,000	1,205,000	26,905,000
	\$633,945,000	\$385,995,300	\$1,019,940,300

The City entered into a city purchase agreement with the City of Phoenix Civic Improvement Corporation for the purchase of certain improvements and expansion projects at the City’s airports. The City of Phoenix Civic Improvement Corporation issued bonds for the improvements and expansion projects, and the City made a junior lien pledge of net airport revenues to make payments sufficient to pay principal of and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreement are as follows:

**City of Phoenix Civic Improvement Corporation
Junior Lien Airport Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
09-01-10	\$ 21,345,000	Airport Improvements	7-1-40	6.60%	\$ 21,345,000(1)(2)
12-15-15	95,785,000	Airport Improvements	7-1-16/45	4.87	82,455,000(3)
12-15-15	18,655,000	Airport Refunding	7-1-34	5.00	18,655,000(1)
12-21-17	474,725,000	Airport Refunding	7-1-21/40	4.67	425,310,000(1)
12-11-19	341,095,000	Airport Improvements	7-1-41/49	4.48	341,095,000(4)
12-11-19	392,005,000	Airport Improvements	7-1-20/49	4.63	381,615,000
12-11-19	29,435,000	Airport Refunding	7-1-23/25	2.29	19,840,000
Total Junior Lien Airport Revenue Bonded Debt					<u>\$1,290,315,000</u>

- (1) 100% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport. The passenger facility charge is currently imposed at the rate of \$4.50 per qualifying enplaned passenger, and is required to be remitted to the City less any accrued interest and an \$0.11 per passenger facility charge airline collection fee.
- (2) 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. Subject to the City’s compliance with certain requirements of the Code, the City expects to receive semiannual cash subsidy payments rebating a portion of the interest on these bonds from the United States Treasury in an amount equal to 45% of the interest payable each respective interest payment date. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy payments over the past several years. The reduction is 5.7% for the federal government’s fiscal year ending September 30, 2023 (the “Sequester Reductions”). The City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.
- (3) 30% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.
- (4) 93% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Junior Lien Airport Revenue Bonded Debt Outstanding(1)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 37,760,000	\$ 60,181,812	\$ 97,941,812
2024-25	39,380,000	58,563,587	97,943,587
2025-26	30,820,000	56,858,376	87,678,376
2026-27	32,355,000	55,317,377	87,672,377
2027-28	33,980,000	53,699,626	87,679,626
2028-29	35,675,000	52,000,626	87,675,626
2029-30	37,460,000	50,216,876	87,676,876
2030-31	39,325,000	48,343,877	87,668,877
2031-32	41,305,000	46,377,626	87,682,626
2032-33	43,365,000	44,312,376	87,677,376
2033-34	44,190,000	42,144,127	86,334,127
2034-35	47,640,000	40,113,970	87,753,970
2035-36	50,015,000	37,731,970	87,746,970
2036-37	52,500,000	35,249,670	87,749,670
2037-38	54,960,000	32,787,970	87,747,970
2038-39	57,185,000	30,567,170	87,752,170
2039-40	59,490,000	28,256,170	87,746,170
2040-41	52,655,000	25,170,950	77,825,950
2041-42	55,095,000	22,738,600	77,833,600
2042-43	57,630,000	20,194,250	77,824,250
2043-44	60,290,000	17,533,700	77,823,700
2044-45	63,070,000	14,751,250	77,821,250
2045-46	61,750,000	11,885,375	73,635,375
2046-47	64,525,000	9,107,925	73,632,925
2047-48	67,430,000	6,205,200	73,635,200
2048-49	70,465,000	3,171,137	73,636,137
	<u>\$1,290,315,000</u>	<u>\$903,481,593</u>	<u>\$2,193,796,593</u>

(1) Includes debt service on \$21,345,000 par amount of RZEDB. Debt service has not been reduced by the expected RZEDB subsidy payments.

The City entered into a city purchase agreement with the City of Phoenix Civic Improvement Corporation to design, acquire, construct, and equip certain facilities, infrastructure, site development, and equipment necessary for the operation of a consolidated rental car center at Phoenix Sky Harbor International Airport. The City of Phoenix Civic Improvement Corporation issued bonds to fund a portion of the costs of the rental car center and the City has made a first priority pledge of pledged revenues to be derived primarily from daily usage fees to be collected by rental car companies at the Airport.

**City of Phoenix Civic Improvement Corporation
Rental Car Facility Charge Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
12-05-19	\$244,245,000	Rental Car Facility	7-1-28/45	4.71%	\$244,245,000
12-05-19	60,485,000	Rental Car Facility Refunding	7-1-20/28	2.49	35,095,000
Total Rental Car Facility Charge Bonded Debt					<u>\$279,340,000</u>

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Rental Car Facility Charge Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 7,995,000	\$ 12,545,365	\$ 20,540,365
2024-25	8,185,000	12,359,401	20,544,401
2025-26	8,385,000	12,156,577	20,541,577
2026-27	8,605,000	11,938,735	20,543,735
2027-28	8,835,000	11,705,023	20,540,023
2028-29	9,235,000	11,305,700	20,540,700
2029-30	9,700,000	10,843,950	20,543,950
2030-31	10,185,000	10,358,950	20,543,950
2031-32	10,695,000	9,849,700	20,544,700
2032-33	11,230,000	9,314,950	20,544,950
2033-34	11,790,000	8,753,450	20,543,450
2034-35	12,380,000	8,163,950	20,543,950
2035-36	12,995,000	7,544,950	20,539,950
2036-37	13,645,000	6,895,200	20,540,200
2037-38	14,330,000	6,212,950	20,542,950
2038-39	15,045,000	5,496,450	20,541,450
2039-40	15,800,000	4,744,200	20,544,200
2040-41	16,515,000	4,028,950	20,543,950
2041-42	17,255,000	3,285,000	20,540,000
2042-43	18,030,000	2,511,450	20,541,450
2043-44	18,835,000	1,706,900	20,541,900
2044-45	19,670,000	870,150	20,540,150
	<u>\$279,340,000</u>	<u>\$172,591,951</u>	<u>\$451,931,951</u>

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for certain modifications and expansions at various water treatment plants throughout the City. The City of Phoenix Civic Improvement Corporation issued bonds for the water treatment plant modifications and expansions, and the City made a junior lien pledge of net operating revenues of the water system for the payment of principal and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

**City of Phoenix Civic Improvement Corporation
Junior Lien Water System Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
08-01-01	\$ 99,980,000	Water System Refunding	7-1-02/24	5.24%	\$ 7,090,000
12-17-14	152,830,000	Water System Improvements	7-1-19/24	4.85	3,820,000
12-17-14	445,085,000	Water System Refunding	7-1-16/29	4.67	259,475,000
01-10-17	375,780,000	Water System Refunding	7-1-17/39	4.99	341,170,000
04-09-20	165,115,000	Water System Improvements	7-1-30/44	5.00	165,115,000
04-09-20	228,015,000	Water System Improvements	7-1-30/44	5.00	228,015,000
06-09-21	250,000,000	Water System Improvements	7-1-26/45	4.77	250,000,000
06-09-21	67,345,000	Water System Refunding	7-1-22/26	5.00	48,680,000
06-09-21	151,280,000	Water System Refunding	7-1-26/44	2.60	151,280,000
Total Junior Lien Water System Revenue Bonded Debt					\$1,454,645,000

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Junior Lien Water System Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 74,830,000	\$ 67,364,024	\$ 142,194,024
2024-25	71,725,000	63,587,074	135,312,074
2025-26	85,840,000	60,000,824	145,840,824
2026-27	75,980,000	55,904,560	131,884,560
2027-28	79,530,000	52,353,393	131,883,393
2028-29	82,725,000	49,078,352	131,803,352
2029-30	46,075,000	45,655,560	91,730,560
2030-31	48,165,000	43,571,743	91,736,743
2031-32	50,350,000	41,380,386	91,730,386
2032-33	52,660,000	39,075,856	91,735,856
2033-34	55,080,000	36,652,895	91,732,895
2034-35	57,630,000	34,105,805	91,735,805
2035-36	60,300,000	31,428,130	91,728,130
2036-37	63,120,000	28,613,622	91,733,622
2037-38	66,070,000	25,656,130	91,726,130
2038-39	69,175,000	22,552,037	91,727,037
2039-40	72,435,000	19,293,715	91,728,715
2040-41	75,705,000	16,024,188	91,729,188
2041-42	79,135,000	12,598,085	91,733,085
2042-43	82,730,000	8,999,132	91,729,132
2043-44	86,670,000	5,063,003	91,733,003
2044-45	18,715,000	935,750	19,650,750
	\$1,454,645,000	\$759,894,264	\$2,214,539,264

The City entered into a loan agreement with the Water Infrastructure Finance Authority of Arizona (“WIFA”) to finance certain improvements to the water distribution system and to install automated meters in certain areas of the City. WIFA loaned the City funds derived in whole or in part from the United States Environmental Protection Agency pursuant to the federal American Recovery and Reinvestment Act of 2009 (the “*Recovery Act*”). The City made a junior lien pledge of the net operating revenues of the water system for the payment of principal and interest on the loan. Amounts due on the loan pursuant to the loan agreement are as follows:

**City of Phoenix
Junior Lien Water System Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Amount Outstanding As of 1-1-24</u>
04-12-11	\$2,093,435	Water System Improvements	7-1-16/24	2.97%	\$ 239,218
09-14-11	1,496,737	Water System Improvements	7-1-24/29	2.97	1,496,737
Total Junior Lien Water System Revenue Bonded Debt					<u>\$1,735,955</u>

**City of Phoenix
Schedule of Annual Debt Service Requirements
Junior Lien Water System Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 269,906	\$ 51,523	\$ 321,429
2024-25	277,917	43,512	321,429
2025-26	286,166	35,264	321,430
2026-27	294,659	26,770	321,429
2027-28	303,404	18,025	321,429
2028-29	303,903	9,020	312,923
	<u>\$1,735,955</u>	<u>\$184,114</u>	<u>\$1,920,069</u>

The City entered into a Revolving Credit Agreement dated April 28, 2022 (the “*Water Revolving Credit Agreement*”) with JPMorgan Chase Bank, National Association (the “*Water Credit Agreement Provider*”) for a three-year loan period ending on April 25, 2025, during which the City may borrow, repay and re-borrow amounts, but not exceeding \$200,000,000 outstanding in the aggregate at any one time (each a “*Loan*”). Loans made under the Water Revolving Credit Agreement (such loans, together with any obligations on a parity therewith, the “*Junior Subordinate Lien Obligations*”) are payable from Water System Designated Revenues pledged to the City of Phoenix Civic Improvement Corporation Junior Lien Water System Revenue Bonds (“*Junior Lien Obligations*”) but are junior and subordinate to the Junior Lien Obligations. If any loans under the Water Revolving Credit Agreement are outstanding on April 25, 2025, the City can, subject to certain conditions, convert the borrowing to a three-year term loan payable in twelve equal quarterly principal installments ending on April 25, 2028.

**City of Phoenix
Junior Subordinate Lien
Water Revolving Loan Outstanding**

<u>Issue Date</u>	<u>Loan Amount</u>	<u>Purpose</u>	<u>As of 1-1-24</u>
04-28-2022	\$200,000,000	Water System Improvements	\$200,000,000

Upon an event of default under the Water Revolving Credit Agreement, JPMorgan Chase Bank, National Association may declare all amounts due (collectively, “*Payment Obligations*”) immediately due and payable. Events of default include, but are not limited to, failure to pay amounts to the Water Credit Agreement Provider by the applicable grace period, failure to perform certain covenants such as issuance of obligations in violation of additional bonds test, sale of the City Water System property in violation of applicable covenants, acceleration of other obligations payable from Water System revenues on any lien in an amount of at least \$5,000,000, certain litigation, bankruptcy and insolvency events related to the Water System and certain downgrades of Junior Lien Obligations. If Payment Obligations were to be accelerated, Water System Revenues would continue to be transferred to the extent available from the Revenue Fund to the Junior Lien Bond Fund on a monthly basis prior to payment of Payment Obligations.

