

## Making Investments in Service and Community



# City of Phoenix, Arizona Comprehensive Annual Financial Report

For the Fiscal Year  
Ended June 30, 2016



**City of Phoenix, Arizona**



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**City Council**

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

**Administrative Staff**

Ed Zuercher, City Manager

**Prepared By**

Finance Department  
Denise Olson, Chief Financial Officer



**City of Phoenix**

# Comprehensive Annual Financial Report

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For the Fiscal Year Ended June 30, 2016

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## **Introductory Section**

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







## City of Phoenix

FINANCE DEPARTMENT

FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 19, 2016

Honorable Mayor, City Council and City Manager:

In accordance with the requirements of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Phoenix, Arizona (the "City"), for the fiscal year ended June 30, 2016. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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### ***Independent Audits***

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The City Charter requires an annual audit by independent certified public accountants. The City's Audit Committee has selected the independent audit firm of Grant Thornton LLP to perform the audit of the City's CAFR for fiscal year 2015-2016. The Independent Auditor's Report on the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining funds is included in the financial section of this report.

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

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## **City Profile**

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

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

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

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99<sup>th</sup> among American cities. The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128. As of June 30, 2016, the City encompassed 519.4 square miles, with the City of Phoenix estimating the City's population at 1,565,896 making it the sixth most populous city in the United States.

Major employers of the Phoenix metropolitan area include the State of Arizona, Banner Health, Wal-Mart Stores Inc., Fry's Food Stores, Wells Fargo, City of Phoenix, U.S. Postal Service, Arizona State University, Intel Corp. and Bank of America.

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## **Budgeting Systems and Controls**

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

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

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## **Economic Condition and Outlook**

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Phoenix continues to be an attractive place to live and work and has been one of the most rapidly growing metropolitan areas in the country in recent decades. The economic downturn in Phoenix area during the Great Recession was severe, but recent years have seen an ongoing economic recovery. This recovery is evident in terms of population, employment, housing starts, affordable housing, personal income, and retail sales. The City continues to implement policies and standards to remain structurally balanced, maintain or improve current service levels, and attract wealth generating companies.

The recession of 2007-09 produced declines in both population and jobs in the Phoenix area, but the years since the recession have been categorized by growth. During the period of 2010 to 2015, population growth was an estimated 8.0% in Phoenix as compared to 4.1% for the U.S. The recession ended in 2009, and employment growth in the Phoenix area from 2009 to 2015 equaled 15.7% compared to 10.3% nationally. The Phoenix area unemployment rate has generally been lower than the rate for the U.S. since 2009. As of August 2016, the unemployment rate for both the Phoenix area and the U.S. was 5.0%. The Phoenix area has a mix of industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (55.1%); trade, transportation, and utilities (19.7%); government (11.5%); manufacturing (6.1%); construction (5.5%); information (1.9%); and natural resources and mining (0.2%).

The housing market in the Phoenix area is also recovering as building permits associated with single-family homes increased 93.3% during the years of 2009 to 2015 including a 43.8% year over year increase from 2014 to 2015. Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 27.8% from 2013 to the second quarter of 2016 as compared to a 21.9% increase nationwide for the same time period. Housing remains affordable despite the strong recovery in home prices in the Phoenix area. The U.S. median sales price for an existing single-family home in 2015 was \$223,900 and the median sales price for a similar home in Greater Phoenix was \$216,400. The median price of existing single-family homes in Greater Phoenix continue to remain low relative to most major western cities including Los Angeles, San Diego, Denver, Seattle, Portland, and Salt Lake.

According to the Greater Phoenix Blue Chip Economic Forecast, retail sales in the Phoenix area which declined 0.7% in 2010, grew by an average of 8.0% per year from 2011 through 2015. This growth was supported by gains in personal income averaging 4.4% for the same five year period. The Greater Phoenix Blue Chip Economic Forecast estimates increases in retail sales of 6.0% in 2016 and 6.2% in 2017.

The City experienced decreased assessed valuations and declining property taxes in the years following the Great Recession. In fiscal year 2013-14 the secondary assessed valuation of \$9.97 billion was the lowest for the City since fiscal year 2003-04. The secondary assessed valuation increased to \$10.82 billion for fiscal year 2014-15, an 8.5% increase. For fiscal year 2015-16 the primary assessed valuation and the secondary assessed valuation were combined into a single valuation of \$10.58 billion, a decrease of 2.2%. The fiscal year 2016-17 assessed valuation increased 3.8% to \$10.98 billion. On July 1, 2016 the Phoenix City Council voted to increase the City total property tax rate (primary and secondary) to \$2.17 from \$1.82 per \$100 assessed valuation. This was the first rate increase for the City in over 20 years.

The City Excise Taxes, consisting primarily of City sales taxes, increased from \$766.4 million in fiscal year 2014-15 to \$816.5 million in fiscal year 2015-16. This is an increase of \$50.1 million or 6.5%, primarily due to the passage by voters of the Transportation 2050 tax.

Finally, the City of Phoenix along with the Greater Phoenix Economic Council, are working together to attract wealth generating companies from outside the region to Phoenix and to encourage expansion of existing companies. Employers that have recently relocated or expanded their headquarters or major operations in Phoenix include Beacon Biomedical, Carlisle, Gabriel Partners, Farmers Insurance, DoubleDutch, CVS, Medline Industries, and Schneider Electric. The long term outlook remains positive for the metropolitan Phoenix area due to expectations that strong population and employment growth will resume, and will continue through the next two decades.

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

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

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

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

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

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

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In September 2015, the City of Phoenix was recognized by Arizona Forward for its outstanding contributions to the physical environment of our local communities. The City received nine awards in various categories during the association's 35th Annual Environmental Excellence Awards ceremony, including two of the coveted Crescordia Awards which are given as the highest honor in each category. The Crescordia Awards were for "Art in Public Places" recognizing the Phoenix Sky Harbor terminal three sky train station platform and bridge and "Governor's Award for Arizona's Future" recognizing the City's partnership with Central Arizona Water Conservation District and Arizona Department of Water Resources to address Colorado River shortage and drought preparedness.

In November 2015, the City of Phoenix was recognized as a technology leader for using digital solutions to improve citizen engagement. Phoenix placed 3rd among cities of 250,000 people or more in the 2015 Digital Cities Survey organized by e.Republic's Center for Digital Government. The award marks the second consecutive year Phoenix has placed in the Top 10 nationally in the competition. Phoenix also moved up in the rankings - from 6th place in 2014 - based on efforts to develop technology solutions that help residents. These initiatives include a diverse array of digital projects, ranging from expanded electronic resources for library patrons and implementation of e-procurement processes for all purchasing citywide, to web-based payment technology for city court customers and improved organizational transparency through the city's open data program.

In May 2016, the City of Phoenix Community and Economic Development Department and its director, Christine Mackay, were both been named winners of the Arizona Association for Economic Development's (AAED) Economic Development Distinguished by Excellence (EDDE) awards. The City's community and economic development department was named AAED Large Organization of the Year and Mackay was named AAED Economic Developer of the Year - Large Community.

In May 2016, U.S. Secretary of Commerce Penny Pritzker presented Mayor Greg Stanton and the City of Phoenix with the President's "E" Award for Export Service at a ceremony in Washington, D.C. The President's "E" Award is the highest recognition any U.S. entity can receive for making a significant contribution to the expansion of U.S. exports. Phoenix is only the fifth city to earn the honor in 54 years. It is typically reserved for companies and private sector entities.

In June 2016, FitPHX received the Alliance for Innovation's Outstanding Achievement in Local Government Innovation Award. FitPHX is a citywide initiative led by Mayor Greg Stanton, Councilman Daniel Valenzuela and Olympic Gold

Medalist Misty Hyman, with the goal of improving health and wellness in the region and making the Phoenix area one of the healthiest in the nation. The initiative has created innovative collaborations between government, private sector, non-profits and universities to develop programming that gives citizens tools and education to be healthier.

In August 2015, Phoenix voters approved a proposed transportation plan as part of a citywide election. The plan, called Transportation 2050, was developed by a citizen-led committee of transportation experts and community advocates, and dramatically expands investment in Phoenix for bus service, light rail construction and street improvements. Elements of the plan include building an additional 42 miles of light rail throughout the city, providing late night bus and Dial-a-Ride service citywide, and repaving over 680 miles of arterial streets.

In January 2016, the valley hosted the College Football Playoff National Championship with Fan Central in downtown Phoenix. This is the second of a three year run for Arizona that includes the Super Bowl in 2015 and the Final Four in 2017. Similar to the Super Bowl and the College Football Playoff National Championship, downtown Phoenix will serve as the host for the Final Four Fan Fest.

The METRO light rail northwest extension began service on March 19, 2016 as more than 2,100 riders rode the new service on 19th Avenue between Bethany Home and Dunlap Avenues in north Phoenix. The project which completed ahead of schedule and on budget includes a new 500 space park-and-ride facility at the southwest corner of 19th Avenue and Dunlap Avenue and is expected to serve 5,000 daily riders.

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

- The City of Phoenix has won a \$10.3 million U.S. Department of Transportation grant to build eight miles of paved multi-use path, high-intensity crosswalk beacons and pedestrian bridges along the Grand Canal. The improvements, the second phase of the Grand Canalscape project, will complete the trail along the waterway from Interstate 17 east to the City of Tempe border. The project will be linked to Phase I of the Grand Canalscape project, which includes six miles of path along the canal from 15th Avenue to 16th Street on the west end, and Garfield to Van Buren streets on the east.
- In June 2016, the Phoenix City Council unanimously approved a Planned Unit Development (PUD) application for 130 acres in and around the iconic Metrocenter Mall development, located on Interstate 17 between Peoria and Dunlap roads in Phoenix, Arizona. The new zoning allows for multiple new uses besides retail, such as office, senior housing, multifamily housing and healthcare. It also allows for increased height and density at the infill site, which boasts the highest surrounding residential density in all of the metro Phoenix market.
- In June 2016, the Phoenix City Council authorized the sale and redevelopment of the Barrister Building site, located on the southeast corner of Central and Jefferson in Downtown Phoenix. The City will sell the building for \$2,280,000 and the approximately \$80 million project will preserve and rehabilitate the historic Barrister Building with a perpetual conservation easement and include the construction of two new buildings, creating approximately 120 condominium units.

The City began a pension reform process with the creation of the Pension Reform Task Force in January 2011. For almost a year, the Pension Reform Task Force worked with management, outside consultants, and other stakeholders to comprehensively review and recommend changes to the City of Phoenix Employees' Retirement System (COPERS). Following this review of the plan and extensive actuarial and legal analysis, Task Force recommendations were presented to the City Council in February 2012. The Phoenix City Council reviewed additional information, reform alternatives, and legal issues. On June 19, 2012 City Council adopted a timeline for reform of COPERS, and requested that staff return with additional actuarial modeling and analysis of several additional reform options. These options were considered by the Council at its September 25, 2012 meeting and referred to a March 2013 ballot. City of Phoenix voters approved propositions 201 and 202 which changed contribution rates, rules for voluntary retirement, the calculations of pension benefits for employees hired after July 1, 2013, and the investing standards for the City of Phoenix Employees' Retirement Plan Assets. These reforms are expected to save the City about \$600 million over 23 years. Additionally, in October 2013 City Council eliminated the ability of current and future city employees to collect lifetime payments on future leave accruals as well as phone and car allowances. These measures are expected to save the City about \$233 million over 25 years. In August 2015, voters approved proposition 103 which capped the annual salary eligible for pensions for new employees and adjusted contribution rates for tier 2 employees to make the City more competitive for hiring and retaining employees. The City expects to save about \$38 million over 20 years through these measures.

The City 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. In February 2016, the Governor signed Senate Bills 1428 and 1429 to 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 affects current retirees and those hired both before and after June 30, 2017, is a 2% annual cap on cost-of-living adjustments, which would be tied to the metropolitan Phoenix-Mesa Consumer Price Index. Voter approval was required for the cost-of-living cap to apply to current members of APSPRS, and that occurred when voters approved Proposition 124 on May 17, 2016.

The City continues to maintain its high quality credit ratings on General Obligation, Excise Tax, Water Revenue, Sewer Revenue and General Airport Revenue Bonds. These high quality credit ratings provided an opportunity to favorably refinance Excise Tax Revenue Bonds in fiscal year 2015-16 and will provide additional opportunities in the future. The City also provides critical information about City finances on an investor website at [www.phoenix.gov/finance/investor](http://www.phoenix.gov/finance/investor). This site provides historical and investment information about the City's various credits. To see a listing of all Bond Ratings for the City of Phoenix, please refer to page 210.

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

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received this award continuously since 1976. The CAFR for fiscal year ended June 30, 2016 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements.

The component unit financial report for COPERS for the year ended June 30, 2015 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

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### ***Acknowledgments***

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

Respectfully submitted,



Denise M. Olson  
Chief Financial Officer



Government Finance Officers Association

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

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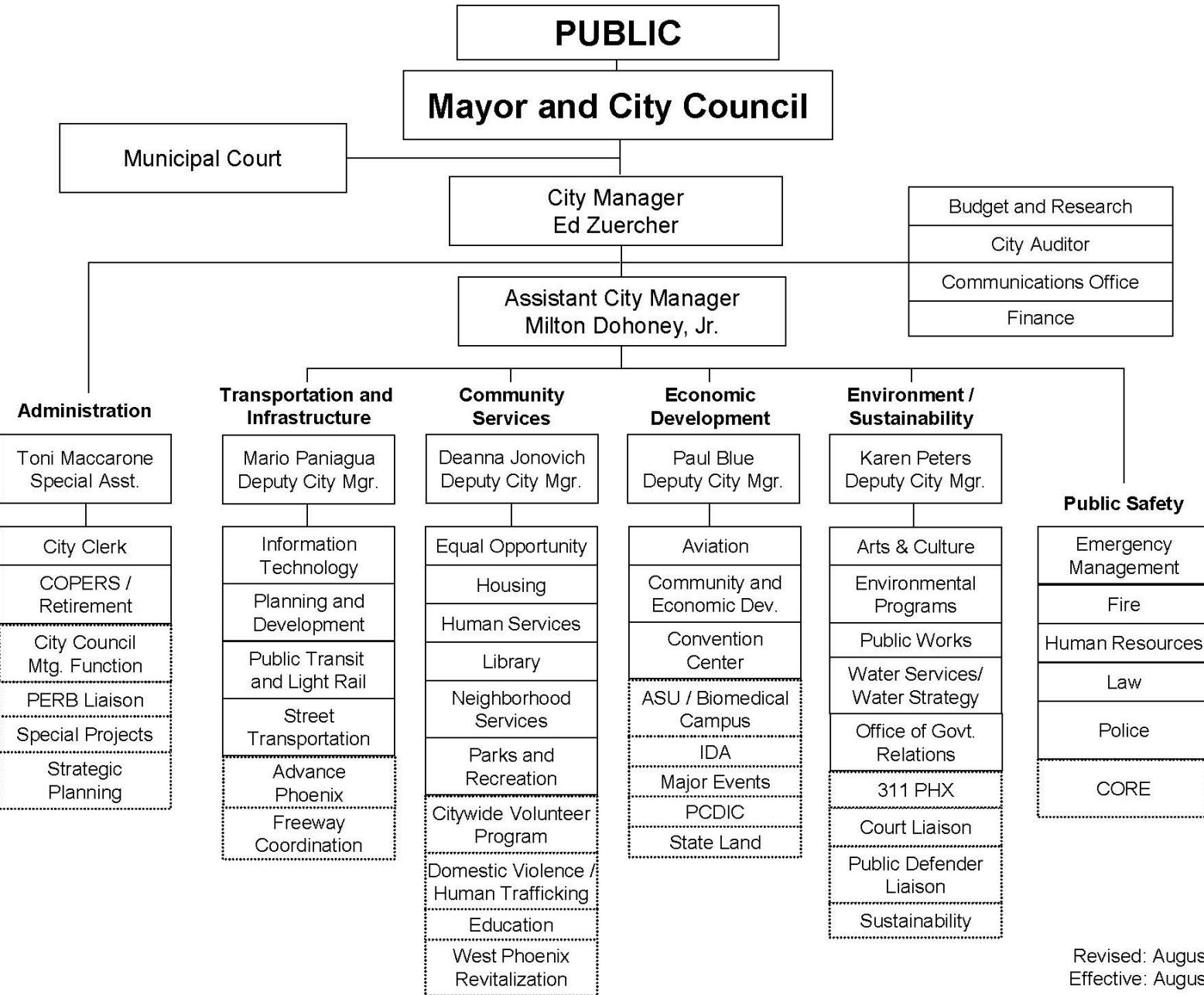
**City of Phoenix  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, appearing to read "Jeffrey P. Evans".

Executive Director/CBO



Revised: August 15, 2016  
Effective: August 15, 2016

# City of Phoenix Council members and district boundaries



**Mayor Greg Stanton**  
602-262-7111  
[mayor.stanton@phoenix.gov](mailto:mayor.stanton@phoenix.gov)



Thelda Williams  
602-262-7444  
[council.district.1@phoenix.gov](mailto:council.district.1@phoenix.gov)



Debra Stark  
602-262-7441  
[council.district.3@phoenix.gov](mailto:council.district.3@phoenix.gov)



602-262-7447  
council.district.4@phoenix.gov



Daniel Valenzuela  
602-262-7446  
[council.district.5@phoenix.gov](mailto:council.district.5@phoenix.gov)



Michael Nowakowski  
602-262-7492  
[council\\_district\\_7@phoenix.gov](mailto:council_district_7@phoenix.gov)



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



Sal DiCicco  
602-262-7491  
[council.district.6@phoenix.gov](mailto:council.district.6@phoenix.gov)



Kate Gallego  
602-262-7493  
[council.district.8@phoenix.gov](mailto:council.district.8@phoenix.gov)



**City of Phoenix**



## **Financial Section**

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







## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Grant Thornton LLP**  
2398 E Camelback Road, Suite 600  
Phoenix, AZ 85016-3004  
T 602.474.3400  
F 602.474.3421  
[www.GrantThornton.com](http://www.GrantThornton.com)

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

### Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Phoenix Industrial Development Authority (the "Phoenix IDA"), a discretely presented component unit, which represents approximately 7.3 percent of the total assets and approximately 7.6 percent of revenue of the aggregate discretely presented component units of the City. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Phoenix IDA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Phoenix IDA were not audited in accordance with *Government Auditing Standards*.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows therefrom, and the respective budgetary comparison for the general fund and the transit special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other matters

##### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in net pension liability and related ratios, the schedules of contributions, and schedules of funding progress on pages 5 through 14 and 105 through 111 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary information*

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

#### *Other information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 19, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Phoenix, Arizona  
December 19, 2016



**City of Phoenix**



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*Financial Section*

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





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

As management of the City of Phoenix, Arizona, we offer the following narrative overview and analysis of the financial activities of the City of Phoenix, Arizona (the City) for the fiscal year ended June 30, 2016. Readers are encouraged to consider this overview and analysis in combination with the traditional transmittal letter that can be found on pages I - VI of this report.

### **FINANCIAL HIGHLIGHTS**

- On the Government-Wide Financial Statements, total assets plus deferred outflows of resources of the City exceeded its total liabilities plus deferred inflows of resources at the close of the fiscal year by \$5.2 billion (net position). The City's total net position decreased by \$313.9 million as compared to June 30, 2015 primarily due to the City entering into a bank loan to refinance the Downtown Phoenix Hotel Corporation Senior and Subordinate Hotel Revenue Bonds. This resulted in an unrestricted deficit of \$1.6 billion at June 30, 2016. The Government-Wide Financial Statements report the City and its component units as a whole.
- On the Government-Wide Financial Statements, the City's total cash and investments of \$2.0 billion at June 30, 2016 may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.2 billion, a decrease of \$1.3 million from last fiscal year. Approximately 36.2 percent of the total governmental fund balance amount, or \$444.6 million, is designated by the City as committed, assigned and unassigned. The remaining 63.8 percent or \$782.5 million is designated as non-spendable or restricted. See Note 3 on page 54 for a detailed description of fund balance classifications per GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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

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

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 16 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 6 and 9.

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

The *Statement of Activities*, Exhibit A-2, presents information showing how the City net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. This is the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net Position and the Statement of Activities divide the functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, Phoenix Convention Center, water services, wastewater services and solid waste. In addition, financial information is also presented for the City discretely presented component units, the Downtown Phoenix Hotel Corporation, the Phoenix Housing Finance Corporations, and the Phoenix Industrial Development Authority. See Note 1 on page 41 for further discussion on the financial reporting entity.

## Government-Wide Financial Statement Analysis

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2016.

**Net Position.** As noted above, net position may serve over time as a useful indicator of a government's financial position. The City's net position, the amount by which assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources, was \$5.2 billion at the close of the fiscal year.

The largest portion of the City's net position, \$5.6 billion, reflects its net investment in capital assets, e.g., land, buildings, improvements, equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following table summarizes Exhibit A-1, the detailed Statement of Net Position.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,467,216	\$ 2,436,139	\$ 2,414,654	\$ 2,310,088	\$ 4,881,870	\$ 4,746,227
Capital assets	4,829,284	4,795,576	6,805,879	6,878,759	11,635,163	11,674,335
Total assets	7,296,500	7,231,715	9,220,533	9,188,847	16,517,033	16,420,562
Deferred outflows of resources	644,482	601,560	138,956	124,387	783,438	725,947
Other liabilities	344,276	311,586	526,779	481,074	871,055	792,660
Long-term liabilities outstanding	5,891,225	5,589,291	5,028,582	5,077,047	10,919,807	10,666,338
Total liabilities	6,235,501	5,900,877	5,555,361	5,558,121	11,790,862	11,458,998
Deferred inflows of resources	237,874	139,829	49,122	11,133	286,996	150,962
Net position:						
Net investment in capital assets	2,788,275	2,653,697	2,803,361	2,782,282	5,591,636	5,435,979
Restricted	763,630	830,425	462,115	441,896	1,225,745	1,272,321
Unrestricted	(2,084,298)	(1,691,553)	489,530	519,802	(1,594,768)	(1,171,751)
Total net position	\$ 1,467,607	\$ 1,792,569	\$ 3,755,006	\$ 3,743,980	\$ 5,222,613	\$ 5,536,549

The *restricted* portion of the City's net position, \$1.2 billion, represents resources that are subject to external restrictions on how they may be used. Such restrictions include debt service payments, development impact fees restricted to growth-related projects, other capital projects and required reserves. The long-term liability associated with pensions (\$3.9 billion) is included in the remaining balance, or the *unrestricted net position*, resulting in a deficit of \$1.6 billion. The City's balance of \$2.0 billion in cash and investments may be used to meet current and ongoing obligations.

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

**Capital Assets.** The City's capital assets for the fiscal year ended June 30, 2016, totaled \$11.6 billion, net of accumulated depreciation. This represents a decrease from the prior fiscal year of \$39.2 million, an increase of \$33.7 million for Governmental Activities and a decrease of \$72.9 million for Business-Type Activities.

Since the recession, the Business-Type Activities of the City have seen a reduction in growth related capital projects and have focused on replacement and rehabilitation of existing infrastructure. This, combined with the depreciation on major projects completed in the last several years such as the Convention Center North and West buildings, the

PHX Sky Train, and the 27th Avenue Solid Waste Transfer Station has resulted in a slight decrease, 1.1%, in net capital assets.

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

- Aviation terminal improvements valued at \$110.9 million.
- Various street and storm sewer projects throughout the City valued at \$93.9 million.
- New and replacement water and sewer mains throughout the City valued at \$54.6 million.
- Transit bus purchases valued at \$39.3 million.
- Various water and wastewater treatment plant projects valued at \$24.8 million.
- Construction and maintenance of Sky Harbor, Deer Valley and Goodyear Airports runways, taxiways and aprons valued at \$21.1 million.
- Low income housing projects valued at \$20.7 million.
- Design and construction at various water treatment facilities valued at \$19.4 million.

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,288,059	\$ 1,272,117	\$ 704,019	\$ 703,411	\$ 1,992,078	\$ 1,975,528
Artwork	6,777	6,594	11,016	11,288	17,793	17,882
Construction-in-Progress	201,572	215,875	594,731	417,181	796,303	633,056
Buildings	858,380	859,508	1,701,775	1,814,832	2,560,155	2,674,340
Improvements	294,983	289,362	1,979,317	2,061,783	2,274,300	2,351,145
Infrastructure	1,901,808	1,874,717	1,123,099	1,136,249	3,024,907	3,010,966
Equipment	261,161	263,269	587,174	620,450	848,335	883,719
Intangible Assets	16,544	14,134	104,748	113,565	121,292	127,699
Total	<u>\$ 4,829,284</u>	<u>\$ 4,795,576</u>	<u>\$ 6,805,879</u>	<u>\$ 6,878,759</u>	<u>\$ 11,635,163</u>	<u>\$ 11,674,335</u>

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

**Long-term Liabilities.** The City's total long-term obligations increased by \$253.5 million, 2.4%, primarily due to entering into a loan agreement with DNT Asset Trust for \$305.9 million. The loan proceeds were used to pay off the Downtown Phoenix Hotel Corporation Senior and Subordinate Hotel Revenue Bonds, Series 2005A, 2005B, and 2005C (Taxable).

General obligation bonds are backed by the full faith and credit of the City. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's full cash net assessed valuation. The general obligation bonds long-term balance was \$1.4 billion and the City's available debt margin at June 30, 2016 was \$566 million in the 6% capacity and \$1,740 million in the 20% capacity. Additional information regarding the debt limitations and capacities can be found in Note 12 to the financial statements and also in Table 15 in the statistical section.

The City entered into certain agreements with the City of Phoenix Civic Improvement Corporation (the "CIC") an affiliated nonprofit corporation, for the construction and acquisition of certain facilities and equipment which resulted in \$4.9 billion of municipal corporation obligations, net of discounts/premiums. Under the terms of these agreements, the CIC

issued bonds to finance the facilities and equipment, and the City agreed to make lease and purchase payments sufficient to pay principal and interest on the outstanding obligations. The City also pays all expenses of operating and maintaining the facilities and equipment.

In fiscal year 2016, the City did not issue any new bonds; however, the Civic Improvement Corporation issued \$114.4 million of refunding bonds used to refinance and restructure existing airport bonds. The City maintains the following ratings on its general obligation debt: "AA+" from Standard & Poor's and "Aa1" from Moody's Investors Service.

Insurance claims payable increased by \$32.1 million. This was primarily due to an increase in expected losses from existing claims based on actuarial analysis combined with the decrease in the discount rate from 4.0% to 3.75%.

In fiscal year 2016, the City entered into a capital lease for the purchase of fourteen fire trucks. The present value of future minimum payments is \$6.6 million.

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

	<b>City of Phoenix Long-Term Liabilities as of June 30 (in thousands)</b>					
	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds, net	\$ 1,347,586	\$ 1,420,253	\$ 32,197	\$ 57,641	\$ 1,379,783	\$ 1,477,894
Revenue bonds/Bank loans	305,940	—	14,972	15,909	320,912	15,909
Municipal Corporation Obligations, net	586,842	659,939	4,277,618	4,327,626	4,864,460	4,987,565
Special assessment bonds	114	133	—	—	114	133
Insurance claims payable	155,872	123,731	—	—	155,872	123,731
Compensated absences	145,208	149,912	19,297	18,958	164,505	168,870
Landfill Closure/Post-closure costs	—	—	62,757	64,580	62,757	64,580
Pollution Remediation	14,593	18,757	2,375	3,900	16,968	22,657
Other	2,301	2,301	—	—	2,301	2,301
Capital Lease	6,633	—	—	—	6,633	—
Net Pension Liability	3,326,136	3,214,265	619,366	588,433	3,945,502	3,802,698
Total	<b>\$ 5,891,225</b>	<b>\$ 5,589,291</b>	<b>\$ 5,028,582</b>	<b>\$ 5,077,047</b>	<b>\$ 10,919,807</b>	<b>\$ 10,666,338</b>

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

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 218,244	\$ 215,597	\$ 1,142,277	\$ 1,120,835	\$ 1,360,521	\$ 1,336,432
Grants and contributions						
Operating	355,750	361,919	—	—	355,750	361,919
Capital	94,379	82,285	138,162	144,654	232,541	226,939
General revenues						
Excise taxes	816,459	766,382	—	—	816,459	766,382
Other taxes	193,365	188,709	—	—	193,365	188,709
Grants/contributions not restricted to specific programs	376,017	376,923	—	—	376,017	376,923
Other	94,539	89,740	16,097	9,864	110,636	99,604
Total revenues	<u>2,148,753</u>	<u>2,081,555</u>	<u>1,296,536</u>	<u>1,275,353</u>	<u>3,445,289</u>	<u>3,356,908</u>
<b>Expenses</b>						
General government	111,801	99,320	—	—	111,801	99,320
Criminal justice	35,198	34,242	—	—	35,198	34,242
Public safety	1,025,401	914,215	—	—	1,025,401	914,215
Transportation	399,228	398,925	—	—	399,228	398,925
Community enrichment	570,183	245,795	—	—	570,183	245,795
Community development	200,762	215,931	—	—	200,762	215,931
Environmental services	49,050	48,293	—	—	49,050	48,293
Interest on long-term debt	84,893	83,796	—	—	84,893	83,796
Aviation	—	—	504,304	482,915	504,304	482,915
Phoenix Convention Center	—	—	107,133	105,458	107,133	105,458
Water services	—	—	359,703	336,445	359,703	336,445
Wastewater services	—	—	170,440	171,250	170,440	171,250
Solid waste	—	—	141,129	150,625	141,129	150,625
Total expenses	<u>2,476,516</u>	<u>2,040,517</u>	<u>1,282,709</u>	<u>1,246,693</u>	<u>3,759,225</u>	<u>3,287,210</u>
Increase in net position before transfers	(327,763)	41,038	13,827	28,660	(313,936)	69,698
Transfers	<u>(24,631)</u>	<u>(25,080)</u>	<u>24,631</u>	<u>25,080</u>	<u>—</u>	<u>—</u>
Increase (Decrease) in net position	(352,394)	15,958	38,458	53,740	(313,936)	69,698
<b>Net Position - July 1</b>	<b>1,792,569</b>	<b>4,447,146</b>	<b>3,743,980</b>	<b>4,153,269</b>	<b>5,536,549</b>	<b>8,600,415</b>
Effect of Change in Accounting Policy	27,432	—	(27,432)	—	—	—
Restatement of Beginning Net Position	—	(2,670,535)	—	(463,029)	—	(3,133,564)
<b>Net Position - July 1, as restated</b>	<b>1,820,001</b>	<b>1,776,611</b>	<b>3,716,548</b>	<b>3,690,240</b>	<b>5,536,549</b>	<b>5,466,851</b>
<b>Net Position - June 30</b>	<b>\$ 1,467,607</b>	<b>\$ 1,792,569</b>	<b>\$ 3,755,006</b>	<b>\$ 3,743,980</b>	<b>\$ 5,222,613</b>	<b>\$ 5,536,549</b>

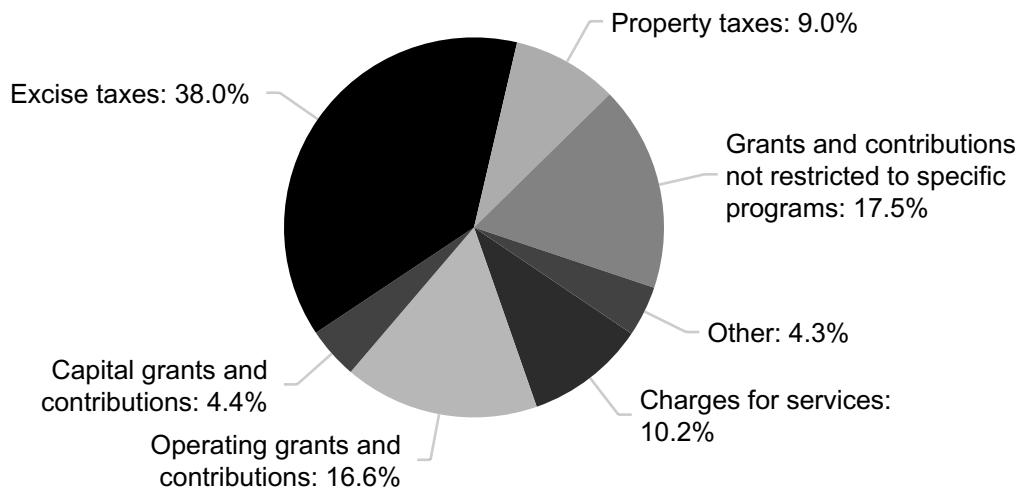
During fiscal year 2016, responsibility for the Arizona Science Center moved from the Phoenix Convention Center to the Parks Department. The transfer of the associated assets was shown as an Effect of Change in Accounting Policy.

As shown above, Total Government net position decreased by \$313.9 million. Governmental Activities decreased by \$324.9 million and Business-Type Activities increased by \$11.0 million. The \$324.4 million increase in community enrichment expenses were primarily due to the City entering into a bank loan to refinance the Downtown Phoenix Hotel Corporation Senior and Subordinate Hotel Revenue Bonds, Series 2005A, 2005B, and 2005C (Taxable). The Revenue Bonds were carried under the Downtown Phoenix Hotel Corporation Component Unit which saw a corresponding increase in net position in fiscal year 2016.

During fiscal year ended 2016, excise tax revenues increased by 6.5 percent due to continued growth in the economy and the implementation of Transportation Tax 2050. The increase in general government expenses was primarily due to increases in pension, capital outlay and compensated absences expenses.

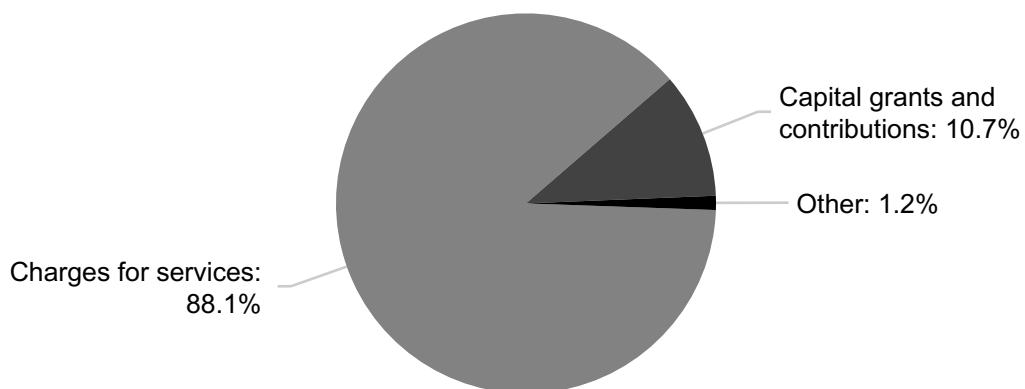
The sources of the revenues shown previously are portrayed in the following charts by percentage for the Governmental Activities and then the Business-Type Activities.

### **Revenues by Source - Governmental Activities Fiscal Year Ended June 30, 2016**



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 38.0 percent of the total. Additional information about tax revenues is presented in Table 5 of the Statistical Section.

### **Revenues by Source - Business Type Activities Fiscal Year Ended June 30, 2016**



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

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

The Fund Financial Statements are presented in Exhibits B-1 through B-14 beginning on page 22 of this report. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-9), Enterprise Funds (Exhibits B-10 through B-12) and Fiduciary Funds (Exhibits B-13 and B-14).

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

The City maintains twenty-five individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Transit Special Revenue Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under Governmental Accounting Standards Board (GASB) Statement No. 34. Data from the other twenty-two Governmental Funds are combined into a single, aggregated presentation as Non-major Governmental Funds. Individual fund data for each of these non-major Governmental Funds is found in Exhibits C-1 and C-2.

The City adopts an annual appropriated budget for all City funds. A Budgetary Comparison Statement has been provided for the General Fund (Exhibit B-5) and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-9) to demonstrate compliance with this budget.

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

Enterprise Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Enterprise Fund Financial Statements (Exhibits B-10 through B-12 beginning on page 32) provide separate information for each of the five Enterprise Funds noted above as all are considered to be major funds of the City.

## **Fund Financial Statement Analysis**

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

**Governmental Funds.** The focus of the Governmental Fund Financial Statements (Exhibits B-1 through B-9 beginning on page 22) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented separately on these financial statements, while the non-major funds are combined into a single column. Combining statements for the nonmajor funds can be found in Exhibits C-1 and C-2. The following table summarizes information found in Exhibits B-1 and B-3.

**City of Phoenix**  
**Changes in Governmental Fund Balances**  
**Fiscal Year Ended June 30, 2016**  
(in thousands)

	Fund Balances June 30, 2015	Net Change in Fund Balances	Fund Balances June 30, 2016
General Fund	\$ 327,412	\$ 24,075	\$ 351,487
Transit Special Revenue Fund	292,155	(4,305)	287,850
G.O./Secondary Property Tax	180,003	(69,721)	110,282
Nonmajor Governmental	428,922	48,608	477,530
Total	<u>\$ 1,228,492</u>	<u>\$ (1,343)</u>	<u>\$ 1,227,149</u>
Total Nonspendable	19,618	(734)	18,884
Spendable - Restricted	830,425	(66,795)	763,630
Spendable - Committed, Assigned, Unassigned	378,449	66,186	444,635
Total Governmental Fund Balances	<u>\$ 1,228,492</u>	<u>\$ (1,343)</u>	<u>\$ 1,227,149</u>

Note: See Exhibit B-1 on page 22 and Note 3 on page 54 for detailed information on fund balances.

As shown in the above table, at the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.2 billion, a decrease of \$1.3 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.5 percent of this amount, or \$1.2 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$444.6 million available at the City's discretion and has been categorized as committed, assigned or unassigned. The remaining 63.8 percent or \$782.5 million is designated as non-spendable or restricted. Examples of fund balance restrictions include: Public Transit Operations, Debt Service and Road Maintenance and Construction. Non-spendable funds include inventory and prepaid items. See Note 3 on page 54 for a detailed description of fund balance classifications per GASB Statement No. 54.

The General Fund is the main operating fund of the City and accounts for many of the major functions of the government including general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. As presented in the table above, General Fund balance increased by \$24.1 million. This increase in fund balance was primarily due to increases in vehicle license taxes, property taxes, sales taxes and state shared revenues. The Transit Special Revenue Fund accounts for the voter approved excise taxes dedicated to the construction, operation and maintenance of the public transit system. In 2016, the fund balance decreased by \$4.3 million or 1.5 percent.

The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund decreased by \$69.7 million. This decrease was due to the planned use of the fund balance to pay for general obligation debt service.

Fund Balance for the nonmajor governmental funds increased by \$48.6 million. The increase in fund balance is primarily in preparation for the hiring of additional police officers and firefighters. When voters approved the Transportation 2050 tax the City was able to set aside in Other Restricted Funds \$16 million from the General Fund that was no longer needed for transit expenses to hire additional police officers. Additionally, the City has been working to eliminate a deficit in the Public Safety Enhancement Fund through hiring freezes and attrition. As of June 30, 2016 the deficit has been eliminated and the City has plans to resume hiring police officers and firefighters.

Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the Fund Financial Statements within the Basic Financial Statements, or as required supplementary information (RSI) after the Notes to the Financial Statements. The City has chosen to present the General Fund budgetary statement (Exhibit B-5), and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-9) in the Basic Financial Statements.

The following table summarizes Exhibit B-5.

**City of Phoenix  
General Fund**  
**Budgetary Comparison Statement**  
**Fiscal Year Ended June 30, 2016**  
(in thousands)

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 311,464	\$ 323,358	\$ 11,894
Expenditures and Encumbrances	1,144,139	1,066,522	77,617
Deficiency of Revenues Under Expenditures and Encumbrances	(832,675)	(743,164)	89,511
Other Financing Sources (Uses)	807,939	755,273	(52,666)
Net Change in Fund Balance	<u>\$ (24,736)</u>	12,109	<u>\$ 36,845</u>
Fund Balance July 1		100,435	
Fund Balance June 30		<u>\$ 112,544</u>	

The total revenues in the General Fund were within 3.8 percent of the final amended budget and total expenditures were less than the final amended budget. The final amended general fund budget projected fiscal year expenditures of \$1,144.1 million includes \$46.4 million of contingency. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2016, were \$1,066.5 million which is \$77.6 million less than the amended budget (see Exhibit B-5). The actual general fund expenditures reflect department efficiencies, service cuts and controlling costs during the fiscal year.

**Enterprise Funds.** The Enterprise Fund Financial Statements (Exhibits B-10 through B-12) are prepared and presented using the same accounting basis and measurement focus as the Government-Wide Financial Statements, but in more detail. The following table summarizes Exhibits B-10 and B-11.

**City of Phoenix  
Changes in Enterprise Fund Net Position**  
**Fiscal Year Ended June 30, 2016**  
(in thousands)

	Net Position (Deficit) July 1, 2015	Change in Net Position (Deficit)	Net Position (Deficit) June 30, 2016
Aviation	\$ 1,651,661	\$ (6,256)	\$ 1,645,405
Phoenix Convention Center	(11,376)	(17,237)	(28,613)
Water System	1,267,284	24,610	1,291,894
Wastewater	825,294	31,678	856,972
Solid Waste	(16,315)	5,663	(10,652)
Total	<u>\$ 3,716,548</u>	<u>\$ 38,458</u>	<u>\$ 3,755,006</u>

As shown in the table, Net Position for the Enterprise Funds increased in total by \$38.5 million during the fiscal year. Water System, Wastewater and Solid Waste ended the year with increases totaling \$62.0 million offset by decreases in Aviation of \$6.3 million and Phoenix Convention Center of \$17.2 million. The increases were due to increased revenues combined with continued efficiency efforts and debt restructuring. The decline in net position for the Phoenix Convention Center reflects the Effect of Change in Accounting Policy which consisted of the transfer of Arizona Science Center assets to the governmental funds. The decline in net position for Aviation resulted from an increase in overall operating expenses.

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

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found beginning on page 41 of this report. Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 19 and Note 20 to the financial statements, and as required supplemental information.

### **ECONOMIC FACTORS**

- The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128 which is a 47.2% increase. As of June 30, 2016, the City encompasses 519.4 square miles and has an estimated population of 1,565,896.
- The Phoenix area unemployment rate has generally been lower than the rate for the U.S. since 2009. As of August 2016, the unemployment rate for both the Phoenix area and the U.S. was 5.0%.
- The City continued the recent recovery from the downturn in the national economy and the overbuilding that occurred in the real estate sector during the mid 2000's. The fiscal year 2016-17 assessed valuation increased 3.8% to \$10.98 billion. On July 1, 2016 the Phoenix City Council voted to increase the City total property tax rate (primary and secondary) to \$2.17 from \$1.82 per \$100 assessed valuation. This was the first rate increase for the City in over 20 years. Assessed valuations are expected to increase in 2017-18.
- Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 27.8% from 2013 to the second quarter of 2016 as compared to a 21.9% increase nationwide for the same time period.
- According to the Greater Phoenix Blue Chip Economic Forecast, retail sales in the Phoenix area which declined 0.7% in 2010, grew by an average of 8.0% per year from 2011 through 2015. This growth was supported by gains in personal income averaging 4.4% for the same five year period. The Greater Phoenix Blue Chip Economic Forecast estimates increases in retail sales of 6.0% in 2016 and 6.2% in 2017.