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for the purpose of acquiring and constructing additional wastewater treatment facilities at the 23rd Avenue Wastewater Treatment Plant and wastewater system improvements at various locations in the City. The City of Phoenix Civic Improvement Corporation issued bonds for acquiring and constructing additional facilities and various other improvements and the City made a senior lien pledge of net wastewater system operating revenues for the payment of principal and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

**City of Phoenix Civic Improvement Corporation
Senior Lien Wastewater System Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
06-19-18	\$84,295,000	Wastewater System Refunding	7-1-19/24	5.00%	\$19,845,000
Total Senior Lien Wastewater System Revenue Bonded Debt					<u>\$19,845,000</u>

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Senior Lien Wastewater System Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	<u>\$19,845,000</u>	<u>\$992,250</u>	<u>\$20,837,250</u>
	<u>\$19,845,000</u>	<u>\$992,250</u>	<u>\$20,837,250</u>

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for improvements to the City’s wastewater system. The City of Phoenix Civic Improvement Corporation issued bonds for odor control facilities, process improvements and capacity expansions of the 91st Avenue Wastewater Treatment Plant (“WWTP”) laboratory building improvements at the 23rd Avenue WWTP, purchase of land and construction of water reclamation facilities in the northern service area, new sewers and lift stations in growth areas and rehabilitation and replacement of sewers throughout the wastewater system. The City made a junior lien pledge of net operating revenues of the wastewater system for the payment of principal of and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

**City of Phoenix Civic Improvement Corporation
Junior Lien Wastewater System Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-24</u>
12-22-11	\$118,290,000	Wastewater System Refunding	7-1-14/24	4.72%	\$ 11,230,000
04-15-14	127,810,000	Wastewater System Refunding	7-1-15/29	4.84	64,170,000
11-16-16	225,325,000	Wastewater System Refunding	7-1-17/35	5.00	168,750,000
06-19-18	133,270,000	Wastewater System Revenue	7-1-25/43	4.64	133,270,000
11-15-23	381,620,000	Wastewater System Revenue	7-1-28/47	5.10	381,620,000
Total Junior Lien Wastewater System Revenue Bonded Debt					\$759,040,000

**City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Junior Lien Wastewater System Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 30,955,000	\$ 30,640,693	\$ 61,595,693
2024-25	25,155,000	36,309,125	61,464,125
2025-26	26,470,000	35,051,375	61,521,375
2026-27	27,850,000	33,727,875	61,577,875
2027-28	40,840,000	32,335,375	73,175,375
2028-29	42,940,000	30,293,375	73,233,375
2029-30	32,515,000	28,146,375	60,661,375
2030-31	34,210,000	26,520,625	60,730,625
2031-32	35,995,000	24,810,125	60,805,125
2032-33	37,875,000	23,010,375	60,885,375
2033-34	39,855,000	21,116,625	60,971,625
2034-35	41,935,000	19,123,875	61,058,875
2035-36	24,540,000	17,027,125	41,567,125
2036-37	25,770,000	15,800,125	41,570,125
2037-38	27,055,000	14,511,625	41,566,625
2038-39	28,410,000	13,158,875	41,568,875
2039-40	29,745,000	11,825,275	41,570,275
2040-41	31,105,000	10,463,625	41,568,625
2041-42	32,660,000	8,908,375	41,568,375
2042-43	34,290,000	7,275,375	41,565,375
2043-44	25,165,000	5,715,675	30,880,675
2044-45	26,485,000	4,394,513	30,879,513
2045-46	27,880,000	3,004,050	30,884,050
2046-47	29,340,000	1,540,350	30,880,350
	\$759,040,000	\$454,710,806	\$1,213,750,806

The City entered into loan agreements with the Water Infrastructure Finance Authority of Arizona (“WIFA”) to finance the replacement of the Broadway Road Interceptor, rehabilitate approximately 41,000 linear feet of small diameter sewer and construct relief sewers in the southwest portion of the City. WIFA loaned funds derived in whole or in part from the United States Environmental Protection Agency pursuant to the federal American Recovery and Reinvestment Act of 2009 (the “*Recovery Act*”). The City made a junior lien pledge of the net operating revenues of the wastewater system for the payment of principal and interest on the loans. Amounts due on the loans pursuant to the loan agreements are as follows:

**City of Phoenix
Junior Lien Wastewater System Revenue Bonded Debt Outstanding**

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Amount Outstanding As of 1-1-24</u>
08-03-10	\$6,286,996	Wastewater System Improvements	7-1-18/26	2.97%	\$1,942,722
06-01-11	3,909,270	Wastewater System Improvements	7-1-26/29	2.97	3,909,270
Total Junior Lien Wastewater System Revenue Bonded Debt					<u>\$5,851,992</u>

**City of Phoenix
Schedule of Annual Debt Service Requirements
Junior Lien Wastewater System Revenue Bonded Debt Outstanding**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 913,744	\$173,687	\$1,087,431
2024-25	940,864	146,567	1,087,431
2025-26	968,790	118,642	1,087,432
2026-27	997,543	89,889	1,087,432
2027-28	1,027,150	60,282	1,087,432
2028-29	1,003,901	29,796	1,033,697
	<u>\$5,851,992</u>	<u>\$618,863</u>	<u>\$6,470,855</u>

The City entered into a Revolving Credit Agreement dated April 28, 2022 (the “*Wastewater Revolving Credit Agreement*”) with JPMorgan Chase Bank, National Association (the “*Wastewater Credit Agreement Provider*”) for a three-year loan period ending on April 25, 2025, during which the City may borrow, repay and re-borrow amounts, but not exceeding \$200,000,000 outstanding in the aggregate at any one time (each a “*Loan*”). The initial Loan was prepaid in full on November 28, 2023 from proceeds of the Junior Lien Wastewater System Revenue Bonds, Series 2023. Loans made under the Wastewater Revolving Credit Agreement (such loans, together with any obligations on a parity therewith, the “*Junior Subordinate Lien Obligations*”) are payable from Wastewater System Designated Revenues pledged to the City of Phoenix Civic Improvement Corporation Junior Lien System Revenue Bonds (“*Junior Lien Obligations*”) but are junior and subordinate to the Junior Lien Obligations. If any loans under the Wastewater Revolving Credit Agreement are outstanding on April 25, 2025, the City can, subject to certain conditions, convert the borrowing to a three-year term loan payable in twelve equal quarterly principal installments ending on April 25, 2028.

**City of Phoenix
Junior Subordinate Lien
Wastewater Revolving Loan Outstanding**

<u>Issue Date</u>	<u>Loan Amount</u>	<u>Purpose</u>	<u>As of 1-1-24</u>
04-28-2022	\$200,000,000	Wastewater System Improvements	\$ —

As of January 1, 2024, there is no Wastewater Revolving Loan outstanding.

Upon an event of default under the Wastewater Revolving Credit Agreement, the Wastewater Credit Agreement Provider may declare all amounts due (collectively, “*Payment Obligations*”) immediately due and payable. Events of default include, but are not limited to, failure to pay amounts to the Wastewater Credit Agreement Provider by the applicable grace period, failure to perform certain covenants such as issuance of obligations in violation of additional bonds test, sale of the City Wastewater System property in violation of applicable covenants, acceleration of other obligations payable from Wastewater System revenues on any lien in an amount of at least \$5,000,000, certain litigation, bankruptcy and insolvency events related to the Wastewater System and certain downgrades of Junior Lien Obligations. If Payment Obligations were to be accelerated, Designated Revenues would continue to be transferred to the extent available from the Revenue Fund to the Junior Lien Bond Fund on a monthly basis prior to payment of Payment Obligations.

SHORT-TERM DEBT

Other than the normally occurring accounts payable, accrued payroll and other related expenses, which have current revenues available for their payment, the City has a short-term Transportation Excise Tax Revolving Loan, a Water Revolving Loan, and a Wastewater Revolving Loan. For details on the Transportation Excise Tax Revolving Loan see page B-19, for the Water Revolving Loan see page B-28, and for Wastewater Revolving Loan see page B-32.

CONTRACTUAL COMMITMENTS

The City provides public transit service through contracts with TransDev Transportation Inc., MV Transportation, First Transit Inc., Regional Public Transportation Authority and Valley Metro Rail Inc. (“Metro”). Metro began providing dedicated light rail transit service on December 27, 2008. The actual annual costs for all contracts through June 30, 2023 were \$196,978,426, of which 20% was reimbursed by other local governmental entities that have contracted for service. The estimated liability for all contracts for 2023-24 is \$243,985,435, of which approximately 27.6% is to be reimbursed by other local governmental entities that have contracted for service.

The City annually applies for a Federal Transit Formula Grant from the Department of Transportation, Federal Transit Administration FTA. The grant provides from 80% to 94.3% federal funding for capital projects in the approved program of projects. The FTA requires local funds to match the awarded grants. The City has been the recipient of FTA grants since 1975.

From 1981-82 to February 2010, the City received State of Arizona aid for transportation projects under the provisions of the Local Transportation Assistance Fund (“LTAF”) funded from a portion of the State lottery receipts. Continuation of the State lottery through July 2012 was approved by the voters in November 2002.

In addition, on August 31, 1998, then-Governor Jane Hull signed into law a transit funding bill LTAF II which provided communities in Arizona additional transportation funds. Initially, LTAF II funds could be used for any transportation purpose in communities outside Maricopa County, as well as communities within Maricopa County with populations less than 50,000. In 2000, additional legislation limited the use of LTAF II funds to public transportation only. Prior to 2003, the Vehicle License Tax (“VLT”) and the State General Fund were the primary contributors to the LTAF II fund. From 2003 to 2008, the Power Ball lottery earnings were the single contributor to the LTAF II fund. Beginning in 2009, the State combined the State lottery revenues and the Power Ball lottery revenues into one fund that contributed to both the LTAF and the LTAF II funds. The overall fund must have exceeded \$31 million annually in order to distribute funding, and distributions were capped at \$9 million for LTAF II and \$23 million for LTAF for any fiscal year.

The State aid from LTAF and LTAF II, along with the City’s general revenues, the City’s dedicated transit sales tax revenues and the funding from the County’s dedicated transit sales tax revenues, were the sources of required local funds to match awarded FTA grants. On March 11, 2010, then-Governor Jan Brewer signed a State budget package that permanently eliminated funding to the LTAF and the LTAF II as well as any further distributions to cities and towns. On September 2, 2011, a Federal judge issued a Court Order reinstating LTAF II funding in Maricopa County. The State aid from LTAF II, the City’s general revenues, the City’s dedicated transit sales tax revenues and the funding from the County’s dedicated transit sales tax revenues are now the sources of required local funds to match awarded FTA grants.

On November 2, 2004 Maricopa County voters approved Proposition 400, which basically extended the County’s one-half percent sales tax for transportation funding for an additional 20 years. The countywide one-half percent sales tax will provide funding for freeways, streets, bus transit, rural transit, dial-a-ride and light rail. Combined with projected federal matching funds, the tax is expected to provide \$6.2 billion for transit improvements over the life of the tax.

2023-28 CAPITAL IMPROVEMENT PROGRAM SUMMARY

The City Charter requires a Capital Improvement Program (“*CIP*”) be prepared in conjunction with the annual budget. The CIP is a multi-year plan for capital expenditures needed to replace and expand public infrastructure. The program is updated annually to reflect the latest priorities, cost estimates, and funding sources. The first year of the multi-year plan is appropriated as the annual capital budget.