### **REQUESTS FOR FINANCIAL INFORMATION**

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



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*Financial Section*

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







**City of Phoenix**

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Net Position**  
June 30, 2016  
(in thousands)

**Exhibit A-1**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 245,224	\$ 164,819	\$ 410,043	\$ 5,623	\$ 3,547	\$ 18,194
Cash Deposits	1,353	326	1,679	—	2,350	1
Cash and Securities with Fiscal Agents/Trustees	181,404	—	181,404	—	146	—
Investments	793,453	660,418	1,453,871	—	—	—
Receivables, Net of Allowances	338,599	104,909	443,508	2,305	11,263	70
Prepaid Items	4,969	2,731	7,700	1,499	135	21
Inventories	13,915	23,678	37,593	278	—	—
Restricted Assets	—	857,971	857,971	23,208	—	—
Investment in Joint Use Agreements	887,155	599,564	1,486,719	—	—	—
Other Postemployment Benefits Asset	1,144	238	1,382	—	—	—
Other Noncurrent Assets	—	—	—	248	—	6,911
Capital Assets, at Cost						
Non-depreciable	1,998,964	1,309,766	3,308,730	95	27,040	—
Depreciable, net	2,830,320	5,496,113	8,326,433	226,031	14,170	—
Total Assets	<u>7,296,500</u>	<u>9,220,533</u>	<u>16,517,033</u>	<u>259,287</u>	<u>58,651</u>	<u>25,197</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding Bonds	29,261	21,834	51,095	—	—	—
Loss on Refunding Certificates	—	—	—	—	40	—
Pension Related	615,221	117,122	732,343	—	—	—
Total Deferred Outflows of Resources	<u>644,482</u>	<u>138,956</u>	<u>783,438</u>	<u>—</u>	<u>40</u>	<u>—</u>

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

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Net Position**  
June 30, 2016  
(in thousands)

**Exhibit A-1**  
(Continued)

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
<b>LIABILITIES</b>						
Accounts Payable	101,463	72,128	173,591	5,163	3,601	641
Trust Liabilities and Deposits	39,963	3,259	43,222	1,125	192	—
Advance Payments	23,899	19,058	42,957	272	65	—
Liabilities Payable from Restricted Assets	—	172,361	172,361	6,777	56	—
Matured Bonds and Certificates Payable	130,955	154,159	285,114	—	—	—
Interest Payable	43,799	105,814	149,613	—	1,340	—
Hotel Loan Interest Payable	4,197	—	4,197	—	—	—
Noncurrent Liabilities						
Due Within One Year						
Insurance Claims Payable	50,000	—	50,000	—	—	—
Accrued Compensated Absences	17,112	2,482	19,594	—	—	—
Pollution Remediation	261	75	336	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	2,528	2,528	—	—	—
General Obligation Bonds	70,300	7,740	78,040	—	—	—
Revenue Bonds/Bank Loans	—	965	965	—	—	—
Municipal Corporation Obligations	78,890	147,340	226,230	—	—	—
Special Assessment Bonds	18	—	18	—	—	—
Capital Lease	1,047	—	1,047	—	—	—
Due in More Than One Year						
Insurance Claims Payable	105,872	—	105,872	—	—	—
Accrued Compensated Absences	128,096	16,815	144,911	—	—	—
Pollution Remediation	14,332	2,300	16,632	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	60,229	60,229	—	—	—
General Obligation Bonds, net	1,277,286	24,457	1,301,743	—	—	—
Revenue Bonds/Bank Loans, net	305,940	14,007	319,947	—	—	—
Municipal Corporation Obligations, net	507,952	4,130,278	4,638,230	—	—	—
Special Assessment Bonds	96	—	96	—	—	—
Notes Payable	—	—	—	—	38,901	—
Utility/Water Contractual Agreements	2,301	—	2,301	—	—	—
Capital Lease	5,586	—	5,586	—	—	—
Net Pension Liability	3,326,136	619,366	3,945,502	—	—	—
Total Liabilities	6,235,501	5,555,361	11,790,862	13,337	44,155	641
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Gain on Refunding Bonds	12,926	3,278	16,204	—	—	—
Service Concession Arrangement	10,800	—	10,800	—	—	—
Pension Related	214,148	45,844	259,992	—	—	—
Total Deferred Inflows of Resources	237,874	49,122	286,996	—	—	—
<b>NET POSITION</b>						
Net Investment in Capital Assets	2,788,275	2,803,361	5,591,636	226,126	(112)	—
Restricted For:						
Capital Projects	80,781	—	80,781	11,057	—	—
Debt Service	114,558	132,014	246,572	—	—	—
Passenger Facility Charges	—	128,117	128,117	—	—	—
Customer Facility Charges	—	90,624	90,624	—	—	—
Public Transit Operations	283,755	—	283,755	—	—	—
Other	284,536	111,360	395,896	—	—	—
Unrestricted (Deficit)	(2,084,298)	489,530	(1,594,768)	8,767	14,648	24,556
Total Net Position	\$ 1,467,607	\$ 3,755,006	\$ 5,222,613	\$ 245,950	\$ 14,536	\$ 24,556

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit A-2**

<b>Functions/Programs</b>	<b>Program Revenues</b>				
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
Governmental Activities					
General Government	\$ 111,801	\$ 18,387	\$ 958	\$ 11	
Criminal Justice	35,198	15,813	—	—	
Public Safety	1,025,401	68,167	16,061	571	
Transportation	399,228	36,331	182,687	81,596	
Community Enrichment	570,183	11,016	45,930	1,264	
Community Development	200,762	68,396	109,486	10,704	
Environmental Services	49,050	134	628	233	
Interest on Long-Term Debt	84,893	—	—	—	
Total Governmental Activities	2,476,516	218,244	355,750	94,379	
Business-Type Activities					
Aviation	504,304	380,533	—	111,252	
Phoenix Convention Center	107,133	42,840	—	21	
Water Services	359,703	378,378	—	14,180	
Wastewater Services	170,440	193,727	—	12,690	
Solid Waste	141,129	146,799	—	19	
Total Business-Type Activities	1,282,709	1,142,277	—	138,162	
Total Primary Government	\$ 3,759,225	\$ 1,360,521	\$ 355,750	\$ 232,541	
Component Units:					
Downtown Phoenix Hotel Corporation	\$ 64,474	\$ 63,434	\$ —	\$ —	
Phoenix Housing Finance Corporations	\$ 7,003	\$ 6,966	\$ —	\$ —	
Phoenix Industrial Development Authority	\$ 2,209	\$ 5,789	\$ —	\$ —	
General Revenues (Expenses)					
Taxes					
Excise Taxes					
Property Taxes, Levied for General Purposes					
Property Taxes, Levied for Debt Service					
Grants and Contributions Not Restricted to Specific Programs					
Investment Earnings, Net					
Miscellaneous					
Contributions from Ownership					
Transfers - Internal Activities					
Total General Revenues (Expenses) and Transfers					
Change in Net Position (Deficit)					
<b>Net Position (Deficit) - July 1</b>					
Effect of Change in Accounting Policy					
<b>Net Position (Deficit) - July 1, as restated</b>					
<b>Net Position - June 30</b>					

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

<b>Net (Expense) Revenue and Changes in Net Position</b>					
<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Downtown Phoenix Hotel Corporation</b>	<b>Phoenix Housing Finance Corporations</b>	<b>Phoenix Industrial Development Authority</b>
\$ (92,445)	\$ —	\$ (92,445)			
(19,385)	—	(19,385)			
(940,602)	—	(940,602)			
(98,614)	—	(98,614)			
(511,973)	—	(511,973)			
(12,176)	—	(12,176)			
(48,055)	—	(48,055)			
(84,893)	—	(84,893)			
<u>(1,808,143)</u>	<u>—</u>	<u>(1,808,143)</u>			
—	(12,519)	(12,519)			
—	(64,272)	(64,272)			
—	32,855	32,855			
—	35,977	35,977			
—	5,689	5,689			
—	(2,270)	(2,270)			
<u>(1,808,143)</u>	<u>(2,270)</u>	<u>(1,810,413)</u>			
	<u>\$ (1,040)</u>				
			<u>\$ (37)</u>		
				<u>\$ 3,580</u>	
816,459	—	816,459	—	—	—
142,940	—	142,940	—	—	—
50,425	—	50,425	—	—	—
376,017	—	376,017	3,523	—	—
11,932	16,097	28,029	9	92	128
82,607	—	82,607	—	—	428
—	—	—	305,940	—	—
(24,631)	24,631	—	—	—	—
<u>1,455,749</u>	<u>40,728</u>	<u>1,496,477</u>	<u>309,472</u>	<u>92</u>	<u>556</u>
(352,394)	38,458	(313,936)	308,432	55	4,136
1,792,569	3,743,980	5,536,549	(62,482)	14,481	20,420
27,432	(27,432)	—	—	—	—
1,820,001	3,716,548	5,536,549	(62,482)	14,481	20,420
<u>\$ 1,467,607</u>	<u>\$ 3,755,006</u>	<u>\$ 5,222,613</u>	<u>\$ 245,950</u>	<u>\$ 14,536</u>	<u>\$ 24,556</u>



**City of Phoenix**



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*Financial Section*

## **Basic Financial Statements – Fund Financial Statements**







**City of Phoenix**

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

June 30, 2016

(in thousands)

**Exhibit B-1**

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 34,669	\$ 44,672	\$ 74,303	\$ 91,580	\$ 245,224
Cash Deposits	1,092	—	—	261	1,353
Cash and Securities with Fiscal Agents/Trustees	—	—	96,161	85,243	181,404
Investments	182,506	184,663	34,877	391,407	793,453
Due from Other Funds	17,505	1,515	—	28,474	47,494
Receivables, Net of Allowance					
Accounts Receivable	24,384	2,372	—	13,545	40,301
Taxes Receivable	91,145	956	817	963	93,881
Delinquent Taxes Receivable	2,411	—	1,345	—	3,756
Intergovernmental	26,474	36,857	—	43,381	106,712
Accrued Interest	39	—	285	77	401
Notes Receivable	—	60,000	—	33,548	93,548
Prepaid Items	—	662	—	4,307	4,969
Inventories	13,498	230	—	187	13,915
Total Assets	\$ 393,723	\$ 331,927	\$ 207,788	\$ 692,973	\$ 1,626,411
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	—	—	—	—	—
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 47,494	\$ 47,494
Accounts Payable	28,449	44,049	—	28,965	101,463
Insurance Claims Payable	639	—	—	—	639
Trust Liabilities and Deposits	7,650	28	—	32,285	39,963
Matured Bonds Payable	—	—	66,300	64,655	130,955
Interest Payable	—	—	29,861	13,938	43,799
Hotel Loan Interest Payable	—	—	—	4,197	4,197
Advance Payments	3,087	—	—	23,909	26,996
Total Liabilities	39,825	44,077	96,161	215,443	395,506
Deferred Inflows of Resources					
Delinquent Property Taxes	2,411	—	1,345	—	3,756
Total Deferred Inflows of Resources	2,411	—	1,345	—	3,756
Fund Balances					
Non-Spendable					
Inventories	13,498	230	—	187	13,915
Prepaid Items	—	662	—	4,307	4,969
Spendable					
Restricted	62,047	283,755	110,282	307,546	763,630
Committed	—	—	—	38,803	38,803
Assigned	48,715	3,203	—	137,804	189,722
Unassigned	227,227	—	—	(11,117)	216,110
Total Fund Balances	351,487	287,850	110,282	477,530	1,227,149
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 393,723	\$ 331,927	\$ 207,788	\$ 692,973	\$ 1,626,411

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

**City of Phoenix, Arizona****Exhibit B-2****Fund Financial Statements****Governmental Funds****Reconciliation of the Balance Sheet to the Statement of Net Position**

June 30, 2016

(in thousands)

Fund balances - total governmental funds balance sheet	\$ 1,227,149
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	7,002,834
Accumulated depreciation	(2,173,550)
	4,829,284

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

Valley Metro Rail Inc.	821,980
Regional Wireless Cooperative	65,175
	887,155

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

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

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in or excluded from the funds.

Deferred outflows of resources from the refunding of bonds.	29,261
Deferred outflows of resources from pensions.	615,221
	644,482

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

Governmental bonds payable	(2,240,482)
Pollution remediation	(14,593)
Compensated absences	(145,208)
Insurance claims payable	(155,233)
Water repayment agreements	(2,301)
Capital lease	(6,633)
Net pension liability	(3,326,136)
	(5,890,586)

Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the funds.

Deferred inflows of resources from the refunding of bonds.	(12,926)
Deferred inflows of resources from service concession arrangement.	(10,800)
Deferred inflows of resources from pensions.	(214,148)
	(237,874)

Net position of governmental activities - statement of net position	\$ 1,467,607
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The accompanying notes are an integral part of these financial statements.

**City of Phoenix, Arizona**
**Exhibit B-3**
**Fund Financial Statements**
**Governmental Funds**
**Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
City Taxes	\$ 626,694	\$ 154,628	\$ 50,484	\$ 178,112	\$ 1,009,918
Licenses and Permits	17,901	—	—	308	18,209
Intergovernmental	376,519	65,964	4,742	366,909	814,134
Charges for Services	67,830	34,104	—	71,438	173,372
Fines and Forfeitures	12,025	—	—	81	12,106
Parks and Recreation	—	—	—	6,919	6,919
Special Assessments	—	—	—	13	13
Investment Income					
Net Change in Fair Value of Investments	174	200	(934)	(327)	(887)
Interest	3,172	2,647	2,016	4,984	12,819
Dwelling Rentals	—	—	—	7,077	7,077
Other	24,622	18,416	—	39,508	82,546
Total Revenues	1,128,937	275,959	56,308	675,022	2,136,226
<b>EXPENDITURES</b>					
Current Operating					
General Government	68,207	—	—	10,766	78,973
Criminal Justice	30,384	—	—	2,022	32,406
Public Safety	734,830	—	—	123,467	858,297
Transportation	14,821	187,309	—	51,135	253,265
Community Enrichment	141,929	—	—	363,593	505,522
Community Development	18,223	—	—	157,733	175,956
Environmental Services	9,882	—	—	2,120	12,002
Capital Outlay	9,673	62,837	—	202,354	274,864
Debt Service					
Principal	—	—	66,300	64,674	130,974
Interest	—	—	59,723	35,678	95,401
Bond Issuance Costs	—	—	—	491	491
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	25	25
Capital Lease	1,192	—	—	—	1,192
Other	—	—	6	2	8
Total Expenditures	1,029,141	250,146	126,029	1,014,060	2,419,376
Excess (Deficiency) of Revenues Over Expenditures	99,796	25,813	(69,721)	(339,038)	(283,150)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From Other Funds	25,584	20,000	—	115,030	160,614
Transfers to Other Funds	(101,305)	(50,118)	—	(33,822)	(185,245)
Proceeds from Refinancing	—	—	—	306,438	306,438
Total Other Financing Sources and (Uses)	(75,721)	(30,118)	—	387,646	281,807
Net Change in Fund Balances	24,075	(4,305)	(69,721)	48,608	(1,343)
<b>FUND BALANCES, JULY 1</b>	327,412	292,155	180,003	428,922	1,228,492
<b>FUND BALANCES, JUNE 30</b>	\$ 351,487	\$ 287,850	\$ 110,282	\$ 477,530	\$ 1,227,149

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

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

**Exhibit B-4**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

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Net change in fund balances - total governmental funds	\$	(1,343)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital acquisitions (\$161,547) plus the increase in the equity share of the joint venture (\$12,968) exceeded depreciation (\$174,669) and loss on disposals of capital assets (\$3,973) in the current period.		(4,127)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		12,527
Bond principal payments and other reductions		(175,464)
Amortization of bond premium/discount		11,200
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		4,704
Insurance claims		(32,455)
Capital lease		(6,633)
Other postemployment benefit (OPEB) asset		221
Pollution remediation		4,164
Pensions		<u>(165,188)</u>
Change in net position of governmental activities - statement of activities	\$	<u>(352,394)</u>

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**General Fund**  
**Budgetary Comparison Statement**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

**Exhibit B-5**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>		
<b>REVENUES</b>					
City Taxes	\$ 142,063	\$ 142,063	\$ 142,975	\$ 912	
Licenses and Permits	14,317	14,317	15,148	831	
Intergovernmental	57,514	57,514	61,465	3,951	
Charges for Services	65,872	65,872	70,621	4,749	
Fines and Forfeitures	14,120	14,120	11,797	(2,323)	
Interest	1,857	1,857	3,507	1,650	
Miscellaneous	15,721	15,721	17,845	2,124	
Total Revenues	311,464	311,464	323,358	11,894	
<b>EXPENDITURES AND ENCUMBRANCES</b>					
Current Operating					
General Government	110,287	110,381	105,240	5,141	
Criminal Justice	32,623	32,623	30,698	1,925	
Public Safety	737,194	743,394	737,129	6,265	
Transportation	37,162	19,462	17,473	1,989	
Community Enrichment	149,223	149,223	141,484	7,739	
Community Development	21,376	21,376	18,571	2,805	
Environmental Services	15,494	14,501	12,143	2,358	
Capital Outlay	6,779	6,779	3,784	2,995	
Contingency	46,400	46,400	—	46,400	
Total Expenditures and Encumbrances	1,156,538	1,144,139	1,066,522	77,617	
Deficiency of Revenues Over Expenditures and Encumbrances	(845,074)	(832,675)	(743,164)	89,511	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds					
Staff and Administrative	34,463	34,463	33,375	(1,088)	
In-Lieu Property Taxes	20,992	20,992	21,004	12	
Excise Taxes and Other	754,154	754,154	721,109	(33,045)	
Enterprise Funds	—	—	388	388	
Transfers to Other Funds					
Miscellaneous	(1,670)	(1,670)	(22,320)	(20,650)	
Recovery of Prior Years Expenditures	—	—	1,717	1,717	
Total Other Financing Sources (Uses)	807,939	807,939	755,273	(52,666)	
Net Change in Fund Balance	\$ (37,135)	\$ (24,736)	\$ 12,109	\$ 36,845	
Fund Balance, July 1			100,435		
Fund Balance, June 30			\$ 112,544		

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

**City of Phoenix, Arizona**  
**Budgetary Comparison Statement**  
**Transit 2000 Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit B-6**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>		
<b>REVENUES</b>					
Charges for Services	\$ 47,699	\$ 47,699	\$ 45,585	\$ (2,114)	
Interest	903	903	1,752	849	
Miscellaneous	4,662	4,662	5,669	1,007	
Total Revenues	53,264	53,264	53,006	(258)	
<b>EXPENDITURES AND ENCUMBRANCES</b>					
Current Operating Transportation	153,164	163,464	149,771	13,693	
Capital	7,398	7,698	6,744	954	
Contingency	55,000	30,500	—	30,500	
Total Expenditures and Encumbrances	215,562	201,662	156,515	45,147	
Deficiency of Revenues Over Expenditures and Encumbrances	(162,298)	(148,398)	(103,509)	44,889	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds					
Excise Tax Special Revenue Fund	115,364	115,364	55,915	(59,449)	
Arizona Highway User Special Revenue Fund	5,000	5,000	—	(5,000)	
Capital Projects Fund	—	—	564	564	
Transfers to Other Funds					
General Fund					
Staff and Administrative	(766)	(766)	(725)	41	
Capital Projects Fund	—	—	(4)	(4)	
City Improvement Debt Service Fund	(50,069)	(50,069)	(50,026)	43	
Infrastructure Repayment Agreement Trust	(212)	(212)	(88)	124	
Federal Transit Grants Special Revenue Fund	—	—	(1)	(1)	
Recovery of Prior Years Expenditures	2,000	2,000	265	(1,735)	
Total Other Financing Sources (Uses)	71,317	71,317	5,900	(65,417)	
Net Change in Fund Balance	\$ (90,981)	\$ (77,081)	\$ (97,609)	\$ (20,528)	
Fund Balance, July 1			272,795		
Fund Balance, June 30			\$ 175,186		

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

**City of Phoenix, Arizona****Exhibit B-7****Budgetary Comparison Statement  
Transit - Other Agency Special Revenue Funds**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>		
<b>REVENUES</b>					
Intergovernmental	\$ 42,577	\$ 42,577	\$ 41,040	\$ (1,537)	
Rentals	—	—	179	179	
Interest	(31)	(31)	(61)	(30)	
Total Revenues	42,546	42,546	41,158	(1,388)	
<b>EXPENDITURES AND ENCUMBRANCES</b>					
Current Operating					
Transportation	28,510	28,510	28,504	6	
Capital	26,498	26,498	12,746	13,752	
Total Expenditures and Encumbrances	55,008	55,008	41,250	13,758	
Deficiency of Revenues Over Expenditures and Encumbrances	(12,462)	(12,462)	(92)	12,370	
<b>OTHER FINANCING SOURCES</b>					
Recovery of Prior Years Expenditures	—	—	1	1	
Total Other Financing Sources	—	—	1	1	
Net Change in Fund Balance	\$ (12,462)	\$ (12,462)	\$ (91)	\$ 12,371	
Fund Balance, July 1			(13,910)		
Fund Balance, June 30			\$ (14,001)		

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

**City of Phoenix, Arizona****Exhibit B-8****Budgetary Comparison Statement****Transit - Federal Transit Grants Special Revenue Fund**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>			
<b>REVENUES</b>						
Intergovernmental	\$ 65,916	\$ 65,916	\$ 57,277		\$ (8,639)	
Total Revenues	65,916	65,916	57,277		(8,639)	
<b>EXPENDITURES AND ENCUMBRANCES</b>						
Current Operating						
Transportation	13,658	13,658	15,417		(1,759)	
Capital	52,258	52,258	42,037		10,221	
Total Expenditures and Encumbrances	65,916	65,916	57,454		8,462	
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	(177)		(177)	
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from Other Funds						
Transit 2000 Special Revenue Fund	—	—	1		1	
Transfers to Other Funds						
Capital Projects Fund	—	—	(9)		(9)	
Recovery of Prior Years Expenditures	—	—	185		185	
Total Other Financing Sources (Uses)	—	—	177		177	
Net Change in Fund Balance	\$ —	\$ —	—	\$ —	—	
Fund Balance, July 1					—	
Fund Balance, June 30				\$ —	—	

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

**City of Phoenix, Arizona****Exhibit B-9****Budgetary Comparison Statement  
Transportation Tax 2050 Special Revenue Fund**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	
<b>REVENUES</b>				
Charges for Services	\$ —	\$ —	\$ 9	\$ 9
Interest	—	—	111	111
Total Revenues	—	—	120	120
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating Transportation	—	100	—	100
Capital	—	13,800	11,975	1,825
Total Expenditures and Encumbrances	—	13,900	11,975	1,925
Deficiency of Revenues Over Expenditures and Encumbrances	—	(13,900)	(11,855)	2,045
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	—	—	98,593	98,593
Excise Tax Special Revenue Fund	—	—	20,000	20,000
Arizona Highway User Special Revenue Fund	—	—	119	119
Enterprise Funds	—	—	118,712	118,712
Total Other Financing Sources	—	—	106,857	\$ 120,757
Net Change in Fund Balance	\$ —	\$ (13,900)	\$ 106,857	\$ 120,757
Fund Balance, July 1			—	
Fund Balance, June 30			\$ 106,857	



**City of Phoenix**

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Enterprise Funds**  
**Statement of Net Position**  
June 30, 2016  
(in thousands)

**Exhibit B-10**

	<b>Aviation</b>	<b>Phoenix Convention Center</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 76,667	\$ 8,437
Investments	298,945	33,151
Receivables, Net of Allowances	10,883	254
Prepaid Items	—	—
Cash Deposits	326	—
Inventories, at Average Cost	1,711	208
Total Unrestricted Current Assets	388,532	42,050
Restricted Assets		
Cash and Cash Equivalents	47,371	1,126
Cash Deposits	—	2,699
Cash and Securities with Fiscal Agents/Trustees	282,830	20,155
Investments	112,321	13,878
Receivables, Net of Allowances	17,223	4
Total Restricted Current Assets	459,745	37,862
Total Current Assets	848,277	79,912
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,728,933	677,926
Investment in Joint Use Agreement	—	—
OPEB Asset	69	17
Total Noncurrent Assets	2,729,002	677,943
Total Assets	3,577,279	757,855
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	1,101	5,237
Pension Related	34,187	8,447
Total Deferred Outflows of Resources	35,288	13,684
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	28,878	2,557
Trust Liabilities and Deposits	3,259	—
Advance Payments	19,045	—
Accrued Landfill Postclosure Care Costs	—	—
Current Portion of Pollution Remediation	75	—
Current Portion of Accrued Compensated Absences	825	188
Total Current Liabilities Payable from Current Assets	52,082	2,745
Current Liabilities Payable from Restricted Assets		
Accounts Payable	31,293	—
Trust Liabilities and Deposits	—	2,699
Commercial Paper Notes Payable	130,000	—
Matured Bonds Payable	47,390	2,480
Interest Payable	37,679	17,569
Current Portion of General Obligation Bonds	—	—
Current Portion of Revenue Bonds/Bank Loans	—	—
Current Portion of Municipal Corporation Obligations	50,525	5,210
Accrued Landfill Closure Costs	—	—
Total Current Liabilities Payable from Restricted Assets	296,887	27,958
Total Current Liabilities	348,969	30,703
Noncurrent Liabilities		
General Obligation Bonds	8,119	—
Revenue Bonds/Bank Loans	—	—
Municipal Corporation Obligations	1,407,250	720,213
Pollution Remediation	2,300	—
Accrued Landfill Closure and Postclosure Care Costs	—	—
Accrued Compensated Absences	5,595	1,261
Net Pension Liability	180,787	44,669
Total Noncurrent Liabilities	1,604,051	766,143
Total Liabilities	1,953,020	796,846
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Refunding Bonds	760	—
Pension Related	13,382	3,306
Total Deferred Inflows of Resources	14,142	3,306
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,104,662	(44,739)
Restricted for Debt Service	132,014	—
Restricted from Passenger Facility Charges	128,117	—
Restricted from Customer Facility Charges	90,624	—
Restricted from Enabling Legislation for Capital Projects	—	—
Unrestricted (Deficit)	189,988	16,126
Total Net Position (Deficit)	\$ 1,645,405	\$ (28,613)

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

**Exhibit B-10**  
(Continued)

<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>
\$ 38,262	\$ 27,868	\$ 13,585	\$ 164,819
156,095	117,250	54,977	660,418
53,769	26,334	13,669	104,909
2,731	—	—	2,731
—	—	—	326
<u>16,010</u>	<u>4,943</u>	<u>806</u>	<u>23,678</u>
266,867	176,395	83,037	956,881
17,420	21,994	6,087	93,998
5,906	35	15	8,655
81,382	58,139	11,730	454,236
64,538	70,221	22,897	283,855
—	—	—	17,227
<u>169,246</u>	<u>150,389</u>	<u>40,729</u>	<u>857,971</u>
<u>436,113</u>	<u>326,784</u>	<u>123,766</u>	<u>1,814,852</u>
2,308,063	952,387	138,570	6,805,879
222,489	377,075	—	599,564
81	29	42	238
<u>2,530,633</u>	<u>1,329,491</u>	<u>138,612</u>	<u>7,405,681</u>
<u>2,966,746</u>	<u>1,656,275</u>	<u>262,378</u>	<u>9,220,533</u>
8,054	6,172	1,270	21,834
40,677	14,363	19,448	117,122
<u>48,731</u>	<u>20,535</u>	<u>20,718</u>	<u>138,956</u>
26,200	9,266	5,227	72,128
—	—	—	3,259
12	1	—	19,058
—	—	2,528	2,528
—	—	—	75
874	200	395	2,482
<u>27,086</u>	<u>9,467</u>	<u>8,150</u>	<u>99,530</u>
530	172	240	32,235
6,006	35	110	8,850
—	—	—	130,000
50,024	44,930	9,335	154,159
31,626	16,545	2,395	105,814
5,755	895	1,090	7,740
220	745	—	965
46,395	37,590	7,620	147,340
—	—	1,276	1,276
<u>140,556</u>	<u>100,912</u>	<u>22,066</u>	<u>588,379</u>
<u>167,642</u>	<u>110,379</u>	<u>30,216</u>	<u>687,909</u>
7,051	3,708	5,579	24,457
3,200	10,807	—	14,007
1,308,666	609,900	84,249	4,130,278
—	—	—	2,300
—	—	60,229	60,229
5,991	1,371	2,597	16,815
215,111	75,955	102,844	619,366
<u>1,540,019</u>	<u>701,741</u>	<u>255,498</u>	<u>4,867,452</u>
<u>1,707,661</u>	<u>812,120</u>	<u>285,714</u>	<u>5,555,361</u>
—	2,096	422	3,278
<u>15,922</u>	<u>5,622</u>	<u>7,612</u>	<u>45,844</u>
<u>15,922</u>	<u>7,718</u>	<u>8,034</u>	<u>49,122</u>
1,103,409	608,484	31,545	2,803,361
—	—	—	132,014
—	—	—	128,117
—	—	—	90,624
57,346	54,014	—	111,360
131,139	194,474	(42,197)	489,530
<u>\$ 1,291,894</u>	<u>\$ 856,972</u>	<u>\$(10,652)</u>	<u>\$ 3,755,006</u>

**City of Phoenix, Arizona**

**Exhibit B-11**

**Fund Financial Statements**

**Enterprise Funds**

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

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Aviation</b>	<b>Phoenix Convention Center</b>
<b>Operating Revenues</b>		
Aeronautical Fees	\$ 144,093	\$ —
Sales	—	—
Rentals	95,233	11,388
Sewer Service Charges	—	—
Sanitation and Landfill Fees	—	—
Concessions	—	13,176
Other	94,089	18,276
Total Operating Revenues	333,415	42,840
<b>Operating Expenses</b>		
Administration and Engineering	—	28,664
Operation and Maintenance	259,903	13,022
Promotion	—	2,517
Depreciation and Amortization	166,829	26,080
Staff and Administrative	7,716	2,501
Environmental, Studies & Noise Program	1,956	—
Other	—	1,071
Total Operating Expenses	436,404	73,855
Operating Income (Loss)	(102,989)	(31,015)
<b>Non-Operating Revenues (Expenses)</b>		
Passenger Facility Charges	83,449	—
Rental Car Customer Facility Charges	47,118	—
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	471	(4)
Interest on Investments	6,120	659
Interest on Capital Debt	(67,141)	(33,233)
Equity Interest in Joint Use Agreement Operating Loss	—	—
Gain (Loss) on Disposal of Capital Assets	(759)	(45)
Total Non-Operating Revenues (Expenses)	69,258	(32,623)
Income (Loss) Before Contributions and Transfers	(33,731)	(63,638)
Capital Contributions	27,803	21
Transfers from Other Funds	2	46,501
Transfers to Other Funds	(330)	(121)
Change in Net Position (Deficit)	(6,256)	(17,237)
Net Position (Deficit), July 1	1,651,661	16,056
Effect of Change in Accounting Policy	—	(27,432)
Net Position (Deficit), July 1, as Restated	1,651,661	(11,376)
Net Position (Deficit), June 30	\$ 1,645,405	\$ (28,613)

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

**Exhibit B-11**  
(Continued)

<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>
\$	\$	\$	\$
328,342	—	—	328,342
—	—	—	106,621
—	153,354	—	153,354
—	—	136,251	136,251
—	—	—	13,176
50,036	40,373	10,233	213,007
378,378	193,727	146,484	1,094,844
50,707	19,185	27,744	126,300
141,974	56,893	76,746	548,538
—	—	—	2,517
106,737	41,578	17,165	358,389
6,517	3,044	6,411	26,189
—	—	—	1,956
—	—	9,598	10,669
305,935	120,700	137,664	1,074,558
72,443	73,027	8,820	20,286
—	—	—	83,449
—	—	—	47,118
19	203	62	751
4,077	3,117	1,373	15,346
(39,567)	(25,224)	(3,465)	(168,630)
(11,890)	(23,562)	—	(35,452)
(2,311)	(954)	315	(3,754)
(49,672)	(46,420)	(1,715)	(61,172)
22,771	26,607	7,105	(40,886)
14,180	12,690	19	54,713
6	—	—	46,509
(12,347)	(7,619)	(1,461)	(21,878)
24,610	31,678	5,663	38,458
1,267,284	825,294	(16,315)	3,743,980
—	—	—	(27,432)
1,267,284	825,294	(16,315)	3,716,548
\$ 1,291,894	\$ 856,972	\$ (10,652)	\$ 3,755,006

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Enterprise Funds**  
**Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit B-12**

	<b>Aviation</b>	<b>Phoenix Convention Center</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 339,026	\$ 42,780
Payments to Suppliers	(167,338)	(22,961)
Payments to Employees	(71,794)	(18,125)
Payment of Staff and Administrative Expenses	(7,716)	(2,501)
Net Cash Provided (Used) by Operating Activities	92,178	(807)
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	2	46,501
Transfers to Other Funds	(330)	(121)
Net Cash Provided (Used) by Noncapital Financing Activities	(328)	46,380
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	98,489	—
Principal Paid on Capital Debt	(44,330)	(2,350)
Interest Paid on Capital Debt	(71,294)	(30,226)
Acquisition and Construction of Capital Assets	(138,667)	(1,157)
Proceeds from Sales of Capital Assets	144	2
Passenger Facility Charges	83,555	—
Customer Facility Charges	47,035	—
Capital Contributions	31,084	21
Net Cash Provided (Used) by Capital and Related Financing Activities	6,016	(33,710)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(527,842)	(3,348)
Proceeds from Sale and Maturities of Investment Securities	527,719	3,346
Net Activity for Short-Term Investments	(46,886)	(2,819)
Interest on Investments	6,593	654
Net Cash Provided (Used) by Investing Activities	(40,416)	(2,167)
Net Increase (Decrease) in Cash and Cash Equivalents	57,450	9,696
Cash and Cash Equivalents, July 1	349,744	22,721
Cash and Cash Equivalents, June 30	\$ 407,194	\$ 32,417
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (102,989)	\$ (31,015)
Adjustments		
Depreciation and Amortization	166,829	26,080
Net Pension Expense	8,210	2,187
Deferred Outflows - Pension	(5,097)	(1,286)
Deferred Inflows - Pension	10,958	2,709
Change in Assets and Liabilities		
Receivables	197	(49)
Allowance for Doubtful Accounts	1,222	—
Prepaid Items	—	—
Inventories	38	20
OPEB Asset	(10)	(3)
Accounts Payable	9,956	540
Trust Liabilities and Deposits	1,442	(12)
Advance Payments	2,751	—
Pollution Remediation	(1,525)	—
Accrued Compensated Absences	196	22
Accrued Landfill Closure and Postclosure Care Costs	—	—
Net Cash Provided (Used) by Operating Activities	\$ 92,178	\$ (807)
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ —	\$ 21
Refunding Issuance in Excess of Bond Retirement	58	249
Increase (Decrease) in Fair Value of Investments	(17)	9
Total Noncash Transactions Affecting Financial Position	\$ 41	\$ 279
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 76,667	\$ 8,437
Cash Deposits	326	—
Total Unrestricted	76,993	8,437
Restricted		
Cash and Cash Equivalents	47,371	1,126
Cash and Securities with Fiscal Agents/Trustees	282,830	20,155
Cash Deposits	—	2,699
Total Restricted	330,201	23,980
	\$ 407,194	\$ 32,417

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

**Exhibit B-12**  
(Continued)

	<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>
\$	373,654 \$	193,602 \$	146,722 \$	1,095,784
	(79,482)	(49,834)	(65,445)	(385,060)
	(82,557)	(21,250)	(44,116)	(237,842)
	(6,517)	(3,044)	(6,411)	(26,189)
	205,098	119,474	30,750	446,693
	6	—	—	46,509
	(12,347)	(7,619)	(1,461)	(21,878)
	(12,341)	(7,619)	(1,461)	24,631
	—	—	—	98,489
	(60,557)	(23,867)	(10,205)	(141,309)
	(65,729)	(33,638)	(3,981)	(204,868)
	(115,840)	(28,829)	(16,203)	(300,696)
	43	14	604	807
	—	—	—	83,555
	—	—	—	47,035
	14,180	8,040	—	53,325
	(227,903)	(78,280)	(29,785)	(363,662)
	—	—	—	(531,190)
	—	—	—	531,065
	23,560	(5,505)	2,441	(29,209)
	4,096	3,320	1,435	16,098
	27,656	(2,185)	3,876	(13,236)
	(7,490)	31,390	3,380	94,426
	150,460	76,646	28,037	627,608
\$	142,970 \$	108,036 \$	31,417 \$	722,034
\$	72,443 \$	73,027 \$	8,820 \$	20,286
	106,737	41,578	17,165	358,389
	13,558	2,482	4,496	30,933
	(6,703)	(1,978)	(2,870)	(17,934)
	13,091	4,590	6,231	37,579
	(5,343)	(35)	133	(5,097)
	(11)	(67)	105	1,249
	(85)	—	—	(85)
	(165)	540	(806)	(373)
	(14)	(4)	(8)	(39)
	10,848	(608)	(712)	20,024
	628	(24)	2	2,036
	2	—	—	2,753
	—	—	—	(1,525)
	112	(27)	36	339
	—	—	(1,842)	(1,842)
\$	205,098 \$	119,474 \$	30,750 \$	446,693
\$	— \$	4,650 \$	— \$	4,671
	1,695	778	193	2,973
	—	—	—	(8)
\$	1,695 \$	5,428 \$	193 \$	7,636
\$	38,262 \$	27,868 \$	13,585 \$	164,819
	—	—	—	326
	38,262	27,868	13,585	165,145
	17,420	21,994	6,087	93,998
	81,382	58,139	11,730	454,236
	5,906	35	15	8,655
	104,708	80,168	17,832	556,889
\$	142,970 \$	108,036 \$	31,417 \$	722,034

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
June 30, 2016  
(in thousands)

**Exhibit B-13**

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 52,334	\$ 12,892
Investments		
Treasurer's Pooled Investments	6,464	48,496
Temporary Investments	83,249	—
Fixed Income	651,518	—
Domestic Equities	860,296	—
International Equities	636,227	—
Real Return	42,593	—
Absolute Return	259,028	—
Receivables		
Accounts Receivable	138,964	—
Contributions Receivable	4,851	—
Interest and Dividends	1,778	—
Prepaid Items	5,150	—
Total Assets	2,742,452	61,388
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Deferred Outflows of Resources	—	—
<b>LIABILITIES</b>		
Accounts Payable	280,480	—
Accrued Payroll Payable	—	61,388
Claims Payable	20,282	—
Total Liabilities	300,762	61,388
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Inflows of Resources	—	—
<b>NET POSITION</b>		
Held in trust for pension and other employee benefits	\$ 2,441,690	\$ —

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit B-14**

**Pension and Other  
Employee Benefit  
Trusts**

**ADDITIONS**

Contributions		
City of Phoenix	\$	286,335
Employees		88,456
Inter-System Transfers		11,641
Other		11,157
Total Contributions		397,589
Investment Income		
From Investing Activities		
Net Decrease in Fair Value of Investments		(22,653)
Interest		10,246
Dividends		22,163
Other		3,276
Investment Income		13,032
Less: Investment Expense		7,395
Net Investment Income		
from Investing Activities		5,637
Total Net Investment Income		5,637
Total Additions		403,226

**DEDUCTIONS**

Benefit Payments		444,953
Refunds of Contributions		3,087
Inter-System Transfers		11,739
Other		11,412
Total Deductions		471,191
Net Decrease		(67,965)

Net Position Held in Trust for Pension and  
Other Employee Benefits

Beginning of Year, July 1	\$	2,509,655
End of Year, June 30	\$	2,441,690

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



**City of Phoenix**



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### Financial Section

## Notes to the Financial Statements

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

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





# **City of Phoenix, Arizona**

## **Notes to the Financial Statements**

As of and for the Fiscal Year Ended June 30, 2016

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

### **1. Summary of Significant Accounting Policies**

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

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

#### **a. Reporting Entity**

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

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

All full-time general employees participate in COPERS, which is governed by a nine-member Retirement Board (the "Board"). Four statutory Board members are members of City management. Three Board members are elected from and by the COPERS' active members. One Board member is a citizen and one is a retiree. Tier 1 employees contribute 5%, Tier 2 employees contributed 15.51% through December 31, 2015 and beginning January 1, 2016, Tier 2 and Tier 3 employees contributed 11.0% of their covered compensation, with the City funding all remaining costs based on actuarial valuations. COPERS is reported in the accompanying financial statements as an employee pension trust fiduciary fund. Separate financial statements for COPERS can be obtained through COPERS' administrative office at 200 W. Washington Street, 10<sup>th</sup> Floor, Phoenix, Arizona, 85003.

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

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

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

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

## **Notes to the Financial Statements**

(Continued)

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### **Downtown Phoenix Hotel Corporation (“DPHC”)**

The DPHC is an Arizona nonprofit corporation duly organized and existing under the laws of the State of Arizona. The Corporation was formed in January, 2005, for the sole purpose of owning, acquiring, constructing, equipping, financing and taking any other actions that an Arizona nonprofit corporation may take with respect to a full-service downtown hotel. The City Council of the City of Phoenix appoints the corporation’s Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a non-major discretely presented component unit of the City for financial reporting purposes because of the City Council’s relationship to the corporation. Separate financial statements for the corporation can be obtained from the City’s Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9<sup>th</sup> floor, Phoenix, Arizona, 85003.

### **Phoenix Industrial Development Authority (“Phoenix IDA”)**

The Phoenix IDA is a nonprofit corporation designated a political subdivision of the State of Arizona. The Phoenix IDA was established on July 7, 1981 in order to exercise its broad statutory powers, including the power to issue conduit revenue bonds to finance “projects” as such term is defined by the Arizona Revised Statutes, §35-701(7). All bonds issued by Phoenix IDA are special, limited obligations of the Phoenix IDA, payable solely from revenues generated by the project being financed, and do not constitute debt of, a loan of, or credit by, the Phoenix IDA. The Phoenix IDA charges administration fees to bond applicants and uses such fees to cover its administration costs and to support its ongoing community and economic development programs in Arizona. The Phoenix IDA is a special-purpose governmental entity engaged in business type activities. The City Council of the City of Phoenix elects the board of directors for Phoenix IDA and may remove a director at any time, with or without cause. Upon future dissolution, all funds held by the Phoenix IDA and title to its property will revert to the City. Although the Phoenix IDA is legally separate from the City, governmental accounting standards require the Phoenix IDA to be reported as a non-major discretely presented component unit of the City for financial reporting purposes because of the City Council’s relationship to the Phoenix IDA. Separate financial statements for the Phoenix IDA can be obtained from the City’s Finance Department, through the Phoenix IDA at 251 W. Washington Street, 9<sup>th</sup> floor, Phoenix, Arizona, 85003.

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

#### **Valley Metro Regional Public Transportation Authority (the “Authority”)**

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

#### **Arizona Municipal Water Users Association (“AMWUA”)**

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

#### **Phoenix-Mesa Gateway Airport (“PMGA”)**

PMGA is a nonprofit corporation established and funded by the City of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become PMGA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City of Phoenix contributed \$1.3 million this fiscal year (life to date \$18.2 million) to the PMGA operating and capital budget.