Formal City Council adoption of the Capital Improvement Program indicates the City’s commitment to the five-year plan, but does not in itself authorize expenditures. The necessary funding mechanisms must be adopted each year to pay for the improvements. The City Council authorized two sets of appropriations for the 2023-24 capital budget, which is the first year of the CIP: (1) authorization for the 2023-24 capital projects financed with bonds and bond-related funds; and (2) authorization for all 2023-24 pay-as-you-go projects financed with operating funds.

The 2023-28 CIP, which is summarized on pages B-35 and B-36, totals \$10.019 billion, and will be funded primarily with operating funds, Federal aid and other long-term financings. The CIP was adopted by the City Council on June 14, 2023.

**Summary of 2023-28 Capital Improvement Program
By Program
(in thousands)**

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5-Year Total</u>
Arts and Cultural Facilities	\$ 902	\$ —	\$ —	\$ —	\$ —	\$ 902
Aviation	1,192,245	239,550	196,058	132,363	202,352	1,962,568
Economic Development	18,088	8,564	7,555	7,314	6,980	48,501
Environmental Programs	262	250	250	250	250	1,262
Facilities Management	53,895	28,469	18,655	16,975	16,974	134,968
Finance	1,031	—	—	—	—	1,031
Fire Protection	52,714	1,880	—	—	—	54,594
Historic Preservation & Planning	26,563	—	—	—	—	26,563
Housing	122,276	18,875	13,650	8,150	9,850	172,801
Human Services	7,763	—	—	—	—	7,763
Information Technology	52,360	25,246	25,245	25,245	25,243	153,339
Libraries	9,229	1,550	1,265	955	955	13,954
Municipal Court	7,000	—	—	—	—	7,000
Neighborhood Services	10,888	2,000	—	—	—	12,888
Non-Departmental Capital	661,407	103,325	103,823	104,321	104,820	1,077,696
Parks, Recreation & Mountain Preserves	156,596	44,250	44,031	54,642	51,152	350,671
Phoenix Convention Center	45,697	12,168	10,441	4,440	6,486	79,232
Police Protection	17,759	—	8,500	14,000	5,000	45,259
Public Art Program	9,529	6,493	3,070	811	—	19,903
Public Transit	516,207	315,919	139,708	269,147	134,900	1,375,881
Regional Wireless Cooperative	6,001	6,001	6,001	6,001	6,001	30,005
Solid Waste Disposal	38,135	8,618	19,280	16,413	4,636	87,082
Street Transportation & Drainage	386,637	173,501	208,120	157,270	163,511	1,089,039
Wastewater	385,029	336,130	222,928	373,664	225,803	1,543,554
Water	606,925	299,468	292,578	302,018	221,358	1,722,347
Total CIP Costs	<u>\$4,385,138</u>	<u>\$1,632,257</u>	<u>\$1,321,158</u>	<u>\$1,493,979</u>	<u>\$1,186,271</u>	<u>\$10,018,803</u>

**Summary of 2023-28 Capital Improvement Program
By Sources of Funds
(in thousands)**

<u>Sources of Funds</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5-Year Total</u>
Operating Funds:						
General	\$ 114,217	\$ 45,510	\$ 45,404	\$ 45,550	\$ 44,822	\$ 295,503
General - Library	2,115	1,300	1,265	955	955	6,590
General - Parks	5,600	—	—	—	—	5,600
Arizona Highway User Revenue	114,864	63,335	93,339	79,931	86,671	438,140
Capital Construction	24,792	7,061	7,061	7,044	7,044	53,002
Community Reinvestment ...	7,924	4,665	3,656	3,415	3,415	23,075
Development Services	29,166	140	140	140	140	29,726
Golf	1,440	—	—	—	—	1,440
Grants	255,622	87,416	67,879	101,214	73,818	585,949
Other Restricted Funds	17,059	5,181	3,049	3,049	2,715	31,053
Parks and Preserves	120,293	44,318	44,031	54,644	51,150	314,436
Regional Transit	17,839	4,911	4,928	7,075	7,093	41,846
Sports Facilities	2,125	5,651	5,651	4,000	2,100	19,527
Transportation 2050	454,661	229,505	107,963	180,489	64,036	1,036,654
Enterprise Funds:						
Aviation	237,893	42,632	40,937	70,829	187,167	579,458
Convention Center	10,617	8,583	6,962	2,464	6,290	34,916
Solid Waste	17,631	8,565	19,238	17,916	7,250	70,600
Wastewater	145,257	92,025	99,220	87,091	90,178	513,771
Water	170,107	133,730	82,277	88,767	115,615	590,496
Total Operating Funds	<u>\$1,749,222</u>	<u>\$ 784,528</u>	<u>\$ 633,000</u>	<u>\$ 754,573</u>	<u>\$ 750,459</u>	<u>\$ 4,671,782</u>
Bond Funds:						
Property Tax Supported:						
2001 General Obligation	\$ 902	\$ —	\$ —	\$ —	\$ —	\$ 902
2006 General Obligation	600	—	—	—	—	600
Nonprofit Corporation Bonds:						
Aviation	394,260	82,212	58,623	2,998	—	538,093
Other	84,608	11,053	—	—	—	95,661
Solid Waste	11,854	120	—	—	—	11,974
Transportation 2050	—	55,499	14,468	19,722	31,306	120,995
Wastewater	116,500	208,730	94,898	215,960	115,715	751,803
Water	247,782	143,631	209,220	207,141	98,364	906,138
Total Bond Funds	<u>\$ 856,507</u>	<u>\$ 501,245</u>	<u>\$ 377,209</u>	<u>\$ 445,821</u>	<u>\$ 245,385</u>	<u>\$ 2,426,167</u>
Other Capital Sources:						
Capital Grants	817,368	87,926	90,187	59,996	16,475	1,071,952
Capital Reserves	9,487	20	8,520	14,020	5,000	37,047
Customer Facility Charges ..	20,558	20,562	20,560	20,562	20,558	102,800
Federal, State and Other						
Participation	557,321	74,438	84,551	59,201	60,069	835,581
Impact Fees	224,951	4,330	200	—	—	229,481
Other Capital	835	—	—	—	—	835
Other Cities' Share in Joint						
Ventures	42,931	69,168	39,443	82,319	31,108	264,969
Passenger Facility Charge ...	104,407	89,563	67,047	57,041	56,765	374,825
Solid Waste Remediation ...	1,551	477	441	446	451	3,366
Total Other Capital Sources	<u>1,779,409</u>	<u>346,485</u>	<u>310,949</u>	<u>293,585</u>	<u>190,427</u>	<u>2,920,855</u>
TOTAL CIP SOURCES	<u><u>\$4,385,138</u></u>	<u><u>\$1,632,257</u></u>	<u><u>\$1,321,158</u></u>	<u><u>\$1,493,979</u></u>	<u><u>\$1,186,271</u></u>	<u><u>\$10,018,803</u></u>

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-38 through B-49 present the revenues, expenditures and encumbrances, fund balances and transfers of all City operating funds on a non-GAAP budgetary basis. The schedules reflect actual results for fiscal years 2020-21 through 2022-23 and adopted budget amounts for fiscal year 2023-24. The schedules are presented on a budgetary basis to provide a meaningful comparison of actual results with the City's budget for all City operating funds.

**COMBINED SCHEDULES OF REVENUES, EXPENDITURES AND ENCUMBRANCES,
FUND BALANCES AND TRANSFERS FOR ALL OPERATING FUNDS**

**City of Phoenix, Arizona
Schedules of Revenues, Expenditures and Encumbrances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)**

REVENUES	Actual			Adopted Budget
	2021	2022	2023	2024
City Taxes				
Sales, Use and Franchise	\$ 1,108,384	\$ 1,327,822	\$ 1,442,366	\$ 1,433,008
Property-Primary-Operating	182,043	192,215	201,050	206,935
Property-Secondary-Debt Service	115,069	119,973	126,148	131,092
Other City Taxes	5,126	5,060	5,267	2,126
Other				
Licenses and Permits	16,926	20,746	16,922	20,721
Charges for Services	185,308	233,854	256,239	209,916
Fines and Forfeitures	8,957	7,877	7,674	7,972
Parks, Recreation and Library	3,522	5,008	7,054	16,941
Dwelling Rentals	3,763	3,581	3,038	2,607
Interest	10,379	7,687	42,910	24,023
Regional Transit	20,727	7,249	42,177	82,475
Other	45,059	33,038	46,231	84,961
State-Shared Revenues				
Highway User Tax	146,188	155,465	152,748	157,955
State Sales Tax	204,104	240,387	254,007	248,655
State Income Tax	240,237	213,294	308,183	435,656
Vehicle License Tax	79,769	78,719	80,593	85,627
Local Transportation Assistance	4,220	4,711	4,320	—
Grant and Federal Revenues				
Human Resources Federal Trust	72,046	133,406	101,684	69,662
Federal Transit Administration	137,512	168,794	37,870	136,908
Community Development	17,124	17,004	32,273	58,579
Public Housing Grants	95,432	94,475	110,327	192,212
Other Grants and Participation	283,477	165,507	167,041	328,013
Federal Administrative Cost Recovery	500	82	45	—
Enterprise Funds				
Aviation	304,431	505,112	500,285	528,509
Phoenix Convention Center	3,592	21,361	30,796	26,835
Water System and Val Vista	492,162	492,275	498,458	627,172
Wastewater and SROG	254,743	266,859	269,240	289,187
Solid Waste	186,310	199,650	203,589	197,194
Total Revenues	4,227,110	4,721,211	4,948,535	5,604,941
RECOVERIES				
Prior Year Expenditures	31,851	51,743	36,710	11,447
TRANSFERS (TO) FROM OTHER FUNDS				
Capital Projects Funds	49,092	86,304	21,800	3,313
Worker's Compensation Trust	(8,250)	—	—	—
General Obligation Reserve Fund	3,843	4,251	74,587	—
Infrastructure Repayment Agreement Trust	(3,621)	(4,003)	(2,917)	—
Community Facilities Districts	—	(50)	—	—
MERP Trust Fund	(8,250)	—	—	—
SIR Trust Fund	(8,500)	—	—	—
Aerial Fleet Capital Reserve Fund	(5,000)	(7,000)	(7,000)	—
City Improvement Debt Service	(17)	74	—	—
Trust and Gift Funds	189	(16,500)	—	(16,737)
Deposit to PSPRS Pension Stabilization Reserve	(1,000)	—	(1,000)	—
FUND BALANCES, BEGINNING OF YEAR	1,507,695	1,728,717	2,177,716	2,431,259
Total Resources Available for Expenditures	\$ 5,785,142	\$ 6,564,747	\$ 7,248,431	\$ 8,034,223

City of Phoenix, Arizona
Schedules of Revenues, Expenditures and Encumbrances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Adopted Budget
	2021	2022	2023	2024
EXPENDITURES AND ENCUMBRANCES				
Operating Expenditures				
General Government	\$ 190,746	\$ 207,381	\$ 221,434	\$ 239,269
Criminal Justice	38,277	41,977	44,351	71,715
Public Safety	1,122,127	1,228,308	1,351,572	1,543,666
Transportation				
Streets and Traffic	97,644	106,220	114,418	124,336
Transit	216,727	236,076	268,118	334,840
Community and Economic Development				
Planning and Development Services	67,149	73,355	82,045	96,602
Neighborhood Services and Housing	168,119	143,175	163,814	289,999
Other Economic Development	15,312	15,765	18,376	21,069
Community Enrichment				
Parks and Recreation	107,948	119,186	129,947	150,286
Libraries	38,838	41,683	45,957	52,313
Other Community Enrichment	7,832	8,810	11,672	6,618
Human Services	158,560	185,690	183,386	172,475
Environmental Services	28,673	51,300	34,826	42,144
Contingencies	—	—	—	115,747
Coronavirus Relief Fund	—	—	—	48,000
Total Governmental Expenditures	<u>2,257,952</u>	<u>2,458,926</u>	<u>2,669,916</u>	<u>3,309,079</u>
Enterprise Funds				
Aviation	342,138	348,986	301,735	363,769
Phoenix Convention Center	44,751	43,366	48,508	69,024
Water System and Val Vista	223,350	233,934	263,824	354,672
Wastewater and SROG	107,714	111,153	124,233	150,239
Solid Waste	152,622	158,151	159,401	174,822
Total Operating Expenditures	<u>3,128,527</u>	<u>3,354,516</u>	<u>3,567,617</u>	<u>4,421,605</u>
Capital Improvement Program				
Governmental Funds				
General Government	5,182	14,436	8,752	81,485
Public Safety	4,147	1,950	1,951	20,044
Transportation	280,880	277,279	182,155	738,928
Public Works	14,028	11,899	24,158	32,869
Community and Economic Development	28,227	13,381	66,099	171,814
Community Enrichment	31,682	40,663	38,827	138,092
Enterprise Funds				
Aviation	26,881	18,398	38,593	232,286
Phoenix Convention Center	5,744	9,281	1,008	8,927
Water System and Val Vista	61,862	96,389	115,561	172,262
Wastewater and SROG	32,881	66,084	44,184	138,142
Solid Waste	7,726	13,877	14,644	14,373
Total Capital Improvement Program	<u>\$ 499,240</u>	<u>\$ 563,637</u>	<u>\$ 535,932</u>	<u>\$ 1,749,222</u>

City of Phoenix, Arizona
Schedules of Revenues, Expenditures and Encumbrances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Adopted Budget
	2021	2022	2023	2024
EXPENDITURES AND ENCUMBRANCES (Continued)				
Debt Service				
General Obligation Bonds				
Various Purpose				
Principal	\$ 84,285	\$ 147,845	\$ 167,495	\$ 102,280
Interest	44,561	41,362	37,913	31,711
Arbitrage Rebate and Other	1,357	1,293	1,451	900
Solid Waste				
Principal	310	930	600	—
Interest	32	16	—	—
Sanitary Sewer				
Principal	375	—	—	—
Interest	15	—	—	—
Lease-Purchase				
Airport				
Principal	6,020	—	442	44,657
Interest	2,448	3,035	6,565	58,665
Other	—	—	—	1,030
Solid Waste				
Principal	—	—	—	6,655
Interest	—	—	—	2,325
Other	—	—	—	601
Convention Center				
Principal	—	—	—	4,305
Interest	—	—	—	13,171
Other	—	—	—	5
Water				
Principal	64,972	58,020	71,487	75,100
Interest	68,851	73,733	76,388	71,551
Other	—	—	—	887
Sanitary Sewer				
Principal	44,827	47,007	49,277	51,714
Interest	26,547	24,362	27,468	33,657
Other	—	—	—	1,024
Lease-Purchase Excise Tax Bonds	84,058	71,275	103,248	78,972
Total Debt Service Expenditures	<u>428,658</u>	<u>468,878</u>	<u>542,334</u>	<u>579,210</u>
Total Expenditures	<u>4,056,425</u>	<u>4,387,031</u>	<u>4,645,883</u>	<u>6,750,037</u>
FUND BALANCES, END OF YEAR	<u>\$1,728,717</u>	<u>\$2,177,716</u>	<u>\$2,602,548</u>	<u>\$1,284,186</u>

City of Phoenix, Arizona
Fund Balances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)

	Actual			Adopted Budget
	2021	2022	2023	2024
GENERAL FUND	\$ 283,000	\$ 224,446	\$ 222,931	\$ —
SPECIAL REVENUE FUNDS				
Highway User Revenue	48,043	69,581	76,491	2,760
Parks and Preserves	86,295	99,459	116,985	43,637
Golf Courses	1,441	3,025	4,945	4,549
Planning & Development	52,169	64,623	68,650	23,309
Community Reinvestment	18,103	20,134	22,296	17,291
Grants	3,658	3,288	3,676	30,712
Transit (1)	(9,162)	(12,338)	(4,892)	(521)
Transportation Tax 2050	195,255	328,239	433,887	59,125
Public Housing	34,048	43,462	43,138	—
Court Awards (1)	(2,914)	(66)	(104)	20
Sports Facilities	56,765	68,708	86,799	90,128
Capital Construction	24,408	25,176	27,988	7,195
Regional Wireless Cooperative	2,154	2,501	2,394	2,557
Other Restricted	98,833	139,116	207,720	137,547
Neighborhood Protection	26,609	27,920	25,428	17,867
Public Safety Enhancement	22,158	21,148	25,924	12,730
Public Safety Expansion	42,758	43,522	46,335	23,860
DEBT SERVICE FUNDS				
Secondary Property Tax	100	100	100	100
ENTERPRISE FUNDS				
Aviation	366,290	509,729	654,306	485,558
Phoenix Convention Center	43,124	75,795	128,949	127,708
Water System and Val Vista	146,643	167,395	124,765	72,280
Wastewater and SROG	158,651	213,040	242,631	114,369
Solid Waste	30,288	39,713	41,206	11,405
Total Operating Funds	<u>\$ 1,728,717</u>	<u>\$ 2,177,716</u>	<u>\$ 2,602,548</u>	<u>\$ 1,284,186</u>

(1) The negative fund balance is due to the timing reimbursements for project costs.

The fund balances shown above are net of interfund transfers, which include transfers to the General Fund of staff and administrative costs from the Aviation, Convention Center, Water, Wastewater, and Solid Waste Enterprise Funds, as well as in-lieu taxes from the Water, Wastewater, Solid Waste Enterprise Funds, and the Public Housing Special Revenue Fund. A schedule detailing all operating transfers is shown on the following pages.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Adopted
	2021	2022	2023	2024
GENERAL FUND				
<i>Transfers From</i>				
Excise Tax	\$ 973,468	\$ 1,018,277	\$ 1,205,151	\$ 1,338,074
Library	—	—	—	3,547
Development Services	4,440	5,261	6,528	6,528
Public Housing	171	153	145	—
Neighborhood Protection	561	519	726	726
Sports Facilities	227	103	63	63
Public Safety Enhancement	416	419	535	535
Public Safety Expansion	1,037	1,148	1,639	1,639
Other Restricted	503	287	382	1,087
Transportation 2050	1,063	1,048	1,228	1,228
Community Reinvestment	2,064	2,065	2,066	2,064
Aviation	10,117	10,233	13,634	13,634
Phoenix Convention Center	3,044	2,721	3,144	3,144
Water System and Val Vista	26,381	27,302	29,993	30,805
Wastewater and SROG	16,510	17,147	18,807	19,607
Solid Waste	8,208	10,167	11,930	11,954
Grants	—	—	—	200
Cable Communications	—	—	—	3,206
Total	1,048,210	1,096,850	1,295,971	1,438,041
<i>Transfers To</i>				
Library	—	—	—	8,972
Parks	—	—	—	114,407
Highway User Revenue	—	—	3,000	—
Capital Projects Fund	—	3,731	11,009	14,009
City Improvement Debt Service	112	39	118	—
Public Safety Expansion	—	—	10,061	—
Public Safety Enhancement	—	—	1,826	—
Worker's Compensation Trust	8,250	—	—	—
PSPRS Pension Reserve Trust Fund	1,000	—	1,000	—
MERP Trust Fund	8,250	—	—	—
SIR Trust Fund	8,500	—	—	—
Aerial Fleet Capital Reserve Fund	5,000	7,000	7,000	—
Trust and Gift Funds	—	16,500	—	14,095
Infrastructure Repayment Agreement Trust	1,275	1,369	972	—
Other Restricted	18,184	59,798	85,267	25,011
Aviation	—	189	209	189
Total	50,571	88,626	120,462	176,683
EXCISE TAX				
<i>Transfers To</i>				
General Fund	973,468	1,018,277	1,205,151	1,338,074
Parks and Preserves	40,940	49,173	53,148	53,420
Transportation 2050	279,348	335,609	362,473	364,773
Sports Facilities	13,990	27,040	32,000	28,488
Capital Construction	7,030	6,210	6,292	5,623
Other Restricted	8,696	18,618	21,228	20,708
Neighborhood Protection	40,940	49,173	53,146	53,422
Public Safety Enhancement	24,474	26,537	30,097	29,845
Public Safety Expansion	81,881	98,347	106,294	106,843
City Improvement Debt Service	30,321	77,755	45,229	48,537
Phoenix Convention Center	54,331	77,786	92,516	86,163
Total	\$ 1,555,419	\$ 1,784,525	\$ 2,007,574	\$ 2,135,896

	Actual			Adopted
	2021	2022	2023	Budget
LIBRARY				
<i>Transfers From</i>				
General Fund	\$ —	\$ —	\$ —	\$ 8,972
<i>Transfers To</i>				
General Fund	—	—	—	3,547
City Improvement Debt Service	—	—	—	129
Total	—	—	—	3,676
PARKS				
<i>Transfers From</i>				
General Fund	—	—	—	114,407
CABLE COMMUNICATIONS				
<i>Transfers To</i>				
General Fund	—	—	—	3,206
HIGHWAY USER REVENUE				
<i>Transfers From</i>				
General Fund	—	—	3,000	—
Capital Projects Fund	—	3,741	4,969	—
Total	—	3,741	7,969	—
<i>Transfers To</i>				
Capital Projects Fund	7	—	—	—
City Improvement Debt Service	3,793	161	3,721	4,475
Streets and Highways Debt Service	—	10	—	—
Total	3,800	171	3,721	4,475
PARKS AND PRESERVES				
<i>Transfers From</i>				
Excise Tax	40,940	49,173	53,148	53,420
Community Reinvestment	—	—	156	—
Golf Course	653	—	—	—
Other Restricted	5,670	—	—	—
Total	47,263	49,173	53,304	53,420
<i>Transfers To</i>				
Infrastructure Repayment Agreement Trust	155	173	126	—
Other Restricted	27	7	8	102
Trust and Gift Funds	—	—	—	176
Total	182	180	134	278
GOLF COURSES				
<i>Transfers To</i>				
Parks and Preserves	653	—	—	—
DEVELOPMENT SERVICES				
<i>Transfers To</i>				
General Fund	4,440	5,261	6,528	6,528
FEDERAL TRANSIT GRANTS				
<i>Transfers From</i>				
Transportation 2050	—	—	500	—
TRANSIT - OTHER AGENCY SPECIAL REVENUE FUND				
<i>Transfers From</i>				
Transportation 2050	—	—	7,595	—

	Actual			Adopted Budget
	2021	2022	2023	2024
TRANSPORTATION 2050				
<i>Transfers From</i>				
Excise Tax	\$ 279,351	\$ 335,609	\$ 362,473	\$ 364,773
Transit 2000	3	—	—	—
Capital Projects Fund	—	11,274	—	—
Total	279,354	346,883	362,473	364,773
<i>Transfers To</i>				
General Fund	1,063	1,048	1,228	1,228
Infrastructure Repayment Agreement Trust	1,089	1,212	885	—
City Improvement Debt Service	1,350	1,523	6,085	8,210
Other Restricted	190	—	54	717
Trust and Gift Funds	—	—	—	1,211
Transit 2000	3	50	—	—
Federal Transit Grants	—	—	500	—
Transit - Other Agency Special Revenue Fund	—	—	7,595	—
Total	3,695	3,833	16,347	11,366
COMMUNITY REINVESTMENT				
<i>Transfers To</i>				
General Fund	2,064	2,065	2,066	2,064
Parks and Preserves	—	—	156	—
Total	2,064	2,065	2,222	2,064
PUBLIC HOUSING				
<i>Transfers To</i>				
General Fund	171	153	145	—
City Improvement Debt Service	70	74	73	—
Total	241	227	218	—
FEDERAL TRUST GRANTS				
<i>Transfers From</i>				
Other Restricted	10,225	—	—	—
SPORTS FACILITIES				
<i>Transfers From</i>				
Excise Tax	13,990	27,040	32,000	28,488
City Improvement Debt Service	1,028	1,026	1,026	1,022
Total	15,018	28,066	33,026	29,510
<i>Transfers To</i>				
General Fund	227	103	63	63
City Improvement Debt Service	13,782	15,116	15,563	15,691
Infrastructure Repayment Agreement Trust	16	5	3	—
Trust and Gift Funds	—	—	—	5
Capital Projects/Reserve Fund	622	—	—	—
Total	\$ 14,647	\$ 15,224	\$ 15,629	\$ 15,759