## **Notes to the Financial Statements**

(Continued)

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

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

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

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

The government-wide statement of net position reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) Net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets, are capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position is subject to constraints that are: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Commitments or assignments of net position imposed by the reporting government, whether by administrative policy or legislative actions of the reporting government, are not shown on the government-wide financial statements.

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

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB

## **Notes to the Financial Statements**

(Continued)

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

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

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

### **d. Fund Accounting**

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

#### **Governmental Funds**

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

The City reports the following major governmental funds:

##### **General Fund**

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

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

The Transit Fund is the only special revenue fund that is presented as a major fund in the basic financial statements. It is used to account for federal grant operating funds, regional Public Transportation Assistance funds, Transit 2000 and Transportation 2050 excise tax revenues and the City's local matching funds. Expenditures are for the administrative and operating costs of the public transit system.

## **Notes to the Financial Statements**

(Continued)

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

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

The City reports the following nonmajor governmental funds:

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

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

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

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

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

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

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

##### **Proprietary Funds**

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

##### **Enterprise Funds**

Enterprise funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. The City has five enterprise funds, which are all presented as major funds in the basic financial statements and are used to account for the operation of the City's Sky Harbor International Airport and two regional airports, Phoenix Convention Center, water system, wastewater system and solid waste disposal system.

##### **Fiduciary Funds**

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

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

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

## **Notes to the Financial Statements**

(Continued)

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

### **Agency Funds**

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

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

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

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

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

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

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

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for enterprise funds include

## **Notes to the Financial Statements**

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the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

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

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

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

An operating budget is legally adopted by ordinance each fiscal year for the General Fund, all special revenue funds, Secondary Property Tax Debt Service Fund, City Improvement Debt Service Fund and all enterprise funds on a modified accrual basis plus encumbrances. Due to the number of individual special revenue funds, the Transit, Development Services, Grants, and Public Housing special revenue funds include two or more budgeted funds with similar purposes for GAAP financial statement presentation. The level of legal budgetary control is by fund, except for the General Fund, for which the control is by program (i.e., related activities performed by one or more departments, such as public safety or community enrichment). For the applicable level of control, the budget can be amended only by City Council action subject to state law limitations. Transfers of sums within any specific appropriation may be made, but require the City Manager's approval. The General Fund, Development Services Fund, Transit 2000 Fund, and several enterprise funds include an appropriation for contingencies. Expenditures may be made from these appropriations only with City Council approval. Unexpended appropriations, including those encumbered, lapse at fiscal year end. Since all expenditures must be covered by an appropriation, the City reappropriates outstanding encumbrances. For 2015-16, the reappropriation budget was \$1,050,359,000.

### **Expenditure Limitation**

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City's actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2015-16 expenditure limit supplied by the Economic Estimates Commission was \$1,386,799,159. The City increased this limit to \$5,628,191,113 to adjust for additional voter-approved modifications, as follows:

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

## Notes to the Financial Statements

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Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2011 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option was in effect through 2015-16. In 2015, voters approved a new four-year home rule option which will be in effect for fiscal years 2016-17 through 2019-20. Previously established exclusions for pay-as-you-go capital projects continue to apply.

### Budget Calendar

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

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

## **Notes to the Financial Statements**

(Continued)

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

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

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

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

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

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

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

### **i. Inventories**

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

### **j. Capital Assets**

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

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

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

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

## **Notes to the Financial Statements**

(Continued)

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capital assets are recorded at the estimated fair value at the date of donation. Capital leases are classified as capital assets in amounts equal to the lesser of fair market value or the present value of net minimum lease payments at the inception of the lease.

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

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

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

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

### **k. Compensated Absences**

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

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

### **I. Long-Term Obligations**

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

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

## **Notes to the Financial Statements**

(Continued)

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### **m. Fund Deficits**

Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. The Phoenix Convention Center Enterprise fund reported a deficit of \$28,613,000. The deficit is primarily in the Net Investment in Capital Assets resulting from the transfer of the Arizona Science Center assets to the governmental funds and the timing difference between depreciation on the Phoenix Convention Center north and west building expansion and the principal payments for the related debt. As the City increases the principal payments in accordance with the debt service schedules and the depreciation remains constant, the deficit balance will be eliminated. Due to the implementation of GASB Statement No. 68, the Solid Waste Enterprise Fund reported a deficit of \$10,652,000. The City has implemented measures designed to fully fund the general City pension which will eliminate the deficit in Solid Waste.

### **n. Interfund Transactions**

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

### **o. Statements of Cash Flows**

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

### **p. New Accounting Pronouncements**

#### **Implemented in 2016:**

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

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

GASB Statement No. 76, ***The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***, will improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of

## **Notes to the Financial Statements**

(Continued)

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consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. The provisions in this Statement are effective for reporting periods beginning after June 15, 2015. The City has implemented this Statement in fiscal year 2016.

**To be implemented in future years:**

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

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

GASB Statement No. 78, ***Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans***, amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions* - and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also established requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has determined there is no impact to the financial statements as a result of this Statement.

GASB Statement No. 79, ***Certain External Investment Pools and Pool Participants***, establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The Statement also establishes additional note disclosures for qualifying external investment pools. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The City has determined there is no impact to the financial statements as a result of this Statement.

GASB Statement No. 80, ***Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14***, will enhance the comparability of financial statements among governments. Greater comparability improves the decision-usefulness of information reported in financial statements and enhances its value for assessing government accountability. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City will implement this Statement in fiscal year 2017.

## Notes to the Financial Statements

(Continued)

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GASB Statement No. 81, ***Irrevocable Split-Interest Agreements***, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The Statement also provides expanded guidance for circumstances in which the government holds the assets. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City will implement this Statement in fiscal year 2018.

GASB Statement No. 82, ***Pension Issues-and amendment of GASB Statements No. 67, No. 68, and No. 73***, will enhance consistency in the application of financial reporting requirements to certain pension issues. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City will implement this Statement in fiscal year 2017.

The City has not fully determined the effect that implementation of Statements No. 75, 77, 80, 81 and 82 will have on the City's financial statements.

### **2. Budget Basis of Accounting**

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

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

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

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2016 on the budget basis to the GAAP basis are as follows (in thousands):

## Notes to the Financial Statements

(Continued)

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

	<b>General Fund</b>	<b>Transit Special Revenue Fund</b>
Budget basis	\$ 12,109	\$ 9,157
Entity differences - amounts not budgeted	5,141	(6,250)
Transfers not recognized for budget purposes	(831,717)	(153,902)
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	804,484	123,351
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	27,942	(8,292)
Unrealized gain or loss on investments	1,783	4,365
Encumbrances at June 30 recognized as expenditures for budget purposes	4,333	27,266
<b>GAAP basis</b>	<b>\$ 24,075</b>	<b>\$ (4,305)</b>

Adjustments necessary to convert the fund balances at June 30, 2016 on the budget basis to the GAAP basis are as follows (in thousands):

### Fund Balances at June 30

	<b>General Fund</b>	<b>Transit Special Revenue Fund</b>
Budget basis	\$ 112,544	\$ 268,042
Entity differences - amounts not budgeted	216,393	(4,453)
Transfers not recognized for budget purposes	(831,190)	(153,903)
Advance payments not recognized for budget purposes	804,484	123,351
Accrued expenditures not recognized for budget purposes	26,152	(18,290)
Unrealized gain or loss on investments	(5,971)	4,365
Encumbrances at June 30 recognized as expenditures for GAAP basis	29,075	68,738
	<b>\$ 351,487</b>	<b>\$ 287,850</b>

### **3. Fund Balances**

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

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

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

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

**Assigned** - Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through

## Notes to the Financial Statements

(Continued)

approval of budget appropriations. The City Manager or his designees i.e., department heads, deputy city managers, etc., are authorized by City Charter to assign fund balance in carrying out the administration of the City.

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

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

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

	General	Transit Special Revenue	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances (in thousands):</b>					
Nonspendable:					
Inventory/Prepaid/Notes Receivable	\$ 13,498	\$ 892	\$ —	\$ 4,494	\$ 18,884
Spendable:					
Restricted for:					
Capital Construction	—	—	—	68,519	68,519
Debt Service	—	—	110,282	4,276	114,558
Public Transit Operations	—	283,755	—	—	283,755
Road Maintenance and Construction	—	—	—	85,540	85,540
Public Parks and Preserves	—	—	—	53,136	53,136
Insurance Claims	62,047	—	—	—	62,047
Low Income Housing Programs	—	—	—	11,515	11,515
Court Operations	—	—	—	9,942	9,942
Police and Fire Personnel	—	—	—	29,538	29,538
Other	—	—	—	45,080	45,080
Committed to:					
Debt Service	—	—	—	24,556	24,556
Capital Construction	—	—	—	10,967	10,967
Court Operations	—	—	—	3,280	3,280
Assigned to:					
Capital Construction	—	—	—	57,844	57,844
Insurance	45,552	—	—	—	45,552
Development Services	—	—	—	58,419	58,419
Low Income Housing Programs	—	—	—	5,224	5,224
Public Transit Operations	—	3,203	—	—	3,203
Other	3,163	—	—	16,317	19,480
Unassigned	227,227	—	—	(11,117)	216,110
Total fund balances	\$ 351,487	\$ 287,850	\$ 110,282	\$ 477,530	\$ 1,227,149

## **Notes to the Financial Statements**

(Continued)

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### **4. Property Tax**

#### **Levy, Assessment and Collection**

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

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

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

In 2012, voters approved Proposition 117, which replaced Arizona's dual valuation tax system. Also known as the Property Tax Assessed Valuation Amendment, Proposition 117 amended the Arizona Constitution by limiting the annual increase in the LPV and by eliminating the use of FCV to calculate secondary property taxes. Beginning in fiscal year 2015-16, the amendment caps the primary tax value at no greater than 5 percent above the previous year, plus new construction, and establishes a single LPV for both the primary and secondary systems. The LPV is used to calculate primary net assessed valuations (PNAV), which is used to calculate both the primary and secondary levies. Both primary and secondary property taxes are levied against the LPV of locally-assessed real property, including residential, commercial, industrial, agricultural and unimproved property. The amendment did not change the methodology used by county assessors to calculate primary values and property owners may still appeal valuations to their county assessor. The amendment did not impose limits on the rate at which primary property taxes may be assessed and does not materially adversely affect the City's ability to levy and collect property taxes. The City of Phoenix PNAV for tax year 2016 (fiscal year 2016-17) is \$10,982,150,871.

Separate tax rates are set for both primary and secondary levies. The total amount of primary property taxes that the City can levy is limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. In addition, levies may be increased by an amount equal to payments made during the year by the City pursuant to involuntary tort judgments. Secondary property tax levies are limited to annual general obligation debt service plus a reasonable delinquency factor and may also include new money issuances and defeasances.

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

## Notes to the Financial Statements

(Continued)

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

	2016 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ —	\$ —	\$ —	\$ 4,830	\$ 4,830
Current Tax Levy	141,880	50,622	192,502	—	192,502
Adjustment by County Assessor	(59)	21	(38)	(764)	(802)
	141,821	50,643	192,464	4,066	196,530
Less: Collections, net	(139,603)	(49,857)	(189,460)	(2,309)	(191,769)
Taxes Receivable, June 30	\$ 2,218	\$ 786	\$ 3,004	\$ 1,757	\$ 4,761

In fiscal 2015-16, current property tax collections were \$189,460,000, or 98.4% of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days was recognized as revenue and recorded as a receivable for the governmental funds. As delinquent payments are received in 2016-17, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied. The year end balance in the General Obligation/Secondary Property Tax Debt Service Fund must be used for future debt service payments. Any year that total primary tax collections, excluding delinquent collections, exceed the primary tax levy, the excess amount must be deducted from the maximum levy of the following year.

### **Taxes Due and Payable**

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

### **Delinquent Taxes - Sales and Redemption**

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

## **5. Cash and Investments**

Cash and cash equivalents at June 30, 2016, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 150,388
Cash on Hand	5,801
Short-Term Pooled Investments	266,634
Short-Term Non-Pooled Investments	173,808
Total Cash and Cash Equivalents	<u><u>\$ 596,631</u></u>

## Notes to the Financial Statements

(Continued)

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

Primary Government	
Unrestricted	
General Fund	\$ 34,669
Transit Special Revenue Fund	44,672
General Obligation/Secondary Property Tax	74,303
Non-Major Governmental Funds	91,580
Enterprise Funds	
Aviation	76,667
Phoenix Convention Center	8,437
Water System	38,262
Wastewater	27,868
Solid Waste	13,585
Total Unrestricted	<hr/> 410,043
Restricted	
Enterprise Funds	
Aviation	47,371
Phoenix Convention Center	1,126
Water System	17,420
Wastewater	21,994
Solid Waste	6,087
Total Restricted	<hr/> 93,998
Total Primary Government	<hr/> 504,041
Component Unit - DPHC	5,623
Component Unit - PHFC	3,547
Component Unit - Phoenix IDA	18,194
Fiduciary Funds	
Employee Pension Trust	19,441
Employee Benefit Trust	32,893
Payroll Agency	12,892
Total Reporting Entity	<hr/> <hr/> \$ 596,631

### **Deposits**

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits during the year and at fiscal year end were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The carrying amount of the City's deposits at June 30, 2016 was \$165,653,000 and the bank ledger balance was \$154,305,000.

Cash with fiscal agents and trustees are subject to custodial risk. The City's contracts with the fiscal agents and trustees call for these deposits to be fully covered by collateral held in the fiscal agents' and trustees' trust departments but not in the City's name. Each trust department pledges a pool of collateral against all trust deposits it holds. The carrying amount of the City's cash with fiscal agents and trustees and the bank ledger balance at June 30, 2016 was \$637,716,000. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount of the City's securities with fiscal agents and trustees and the bank ledger balance at June 30, 2016 were \$21,278,000.

### **Investments**

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

In addition to the types of investments described above, the LTD and MERP Trusts' assets are invested in separate, externally managed portfolios, mutual funds and commingled funds. These externally managed portfolios and

## **Notes to the Financial Statements**

(Continued)

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

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

### **Rebates**

Senate bill 1306 requires local governments to disclose the amount of any reward, discount, incentive or other financial consideration received as a result of credit card payments made to a vendor for goods or services. In fiscal year 2016, the City has recorded approximately \$211,000 in rebates related to it's single use account program.

## Notes to the Financial Statements

(Continued)

Total investments at June 30, 2016, stated at fair value, were \$4,328,986,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
<b>City Investments</b>			
Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	\$ 134,148	0.011
U.S. Treasury Securities	N/A (1)	757,272	1.863
U.S. Government Agency Securities			
FFCB Notes	AA+	126,920	3.524
FNMA Notes	AA+	159,672	2.242
FHLMC Notes	AA+	199,310	2.686
FHLB Notes	AA+	322,986	1.306
Total U.S. Government Agency Securities		808,888	2.179
Pre-Refunded Municipal Securities	N/A (2)	9,727	0.241
Certificates of Deposit	N/A (3)	126,514	0.143
Mortgage Backed Securities			
GNMA	N/A (1)	19,854	2.301
FHLMC Notes	AA+	535	2.917
Total Mortgage Backed Securities		20,389	2.317
Total Pooled Investments		1,856,938	1.746
Less: Joint Venture Pooled Investments		(49,415)	
Less: Short-Term Pooled Investments		(266,634)	
Net Pooled Investments		1,540,889	
Non-Pooled Investments			
U.S. Treasury Securities	N/A (1)	347,810	0.819
U.S. Treasury Securities Money Market Mutual Funds	AAAm	6,992	92.503
U.S. Government Agency Securities			
FFCB Notes	AA+	5,497	3.589
FNMA Notes	AA+	4,562	1.337
FHLMC Notes	AA+	7,556	2.259
FHLB Notes	AA+	99,373	0.380
Total U.S. Government Agency Securities		116,988	0.689
Pre-Refunded Municipal Securities	N/A (2)	70	2.145
Investment in Land	N/A	872	
Total Non-Pooled Investments		472,732	1.190
Less: Short-Term Non-Pooled Investments		(154,578)	
Net Non-Pooled Investments		318,154	
Total City Investments		\$ 1,859,043	

- (1) U.S. Government Guaranteed
- (2) Pre-Refunded Municipal Securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities.
- (3) All Certificates of Deposit are insured by the FDIC.

## Notes to the Financial Statements

(Continued)

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	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
COPERS Investments			
Fixed Income Investments			
Derivatives	Not Rated	\$ (4,603)	20.372
Derivatives	A	<u>151</u>	8.438
Total Derivatives		(4,452)	
U. S. Treasury Securities	Not Rated	3,106	13.983
U. S. Treasury Securities	AAA	71,781	16.518
U. S. Treasury Securities	A	11	25.937
U. S. Treasury Securities	BBB	<u>637</u>	6.248
Total U. S. Treasury Securities		75,535	
Total U. S. Government Agency Securities	AA	3,027	5.931
Mortgage Backed Securities	Not Rated	61,324	29.425
Mortgage Backed Securities	AAA	12,501	26.123
Mortgage Backed Securities	AA	1,728	11.976
Mortgage Backed Securities	A	862	21.997
Mortgage Backed Securities	BBB	634	17.603
Mortgage Backed Securities	BB	661	24.323
Mortgage Backed Securities	B	1,234	23.293
Mortgage Backed Securities	CCC	939	19.727
Mortgage Backed Securities	D	<u>507</u>	25.389
Total Mortgage Backed Securities		80,390	
Asset Backed Securities	AA	805	22.592
Asset Backed Securities	A	1,128	20.460
Asset Backed Securities	B	468	13.301
Asset Backed Securities	CCC	<u>509</u>	28.286
Total Asset Backed Securities		2,910	
Total Fixed Income Commingled	Not Rated	161,149	7.000
Municipal Bonds	AAA	393	21.101
Municipal Bonds	AA	3,434	23.450
Municipal Bonds	A	232	19.099
Municipal Bonds	BBB	<u>306</u>	25.523
Total Municipal Bonds		4,365	
Corporate Bonds	Not Rated	30,339	14.080
Corporate Bonds	AAA	2,972	12.098
Corporate Bonds	AA	3,716	14.968
Corporate Bonds	A	14,700	9.348
Corporate Bonds	BBB	27,115	11.014
Corporate Bonds	BB	5,338	6.211
Corporate Bonds	B	2,790	16.019
Corporate Bonds	CCC	<u>682</u>	30.041
Total Corporate Bonds		87,652	
Total Corporate Bonds Commingled	Not Rated	5,276	11.376
International Bonds	Not Rated	4,159	12.830
International Bonds	AAA	544	4.636
International Bonds	AA	1,458	10.861
International Bonds	A	2,184	12.635
International Bonds	BBB	4,470	16.173
International Bonds	BB	3,029	10.870
International Bonds	B	1,249	6.896
International Bonds	CC	<u>252</u>	7.519
Total International Bonds		17,345	
Total Foreign Commingled	Not Rated	100,319	9.200
Total Fixed Income Investments		533,516	
Temporary Investments from Securities		83,249	
Domestic Equities:			
Common Stocks		455,424	
Commingled Equity Index Fund		37,526	
Real Estate		<u>316,790</u>	
Total Domestic Equities		809,740	
Global Commingled		403,499	
International Equities		196,903	
Hedged Funds		239,666	
Total COPERS Investments		<u>\$ 2,266,573</u>	

## Notes to the Financial Statements

(Continued)

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	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
Fiduciary Fund External Investments			
Employee Benefit Trust			
Bond Mutual Funds			
Aberdeen Total Return	Not Rated	\$ 12,955	8.230
PIMCO Total Return	Not Rated	12,878	9.090
Vanguard Total Bond Market Index	Not Rated	25,812	8.300
Total Bond Mutual Funds		51,645	
Stock Mutual Funds	Not Rated	128,974	
Pacific Hedged Strategies Funds	Not Rated	19,362	
Total Fiduciary Fund External Investments		\$ 199,981	
Phoenix Industrial Development Authority			
Investment in Land	N/A	\$ 3,389	—
A summary of investments by fund follows (in thousands):			
Primary Government			
Unrestricted			
General Fund		\$ 182,506	
Transit Special Revenue Fund		184,663	
General Obligation/Secondary Property Tax		34,877	
Non-Major Governmental Funds		391,407	
Enterprise Funds			
Aviation		298,945	
Phoenix Convention Center		33,151	
Water System		156,095	
Wastewater		117,250	
Solid Waste		54,977	
Total Unrestricted		1,453,871	
Restricted			
Enterprise Funds			
Aviation		112,321	
Phoenix Convention Center		13,878	
Water System		64,538	
Wastewater		70,221	
Solid Waste		22,897	
Total Restricted		283,855	
Total Primary Government		1,737,726	
Component Unit - PIDA		3,389	
Fiduciary Funds			
Employee Pension Trust		2,267,126	
Employee Benefit Trust		272,249	
Payroll Agency		48,496	
Total Reporting Entity		\$ 4,328,986	

## Notes to the Financial Statements

(Continued)

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### Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016 (in thousands):

Investments by Fair Value Level	6/30/2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government securities	\$ 1,244,592	\$1,244,592	\$ —	\$ —
U.S. Government agency obligations	925,197	—	925,197	—
U.S. Government agency MBS/CMO	20,330	—	20,330	—
Money market funds	6,992	6,992	—	—
Municipal bonds	9,564	—	9,564	—
Certificates of Deposit & CDARS	126,461	126,461	—	—
Investment in land	872	—	—	872
Total investments and cash equivalents by fair value level	<u>\$ 2,334,008</u>	<u>\$1,378,045</u>	<u>\$ 955,091</u>	<u>\$ 872</u>

U.S. Government securities totaling \$1,244,592,000, Certificates of Deposit & CDARS totaling \$126,461,000 and Money Market Funds totaling \$6,992,000 in fiscal year 2016 are classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

U.S. Government agency obligations totaling \$925,197,000, U.S. Government agency MBS/CMO totaling \$20,330,000 and Municipal bonds totaling \$9,564,000 in fiscal year 2016 are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from a pricing source.

Investment in Land totaling \$872,000 in fiscal year 2016, classified in Level 3 of the fair value hierarchy is valued by appraisal using valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow model and similar techniques not on market, exchange, dealer or broker-traded transactions.

For the LTD and MERP Trusts, Bond Mutual Funds totaling \$51,645,000, Stock Mutual Funds totaling \$128,974,000 and Pacific Hedged Strategies Funds totaling \$19,362,000 classified in Level 1 of the fair value hierarchy in fiscal year 2016 are valued using quoted prices in active markets.

## Notes to the Financial Statements

(Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of COPERS as of June 30, 2016 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using			
	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 19,231	\$ 16,725	\$ 2,506	\$ —
Domestic Equities	455,424	252,947	315	202,162
International Equities Commingled	196,903	—	—	196,903
Private Equity	37,526	—	—	37,526
Fixed Income				
Futures	236	—	236	—
SWAPS	(4,689)	—	(4,689)	—
US government and agency securities	78,562	74,887	3,675	—
Mortgage backed securities - residential	80,391	—	80,391	—
Asset backed securities	2,910	—	2,910	—
Municipal bonds	4,365	—	4,365	—
Corporate bonds	87,653	—	60,884	26,769
Corporate bonds commingled	5,276	—	—	5,276
Foreign	17,345	—	15,871	1,474
Foreign commingled	100,319	—	—	100,319
Total fixed income securities	372,368	74,887	163,643	133,838
Subtotal	<u>1,081,452</u>	<u>344,559</u>	<u>166,464</u>	<u>570,429</u>
Investments measured at the net asset value (NAV)				
Hedge Funds	<u>239,666</u>			
Commingled Fixed Income	<u>161,149</u>			
Global Commingled	<u>403,499</u>			
Real Estate Funds	<u>316,790</u>			
Subtotal	<u>1,121,104</u>			
Total investments and cash equivalents by fair value level	<u><u>\$ 2,202,556</u></u>	<u><u>\$ 344,559</u></u>	<u><u>\$ 166,464</u></u>	<u><u>\$ 570,429</u></u>

Certain investments are reported at the net asset values calculated by the investment manager. These investments at June 30, 2016, detailed in the following table, are subject to capital calls and specific redemption terms:

	6/30/2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	\$ 239,666	\$ —	Not Applicable	—
Commingled Fixed Income	161,149	—	Daily	0 - 30 Days
Global Commingled	403,499	—	Daily	0 - 30 Days
Private Equity	37,526	129,000	Not Applicable	—
Real Estate Funds	316,790	132,725	Not Applicable	—

## **Notes to the Financial Statements**

(Continued)

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

Alternative investments include hedge funds, private equity, real estate, opportunistic fixed income and infrastructure investments. These are investments for which exchange quotations are not readily available and are valued at estimated fair value, as determined in good faith by the General Partner (“GP”). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. The assets in our alternative investment program are classified as Level 3 assets. A more detailed explanation of the Level 3 valuation methodologies follows:

Investments in non-public equity securities are valued by the GP using one or more valuation methodologies outlined in ASC 820, depending upon the availability of data required by each methodology. In some cases, the GP may use multiple approaches to estimate a valuation range. For the immediate time period following a transaction, the determination of fair value for equity securities, in which no liquid trading market exists, can generally be approximated based on the transaction price (absent any significant developments). Thereafter, or in the interim, if significant developments relating to such portfolio company or industry occur which may suggest a material change in value, the GP should value each investment by applying generally accepted valuation methods including: (1) the market approach (such as market transaction and comparable public company multiples, which are based on a measurement of the company’s historical and projected financial performance with typical metrics including enterprise value/latest 12 months EBITDA or projected fiscal year EBITDA) or (2) the income or discounted cash flow approach.

In the market approach, valuation multiples that are relevant to the industry and company in the investments held should be considered and relied upon. Valuation multiples should be assessed and may be adjusted on a go-forward basis based on the business risk associated with the subject company in which the investment is held. In addition, the implied entry multiples should be considered as benchmarks in valuing unlisted equity. In circumstances where no financial performance metrics are available, the GP should rely on other non-financial related metrics applicable to relevant progress from the original investment date to the valuation date. In the income or discounted cash flow approach, forecasted cash flows that may be generated by the subject company are discounted to present value at an appropriate discount rate. These methodologies can be utilized to determine an enterprise value (“Enterprise Valuation Methodologies”) from which net debt is subtracted to estimate equity value. The determination of fair value using these methodologies should take into consideration a range of factors, including but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. Because of the subjective nature of estimated fair value of the private investments, such value may differ significantly from the values that would have been used had a ready market existed for these investments. These financial instruments have been classified as Level 3 in the fair value hierarchy.

## Notes to the Financial Statements

(Continued)

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### **Interest Rate Risk**

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

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

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

For the LTD and MERP Trusts, investment activity has been delegated from the Trust funds' Boards to professionally managed mutual funds to diversify the composition of the Trusts' assets. The bond funds, as of June 30, 2016, have weighted average maturities ranging from 8.23 to 9.09 years.

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

### **Credit Risk**

The City's investment policy limits its purchase of investments to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's "S&P" and Moody's Investors Service "Moody's". The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which are rated Aaa by Moody's and AA+ by S&P. Repurchase agreements are generally collateralized by U.S. Treasuries and U.S. Government Agency Securities at 102%. In addition, the portfolio is invested in pre-refunded municipal securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. Money market mutual funds must have a current minimum money market rating of AAAm by S&P and Aaa-mf by Moody's. For commercial paper, an Issuer's program must have a minimum rating of "A1" by S&P and "P1" by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of "A+" by S&P and "A1" by Moody's. Programs rated by only one of the agencies are ineligible.

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

COPERS' currently has four managers responsible for fixed income investments. Aberdeen Asset Management Inc., MFS Institutional Advisors, PIMCO and Western Asset Management Company (Western) are active bond managers. As part of their portfolio, managers may enter into futures, options, and swaps contracts for hedging purposes and/or as a part of the overall portfolio strategy and will be incidental to its securities trading activities for the account.

## **Notes to the Financial Statements**

(Continued)

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### **Concentration of Credit Risk**

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

Issuer	Fair Value
FFCB	132,417
FHLB	422,359
FHLMC	206,866
FNMA	164,234

The LTD and MERP Trusts have allocated 24% of their total assets to core fixed income mutual funds which have mandates to be well diversified over a broad range of various issuers.

### **Foreign Currency Risk**

COPERS' investment policy includes a target of 22% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 17.90% of total COPERS' assets as of June 30, 2016. The fair value of COPERS' international commingled equity funds at June 30, 2016 was \$196,903,000, managed by Baillie Gifford, GMO, MSCI ACW Ex US Index and Mondrian, all of which was exposed to foreign currency risk.

### **Securities Lending**

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

During 2016, BNY lent, on behalf of COPERS, certain securities held by BNY as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. BNY did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 100% of the fair value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the fair value of the loaned securities.

During 2016, COPERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax exempt plan lenders, in a liquidity pool and a duration pool. The collateral pool had a weighted average maturity (WAM) of 16 days and a weighted average life (WAL) of 117 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The collateral held and the fair value of securities on loan for COPERS as of June 30, 2016 were \$83,249,164 and \$81,286,552 respectively.

## Notes to the Financial Statements

(Continued)

### 6. Receivables

Receivables at June 30, 2016 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	Accounts	Taxes	Interest	Intergov- ernmental (1)	Notes	Total
<b>Unrestricted</b>						
Governmental Activities						
General Fund	\$ 24,384	\$ 93,556	\$ 39	\$ 26,474	\$ —	\$ 144,453
Transit Special Revenue	2,372	956	—	36,857	60,000	100,185
G.O./Secondary Property Tax	—	2,162	285	—	—	2,447
Nonmajor	13,545	963	77	43,381	33,548	91,514
	<b>40,301</b>	<b>97,637</b>	<b>401</b>	<b>106,712</b>	<b>93,548</b>	<b>338,599</b>
Business-Type Activities						
Aviation	10,703	—	—	180	—	10,883
Phoenix Convention Center	254	—	—	—	—	254
Water System	52,939	—	—	830	—	53,769
Wastewater	20,230	—	—	6,104	—	26,334
Solid Waste	13,666	—	—	3	—	13,669
	<b>97,792</b>	<b>—</b>	<b>—</b>	<b>7,117</b>	<b>—</b>	<b>104,909</b>
Subtotal	<b>138,093</b>	<b>97,637</b>	<b>401</b>	<b>113,829</b>	<b>93,548</b>	<b>443,508</b>
<b>Restricted</b>						
Business-Type Activities						
Aviation	10,793	—	4	6,426	—	17,223
Phoenix Convention Center	—	—	4	—	—	4
	<b>10,793</b>	<b>—</b>	<b>8</b>	<b>6,426</b>	<b>—</b>	<b>17,227</b>
Total	<b>\$ 148,886</b>	<b>\$ 97,637</b>	<b>\$ 409</b>	<b>\$ 120,255</b>	<b>\$ 93,548</b>	<b>\$ 460,735</b>

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

The following is a summary of the allowance for doubtful accounts for all funds at June 30, 2016 (in thousands):

	Allowance for Doubtful Accounts		
	Accounts	Taxes	Total
<b>Governmental</b>			
General Fund	\$ 14,994	\$ 29,891	\$ 44,885
Transit Special Revenue Fund	74	—	74
Nonmajor	3,389	—	3,389
<b>Business-Type</b>			
Aviation	1,320	—	1,320
Phoenix Convention Center	124	—	124
Water System	2,137	—	2,137
Wastewater	1,182	—	1,182
Solid Waste	1,299	—	1,299
	<b>\$ 24,519</b>	<b>\$ 29,891</b>	<b>\$ 54,410</b>

## **Notes to the Financial Statements**

(Continued)

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Enterprise fund Accounts Receivable included unbilled charges at June 30, 2016, as follows (in thousands):

Aviation	\$	7,251
Water System		23,911
Wastewater		7,723
Solid Waste		5,083
	<hr/> <hr/>	<hr/> <hr/>
	\$	43,968

### **Notes Receivable**

The City has entered into an agreement to fund the acceleration of the Light Rail Northwest Extension. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2016, is \$60,000,000. The agreement is payable to the City by June 30, 2017.

The City has entered into an intergovernmental agreement with the Arizona Department of Transportation to accelerate a road construction project. The intergovernmental agreement has been recorded as a notes receivable in the Streets Improvement Capital Projects Fund. The receivable amount as of June 30, 2016 is \$22,448,368. The agreement is payable to the City in fiscal year 2022.

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Krohn West, LP; Phoenix Central City Revitalization Corp & LLC; PERC Frank Luke Addition LLC; PGHC Pine Crest, LLC; PSMHTC Summit LLC; and PIBHC Marcos De Niza LLC for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. Payments on these loans are only required to be made from the project's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$71,089,216.

The City has entered into various loan agreements with third parties related to its public housing programs. The purpose of these loans is to establish, preserve and rehabilitate public housing and the terms of these loans are more generous (soft) as compared to regular loan agreements. Payments on these loans are only required to be made from the property's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$85,291,906 as of June 30, 2016.

The City has also entered into various loan agreements with third parties related to its public housing programs that have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. The loans are secured by an interest in the property being acquired and/or improved. Interest rates range from 0% to 5% with amortization periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2017 and as late as fiscal year ending 2055. As of June 30, 2016 the total amount of the notes outstanding is \$11,099,904. The payments received from these loans are restricted by the Federal Government for public housing programs. Therefore the City records a trust liability within the Public Housing Special Revenue Fund for the outstanding balance of the notes.

## Notes to the Financial Statements

(Continued)

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### 7. *Interfund Transactions*

The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2016 (in thousands):

	Payable Funds
	<u>Governmental Funds</u>
	Nonmajor Governmental
Receivable Funds	
Governmental Funds	
General Fund	\$ 17,505
Transit Special Revenue	1,515
Nonmajor Governmental	28,474
Total Governmental Funds	<u>\$ 47,494</u>

Interfund balances at June 30, 2016 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements.

Net transfers of \$24,631,000 from governmental activities to business-type activities on the government-wide statement of activities is primarily the result of the monthly transfer of earmarked excise tax to the Phoenix Convention Center Enterprise Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2016 (in thousands):

	Transfers Out	Transfers In
Governmental Funds		
General Fund	\$ 101,305	\$ 25,584
Transit Special Revenue Fund	50,118	20,000
Nonmajor Governmental	33,822	115,030
Total Governmental Funds	<u>185,245</u>	<u>160,614</u>
Enterprise Funds		
Aviation	330	2
Phoenix Convention Center	121	46,501
Water System	12,347	6
Wastewater	7,619	—
Solid Waste	1,461	—
Total Enterprise Funds	<u>21,878</u>	<u>46,509</u>
Total Transfers	<u><u>\$ 207,123</u></u>	<u><u>\$ 207,123</u></u>

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

## **Notes to the Financial Statements**

(Continued)

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

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2016, are summarized as follows (in thousands):

Restricted Assets		
Cash and Cash Equivalents	\$	93,998
Cash Deposits		8,655
Cash and Securities with Fiscal Agents/Trustees		454,236
Investments		283,855
Receivables, Net of Allowances		17,227
Total Restricted Assets	\$	<u>857,971</u>
Liabilities Payable from Restricted Assets		
Accounts Payable	\$	32,235
Trust Liabilities and Deposits		8,850
Commercial Paper Notes Payable		130,000
Accrued Landfill Closure Costs		1,276
Subtotal		<u>172,361</u>
Matured Bonds and Certificates Payable		154,159
Interest Payable		105,814
Current Portion of General Obligation Bonds		7,740
Current Portion of Revenue Bonds		965
Current Portion of Municipal Corporation Obligations		147,340
Total Liabilities Payable from Restricted Assets	\$	<u>588,379</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2016, are summarized as follows (in thousands):

Restricted Assets		
Cash and Cash Equivalents	\$	23,206
Receivables, Net of Allowances		2
Total Restricted Assets	\$	<u>23,208</u>
Liabilities Payable from Restricted Assets		
Trust Liabilities and Deposits	\$	6,777
Total Liabilities Payable from Restricted Assets	\$	<u>6,777</u>

## Notes to the Financial Statements

(Continued)

### 9. Capital Assets

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

	Balances July 1, 2015	Additions	Deletions	Effect of Change in Accounting Policy (1)	Balances July 1, 2016
<b>Governmental activities:</b>					
Non-depreciable assets:					
Land	\$ 1,272,117	\$ 18,843	\$ (2,901)	\$ —	\$ 1,288,059
Infrastructure	493,232	9,324	—	—	502,556
Artwork	6,594	183	—	—	6,777
Construction-in-Progress	215,875	116,236	(130,539)	—	201,572
Total non-depreciable assets	1,987,818	144,586	(133,440)	—	1,998,964
Depreciable assets:					
Buildings	1,462,611	13,277	(6,422)	40,656	1,510,122
Improvements	573,973	30,113	(2,553)	947	602,480
Infrastructure	2,048,737	77,000	(35,203)	—	2,090,534
Equipment	704,886	46,429	(21,261)	580	730,634
Intangible Assets	64,599	5,539	(38)	—	70,100
Total depreciable assets	4,854,806	172,358	(65,477)	42,183	5,003,870
Less accumulated depreciation for:					
Buildings	(603,103)	(40,923)	6,364	(14,080)	(651,742)
Improvements	(284,611)	(24,698)	2,337	(525)	(307,497)
Infrastructure	(667,252)	(59,230)	35,200	—	(691,282)
Equipment	(441,617)	(46,559)	18,849	(146)	(469,473)
Intangible Assets	(50,465)	(3,259)	168	—	(53,556)
Total accumulated depreciation	(2,047,048)	(174,669)	62,918	(14,751)	(2,173,550)
Total depreciable assets, net	2,807,758	(2,311)	(2,559)	27,432	2,830,320
Governmental activities, capital assets, at cost, net	\$ 4,795,576	\$ 142,275	\$ (135,999)	\$ 27,432	\$ 4,829,284
<b>Business-type activities:</b>					
Non-depreciable assets:					
Land	\$ 703,411	\$ 2,047	\$ (1,439)	\$ —	\$ 704,019
Artwork	11,288	6	(278)	—	11,016
Construction-in-Progress	417,181	262,947	(85,397)	—	594,731
Total non-depreciable assets	1,131,880	265,000	(87,114)	—	1,309,766
Depreciable assets:					
Buildings	2,953,022	8,953	(8,037)	(40,656)	2,913,282
Improvements	3,796,584	32,411	(3,466)	(947)	3,824,582
Infrastructure	1,692,428	27,310	—	—	1,719,738
Equipment	1,215,532	45,151	(12,205)	(580)	1,247,898
Intangible Assets	233,562	3,482	(1,980)	—	235,064
Total depreciable assets	9,891,128	117,307	(25,688)	(42,183)	9,940,564
Less accumulated depreciation for:					
Buildings	(1,138,190)	(95,436)	8,039	14,080	(1,211,507)
Improvements	(1,734,801)	(134,069)	23,080	525	(1,845,265)
Infrastructure	(556,179)	(40,444)	(16)	—	(596,639)
Equipment	(595,082)	(76,141)	10,353	146	(660,724)
Intangible Assets	(119,997)	(12,299)	1,980	—	(130,316)
Total accumulated depreciation	(4,144,249)	(358,389)	43,436	14,751	(4,444,451)
Total depreciable assets, net	5,746,879	(241,082)	17,748	(27,432)	5,496,113
Business-type activities, capital assets, at cost, net	\$ 6,878,759	\$ 23,918	\$ (69,366)	\$ (27,432)	\$ 6,805,879

(1) Transfer of Arizona Science Center assets from Phoenix Convention Center to the governmental funds.

## Notes to the Financial Statements

(Continued)

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### Component Units

#### Downtown Phoenix Hotel Corporation:

	Balances July 1, 2015	Additions	Deletions	Balances June 30, 2016
Non-depreciable assets:				
Land	\$ —	\$ —	\$ —	—
Intangible Assets	95	—	—	95
Construction in Progress	321	—	(321)	—
Total non-depreciable assets	416	—	(321)	95
Depreciable assets:				
Buildings	276,552	1,072	—	277,624
Improvements	537	—	—	537
Equipment	3,929	563	—	4,492
Intangible Assets	81	33	—	114
Total depreciable assets	281,099	1,668	—	282,767
Less accumulated depreciation for:				
Buildings	(46,666)	(7,052)	—	(53,718)
Improvements	(242)	(36)	—	(278)
Equipment	(2,156)	(492)	—	(2,648)
Intangible Assets	(76)	(16)	—	(92)
Total accumulated depreciation	(49,140)	(7,596)	—	(56,736)
Total depreciable assets, net	231,959	(5,928)	—	226,031
Component Unit, capital assets, at cost, net	\$ 232,375	\$ (5,928)	\$ (321)	\$ 226,126

#### Phoenix Housing Finance Corporations:

	Balances July 1, 2015	Additions	Deletions	Balances June 30, 2016
Non-depreciable assets:				
Land	\$ 5,458	\$ —	\$ —	\$ 5,458
Construction in Progress	19,540	2,042	—	21,582
Total non-depreciable assets	24,998	2,042	—	27,040
Depreciable assets:				
Buildings	18,852	—	—	18,852
Improvements	52	—	—	52
Total depreciable assets	18,904	—	—	18,904
Less accumulated depreciation for:				
Buildings	(4,048)	(677)	—	(4,725)
Improvements	(6)	(3)	—	(9)
Total accumulated depreciation	(4,054)	(680)	—	(4,734)
Total depreciable assets, net	14,850	(680)	—	14,170
Component Unit, capital assets, at cost, net	\$ 39,848	\$ 1,362	\$ —	\$ 41,210

## **Notes to the Financial Statements**

(Continued)

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Depreciation expense was charged to governmental functions in the government-wide financial statements for the year ended June 30, 2016 as follows (in thousands):

General Government	\$	9,710
Criminal Justice		98
Public Safety		28,478
Transportation		85,685
Community Enrichment		29,682
Community Development		10,182
Environmental Services		10,834
	<hr/>	<hr/>
	\$	174,669
	<hr/>	<hr/>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2016, was as follows (in thousands):

Aviation	\$	572
Convention Center		61
Water System		11,598
Wastewater		3,184
Solid Waste		211
	<hr/>	<hr/>
	\$	15,626
	<hr/>	<hr/>

### **Closed Facilities**

The Cave Creek Water Reclamation Plant was closed temporarily in fiscal year 2010 and is expected to re-open in fiscal year 2020 due to expected demand increases. Therefore, no impairment loss will be recognized. The carrying value of the assets at June 30, 2016 is \$34,352,999.