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	<u>Actual</u>			<u>Adopted Budget</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
CAPITAL CONSTRUCTION				
<i>Transfers From</i>				
Excise Tax	\$ 7,030	\$ 6,210	\$ 6,292	\$ 5,623
Capital Projects Fund	30	—	—	—
Total	<u>7,060</u>	<u>6,210</u>	<u>6,292</u>	<u>5,623</u>
OTHER RESTRICTED				
<i>Transfers From</i>				
General Fund	18,184	59,798	85,267	25,011
Parks and Preserves	27	7	8	102
Capital Projects Fund	—	40	—	—
Excise Tax	8,696	18,618	21,228	20,708
Transportation 2050	190	—	54	717
Phoenix Convention Center	128	35	31	465
Public Safety Expansion SRF	58	16	15	205
Public Safety Protection SRF	27	7	8	102
Total	<u>27,310</u>	<u>78,521</u>	<u>106,611</u>	<u>47,310</u>
<i>Transfers To</i>				
General Fund	371	287	382	1,087
Parks and Preserves	5,670	—	—	—
Trust and Gift fund	26	—	—	—
Federal Transit Grants	10,225	—	—	—
Total	<u>16,292</u>	<u>287</u>	<u>382</u>	<u>1,087</u>
NEIGHBORHOOD PROTECTION				
<i>Transfers From</i>				
Excise Tax	40,940	49,173	53,146	53,422
<i>Transfers To</i>				
General Fund	561	519	726	726
Infrastructure Repayment Agreement Trust	155	173	126	—
Other Restricted	27	7	8	102
Trust and Gift Funds	—	—	—	176
Total	<u>743</u>	<u>699</u>	<u>860</u>	<u>1,004</u>
PUBLIC SAFETY ENHANCEMENT				
<i>Transfers From</i>				
General Fund	—	—	1,826	—
Excise Tax	24,474	26,537	30,097	29,845
Total	<u>24,474</u>	<u>26,537</u>	<u>31,923</u>	<u>29,845</u>
<i>Transfers To</i>				
General Fund	416	419	535	535

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	<u>Actual</u>			<u>Adopted</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Budget</u>
<u>2024</u>				
PUBLIC SAFETY EXPANSION				
<i>Transfers From</i>				
General Fund	\$ —	\$ —	\$ 10,061	\$ —
Excise Tax	81,881	98,347	106,294	106,843
Total	81,881	98,347	116,355	106,843
<i>Transfers To</i>				
General Fund	1,037	1,148	1,639	1,639
Infrastructure Repayment Agreement Trust	310	346	253	—
Trust and Gift Funds	—	—	—	348
Other Restricted	58	16	15	205
Total	1,405	1,510	1,907	2,192
CITY IMPROVEMENT DEBT SERVICE				
<i>Transfers From</i>				
General Fund	112	39	118	—
Library	—	—	—	129
Sports Facilities	13,782	15,116	15,563	15,691
Aviation	919	173	963	1,093
Excise Tax	30,321	77,755	45,229	48,537
Transportation 2050	1,350	1,523	6,085	8,210
Public Housing	70	74	73	—
Grants	—	—	—	571
Water	85	100	202	202
Solid Waste	656	176	755	839
Wastewater and SROG	60	70	141	141
Phoenix Convention Center	91	27	96	106
Capital Projects Funds	149	3,817	301	—
Highway User	3,793	161	3,721	4,475
Total	51,388	99,031	73,247	79,994
<i>Transfers To</i>				
Sports Facilities	1,028	1,026	1,026	1,022
SECONDARY PROPERTY TAX				
<i>Transfers From</i>				
Capital Projects Fund	5,306	—	—	—
General Obligation Reserve Fund	3,843	4,251	74,587	—
Total	9,149	4,251	74,587	—
AVIATION				
<i>Transfers From</i>				
General Fund	—	189	209	189
Capital Projects Fund	63,146	12,500	3,465	18,572
Total	63,146	12,689	3,674	18,761
<i>Transfers To</i>				
General Fund	10,117	10,233	13,634	13,634
City Improvement Debt Service	919	173	963	1,093
Total	\$11,036	\$10,406	\$ 14,597	\$ 14,727

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Adopted Budget
	2021	2022	2023	2024
PHOENIX CONVENTION CENTER				
<i>Transfers From</i>				
Excise Tax	\$ 54,331	\$ 77,786	\$ 92,516	\$ 86,163
Capital Projects Fund	—	—	25	—
Total	54,331	77,786	92,541	86,163
<i>Transfers To</i>				
General Fund	3,044	2,721	3,144	3,144
Infrastructure Repayment Agreement Trust	621	725	552	—
City Improvement Debt Service	91	27	96	106
Trust and Gift Funds	—	—	—	679
Other Restricted	128	35	31	465
Total	3,884	3,508	3,823	4,394
WATER SYSTEM AND VAL VISTA				
<i>Transfers From</i>				
Capital Projects Fund	—	14,000	10,934	—
City Improvement Debt Service	66	84	—	—
Total	66	14,084	10,934	—
<i>Transfers To</i>				
General Fund	26,381	27,302	29,993	30,805
Capital Projects Fund	17,591	—	396	—
City Improvement Debt Service	85	100	202	202
Total	44,057	27,402	30,591	31,007
WASTEWATER AND SROG				
<i>Transfers From</i>				
Capital Projects Fund	—	46,000	15,333	—
<i>Transfers To</i>				
General Fund	16,510	17,147	18,807	19,607
City Improvement Debt Service	60	70	141	141
Capital Projects Fund	—	—	477	—
Total	16,570	17,217	19,425	19,748
SOLID WASTE				
<i>Transfers To</i>				
General Fund	8,208	10,167	11,930	11,954
Capital Projects Fund	1,319	1,337	1,345	1,250
City Improvement Debt Service	656	176	755	839
Total	\$ 10,183	\$ 11,680	\$ 14,030	\$ 14,043

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Adopted
	2021	2022	2023	Budget
	2021	2022	2023	2024
WORKER'S COMPENSATION TRUST FUND				
<i>Transfers From</i>				
General Fund	\$ 8,250	\$ —	\$ —	\$ —
CAPITAL PROJECTS/RESERVE FUNDS				
<i>Transfers From</i>				
General Fund	—	3,731	11,009	14,009
Highway User Revenue	7	—	—	—
Sports Facilities	622	—	—	—
Water System and Val Vista	17,591	—	396	—
Wastewater and SROG	—	—	477	—
Solid Waste	1,319	1,337	1,345	1,250
Capital Reserve Fund	—	55	—	—
Total	19,539	5,123	13,227	15,259
<i>Transfers To</i>				
Transportation 2050	—	11,274	—	—
Highway User Revenue	—	3,741	4,969	—
Other Restricted	—	40	—	—
Secondary Property Tax	5,306	—	—	—
City Improvement Debt Service	149	3,817	301	—
Capital Construction	30	—	—	—
Aviation	63,146	12,500	3,465	18,572
Phoenix Convention Center	—	—	25	—
Water System and Val Vista	—	14,000	10,934	—
Wastewater and SROG	—	46,000	15,333	—
Capital Reserve Fund	—	55	—	—
Total	68,631	91,427	35,027	18,572
GENERAL OBLIGATION RESERVE FUND				
<i>Transfers To</i>				
Secondary Property Tax	3,843	4,251	74,587	—
INFRASTRUCTURE REPAYMENT AGREEMENT TRUST				
<i>Transfers From</i>				
General Fund	1,275	1,369	972	—
Parks and Preserves	155	173	126	—
Transportation 2050	1,089	1,212	885	—
Sports Facilities	16	5	3	—
Neighborhood Protection	155	173	126	—
Public Safety Expansion	310	346	253	—
Phoenix Convention Center	621	725	552	—
Total	\$ 3,621	\$ 4,003	\$ 2,917	\$ —

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	<u>Actual</u>			<u>Adopted</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Budget</u>
<u>2024</u>				
PSPRS PENSION STABILIZATION RESERVE				
<i>Transfers From</i>				
General Fund	\$ 1,000	\$ —	\$ 1,000	\$ —
COMMUNITY FACILITIES DISTRICTS				
<i>Transfers From</i>				
Transportation 2050	—	50	—	—
MERP TRUST FUND				
<i>Transfers From</i>				
General Fund	8,250	—	—	—
SIR TRUST FUND				
<i>Transfers From</i>				
General Fund	8,500	—	—	—
AERIAL FLEET CAPITAL RESERVE FUND				
<i>Transfers From</i>				
General Fund	5,000	7,000	7,000	—
DEBT SERVICE FUND				
<i>Transfers From</i>				
General Fund	83	—	—	—
Highway User Revenue	—	10	—	—
Total	83	10	—	—
<i>Transfers To</i>				
Water System and Val Vista	66	84	—	—
TRUST AND GIFT FUNDS				
<i>Transfers From</i>				
General Fund	—	16,500	—	14,095
Sports Facilities	—	—	—	5
Public Safety Expansion	—	—	—	348
Transportation 2050	—	—	—	1,211
Parks and Preserves	—	—	—	176
Neighborhood Protection	—	—	—	176
Secondary Property Tax	—	—	—	47
Phoenix Convention Center	—	—	—	679
Total	—	16,500	—	16,737
<i>Transfers To</i>				
General Fund	189	—	—	—
GRANTS				
<i>Transfers To</i>				
General Fund	—	—	—	200
City Improvement Debt Service	—	—	—	571
Total	—	—	—	771
Total Transfers From	<u>\$ 1,814,055</u>	<u>\$ 2,070,028</u>	<u>\$ 2,369,625</u>	<u>\$ 2,469,080</u>
Total Transfers To	<u>\$ 1,814,055</u>	<u>\$ 2,070,028</u>	<u>\$ 2,369,625</u>	<u>\$ 2,469,080</u>

APPENDIX D

State 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 2023-24 expenditure limit supplied by the Economic Estimates Commission was \$1,883,740,785. The City increased this limit to \$11,623,359,000 to adjust for additional voter-approved modifications, as described below.

The Constitution exempts certain expenditures from the limitation. The principal exemptions for the City of Phoenix are payments for debt service and other long-term obligations, as well as expenditures of federal funds and certain state-shared revenues. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may also be adjusted for the transfer of functions between governmental jurisdictions.

The Constitution provides four processes, all requiring voter approval, to modify the expenditure limitation:

1. A four-year home rule option
2. A permanent adjustment to the 1979-80 base
3. A one-time override for the following fiscal year
4. An accumulation for pay-as-you-go capital expenditures

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The 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 was in effect through 2019-20. In 2018, voters approved a proposition that moved regular City candidate elections from the fall of odd-numbered years to November of even-numbered years. State legislation allows the four-year home rule option to be extended in conjunction with the change of election dates. An additional home rule option was approved on November 3, 2020 that sets the City's annual budget after public meetings and hearings. The limit will be in effect for four fiscal years from 2021-22 through 2024-25 and will allow Phoenix residents to continue to control local expenditures.

On November 3, 1981, Phoenix voters approved four propositions that allow the City to accumulate and expend local revenues for "pay-as-you-go" capital improvements without being subject to the State spending limit. These capital improvement exclusions include annual amounts of up to \$5,000,000 for Aviation, \$6,000,000 for Sanitary Sewers, \$2,000,000 for Streets and \$6,000,000 for Water. These exclusions were approved on a permanent basis and do not require voter reapproval except to raise or lower the annual amounts.

APPENDIX E

Retirement and 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 State of Arizona Public Safety Personnel Retirement System or the Elected Officials’ Retirement Plan.

City of Phoenix Employees’ Retirement System

The City of Phoenix Employees’ Retirement System (“*COPERS*”) is a single-employer defined benefit pension plan established by the Phoenix City Charter. *COPERS* covers all eligible full-time employees of the City, with the exception of elected officials and sworn City police and fire personnel. *COPERS* provides retirement, disability retirement and survivor benefits to its members. 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. Additional information regarding the City’s financial statements, including reporting of the City’s net position and the net pension liability, is available in the City’s Annual Comprehensive Financial Report (“*ACFR*”). The *ACFR* is available at <http://emma.msrb.org> or www.phoenix.gov under Departments-Finance-Financial Information & Reports or by calling the City at (602) 262-7166. The most recent report of the Actuary and the plan’s annual financial reports are available online at <https://phoenix.gov/copers/pension-plan-reports>.

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

	June 30	
	2023	2022
Active Members		
Tier 1	3,769	4,110
Tier 2	521	541
Tier 3	4,117	3,287
Total	8,407	7,938
Deferred Vested Members	1,149	1,109
In Pay Members		
Service Retirees	6,547	6,363
Beneficiaries	1,226	1,195
Disabled Retirees	213	222
Total	7,986	7,780
Total Members	17,542	16,827

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 16-year period. For the fiscal year ended June 30, 2023, the total contribution rate was 34.14% of compensation. Tier 1 employees contributed 5% of their compensation, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder, which amounted to \$193.1 million for the fiscal year.

The City's actuarially determined contribution, actual contribution and covered payroll for the last three fiscal years follows:

**Schedule of Employer Contributions
(in thousands)**

<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Percentage Contributed</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2023	\$179,616	\$193,136	(\$13,520)	108%	\$653,263	29.56%
2022	167,843	178,319	(10,476)	107	595,304	29.95
2021	178,090	357,382	(179,292)	200	580,451	61.57

The actuarially determined recommended pension contribution rate is 27.49% for fiscal year 2023-24 and 25.82% for fiscal year 2024-25.

The following schedule shows the funding progress of the plan for the last three fiscal years. The total pension liability increased \$181,492,000 from 2021 to 2022 and \$160,871,000 from 2022 to 2023.

**Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)**

	<u>Fiscal Year End 2023</u>	<u>Fiscal Year End 2022</u>	<u>Fiscal Year End 2021</u>
<u>Total Pension Liability</u>			
Service cost	\$ 81,561	\$ 79,869	\$ 78,643
Interest on the total pension liability	324,026	311,636	303,102
Differences between expected and actual experience of the total pension liability	28,788	52,647	(4,347)
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(273,504)	(262,660)	(249,713)
Net change in total pension liability	160,871	181,492	127,685
Total pension liability—beginning	4,723,291	4,541,799	4,414,114
Total pension liability—ending	<u>\$4,884,162</u>	<u>\$4,723,291</u>	<u>\$4,541,799</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 193,136	\$ 178,319	\$ 357,382
Employee contributions	47,749	53,350	40,561
Pension plan net investment income (loss)	175,400	(161,785)	610,554
Benefit payments, including refunds of employee contributions	(273,504)	(262,660)	(249,713)
Pension plan administrative expense	(1,373)	(2,564)	(1,930)
Net change in plan fiduciary net position	141,408	(195,340)	756,854
Plan fiduciary net position—beginning	3,242,687	3,438,027	2,681,173
Plan fiduciary net position—ending	<u>\$3,384,095</u>	<u>\$3,242,687</u>	<u>\$3,438,027</u>
Net pension liability	<u>\$1,500,067</u>	<u>\$1,480,604</u>	<u>\$1,103,772</u>
Plan fiduciary net position as a percentage of the total pension liability	69.29%	68.65%	75.70%
Covered payroll	\$ 653,263	\$ 595,304	\$ 580,451
Net pension liability as a percentage of covered payroll	229.63%	248.71%	190.16%

Actuarial assumptions used to determine the total pension liability in the June 30, 2023 valuation were based on the results of the actuarial experience study covering the period from July 1, 2014 through June 30, 2019. Those assumption, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increase Rate	2.80% plus merit component based on service ranging from 4.20% at 1 year of service to 0.0% for members with 15 or more years of service
Cost of Living Adjustment	0.50% through 2024, 1.00% from 2025-2029 and then 1.25% thereafter
Administrative Expenses	Assumed to be equal to the prior year's amount, increased by 2.50%

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 the plan's investments, 7.00%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

City of Phoenix Pension Reform

In January 2011, the Mayor and City Council appointed members of a Pension Reform Task Force (the “Task Force”) to work with management, outside consultants and other stakeholders to review and possibly recommend changes to COPERS. On September 25, 2012, after several revisions, the Task Force presented a final report to the Mayor and City Council, including recommended amendments to the City Charter. At the September 25, 2012 meeting, the Mayor and City Council directed staff to draft proposed revisions to City Charter language for referral to the March 2013 ballot based on the Task Force’s recommendations.

At a special election held on March 12, 2013, voters approved changes to COPERS. The changes affected new employees hired on and after July 1, 2013 and are expected to save the City approximately \$829 million over 25 years. The changes exclude public safety employees and elected officials, each covered under separate pension plans. The following is a summary of the voter-approved changes:

- The retirement eligibility age will increase an average of approximately 3.5 years
- The employer and employee contribution rates will be based on a 50/50 split of the actuarially determined rate necessary to fully fund the annual required contribution (“ARC”)
- The benefit formula components will be changed to a graduated multiplier based on years of service, matching the State of Arizona retirement plan
- Prior to these changes, the City Charter required full funding of the ARC, but prohibited the City from contributing an amount greater than the ARC. The voter-approved changes allow the City to contribute an amount greater than the ARC
- The Investment Policy for COPERS will be updated to allow for investments that meet the Prudent Investor Rule

On July 1, 2013 as a result of the voter approved changes, a two-tier system was created for COPERS. A Tier 1 employee is any employee hired by the City before July 1, 2013, or any employee hired by the City on or after July 1, 2013 who participated in the Arizona State Retirement System prior to July 1, 2011. A Tier 2 employee is any employee hired by the City on or after July 1, 2013 who is not a Tier 1 employee. Effective July 1, 2013, Tier 1 employees continued to contribute 5.0% of their compensation to the plan, and Tier 2 employees contributed one-half of the total required actuarial percentage. The contribution rate for the City is the total projected percentage less the member contribution rates for each tier.

In November 2014, the Mayor created the Civilian Retirement Security Ad Hoc Committee (the “Committee”) to address further pension reform. The Committee, which included members of the City Council along with community and business leaders, met over three months to consider several options for reform. In February 2015, the Committee unanimously recommended a stacked hybrid plan (“Prop 103”) that was expected to save the City over \$38 million over 20 years starting January 1, 2016. The most significant changes under this plan are for employees hired after January 1, 2016 to be classified as Tier 3 employees. Tier 3 employees would be subject to the following benefit changes:

- Final Average Salary calculation changed to a five-year average
- Pension multiplier reduced to 1.85% of salary per year of service through the first 10 years of employment, gradually increasing to 2.0% at 20 years of service
- Elimination of the sick leave service credit
- Eliminates the ability for employees previously employed by the state or other cities in Arizona to join the City of Phoenix as Tier 1 employees
- Makes compensation above \$125,000 per year non-pensionable; the cap would increase each year to match inflation

Prop 103 continues the 50/50 split in the contribution rate for new hires, but created a ceiling in the employee rate of 11.0% of their compensation. The ceiling applies to both Tier 2 and Tier 3 employees to help improve the recruitment and retention of employees. The City Council approved the plan on March 4, 2015, and on August 25, 2015 voters also approved Prop 103, which became effective on January 1, 2016.

Accrued Vacation or Sick-Leave on City of Phoenix’s Pension Benefits

The benefit amount under COPERS depends, in part, on a retiring employee’s highest average annual compensation paid over a multi-year period. As part of pension reform, the City restricted “pension spiking” by no longer allowing unused sick leave accrued after July 1, 2012, and unused vacation leave accrued after June 30, 2014, to be included when calculating a member’s “final average compensation.” This practice was upheld by the Arizona Supreme Court on July 10, 2020, in *Piccioli v. City of Phoenix*, CV-19-0116 and *AFSCME v. Phoenix* CV-19-0143.

On July 10, 2020 the Arizona Supreme Court issued rulings on “pension spiking” in *Piccioli v. City of Phoenix*, CV-19-0116 and *AFSCME v. Phoenix* CV-19-0143, where the former addressed the implication of sick leave and the latter vacation leave. The City of Phoenix pays pension benefits to eligible employees upon retirement. The amount of that benefit depends, in part, on a retiring employee’s highest average annual compensation paid over a multi-year period. The primary issue in the cases was whether a one-time payout for accrued sick or vacation leave upon retirement was “compensation” under the COPERS’ Plan that must be included when calculating a member’s “final average compensation,” which is used in determining the pension benefit amount. The Court held that the City did not need to include the one-time payments for unused sick or vacation leave at retirement as part of final average compensation. Thus, the City did not violate the Arizona Constitution by prospectively eliminating the payouts made at the time of retirement for sick leave accrued after July 1, 2012, and vacation leave accrued after June 30, 2014, from the calculation of final average compensation.

In 2012, when *Piccioli v. City of Phoenix*, CV2012-010330 was filed, the Board of Trustees of COPERS took action, upon advice from their consulting actuary, to not recognize any savings from the leave changes until after the court cases were adjudicated. At that time, the savings of the changes were estimated to equal about 9% of the total fund value. This 9% load has been built in to valuations since 2012. Following the opinions from the Arizona Supreme Court in July 2020, COPERS’ consulting actuary had prepared a recommendation to remove 7.5% of that load, holding back 1.5% to account for future negative experience related to certain assumptions. On August 6, 2020, the COPERS Board approved the actuaries recommendation. Based on the June 30, 2019 valuation, it is estimated that continuing the practices upheld by the Court will result in savings of \$156.9 million over a 20-year period.

Citizen Pension Reform Initiative

On November 4, 2014, Phoenix voters considered and rejected an initiative known as Proposition 487 — The Phoenix Pension Reform Act of 2014 that if approved, would have amended the Phoenix City Charter and changed City retirement benefits for both current and future employees. The City is unable to predict whether and in what form, future initiatives may be proposed regarding COPERS and what the impact of such initiatives might be.

State of Arizona Public Safety Personnel Retirement System

The City of Phoenix also contributes to an agent multiple-employer defined benefit pension and health insurance premium subsidy plan, the Arizona Public Safety Personnel Retirement System (“APSPRS”), for sworn police officers and firefighters. The APSPRS functions as an investment and administrative agent for the City of Phoenix with respect to the plans for police officers and firefighters.