## Notes to the Financial Statements

(Continued)

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### 10. Long-Term Obligations

Changes in long-term obligations during fiscal year 2015-16 are summarized as follows (in thousands):

	<b>Balances July 1</b>	<b>Additions (1)</b>	<b>Reductions (1) (2)</b>	<b>Balances June 30</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,371,620	\$ —	\$ 66,300	\$ 1,305,320	\$ 70,300
Revenue Bonds/Bank Loans	—	305,940	—	305,940	—
Municipal Corporation Obligations	628,285	—	64,655	563,630	78,890
Special Assessment Bonds	133	—	19	114	18
	2,000,038	305,940	130,974	2,175,004	149,208
Discounts/Premiums	80,287	—	14,809	65,478	—
Total Bonds and Notes Payable	2,080,325	305,940	145,783	2,240,482	149,208
Other Liabilities:					
Insurance Claims Payable	123,731	58,983	26,842	155,872	50,000
Accrued Compensated Absences	149,912	145,208	149,912	145,208	17,112
Utility/Water Contractual Agreements	2,301	—	—	2,301	—
Pollution Remediation	18,757	—	4,164	14,593	261
Capital Lease	—	7,657	1,024	6,633	1,047
Net Pension	3,214,265	1,111,142	999,271	3,326,136	—
Total Other Liabilities	3,508,966	1,322,990	1,181,213	3,650,743	68,420
Total Governmental Activities	\$ 5,589,291	\$ 1,628,930	\$ 1,326,996	\$ 5,891,225	\$ 217,628
<b>Business-Type Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 56,477	\$ —	\$ 25,082	\$ 31,395	\$ 7,740
Revenue Bonds/Bank Loans	15,908	—	936	14,972	965
Municipal Corporation Obligations	3,918,114	114,440	148,140	3,884,414	147,340
	3,990,499	114,440	174,158	3,930,781	156,045
Discounts/Premiums	299,001	14,051	30,722	282,330	—
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	111,676	—	—	111,676	—
Total Bonds and Notes Payable	4,401,176	128,491	204,880	4,324,787	156,045
Other liabilities:					
Accrued Compensated Absences	18,958	19,297	18,958	19,297	2,482
Accrued Landfill Closure and Postclosure Care Costs	64,580	1,153	2,976	62,757	2,528
Pollution Remediation	3,900	—	1,525	2,375	75
Net Pension	588,433	208,011	177,078	619,366	—
Total Other Liabilities	675,871	228,461	200,537	703,795	5,085
Total Business-Type Activities	\$ 5,077,047	\$ 356,952	\$ 405,417	\$ 5,028,582	\$ 161,130
<b>Component Units</b>					
Downtown Phoenix Hotel Corporation					
Revenue Bonds/Bank Loans	\$ 329,720	\$ —	\$ 329,720	\$ —	\$ —
Discounts/Premiums	5,258	—	5,258	—	—
Phoenix Housing Finance Corporations					
Notes Payable	36,870	2,042	11	38,901	—
Total Component Units	\$ 371,848	\$ 2,042	\$ 334,989	\$ 38,901	\$ —

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

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

## Notes to the Financial Statements

(Continued)

The amounts reported in the previous table have been reduced by deposits made with the City's fiscal agents for July 1, 2016 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2016, were as follows (in thousands):

	Principal	Interest	Total
<b>Governmental Funds</b>			
General Obligation Bonds	\$ 66,300	\$ 29,861	96,161
Revenue Bonds/Bank Loans	—	4,197	4,197
Municipal Corporation Obligations	64,655	13,936	78,591
Special Assessment Bonds	—	3	3
	<u>130,955</u>	<u>47,997</u>	<u>178,952</u>
<b>Enterprise Funds</b>			
General Obligation Bonds	22,695	1,054	23,749
Municipal Corporation Obligations	128,140	104,433	232,573
	<u>150,835</u>	<u>105,487</u>	<u>256,322</u>
	<u>\$ 281,790</u>	<u>\$ 153,484</u>	<u>\$ 435,274</u>

Issues of long-term debt, excluding deferred losses of \$34,891 and accumulated appreciation on State of Arizona distribution revenue bonds (\$111,676) were as follows at June 30, 2016 (dollars in thousands):

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>General Obligation Bonds</b>								
07/01/95	Refunding	7/1/10-17	5.56	19.9	\$ 85,000	\$ 11,840	\$ 740	—
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	14,720	5,299	(63)
06/13/07	Various Improvements 2007A	7/1/13-27	4.37	14.1	342,700	278,835	76,377	(1,699)
06/13/07	Refunding 2007B	7/1/09-27	4.22	11.3	151,720	113,490	21,010	(1,881)
10/27/09	Various Improv - Taxable 2009A (2)(14)	7/1/20-34	3.42	18.4	280,955	280,955	171,814	—
10/27/09	Various Improvements - Taxable 2009B	7/1/15-20	3.97	7.9	69,045	43,895	3,906	—
10/27/09	Refunding 2009C	7/1/11-23	2.70	6.7	117,195	37,660	6,490	(613)
06/12/12	Various Improvements 2012A	7/1/23-34	3.55	17.2	103,360	103,360	51,779	(3,372)
06/12/12	Various Improvements - Taxable 2012B	7/1/21-23	2.76	9.8	16,640	16,640	2,586	—
06/12/12	Refunding 2012C	7/1/15-27	2.39	9.2	176,465	157,305	35,101	(12,223)
06/24/14	Refunding	7/1/19-27	2.71	9.5	278,015	278,015	81,615	(23,219)
Total General Obligation Bonds					1,821,095	1,336,715	456,717	(43,070 )
<b>Revenue Bonds</b>								
05/26/10	Wastewater Revenue	7/1/10-18	2.97	5.3	6,000	1,355	58	—
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,287	1,133	—
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	1,923	263	—
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,340	—
09/14/11	Water Revenue	7/1/24-29	2.97	15.8	1,497	1,497	488	—
08/02/15	Hotel (4b)(15)	7/1/21-45	2.84	19.8	305,940	305,940	74,914	—
Total Revenue Bonds					\$ 325,726	\$ 320,911	\$ 78,196	—

(Continued)

## Notes to the Financial Statements

(Continued)

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Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Municipal Corporation Obligations</b>								
08/01/01	Water System Refunding (3)(5)	7/1/02-24	4.68	14.1	\$ 99,980	\$ 47,480	\$ 12,331	\$ (921)
06/02/04	Rental Car Facility (Taxable) (3)(9)	7/1/07-29	6.20	16.5	260,000	186,050	90,528	—
10/06/05	State Distribution Revenue 2005B (3)(11)	7/1/12-44	4.72	28.9	275,362	260,124	510,260	(19,593)
06/01/07	Excise Tax Revenue Refunding 2007 (4a)	7/1/09-29	4.51	14.5	103,605	84,430	29,779	(1,270)
06/01/07	Excise Tax Revenue 2007A (3)(4b)	7/1/08-27	4.46	12.0	21,115	990	42	(1)
06/01/07	Excise Tax Revenue Ref 2007B (3)(4b)(8)	7/1/09-23	4.33	10.5	71,820	42,225	8,344	(724)
06/01/07	Excise Tax Rev Ref 2007C (Taxable) (3)(4b)	7/1/08-22	5.81	9.2	35,670	18,130	3,815	39
11/27/07	Wastewater System Revenue (3)(7b)	7/1/12-37	4.65	20.0	300,000	269,535	174,066	(8,159)
06/18/08	Airport Revenue 2008A (Non-AMT)(3)(6a)	7/1/20-38	5.02	22.5	206,840	206,840	149,336	(430)
06/18/08	Airport Revenue 2008B (AMT)(3)(6a)	7/1/12-19	4.68	7.8	43,160	18,255	1,950	(183)
06/18/08	Airport Revenue Ref 2008C (Non-AMT)(3)(6a)	7/1/09-22	4.26	8.0	109,850	53,730	9,257	(796)
06/18/08	Airport Revenue Ref 2008D (AMT)(3)(6a)	7/1/09-20	4.58	5.6	68,520	17,990	2,396	(287)
11/18/08	Wastewater System Revenue Ref (7a)	7/1/16-24	5.02	11.9	133,400	119,010	32,160	(2,259)
06/02/09	Water System Revenue 2009A (5)	7/1/14-39	4.63	20.5	450,000	430,640	302,790	(15,029)
06/02/09	Water System Revenue Refunding 2009B (5)	7/1/10-19	2.78	6.0	90,295	32,600	3,067	(1,094)
09/01/10	Airport Revenue 2010A (Non-AMT)(3)(6b)(12)	7/1/13-40	4.69	19.0	642,680	572,850	410,816	(18,024)
09/01/10	Airport Rev 2010B (Tax) (3)(6b)(12)(13)(14)	7/1/2040	3.67	29.8	21,345	21,345	33,810	—
09/01/10	Airport Revenue Ref 2010C (Non-AMT)(3)(6b)	7/1/23-25	4.33	13.9	32,080	32,080	12,884	(1,414)
06/07/11	Excise Tax Revenue 2011A (4a)	7/1/14-31	2.86	7.6	27,530	18,230	3,453	(1,062)
06/07/11	Excise Tax Revenue (Taxable) 2011B (4a)	7/1/15-36	4.86	13.1	59,195	51,670	24,893	—
06/07/11	Excise Tax Revenue Refunding 2011C (4a)	7/1/21-28	3.79	12.6	24,305	24,305	8,934	(1,755)
06/07/11	Excise Tax Revenue Ref (Taxable) 2011D (4a)	7/1/15-21	3.91	7.6	22,805	20,220	2,289	—
06/07/11	Multipurpose Arena Ref (Taxable) 2011 (4b)	7/1/12-19	3.71	5.1	27,500	12,140	1,023	—
11/22/11	Water System Revenue Refunding (5)	7/1/14-26	3.12	9.3	167,510	138,910	39,877	(12,448)
12/22/11	Wastewater System Revenue Ref (7b)	7/1/14-24	2.58	8.4	118,290	103,915	22,705	(9,556)
06/21/12	Excise Tax Revenue Refunding 2012 (4a)	7/1/14-29	2.97	9.7	15,205	10,345	4,371	(1,419)
06/21/12	Excise Tax Revenue Refunding 2012A (4b)	7/1/14-25	2.30	6.7	17,510	11,255	2,459	(1,198)
06/21/12	Excise Tax Revenue Ref 2012B (Taxable) (4b)	7/1/16-33	4.01	13.7	33,095	32,245	13,061	—
03/05/13	Airport Revenue Ref (AMT)(3)(6a)	7/1/14-32	3.28	11.8	196,600	176,080	83,872	(24,157)
07/16/13	Transit Excise Tax Refunding (10)	7/1/14-20	2.01	4.6	328,920	233,405	29,226	(16,451)
04/15/14	Wastewater System Refunding (7b)	7/1/15-29	3.00	9.4	127,810	119,665	44,696	(15,391)
12/17/14	Water System Revenue 2014A (5)	7/1/19-44	3.76	19.7	152,830	152,830	134,478	(21,393)
12/17/14	Water System Rev Refunding 2014B (5)	7/1/16-29	2.64	9.7	445,085	436,255	168,095	(65,460)
05/12/15	Excise Tax Rev Refunding 2015A (4b)(8)	7/1/17-41	3.56	16.2	319,305	319,305	239,897	(50,664)
05/12/15	Excise Tax Rev Ref 2015B (Taxable) (4b)	7/1/16-35	3.35	10.2	60,895	59,340	18,701	—
12/15/15	Airport Revenue 2015A (Non-AMT)(3)(6b)(12)	7/1/16-45	3.99	18.6	95,785	94,970	84,403	(11,263)
12/15/15	Airport Rev Ref 2015B (Non-AMT)(3)(6b)(12)	7/1/2034	4.08	18.5	18,655	18,655	16,790	(2,376)
Total Municipal Corporation Obligations						5,224,552	4,448,044	2,730,854
								(304,738)
<b>Special Assessment Bonds</b>								
Various	Unredeemed Matured Bonds	—	—	—	44	44	—	—
2008	Various Improvements	1/1/09-18	6.90	10.0	22	4	0	—
2010	Various Improvements	1/1/11-20	6.90	10.0	163	66	9	—
Total Special Assessment Bonds						229	114	9
								—
<b>Total Primary Government Bonds</b>						\$ 7,371,602	\$ 6,105,784	\$ 3,265,776
								\$ (347,808)

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Represents bonds issued as "Qualified Build America Bonds (Direct Pay)" (BABs) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 35% of the interest payable each respective interest payment date.
- (3) Enhanced by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- (4) The City has pledged excise taxes as security. The taxes pledged are as follows:
  - (a) Senior lien pledge on all outstanding excise tax obligations.
  - (b) Subordinated junior lien pledge on all outstanding excise tax obligations.

## **Notes to the Financial Statements**

(Continued)

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- (5) The City has made a junior lien pledge of Water System revenues as security.
- (6) The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:
  - (a) Senior lien pledge on all outstanding airport obligations.
  - (b) Junior lien pledge on all outstanding airport obligations.
- (7) The City has pledged Wastewater System revenues as security for these bonds. The revenues pledged are as follows:
  - (a) Senior lien pledge on all outstanding Wastewater System obligations.
  - (b) Junior lien pledge on all outstanding Wastewater System obligations.
- (8) The City has pledged excise taxes on a subordinated junior lien basis as security; however, a portion of debt service requirements on these obligations are paid from Solid Waste revenues.
- (9) The City has made a first priority pledge of a \$4.50 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bonds.
- (10) The City has made a first priority pledge of funds received by the City from a 0.4 percent increment to the City's privilege license (sales) tax, which increment was approved at a special election held in and for the City on March 14, 2000 and subsequently adopted by the City Council of the City pursuant to Ordinance No. G-4254, enacted April 5, 2000.
- (11) The primary source of revenue for loan payments is State of Arizona distributions the City is to receive pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State. The schedule of State Distributions will be sufficient to make loan payments when due.
- (12) The City has further pledged an irrevocable commitment of 100% of net proceeds of a passenger facility charge for these bonds, with the exception of the Series 2015A bonds. The Series 2015A bonds have a pledge equivalent to 30% of the principal and interest requirement. The Passenger Facility Charge is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- (13) Represents bonds issued as "Recovery Zone Economic Development Bonds" (RZEDB) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 45% of the interest payable each respective interest payment date.
- (14) On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, which has resulted in a reduction of the federal subsidy by 6.8% (the "Sequester Reductions") in FY 2016. However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on the BABs and the RZEDB bonds.
- (15) Assumes the City will retire or refinance the loan before July 1, 2025. If the loan is not retired or refinanced before July 1, 2025, any unpaid principal remaining at that time will convert to a variable rate loan, at 9.2% per annum for a 180-day period and, thereafter, a variable rate with a maximum rate of 15% per annum. Additionally, principal payments on or after July 1, 2025 will become due semi-annually until the final maturity of July 1, 2045, as long as no event of default has occurred.

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

### **General Obligation Bonds**

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

### **Revenue Bonds**

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

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

In August 2015, the City entered into a loan agreement with DNT Asset Trust, a subsidiary of JP Morgan Chase Bank, N.A., (the "Loan") for \$305,940,000. The Loan proceeds refinanced the Downtown Phoenix Hotel Corporation Senior and Subordinate Hotel Revenue Bonds, Series 2005A, 2005B, and 2005C (Taxable). The Loan has an average life of 19.8 years and was issued with an all-true interest cost of 2.84%. The Loan is payable from and secured by a subordinated lien on the City's excise tax revenues on parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

## **Notes to the Financial Statements**

(Continued)

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### **Municipal Corporation Obligations**

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

- In December 2015, the CIC issued \$95,785,000 of Junior Lien Airport Revenue Bonds, Series 2015A (Non-AMT). Proceeds of the bonds refunded \$100,000,000 aggregate outstanding principal of Airport Commercial Paper Program Notes, Series 2014A-1 and 2014A-2. The bonds have an average life of 18.6 years and were sold at an all-in true interest cost of 3.99%.
- In December 2015, the CIC issued \$18,655,000 of Junior Lien Airport Revenue Refunding Bonds, Series 2015B (Non-AMT). Proceeds of the bonds refunded \$20,000,000 of Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT). The bonds have an average life of 18.5 years, were sold at a true interest cost of 4.08% and produced present value debt service savings, net of transaction costs, of \$2,515,668.

### **Special Assessment Bonds**

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

### **Component Units**

Various Phoenix Housing Finance Corporations have entered into loan agreements with the City for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. The outstanding balance on these loans at June 30, 2016 is \$38,901,000.

## Notes to the Financial Statements

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### Debt Service Requirements

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

Fiscal Years	City of Phoenix Bonds - Governmental Activities										Debt Service Total	
	General Obligation		Revenue Obligations/Bank Loans (1)		Municipal Corporation Obligations		Special Assessment Bonds					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2017	\$ 70,300	\$ 56,826	\$ —	\$ 8,583	\$ 78,890	\$ 25,129	\$ 62	\$ 4	\$ 239,794			
2018	67,400	53,512	—	8,512	84,285	21,760	19	3	235,491			
2019	70,740	50,435	—	8,512	91,275	17,962	17	2	238,943			
2020	95,245	47,224	—	8,536	94,220	13,887	16	1	259,129			
2021	109,785	43,085	6,650	8,536	24,485	9,526	—	—	202,067			
2022-26	559,700	143,897	299,290	32,235	100,415	33,164	—	—	1,168,701			
2027-31	232,180	48,890	—	—	61,600	13,895	—	—	356,565			
2032-36	99,970	9,579	—	—	28,460	3,576	—	—	141,585			
	<u>\$ 1,305,320</u>	<u>\$ 453,448</u>	<u>\$ 305,940</u>	<u>\$ 74,914</u>	<u>\$ 563,630</u>	<u>\$ 138,899</u>	<u>\$ 114</u>	<u>\$ 10</u>	<u>\$ 2,842,275</u>			
Authorized	<u>\$ 2,501,670</u>											
Unissued	<u>\$ 152,355</u>											
Interest Rates	<u>2.0 - 6.3%</u>											
City of Phoenix Bonds - Business-Type Activities												
Fiscal Years	General Obligation		Revenue Obligations/Bank Loans		Municipal Corporation Obligations		Debt Service Total					
	Principal	Interest	Principal	Interest	Principal	Interest						
	\$ 7,740	\$ 1,235	\$ 965	\$ 444	\$ 147,340	\$ 202,037	\$ 359,761					
2017	2,095	782	993	416	160,124	195,270	359,680					
2018	7,200	684	1,023	386	171,505	187,634	368,432					
2019	12,650	462	1,053	356	187,615	179,512	381,648					
2020	1,025	75	1,084	325	192,031	170,354	364,894					
2021	685	31	5,923	1,121	994,621	700,699	1,703,080					
2022-26	—	—	3,931	234	770,067	469,614	1,243,846					
2027-31	—	—	—	—	626,793	304,207	931,000					
2032-36	—	—	—	—	527,277	143,472	670,749					
2037-41	—	—	—	—	107,041	39,156	146,197					
	<u>\$ 31,395</u>	<u>\$ 3,269</u>	<u>\$ 14,972</u>	<u>\$ 3,282</u>	<u>\$ 3,884,414</u>	<u>\$ 2,591,955</u>	<u>\$ 6,529,287</u>					
Authorized	<u>\$ 242,969</u>											
Interest Rates	<u>2.0 - 6.3%</u>											

(1) Assumes the City will retire or refinance the loan before July 1, 2025. If the loan is not retired or refinanced before July 1, 2025, any unpaid principal remaining at that time will convert to a variable rate loan, at 9.2% per annum for a 180-day period and, thereafter, a variable rate with a maximum rate of 15% per annum. Additionally, principal payments on or after July 1, 2025 will become due semi-annually until the final maturity of July 1, 2045, as long as no event of default has occurred.

### Accrued Landfill Closure and Postclosure Care Costs

The Solid Waste Enterprise Fund (“Solid Waste”) currently operates one landfill, the SR-85 Landfill, and monitors five additional closed landfills. Federal and state regulations require that certain postclosure care costs be incurred to maintain and monitor closed landfills for thirty years after closure to mitigate and prevent future environmental damage. In addition, numerous costs are incurred in the process of closing a landfill. These closure costs include the capping of the landfill with soil, installing such items as drainage and monitoring systems, and remediation of any environmental damage caused by the landfill. These costs are estimated based on what it would cost to perform all closure and postclosure care for the landfills at June 30, 2016 and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure care costs for the five closed landfills are currently estimated to be \$145,017,000, including \$90,379,000 that has already been paid out and an estimated \$54,638,000 that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was decreased by \$2,363,000 during fiscal 2015-16 in connection with these landfills.

## **Notes to the Financial Statements**

(Continued)

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Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$52,195,000, which will be paid out in future years. \$9,395,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 18.0% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$1,276,000 is included in liabilities payable from restricted assets.

Certain environmental remediation costs associated with one of the closed landfills are recoverable from third parties. The City has recovered a total of \$29,015,000 from third parties. These recoveries are used to reduce remediation expense in the year the recovery is assured. A total of \$8,163,000 (which includes recoveries and applicable interest earnings) has been included in restricted assets on the enterprise fund balance sheet. Any postclosure care costs not recovered from third parties will be funded from revenues of the Solid Waste Enterprise Fund.

### **Pollution Remediation**

The City has recorded pollution remediation liabilities in both the Governmental and Business-Type Activities. The liability in the Governmental Activities pertains to a leaking underground storage tank at the Glenrosa Service Center. The situation was identified by the City Public Works Department in 1986. The City created and has been implementing a corrective action plan which was approved by the Arizona Department of Environmental Quality (ADEQ), to ensure the contamination does not spread. As of June 30, 2016, the total remaining liability is \$14,593,000 and it is estimated that the remediation will be completed in 83 years.

The liability in the Business-Type Activities is primarily a result of leaking underground storage tanks at the Sky Harbor International Airport and Phoenix Goodyear Airport. The tanks at Sky Harbor International Airport were discovered to be leaking in 1988 and the City is implementing a corrective action plan which was approved by the ADEQ to ensure the contamination does not spread. The remediation of a fuel release at Phoenix Goodyear Airport discovered in the 1980's is being implemented as approved by the United States Environmental Protection Agency (US EPA). The total remaining liability for all remediation activities at the City airports as of June 30, 2016 is \$2,375,000, and is recorded in the Aviation Enterprise Fund.

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

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

Future principal and interest payments on refunded bonds have been provided through advanced refunding bonds whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government, when available. When U.S. government securities are not available, conventional treasury securities will be purchased. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

During fiscal year 2015-16, the City issued Junior Lien Airport Revenue Refunding Bonds, Series 2015B (Non-AMT). These bonds reduced the present value of future debt service payments. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year.

## Notes to the Financial Statements

(Continued)

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

### Civic Improvement Corporation

	Junior Lien Airport Revenue	2015B
Series		2015B
Closing Date		12/15/15
Net Interest Rate		4.32%
Refunding Bonds Issued	\$	18,655
Premium		2,447
Underwriter's Discount		(85)
Issuance Costs and Insurance		(149)
Net Proceeds	<u>\$</u>	<u>20,868</u>
Refunded Amount	<u>\$</u>	<u>20,000</u>
Decrease in Debt Service	\$	2,592
Economic Gain	\$	2,516
Number of Years Affected		19

The deferred and amortized amounts of accounting gains/losses on bond refundings (which are deferred outflows/inflows of resources) at June 30, 2016, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions (Gains)/Losses	Reductions due to Refundings	Amortization Gains/(Losses)	Deferred Amount June 30
General Government					
General Obligation	\$ 14,449	\$ —	\$ —	\$ (2,131)	\$ 12,318
Civic Improvement Corporation	5,993	—	—	(1,976)	4,017
	<u>\$ 20,442</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4,107)</u>	<u>\$ 16,335</u>
Enterprise Funds					
Aviation					
General Obligation	\$ (128)	\$ —	\$ —	\$ 128	\$ —
Civic Improvement Corporation	1,329	(802)	—	(186)	341
Convention Center					
Civic Improvement Corporation	5,486	—	—	(249)	5,237
Water					
General Obligation	979	—	—	(708)	271
Civic Improvement Corporation	8,771	—	—	(988)	7,783
Wastewater					
General Obligation	673	—	—	(168)	505
Civic Improvement Corporation	4,180	—	—	(609)	3,571
Solid Waste					
General Obligation	539	—	—	(155)	384
Civic Improvement Corporation	502	—	—	(38)	464
	<u>\$ 22,331</u>	<u>\$ (802)</u>	<u>\$ —</u>	<u>\$ (2,973)</u>	<u>\$ 18,556</u>

## **Notes to the Financial Statements**

(Continued)

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Advanced refunding and defeasance arrangements at June 30, 2016 were as follows (in thousands):

<b>Refunded and Defeased Bonds</b>					
<b>Date Refunded/ Defeased</b>	<b>Issue Dates</b>	<b>Type</b>	<b>Balance Outstanding</b>	<b>Assets Held in Trust (1)</b>	
05/12/15	06/27/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 12,905	\$ 13,463	

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

### **12. Legal Debt Margin**

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

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is once again based on the full cash net assessed valuation (FCNAV) instead of the PNAV. The FCNAV for tax year 2016 (fiscal year 2016-17) is \$14,008,918,676.

Under Arizona law, outstanding general obligation bonded debt for combined water, sewer, light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's FCNAV. Outstanding general obligation bonded debt for all other purposes may not exceed 6% of a city's FCNAV. The total debt margin available at July 1, 2016 was as follows (in thousands):

Six Percent Bonds	\$ 565,700
Twenty Percent Bonds	1,739,904
Total Debt Margin Available	<u>\$ 2,305,604</u>

### **13. Risk Management**

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2016, as described below.

#### **General Fund and Transit Special Revenue Fund**

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

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

**Workers' Compensation** - The City maintained a self-insured retention of \$10,000,000 for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Since July 1, 2010, contracted transit operators have been required to provide first-dollar liability and workers' compensation coverage. The City's exposure to Phoenix Transit's workers' compensation liability is in the run-off phase.

## Notes to the Financial Statements

(Continued)

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

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

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

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the Government-Wide Statement of Net Position, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. Settlements have not exceeded coverages for each of the last three fiscal years. At June 30, 2016, claims payable totaled \$155.9 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2016	2015
Claims Payable, July 1	\$ 123,731	\$ 104,211
Current Year Claims and Changes in Estimates	58,983	49,122
Claim Payments	(26,842)	(29,602)
Claims Payable, June 30	<u>\$ 155,872</u>	<u>\$ 123,731</u>

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

	June 30	
	2016	2015
Amounts due within one year	\$ 50,000	\$ 34,450
Amounts due in more than one year	105,872	89,281
	<u>\$ 155,872</u>	<u>\$ 123,731</u>

In addition, assets of \$101,758,106 and \$1,596,144 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2016 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Position. As a result, of the General Fund Balance \$62,047,266 is restricted and \$39,710,840 is assigned for payment of claims. An additional \$5,840,935 is assigned for payment of insurance premiums.

### **Fiduciary Funds**

Health and Dental - The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased for individual losses exceeding \$1,000,000 and aggregate losses exceeding \$241,499,619. Dental coverage was provided through two plans. Active dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust. Active dental HMO and retiree dental HMO and PPO were provided through commercial insurance accounted for in the General Fund.

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

## Notes to the Financial Statements

(Continued)

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At June 30, 2016, claims payable totaled \$20.3 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2016	2015
Claims Payable, July 1	\$ 24,662	\$ 21,519
Current Year Claims and Changes in Estimates	199,841	217,122
Claim Payments	(204,221)	(213,979)
Claims Payable, June 30	<u>\$ 20,282</u>	<u>\$ 24,662</u>

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

	June 30	
	2016	2015
Amounts due within one year	<u>\$ 20,282</u>	<u>\$ 24,662</u>

### **14. Leases**

#### **Operating Leases**

The City's public housing program leases housing facilities that are, in turn, subleased to low income and elderly tenants. These lease obligations are subsidized by the federal government. Total rental expense for these leases was \$53,356,772 for the fiscal year ended June 30, 2016.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2016 were as follows (in thousands):

	Years Ending	
	June 30	
2017	\$ 73,728	
2018	50,611	
2019	31,732	
2020	29,729	
2021	28,219	
2022-2069	<u>212,647</u>	
	<u>\$ 426,666</u>	

The above amounts do not include contingent rentals, which also may be received under the airport facilities leases, primarily as a percentage of sales in excess of stipulated minimums. Contingent rentals amounted to \$10,483,293 for the fiscal year ended June 30, 2016. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2016 is as follows (in thousands):

Buildings	\$ 1,029,896
Less: Accumulated Depreciation	(603,862)
	<u>\$ 426,034</u>

## Notes to the Financial Statements

(Continued)

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### **Capital Leases**

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

Years Ending			
<u>June 30</u>			
2017	\$	1,046	
2018		1,069	
2019		1,093	
2020		1,117	
2021		1,142	
2022		1,166	
	<u>\$</u>	<u>6,633</u>	

### **Service Concession Arrangements**

On July 18, 2014, the City entered into a lease agreement with Arizona State University (ASU) to manage and collect revenues from the City's Papago Golf Course. The service concession arrangement is for 30 years and in exchange, ASU will make significant course improvements. The City will retain ownership of all assets at the end of the lease. Total costs of improvements have not been determined at June 30, 2016, therefore, the City has not fully determined the effect the service concession arrangement will have on the City's financial statements.

On November 24, 2014, the City entered into a lease agreement with Grand Canyon University (GCU) to manage and collect revenues from the City's Maryvale Golf Course. The service concession arrangement is for 30 years and in exchange, GCU invested a total of \$11,360,000 in course and clubhouse improvements. The City will retain ownership of all assets at the end of the lease. As of June 30, 2016, the City has recorded a capital asset, net of depreciation in the amount of \$11,189,000 for the improvements and \$10,800,000 as a deferred inflows of resources on the financial statements. The deferred inflows of resources will be amortized and recognized as revenue over the term of the contract.

## **15. Contractual and Other Commitments**

### **Public Transit**

The City provides public transit service through the following private contractors: Transdev Services, Inc., First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA" and light rail service from Valley Metro Rail "VMRI". The services provided by these contractors, the expiration dates of the current agreements and the estimated contract amount to be provided by the City through June 30, 2016 are as follows (in thousands):

<b>Contractor</b>	<b>Type of Service</b>	<b>Expiration Date</b>	<b>Estimated Annual Subsidy</b>
MV Transportation Service	Dial-a-Ride	June 30, 2024	\$ 13,763
First Transit Inc.	Fixed Route Bus Service	June 30, 2018	27,593
Transdev Services, Inc.	Fixed Route Bus Service	June 30, 2020	72,421
Valley Metro Rail	Light Rail Service	June 30, 2017	23,764
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2017	4,255
			<u>\$ 141,796</u>

## **Notes to the Financial Statements**

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Approximately 11.2% of the total net transit costs, excluding light rail service, will be reimbursed to the City by adjacent communities and the RPTA. In addition, the City will apply for funding to support daily operations from the Department of Transportation, Federal Transit Administration. This grant is expected to fund approximately 6.6% of the total transit costs for fiscal 2016-17. The City has been the designated recipient for these grants since 1975.

### **Other Contracts**

The City's enterprise funds have entered into various construction contracts and these commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements. The following funds have remaining commitments at June 30, 2016, as follows (in thousands):

Aviation	\$ 411,775
Phoenix Convention Center	2,913
Water System	65,048
Wastewater	52,854
Solid Waste	32,112
	<hr/>
	\$ 564,702

### **Encumbrances**

Governmental fund encumbrances at June 30, 2016, were as follows (in thousands):

General Fund	\$ 29,044
Transit Special Revenue Fund	91,747
Non-Major Funds	81,814
	<hr/>
	\$ 202,605

### **16. Contingent Liabilities**

#### **Pending Litigation**

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. As discussed in Note 13, the City is primarily self-insured, and has accrued a liability for estimated claims outstanding. As with any risk retention program, however, the City is contingently liable with respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the City's financial position, results of operations or liquidity at June 30, 2016.

#### **Public Housing Notes Payable**

Excluded from the City's long-term obligations in the accompanying financial statements are Public Housing Notes Payable. These obligations were incurred in connection with the City's public housing activities, but are entirely supported by the federal government. The City would be obligated to pay the debt service on these notes only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2016 were \$169,003.

#### **Sick Leave**

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

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

## **Notes to the Financial Statements**

(Continued)

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

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

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

Sick leave is accrued as a liability as it is earned by the employees if it is probable that the employees will be compensated through cash payments at retirement. Accordingly, a portion of the sick leave accumulated by police, firefighters, and general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2016, actuarial valuation of the sick leave liability was based on the termination payment method and includes other amounts that are directly and incrementally related to those payments such as the City's share of social security, as applicable.

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

	<b>2016</b>
General	\$ 157,763
Police	110,516
Fire	41,400
	<hr/>
	309,679
Less: Amounts Accrued as a Liability	(78,805)
	<hr/>
	\$ 230,874

### **Liabilities Under Grants**

The City participates in a number of federal and state-assisted grant programs. The audits of these programs for earlier years and the year ended June 30, 2016 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. City management believes any such claims would be immaterial to the City's financial position at June 30, 2016.

### **Verde Water Treatment Plant**

In December 2011, Verde Water Treatment Plant (VWTP) closed. The VWTP had a total treatment capacity of 50 mgd. The Salt River Pima Maricopa Indian Community land lease for the VWTP expired on December 31, 2014 and will not be renewed. According to the lease agreement, the City is responsible to restore the land to its native state. The City is currently in negotiations with the Salt River Pima Maricopa Indian Community to determine the outcome resulting from the restoration.

## **Notes to the Financial Statements**

(Continued)

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### **17. Joint Use Agreements**

#### **Valley Metro Rail, Inc. “VMRI”**

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

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project less any Federal reimbursements and operating fares. The City's share of costs is determined based on the number of rail mileage located within each City, plus dedicated local costs. The equity interest for the City at June 30, 2016, was \$821,980,390.

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

#### **Regional Wireless Cooperative “RWC”**

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

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2016, was \$65,174,555.

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

#### **Wastewater**

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

The City of Phoenix holds title to the land comprising the plant site and rights of way. The City's investment under the joint use agreement was \$377,075,073 at June 30, 2016, and is included in the Wastewater Enterprise Fund financial statements as part of the total wastewater system. The SROG members participate in each facility at varying rates depending on their needs at the time each facility was constructed. The system has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal year ended June 30, 2016 is provided below (in thousands).

## Notes to the Financial Statements

(Continued)

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	<u>2016</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 34,168
Receivables	9,150
Inventories, at average cost	5,998
Capital Assets, Net of Accumulated Depreciation	<u>706,590</u>
Total Assets	755,906
Liabilities	(34,002)
Net Position	<u>\$ 721,904</u>
Total Revenues	\$ 48,202
Total Expenses	(85,241)
Decrease in Net Position	<u>\$ (37,039)</u>

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

### **Water**

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

The City's investment under the joint use agreement was \$222,489,155 at June 30, 2016, and is included in the Water Enterprise Fund financial statements as part of the total water system. The plant has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal year ended June 30, 2016 is provided below (in thousands).

	<u>2016</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 4,401
Receivables	1,557
Inventories, at average cost	2,127
Capital Assets, Net of Accumulated Depreciation	<u>275,202</u>
Total Assets	283,287
Liabilities	(4,103)
Net Position	<u>\$ 279,184</u>
Total Revenues	\$ 36,081
Total Expenses	(33,851)
Increase in Net Position	<u>\$ 2,230</u>

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

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

The City offers eligible employees a Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457 and a Defined Contribution Plan created in accordance with Internal Revenue Code 401(a). The Plans provide employees with a means to supplement retirement income.

## Notes to the Financial Statements

(Continued)

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The Deferred Compensation Plan allows employees to defer up to \$18,000 of their salaries during calendar year 2016. Enrollment and deferral charges are allowed on an ongoing basis. Compensation deferred under this Plan is generally not available to participants until termination, retirement or a qualified unforeseeable emergency.

The Defined Contribution Plan allows employees to make contributions to the Plan by irrevocably electing to defer a percentage of their salary to the Plan. The 2016 annual contribution limit is \$53,000. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of base annual salary. The City contributed \$15,566,110 for the year ended June 30, 2016. Compensation deferred under this Plan is generally not available to participants until termination, retirement or a qualified unforeseeable emergency.

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

### **19. Pension Plans**

Substantially all full-time employees and elected officials of the City are covered by one of three contributory pension plans: the City of Phoenix Employees' Retirement System, the Public Safety Personnel Retirement System or the Elected Officials' Retirement Plan.

#### **City of Phoenix Employees' Retirement System**

##### **a. Plan Description**

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

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

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

	June 30	
	2016	2015
<b>Active Members</b>		
Tier 1	6,416	6,741
Tier 2	953	722
Tier 3	414	—
Total	7,783	7,463
 <b>Terminated Vested</b>	 885	 901
 <b>In Pay Members</b>		
Service Retirees	5,576	5,419
Disabled Retirees	249	251
Beneficiaries	1,060	1,018
Total	6,885	6,688
 <b>Total Members</b>	 15,553	 15,052

## **Notes to the Financial Statements**

(Continued)

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### **b. Plan Benefits**

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

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

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

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

Tier 2 and 3 Pension Benefits: Employees hired on or after July 1, 2013 for Tier 2 and January 1, 2016 for Tier 3 are eligible for retirement benefits upon meeting one of the following age and service requirements:

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

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

The pension benefit for Tier 3 employees is based on 1.85% of final average compensation multiplied by years of service credit for those with less than 10 years, 1.9% for 10-19.9 years, 2% for 20-29.9 years and 2.1% thereafter.

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

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

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

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

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

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 22 year period. For the fiscal year ended June 30, 2016, the total contribution rate was 25.29% of compensation. Tier 1 employees contributed 5% of compensation, Tier 2 employees contributed 15.51% of compensation through December 31, 2015 and beginning January 1, 2016, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder, \$119,844,000 for the fiscal year.

## Notes to the Financial Statements

(Continued)

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### d. Net Pension Liability

The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net pension liability:

#### Change in Net Pension Liability

(in thousands)

	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a)-(b)
	\$ 3,975,907	\$ 2,209,526	\$ 1,766,381
<b>Balances at 6/30/2015</b>			
<b>Changes for the year:</b>			
Service cost	80,757	—	80,757
Interest	293,206	—	293,206
Changes of benefits	(3,229)	—	(3,229)
Differences between expected and actual	(76,891)	—	(76,891)
Changes of assumptions	(69,420)	—	(69,420)
Contributions - employer	—	119,844	(119,844)
Contributions - member	—	29,523	(29,523)
Net investment income	—	9,171	(9,171)
Benefit payments	(216,193)	(216,409)	216
Administrative expense	—	(234)	234
<b>Net changes</b>	<b>8,230</b>	<b>(58,105)</b>	<b>66,335</b>
<b>Balances at 6/30/2016</b>	<b>\$ 3,984,137</b>	<b>\$ 2,151,421</b>	<b>\$ 1,832,716</b>

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

### e. Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2016 valuation were based on the results of the actuarial experience study covering the period from July 1, 2009 through June 30, 2014. Those assumption, applied to all periods included in the measurement, are as follows:

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

Mortality rates were based on CalPERS Employee Mortality and CalPERS Healthy Annuitant tables both without Scale BB Projection, and also the RP2014 Disabled Retiree Mortality table without MP-2014 Projection. The member contribution crediting rate was updated for the June 30, 2016 actuarial valuation to reflect the provisions of the ballot measure that passed in August, 2015.

## Notes to the Financial Statements

(Continued)

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

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

Asset Class	Target Allocation	Expected Real Rate of Return (Arithmetic)
Broad US Equity	22%	6.4
Broad International Equity	19	7.7
Intermediate Duration Fixed Income	20	2.6
Emerging Markets Debt Hard	5	5.1
Real Estate	15	6.3
Diversified Hedge Funds	10	4.3
Private Equity	1	7.3
Diversified Inflation Strategies	8	4.6

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

The table below presents the net pension liability of the System calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower (6.5%) or 1.0% higher (8.5%) than the current rate at June 30, 2016:

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

(in thousands)

	1.0% Decrease	Discount Rate	1.0% Increase
	(6.5%)	(7.5%)	(8.5%)
	\$ 4,475,602	\$ 3,984,137	\$ 3,574,561
Total Pension Liability	\$ 2,151,421	2,151,421	2,151,421
Plan Fiduciary Net Position	<u>\$ 2,324,181</u>	<u>\$ 1,832,716</u>	<u>\$ 1,423,140</u>

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

48.1%      54.0%      60.2%

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

For the year ended June 30, 2016, the City recognized pension expense of \$248,211,000. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## Notes to the Financial Statements

(Continued)

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### Schedule of Deferred Inflows and Outflows of Resources

(in thousands)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ 80,119
Changes in assumptions	152,922	55,536
Net difference between projected and actual earnings on pension plan investments	193,642	—
<b>Total</b>	<b>\$ 346,564</b>	<b>\$ 135,655</b>

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

Measurement year ended June 30:

2017	\$ 69,786
2018	69,786
2019	69,786
2020	1,551
2021	—
Thereafter	—

### Public Safety Personnel Retirement System

#### a. Plan Description

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

The City's PSPRS membership data is as follows:

	June 30, 2015	
	Police	Fire
Retirees and Beneficiaries	2,046	953
Inactive, Non-Retired Members	605	293
Active Members	2,392	1,337
<b>Total</b>	<b>5,043</b>	<b>2,583</b>
 Covered Payroll	 \$ 215,928,029	 \$ 121,290,680

#### b. Plan Benefits

An employee who became a member of the PSPRS on or before December 31, 2011 is eligible for a monthly benefit equal to 50% of the average monthly compensation for the first 20 years of credited service. The benefit is reduced by 4% per year for each year of credited service under 20 years and increased by 2% for each year of service between 20 and 24.99 and increased by 2.5% for each year of credited service after 25 years. An employee who became a member of the PSPRS on or after January 1, 2012 is eligible, at age 52.5, for a monthly benefit

## Notes to the Financial Statements

(Continued)

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equal to 62.5% of the average monthly compensation for the first 25 years of credited service. The benefit is reduced by 4% per year for each year of credited service under 25 years and increased by 2.5% for each year of service after 25 years up to a maximum of 80% of the average monthly compensation.

Permanent benefit increases, as well as death and disability benefits are available in accordance with the Arizona Revised Statutes that govern the System. Inactive members that have at least 10 years of credited service may elect to receive a Deferred Annuity at the age of 62. This lifetime annuity, which is not a retirement benefit, is actuarially equivalent to the member's accumulated contributions in the System plus an equal amount paid by the employer.

### c. Contributions and Funding Policy

The System, for both police and fire personnel, is funded via member contributions of 11.65% of compensation and employer contributions set by an actuarial valuation, also expressed as a percent of compensation. For fiscal year ended June 30, 2016, the required employer contribution rates were 40.71% and 39.55% for Police and Fire, respectively, which amounted to \$92,271,000 and \$42,509,000.