Periodic employer contributions to the pension and health insurance premium subsidy plans are determined on an actuarial basis using the entry age normal cost method. Normal cost is funded on a current basis. The City’s unfunded actuarial accrued liability is funded over a closed period, and as of June 30, 2016, the City had 20 years remaining in the amortization period. Senate Bill 1442, passed by the State Legislature on April 17, 2017, authorized the governing body of an employer to make a one-time request to increase the amortization to a closed period not exceeding 30 years. On June 21, 2017, the City Council voted to submit a request to the APSPRS Board of Trustees to increase the City’s amortization period from 20 years to 30 years. The change was reflected in the employer contribution rate beginning with the July 1, 2018 contribution, and represents the minimum required contribution percentage. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the entry age normal cost method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

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 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 3.0% 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, 2023, the required employer contribution rates were as follows:

	<u>Police</u>	<u>Fire</u>
Tier 1	73.34%	63.38%
Tier 2	73.34%	63.38%
Tier 3	10.39%	10.36%
Tier 3 Legacy	59.55%	48.57%

For Fiscal year ended June 30, 2023, the City chose to contribute \$235.5 million and \$123.9 million for Police and Fire, respectively and were based on the following contribution rates:

	<u>Police</u>	<u>Fire</u>
Tier 1	81.87%	70.30%
Tier 2	81.87%	70.30%
Tier 3	10.39%	10.36%
Tier 3 Legacy	68.08%	55.49%

The City's APSPRS membership data is as follows:

	<u>June 30, 2022</u>	
	<u>Police</u>	<u>Fire</u>
Retirees and Beneficiaries	2,855	1,264
Inactive and Non-Retired Members	934	271
Active Members	<u>2,223</u>	<u>1,463</u>
Total	<u><u>6,012</u></u>	<u><u>2,998</u></u>

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

	POLICE		
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
<u>Total Pension Liability</u>			
Service cost	\$ 51,950	\$ 51,687	\$ 51,069
Interest on the total pension liability	274,353	265,180	251,285
Difference between expected and actual experience of the total pension liability	34,170	23,801	91,331
Changes of assumptions	44,315	—	—
Benefit payments, including refunds of employee contributions	(225,952)	(204,565)	(203,329)
Net change in total pension liability	178,836	136,103	190,356
Total pension liability—beginning	3,819,293	3,683,190	3,492,834
Total pension liability—ending	<u>\$3,998,129</u>	<u>\$3,819,293</u>	<u>\$3,683,190</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 183,098	\$ 172,800	\$ 167,099
Employee contributions	25,362	23,096	22,896
Pension plan net investment income	(69,084)	379,441	17,437
Benefit payments, including refunds of employee contributions	(225,952)	(204,565)	(203,329)
Pension plan administrative expense	(1,246)	(1,780)	(1,422)
Other(1)	52	4	(91)
Net change in plan fiduciary net position	(87,770)	368,996	2,590
Plan fiduciary net position—beginning	1,739,874	1,370,878	1,368,288
Adjustment to Beginning of Year	—	—	—
Plan fiduciary net position—ending	<u>\$1,652,104</u>	<u>\$1,739,874</u>	<u>\$1,370,878</u>
Net pension liability	<u>\$2,346,025</u>	<u>\$2,079,419</u>	<u>\$2,312,312</u>
Plan fiduciary net position as a percentage of the total pension liability	41.32%	45.55%	37.22%
Covered payroll	\$ 222,342	\$ 229,875	\$ 233,472
Net pension liability as a percentage of covered valuation payroll	1055.14%	904.59%	990.40%

(1) Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

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

	FIRE		
	Fiscal Year End 2023	Fiscal Year End 2022	Fiscal Year End 2021
Total Pension Liability			
Service cost	\$ 35,322	\$ 32,998	\$ 31,668
Interest on the total pension liability	149,188	143,726	134,204
Difference between expected and actual experience of the total pension liability	12,208	2,186	74,975
Changes of assumptions	23,529	—	—
Benefit payments, including refunds of employee contributions	(110,412)	(102,431)	(121,050)
Net change in total pension liability	109,835	76,479	119,797
Total pension liability—beginning	2,063,547	1,987,068	1,867,271
Total pension liability—ending	<u>\$2,173,382</u>	<u>\$2,063,547</u>	<u>\$1,987,068</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 107,767	\$ 106,126	\$ 90,148
Employee contributions	14,300	13,566	12,598
Pension plan net investment income	(39,442)	212,684	9,715
Benefit payments, including refunds of employee contributions	(110,412)	(102,431)	(121,050)
Pension plan administrative expense	(711)	(994)	(793)
Other(1)	2	12	12
Net change in plan fiduciary net position	(28,496)	228,963	(9,370)
Plan fiduciary net position—beginning	984,963	756,000	765,370
Adjustment to Beginning of Year	—	—	—
Plan fiduciary net position—ending	<u>\$ 956,476</u>	<u>\$ 984,963</u>	<u>\$ 756,000</u>
Net pension liability	<u>\$1,216,915</u>	<u>\$1,078,584</u>	<u>\$1,231,068</u>
Plan fiduciary net position as a percentage of the total pension liability	44.01%	47.73%	38.05%
Covered payroll	\$ 151,969	\$ 148,348	\$ 139,641
Net pension liability as a percentage of covered valuation payroll	800.76%	727.06%	881.60%

(1) Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

Actuarial assumptions used to determine the total pension liability in the June 30, 2021 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:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Price Inflation	2.50%
Salary Increases	3.25% to 15.0% including inflation
Tier 1 and 2 Investment Rate of Return	7.20%, net of investment and administrative expense
Tier 3 Investment Rate of Return	7.00%, net of investment and administrative expense
Tier 3 Compensation Limit	\$115,868 for 2021. Assumed increases of 2.00% per year
Retirement Rates	Rates based on a 2022 experience study using actual plan experience
Mortality Rates	All rates were updated to reflect the PubS-2010 tables. The mortality assumptions sufficiently accommodate future mortality improvements.

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. The assumed future permanent benefit increase used for this valuation is 1.75%.

Schedule of Contributions for Measurement Date ended June 30,
(in thousands)

	<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution(1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
Police	2023	\$ —	\$235,524	\$ —	\$ —	—%
	2022	154,979	183,098	(28,119)	222,342	82.35
	2021	153,644	172,800	(19,156)	229,875	75.17
	2020	167,099	167,099	—	233,472	71.57
	2019	149,442	149,442	—	228,846	65.30
	2018	124,618	124,618	—	221,105	56.36
	2017	113,645	113,645	—	231,023	49.19
Fire	2023	\$ —	\$123,902	\$ —	\$ —	—%
	2022	96,217	107,767	(11,550)	151,969	70.91
	2021	89,913	106,126	(16,213)	148,048	71.54
	2020	90,148	90,148	—	139,641	64.56
	2019	77,142	77,142	—	135,273	57.03
	2018	73,288	73,288	—	132,503	55.31
	2017	56,671	56,671	—	127,530	44.44

(1) Actual contributions are based on covered payroll at the time of contribution. It is the actuary's understanding that the City'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 Contributions are the actual contributions made by the City in the fiscal year. Fiscal year 2022 actual contributions represent contributions made subsequent to the measurement date.

The actuarially determined recommended pension contribution rates for Police was 65.70% for fiscal year 2020-21, 67.32% for fiscal year 2021-22, and is 73.34% for fiscal year 2022-23. The actuarially determined recommended pension contribution rates for Fire was 60.61% for fiscal year 2020-21, 63.29% for fiscal year 2021-22, and is 63.38% for fiscal year 2022-23.

APSPRS Pension Reform

On April 29, 2011, the Governor signed into law Senate Bill 1609 (“*SB 1609*”), which created significant pension reform to the APSPRS.

The following is a summary of changes to the APSPRS required by SB 1609:

- Revise the formula used to calculate cost of living adjustments (“*COLA*”)
- Increase member contribution rate from 7.65% to 11.65% by fiscal year 2015-16
- Eliminate the Deferred Retirement Option Plan (“*DROP*”) for employees hired after January 1, 2012
- Increase the number of years of service required to become retirement eligible from 20 to 25
- Increase the number of consecutive years of salary used to compute pension from three to five
- Calculated pension cannot exceed 80.0% of the five consecutive years’ average

On February 20, 2014, the Arizona Supreme Court upheld a lower court ruling that provisions of SB 1609 revising the formula used to calculate cost of living adjustments of members of the Arizona Elected Officials Retirement Plan violated the Arizona Constitution to the extent those provisions applied to elected officials hired prior to January 1, 2012. Because that Supreme Court ruling applies to invalidate the same language in similar provisions of SB 1609 which relate to APSPRS, COLA increases for members hired prior to January 1, 2012 and affected by SB 1609 will be restored retroactively, which required rate increases from employers, including the City. The APSPRS Board allowed employers to phase-in the pension contribution rate increase over 3 years beginning with the 2015-16 fiscal year. The City’s contribution rate for fiscal year 2015-16 increased 7.96% for fire and 9.31% for police due the phase-in. In fiscal year 2016-17, the City’s contribution rate increased 4.93% for fire and 6.05% for police. The City is unable to determine the rate increase for the last year of the phase-in or any potential savings due to other provisions of SB 1609.

On November 10, 2016, the Arizona Supreme Court upheld another lower court ruling that provisions of SB 1609 which increased employee contribution rates and curtailed certain benefit increases were also unconstitutional. The decision means that many current employees will receive refunds, while some retirees will receive retroactive benefit increases. The issuance of refunds by the City will have minimal effect on contribution rates. Neither of the Supreme Court decisions will impact the ability of the City to fulfill its obligations on its bonds. The City is not aware of any other pending lawsuits regarding SB 1609.

In February 2016, the Governor signed Senate Bills 1428 and 1429 to further reform the APSPRS. Most of the changes only affect new hires who start after June 30, 2017. Those changes include requiring new public safety employees to serve until age 55 before being eligible for full pension benefits, splitting the annual pension cost 50/50 between employers and new employees, and providing new hires the option of choosing a 100% defined contribution plan in place of a defined benefit (or pension) plan. The one change that could affect current retirees and those hired both before and after June 30, 2017, is a 2.0% annual cap on cost-of-living adjustments, which would be tied to the metropolitan Phoenix-Mesa Consumer Price Index. For the cost-of-living cap to apply to current members of APSPRS, it needed to be approved by voters. Proposition 124, which capped the cost of living adjustments for current and new members, was approved by voters on May 17, 2016.

Elected Officials' Retirement Plan

The Elected Officials' Retirement Plan ("EORP") is a cost sharing multiple-employer defined benefit pension plan of which the City of Phoenix is a contributing employer and covers the Mayor and City Council, effective January 4, 1988. As a condition of coverage, members are required to contribute a percentage of their compensation.

The City contributed an actuarially determined rate of 32.99% for fiscal year 2012 and 36.44% for fiscal year 2013, to fully fund benefits for active members. For the first six months of fiscal year 2014, the City contribution rate was 39.62%. Effective January 1, 2014, the State Legislature closed the EORP to new members and changed the contribution rate to 23.50% for both the EORP and for the newly created Elected Officials' Defined Contribution Retirement System ("EODCRS"). All elected officials, appointed or elected on or after January 1, 2014 and not previously a member of the EORP, become members of the EODCRS, a defined contribution plan.

In 2017, a trial court ruled that the 23.50% level percent employer contribution rate for the defined benefit plan was unconstitutional without supplemental funding because it was insufficient to cover the actuarial computed unfunded liabilities.

In March 2018, the Arizona State Legislature introduced Senate Bill 1478 ("SB 1478"), which proposed to eliminate the 23.50% employer contribution rate and replace it with an actuarially determined employer contribution rate. SB 1478 requires the contribution rate to be sufficient to meet both the normal cost and the unfunded accrued liability amortized over a closed period of at least 20 years, but not more than 30 years, beginning July 1, 2018. The Governor signed SB 1478 into law on May 16, 2018. Effective July 1, 2018, the EORP employer contribution rate was 61.5% and 61.625% for EODCRS. Effective July 1, 2019, the EORP employer contribution rate was 61.43% and 61.555% for EODCRS.