### d. Net Pension Liability

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

Change in Net Pension Liability

	POLICE			FIRE		
	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a)-(b)	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a)-(b)
<b>Balances at 6/30/2015</b>	\$ 2,539,761,009	\$ 1,204,253,003	\$ 1,335,508,006	\$ 1,375,332,580	\$ 679,808,779	\$ 695,523,801
<b>Changes for the Year:</b>						
Service cost	47,490,018	—	47,490,018	25,159,206	—	25,159,206
Interest	195,644,306	—	195,644,306	106,101,093	—	106,101,093
Differences between expected and actual	(42,065,017)	—	(42,065,017)	(24,035,403)	—	(24,035,403)
Contributions - employer	—	80,310,547	(80,310,547)	—	43,075,722	(43,075,722)
Contributions - member	—	28,941,182	(28,941,182)	—	14,249,866	(14,249,866)
Net investment income	—	43,559,530	(43,559,530)	—	24,512,553	(24,512,553)
Benefit payments	(142,443,720)	(142,443,720)	—	(72,611,818)	(72,611,818)	—
Administrative expense	—	(1,063,140)	1,063,140	—	(598,434)	598,434
Other	—	(842,209)	842,209	—	(535,836)	535,836
<b>Net changes</b>	<b>58,625,587</b>	<b>8,462,190</b>	<b>50,163,397</b>	<b>34,613,078</b>	<b>8,092,053</b>	<b>26,521,025</b>
<b>Balances at 6/30/2016</b>	<b>\$ 2,598,386,596</b>	<b>\$ 1,212,715,193</b>	<b>\$ 1,385,671,403</b>	<b>\$ 1,409,945,658</b>	<b>\$ 687,900,832</b>	<b>\$ 722,044,826</b>

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

## Notes to the Financial Statements

(Continued)

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### e. Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, best estimates of real rates of return are summarized in the following table:

## Notes to the Financial Statements

(Continued)

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Asset Class	Target Allocation	Expected Real Rate of Return (Geometric)*
U.S. Equity	16.00 %	6.23 %
Non-U.S. Equity	14.00	8.25
Private Equity	11.00	9.50
Fixed Income	7.00	2.92
Credit Opportunities	13.00	7.08
Absolute Return	5.00	4.11
GTAA	10.00	4.38
Real Assets	8.00	4.77
Real Estate	10.00	4.48
Risk Parity	4.00	5.13
Short Term Inv	2.00	0.75
Total	100.00 %	

\*Based on inflation assumption of 3.00%

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

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

POLICE			
	1.0% Decrease <u>(6.85%)</u>	Discount Rate <u>(7.85%)</u>	1.0% Increase <u>(8.85%)</u>
Total Pension Liability	\$ 2,894,263,779	\$ 2,598,386,596	\$ 2,350,656,498
Plan Fiduciary Net Position	1,212,715,193	1,212,715,193	1,212,715,193
Net Pension Liability	<u>\$ 1,681,548,586</u>	<u>\$ 1,385,671,403</u>	<u>\$ 1,137,941,305</u>

FIRE			
	1.0% Decrease <u>(6.85%)</u>	Discount Rate <u>(7.85%)</u>	1.0% Increase <u>(8.85%)</u>
Total Pension Liability	\$ 1,564,701,834	\$ 1,409,945,658	\$ 1,279,782,139
Plan Fiduciary Net Position	687,900,832	687,900,832	687,900,832
Net Pension Liability	<u>\$ 876,801,002</u>	<u>\$ 722,044,826</u>	<u>\$ 591,881,307</u>

## Notes to the Financial Statements

(Continued)

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

For the year ended June 30, 2016, pension expense of \$153,969,273 and \$74,976,371 were recognized for Police and Fire, respectively. At June 30, 2016 deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	POLICE		FIRE	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 40,412,454	\$ —	\$ 26,831,096
Changes in assumptions	119,896,718	—	67,842,377	—
Net difference between projected and actual earnings on pension plan investments	39,677,408	36,194,595	22,566,346	20,421,487
Contributions made subsequent to the measurement date	92,270,995	—	42,508,943	—
<b>Total</b>	<b>\$ 251,845,121</b>	<b>\$ 76,607,049</b>	<b>\$ 132,917,666</b>	<b>\$ 47,252,583</b>

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

POLICE			FIRE		
Year Ending June 30	Net Deferred Outflows of Resources	Year Ending June 30	Net Deferred Outflows of Resources		
2017	\$ 31,027,072	2017	\$ 9,552,153		
2018	31,027,072	2018	9,552,153		
2019	15,195,446	2019	9,552,152		
2020	5,717,487	2020	16,359,317		
2021	—	2021	(940,012)		
Thereafter	—	Thereafter	(919,623)		
<b>Total</b>	<b>\$ 82,967,077</b>	<b>Total</b>	<b>\$ 43,156,140</b>		

### Elected Officials' Retirement Plan

The *Elected Officials' Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan that provides retirement, death and disability benefits. The EORP was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes and is administered by the Board of Trustees of PSPRS. At June 30, 2015, the City had 8 covered officials participating in the plan. Covered payroll for the year then ended was \$136,487 (of \$473,974,000 general City covered payroll). No additional disclosures regarding EORP are provided due to the immateriality to the City's finances as a whole. EORP financial statements are available online at [www.psprs.com](http://www.psprs.com).

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

#### **Postemployment Healthcare**

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

## Notes to the Financial Statements

(Continued)

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### Medical Expense Reimbursement Plan

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

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

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

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

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

Annual required contribution	\$ 27,897
Interest on OPEB obligation	—
Contributions from the City	27,898
Decrease in net OPEB obligation	(1)
Net OPEB obligation, beginning of year	1
Net OPEB obligation, end of year	\$ —

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2016	\$ 27,897	\$ 27,898	100.0%	\$ —
6/30/2015	27,937	27,936	100.0	1
6/30/2014	29,508	29,508	100.0	—
6/30/2013	34,021	34,021	100.0	—
6/30/2012	33,456	33,456	100.0	—
6/30/2011	38,007	38,007	100.0	—
6/30/2010	37,574	17,204	45.8	—
6/30/2009	37,967	43,579	114.8	(20,370)
6/30/2008	39,000	53,758	137.8	(14,758)

As of July 1, 2015, the most recent actuarial valuation date, MERP benefits were funded by the City to a dedicated MERP Trust. The actuarial accrued liability for benefits was \$433,805,000 and the actuarial value of assets was \$138,466,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$295,339,000. The covered payroll

## Notes to the Financial Statements

(Continued)

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

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

Valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	N/A
Inflation rate	3%
Pre-medicare healthcare cost trend	5% - 9%
Post-medicare healthcare cost trend	5% - 6%

The number of participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. The number of retirees and beneficiaries has decreased significantly since that date.

	General City	Public Safety	Total
Active employees	2,936	2,385	5,321
Retirees and Beneficiaries	5,672	2,528	8,200
Total	8,608	4,913	13,521

### Post Employment Health Plan

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

### Long-Term Disability Program

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

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

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

## Notes to the Financial Statements

(Continued)

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

Annual required contribution*	\$	1,152
Interest on Net OPEB Asset		78
Contributions made		1,335
Increase in OPEB Asset		261
Net OPEB asset, beginning of year		1,121
Net OPEB asset, end of year	\$	1,382

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

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2016	\$ 1,074	\$ 1,335	124.3%	\$ 1,382
6/30/2015	2,578	2,581	100.1	1,121
6/30/2014	2,719	2,751	101.2	1,118
6/30/2013	2,872	2,971	103.4	1,086
6/30/2012	2,391	2,018	84.4	987
6/30/2011	2,965	997	33.6	1,360
6/30/2010	2,456	848	34.5	3,328
6/30/2009	(323)	—	N/A	4,936
6/30/2008	—	—	N/A	4,613

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

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

Valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	3.5%
Inflation rate	3%
Healthcare cost trend	N/A

## **Notes to the Financial Statements**

(Continued)

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The number of participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number or category of employees covered since that date.

	Fire	Police	General City	Total
Current Active Employees	1,592	2,731	7,736	12,059
Currently Disabled Employees	4	10	306	320
<b>Total Covered Participants</b>	<b>1,596</b>	<b>2,741</b>	<b>8,042</b>	<b>12,379</b>

### **Actuarial Valuations**

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

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

### **21. Subsequent Events**

#### **Debt Issuances**

On August 23, 2016, the City of Phoenix issued \$226,215,000 of General Obligation Refunding Bonds, Series 2016. The bonds were issued at an all-in true interest cost of 1.74% and were dated and delivered September 13, 2016.

On November 1, 2016, the City of Phoenix Civic Improvement Corporation issued \$225,325,000 of Junior Lien Wastewater System Revenue Refunding Bonds, Series 2016. The bonds were issued at an all-in true interest cost of 2.89% and were dated and delivered November 16, 2016.

#### **PSPRS Pension Reform Lawsuit**

On November 10, 2016, the Arizona Supreme Court upheld a lower court ruling that provisions of SB 1609 which increased employee contribution rates and curtailed certain benefit increases were unconstitutional. The decision means that many current employees will receive refunds, while some retirees will receive retroactive benefit increases. The refunds and increased benefits will likely require increased payments from the City and other employers, but the City is unable to predict any resulting rate increase.



**City of Phoenix**



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*Financial Section*

## **Required Supplementary Information**





**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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**COPERS**

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

(in thousands)

	FYE 2016	FYE 2015	FYE 2014
<b>Total Pension Liability</b>			
Service cost (MOY)	\$ 80,757	\$ 75,310	\$ 78,331
Interest (includes interest on service cost)	293,206	266,355	257,219
Changes of benefit terms	(3,229)	—	—
Differences between expected and actual experience	(76,891)	(31,009)	(20,336)
Changes of assumptions	(69,420)	254,870	—
Benefit payments, including refunds of member contributions	(216,193)	(204,403)	(179,877)
Net change in total pension liability	8,230	361,123	135,337
Total pension liability - beginning	3,975,907	3,614,784	3,479,447
<b>Total pension liability - ending</b>	<b>\$ 3,984,137</b>	<b>\$ 3,975,907</b>	<b>\$ 3,614,784</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 119,844	\$ 117,092	\$ 110,629
Contributions - member	29,523	27,861	27,760
Net investment income	9,171	47,148	298,736
Benefit payments, including refunds of member contributions	(216,409)	(204,403)	(179,877)
Administrative expense	(234)	(414)	(628)
Net change in plan fiduciary net position	(58,105)	(12,716)	256,620
Plan fiduciary net position - beginning	2,209,526	2,222,242	1,965,622
<b>Plan fiduciary net position - ending</b>	<b>\$ 2,151,421</b>	<b>\$ 2,209,526</b>	<b>\$ 2,222,242</b>
<b>Net pension liability - ending</b>	<b>\$ 1,832,716</b>	<b>\$ 1,766,381</b>	<b>\$ 1,392,542</b>
Plan fiduciary net position as a percentage of the total pension liability	54.00%	55.57%	61.48%
Covered employee payroll	\$ 473,974	\$ 460,441	\$ 485,227
Net pension liability as a percentage of covered employee payroll	386.67%	383.63%	286.99%

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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**Schedule of Employer Contributions**

(in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a percentage of Covered Employee Payroll
2016	119,844	119,844	—	473,974	25.28%
2015	117,092	117,092	—	484,309	24.18%
2014	110,629	110,629	—	518,746	21.33%
2013	115,244	115,244	—	524,648	21.97%
2012	114,709	114,709	—	540,792	21.21%
2011	105,682	105,682	—	541,388	19.52%
2010	90,965	90,965	—	578,327	15.73%
2009	86,241	86,241	—	587,171	14.69%
2008	66,383	66,383	—	580,207	11.44%
2007	64,198	64,198	—	538,211	11.93%

Notes to the schedule:

Valuation date	June 30, 2014
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial cost method	Entry age
Asset valuation method	4-year smoothed market
Amortization method	The UAL as of June 30, 2013 is amortized as a level percentage of payroll over a closed 25-year period. The impact of the September 2013 assumption changes is amortized over a closed 25-year period with a four-year phase-in. Future gains and losses are amortized over closed 20-year periods. However, future gains will not be amortized over a shorter period than the remaining period on the amortization of the 2013 UAL.
Discount rate	7.50%
Salary increases	3.50% plus merit component based on age ranging from 3.80% at age 20 to 0.00% for members age 65 and older
Amortization payment growth rate	3.50%
COLA	1.50%
Mortality	Male and female RP-2000 combined employee and annuitant tables.

A complete description of the methods and assumptions used to determine contribution rates for the fiscal year ending June 30, 2016 can be found in the June 30, 2014 actuarial valuation report.

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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**PSPRS**

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

	<b>POLICE</b>	
	2016	2015
<b>Total Pension Liability</b>		
Service Cost	\$ 47,490,018	\$ 50,172,837
Interest on the Total Pension Liability	195,644,306	170,560,129
Changes of benefit terms	—	38,646,673
Difference between expected and actual experience	(42,065,017)	(13,757,781)
Changes of assumptions	—	211,118,020
Benefit payments, including refunds of employee contributions	<u>(142,443,720)</u>	<u>(129,265,891)</u>
Net change in total pension liability	58,625,587	327,473,987
Total pension liability - Beginning	<u>2,539,761,009</u>	<u>2,212,287,022</u>
Total pension liability - Ending	<u>\$ 2,598,386,596</u>	<u>\$ 2,539,761,009</u>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	\$ 80,310,547	\$ 78,428,075
Employee Contributions	28,941,182	27,930,873
Net investment income	43,559,530	146,353,556
Benefit payments, including refunds of employee contributions	(142,443,720)	(129,265,891)
Pension Plan Administrative Expense	(1,063,140)	—
Other	<u>(842,209)</u>	<u>(53,121,702)</u>
Net change in Plan Fiduciary Net Position	8,462,190	70,324,911
Plan Fiduciary Net Position - Beginning	<u>1,204,253,003</u>	<u>1,133,928,092</u>
Plan Fiduciary Net Position - Ending	<u>\$ 1,212,715,193</u>	<u>\$ 1,204,253,003</u>
Net Pension Liability - Ending	\$ 1,385,671,403	\$ 1,335,508,006
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.67%	47.42%
Covered Valuation Payroll	\$ 215,928,029	\$ 229,987,435
Net Pension Liability as a Percentage of Covered Valuation Payroll	641.73%	580.69%

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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

	<b>FIRE</b>	
	2016	2015
<b>Total Pension Liability</b>		
Service Cost	\$ 25,159,206	\$ 25,964,371
Interest on the Total Pension Liability	106,101,093	93,775,154
Changes of benefit terms	—	18,125,159
Difference between expected and actual experience	(24,035,403)	(9,814,267)
Changes of assumptions	—	100,149,039
Benefit payments, including refunds of employee contributions	(72,611,818)	(68,945,281)
Net change in total pension liability	34,613,078	159,254,175
Total pension liability - Beginning	1,375,332,580	1,216,078,405
Total pension liability - Ending	<u>\$ 1,409,945,658</u>	<u>\$ 1,375,332,580</u>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	\$ 43,075,722	\$ 42,900,387
Employee Contributions	14,249,866	14,152,105
Net investment income	24,512,553	82,574,683
Benefit payments, including refunds of employee contributions	(72,611,818)	(68,945,281)
Pension Plan Administrative Expense	(598,434)	—
Other	(535,836)	(30,298,166)
Net change in Plan Fiduciary Net Position	8,092,053	40,383,728
Plan Fiduciary Net Position - Beginning	679,808,779	639,425,051
Plan Fiduciary Net Position - Ending	<u>\$ 687,900,832</u>	<u>\$ 679,808,779</u>
Net Pension Liability - Ending	<u>\$ 722,044,826</u>	<u>\$ 695,523,801</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.79%	49.43%
Covered Valuation Payroll	\$ 121,290,680	\$ 125,638,637
Net Pension Liability as a Percentage of Covered Valuation Payroll	595.30%	553.59%

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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**Schedule of Contributions for Measurement Date ended June 30,**

	2015	2014
<b>POLICE</b>		
Actuarially Determined Contribution	80,310,547	78,428,075
Actual Contribution **	<u>80,310,547</u>	<u>78,428,075</u>
Contribution Deficiency (Excess)	—	—
Covered Valuation Payroll *	<u>215,928,029</u>	<u>229,987,435</u>
Actual Contribution as a percentage of Covered Valuation Payroll	37.19%	34.10%
<b>FIRE</b>		
Actuarially Determined Contribution	43,075,722	42,900,387
Actual Contribution **	<u>43,075,722</u>	<u>42,900,387</u>
Contribution Deficiency (Excess)	—	—
Covered Valuation Payroll *	<u>121,290,680</u>	<u>125,638,637</u>
Actual Contribution as a percentage of Covered Valuation Payroll	35.51%	34.15%

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

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

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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**NOTES TO SCHEDULE OF CONTRIBUTIONS  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS  
USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE\***

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

**Methods and Assumptions  
Used to Determine Fiscal  
Year 2015 Contribution  
Rates:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	23 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset Valuation Method	7-Year smoothed market; 20% corridor
Wage growth	4.5%
Price Inflation	3.00%-4.00%-- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.50% to 8.50% including inflation
Investment Rate of Return	7.85%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006- June 30,2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

**Other Information:**

Assumed Future Permanent Benefit Increases	No explicit Assumed Permanent Benefit Increases Assumption
--	--

\* Based on Valuation Assumptions used in the June 30, 2013 actuarial valuation

**City of Phoenix**  
**Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2016

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(Unaudited) Schedule of Funding Progress (in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability- UAL (Funding Excess) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAL (Funding Excess) as a Percentage of Covered Payroll (b - a)/(c)
<b>MERP (1)</b>	7/1/15	\$ 138,466	\$ 433,805	\$ 295,339	31.9%	\$ 379,302	77.9 %
	7/1/13	113,666	419,610	305,944	27.1	461,156	66.3
	8/1/11	86,964	423,058	336,094	20.6	510,561	65.8
	8/1/09	60,459	424,989	364,530	14.2	593,932	61.4
	8/1/06	—	345,579	345,579	—	563,570	61.3
<b>LTD (2)</b>	7/1/15	\$ 76,522	\$ 57,943	\$ (18,579)	132.1%	\$ 775,313	(2.40)%
	7/1/13	69,463	69,504	41	99.9	816,086	0.01
	7/1/11	68,087	68,413	326	99.5	816,962	0.04
	7/1/09	60,992	66,523	5,531	91.7	876,001	0.63
	7/1/07	64,956	60,344	(4,612)	107.6	856,510	(0.54)

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

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



**City of Phoenix**



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*Financial Section*

## **Nonmajor Governmental Funds - Combining Fund Financial Statements**





## Fund Descriptions - Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

## Capital Projects Funds

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

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

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

## Fund Descriptions

(continued)

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

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

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

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

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

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

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

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

## Debt Service Funds

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

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

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

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



**City of Phoenix**

**City of Phoenix, Arizona**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2016  
(in thousands)

**Exhibit C-1**

<b>Special Revenue Funds</b>						
	<b>Highway User Revenue</b>	<b>Municipal Court</b>	<b>Development Services</b>	<b>Grants</b>	<b>Public Housing</b>	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 13,512	\$ 3,364	\$ 26,510	\$ 1,201	\$ —	
Cash Deposits	29	—	—	—	—	232
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	—	2,452
Investments	58,947	12,794	100,554	1,281	—	18,882
Due from Other Funds	—	—	—	—	—	—
Receivables, Net of Allowance						
Accounts Receivable	4	—	591	3,767	1,592	
Taxes Receivable	—	—	—	—	—	—
Intergovernmental	10,765	—	50	14,307	2,821	
Accrued Interest	—	—	—	—	—	31
Notes Receivable	—	—	—	—	—	11,100
Prepaid Items	—	—	—	—	—	4,307
Inventories	—	—	—	—	—	—
Total Assets	\$ 83,257	\$ 16,158	\$ 127,705	\$ 20,556	\$ 41,417	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Total Deferred Outflows of Resources	—	—	—	—	—	—
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities						
Due to Other Funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,515
Accounts Payable	5,699	1,032	2,481	4,816	953	
Trust Liabilities and Deposits	3,373	1,904	7,906	286	16,577	
Matured Bonds Payable	—	—	—	—	—	—
Interest Payable	—	—	—	—	—	—
Hotel Loan Interest Payable	—	—	—	—	—	—
Advance Payments	—	—	6,670	15,454	1,326	
Total Liabilities	9,072	2,936	17,057	20,556	20,371	
Deferred Inflows of Resources						
Total Deferred Inflows of Resources	—	—	—	—	—	—
Fund Balances						
Non-Spendable	—	—	—	—	—	—
Inventories	—	—	—	—	—	4,307
Prepaid Items	—	—	—	—	—	—
Spendable						
Restricted	74,185	9,942	52,229	—	11,515	
Committed	—	3,280	—	—	—	—
Assigned	—	—	58,419	—	5,224	
Unassigned	—	—	—	—	—	—
Total Fund Balances	74,185	13,222	110,648	—	21,046	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 83,257	\$ 16,158	\$ 127,705	\$ 20,556	\$ 41,417	

Special Revenue Funds					Capital Projects Funds				
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Golf Courses	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	
\$ 12,201	\$ 4,937	\$ 1,717	\$ 170	\$ 63,612	\$ 2,066	\$ 11,420	\$ 2,406	\$ —	—
—	—	—	—	261	—	—	—	—	—
—	—	—	—	2,452	—	—	—	—	—
46,281	17,369	6,462	1,457	264,027	9,181	43,524	15,489	—	—
—	—	—	—	—	—	—	9,424	—	—
726	—	—	—	6,680	7	—	22	—	—
7	239	478	—	724	—	239	—	—	—
88	—	—	—	28,031	—	—	11,635	—	—
—	—	—	—	31	—	—	27	—	—
—	—	—	—	11,100	—	—	22,448	—	—
—	—	—	—	4,307	—	—	—	—	—
—	—	—	187	187	—	—	—	—	—
\$ 59,303	\$ 22,545	\$ 8,657	\$ 1,814	\$ 381,412	\$ 11,254	\$ 55,183	\$ 61,451	\$ —	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,230	81
1,143	42	104	399	16,669	287	2,047	2,610	—	—
288	1,518	—	9	31,861	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
165	—	—	153	23,768	—	—	—	—	—
1,596	1,560	104	561	73,813	287	2,047	2,610	8,311	—
—	—	—	—	—	—	—	—	—	—
—	—	—	187	187	—	—	—	—	—
—	—	—	—	4,307	—	—	—	—	—
45,080	20,985	8,553	—	222,489	—	53,136	11,355	—	—
—	—	—	—	3,280	10,967	—	—	—	—
12,627	—	—	1,066	77,336	—	—	47,486	—	—
—	—	—	—	—	—	—	—	(8,311)	—
57,707	20,985	8,553	1,253	307,599	10,967	53,136	58,841	(8,311)	—
\$ 59,303	\$ 22,545	\$ 8,657	\$ 1,814	\$ 381,412	\$ 11,254	\$ 55,183	\$ 61,451	\$ —	—

**City of Phoenix, Arizona**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2016  
(in thousands)

**Exhibit C-1**

	<b>Capital Projects Funds</b>				
	<b>Storm Sewers</b>	<b>Parks, Recreation and Libraries</b>	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Cash and Cash Equivalents	—	89	299	5,247	286
Cash Deposits	—	—	—	—	—
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	—
Investments	85	334	—	22,933	2,638
Due from Other Funds	1,328	12,115	2,163	—	—
Receivables, Net of Allowance					
Accounts Receivable	—	—	—	6,777	—
Taxes Receivable	—	—	—	—	—
Intergovernmental	—	—	—	—	3,715
Accrued Interest	—	—	—	6	—
Notes Receivable	—	—	—	—	—
Prepaid Items	—	—	—	—	—
Inventories	—	—	—	—	—
Total Assets	\$ 1,413	\$ 12,538	\$ 2,462	\$ 34,963	\$ 6,639
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	—	—	—	—	—
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 37,749	\$ —
Accounts Payable	17	35	512	20	6,362
Trust Liabilities and Deposits	—	423	—	—	1
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Hotel Loan Interest Payable	—	—	—	—	—
Advance Payments	—	—	—	—	—
Total Liabilities	17	458	512	37,769	6,363
Deferred Inflows of Resources					
Total Deferred Inflows of Resources	—	—	—	—	—
Fund Balances					
Non-Spendable					
Inventories	—	—	—	—	—
Prepaid Items	—	—	—	—	—
Spendable					
Restricted	1,396	9,456	1,950	—	276
Committed	—	—	—	—	—
Assigned	—	2,624	—	—	—
Unassigned	—	—	—	(2,806)	—
Total Fund Balances	1,396	12,080	1,950	(2,806)	276
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,413	\$ 12,538	\$ 2,462	\$ 34,963	\$ 6,639

**Exhibit C-1**  
(Continued)

Capital Projects Funds			Debt Service Funds						
Sports and Cultural Facilities	Total		Sports Facilities	City Improvement	Special Assessment	Total	Total Non-Major Governmental Funds		
\$ —	\$ 21,813		\$ 5,176	\$ 898	\$ 81	\$ 6,155	\$ 91,580		
—	—		—	—	—	—	—	261	
—	—		11,565	71,223	3	82,791	85,243		
10,346	104,530		19,472	3,378	—	22,850	391,407		
3,444	28,474		—	—	—	—	28,474		
—	6,806		—	—	59	59	13,545		
—	239		—	—	—	—	963		
—	15,350		—	—	—	—	43,381		
13	46		—	—	—	—	77		
—	22,448		—	—	—	—	33,548		
—	—		—	—	—	—	4,307		
—	—		—	—	—	—	187		
\$ 13,803	\$ 199,706		\$ 36,213	\$ 75,499	\$ 143	\$ 111,855	\$ 692,973		
—	—		—	—	—	—	—	—	
\$ —	\$ 45,979		\$ —	\$ —	\$ —	\$ —	\$ 47,494		
233	12,204		92	—	—	92	28,965		
—	424		—	—	—	—	32,285		
—	—		5,825	58,830	—	64,655	64,655		
—	—		1,543	12,393	2	13,938	13,938		
—	—		4,197	—	—	4,197	4,197		
—	—		—	—	141	141	23,909		
233	58,607		11,657	71,223	143	83,023	215,443		
—	—		—	—	—	—	—	—	
—	—		—	—	—	—	187		
—	—		—	—	—	—	4,307		
3,212	80,781		—	4,276	—	4,276	307,546		
—	10,967		24,556	—	—	24,556	38,803		
10,358	60,468		—	—	—	—	137,804		
—	(11,117)		—	—	—	—	(11,117)		
13,570	141,099		24,556	4,276	—	28,832	477,530		
\$ 13,803	\$ 199,706		\$ 36,213	\$ 75,499	\$ 143	\$ 111,855	\$ 692,973		

**City of Phoenix, Arizona**

**Exhibit C-2**

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

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Special Revenue Funds</b>				
	<b>Highway User Revenue</b>	<b>Municipal Court</b>	<b>Development Services</b>	<b>Grants</b>	<b>Public Housing</b>
<b>REVENUES</b>					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Intergovernmental	116,682	—	—	93,009	74,244
Charges for Services	10	4,486	58,982	233	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	61	7	27	2	(18)
Interest	903	156	827	40	524
Dwelling Rentals	—	—	—	—	7,077
Other	291	—	5,260	2,179	2,914
Total Revenues	117,947	4,649	65,096	95,463	84,741
<b>EXPENDITURES</b>					
Current Operating					
General Government	—	117	—	1,132	—
Criminal Justice	—	2,022	—	—	—
Public Safety	—	4,041	—	14,705	—
Transportation	48,879	—	—	33	—
Community Enrichment	—	—	—	45,283	—
Community Development	—	—	41,517	30,906	80,168
Environmental Services	—	—	—	8	—
Capital Outlay	51,240	674	15,998	3,396	3,627
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Other	—	—	—	—	—
Total Expenditures	100,119	6,854	57,515	95,463	83,795
Excess (Deficiency) of Revenues Over Expenditures	17,828	(2,205)	7,581	—	946
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	99	—	—	—	—
Transfers to Other Funds	(20,000)	—	(2,065)	—	(235)
Proceeds from Refinancing	—	—	—	—	—
Total Other Financing Sources (Uses)	(19,901)	—	(2,065)	—	(235)
Net Change in Fund Balances	(2,073)	(2,205)	5,516	—	711
<b>FUND BALANCES, JULY 1</b>	<b>76,258</b>	<b>15,427</b>	<b>105,132</b>	<b>—</b>	<b>20,335</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 74,185</b>	<b>\$ 13,222</b>	<b>\$ 110,648</b>	<b>\$ —</b>	<b>\$ 21,046</b>

**Exhibit C-2**

(Continued)

Special Revenue Funds					Capital Projects Funds				
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Golf Courses	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	
\$ 7,211	\$ 28,706	\$ 82,741	\$ —	\$ 118,658	\$ 12,875	\$ 28,705	\$ —	\$ —	—
308	—	—	—	308	—	—	—	—	—
607	—	—	—	284,542	—	—	14,575	—	—
7,715	—	—	1	71,427	11	—	—	—	—
81	—	—	—	81	—	—	—	—	—
1,489	—	—	5,430	6,919	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
23	10	(3)	1	110	6	53	(14)	—	—
380	241	(79)	(2)	2,990	99	598	202	—	—
—	—	—	—	7,077	—	—	—	—	—
17,521	425	478	403	29,471	378	239	447	—	—
35,335	29,382	83,137	5,833	521,583	13,369	29,595	15,210	—	—
9,408	—	—	—	10,657	—	—	—	—	—
—	—	—	—	2,022	—	—	—	—	—
14,106	25,106	64,215	—	122,173	—	—	—	—	—
2,087	—	—	—	50,999	136	—	—	—	—
2,521	—	—	5,854	53,658	—	3,428	—	—	—
2,953	—	—	—	155,544	—	—	—	—	—
2,044	—	—	—	2,052	68	—	—	—	—
3,904	2,285	—	—	81,124	9,075	13,334	21,266	1,681	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
37,023	27,391	64,215	5,854	478,229	9,279	16,762	21,266	1,681	—
(1,688)	1,991	18,922	(21)	43,354	4,090	12,833	(6,056)	(1,681)	—
16,726	—	—	—	16,825	—	—	3,021	1,300	—
(2,229)	(22)	(44)	—	(24,595)	—	(22)	—	—	—
—	—	—	—	—	—	—	—	—	—
14,497	(22)	(44)	—	(7,770)	—	(22)	3,021	1,300	—
12,809	1,969	18,878	(21)	35,584	4,090	12,811	(3,035)	(381)	—
44,898	19,016	(10,325)	1,274	272,015	6,877	40,325	61,876	(7,930)	—
\$ 57,707	\$ 20,985	\$ 8,553	\$ 1,253	\$ 307,599	\$ 10,967	\$ 53,136	\$ 58,841	\$ (8,311)	—

**City of Phoenix, Arizona**

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

For the Fiscal Year Ended June 30, 2016

(in thousands)

**Exhibit C-2**

(Continued)

	<b>Capital Projects Funds</b>				
	<b>Storm Sewers</b>	<b>Parks, Recreation and Libraries</b>	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>
	\$	\$	\$	\$	\$
<b>REVENUES</b>					
City Taxes	—	—	—	—	—
Licenses and Permits	—	—	—	—	—
Intergovernmental	—	352	10,704	—	56,736
Charges for Services	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income	—	—	—	—	—
Net Change in Fair Value of Investments	—	1	3	(5)	—
Interest	—	26	33	241	—
Dwelling Rentals	—	—	—	—	—
Other	—	8	—	436	575
Total Revenues	—	387	10,740	672	57,311
<b>EXPENDITURES</b>					
Current Operating	—	—	—	—	—
General Government	—	—	—	—	—
Criminal Justice	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Community Enrichment	—	—	—	—	—
Community Development	—	—	—	—	—
Environmental Services	—	—	—	—	—
Capital Outlay	456	525	16,759	8,476	48,857
Debt Service	—	—	—	—	—
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Other	—	—	—	—	—
Total Expenditures	456	525	16,759	8,476	48,857
Excess (Deficiency) of Revenues Over Expenditures	(456)	(138)	(6,019)	(7,804)	8,454
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	—	278	—	5,287	—
Transfers to Other Funds	—	—	(8)	(5,615)	—
Proceeds from Refinancing	—	—	—	—	—
Total Other Financing Sources (Uses)	—	278	(8)	(328)	—
Net Change in Fund Balances	(456)	140	(6,027)	(8,132)	8,454
<b>FUND BALANCES, JULY 1</b>	<b>1,852</b>	<b>11,940</b>	<b>7,977</b>	<b>5,326</b>	<b>(8,178)</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,396</b>	<b>\$ 12,080</b>	<b>\$ 1,950</b>	<b>\$ (2,806)</b>	<b>\$ 276</b>

## Exhibit C-2

(Continued)

Capital Projects Funds		Debt Service Funds					
Sports and Cultural Facilities	Total	Sports Facilities	City Improvement	Special Assessment	Total	Total Non-Major Governmental Funds	
\$ —	41,580	\$ 17,874	\$ —	\$ —	\$ 17,874	\$ 178,112	
—	—	—	—	—	—	308	
—	82,367	—	—	—	—	366,909	
—	11	—	—	—	—	71,438	
—	—	—	—	—	—	81	
—	—	—	—	—	—	6,919	
—	—	—	—	13	13	13	
(510)	(466)	29	—	—	29	(327)	
555	1,754	239	1	—	240	4,984	
—	—	—	—	—	—	7,077	
280	2,363	7,674	—	—	7,674	39,508	
<b>325</b>	<b>127,609</b>	<b>25,816</b>	<b>1</b>	<b>13</b>	<b>25,830</b>	<b>675,022</b>	
—	—	109	—	—	109	10,766	
—	—	—	—	—	—	2,022	
—	—	1,294	—	—	1,294	123,467	
—	136	—	—	—	—	51,135	
—	3,428	306,507	—	—	306,507	363,593	
—	—	2,189	—	—	2,189	157,733	
—	68	—	—	—	—	2,120	
333	120,762	468	—	—	468	202,354	
—	—	5,825	58,830	19	64,674	64,674	
—	—	10,812	24,861	5	35,678	35,678	
—	—	—	491	—	491	491	
—	—	3	22	—	25	25	
—	—	—	—	2	2	2	
<b>333</b>	<b>124,394</b>	<b>327,207</b>	<b>84,204</b>	<b>26</b>	<b>411,437</b>	<b>1,014,060</b>	
(8)	3,215	(301,391)	(84,203)	(13)	(385,607)	(339,038)	
—	9,886	3,582	84,724	13	88,319	115,030	
(2,558)	(8,203)	—	(1,024)	—	(1,024)	(33,822)	
—	—	305,940	498	—	306,438	306,438	
(2,558)	1,683	309,522	84,198	13	393,733	387,646	
(2,566)	4,898	8,131	(5)	—	8,126	48,608	
16,136	136,201	16,425	4,281	—	20,706	428,922	
<b>\$ 13,570</b>	<b>\$ 141,099</b>	<b>\$ 24,556</b>	<b>\$ 4,276</b>	<b>—</b>	<b>\$ 28,832</b>	<b>\$ 477,530</b>	



**City of Phoenix**



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*Financial Section*

## **Other Supplementary Information**

### **Nonmajor Governmental Funds - Budgetary Comparison Schedules**





**City of Phoenix, Arizona**
**Exhibit D-1**
**Schedule of Expenditures and Encumbrances**
**Budget and Actual - Budget Basis**
**General Fund**

For the Fiscal Year Ended June 30, 2016  
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expenditures	Encum- brances	Total	
General Government							
Mayor	\$ 1,831	\$ —	\$ 1,831	\$ 1,409	\$ 9	\$ 1,418	\$ 413
City Council	3,536	—	3,536	3,122	54	3,176	360
City Manager	2,235	—	2,235	2,061	18	2,079	156
City Auditor	2,440	—	2,440	1,984	111	2,095	345
Information Technology	34,402	—	34,402	29,843	4,255	34,098	304
Equal Opportunity	2,322	—	2,322	2,183	39	2,222	100
City Clerk	4,142	—	4,142	2,953	445	3,398	744
Elections	912	—	912	849	4	853	59
Human Resources	9,742	—	9,742	10,656	178	10,834	(1,092)
Office of Sustainability	293	94	387	355	19	374	13
Law	19,066	—	19,066	17,379	427	17,806	1,260
Budget and Research	3,057	—	3,057	2,593	35	2,628	429
Finance	22,794	—	22,794	19,463	1,570	21,033	1,761
Other	1,147	—	1,147	990	103	1,093	54
Total General Government	107,919	94	108,013	95,840	7,267	103,107	4,906
Criminal Justice							
Municipal Court	27,542	—	27,542	24,960	702	25,662	1,880
Public Defender	5,081	—	5,081	4,975	61	5,036	45
Total Criminal Justice	32,623	—	32,623	29,935	763	30,698	1,925
Public Safety							
Police	477,614	6,200	483,814	477,795	6,800	484,595	(781)
Fire	259,566	—	259,566	248,032	4,487	252,519	7,047
Other	14	—	14	9	6	15	(1)
Total Public Safety	737,194	6,200	743,394	725,836	11,293	737,129	6,265
Transportation							
Street Transportation	17,452	(1,781)	15,671	9,182	4,731	13,913	1,758
Public Transit	17,940	(16,219)	1,721	1,201	314	1,515	206
Total Transportation	35,392	(18,000)	17,392	10,383	5,045	15,428	1,964
Community Enrichment							
Parks & Recreation	90,558	—	90,558	84,082	2,025	86,107	4,451
Library	35,281	—	35,281	31,376	2,348	33,724	1,557
Human Services	18,171	—	18,171	15,576	943	16,519	1,652
Other	5,213	—	5,213	4,667	467	5,134	79
Total Community Enrichment	149,223	—	149,223	135,701	5,783	141,484	7,739
Community Development							
Economic Development	4,629	—	4,629	4,223	56	4,279	350
Neighborhood Services	12,363	—	12,363	10,129	234	10,363	2,000
Other	4,384	—	4,384	3,838	91	3,929	455
Total Community Development	21,376	—	21,376	18,190	381	18,571	2,805
Environmental Services							
Public Works	14,834	(900)	13,934	4,232	7,515	11,747	2,187
Other	660	(93)	567	396	—	396	171
Total Environmental Services	15,494	(993)	14,501	4,628	7,515	12,143	2,358
Cable							
General Government	2,368	—	2,368	2,032	101	2,133	235
Transportation	1,770	300	2,070	2,045	—	2,045	25
Total Cable	4,138	300	4,438	4,077	101	4,178	260
Capital							
General Government	2,949	—	2,949	1,425	399	1,824	1,125
Community Enrichment	1,830	—	1,830	22	178	200	1,630
Environmental Services	2,000	—	2,000	1,759	1	1,760	240
Total Capital	6,779	—	6,779	3,206	578	3,784	2,995
Contingency							
General Government	46,400	—	46,400	—	—	—	46,400
Totals	\$ 1,156,538	\$ (12,399)	\$ 1,144,139	\$ 1,027,796	\$ 38,726	\$ 1,066,522	\$ 77,617

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Excise Tax Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-2**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
City Taxes	\$ 774,433	\$ 774,433	\$ 813,393	\$ 38,960
Licenses and Permits	2,797	2,797	2,754	(43)
Intergovernmental	311,736	311,736	311,778	42
Total Revenues	<u>1,088,966</u>	<u>1,088,966</u>	<u>1,127,925</u>	<u>38,959</u>
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund	(708,219)	(708,219)	(716,736)	(8,517)
Transit 2000	(115,364)	(115,364)	(55,915)	59,449
Transportation Tax 2050	—	—	(98,593)	(98,593)
Parks and Preserves	(28,841)	(28,841)	(28,675)	166
Sports Facilities	(16,342)	(16,342)	(17,874)	(1,532)
Capital Construction	(13,927)	(13,927)	(12,875)	1,052
Police Neighborhood Protection	(20,189)	(20,189)	(20,073)	116
Block Watch Neighborhood Protection	(1,442)	(1,442)	(1,434)	8
Fire Neighborhood Protection	(7,210)	(7,210)	(7,169)	41
Police Public Safety Enhancement	(16,167)	(16,167)	(15,706)	461
Fire Public Safety Enhancement	(9,907)	(9,907)	(9,625)	282
Police Public Safety Expansion	(46,146)	(46,146)	(45,880)	266
Fire Public Safety Expansion	(11,535)	(11,535)	(11,470)	65
City Improvement	(40,839)	(40,839)	(34,626)	6,213
Phoenix Convention Center	(48,129)	(48,129)	(46,501)	1,628
Other Restricted Funds	(4,709)	(4,709)	(4,773)	(64)
Total Other Financing Uses	<u>(1,088,966)</u>	<u>(1,088,966)</u>	<u>(1,127,925)</u>	<u>(38,959)</u>
Net Change in Fund Balance	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
Fund Balance, July 1				—
Fund Balance, June 30			<u>\$ —</u>	<u>—</u>

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Highway User Revenue Special Revenue Fund**

**Exhibit D-3**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	
<b>REVENUES</b>				
Intergovernmental				
Highway User	\$ 108,137	\$ 108,137	\$ 116,682	\$ 8,545
Interest	200	200	621	421
Miscellaneous	150	150	301	151
Total Revenues	108,487	108,487	117,604	9,117
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	49,653	49,653	48,879	774
Capital	57,136	57,136	38,856	18,280
Total Expenditures and Encumbrances	106,789	106,789	87,735	19,054
Excess of Revenues Over Expenditures and Encumbrances	1,698	1,698	29,869	28,171
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
General Fund	972	972	99	(873)
Transfers To Other Funds				
Transit 2000	(5,000)	(5,000)	—	5,000
Transportation Tax 2050	—	—	(20,000)	(20,000)
Recovery of Prior Years Expenditures	500	500	746	246
Total Other Financing Sources (Uses)	(3,528)	(3,528)	(19,155)	(15,627)
Net Change in Fund Balance	\$ (1,830)	\$ (1,830)	\$ 10,714	\$ 12,544
Fund Balance, July 1			41,208	
Fund Balance, June 30			\$ 51,922	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Municipal Court Awards Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-4**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Charges for Services	\$ 5,263	\$ 5,263	\$ 3,173	\$ (2,090)
Total Revenues	<u>5,263</u>	<u>5,263</u>	<u>3,173</u>	<u>(2,090)</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	323	323	119	204
Public Safety	5,315	5,315	4,522	793
Capital	1,692	1,692	2,080	(388)
Total Expenditures and Encumbrances	<u>7,330</u>	<u>7,330</u>	<u>6,721</u>	<u>609</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(2,067)	(2,067)	(3,548)	(1,481)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	3	3
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>3</u>	<u>3</u>
Net Change in Fund Balance	<u>\$ (2,067)</u>	<u>\$ (2,067)</u>	<u>(3,545)</u>	<u>\$ (1,478)</u>
Fund Balance, July 1			3,456	
Fund Balance, June 30			<u>\$ (89)</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Development Services Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-5**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Charges for Services	\$ 43,502	\$ 43,502	\$ 51,167	\$ 7,665
Miscellaneous	(6)	(6)	29	35
Total Revenues	43,496	43,496	51,196	7,700
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	45,520	45,520	35,302	10,218
Capital	448	448	350	98
Total Expenditures and Encumbrances	45,968	45,968	35,652	10,316
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(2,472)	(2,472)	15,544	18,016
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,782)	(2,782)	(2,974)	(192)
City Improvement Debt Service Fund	(90)	(90)	—	90
Recovery of Prior Years Expenditures	—	—	39	39
Total Other Financing Sources (Uses)	(2,872)	(2,872)	(2,935)	(63)
Net Change in Fund Balance	\$ (5,344)	\$ (5,344)	\$ 12,609	\$ 17,953
Fund Balance, July 1			33,631	
Fund Balance, June 30			\$ 46,240	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Community Reinvestment Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-6**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Charges for Services	\$ 111	\$ 111	\$ 124	\$ 13
Rentals	4,435	4,435	5,174	739
Interest	45	45	102	57
Miscellaneous	—	—	56	56
Total Revenues	4,591	4,591	5,456	865
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	487	487	322	165
Capital	4,586	4,886	4,055	831
Total Expenditures and Encumbrances	5,073	5,373	4,377	996
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(482)	(782)	1,079	1,861
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Other	(2,065)	(2,065)	(2,065)	—
Recovery of Prior Years Expenditures	—	—	36	36
Total Other Financing Sources (Uses)	(2,065)	(2,065)	(2,029)	36
Net Change in Fund Balance	\$ (2,547)	\$ (2,847)	(950)	\$ 1,897
Fund Balance, July 1			13,111	
Fund Balance, June 30			\$ 12,161	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Federal Operating Trust Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-7**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 52,133	\$ 52,133	\$ 32,995	\$ (19,138)
Interest	3	3	16	13
Miscellaneous	40	40	2,036	1,996
Total Revenues	52,176	52,176	35,047	(17,129)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	876	876	880	(4)
Public Safety	17,189	17,189	16,033	1,156
Transportation	105	105	41	64
Community Enrichment	1,269	1,269	1,240	29
Community Development	30,580	30,580	15,557	15,023
Environmental Services	354	354	6	348
Capital	1,802	1,802	1,320	482
Total Expenditures and Encumbrances	52,175	52,175	35,077	17,098
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	1	1	(30)	(31)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	30	30
Total Other Financing Sources	—	—	30	30
Net Change in Fund Balance	\$ 1	\$ 1	—	\$ (1)
Fund Balance, July 1			—	—
Fund Balance, June 30			\$ —	—

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Community Development Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-8**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 32,262	\$ 32,262	\$ 21,011	\$ (11,251)
Charges for Services	37	37	234	197
Interest	—	—	2	2
Miscellaneous	93	93	97	4
Total Revenues	32,392	32,392	21,344	(11,048)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	257	257	254	3
Community Enrichment	546	546	546	—
Community Development	29,713	29,358	15,545	13,813
Capital	1,877	2,232	1,059	1,173
Total Expenditures and Encumbrances	32,393	32,393	17,404	14,989
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(1)	(1)	3,940	3,941
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Year Expenditures	—	—	19	\$ 19
Total Other Financing Sources	—	—	19	19
Net Change in Fund Balance	\$ (1)	\$ (1)	3,959	\$ 3,960
Fund Balance, July 1			—	—
Fund Balance, June 30			\$ 3,959	<u><u>\$ 3,959</u></u>

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Human Services Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-9**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 42,385	\$ 42,385	\$ 44,249	\$ 1,864
Contributions/Donations	32	32	31	(1)
Interest	7	7	9	2
Total Revenues	42,424	42,424	44,289	1,865
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	42,424	49,524	44,313	5,211
Total Expenditures and Encumbrances	42,424	49,524	44,313	5,211
Deficiency of Revenues Over Expenditures and Encumbrances	—	(7,100)	(24)	7,076
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	24	24
Total Other Financing Sources	—	—	24	24
Net Change in Fund Balance	\$ —	\$ (7,100)	—	\$ 7,100
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Housing Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-10**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Contributions/Donations	\$ 176	\$ 176	\$ 76	(100)
Intergovernmental	80,121	80,121	70,647	(9,474)
Charges for Services	—	—	5	5
Interest	53	53	(4)	(57)
Dwelling Rentals	5,004	5,004	5,267	263
Miscellaneous	1,668	1,668	4,235	2,567
Total Revenues	87,022	87,022	80,226	(6,796)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	83,584	83,584	78,377	5,207
Capital	10,500	10,500	3,039	7,461
Total Expenditures and Encumbrances	94,084	94,084	81,416	12,668
Deficiency of Revenues Over Expenditures and Encumbrances	(7,062)	(7,062)	(1,190)	5,872
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(302)	(302)	(163)	139
City Improvement	(73)	(73)	(72)	1
Recovery of Prior Years Expenditures	—	—	44	44
Total Other Financing Sources (Uses)	(375)	(375)	(191)	184
Net Change in Fund Balance	\$ (7,437)	\$ (7,437)	\$ (1,381)	\$ 6,056
Fund Balance, July 1			10,075	
Fund Balance, June 30			\$ 8,694	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Housing Hope VI Grant Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-11**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 2,574	\$ 2,574	\$ 925	\$ (1,649)
Interest	2	2	474	472
Miscellaneous	—	—	11	11
Total Revenues	2,576	2,576	1,410	(1,166)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	233	233	182	51
Capital	2,343	2,343	716	1,627
Total Expenditures and Encumbrances	2,576	2,576	898	1,678
Excess of Revenues Over Expenditures and Encumbrances	—	—	512	512
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Year Expenditures	\$ —	\$ —	1	1
Total Other Financing Sources	—	—	1	1
Net Change in Fund Balance	\$ —	\$ —	513	\$ 513
Fund Balance, July 1			2,004	
Fund Balance, June 30			\$ 2,517	

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

**Exhibit D-12**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Interest	\$ 146	\$ 146	\$ 165	\$ 19
Hotel Debt Service Reimbursement	—	—	7,564	\$ 7,564
Miscellaneous	134	134	111	(23)
Total Revenues	280	280	7,840	7,560
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	129	129	109	20
Public Safety	1,294	1,294	1,294	—
Community Enrichment	571	571	1,044	(473)
Community Development	148	148	152	(4)
Capital	—	550	250	300
Debt Service				
Arbitrage Rebate and Fiscal Agent Fees	2	2	3	(1)
Lease-Purchase Payments	9,830	9,580	9,073	507
Lease-Purchase Payments (Hotel Debt Service)	12,710	13,010	9,325	3,685
Total Expenditures and Encumbrances	24,684	25,284	21,250	4,034
Deficiency of Revenues Over Expenditures and Encumbrances	(24,404)	(25,004)	(13,410)	11,594
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	16,342	16,342	17,874	1,532
Capital Project Fund	—	—	3,582	3,582
Transfers to Other Funds				
General Fund				
Staff and Administrative	(116)	(116)	(196)	(80)
Other	(79)	(79)	(79)	—
Recovery of Prior Years Expenditures	—	—	421	421
Total Other Financing Sources (Uses)	16,147	16,147	21,602	5,455
Net Change in Fund Balance	\$ (8,257)	\$ (8,857)	\$ 8,192	\$ 17,049
Fund Balance, July 1			18,261	
Fund Balance, June 30			\$ 26,453	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Capital Construction Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-13**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Interest	\$ 85	\$ 85	\$ 68	\$ (17)
Miscellaneous	—	—	24	24
Total Revenues	<u>85</u>	<u>85</u>	<u>92</u>	<u>7</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	129	129	135	(6)
Environmental Services	70	70	68	2
Capital	<u>13,902</u>	<u>13,902</u>	<u>10,122</u>	<u>3,780</u>
Total Expenditures and Encumbrances	<u>14,101</u>	<u>14,101</u>	<u>10,325</u>	<u>3,776</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(14,016)	(14,016)	(10,233)	3,783
<b>OTHER FINANCING SOURCES</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	13,927	13,927	12,875	(1,052)
Recovery of Prior Years Expenditures	—	—	230	230
Total Other Financing Sources	<u>13,927</u>	<u>13,927</u>	<u>13,105</u>	<u>(822)</u>
Net Change in Fund Balance	<u><u>\$ (89)</u></u>	<u><u>\$ (89)</u></u>	<u><u>2,872</u></u>	<u><u>\$ 2,961</u></u>
Fund Balance, July 1			3,165	
Fund Balance, June 30			<u><u>\$ 6,037</u></u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Parks and Preserves Special Revenue Fund**

**Exhibit D-14**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis Positive (Negative)
<b>REVENUES</b>			
Interest	206	206	411
Total Revenues	206	206	411
			205
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Current Operating			
Community Enrichment	4,098	4,098	3,225
Capital	52,883	52,883	17,917
Total Expenditures and Encumbrances	56,981	56,981	21,142
Deficiency of Revenues Over Expenditures and Encumbrances	(56,775)	(56,775)	(20,731)
			36,044
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds			
Excise Tax Special Revenue Fund	28,841	28,841	28,675
Enterprise Funds	—	—	30
Transfers to Other Funds			
Infrastructure Repayment Agreement Trust	(53)	(53)	(22)
Recovery of Prior Years Expenditures	50	50	79
Total Other Financing Sources (Uses)	28,838	28,838	28,762
Net Change in Fund Balance	\$ (27,937)	\$ (27,937)	8,031
			\$ 35,968
Fund Balance, July 1			39,287
Fund Balance, June 30			\$ 47,318

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

**Exhibit D-15**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Contributions/Donations	\$ 1,138	\$ 1,138	\$ 1,307	\$ 169
Licenses and Permits	292	292	308	16
City Taxes	2,477	2,477	2,438	(39)
Intergovernmental	537	537	1,264	727
Charges for Services	11,616	11,616	9,045	(2,571)
Fines and Forfeitures	90	90	81	(9)
Parks and Recreation	2,166	2,166	1,795	(371)
Rentals	4,809	4,809	5,426	617
Interest	225	225	423	198
Miscellaneous	5,157	5,157	4,919	(238)
Total Revenues	28,507	28,507	27,006	(1,501)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	2,253	3,903	1,651	2,252
Criminal Justice	6,347	6,347	1,950	4,397
Public Safety	8,435	19,485	14,304	5,181
Transportation	2,229	2,229	1,949	280
Community Enrichment	4,459	4,459	2,650	1,809
Community Development	7,653	7,653	5,104	2,549
Environmental Services	2,716	2,716	1,944	772
Capital	14,590	14,590	4,405	10,185
Total Expenditures and Encumbrances	48,682	61,382	33,957	27,425
Deficiency of Revenues Over Expenditures and Encumbrances	(20,175)	(32,875)	(6,951)	25,924
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	4,709	4,709	4,773	64
General Fund - Library	—	—	726	726
General Fund - Other	—	—	16,000	16,000
Transfers to Other Funds				
General Fund				
Staff and Administrative	—	—	(222)	(222)
Other	(3,913)	(3,913)	(2,229)	1,684
Recovery of Prior Years Expenditures	—	—	114	114
Total Other Financing Sources (Uses)	796	796	19,162	18,366
Net Change in Fund Balance	\$ (19,379)	\$ (32,079)	\$ 12,211	\$ 44,290
Fund Balance, July 1			61,698	
Fund Balance, June 30			\$ 73,909	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Neighborhood Protection Special Revenue Fund**

**Exhibit D-16**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Interest	\$ 47	\$ 47	\$ 166	\$ 119
Miscellaneous	171	171	185	14
Total Revenues	<u>218</u>	<u>218</u>	<u>351</u>	<u>133</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	27,223	30,023	27,779	2,244
Total Expenditures and Encumbrances	<u>27,223</u>	<u>30,023</u>	<u>27,779</u>	<u>2,244</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(27,005)	(29,805)	(27,428)	2,377
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	28,841	28,841	28,676	(165)
Enterprise Funds	—	—	30	30
Transfers to Other Funds				
General Fund				
Staff and Administrative	(196)	(196)	(197)	(1)
Infrastructure Repayment Agreement Trust	(53)	(53)	(22)	31
Total Other Financing Sources (Uses)	<u>28,592</u>	<u>28,592</u>	<u>28,487</u>	<u>(105)</u>
Net Change in Fund Balance	<u>\$ 1,587</u>	<u>\$ (1,213)</u>	<u>\$ 1,059</u>	<u>\$ 2,272</u>
Fund Balance, July 1			17,062	
Fund Balance, June 30			<u>\$ 18,121</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Safety Enhancement Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-17**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis Positive (Negative)
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Current Operating			
Public Safety	21,286	21,286	17,846 3,440
Total Expenditures and Encumbrances	21,286	21,286	17,846 3,440
Deficiency of Revenues Over Expenditures and Encumbrances	(21,286)	(21,286)	(17,846) 3,440
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds			
Excise Tax Special Revenue Fund	26,074	26,074	25,331 (743)
Transfers to Other Funds			
General Fund			
Staff and Administrative	(204)	(204)	(206) (2)
Total Other Financing Sources (Uses)	25,870	25,870	25,125 (745)
Net Change in Fund Balance	\$ 4,584	\$ 4,584	\$ 7,279 \$ 2,695
Fund Balance, July 1			(2,897)
Fund Balance, June 30			\$ 4,382

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Safety Expansion Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-18**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Interest	\$ (104)	\$ (104)	\$ (55)	49
Total Revenues	(104)	(104)	(55)	49
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	57,789	57,789	45,659	12,130
Total Expenditures and Encumbrances	57,789	57,789	45,659	12,130
Deficiency of Revenues Over Expenditures and Encumbrances	(57,893)	(57,893)	(45,714)	12,179
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	57,681	57,681	57,350	(331)
Enterprise Funds	—	—	60	60
Transfers to Other Funds				
General Fund				
Staff and Administrative	(536)	(536)	(474)	62
Infrastructure Repayment Agreement Trust	(106)	(106)	(44)	62
Total Other Financing Sources (Uses)	57,039	57,039	56,892	(147)
Net Change in Fund Balance	\$ (854)	\$ (854)	\$ 11,178	\$ 12,032
Fund Balance, July 1			(6,938)	
Fund Balance, June 30			\$ 4,240	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Golf Courses Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-19**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Charges for Services	\$ 5,735	\$ 5,735	\$ 5,441	\$ (294)
Rentals	275	275	438	163
Interest	(54)	(54)	(1)	53
Miscellaneous	13	13	130	117
Total Revenues	5,969	5,969	6,008	39
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	5,826	5,826	5,702	124
Total Expenditures and Encumbrances	5,826	5,826	5,702	124
Excess of Revenues Over Expenditures and Encumbrances	143	143	306	163
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Enterprise Funds	—	—	1	1
Recovery of Prior Years Expenditures	—	—	10	10
Total Other Financing Sources	—	—	11	11
Net Change in Fund Balance	\$ 143	\$ 143	317	\$ 174
Fund Balance, July 1			—	—
Fund Balance, June 30			\$ 317	\$ 317

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Regional Wireless Cooperative**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-20**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Charges for Services	\$ 3,773	\$ 3,773	\$ 3,033	\$ (740)
Interest	28	28	39	11
Miscellaneous	1,326	1,326	1,226	(100)
Total Revenues	5,127	5,127	4,298	(829)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	5,004	6,304	4,854	1,450
Total Expenditures and Encumbrances	5,004	6,304	4,854	1,450
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	123	(1,177)	(556)	621
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	—	—	1	1
Total Other Financing Sources	—	—	1	1
Net Change in Fund Balance	\$ 123	\$ (1,177)	\$ (555)	\$ 622
Fund Balance, July 1			2,881	
Fund Balance, June 30			\$ 2,326	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Secondary Property Tax Debt Service Fund**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit D-21**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Property Taxes	\$ 50,080	\$ 50,080	\$ 50,484	\$ 404
Intergovernmental	4,717	4,717	4,742	25
Total Revenues	<u>54,797</u>	<u>54,797</u>	<u>55,226</u>	<u>429</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Obligation Bond Debt Service				
Principal	66,300	66,300	66,300	—
Interest	59,723	59,723	59,723	—
Arbitrage Rebate and Fiscal Agent Fees	1	1	—	1
Other Debt Service Costs	—	1,000	—	1,000
Total Expenditures and Encumbrances	<u>126,024</u>	<u>127,024</u>	<u>126,023</u>	<u>1,001</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(71,227)	(72,227)	(70,797)	1,430
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Debt Service - Early Redemption	71,228	71,228	70,797	(431)
Total Other Financing Sources	<u>71,228</u>	<u>71,228</u>	<u>70,797</u>	<u>(431)</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ (999)</u>	<u>\$ —</u>	<u>\$ 999</u>
Fund Balance, July 1			100	
Fund Balance, June 30			<u>\$ 100</u>	

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

**Exhibit D-22**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Lease-Purchase Payments	\$ 92,217	\$ 92,217	\$ 83,691	\$ 8,526
Arbitrage Rebate and Fiscal Agent Fees	17	17	22	(5)
Other Debt Service Costs	—	—	491	(491)
Total Expenditures and Encumbrances	92,234	92,234	84,204	8,030
Deficiency of Revenues Over Expenditures and Encumbrances	(92,234)	(92,234)	(84,204)	8,030
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Refinancing	—	—	498	498
Transfers from Other Funds				
Excise Tax Special Revenue Fund	40,974	40,974	34,626	(6,348)
Transit 2000 Special Revenue Fund	50,069	50,069	50,026	(43)
Public Housing Special Revenue Fund	73	73	72	(1)
Enterprise Funds	2,052	2,052	—	(2,052)
Development Services Special Revenue Fund	90	90	—	(90)
Transfers to Other Funds				
Capital Projects Fund	(1,024)	(1,024)	(1,024)	—
Total Other Financing Sources (Uses)	92,234	92,234	84,198	(8,036)
Net Change in Fund Balance	<u>\$ —</u>	<u>\$ —</u>	<u>(6)</u>	<u>\$ (6)</u>
Fund Balance, July 1			6	
Fund Balance, June 30			<u>\$ —</u>	



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### Financial Section

## Other Supplementary Information

### Enterprise Funds – Comparative Statements and Schedules

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

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

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

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

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

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

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**City of Phoenix**

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015  
(in thousands)

**Exhibit E-1**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 76,667	\$ 56,355
Investments	298,945	270,506
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2016, \$1,320 and 2015, \$98)	10,703	12,122
Intergovernmental	180	173
Deposits in Escrow	326	346
Inventories, at Average Cost	1,711	1,749
Total Unrestricted Current Assets	388,532	341,251
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	217,215	205,492
Accrued Interest Receivable	4	7
Customer Facility Charge		
Cash with Fiscal Agent/Trustee	65,615	55,573
Investments	21,865	21,742
Accounts Receivable	3,144	3,060
Capital Projects		
Cash and Cash Equivalents	47,371	31,978
Investments	90,456	72,009
Receivables		
Intergovernmental	6,426	9,714
Passenger Facility Charges	7,649	7,755
Total Restricted Current Assets	459,745	407,330
Total Current Assets	848,277	748,581
Noncurrent Assets		
Capital Assets		
Land	574,195	573,007
Buildings	1,623,818	1,619,698
Improvements Other Than Buildings	1,636,664	1,626,816
Equipment	631,930	614,154
Intangibles	23,705	23,521
Construction in Progress	186,299	90,984
Less: Accumulated Depreciation	(1,947,678)	(1,802,242)
Total Capital Assets, Net of Accumulated Depreciation	2,728,933	2,745,938
OPEB Asset	69	59
Total Noncurrent Assets	2,729,002	2,745,997
Total Assets	3,577,279	3,494,578
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	1,101	1,329
Pension Related	34,187	29,090
Total Deferred Outflows of Resources	35,288	30,419

**Exhibit E-1**

(Continued)

	<b>2016</b>	<b>2015</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	28,878	18,922
Trust Liabilities and Deposits	3,259	1,817
Advance Payments	19,045	16,294
Current Portion of Pollution Remediation	75	850
Current Portion of Accrued Compensated Absences	825	794
Total Current Liabilities Payable from Current Assets	52,082	38,677
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	130,000	140,000
Matured Bonds Payable	47,390	44,330
Interest Payable	37,679	36,187
Current Portion of Rental Car Facility Revenue Bonds	9,795	9,255
Current Portion of Municipal Corporation Obligations	40,730	37,320
Capital Projects		
Accounts Payable	31,293	19,804
Total Current Liabilities Payable from Restricted Assets	296,887	286,896
Total Current Liabilities	348,969	325,573
Noncurrent Liabilities		
General Obligation Bonds	7,865	7,865
Rental Car Facility Revenue Bonds	176,255	186,050
Municipal Corporation Obligations	1,172,065	1,119,170
Unamortized Premium (Discount)	59,184	51,069
Pollution Remediation	2,300	3,050
Accrued Compensated Absences	5,595	5,430
Net Pension Liability	180,787	172,577
Total Noncurrent Liabilities	1,604,051	1,545,211
Total Liabilities	1,953,020	1,870,784
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	760	128
Pension Related	13,382	2,424
Total Deferred Inflows of Resources	14,142	2,552
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,104,662	1,170,752
Restricted for:		
Debt Service	132,014	124,961
Passenger Facility Charges	128,117	138,136
Customer Facility Charges	90,624	80,375
Unrestricted	189,988	137,437
Total Net Position	\$ 1,645,405	\$ 1,651,661

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

**Exhibit E-2**

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

For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

	<b>2016</b>	<b>2015</b>
<b>Operating Revenues</b>		
Aeronautical Revenue		
Terminal Fees	\$ 75,115	\$ 78,422
Landing Fees	49,869	48,497
Air Cargo and Hangar Rentals	6,751	7,083
Other	12,358	11,044
Non-Aeronautical Revenue		
Parking	84,586	81,094
Rental Cars	46,669	52,103
Terminal - Food and Beverage	20,499	22,015
Terminal - Retail	10,879	11,087
Rental Revenue	17,186	17,605
Ground Transportation	4,957	6,318
Other	4,546	5,699
Total Operating Revenues	333,415	340,967
<b>Operating Expenses</b>		
Operation and Maintenance		
Personal Services	86,250	86,172
Contractual Services	124,420	115,486
Supplies	11,925	10,771
Equipment/Minor Improvements	37,308	31,128
Environmental, Studies & Noise Program	1,956	2,600
Depreciation	166,829	163,691
Staff and Administrative	7,716	7,969
Total Operating Expenses	436,404	417,817
Operating Loss	(102,989)	(76,850)
<b>Non-Operating Revenues (Expenses)</b>		
Passenger Facility Charges	83,449	84,774
Rental Car Customer Facility Charges	47,118	44,839
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	471	(2,715)
Interest	6,120	5,703
Interest on Capital Debt	(67,141)	(65,051)
Loss on Disposal of Capital Assets	(759)	(47)
Total Non-Operating Revenues (Expenses)	69,258	67,503
Net Loss Before Contributions	(33,731)	(9,347)
Capital Contributions	27,803	20,970
Transfers from General Fund - Change for Phoenix	2	1
Transfers to Capital Projects Fund	(330)	(365)
Change in Net Position (Deficit)	(6,256)	11,259
Net Position, July 1	1,651,661	1,640,402
Net Position, June 30	\$ 1,645,405	\$ 1,651,661

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

For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

**Exhibit E-3**

	<b>2016</b>	<b>2015</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 339,026	\$ 343,481
Payments to Suppliers	(167,338)	(161,771)
Payments to Employees	(71,794)	(73,254)
Payment of Staff and Administrative Expenses	(7,716)	(7,969)
Net Cash Provided by Operating Activities	92,178	100,487
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	2	1
Operating Transfers to Other Funds	(330)	(365)
Net Cash Used by Noncapital Financing Activities	(328)	(364)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	98,489	20,000
Principal Paid on Capital Debt	(44,330)	(44,035)
Interest Paid on Capital Debt	(71,294)	(73,401)
Acquisition and Construction of Capital Assets	(138,667)	(96,054)
Proceeds from Sales of Capital Assets	144	64
Passenger Facility Charges	83,555	85,434
Customer Facility Charges	47,035	44,693
Capital Contributions	31,084	18,400
Net Cash Provided (Used) by Capital and Related Financing Activities	6,016	(44,899)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(527,842)	(549,617)
Proceeds from Sale and Maturities of Investment Securities	527,719	552,183
Net Activity for Short-Term Investments	(46,886)	(11,099)
Interest on Investments	6,593	2,981
Net Cash Used by Investing Activities	(40,416)	(5,552)
Net Increase in Cash and Cash Equivalents	57,450	49,672
Cash and Cash Equivalents, July 1	349,744	300,072
Cash and Cash Equivalents, June 30	\$ 407,194	\$ 349,744
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	(102,989)	(76,850)
Adjustments		
Depreciation	166,829	163,691
Net Pension Expense	8,210	39,427
Deferred Outflows - Pension	(5,097)	(29,090)
Deferred Inflows - Pension	10,958	2,424
Change in Assets and Liabilities		
Receivables	197	(5,766)
Allowance for Doubtful Accounts	1,222	54
Inventories	38	(42)
OPEB Asset	(10)	(1)
Accounts Payable	9,956	4,181
Trust Liabilities and Deposits	1,442	228
Advance Payments	2,751	7,996
Pollution Remediation	(1,525)	(5,600)
Accrued Compensated Absences	196	(165)
Net Cash Provided by Operating Activities	\$ 92,178	\$ 100,487
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	58	184
Increase (Decrease) in Fair Value of Investments	(17)	25
Total Noncash Transactions Affecting Financial Position	\$ 41	\$ 209

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

**Exhibit E-4**

For the Fiscal Year Ended June 30, 2016  
 (in thousands)

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts Budgetary Basis</b>		
<b>REVENUES</b>					
Landing Area	\$ 50,470	\$ 50,470	\$ 54,954	\$ 4,484	
Terminal Area	127,237	127,237	129,242	2,005	
Ground Transportation	124,205	124,205	130,764	6,559	
Interest on Investments	800	800	3,092	2,292	
Other	29,479	29,479	27,274	(2,205)	
Total Revenues	332,191	332,191	345,326	13,135	
Transfer from Customer Facility Charge Revenues for O&M Expense Reimbursement	—	—	14,837	14,837	
Total Revenues and Transfers from CFC	332,191	332,191	360,163	27,972	
<b>EXPENDITURES AND ENCUMBRANCES</b>					
Operation and Maintenance					
Personal Services	107,259	107,184	105,591	1,593	
Contractual Services	113,964	114,495	108,376	6,119	
Supplies	11,615	11,514	11,686	(172)	
Equipment/Minor Improvements	4,703	4,348	4,583	(235)	
Contingency	14,000	14,000	—	14,000	
Total Operating Expenditures	251,541	251,541	230,236	21,305	
Net Revenue Available for Revenue Bond Debt Service	80,650	80,650	129,927	49,277	
Revenue Bond Debt Service					
Senior Lien Revenue Bond Debt Service					
Principal	24,010	24,010	24,010	—	
Interest	32,265	32,265	24,765	7,500	
Total Senior Lien Revenue Bond Debt Service	56,275	56,275	48,775	7,500	
Net Revenue Available for Junior Lien Revenue Bond Debt Service	24,375	24,375	81,152	56,777	
Junior Lien Revenue Bond Debt Service					
Principal	—	—	571	(571)	
Interest	6,292	6,292	3,391	2,901	
Total Junior Lien Revenue Bond Debt Service	6,292	6,292	3,962	2,330	
Net Revenue Available After Junior Lien Revenue Bond Debt Service	18,083	18,083	77,190	59,107	
Other Expenditures					
Capital Improvement Program	68,744	68,744	54,493	14,251	
General Obligation Bond Debt Service					
Interest	197	197	197	—	
Total Other Expenditures	68,941	68,941	54,690	14,251	
Total Expenditures and Encumbrances	383,049	383,049	337,663	45,386	
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(50,858)	(50,858)	22,500	73,358	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds					
Aviation Capital Fund	—	—	1	1	
General Fund - Change for Phoenix	—	—	2	2	
Transfers to Other Funds					
General Fund					
Staff and Administrative	(7,969)	(7,969)	(7,716)	253	
Other	—	—	(388)	(388)	
Special Revenue Funds	—	—	(239)	(239)	
Capital Projects Fund	—	—	(330)	(330)	
Debt Service Fund	(636)	(636)	—	636	
Aviation Capital Fund	(7,900)	(7,900)	(8,276)	(376)	
Interest Alignment Trust	—	—	(8,000)	(8,000)	
Recovery of Prior Years Expenditures			1,192	1,192	
Total Other Financing Sources (Uses)	(16,505)	(16,505)	(23,754)	(7,249)	
Net Increase (Decrease) in Fund Balance	\$ (67,363)	\$ (67,363)	\$ (1,254)	\$ 66,109	
<b>FUND BALANCE, JULY 1</b>			<b>327,287</b>		
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 326,033</b>		



**City of Phoenix**

**City of Phoenix, Arizona**  
**Phoenix Convention Center Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015  
(in thousands)

**Exhibit E-5**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 8,437	\$ 5,324
Investments	33,151	30,215
Accounts Receivable, Net of Allowance for Doubtful Accounts (2016, \$124 and 2015, \$0)	254	205
Inventories, at Average Cost	208	228
Total Unrestricted Current Assets	42,050	35,972
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	20,155	13,336
Capital Projects		
Cash and Cash Equivalents	1,126	979
Investments	13,878	13,991
Receivables		
Accrued Interest	4	4
Customer and Other Deposits	2,699	3,082
Total Restricted Current Assets	37,862	31,392
Total Current Assets	79,912	67,364
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	895,026	939,538
Improvements Other Than Buildings	7,893	12,999
Equipment	23,768	23,204
Intangible Assets	149	149
Construction in Progress	1,858	3,526
Less: Accumulated Depreciation	(280,186)	(278,506)
Total Capital Assets, Net of Accumulated Depreciation	677,926	730,328
OPEB Asset	17	14
Total Noncurrent Assets	677,943	730,342
Total Assets	757,855	797,706
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	5,237	5,486
Pension Related	8,447	7,161
Total Deferred Outflows of Resources	13,684	12,647

**Exhibit E-5**  
(Continued)

	<b>2016</b>	<b>2015</b>
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	2,557	2,017
Current Portion of Accrued Compensated Absences	188	184
Total Current Liabilities Payable from Current Assets	2,745	2,201
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	2,480	2,350
Interest Payable	17,569	10,879
Current Portion of Municipal Corporation Obligations	5,210	2,480
Customer Deposits	2,699	2,711
Total Current Liabilities Payable from Restricted Assets	27,958	18,420
Total Current Liabilities	30,703	20,621
Noncurrent Liabilities		
Municipal Corporation Obligations	657,435	662,645
Unamortized Premium (Discount)	62,778	66,708
Accrued Compensated Absences	1,261	1,243
Net Pension Liability	44,669	42,483
Total Noncurrent Liabilities	766,143	773,079
Total Liabilities	796,846	793,700
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	3,306	597
Total Deferred Inflows of Resources	3,306	597
<b>NET POSITION</b>		
Net Investment in Capital Assets	(44,739)	1,631
Unrestricted	16,126	14,425
Total Net Position (Deficit)	\$ (28,613)	\$ 16,056

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

**Exhibit E-6**

For the Fiscal Years Ended June 30, 2016 and 2015  
 (in thousands)

	<b>2016</b>	<b>2015</b>
<b>Operating Revenues</b>		
Rental of Facilities and Equipment	\$ 11,388	\$ 11,776
Concessions	13,176	13,623
Box Office Services	838	685
Other (1)	17,438	16,675
Total Operating Revenues	<u>42,840</u>	<u>42,759</u>
<b>Operating Expenses</b>		
Administration	28,664	26,458
Operation and Maintenance	13,022	13,187
Promotion	2,517	2,598
Depreciation	26,080	26,344
Staff and Administrative	2,501	2,330
Security	1,071	1,044
Total Operating Expenses	<u>73,855</u>	<u>71,961</u>
Operating Loss	<u>(31,015)</u>	<u>(29,202)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment Income		
Net Decrease in Fair Value of Investments	(4)	(262)
Interest	659	637
Interest on Capital Debt	(33,233)	(33,393)
Loss on Disposal of Capital Assets	(45)	(104)
Total Non-Operating Revenues (Expenses)	<u>(32,623)</u>	<u>(33,122)</u>
Loss Before Contributions and Transfers	<u>(63,638)</u>	<u>(62,324)</u>
<b>Capital Contributions - Municipalities</b>	<b>21</b>	<b>—</b>
Transfers from Excise Tax Fund	46,501	46,402
Transfers to Capital Projects Fund	(11)	(12)
Transfers to Infrastructure Repayment Agreement Trust Fund	(110)	(134)
Change in Net Position (Deficit)	<u>(17,237)</u>	<u>(16,068)</u>
<b>Net Position, July 1</b>	<b>16,056</b>	<b>32,124</b>
Effect of Change in Accounting Policy	(27,432)	—
Net Position (Deficit), July 1, as Restated	<u>(11,376)</u>	<u>32,124</u>
Net Position (Deficit), June 30	<u>\$ (28,613)</u>	<u>\$ 16,056</u>

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

**City of Phoenix, Arizona**  
**Phoenix Convention Center Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

**Exhibit E-7**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 42,780	\$ 43,204
Payments to Suppliers	(22,961)	(24,110)
Payments to Employees	(18,125)	(18,297)
Payment of Staff and Administrative Expenses	(2,501)	(2,330)
Net Cash Used by Operating Activities	<u>(807)</u>	<u>(1,533)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Transfers from Other Funds	46,501	46,402
Operating Transfers to Other Funds	<u>(121)</u>	<u>(146)</u>
Net Cash Provided by Noncapital Financing Activities	<u>46,380</u>	<u>46,256</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Debt	—	1,479
Principal Paid on Capital Debt	(2,350)	(2,220)
Interest Paid on Capital Debt	(30,226)	(41,847)
Acquisition and Construction of Capital Assets	(1,157)	(1,999)
Proceeds from Sales of Capital Assets	2	4
Capital Contributions	<u>21</u>	<u>—</u>
Net Cash Used by Capital and Related Financing Activities	<u>(33,710)</u>	<u>(44,583)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investment Securities	(3,348)	(15,022)
Proceeds from Sale and Maturities of Investment Securities	3,346	14,890
Net Activity for Short-Term Investments	(2,819)	(4,855)
Interest on Investments	654	373
Net Cash Used by Investing Activities	<u>(2,167)</u>	<u>(4,614)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,696	(4,474)
<b>Cash and Cash Equivalents, July 1</b>	<b>22,721</b>	<b>27,195</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 32,417</b>	<b>\$ 22,721</b>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>		
Operating Loss	\$ (31,015)	\$ (29,202)
Adjustments		
Depreciation and Amortization	26,080	26,344
Net Pension Expense	2,187	7,071
Deferred Outflows - Pension	(1,286)	(7,161)
Deferred Inflows - Pension	2,709	597
Change in Assets and Liabilities		
Accounts Receivable	(49)	49
Inventories	20	5
OPEB Asset	(3)	1
Accounts Payable	540	396
Customer Deposits	(12)	396
Accrued Compensated Absences	22	(29)
Net Cash Used by Operating Activities	<u>(807)</u>	<u>(1,533)</u>
<b>Noncash Transactions Affecting Financial Position</b>		
Contributions of Capital Assets	21	—
Refunding Issuance in Excess of Bond Retirement	249	62
Increase in Fair Value of Investments	9	4
Total Noncash Transactions Affecting Financial Position	<u>\$ 279</u>	<u>\$ 66</u>

**City of Phoenix, Arizona**

**Exhibit E-8**

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

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Rental of Facilities and Equipment	\$ 5,102	\$ 5,102	\$ 6,923	\$ 1,821
Concessions	10,088	10,088	14,500	4,412
Box Office Services	348	348	308	(40)
Interest	223	223	396	173
Other	670	670	927	257
Total Revenues	16,431	16,431	23,054	6,623
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	47,107	47,107	40,902	6,205
Capital Improvement Program	4,169	4,169	3,855	314
Lease-Purchase Payments	18,584	18,584	19,007	(423)
Total Expenditures and Encumbrances	69,860	69,860	63,764	6,096
Deficiency of Revenues Over Expenditures and Encumbrances	(53,429)	(53,429)	(40,710)	12,719
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Refunding Bonds	—	—	41	41
Transfers from Other Funds				
Excise Tax Fund	48,129	48,129	46,501	(1,628)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,330)	(2,330)	(2,501)	(171)
Capital Projects Fund	—	—	(11)	(11)
Infrastructure Repayment Agreement Trust Fund	(253)	(253)	(110)	143
Debt Service Fund	(95)	(95)	—	95
Recovery of Prior Years Expenditures	—	—	170	170
Total Other Financing Sources (Uses)	45,451	45,451	44,090	(1,361)
Net Increase (Decrease) in Fund Balance	\$ (7,978)	\$ (7,978)	\$ 3,380	\$ 11,358
<b>FUND BALANCE, JULY 1</b>			38,499	
<b>FUND BALANCE, JUNE 30</b>			\$ 41,879	



**City of Phoenix**

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

June 30, 2016 and 2015

(in thousands)

**Exhibit E-9**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 38,262	\$ 37,389
Investments	156,095	178,697
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2016, \$2,137 and 2015, \$2,148)	52,939	46,458
Intergovernmental	830	1,957
Prepaid Items	2,731	2,646
Inventories, at Average Cost	16,010	15,845
Total Unrestricted Current Assets	266,867	282,992
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	81,382	94,395
Capital Projects		
Cash and Cash Equivalents	17,420	13,398
Investments	64,538	65,497
Customer and Other Deposits	5,906	5,278
Total Restricted Current Assets	169,246	178,568
Total Current Assets	436,113	461,560
Noncurrent Assets		
Capital Assets		
Land	63,231	63,821
Buildings	241,458	240,806
Improvements Other Than Buildings	878,798	862,337
Equipment	320,518	313,539
Mains, Hydrants, Meters and Service Connections	1,719,738	1,692,428
Intangibles	165,343	164,025
Construction in Progress	304,249	248,698
Less: Accumulated Depreciation	(1,385,272)	(1,285,236)
Total Capital Assets, Net of Accumulated Depreciation	2,308,063	2,300,418
Other Assets		
Investment in Val Vista Treatment Plant		
Joint Use Agreement	222,489	223,350
OPEB Asset	81	67
Total Other Assets	222,570	223,417
Total Noncurrent Assets	2,530,633	2,523,835
Total Assets	2,966,746	2,985,395
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding Bonds	8,054	9,750
Pension Related	40,677	33,974
Total Deferred Outflows of Resources	48,731	43,724

## Exhibit E-9

(Continued)

	2016	2015
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	26,200	15,352
Advance Payments	12	10
Current Portion of Accrued Compensated Absences	874	850
Total Current Liabilities Payable from Current Assets	27,086	16,212
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	50,024	60,557
Interest Payable	31,626	34,102
Current Portion of General Obligation Bonds	5,755	15,680
Current Portion of Revenue Bonds/Bank Loans	220	214
Current Portion of Municipal Corporation Obligations	46,395	34,130
Capital Projects		
Accounts Payable	530	206
Customer and Other Deposits	6,006	5,378
Total Current Liabilities Payable from Restricted Assets	140,556	150,267
Total Current Liabilities	167,642	166,479
Noncurrent Liabilities		
General Obligation Bonds	6,735	12,489
Revenue Bonds/Bank Loans	3,200	3,420
Municipal Corporation Obligations	1,192,320	1,238,715
Unamortized Premium (Discount)	116,662	130,446
Accrued Compensated Absences	5,991	5,903
Net Pension Liability	215,111	201,552
Total Noncurrent Liabilities	1,540,019	1,592,525
Total Liabilities	1,707,661	1,759,004
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Pension Related	15,922	2,831
Total Deferred Inflows of Resources	15,922	2,831
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,103,409	988,753
Restricted from Enabling Legislation	57,346	48,626
Unrestricted	131,139	229,905
Total Net Position	\$ 1,291,894	\$ 1,267,284

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

**Exhibit E-10**

For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

	<b>2016</b>	<b>2015</b>
Operating Revenues		
Water Sales	\$ 328,342	\$ 301,797
Environmental Charges	40,105	42,613
Other	9,931	14,350
Total Operating Revenues	<u>378,378</u>	<u>358,760</u>
Operating Expenses		
Administration and Engineering	50,707	36,318
Operation and Maintenance		
Customer Service	8,029	9,538
Production and Treatment	74,745	71,712
Distribution and Centralized Functions	59,200	57,262
Depreciation and Amortization	106,737	106,741
Staff and Administrative	6,517	7,056
Total Operating Expenses	<u>305,935</u>	<u>288,627</u>
Operating Income	<u>72,443</u>	<u>70,133</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	19	(2,549)
Interest	4,077	6,011
Interest on Capital Debt	(39,567)	(39,440)
Equity Interest in Joint Use Agreement Operating Loss	(11,890)	(8,252)
Loss on Disposal of Capital Assets	(2,311)	(126)
Total Non-Operating Revenues (Expenses)	<u>(49,672)</u>	<u>(44,356)</u>
Net Income Before Contributions and Transfers	<u>22,771</u>	<u>25,777</u>
Capital Contributions		
Transfers from General Fund - Change for Phoenix	14,180	26,397
Transfers to General Fund - In Lieu Property Taxes	6	6
Transfers to Capital Projects Fund	(12,123)	(11,674)
Change in Net Position	(224)	(248)
	<u>24,610</u>	<u>40,258</u>
Net Position, July 1	<u>1,267,284</u>	<u>1,227,026</u>
Net Position, June 30	<u>\$ 1,291,894</u>	<u>\$ 1,267,284</u>

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

For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

**Exhibit E-11**

	<b>2016</b>	<b>2015</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 373,654	\$ 365,369
Payments to Suppliers	(79,482)	(84,646)
Payments to Employees	(82,557)	(82,112)
Payment of Staff and Administrative Expenses	(6,517)	(7,056)
Net Cash Provided by Operating Activities	205,098	191,555
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	6	6
Operating Transfers to Other Funds	(12,347)	(11,922)
Net Cash Used by Noncapital Financing Activities	(12,341)	(11,916)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	—	3,517
Principal Paid on Capital Debt	(60,557)	(54,578)
Interest Paid on Capital Debt	(65,729)	(53,304)
Acquisition and Construction of Capital Assets	(115,840)	(114,179)
Proceeds from Sales of Capital Assets	43	195
Capital Contributions	14,180	11,593
Net Cash Used by Capital and Related Financing Activities	(227,903)	(206,756)
Cash Flows from Investing Activities		
Purchases of Investment Securities	—	(28,660)
Proceeds from Sales and Maturities of Investment Securities	—	28,660
Net Activity for Short-Term Investments	23,560	40,520
Interest on Investments	4,096	3,462
Net Cash Provided by Investing Activities	27,656	43,982
Net Increase (Decrease) in Cash and Cash Equivalents	(7,490)	16,865
Cash and Cash Equivalents, July 1	150,460	133,595
Cash and Cash Equivalents, June 30	\$ 142,970	\$ 150,460
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities	\$ 72,443	\$ 70,133
Operating Income	\$ 72,443	\$ 70,133
Adjustments		
Depreciation and Amortization	106,737	106,741
Net Pension Expense	13,558	41,005
Deferred Outflows - Pension	(6,703)	(33,974)
Deferred Inflows - Pension	13,091	2,831
Change in Asset and Liabilities		
Receivables	(5,343)	6,158
Allowance for Doubtful Accounts	(11)	(7)
Prepaid Expenses	(85)	1,474
Inventories	(165)	3,629
OPEB Asset	(14)	3
Accounts Payable	10,848	(6,589)
Advance Payments	2	—
Customer and Other Deposits	628	460
Accrued Compensated Absences	112	(309)
Net Cash Provided by Operating Activities	\$ 205,098	\$ 191,555
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ —	\$ 14,804
Refunding Issuance in Excess of Bond Retirement	1,695	1,695
Total Noncash Transactions Affecting Financial Position	\$ 1,695	\$ 16,499