Pension reform for EORP was approved by voters in November 2018. The reform requires a replacement of the permanent benefit increase, or PBI, with a cost-of-living-adjustment based on annual changes recognized by the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index for the Phoenix-Mesa-Scottsdale CBSA. The PBI could increase as much as 4.0% per year, while the new cost-of-living adjustment increase has a cap of 2.0% per year.

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.

Additional Information

Additional information regarding the City's Retirement and Pension Plans, including trend information and detailed assumptions, is available in the City's ACFR under the headings "Pension Plans" and "Required Supplementary Information". The ACFR is available at <http://emma.msrb.org> or www.phoenix.gov under Departments-Finance-Financial Information & Reports or by calling the City at (602) 262-7166.

Additional information regarding the APSPRS and the EORP, including annual financial reports, actuary reports, trend information and detailed assumptions is available at www.psprs.com/investments--financials/annual-reports.

APPENDIX F

Health Care Benefits for Retired Employees

The City provides certain postemployment health care benefits for its retirees. City 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 unblended rates have been established for active and retiree health insurance.

In June 2004, the Governmental Accounting Standards Board ("*GASB*") issued Statement 45 ("*GASB 45*") which addresses how state and local governments should account for and report costs and obligations related to post-employment health care and other post-employment non-pension benefits ("*OPEB*"). *GASB 45* generally requires that the annual cost of *OPEB* and the outstanding obligations and commitments related to *OPEB* be accounted for and reported in essentially the same manner as pensions. The City implemented *GASB* Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, effective July 1, 2007.

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces *GASB 45* and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The new *GASB* statement requires the presentation of liability for *OPEB* obligations in the employer's financial statements. The Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit *OPEB* also are addressed. The City implemented *GASB 75* effective July 1, 2017.

Medical Expense Reimbursement Plan

Employees eligible to retire in 15 years or less from August 1, 2007, will receive a monthly subsidy from the City's Medical Expense Reimbursement Plan ("*MERP*") when they retire. The *MERP* is a single-employer, defined benefit *OPEB* plan.

The subsidy 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. 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.

In December 2007, 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 was delegated fiduciary responsibility for the *MERP* Trust, subject to oversight of the City Council.

The employees covered by MERP at June 30, 2023 are:

	<u>2023</u>
Plan Members Currently Receiving Benefits	10,148
Active Plan Members	<u>1,832</u>
Total Plan Members	<u><u>11,980</u></u>

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 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, 2023, the City contributed \$19.7 million. Employees are not required to contribute to the MERP.

The MERP actuarially determined contribution, actual contribution and covered payroll for the last two fiscal years follows:

MERP
Schedule of Employer Contributions
(in thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2023	\$19,750	\$19,750	\$ —	\$170,892	11.56%
2022	15,912	27,704	(11,792)	222,257	12.46

The City's net OPEB liability for MERP was measured as of June 30, 2023, and the total MERP OPEB liability used to calculate the net OPEB liability for MERP was determined by an actuarial valuation as of June 30, 2021. The net OPEB liability for MERP is measured as the total MERP 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 6.5% was used to measure the total MERP OPEB liability as of June 30, 2023. This single discount rate was based on an expected rate of return on MERP OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the MERP OPEB fiduciary net position and future contributions were projected to be sufficient to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MERP OPEB plan investments was applied to all periods of projected benefit payments to determine the total MERP OPEB liability.

The following schedule shows the funding progress of the plan for the last two fiscal years. The total MERP OPEB liability decreased \$30,384,000 from 2022 to 2023.

Schedule of Changes in Net OPEB Liability and Related Ratios
(in thousands)

	MERP	
	Fiscal Year End 2023	Fiscal Year End 2022
Total OPEB Liability		
Service cost	\$ 2,673	\$ 3,495
Interest on the total OPEB liability	23,719	24,114
Differences between expected and actual experience	(26,599)	—
Changes of assumptions	(2,501)	8,185
Benefit payments, including refunds of employee contributions	(27,676)	(27,747)
Net change in total OPEB liability	(30,384)	8,047
Total OPEB liability—beginning	377,414	369,367
Total OPEB liability—ending	\$347,030	\$377,414
Plan Fiduciary Net Position		
Employer contributions	\$ 19,750	\$ 27,704
OPEB plan net investment income	17,964	(32,988)
Benefit payments, including refunds of employee contributions	(27,676)	(27,747)
Other	(605)	(640)
Net change in plan fiduciary net position	9,433	(33,671)
Plan fiduciary net position—beginning	199,253	232,924
Plan fiduciary net position—ending	\$208,686	\$199,253
Net OPEB liability—ending	\$138,344	\$178,161
Plan fiduciary net position as a percentage of total OPEB liability	60.13%	52.79%
Covered payroll	\$170,892	\$222,257
Net OPEB liability as a percentage of covered payroll	80.95%	80.16%

Post Employment Health Plan

Benefit eligible employees with more than 15 years until retirement eligibility, as of August 1, 2007, receive \$150 per month while employed by the City as a defined contribution to the Post Employment Health Plan (“PEHP”). This is a 100% employer-paid benefit. The program provides employees who have a payroll deduction for City medical insurance coverage (single or family) with a PEHP account. This account is to be used by the employee when he/she retires or separates employment with the City for qualified medical expenses (including health insurance premiums).

Long-Term Disability Program

In November 2008, the City established the City of Phoenix Long-Term Disability (“LTD”) 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 was 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, 9th Floor, Phoenix, Arizona, 85003.

Long-term disability 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. The City pays 100% of the cost of this benefit.

The number of participants as of June 30, 2023, the effective date of the biennial OPEB valuation, follows:

	<u>Police</u>	<u>Fire</u>	<u>General City</u>	<u>Total</u>
Active Employees	2,666	1,748	8,468	12,882
Disabled Employees	<u>15</u>	<u>12</u>	<u>287</u>	<u>314</u>
Total Covered Participants	<u>2,681</u>	<u>1,760</u>	<u>8,755</u>	<u>13,196</u>

Contributions by the City (plus earnings thereon) are the sole source of funding for the LTD program. The LTD Trust'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. Although the LTD Plan is fully funded, the City elected to contribute \$912,000 for the year ended June 30, 2023, and \$1.4 million for the year ended June 30, 2022.

The LTD actuarially determined contribution, actual contribution and covered payroll for the last two fiscal years follows:

LTD
Schedule of Employer Contributions
(in thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2023	\$2,617	\$ 912	\$1,705	\$980,817	0.09%
2022	1,343	1,401	(58)	898,304	0.16

The City's net OPEB liability for LTD was measured as of June 30, 2023, and the total LTD OPEB liability used to calculate the net LTD OPEB liability was determined by an actuarial valuation as of June 30, 2023. The net LTD 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 LTD Trust's Board of Trustees adopted assumptions and methods).

A single discount rate of 6.5% was used to measure the total OPEB liability for LTD as of June 30, 2023. This single discount rate was based on an expected rate of return on LTD OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the LTD 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 LTD OPEB plan investments was applied to all periods of projected benefit payments to determine the total LTD OPEB liability.

The following schedule shows the funding progress of the plan for the last two fiscal years. The total LTD OPEB liability increased \$1,608,000 from 2022 to 2023.

Schedule of Changes in Net OPEB Liability and Related Ratios
(in thousands)

	Fiscal Year End 2023	Fiscal Year End 2022
Total OPEB liability/(asset)		
Service cost	\$ 3,964	\$ 3,867
Interest on the total OPEB liability/(asset)	3,230	3,163
Differences between expected and actual experience	227	—
Changes of assumptions	(582)	787
Benefit payments, including refunds of employee contributions	(5,231)	(4,833)
Net change in total OPEB liability/(asset)	1,608	2,984
Total OPEB liability/(asset)—beginning	50,321	47,337
Total OPEB liability/(asset)—ending	\$ 51,929	\$ 50,321
Plan Fiduciary Net Position		
Employer contributions	\$ 912	\$ 1,401
OPEB plan net investment income	6,859	(13,083)
Benefit payments, including refunds of employee contributions	(5,231)	(4,833)
OPEB plan administrative expense	(539)	(556)
Other	(14)	(13)
Net change in plan fiduciary net position	1,987	(17,084)
Plan fiduciary net position—beginning	77,477	94,561
Plan fiduciary net position—ending	\$ 79,464	\$ 77,477
Net OPEB liability/(asset)—ending	\$ (27,535)	\$ (27,156)
Plan fiduciary net position as a percentage of total OPEB liability/(asset)	153.03%	153.97%
Covered payroll	\$980,817	\$898,304
Net OPEB liability/(asset) as a percentage of covered payroll	(2.81)%	(3.02)%

APSPRS—OPEB

The Arizona Public Safety Personnel Retirement System (“APSPRS”) 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 APSPRS acts as a common investment and administrative agent that is jointly administered by a Board of Trustees and participating local boards.

The City’s APSPRS membership data is as follows:

	June 30, 2022	
	Police	Fire
Retirees and Beneficiaries	2,855	1,264
Inactive, Non-Retired Members	422	233
Active Members	2,223	1,463
Total	5,500	2,960

APSPRS has the authority to establish and amend the contribution requirements of the City and active employees. APSPRS 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, 2022, there were no employer contributions. Employees are not required to contribute to the APSPRS OPEB Plan.

**APSPRS
Schedule of Employer Contributions
(in thousands)**

	<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
Police	2022	\$87	\$87	\$ —	\$222,342	0.04%
Fire	2022	\$34	\$34	\$ —	\$151,969	0.02%

The following schedule shows the funding progress of the APSPRS OPEB plan for the last two fiscal years. The City’s net OPEB liability for APSPRS was measured as of June 30, 2020, and the total APSPRS OPEB liability used to calculate the net OPEB liability for APSPRS was determined by an actuarial valuation as of the same date.

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

	APSPRS	
	<u>Police 2023</u>	<u>Fire 2023</u>
<u>Total OPEB Liability</u>		
Service Cost	\$ 1,008	\$ 561
Interest on the total OPEB liability	3,438	1,859
Differences between expected and actual experience of the Total OPEB Liability	(356)	228
Benefit payments, including refunds of employee contributions	(3,695)	(1,933)
Changes of assumptions	915	248
Net change in total OPEB liability	1,310	963
Total OPEB liability—beginning	47,929	25,874
Total OPEB liability—ending	<u>\$ 49,239</u>	<u>\$ 26,837</u>
<u>Plan Fiduciary Net Position</u>		
Contributions—employer	\$ 87	\$ 34
Contributions—employee	87	34
Net Investment Income	(3,060)	(1,733)
Benefit payments, including refunds of employee contributions	(3,694)	(1,933)
OPEB Plan administrative expense	(54)	(31)
Net change in Plan fiduciary net position	(6,634)	(3,629)
Plan fiduciary net position—beginning	78,675	44,491
Plan fiduciary net position—ending	<u>\$ 72,041</u>	<u>\$ 40,862</u>
Net OPEB liability/(asset)	<u>\$ (22,802)</u>	<u>\$ (14,025)</u>
Plan fiduciary net position as a percentage of total OPEB liability	146.31%	152.26%
Covered payroll	\$222,342	\$151,969
Net OPEB liability as a percentage of covered payroll	(10.26%)	(9.23%)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Additional Information

Additional information regarding the City's Health Care Benefits for Retired Employees, including the actuarial methods and detailed assumptions used to calculate the ARC, is available in the City's ACFR under the heading "Other Postemployment Benefits (*OPEB*)". The ACFR is available at <http://emma.msrb.org> or www.phoenix.gov under Departments-Finance-Financial Information & Reports or by calling the City at (602) 262-7166.