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit E-12**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis Positive (Negative)
<b>REVENUES</b>			
Water Sales	\$ 338,470	\$ 338,470	\$ 328,342 \$(10,128)
Environmental Charges	46,809	46,809	40,105 (6,704)
Development Occupational Fees	2,700	2,700	3,512 812
Water Service Fees	6,000	6,000	5,301 (699)
Distribution	570	570	4,225 3,655
Interest	2,191	2,191	2,485 294
Other	8,555	8,555	6,886 (1,669)
Total Revenues	405,295	405,295	390,856 (14,439)
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Operation and Maintenance	168,303	169,676	153,420 16,256
Operation and Maintenance - Val Vista	11,726	11,726	11,357 369
Total Operating Expenditures and Encumbrances	180,029	181,402	164,777 16,625
Net Revenue Available for Revenue Bond Debt Service	225,266	223,893	226,079 2,186
Junior Lien Revenue Bond Debt Service			
Principal	34,344	34,344	34,344 —
Interest	62,058	62,058	62,058 —
Total Junior Lien Revenue Bond Debt Service	96,402	96,402	96,402 —
Net Revenue Available After Junior Lien			
Revenue Bond Debt Service	128,864	127,491	129,677 2,186
Other Expenditures and Encumbrances			
Operating Capital Outlay	2,316	2,342	2,212 130
Capital Improvement Program	173,433	158,633	86,746 71,887
General Obligation Bond Debt Service			
Principal	15,680	15,680	15,680 —
Interest	1,195	1,195	1,195 —
Total Other Expenditures and Encumbrances	192,624	177,850	105,833 72,017
Total Expenditures and Encumbrances	469,055	455,654	367,012 88,642
Excess (Deficiency) of Revenues Over			
Expenditures and Encumbrances	(63,760)	(50,359)	23,844 74,203
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	—	—	6 6
General Fund - Change for Phoenix			
Transfers to Other Funds			
General Fund			
Staff and Administrative	(7,033)	(7,033)	(6,517) 516
In-Lieu Property Taxes	(11,993)	(11,993)	(12,123) (130)
Capital Projects Fund	—	—	(224) (224)
Debt Service Fund	(538)	(538)	— 538
Recovery of Prior Years Expenditures	—	—	3,115 3,115
Total Other Financing Sources (Uses)	(19,564)	(19,564)	(15,743) 3,821
Net Decrease in Fund Balance	\$ (83,324)	\$ (69,923)	8,101 \$ 78,024
<b>FUND BALANCE, JULY 1</b>			96,293
<b>FUND BALANCE, JUNE 30</b>			\$ 104,394

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Val Vista Water Treatment Plant**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit E-13**

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Val Vista Water System	\$ 5,807	\$ 5,807	\$ 5,730	\$ (77)
Operating Revenue - Water	11,726	11,726	11,357	(369)
Interest	6	6	5	(1)
Other	—	—	1	1
Total Revenues	17,539	17,539	17,093	(446)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	15,101	15,101	14,884	217
Capital Outlay				
Operating	50	50	53	(3)
Capital Improvement Program	1,865	1,865	1,941	(76)
Total Expenditures and Encumbrances	17,016	17,016	16,878	138
Excess of Revenues Over Expenditures and Encumbrances	523	523	215	(308)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(523)	(523)	(534)	(11)
Recovery of Prior Years Expenditures	—	—	2	2
Total Other Financing Sources (Uses)	(523)	(523)	(532)	(9)
Net Increase (Decrease) in Fund Balance	\$ —	\$ —	\$ (317)	\$ (317)
<b>FUND BALANCE, JULY 1</b>				1,396
<b>FUND BALANCE, JUNE 30</b>				1,079
Members' Contributed Operating Reserve				1,831
Members' Contributed Replacement Reserve				1,498
<b>FUND DEFICIT, UNRESERVED</b>				\$ (2,250)

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

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015  
(in thousands)

**Exhibit E-14**

	<b>2016</b>	<b>2015</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 27,868	\$ 22,239
Investments	117,250	110,278
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2016, \$1,182 and 2015, \$1,249)	20,230	19,539
Intergovernmental	6,104	6,693
Inventories, at Average Cost	4,943	5,483
Total Unrestricted Current Assets	176,395	164,232
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	58,139	39,665
Capital Projects		
Cash and Cash Equivalents	21,994	14,683
Investments	70,221	71,690
Customer Deposits and Other Trust Liabilities	35	59
Total Restricted Current Assets	150,389	126,097
Total Current Assets	326,784	290,329
Noncurrent Assets		
Capital Assets		
Land	23,835	23,825
Buildings	73,063	73,063
Improvements Other Than Buildings	1,261,657	1,254,862
Equipment	151,252	149,895
Intangibles	40,515	40,515
Construction in Progress	88,555	67,077
Less: Accumulated Depreciation	(686,490)	(646,761)
Total Capital Assets, Net of Accumulated Depreciation	952,387	962,476
Other Assets		
Investment in SROG Joint Use Agreement	377,075	396,446
OPEB Asset	29	25
Total Noncurrent Assets	1,329,491	1,358,947
Total Assets	1,656,275	1,649,276
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	6,172	7,111
Pension Related	14,363	12,385
Total Deferred Outflows of Resources	20,535	19,496

**Exhibit E-14**  
(continued)

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	<b>2016</b>	<b>2015</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	9,266	9,874
Advance Payments	1	1
Current Portion of Accrued Compensated Absences	200	201
Total Current Liabilities Payable from Current Assets	<u>9,467</u>	<u>10,076</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	44,930	23,867
Interest Payable	16,545	17,093
Current Portion of General Obligation Bonds	895	6,338
Current Portion of Revenue Bonds/Bank Loans	745	723
Current Portion of Municipal Corporation Obligations	37,590	35,845
Capital Projects		
Accounts Payable	172	188
Customer Deposits and Other Trust Liabilities	35	59
Total Current Liabilities Payable from Restricted Assets	<u>100,912</u>	<u>84,113</u>
Total Current Liabilities	<u>110,379</u>	<u>94,189</u>
Noncurrent Liabilities		
General Obligation Bonds	3,630	6,549
Revenue Bonds/Bank Loans	10,807	11,552
Municipal Corporation Obligations	574,535	612,125
Unamortized Premium (Discount)	35,443	40,903
Accrued Compensated Absences	1,371	1,397
Net Pension Liability	75,955	73,473
Total Noncurrent Liabilities	<u>701,741</u>	<u>745,999</u>
Total Liabilities	<u>812,120</u>	<u>840,188</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	2,096	2,258
Pension Related	5,622	1,032
Total Deferred Inflows of Resources	<u>7,718</u>	<u>3,290</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	608,484	600,196
Restricted from Enabling Legislation	54,014	49,798
Unrestricted	194,474	175,300
Total Net Position	<u>\$ 856,972</u>	<u>\$ 825,294</u>

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

**Exhibit E-15**

For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

	<b>2016</b>	<b>2015</b>
Operating Revenues		
Sewer Service Charges	\$ 153,354	\$ 147,038
Environmental Charges	33,641	33,784
Other	6,732	5,152
Total Operating Revenues	193,727	185,974
Operating Expenses		
Administration	19,185	15,930
Operation and Maintenance		
Wastewater Treatment Plants	29,765	30,462
Sewer Maintenance and Collections	22,718	19,944
Industrial Waste/Pre-Treatment	4,410	4,478
Depreciation	41,578	43,008
Staff and Administrative	3,044	3,354
Total Operating Expenses	120,700	117,176
Operating Income	73,027	68,798
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	203	(1,653)
Interest	3,117	3,762
Interest on Capital Debt	(25,224)	(28,481)
Equity Interest in Joint Use Agreement Operating Loss	(23,562)	(25,425)
Loss on Disposal of Capital Assets	(954)	(168)
Total Non-Operating Revenues (Expenses)	(46,420)	(51,965)
Net Income Before Contributions and Transfers	26,607	16,833
Capital Contributions		12,690
Transfers to General Fund - In Lieu Property Taxes	(7,470)	(7,287)
Transfers to Capital Projects Fund	(149)	(166)
Change in Net Position	31,678	21,831
Net Position, July 1		825,294
Net Position, June 30	\$ 856,972	\$ 825,294

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

**Exhibit E-16**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 193,602	\$ 183,802
Payments to Suppliers	(49,834)	(48,298)
Payments to Employees	(21,250)	(21,647)
Payment of Staff and Administrative Expenses	(3,044)	(3,354)
Net Cash Provided by Operating Activities	<u>119,474</u>	<u>110,503</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Transfers to Other Funds	(7,619)	(7,453)
Net Cash Used by Noncapital Financing Activities	<u>(7,619)</u>	<u>(7,453)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal Paid on Capital Debt	(23,867)	(33,564)
Interest Paid on Capital Debt	(33,638)	(33,256)
Acquisition and Construction of Capital Assets	(28,829)	(30,439)
Proceeds from Sales of Capital Assets	14	62
Capital Contributions	8,040	7,546
Net Cash Used by Capital and Related Financing Activities	<u>(78,280)</u>	<u>(89,651)</u>
<b>Cash Flows from Investing Activities</b>		
Net Activity for Short-Term Investments	(5,505)	(9,719)
Interest on Investments	3,320	2,108
Net Cash Used by Investing Activities	<u>(2,185)</u>	<u>(7,611)</u>
Net Increase in Cash and Cash Equivalents	31,390	5,788
Cash and Cash Equivalents, July 1	76,646	70,858
Cash and Cash Equivalents, June 30	<u>\$ 108,036</u>	<u>\$ 76,646</u>
<b>Reconciliation of Operating Income to</b>		
Net Cash Provided by Operating Activities	\$ 73,027	\$ 68,798
Operating Income		
Adjustments		
Depreciation and Amortization	41,578	43,008
Net Pension Expense	2,482	14,422
Deferred Outflows - Pension	(1,978)	(12,385)
Deferred Inflows - Pension	4,590	1,032
Change in Assets and Liabilities		
Receivables	(35)	(2,213)
Allowance for Doubtful Accounts	(67)	39
Inventories	540	(104)
OPEB Asset	(4)	1
Accounts Payable	(608)	(1,800)
Customer Deposits	(24)	2
Accrued Compensated Absences	(27)	(297)
Net Cash Provided by Operating Activities	<u>\$ 119,474</u>	<u>\$ 110,503</u>
<b>Noncash Transactions Affecting Financial Position</b>		
Contributions of Capital Assets	\$ 4,650	\$ 4,906
Refunding Issuance in Excess of Bond Retirement	778	2,293
Total Noncash Transactions Affecting Financial Position	<u>\$ 5,428</u>	<u>\$ 7,199</u>

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

**Exhibit E-17**

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

For the Fiscal Year Ended June 30, 2016

(in thousands)

		Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final	Budgetary Basis
<b>REVENUES</b>				
Sewer Service Charges	\$ 149,529	\$ 149,529	\$ 153,354	3,825
Environmental Charges	34,490	34,490	33,639	(851)
Development Occupational Fees	2,600	2,600	3,340	740
Interest	1,465	1,465	1,756	291
Other	5,083	5,083	6,696	1,613
Total Revenues	193,167	193,167	198,785	5,618
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	51,546	51,446	45,932	5,514
Operation and Maintenance - SROG	25,486	25,486	20,885	4,601
Total Operating Expenditures and Encumbrances	77,032	76,932	66,817	10,115
Net Revenue Available for Revenue Bond Debt Service	116,135	116,235	131,968	15,733
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	14,390	14,390	14,390	—
Interest	7,337	7,337	7,337	—
Total Senior Lien Revenue Bond Debt Service	21,727	21,727	21,727	—
Net Revenue Available for Junior Lien Revenue Bond Debt Service	94,408	94,508	110,241	15,733
Junior Lien Revenue Bond Debt Service				
Principal	22,178	22,178	22,178	—
Interest	25,289	25,289	25,289	—
Total Junior Lien Revenue Bond Debt Service	47,467	47,467	47,467	—
Net Revenue Available After Junior Lien Revenue Bond Debt Service	46,941	47,041	62,774	15,733
Other Expenditures and Encumbrances				
Operating Capital Outlay	1,222	1,322	335	987
Capital Improvement Program	68,034	68,034	32,110	35,924
General Obligation Bond Debt Service				
Principal	6,338	6,338	8,362	(2,024)
Interest	464	464	464	—
Total Other Expenditures and Encumbrances	76,058	76,158	41,271	34,887
Total Expenditures and Encumbrances	222,284	222,284	177,282	45,002
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(29,117)	(29,117)	21,503	50,620
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,329)	(3,329)	(3,044)	285
In-Lieu Property Taxes	(7,457)	(7,457)	(7,470)	(13)
Capital Projects Fund	—	—	(149)	(149)
Debt Service Fund	(359)	(359)	—	359
Recovery of Prior Years Expenditures	—	—	976	976
Total Other Financing Sources (Uses)	(11,145)	(11,145)	(9,687)	1,458
Net Increase (Decrease) in Fund Balance	<u>\$ (40,262)</u>	<u>\$ (40,262)</u>	<u>\$ 11,816</u>	<u>\$ 52,078</u>
<b>FUND BALANCE, JULY 1</b>			103,499	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 115,315</u>	

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

**Exhibit E-18**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Multi-City Sewer System	\$ 17,512	\$ 17,512	\$ 15,440	\$ (2,072)
Operating Revenue - Wastewater	25,486	25,486	20,885	(4,601)
Sales of By-Products	6,385	6,385	7,355	970
Interest	63	63	71	8
Other	35	35	8	(27)
Total Revenues	49,481	49,481	43,759	(5,722)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operation and Maintenance	42,382	42,382	38,469	3,913
Capital Outlay				
Operating	245	245	281	(36)
Capital Improvement Program	5,500	5,500	5,047	453
Total Expenditures and Encumbrances	48,127	48,127	43,797	4,330
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	1,354	1,354	(38)	(1,392)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,708)	(1,708)	(1,658)	50
Recovery of Prior Years Expenditures	—	—	38	38
Total Other Financing Sources (Uses)	(1,708)	(1,708)	(1,620)	88
Net Increase (Decrease) in Fund Balance	\$ (354)	\$ (354)	\$ (1,658)	\$ (1,304)
<b>FUND BALANCE, JULY 1 as reported</b>				
<b>FUND BALANCE, JUNE 30</b>				
Members' Contributed Replacement Reserve			7,047	
Members' Contributed Operating Reserve			6,142	
<b>FUND DEFICIT, UNRESERVED</b>				
			\$ (7,837)	

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

**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Net Position**  
June 30, 2016 and 2015  
(in thousands)

**Exhibit E-19**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 13,585	\$ 11,378
Investments	54,977	56,575
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2016, \$1,299 and 2015, \$1,194)	13,666	13,900
Intergovernmental	3	7
Inventories	806	—
Total Unrestricted Current Assets	<u>83,037</u>	<u>81,860</u>
<b>Restricted Assets</b>		
Debt Service		
Cash with Fiscal Agent/Trustee	11,730	11,698
Capital Projects		
Cash and Cash Equivalents	6,087	4,852
Investments	22,897	23,740
Customer Deposits	15	109
Total Restricted Current Assets	<u>40,729</u>	<u>40,399</u>
Total Current Assets	<u>123,766</u>	<u>122,259</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Land	13,340	13,340
Buildings	79,917	79,917
Improvements Other Than Buildings	39,570	39,570
Equipment	131,446	126,028
Intangibles	5,352	5,352
Construction in Progress	13,770	6,896
Less: Accumulated Depreciation	(144,825)	(131,504)
Total Capital Assets, Net of Accumulated Depreciation	<u>138,570</u>	<u>139,599</u>
<b>OPEB Asset</b>	<u>42</u>	<u>34</u>
Total Noncurrent Assets	<u>138,612</u>	<u>139,633</u>
Total Assets	<u>262,378</u>	<u>261,892</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Loss on Refunding Bonds	1,270	1,523
Pension Related	19,448	16,578
Total Deferred Outflows of Resources	<u>20,718</u>	<u>18,101</u>

**Exhibit E-19**  
(Continued)

	<b>2016</b>	<b>2015</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	5,227	5,939
Accrued Landfill Postclosure Care Costs	2,528	2,519
Current Portion of Accrued Compensated Absences	395	387
Total Current Liabilities Payable from Current Assets	8,150	8,845
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	9,335	10,205
Interest Payable	2,395	1,493
Current Portion of General Obligation Bonds	1,090	1,040
Current Portion of Municipal Corporation Obligations	7,620	8,295
Capital Projects		
Accounts Payable	240	36
Accrued Landfill Closure Costs	1,276	1,295
Customer Deposits	110	108
Total Current Liabilities Payable from Restricted Assets	22,066	22,472
Total Current Liabilities	30,216	31,317
Noncurrent Liabilities		
General Obligation Bonds	5,425	6,515
Municipal Corporation Obligations	76,140	83,760
Unamortized Premium (Discount)	8,263	9,875
Accrued Landfill Closure and Postclosure Care Costs	60,229	62,061
Accrued Compensated Absences	2,597	2,569
Net Pension Liability	102,844	98,348
Total Noncurrent Liabilities	255,498	263,128
Total Liabilities	285,714	294,445
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Gain on Refunding Bonds	422	482
Pension Related	7,612	1,381
Total Deferred Inflows of Resources	8,034	1,863
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	31,545	20,950
Unrestricted (Deficit)	(42,197)	(37,265)
Total Net Position (Deficit)	\$ (10,652)	\$ (16,315)

**City of Phoenix, Arizona****Exhibit E-20****Solid Waste Enterprise Fund****Comparative Statements of Revenues, Expenses and Changes  
in Net Position**

For the Fiscal Years Ended June 30, 2016 and 2015

(in thousands)

	<b>2016</b>	<b>2015</b>
<b>Operating Revenues</b>		
Solid Waste Service Fees	\$ 127,299	\$ 126,854
Landfill Fees	8,952	8,491
Recycling	7,800	9,438
Other	2,433	2,539
Total Operating Revenues	146,484	147,322
<b>Operating Expenses</b>		
Administration	27,744	29,504
Solid Waste Collections	45,488	42,364
Landfills		
Operations	25,376	32,421
Closure and Postclosure Care Costs	1,146	(44)
Recycling	4,736	4,984
Depreciation	17,165	17,285
Staff and Administrative	6,411	6,701
Other	9,598	12,262
Total Operating Expenses	137,664	145,477
Operating Income	8,820	1,845
<b>Non-Operating Revenues (Expenses)</b>		
Investment Income		
Net Increase (Decrease) in Fair Value		
of Investments	62	(737)
Interest	1,373	1,667
Interest on Capital Debt	(3,465)	(5,148)
Gain on Disposal of Capital Assets	315	214
Total Non-Operating Revenues (Expenses)	(1,715)	(4,004)
Net Income (Loss) Before Operating Transfers	7,105	(2,159)
Capital Contributions - Municipalities	19	62
Transfers to General Fund - In Lieu Property Taxes	(1,248)	(1,208)
Transfers to Capital Projects Fund	(213)	(235)
Change in Net Position (Deficit)	5,663	(3,540)
Net Position (Deficit), July 1	(16,315)	(12,775)
Net Position (Deficit), June 30	\$ (10,652)	\$ (16,315)

**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

**Exhibit E-21**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 146,722	\$ 147,122
Payments to Suppliers	(65,445)	(68,786)
Payments to Employees	(44,116)	(42,931)
Payment of Staff and Administrative Expenses	(6,411)	(6,701)
Net Cash Provided by Operating Activities	30,750	28,704
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Transfers to Other Funds	(1,461)	(1,443)
Net Cash Used by Noncapital Financing Activities	(1,461)	(1,443)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Debt	—	298
Principal Paid on Capital Debt	(10,205)	(7,970)
Interest Paid on Capital Debt	(3,981)	(6,930)
Acquisition and Construction of Capital Assets	(16,203)	960
Proceeds from Sales of Capital Assets	604	690
Net Cash Used by Capital and Related Financing Activities	(29,785)	(12,952)
<b>Cash Flows from Investing Activities</b>		
Purchases of Investment Securities	—	(10,935)
Proceeds from Sales and Maturities of Investment Securities	—	11,178
Net Activity for Short-Term Investments	2,441	(7,704)
Interest on Investments	1,435	930
Net Cash Provided (Used) by Investing Activities	3,876	(6,531)
Net Increase in Cash and Cash Equivalents	3,380	7,778
Cash and Cash Equivalents, July 1	28,037	20,259
Cash and Cash Equivalents, June 30	\$ 31,417	\$ 28,037
<b>Reconciliation of Operating Income to</b>		
<b>Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 8,820	\$ 1,845
Adjustments		
Depreciation and Amortization	17,165	17,285
Net Pension Expense	4,496	23,479
Deferred Outflows - Pension	(2,870)	(16,578)
Deferred Inflows - Pension	6,231	1,381
Change in Assets and Liabilities		
Receivables	133	(132)
Allowance for Doubtful Accounts	105	(75)
Inventories	(806)	—
OPEB Asset	(8)	(1)
Accounts Payable	(712)	2,966
Customer Deposits	2	6
Accrued Compensated Absences	36	175
Accrued Landfill Closure and Postclosure Care	(1,842)	(1,647)
Net Cash Provided by Operating Activities	\$ 30,750	\$ 28,704
<b>Noncash Transactions Affecting Financial Position</b>		
Refunding Issuance in Excess of Bond Retirement	193	90
Total Noncash Transactions Affecting Financial Position	\$ 193	\$ 90

**City of Phoenix, Arizona  
Solid Waste Enterprise Fund**

**Exhibit E-22**

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

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Solid Waste Service Fees	\$ 127,690	\$ 127,690	\$ 127,511	\$ (179)
City Landfill Fees	18,767	18,767	16,507	(2,260)
Interest	290	290	669	379
Other	2,579	2,579	2,540	(39)
Total Revenues	149,326	149,326	147,227	(2,099)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	125,426	125,426	104,880	20,546
Capital Improvement Program	28,563	28,563	9,697	18,866
General Obligation Bond Debt Service				
Principal	1,040	1,040	1,040	—
Interest	341	341	341	—
Lease-Purchase Payments	13,083	13,083	13,048	35
Total Expenditures and Encumbrances	168,453	168,453	129,006	39,447
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(19,127)	(19,127)	18,221	37,348
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,701)	(6,701)	(6,411)	290
In-Lieu Property Taxes	(1,240)	(1,240)	(1,248)	(8)
Solid Waste Capital Reserve	(1,200)	(1,200)	(1,278)	(78)
Capital Projects Fund	—	—	(213)	(213)
Interest Alignment Trust	—	—	(3,000)	(3,000)
Debt Service Fund	(424)	(424)	—	424
Recovery of Prior Years Expenditures	—	—	814	814
Total Other Financing Sources (Uses)	(9,565)	(9,565)	(11,336)	(1,771)
Net Decrease in Fund Balance	\$ (28,692)	\$ (28,692)	\$ 6,885	\$ 35,577
<b>FUND BALANCE, JULY 1</b>				
			47,794	
<b>FUND BALANCE, JUNE 30</b>				
			\$ 54,679	



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Financial Section

## **Other Supplementary Information –**

### **Fiduciary Funds – Combining Fund Financial Statements**







**City of Phoenix**

**City of Phoenix, Arizona  
Fiduciary Funds**

Combining Statement of Fiduciary Net Position  
June 30, 2016  
(in thousands)

**Exhibit F-1**

	<b>Pension and Other Employee Benefit Trusts</b>		
	<b>City of Phoenix Employee Retirement System (COPERS)</b>	<b>Excess Benefit Arrangement</b>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 19,231	\$ 210	
Investments			
Treasurer's Pooled Investments	—	553	
Temporary Investments	83,249	—	
Fixed Income	533,516	—	
Domestic Equities	809,740	—	
International Equities	600,402	—	
Real Return	—	—	
Absolute Return	239,666	—	
Receivables			
Accounts Receivable	137,597	—	
Contributions Receivable	4,409	—	
Interest and Dividends	1,693	2	
Prepaid Items	—	—	
Total Assets	<u>2,429,503</u>	<u>765</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	—	—	
<b>LIABILITIES</b>			
Accounts Payable	278,082	—	
Claims Payable	—	—	
Total Liabilities	<u>278,082</u>	<u>—</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	—	—	
<b>NET POSITION</b>			
Held in trust for pension and other employee benefits	<u>\$ 2,151,421</u>	<u>\$ 765</u>	

**Exhibit F-1**

(continued)

**Pension and Other Employee Benefit Trusts**

<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long Term Disability</b>	<b>Total</b>
\$ 17,517	\$ 5,874	\$ 6,423	\$ 3,079	\$ 52,334
—	5,685	226	—	6,464
—	—	—	—	83,249
66,357	—	34,241	17,404	651,518
—	—	37,347	13,209	860,296
—	—	19,889	15,936	636,227
—	—	28,044	14,549	42,593
—	—	12,042	7,320	259,028
1,367	—	—	—	138,964
442	—	—	—	4,851
81	2	—	—	1,778
5,150	—	—	—	5,150
<u>90,914</u>	<u>11,561</u>	<u>138,212</u>	<u>71,497</u>	<u>2,742,452</u>
—	—	—	—	—
2,375	—	5	18	280,480
<u>20,282</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>20,282</u>
<u>22,657</u>	<u>—</u>	<u>5</u>	<u>18</u>	<u>300,762</u>
—	—	—	—	—
<u>\$ 68,257</u>	<u>\$ 11,561</u>	<u>\$ 138,207</u>	<u>\$ 71,479</u>	<u>\$ 2,441,690</u>

**City of Phoenix, Arizona  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position**  
June 30, 2016  
(in thousands)

**Exhibit F-1**  
(continued)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ —	\$ —	\$ 12,892	\$ 12,892
Investments				
Treasurer's Pooled Investments	—	—	48,496	48,496
Total Assets	—	—	61,388	61,388
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	—	—	—	—
<b>LIABILITIES</b>				
Accrued Payroll Payable	—	—	61,388	61,388
Total Liabilities	—	—	61,388	61,388
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	—	—	—	—
<b>NET POSITION</b>				
Held in trust for pension and other employee benefits	\$ —	\$ —	\$ —	\$ —



**City of Phoenix**

**City of Phoenix, Arizona  
Fund Financial Statements  
Fiduciary Funds  
Combining Statement of Changes in Fiduciary Net Position**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit F-2**

<b>Pension and Other Employee Benefit Trusts</b>			
	<b>City of Phoenix Employee Retirement System (COPERS)</b>	<b>Excess Benefit Arrangement</b>	
<b>ADDITIONS</b>			
Contributions			
City of Phoenix	\$ 119,844	\$ 559	
Employees	29,306	—	
Inter-System Transfers	217	—	
Other	—	—	
Total Contributions	149,367	559	
Investment Income (Loss)			
From Investing Activities			
Net (Increase) Decrease in Fair Value of Investments	(14,314)	(1)	
Interest	6,893	5	
Dividends	20,908	—	
Other	3,079	—	
Investment Income (Loss)	16,566	4	
Less: Investment Expense	7,395	—	
Net Investment Income (Loss) from Investing Activities	9,171	4	
Total Net Investment Income (Loss)	9,171	4	
Total Additions	158,538	563	
<b>DEDUCTIONS</b>			
Benefit Payments	213,047	389	
Refunds of Contributions	3,047	—	
Inter-System Transfers	315	—	
Other	234	—	
Total Deductions	216,643	389	
Net Increase (Decrease)	(58,105)	174	
Net Position Held in Trust for Pension and Other Employee Benefits			
Beginning of Year, July 1	2,209,526	591	
End of Year, June 30	\$ 2,151,421	\$ 765	

**Exhibit F-2**

(continued)

## Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 136,699	\$ —	\$ 27,898	\$ 1,335	\$ 286,335
59,150	—	—	—	88,456
11,424	—	—	—	11,641
11,157	—	—	—	11,157
218,430	—	27,898	1,335	397,589
215	(3)	(5,492)	(3,058)	(22,653)
900	88	2,360	—	10,246
—	—	—	1,255	22,163
—	—	—	197	3,276
1,115	85	(3,132)	(1,606)	13,032
—	—	—	—	7,395
1,115	85	(3,132)	(1,606)	5,637
1,115	85	(3,132)	(1,606)	5,637
219,545	85	24,766	(271)	403,226
199,787	2,700	24,596	4,434	444,953
40	—	—	—	3,087
11,424	—	—	—	11,739
10,435	—	424	319	11,412
221,686	2,700	25,020	4,753	471,191
(2,141)	(2,615)	(254)	(5,024)	(67,965)
70,398	14,176	138,461	76,503	2,509,655
\$ 68,257	\$ 11,561	\$ 138,207	\$ 71,479	\$ 2,441,690

**City of Phoenix, Arizona****Agency Fund****Combining Statement of Changes in Assets and Liabilities**

For the Fiscal Year Ended June 30, 2016

(in thousands)

**Exhibit F-3**

<i>Post Employment Health Plan</i>			
	<b>Balance July 1</b>	<b>Additions</b>	<b>Deductions</b>
<b>ASSETS</b>			<b>Balance June 30</b>
Cash and Cash Equivalents	\$ —	\$ 11,435	\$ 11,435
Total Assets	\$ —	\$ 11,435	\$ 11,435

<i>Deferred Compensation Plan</i>			
	<b>Balance July 1</b>	<b>Additions</b>	<b>Deductions</b>
<b>ASSETS</b>			<b>Balance June 30</b>
Cash and Cash Equivalents	\$ —	\$ 91,866	\$ 91,866
Treasurer's Pooled Investments	\$ —	\$ —	\$ —
Total Assets	\$ —	\$ 91,866	\$ 91,866

<b>LIABILITIES</b>			
Accrued Payroll Payable	\$ —	\$ 91,866	\$ 91,866
Total Liabilities	\$ —	\$ 91,866	\$ 91,866

**City of Phoenix, Arizona**  
**Agency Fund**  
**Combining Statement of Changes in Assets and Liabilities**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit F-3**  
(continued)

<i>Accrued Payroll</i>				
	<b>Balance July 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,368	\$ 437,972	\$ 434,449	\$ 12,891
Treasurer's Pooled Investments	45,740	1,637,113	1,634,356	48,497
Total Assets	<u>\$ 55,108</u>	<u>\$ 2,075,085</u>	<u>\$ 2,068,805</u>	<u>\$ 61,388</u>
<b>LIABILITIES</b>				
Accrued Payroll Payable	\$ 55,108	\$ 2,075,085	\$ 2,068,805	\$ 61,388
Total Liabilities	<u>\$ 55,108</u>	<u>\$ 2,075,085</u>	<u>\$ 2,068,805</u>	<u>\$ 61,388</u>
<i>Totals</i>				
	<b>Balance July 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,368	\$ 541,273	\$ 537,750	\$ 12,891
Treasurer's Pooled Investments	45,740	1,637,113	1,634,356	48,497
Total Assets	<u>\$ 55,108</u>	<u>\$ 2,178,386</u>	<u>\$ 2,172,106</u>	<u>\$ 61,388</u>
<b>LIABILITIES</b>				
Accrued Payroll Payable	\$ 55,108	\$ 2,178,386	\$ 2,172,107	\$ 61,387
Total Liabilities	<u>\$ 55,108</u>	<u>\$ 2,178,386</u>	<u>\$ 2,172,107</u>	<u>\$ 61,387</u>



**City of Phoenix**



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*Financial Section*

**Other Supplementary  
Information –**

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







**City of Phoenix**

**City of Phoenix, Arizona**
**Exhibit G-1**
**Phoenix Housing Finance Corporations (Discretely Presented Component Units)  
Combining Statement of Net Position**

June 30, 2016

(in thousands)

	<b>Phoenix Housing Finance Corporation</b>	<b>City of Phoenix Municipal Housing Corporation</b>	<b>Phoenix Central City Revitalization Corporation &amp; LLC</b>	<b>Phoenix South Mountain Housing Corporation</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ —	\$ 52	\$ 876	\$ —
Cash Deposits	—	—	771	—
Cash and Securities with Fiscal Agents/Trustees	30	—	—	116
Receivables, Net of Allowances	4,612	—	611	2,529
Prepaid Items	—	—	23	—
Capital Assets, at Cost				
Non-depreciable	—	—	13,205	—
Depreciable (net)	—	—	1,687	—
Total Assets	4,642	52	17,173	2,645
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on Refunding Certificates	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—
<b>LIABILITIES</b>				
Accounts Payable	173	—	—	—
Reimbursement Agreement to City	—	—	3,298	—
Trust Liabilities and Deposits	—	—	66	—
Advance Payments	—	—	37	—
Liabilities Payable from Restricted Assets	—	—	—	—
Interest Payable	—	—	671	—
Noncurrent Liabilities				
Due in More Than One Year				
Notes Payable to City	—	—	15,560	—
Total Liabilities	173	—	19,632	—
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	—	—	—	—
<b>NET POSITION</b>				
Net Investment in Capital Assets	—	—	(3,966)	—
Unrestricted	4,469	52	1,507	2,645
Total Net Position	\$ 4,469	\$ 52	\$ (2,459)	\$ 2,645

**Exhibit G-1**

(continued)

<b>Phoenix South Mountain Housing Transformation Corporation, Summit, LLC</b>	<b>Phoenix Green Housing Corporation</b>	<b>Phoenix East Revitalization Corporation</b>	<b>Phoenix Inner Beltway Housing Corporation</b>	<b>Phoenix Residential Investment Development Effort</b>	<b>Total</b>
\$ 595	\$ 968	\$ 1,056	\$ —	\$ —	\$ 3,547
683	—	—	—	896	2,350
—	—	—	—	—	146
836	19	—	2,625	31	11,263
27	—	—	—	85	135
6,189	—	—	—	7,646	27,040
4,563	—	—	—	7,920	14,170
<b>12,893</b>	<b>987</b>	<b>1,056</b>	<b>2,625</b>	<b>16,578</b>	<b>58,651</b>
—	—	—	—	40	40
—	—	—	—	40	40
80	—	—	—	50	303
—	—	—	—	—	3,298
47	—	—	—	79	192
5	—	—	—	23	65
—	—	—	—	56	56
—	—	—	—	669	1,340
<b>5,532</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17,809</b>	<b>38,901</b>
<b>5,664</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,686</b>	<b>44,155</b>
—	—	—	—	—	—
6,056	—	—	—	(2,202)	(112)
1,173	987	1,056	2,625	134	14,648
<b>\$ 7,229</b>	<b>\$ 987</b>	<b>\$ 1,056</b>	<b>\$ 2,625</b>	<b>\$ (2,068)</b>	<b>\$ 14,536</b>

**City of Phoenix, Arizona**

**Exhibit G-2**

**Phoenix Housing Finance Corporations (Discretely Presented Component Units)**

**Combining Statement of Revenues, Expenses and Changes in Net Position**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>Phoenix Housing Finance Corporation</b>	<b>City of Phoenix Municipal Housing Corporation</b>	<b>Phoenix Central City Revitalization Corporation &amp; LLC</b>	<b>Phoenix South Mountain Housing Corporation</b>
<b>Revenues</b>				
Rental Income	\$ —	\$ —	\$ 2,924	\$ —
Other Income	—	—	346	—
Interest Income	—	—	—	—
Post Construction Interest	—	—	—	86
Total Revenues	—	—	3,270	86
<b>Operating Expenses</b>				
Salaries	—	—	900	—
Advertising	—	—	34	—
Maintenance	—	—	771	—
Administrative Costs	—	(2)	151	—
Utilities	—	—	520	—
Insurance	—	—	36	—
Interest Expense	—	—	103	—
Other	—	—	154	—
Depreciation	—	—	191	—
Total Operating Expenses	—	(2)	2,860	—
Change in Net Position	—	2	410	86
Net Position, July 1	4,469	50	(2,869)	2,559
Net Position, June 30	\$ 4,469	\$ 52	\$ (2,459)	\$ 2,645

**Exhibit G-2**  
(continued)

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$ 1,102	— \$	— \$	— \$	2,326 \$	6,352
42	10	—	—	216	614
—	—	—	—	6	6
—	—	—	—	—	86
1,144	10	—	—	2,548	7,058
338	—	—	—	671	1,909
21	—	—	—	15	70
268	—	—	—	684	1,723
76	—	—	—	179	404
248	—	—	—	674	1,442
36	—	—	—	65	137
—	—	—	—	183	286
126	—	—	—	72	352
234	—	—	—	255	680
1,347	—	—	—	2,798	7,003
(203)	10	—	—	(250)	55
7,432	977	1,056	2,625	(1,818)	14,481
\$ 7,229	\$ 987	\$ 1,056	\$ 2,625	\$ (2,068)	\$ 14,536



**City of Phoenix**



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*Financial Section*

**Other Supplementary  
Information –**

**Other Supporting Schedules**







**City of Phoenix**

**City of Phoenix, Arizona**
**Exhibit H-1**
**Summary of Operating Funds - Budget Basis**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	Resources					
	Fund Balances July 1	Revenues	Recoveries	Fund Transfers		Total
				From	To	
<b>General Purpose Funds</b>						
General Fund	\$ 100,435	\$ 323,358	\$ 1,717	\$ 775,876	\$ (22,320)	\$ 1,179,066
Excise Tax	—	1,127,925	—	—	(1,127,925)	—
Total General Purpose Funds	100,435	1,451,283	1,717	775,876	(1,150,245)	1,179,066
<b>Federal Funds</b>						
Transit - Federal Grants	—	57,277	185	1	(9)	57,454
Grants						
Human Services	—	44,289	24	—	—	44,313
Community Development	—	21,344	19	—	—	21,363
Federal Operating Trust	—	35,047	30	—	—	35,077
Public Housing Hope VI	2,004	1,410	1	—	—	3,415
Total Federal Funds	2,004	159,367	259	1	(9)	161,622
<b>Other Special Revenue and Debt Service Funds</b>						
Highway User Revenue	41,208	117,604	746	99	(20,000)	139,657
Transit 2000	272,795	53,006	265	56,479	(50,844)	331,701
Transportation Tax 2050	—	120	—	118,712	—	118,832
Transit - Other Agency	(13,910)	41,158	1	—	—	27,249
Court Awards	3,456	3,173	3	—	—	6,632
Parks and Preserves	39,287	411	79	28,705	(22)	68,460
Development Services	33,631	51,196	39	—	(2,974)	81,892
Community Reinvestment	13,111	5,456	36	—	(2,065)	16,538
Public Housing	10,075	80,226	44	—	(235)	90,110
Sports Facilities	18,261	7,840	421	21,456	(275)	47,703
Capital Construction	3,165	92	230	12,875	—	16,362
Other Restricted	61,698	27,006	114	21,499	(2,451)	107,866
Neighborhood Protection	17,062	351	—	28,706	(219)	45,900
Public Safety Enhancement	(2,897)	—	—	25,331	(206)	22,228
Public Safety Expansion	(6,938)	(55)	—	57,410	(518)	49,899
Golf Courses	—	6,008	10	1	—	6,019
Secondary Property Tax Debt Service	100	55,226	—	70,797	—	126,123
City Improvement	6	—	—	85,222	(1,024)	84,204
Regional Wireless Cooperative	2,881	4,298	1	—	—	7,180
Total Other Funds	492,991	453,116	1,989	527,292	(80,833)	1,394,555
<b>Enterprise Funds</b>						
Aviation	327,287	360,163	1,192	3	(24,949)	663,696
Phoenix Convention Center	38,499	23,054	170	46,542	(2,622)	105,643
Water System	96,293	390,856	3,115	6	(18,864)	471,406
Water System - Val Vista	1,396	17,093	2	—	(534)	17,957
Wastewater	103,499	198,785	976	—	(10,663)	292,597
Wastewater - SROG	7,010	43,759	38	—	(1,658)	49,149
Solid Waste	47,794	147,227	814	—	(12,150)	183,685
Total Enterprise Funds	621,778	1,180,937	6,307	46,551	(71,440)	1,784,133
Total Operating Funds	\$ 1,217,208	\$ 3,244,703	\$ 10,272	\$ 1,349,720	\$ (1,302,527)	\$ 4,519,376
Other Transfers - Non-budgeted Funds				27,267	(73,921)	
Debt Service Adjustment (2)				(539)	—	
				1,376,448	(1,376,448)	

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

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

**Exhibit H-1**

(Continued)

**Expenditures and Encumbrances**

<b>Current Operating (1)</b>	<b>Capital Impr. Program</b>	<b>Debt Service</b>	<b>Lease- Purchase</b>	<b>Total</b>	<b>Fund Balances June 30</b>
\$ 1,062,738	\$ 3,784	\$ —	\$ —	\$ 1,066,522	\$ 112,544
—	—	—	—	—	—
1,062,738	3,784	—	—	1,066,522	112,544
15,417	42,037	—	—	57,454	—
44,313	—	—	—	44,313	—
16,345	1,059	—	—	17,404	3,959
33,757	1,320	—	—	35,077	—
182	716	—	—	898	2,517
110,014	45,132	—	—	155,146	6,476
48,879	38,856	—	—	87,735	51,922
149,771	6,744	—	—	156,515	175,186
—	11,975	—	—	11,975	106,857
28,504	12,746	—	—	41,250	(14,001)
4,641	2,080	—	—	6,721	(89)
3,225	17,917	—	—	21,142	47,318
35,302	350	—	—	35,652	46,240
322	4,055	—	—	4,377	12,161
78,377	3,039	—	—	81,416	8,694
2,599	250	3	18,398	21,250	26,453
203	10,122	—	—	10,325	6,037
29,552	4,405	—	—	33,957	73,909
27,779	—	—	—	27,779	18,121
17,846	—	—	—	17,846	4,382
45,659	—	—	—	45,659	4,240
5,702	—	—	—	5,702	317
—	—	126,023	—	126,023	100
—	—	513	83,691	84,204	—
4,854	—	—	—	4,854	2,326
483,215	112,539	126,539	102,089	824,382	570,173
230,236	54,493	52,934	—	337,663	326,033
40,902	3,855	—	19,007	63,764	41,879
166,989	86,746	113,277	—	367,012	104,394
14,937	1,941	—	—	16,878	1,079
67,152	32,110	78,020	—	177,282	115,315
38,750	5,047	—	—	43,797	5,352
104,880	9,697	1,381	13,048	129,006	54,679
663,846	193,889	245,612	32,055	1,135,402	648,731
\$ 2,319,813	\$ 355,344	\$ 372,151	\$ 134,144	\$ 3,181,452	\$ 1,337,924

**City of Phoenix, Arizona**  
**Summary of Capital Projects Funds**  
**Budget Basis**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit H-2**

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
General Government					
2001 Bond Program	\$ (51)	—	—	—	—
2006 Bond Program	4,661	—	90	—	—
2010 Lease Purchase	(2,383)	—	—	—	—
2013 Lease Purchase	(5,587)	—	—	—	—
General Gov't Lease Purchase	605	—	5	—	122
Mega IV Lease Purchase	4,406	—	—	—	—
Mega V Lease Purchase	993	—	2	281	94
Regional Wireless	(13,603)	121	142	6,607	—
Sports Facilities Capital Reserve	12,876	—	36	—	—
Trunked Radio System	179	—	—	—	—
	2,096	121	275	6,888	216
Public Safety					
1988 Bond Program	27	—	—	—	—
2001 Bond Program	(451)	—	—	—	—
2006 Bond Program	2,458	—	—	—	101
Impact Fees	3,779	—	41	1,881	—
Other Cities Reimbursement - 800Mhz	289	—	—	—	—
	6,102	—	41	1,881	101
Transportation					
1988 Bond Program	845	—	—	—	—
2001 Bond Program	(457)	—	—	—	—
2006 Bond Program	8,622	—	—	—	728
AHUR Capital Reserve	16,901	5,343	138	—	896
American Rec. & Reinv. Act of 2009	(1)	—	—	—	—
Federal Aid - Street Transportation	(9,274)	6,145	—	—	149
Federal Transportation Administration Grants	(17,830)	15,223	—	—	43
Impact Fees	6,287	—	61	2,046	91
State Aid - Street Transportation	(3,080)	8,561	—	318	3,767
	2,013	35,272	199	2,364	5,674
Public Works					
1988 Bond Program	2	—	—	—	—
2001 Bond Program	50	—	—	—	—
2006 Bond Program	(547)	—	—	—	7
Capital Replacement Fund	7,104	—	61	435	321
Impact Fees	7,671	—	87	1,303	—
	14,280	—	148	1,738	328
Community Enrichment					
1988 Bond Program	413	—	—	—	—
2001 Bond Program	2,950	—	—	—	—
2006 Bond Program	4,893	—	—	—	49
Impact Fees	26,221	—	230	2,459	61
Parks & Rec Grants	361	—	—	—	—
Parks and Rec Dept Capital Gifts	(75)	—	—	360	—
Parks land sale proceeds	2,152	—	18	—	—
	36,915	—	248	2,819	110
Community Development					
1989 Bond Progam	2	—	—	—	—
2001 Bond Program	5,845	—	—	—	80
2006 Bond Program	549	—	—	—	226
830 E Jefferson Remodel	(13)	—	—	—	—
Federal Modernization Grants	824	10,704	22	—	40
Impact Fees	2,050	—	45	3	154
	\$ 9,257	\$ 10,704	\$ 67	\$ 3	\$ 500

## Exhibit H-2

(Continued)

Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Ending Balances, June 30	Bonds Available for Sale
			Expenditures and Encumbrances			
\$	— \$	— \$	(51) \$	— \$	(51) \$	615
—	—	4,751	(218)	4,533	4,790	
—	2,891	508	(25)	483	—	
—	786	(4,801)	—	(4,801)	—	
—	—	732	(181)	551	—	
—	—	4,406	—	4,406	—	
—	(3,677)	(2,307)	—	(2,307)	—	
—	4,264	(2,469)	(20,567)	(23,036)	—	
—	(2,558)	10,354	—	10,354	—	
—	—	179	—	179	—	
—	1,706	11,302	(20,991)	(9,689)	5,405	
—	—	27	—	27	—	
—	—	(451)	(73)	(524)	1,915	
—	—	2,559	(2,402)	157	36,700	
—	—	5,701	(1,498)	4,203	—	
—	—	289	—	289	—	
—	—	8,125	(3,973)	4,152	38,615	
—	—	845	—	845	1,000	
—	—	(457)	—	(457)	2,225	
—	—	9,350	(2,724)	6,626	23,865	
—	—	23,278	(1,091)	22,187	—	
—	—	(1)	—	(1)	—	
—	—	(2,980)	(4,965)	(7,945)	—	
—	(555)	(3,119)	(733)	(3,852)	—	
—	—	8,485	(1)	8,484	—	
—	—	9,566	(17,080)	(7,514)	—	
—	(555)	44,967	(26,594)	18,373	27,090	
—	(2)	—	—	—	—	
—	282	332	—	332	305	
—	(280)	(820)	(89)	(909)	9,669	
—	—	7,921	—	7,921	—	
—	—	9,061	(1,564)	7,497	—	
—	—	16,494	(1,653)	14,841	9,974	
—	—	413	—	413	—	
—	—	2,950	(17)	2,933	7,400	
—	—	4,942	(545)	4,397	26,056	
—	—	28,971	(3,483)	25,488	—	
—	—	361	—	361	—	
—	—	285	(258)	27	—	
—	—	2,170	(209)	1,961	—	
—	—	40,092	(4,512)	35,580	33,456	
—	—	2	—	2	—	
—	—	5,925	(9)	5,916	3,150	
—	—	775	(701)	74	34,665	
—	—	(13)	—	(13)	—	
—	—	11,590	(13,726)	(2,136)	—	
—	—	2,252	(980)	1,272	—	
\$	— \$	— \$	20,531 \$	(15,416) \$	5,115 \$	37,815

**City of Phoenix, Arizona**  
**Summary of Capital Projects Funds**  
**Budget Basis**  
For Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit H-2**  
(Continued)

	Resources					Recovery of Prior Years Expenditures	
	Beginning Balances, July 1	Current Revenue			Other		
		Grants	Interest	—			
Aviation							
Airport Facilities Improvement Grants	\$ (21,865)	\$ 20,463	\$ —	\$ —	\$ 625		
Airport Revenue Bonds	(123,342)	—	—	—	—	232	
Aviation Commercial Paper Fund	40,000	—	12	—	—	—	
CFC City Improvement Reserves/Surplus	21,732	—	135	—	—	—	
CFC Trustee-Improvement Reserves/Surplus	56,550	—	70	47,035	—	—	
City Improvement Aviation Bonds	120,761	—	—	—	—	—	
Passenger Facility Charges	74,968	—	921	84,186	2,450		
Senior Lien Airport Revenue Bonds	(1,179)	—	(1)	—	—	129	
Transportation Security Admin Grant	4,647	9,121	10	—	—	—	
	172,272	29,584	1,147	131,221	—	3,436	
Phoenix Convention Center							
CC Expansion Series B	9,665	20,449	67	—	—	—	
	9,665	20,449	67	—	—	—	
Water System							
CIC Water Bonds	519	—	—	—	—	394	
Impact Fees	35,447	—	315	5,056	—	75	
Special Water Improvement	100,005	—	—	—	—	—	
Val Vista - Other Agencies' Participation	(254)	—	—	6,605	—	—	
	135,717	—	315	11,661	—	469	
Wastewater							
CIC WasteWater Bonds	198	—	—	—	—	5	
Impact Fees	46,065	—	403	4,227	—	—	
Special Wastewater Improvement	53,000	—	—	—	—	—	
SROG - Other Agencies' Participation	(1,846)	—	—	1,684	—	—	
	97,417	—	403	5,911	—	5	
Solid Waste							
End Use Reserve	14,570	—	125	—	—	63	
Solid - Mega IV	507	—	77	—	—	2,029	
Solid Waste Disposal CIC Bonds Prin/Int	4	—	—	—	—	—	
Solid Waste Remediation Funds	5,739	—	72	—	—	125	
	20,820	—	274	—	—	2,217	
	\$ 506,554	\$ 96,130	\$ 3,184	\$ 164,486	\$ 13,056		

## Exhibit H-2

(Continued)

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Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Ending Balances, June 30	Bonds Available for Sale
			Expenditures and Encumbrances			
\$ —	\$ 11,981	\$ 11,204	\$ (42,518)	\$ (31,314)	\$ —	—
—	101,958	(21,152)	(281,057)	(302,209)	—	—
90,000	(98,766)	31,246	(9,040)	22,206	—	—
—	782	22,649	—	22,649	—	—
—	(15,619)	88,036	(21,280)	66,756	—	—
27,205	(20,007)	127,959	(145)	127,814	—	—
753	1,757	165,035	(130,171)	34,864	—	—
—	2,240	1,189	—	1,189	—	—
—	(10,891)	2,887	—	2,887	—	—
117,958	(26,565)	429,053	(484,211)	(55,158)	—	—
—	—	30,181	(20,449)	9,732	—	—
—	—	30,181	(20,449)	9,732	—	—
—	—	913	(1,318)	(405)	—	—
—	—	40,893	(14)	40,879	—	—
—	—	100,005	—	100,005	—	—
—	—	6,351	(6,785)	(434)	—	—
—	—	148,162	(8,117)	140,045	—	—
—	—	203	151	354	—	—
—	—	50,695	(507)	50,188	—	—
—	—	53,000	—	53,000	—	—
—	—	(162)	(7,214)	(7,376)	—	—
—	—	103,736	(7,570)	96,166	—	—
—	1,278	16,036	—	16,036	—	—
—	—	2,613	(1,344)	1,269	—	—
—	—	4	—	4	—	—
—	—	5,936	(1,053)	4,883	—	—
—	1,278	24,589	(2,397)	22,192	—	—
\$ 117,958	\$ (24,136)	\$ 877,232	\$ (595,883)	\$ 281,349	\$ 152,355	

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

For the Fiscal Years Ended June 30, 2016 and 2015  
(in thousands)

**Exhibit H-3**

	Operating Funds (1)		Capital Funds		Totals	
	2016	2015	2016	2015	2016	2015
General Government						
Information Technology	\$ 5,336	\$ 4,320	\$ 10,754	\$ 12,681	\$ 16,090	\$ 17,001
Regional Wireless	—	—	9,812	5,926	9,812	5,926
Finance Projects	222	967	181	791	403	1,758
	5,558	5,287	20,747	19,398	26,305	24,685
Public Safety						
Fire Protection	1,159	38	1,343	1,942	2,502	1,980
Police Protection	2,080	555	2,848	69	4,928	624
	3,239	593	4,191	2,011	7,430	2,604
Transportation						
Street Transportation and Drainage	60,949	56,272	28,425	29,834	89,374	86,106
Transit	61,361	65,480	734	18,696	62,095	84,176
	122,310	121,752	29,159	48,530	151,469	170,282
Public Works						
Energy Conservation	1,453	1,175	—	—	1,453	1,175
Facilities Management	1,645	2,172	89	3,701	1,734	5,873
	3,098	3,347	89	3,701	3,187	7,048
Community Enrichment						
Arts and Cultural Facilities	—	9	—	—	—	9
Libraries	200	58	498	311	698	369
Parks and Mountain Preserves	18,473	14,534	4,041	7,284	22,514	21,818
	18,673	14,601	4,539	7,595	23,212	22,196
Community Development						
Economic/Downtown Development	6,555	4,896	255	3	6,810	4,899
Human Services	—	6	—	11	—	17
Historic Preservation	—	—	328	454	328	454
Housing / HOPE VI	5,152	5,310	13,726	6,154	18,878	11,464
Neighborhood Development	1,014	127	135	332	1,149	459
	12,721	10,339	14,444	6,954	27,165	17,293
Aviation	53,688	16,752	484,211	242,868	537,899	259,620
Convention Center	4,105	4,184	20,449	20,449	24,554	24,633
Water System	90,992	114,941	8,100	2,254	99,092	117,195
Wastewater	34,641	37,578	7,546	2,302	42,187	39,880
Solid Waste	6,373	21,838	2,408	994	8,781	22,832
	\$ 355,398	\$ 351,212	\$ 595,883	\$ 357,056	\$ 951,281	\$ 708,268

- (1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2016 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 54,493
Convention Center	3,855
Water	86,746
Water - Val Vista	1,941
Wastewater	32,110
Wastewater - SROG	5,047
Solid Waste	9,697
	<u>\$ 193,889</u>

**City of Phoenix, Arizona**
**Exhibit H-4**
**Transfers To/From Other Funds**

For the Fiscal Year Ended June 30, 2016

(in thousands)

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Enterprise Funds</b>	<b>Totals</b>
<b>Transfers From</b>						
<b>General Fund</b>	\$ —	\$ 16,825 (1)	\$ 34,639 (2)	\$ 3,332 (3)	\$ 46,509	\$ 101,305
<b>Special Revenue</b>						
Highway User Revenue	—	20,000 (4)	—	—	—	20,000
Transit	88	—	50,026 (5)	4 (3)	—	50,118
Development Services	2,065	—	—	—	—	2,065
Public Housing	163	—	72 (5)	—	—	235
Public Safety Enhancement	44	—	—	—	—	44
Neighborhood Protection	22	—	—	—	—	22
Other Restricted	2,229	—	—	—	—	2,229
Total Special Revenue	4,611	20,000	50,098	4	—	74,713
<b>Debt Service</b>						
City Improvement	—	—	—	1,024 (3)	—	1,024
Total Debt Service	—	—	—	1,024	—	1,024
<b>Capital Projects</b>						
Parks & Preserves	22	—	—	—	—	22
Public Housing	—	—	—	8 (7)	—	8
Municipal Buildings and Service Centers	—	—	1,024 (5)	4,591 (7) (8)	—	5,615
Sports and Cultural Facilities	—	—	2,558 (6)	—	—	2,558
Total Capital Projects	22	—	3,582	4,599	—	8,203
<b>Enterprise</b>						
Aviation	—	—	—	330 (3)	—	330
Phoenix Convention Center	110	—	—	11 (3)	—	121
Water System	12,123	—	—	224 (3)	—	12,347
Wastewater	7,470	—	—	149 (3)	—	7,619
Solid Waste	1,248	—	—	213 (3)	—	1,461
Total Enterprise	20,951	—	—	927	—	21,878
Totals	\$ 25,584	\$ 36,825	\$ 88,319	\$ 9,886	\$ 46,509	\$ 207,123

(1) Highway User Revenue, Other Restricted

(6) Sports Facilities

(2) City Improvement, Special Assessments

(7) Police and Fire Protection

(3) Municipal Buildings and Service Centers

(8) Street Improvements, Parks, Recreation and Libraries

(4) Transit

(5) City Improvement

**City of Phoenix, Arizona**  
**Budgetary Transfers - Budget Basis**  
For the Fiscal Year Ended June 30, 2016  
(in thousands)

**Exhibit H-5**

	Transfers to					
	General Fund			Special Revenue		
	Staff and Administrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neighborhood Protection	Transit 2000
<b>Transfers from</b>						
<b>General Fund</b>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Special Revenue Funds</b>						
Excise Tax	—	—	716,736	716,736	28,676	55,915
Highway User Revenue	—	—	—	—	—	—
Transit 2000	725	—	—	725	—	—
Federal Transit Grants	—	—	—	—	—	—
Development Services	2,974	—	—	2,974	—	—
Community Reinvestment	—	—	2,065	2,065	—	—
Public Housing	—	163	—	163	—	—
Sports Facilities	196	—	79	275	—	—
Parks and Preserves	—	—	—	—	—	—
Other Restricted	222	—	2,229	2,451	—	—
Neighborhood Protection	197	—	—	197	—	—
Public Safety Enhancement	206	—	—	206	—	—
Public Safety Expansion	474	—	—	474	—	—
Total Special Revenue	4,994	163	721,109	726,266	28,676	55,915
<b>Debt Service Funds</b>						
City Improvement	—	—	—	—	—	—
Total Debt Service	—	—	—	—	—	—
<b>Enterprise Funds</b>						
Aviation	7,716	—	388	8,104	30	—
Phoenix Convention Center	2,501	—	—	2,501	—	—
Water System	6,517	12,123	—	18,640	—	—
Water System - Val Vista	534	—	—	534	—	—
Wastewater	3,044	7,470	—	10,514	—	—
Wastewater - SROG	1,658	—	—	1,658	—	—
Solid Waste	6,411	1,248	—	7,659	—	—
Total Enterprise	28,381	20,841	388	49,610	30	—
<b>Other Funds not Budgeted</b>						
Transit Capital	—	—	—	—	—	564
Debt Service Early Redemption	—	—	—	—	—	—
Sports and Cultural Facilities Capital	—	—	—	—	—	—
Golf Operating	—	—	—	—	—	—
Aviation Capital	—	—	—	—	—	—
Total Other Funds not Budgeted	—	—	—	—	—	564
<b>Totals</b>	<b>\$ 33,375</b>	<b>\$ 21,004</b>	<b>\$ 721,497</b>	<b>\$ 775,876</b>	<b>\$ 28,706</b>	<b>\$ 56,479</b>

- (1) Transfer to Highway User Revenue (\$99), Other Restricted (\$16,726) Special Revenue Funds
- (2) Transfer to Capital Construction (\$12,875), Sports Facilities (\$17,874), Parks and Preserves (\$28,675), Public Safety Enhancement (\$25,331), Public Safety Expansion (\$57,350), Other Restricted (\$4,773), Transportation Tax 2050 (\$98,593) Special Revenue Funds
- (3) Transfer to Transportation Tax 2050 Special Revenue Fund
- (4) Transfer to Federal Transit Grants Special Revenue Fund
- (5) Transfer to Municipal Buildings and Service Centers Capital Projects Fund
- (6) Transfer to Parks and Preserves (\$30), Public Safety Expansion (\$60), Transportation Tax 2050 (\$119) Special Revenue Funds
- (7) Transfer to Sports Facilities Special Revenue Fund
- (8) Transfer to City Improvement Debt Service Fund
- (9) Transfer to Secondary Property Tax Debt Service Fund
- (10) Transfer to Aviation (\$2), Water (\$6) Enterprise Funds
- (11) Transfer to Aviation Enterprise Fund

**Exhibit H-5**

(Continued)

Funds		Transfers to						Funds Not Budgeted		
		Debt Service Funds	Enterprise Funds		Other	Infrastructure Repayment Agreement	Other			
Other		Phoenix Convention Center	Other							
\$ 16,825	(1)	\$ —	\$ —	\$ 8	(10)	\$ 2,155	\$ 3,332	(5)	\$ 22,320	
245,471	(2)	34,626	(8)	46,501	—	—	—	—	1,127,925	
20,000	(3)	—	—	—	—	—	—	—	20,000	
1 (4)	50,026	(8)	—	—	88	4 (5)	9 (13)	9	50,844	
—	—	—	—	—	—	—	—	—	2,974	
—	—	—	—	—	—	—	—	—	2,065	
—	72	(8)	—	—	—	—	—	—	235	
—	—	—	—	—	—	—	—	—	275	
—	—	—	—	—	22	—	—	—	22	
—	—	—	—	—	—	—	—	—	2,451	
—	—	—	—	—	22	—	—	—	219	
—	—	—	—	—	—	—	—	—	206	
—	—	—	—	—	44	—	—	—	518	
265,472		84,724	46,501	—	176	13	13	1,207,743		
1,024	(5)	—	—	—	—	—	—	—	1,024	
1,024		—	—	—	—	—	—	—	1,024	
209	(6)	—	—	—	—	—	16,606	(14)	24,949	
—	—	—	—	—	110	11 (5)	—	—	2,622	
—	—	—	—	—	—	224 (5)	—	—	18,864	
—	—	—	—	—	—	—	—	—	534	
—	—	—	—	—	—	149 (5)	—	—	10,663	
—	—	—	—	—	—	—	—	—	1,658	
—	—	—	—	—	—	4,491 (15)	—	—	12,150	
209		—	—	—	110	21,481	—	—	71,440	
—	—	—	—	—	—	—	—	—	564	
—	70,797	(9)	—	—	—	—	—	—	70,797	
2,558	(7)	—	—	—	—	—	—	—	2,558	
—	—	—	—	1 (11)	—	—	—	—	1	
—	—	—	—	1 (12)	—	—	—	—	1	
2,558		70,797	—	2	—	—	—	—	73,921	
\$ 286,088		\$ 155,521	\$ 46,501	\$ 10	\$ 2,441	\$ 24,826	\$ 24,826	\$ 1,376,448		

(12) Transfer to Golf Courses Special Revenue Fund

(13) Transfer to Transit Capital Projects Fund

(14) Transfer to Aviation Capital Fund (\$8,276), Municipal Buildings and Service Centers Capital Projects Fund (\$330), Interest Alignment Trust Fund (\$8,000)

(15) Transfer to Solid Waste Capital Reserve Fund (\$1,278), Municipal Buildings and Service Centers Capital Projects Fund (\$213), Interest Alignment Trust Fund (\$3,000)

**City of Phoenix, Arizona**  
**Bonds and Other Debt Payable**  
June 30, 2016  
(in thousands)

**Exhibit H-6**

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Appreciat ion	Outstanding at June 30, 2016 (1)		
						Payable from		
						Total	General Property Taxes	City Revenues/ Other (2)
<b>General Obligation Bonds</b>								
6% Limitation								
Various Purpose	\$ 669,765	\$ 605,445	\$ 64,320	\$ 337,125	\$ —	\$ 268,320	\$ 268,320	\$ —
Solid Waste	28,845	28,845	—	22,330	—	6,515	—	6,515
20% Limitation								
Various Purpose	1,831,905	1,743,870	88,035	706,870	—	1,037,000	1,037,000	—
Airport	30,435	30,435	—	22,570	—	7,865	—	7,865
Sanitary Sewers	70,740	70,740	—	66,215	—	4,525	—	4,525
Water	112,949	112,949	—	100,459	—	12,490	—	12,490
Total General Obligation Bonds	2,744,639	2,592,284	152,355	1,255,569	—	1,336,715	1,305,320	31,395
<b>Revenue Bonds/Bank Loans</b>								
Hotel	305,940	305,940	—	—	—	305,940	—	305,940
Wastewater	17,591	17,591	—	6,039	—	11,552	—	11,552
Water	6,520	6,520	—	3,101	—	3,419	—	3,419
Total Revenue Bonds/ Bank Loans	330,051	330,051	—	9,140	—	320,911	—	320,911
Total General Obligation and Revenue Bonds/ Bank Loans	3,074,690	2,922,335	152,355	1,264,709	—	1,657,626	1,305,320	352,306
<b>Municipal Corporation Obligations</b>								
General Government	1,648,346	1,648,346	—	1,084,716	—	563,630	—	563,630
Enterprise	7,040,071	7,040,071	—	3,155,657	111,676	3,996,090	—	3,996,090
Total Municipal Corporation Obligations	8,688,417	8,688,417	—	4,240,373	111,676	4,559,720	—	4,559,720
<b>Special Assessment Bonds</b>								
Subtotal	229	229	—	115	—	114	—	114
Downtown Phoenix Hotel Corp. Bonds-Component Unit	11,763,336	11,610,981	152,355	5,505,197	111,676	6,217,460	1,305,320	4,912,140
Totals	350,000	350,000	—	350,000	—	—	—	—
	\$12,113,336	\$11,960,981	\$ 152,355	\$ 5,855,197	\$ 111,676	\$ 6,217,460	\$ 1,305,320	\$ 4,912,140

- (1) Net of July 1, 2015 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in the general obligation reserve fund. General obligation reserve fund balance totaled \$112 million on June 30, 2016.
- (2) These bonds are supported by City enterprise revenues, excise taxes, special revenues, special assessments, and grants.

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

**Exhibit H-7**

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

June 30, 2016

(in thousands)

Fiscal Year	General Government (2)			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016-17	\$ 47,275	\$ 12,062	\$ 59,337	\$ 1,090	\$ 294	\$ 1,384	\$ 48,365	\$ 12,356	\$ 60,721
2017-18	46,485	9,949	56,434	1,150	245	1,395	47,635	10,194	57,829
2018-19	33,890	7,880	41,770	1,675	193	1,868	35,565	8,073	43,638
2019-20	54,310	6,307	60,617	1,265	123	1,388	55,575	6,430	62,005
2020-21	45,440	3,863	49,303	650	60	710	46,090	3,923	50,013
2021-22	29,840	1,827	31,667	685	31	716	30,525	1,858	32,383
2022-23	4,255	399	4,654	—	—	—	4,255	399	4,654
2023-24	6,825	273	7,098	—	—	—	6,825	273	7,098
	<b>\$ 268,320</b>	<b>\$ 42,560</b>	<b>\$ 310,880</b>	<b>\$ 6,515</b>	<b>\$ 946</b>	<b>\$ 7,461</b>	<b>\$ 274,835</b>	<b>\$ 43,506</b>	<b>\$ 318,341</b>

(1) Various purpose general obligation bonds are limited to 6% of assessed valuation, except for bonds issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and street and transportation facilities, which are limited to 20% of assessed valuation (see Exhibit H-8).

(2) Includes all property tax supported various purpose general obligation bonds limited to 6% of assessed valuation.

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

**Exhibit H-8**

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

June 30, 2016  
(in thousands)

<b>Fiscal Year</b>	<b>General Government (2)</b>			<b>Airport Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016-17	\$ 23,025	\$ 44,764	\$ 67,789	\$ —	\$ 197	\$ 197
2017-18	20,915	43,563	64,478	—	197	197
2018-19	36,850	42,555	79,405	4,520	197	4,717
2019-20	40,935	40,917	81,852	3,345	83	3,428
2020-21	64,345	39,221	103,566	—	—	—
2021-22	84,760	36,666	121,426	—	—	—
2022-23	109,770	33,342	143,112	—	—	—
2023-24	108,390	28,656	137,046	—	—	—
2024-25	120,210	23,969	144,179	—	—	—
2025-26	95,650	18,766	114,416	—	—	—
2026-27	99,535	14,849	114,384	—	—	—
2027-28	42,655	10,935	53,590	—	—	—
2028-29	28,940	9,130	38,070	—	—	—
2029-30	29,985	7,719	37,704	—	—	—
2030-31	31,065	6,257	37,322	—	—	—
2031-32	32,185	4,743	36,928	—	—	—
2032-33	33,310	3,211	36,521	—	—	—
2033-34	34,475	1,625	36,100	—	—	—
	<b>\$ 1,037,000</b>	<b>\$ 410,888</b>	<b>\$ 1,447,888</b>	<b>\$ 7,865</b>	<b>\$ 674</b>	<b>\$ 8,539</b>

(1) Various purpose bonds limited to 20% of assessed valuation are those issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and streets and transportation facilities. Other general obligation bonds are limited to 6% of assessed valuation (see Exhibit H-7).

(2) Includes all property tax supported various purpose general obligation bonds limited to 20% of assessed valuation.

**Exhibit H-8**  
(Continued)

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 15,680	\$ 1,195	\$ 16,875	\$ 6,338	\$ 464	\$ 6,802	\$ 40,933	\$ 47,481	\$ 88,414
5,755	556	6,311	1,271	263	1,534	30,051	45,780	75,831
—	197	197	1,335	204	1,539	22,250	44,161	66,411
—	197	197	1,409	143	1,552	42,779	43,091	85,870
6,735	196	6,931	1,724	91	1,815	52,739	41,288	94,027
—	—	—	810	31	841	65,155	39,252	104,407
—	—	—	—	—	—	84,760	36,666	121,426
—	—	—	—	—	—	109,770	33,342	143,112
—	—	—	—	—	—	108,390	28,656	137,046
—	—	—	—	—	—	120,210	23,969	144,179
—	—	—	—	—	—	95,650	18,766	114,416
—	—	—	—	—	—	99,535	14,849	114,384
—	—	—	—	—	—	42,655	10,935	53,590
—	—	—	—	—	—	28,940	9,130	38,070
—	—	—	—	—	—	29,985	7,719	37,704
—	—	—	—	—	—	31,065	6,257	37,322
—	—	—	—	—	—	32,185	4,743	36,928
—	—	—	—	—	—	33,310	3,211	36,521
—	—	—	—	—	—	34,475	1,625	36,100
<b>\$ 28,170</b>	<b>\$ 2,341</b>	<b>\$ 30,511</b>	<b>\$ 12,887</b>	<b>\$ 1,196</b>	<b>\$ 14,083</b>	<b>\$ 1,104,837</b>	<b>\$ 460,921</b>	<b>\$ 1,565,758</b>

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

June 30, 2016

(in thousands)

**Exhibit H-9**

<b>Fiscal Year</b>	<b>General Obligation (1)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016-17	\$ 78,040	\$ 58,061	\$ 136,101
2017-18	69,495	54,294	123,789
2018-19	77,940	51,119	129,059
2019-20	107,895	47,686	155,581
2020-21	110,810	43,159	153,969
2021-22	115,285	38,524	153,809
2022-23	114,025	33,741	147,766
2023-24	115,215	28,929	144,144
2024-25	120,210	23,969	144,179
2025-26	95,650	18,766	114,416
2026-27	99,535	14,849	114,384
2027-28	42,655	10,935	53,590
2028-29	28,940	9,130	38,070
2029-30	29,985	7,719	37,704
2030-31	31,065	6,257	37,322
2031-32	32,185	4,743	36,928
2032-33	33,310	3,211	36,521
2033-34	34,475	1,625	36,100
	<b>\$ 1,336,715</b>	<b>\$ 456,717</b>	<b>\$ 1,793,432</b>

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

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

**Exhibit H-10**

June 30, 2016  
 (in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016-17	\$ 70,300	\$ 56,826	\$ 127,126	\$ 7,740	\$ 1,235	\$ 8,975	\$ 78,040	\$ 58,061	\$ 136,101
2017-18	67,400	53,512	120,912	2,095	782	2,877	69,495	54,294	123,789
2018-19	70,740	50,435	121,175	7,200	684	7,884	77,940	51,119	129,059
2019-20	95,245	47,224	142,469	12,650	462	13,112	107,895	47,686	155,581
2020-21	109,785	43,084	152,869	1,025	75	1,100	110,810	43,159	153,969
2021-22	114,600	38,493	153,093	685	31	716	115,285	38,524	153,809
2022-23	114,025	33,741	147,766	—	—	—	114,025	33,741	147,766
2023-24	115,215	28,929	144,144	—	—	—	115,215	28,929	144,144
2024-25	120,210	23,969	144,179	—	—	—	120,210	23,969	144,179
2025-26	95,650	18,766	114,416	—	—	—	95,650	18,766	114,416
2026-27	99,535	14,849	114,384	—	—	—	99,535	14,849	114,384
2027-28	42,655	10,935	53,590	—	—	—	42,655	10,935	53,590
2028-29	28,940	9,130	38,070	—	—	—	28,940	9,130	38,070
2029-30	29,985	7,719	37,704	—	—	—	29,985	7,719	37,704
2030-31	31,065	6,257	37,322	—	—	—	31,065	6,257	37,322
2031-32	32,185	4,743	36,928	—	—	—	32,185	4,743	36,928
2032-33	33,310	3,211	36,521	—	—	—	33,310	3,211	36,521
2033-34	34,475	1,625	36,100	—	—	—	34,475	1,625	36,100
	\$1,305,320	\$ 453,448	\$1,758,768	\$ 31,395	\$ 3,269	\$ 34,664	\$1,336,715	\$ 456,717	\$1,793,432

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

**City of Phoenix, Arizona  
Bond Ratings**

**Exhibit H-11**

<b>Description</b>	<b>Rating (1)</b>	
	<b>Moody's</b>	<b>S &amp; P</b>
General Obligation	Aa1	AA+
Senior Lien Excise Tax Revenue (2)	Aa2	AAA
Junior Lien Excise Tax Revenue (3)	Aa3	AA+
Subordinated Excise Tax Revenue (2)	Aa3	AA+
Senior Lien Airport Revenue (2)	Aa3	AA-
Junior Lien Airport Revenue (2)	A1	A+
Senior Lien Street & Highway User Revenue (3)	Aa3	AAA
Junior Lien Street & Highway User Revenue (3)	Aa3	AA
Senior Lien Wastewater System Revenue (2)	Aa2	AAA
Junior Lien Wastewater System Revenue (2)	Aa2	AA+
Senior Lien Water Revenue (3)	Aa2	AAA
Junior Lien Water Revenue (2)	Aa2	AAA
Rental Car Facility Charge Revenue Bonds (2)	A3	A
State of AZ Distribution Revenue Bonds (Convention Center) (2)	Aa2	AA
Transit Excise Tax Revenue Bonds (Light Rail) (2)	Aa2	AA

(1) Represents underlying rating.

(2) Issued by the City of Phoenix Civic Improvement Corporation.

(3) No bonds currently outstanding.



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*Statistical Section*

## **Financial Trends**

These schedules contain trend information to show how the City's financial performance and position have changed over time.







**City of Phoenix**

**City of Phoenix, Arizona**  
**Net Position by Component**  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(in thousands)

**Table 1**

	<b>Fiscal Year</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 2,788,275	\$ 2,653,697	\$ 2,576,366
Restricted	763,630	830,425	868,223
Unrestricted (Deficit)	(2,084,298)	(1,691,553)	1,002,557
Total Governmental Activities Net Position	<b>\$ 1,467,607</b>	<b>\$ 1,792,569</b>	<b>\$ 4,447,146</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 2,803,361	\$ 2,782,282	\$ 2,818,479
Restricted	462,115	441,896	363,946
Unrestricted	489,530	519,802	970,844
Total Business-Type Activities Net Position	<b>\$ 3,755,006</b>	<b>\$ 3,743,980</b>	<b>\$ 4,153,269</b>
<b>PRIMARY GOVERNMENT</b>			
Net Investment in Capital Assets	\$ 5,591,636	\$ 5,435,979	\$ 5,394,845
Restricted	1,225,745	1,272,321	1,232,169
Unrestricted (Deficit)	(1,594,768)	(1,171,751)	1,973,401
Total Primary Government Net Position	<b>\$ 5,222,613</b>	<b>\$ 5,536,549</b>	<b>\$ 8,600,415</b>

**Table 1**  
(Continued)

<b>Fiscal Year</b>						
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 2,454,765	\$ 2,313,680	\$ 2,325,050	\$ 2,184,990	\$ 2,441,889	\$ 2,857,041	\$ 2,068,052
930,237	1,233,603	1,017,009	756,315	620,582	832,814	1,095,820
991,572	861,526	1,105,061	1,387,562	1,321,470	532,706	640,050
<u>\$ 4,376,574</u>	<u>\$ 4,408,809</u>	<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>	<u>\$ 4,383,941</u>	<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>
\$ 2,826,143	\$ 2,968,536	\$ 2,992,285	\$ 3,146,717	\$ 3,260,962	\$ 3,304,081	\$ 3,144,988
174,160	188,682	187,755	153,667	163,387	153,980	179,365
1,102,763	943,329	882,301	716,343	611,455	717,703	585,710
<u>\$ 4,103,066</u>	<u>\$ 4,100,547</u>	<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>	<u>\$ 4,035,804</u>	<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>
\$ 5,280,908	\$ 5,282,216	\$ 5,317,335	\$ 5,331,707	\$ 5,702,851	\$ 6,161,122	\$ 5,213,040
1,104,397	1,422,285	1,204,764	909,982	783,969	986,794	1,275,185
2,094,335	1,804,855	1,987,362	2,103,905	1,932,925	1,250,409	1,225,760
<u>\$ 8,479,640</u>	<u>\$ 8,509,356</u>	<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>	<u>\$ 8,419,745</u>	<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>

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

**Table 2**

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	<b>Fiscal Year</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Expenses</b>			
Governmental Activities			
General Government	\$ 111,801	\$ 99,320	\$ 152,502
Criminal Justice	35,198	34,242	34,356
Public Safety	1,025,401	914,215	888,801
Transportation	399,228	398,925	394,664
Community Enrichment	570,183	245,795	252,760
Community Development	200,762	215,931	222,266
Environmental Services	49,050	48,293	33,616
Interest on Long-Term Debt	84,893	83,796	93,013
Total Governmental Activities Expenses	2,476,516	2,040,517	2,071,978
Business-Type Activities			
Aviation	504,304	482,915	471,744
Phoenix Convention Center	107,133	105,458	105,889
Water Services	359,703	336,445	342,584
Wastewater Services	170,440	171,250	181,329
Solid Waste	141,129	150,625	134,264
Golf Courses (1)	—	—	—
Total Business-Type Activities Expenses	1,282,709	1,246,693	1,235,810
Total Primary Government Expenses	\$ 3,759,225	\$ 3,287,210	\$ 3,307,788

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

**Table 2**  
(Continued)

	Fiscal Year						
	2013	2012	2011	2010	2009	2008	2007
\$	186,104	88,178	76,270	83,975	92,403	97,369	103,039
	35,409	35,703	36,345	40,029	39,477	40,258	40,085
	896,801	850,636	847,244	851,414	869,389	795,839	732,927
	407,563	421,680	416,344	541,666	385,240	182,769	264,347
	237,856	245,713	245,417	287,019	264,615	278,649	263,031
	221,588	218,847	229,902	225,137	210,645	205,934	204,441
	33,334	42,326	39,003	58,189	47,320	38,585	44,656
	117,667	109,412	95,462	107,480	96,631	103,035	96,401
	2,136,322	2,012,495	1,985,987	2,194,909	2,005,720	1,742,438	1,748,927
	464,388	435,675	439,911	393,485	389,460	336,572	312,171
	103,472	103,420	127,569	114,071	86,942	70,170	66,378
	335,004	361,751	329,457	359,342	326,775	327,544	272,341
	191,568	178,258	179,466	187,134	186,565	160,008	153,100
	133,295	133,414	133,118	136,395	141,693	147,096	126,029
	9,876	8,879	8,790	8,894	9,716	9,572	9,790
	1,237,603	1,221,397	1,218,311	1,199,321	1,141,151	1,050,962	939,809
\$	3,373,925	3,233,892	3,204,298	3,394,230	3,146,871	2,793,400	2,688,736

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

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

**Table 2**

(Continued)

	<b>Fiscal Year</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Program Revenue</b>			
Governmental Activities			
Charges for Services:			
General Government	\$ 18,387	\$ 18,159	\$ 16,272
Criminal Justice	15,813	18,336	20,337
Public Safety	68,167	71,381	71,913
Transportation	36,331	37,907	38,780
Community Enrichment	11,016	10,737	13,740
Community Development	68,396	58,599	64,893
Environmental Services	134	478	505
Operating Grants and Contributions	355,750	361,919	343,898
Capital Grants and Contributions	94,379	82,285	150,410
Total Governmental Activities Program Revenue	668,373	659,801	720,748
Business-Type Activities			
Charges for Services:			
Aviation	380,533	385,806	369,157
Phoenix Convention Center	42,840	42,759	36,864
Water Services	378,378	358,760	385,294
Wastewater Services	193,727	185,974	186,350
Solid Waste	146,799	147,536	145,790
Golf Courses (1)	—	—	—
Capital Grants and Contributions	138,162	144,654	130,975
Total Business-Type Activities Program Revenue	1,280,439	1,265,489	1,254,430
Total Primary Government Program Revenue	\$ 1,948,812	\$ 1,925,290	\$ 1,975,178
Net (Expense)/Revenue			
Governmental Activities	\$ (1,808,143)	\$ (1,380,716)	\$ (1,351,230)
Business-Type Activities	(2,270)	18,796	18,620
Total Primary Government Net Expense	\$ (1,810,413)	\$ (1,361,920)	\$ (1,332,610)

**Table 2**  
(Continued)

	Fiscal Year						
	2013	2012	2011	2010	2009	2008	2007
\$	15,748 \$	16,469 \$	17,675 \$	17,150 \$	19,360 \$	15,672 \$	20,939
	21,737	24,864	27,623	27,461	29,808	21,746	27,383
	69,648	72,081	63,842	58,939	56,763	54,702	43,099
	36,125	38,035	36,599	39,804	63,758	31,004	81,502
	5,071	5,589	5,392	5,180	6,366	4,969	3,187
	60,837	49,618	46,128	38,293	62,845	67,733	100,876
	232	520	220	363	469	838	577
	393,652	358,692	400,525	360,927	340,756	368,938	327,157
	98,647	101,019	191,856	203,473	174,302	216,788	186,130
	701,697	666,887	789,860	751,590	754,427	782,390	790,850
	305,686	299,783	296,463	266,778	273,079	286,986	277,228
	24,218	15,888	33,111	21,636	28,407	12,080	10,518
	381,862	380,679	341,501	329,003	307,752	299,568	272,191
	190,519	212,361	211,702	190,716	181,764	173,021	160,097
	144,055	144,004	142,320	137,956	134,957	133,170	125,351
	8,401	6,653	6,278	5,728	6,183	7,229	7,725
	158,314	173,149	184,019	200,485	178,800	300,575	301,660
	1,213,055	1,232,517	1,215,394	1,152,302	1,110,942	1,212,629	1,154,770
\$	1,914,752 \$	1,899,404 \$	2,005,254 \$	1,903,892 \$	1,865,369 \$	1,995,019 \$	1,945,620
\$	(1,434,625) \$	(1,345,608) \$	(1,196,127) \$	(1,443,319) \$	(1,251,293) \$	(960,048) \$	(958,077)
	(24,548)	11,120	(2,917)	(47,019)	(30,209)	161,667	214,961
\$	(1,459,173) \$	(1,334,488) \$	(1,199,044) \$	(1,490,338) \$	(1,281,502) \$	(798,381) \$	(743,116)

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

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

**Table 2**  
(Continued)

	<b>Fiscal Year</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities			
Taxes	\$ 1,009,824	\$ 955,091	\$ 1,001,017
Grants and Contributions Not Restricted	376,017	376,923	349,149
Investment Earnings, Net	11,932	7,419	22,572
Miscellaneous	82,607	82,321	69,860
Transfers - Internal Activities	(24,631)	(25,080)	(22,653)
Total Governmental Activities	1,455,749	1,396,674	1,419,945
Business-Type Activities			
Investment Earnings, Net	16,097	9,864	10,787
Transfers	24,631	25,080	22,653
Total Business-Type Activities	40,728	34,944	33,440
Total Primary Government	1,496,477	1,431,618	1,453,385
<b>Change in Net Position (Deficit)</b>			
Governmental Activities	(352,394)	15,958	68,715
Business-Type Activities	38,458	53,740	52,060
Total Primary Government	\$ (313,936)	\$ 69,698	\$ 120,775

**Table 2**  
(Continued)

	Fiscal Year						
	2013	2012	2011	2010	2009	2008	2007
\$	1,029,392	944,388	970,925	939,218	982,746	1,014,103	955,921
	318,673	297,342	299,593	360,241	407,156	410,945	374,299
	2,404	6,671	11,924	19,605	43,558	91,304	92,700
	77,337	78,397	71,450	83,357	54,527	51,757	50,787
	(25,416)	(19,501)	(39,512)	(14,176)	(52,649)	(52,010)	(42,925)
	1,402,390	1,307,297	1,314,380	1,388,245	1,435,338	1,516,099	1,430,782
	1,651	7,585	9,019	13,766	31,970	52,024	59,200
	25,416	19,501	39,512	14,176	52,649	52,010	42,925
	27,067	27,086	48,531	27,942	84,619	104,034	102,125
	1,429,457	1,334,383	1,362,911	1,416,187	1,519,957	1,620,133	1,532,907
	(32,235)	(38,311)	118,253	(55,074)	184,045	556,051	472,705
	2,519	38,206	45,614	(19,077)	54,410	265,701	317,086
\$	(29,716)	\$ (105)	\$ 163,867	\$ (74,151)	\$ 238,455	\$ 821,752	\$ 789,791

**City of Phoenix, Arizona**  
**Fund Balances of Governmental Funds**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)

**Table 3**

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Fund</b>				
Reserved				
Unreserved				
Non-Spendable	\$ 13,498	\$ 14,224	\$ 14,198	\$ 15,736
Spendable				
Restricted	62,047	61,564	61,309	40,361
Assigned	48,715	41,338	46,181	55,390
Unassigned	227,227	210,286	178,563	161,012
Total General Fund	351,487	327,412	300,251	272,499
<b>All Other Governmental Funds</b>				
Reserved				
Unreserved, reported in				
Special Revenue Funds				
Capital Project Funds				
Debt Service Funds				
Non-Spendable	5,386	5,394	5,945	5,601
Spendable				
Restricted	701,583	768,861	823,478	889,876
Committed	38,803	27,005	36,491	47,874
Assigned	141,007	132,902	128,261	139,593
Unassigned	(11,117)	(33,082)	(57,039)	(56,671)
Total All Other Governmental Funds	875,662	901,080	937,136	1,026,273
<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 1,227,149</b>	<b>\$ 1,228,492</b>	<b>\$ 1,237,387</b>	<b>\$ 1,298,772</b>

- (1) In fiscal year 2011, the City implemented GASB 54 which changed the reporting for Governmental Fund Balances. The table reflects the new reporting for fiscal years after 2010.
- (2) Effective July 1, 2009 a General Fund debt service reserve was closed as part of the City's budget balancing efforts. As of June 30, 2009, the reserve amount was \$45,308,000.
- (3) During fiscal year 2007-08, the City began reporting the balances and activities of the Healthcare Benefits Trust Fund, the Medical Expense Reimbursement Program, and the Long Term Disability Trust in new Employee Benefit Trust Fiduciary Funds. In previous years, this activity was included in the General Fund as they were part of the City's self-insurance risk management program. The change was made in accordance with GASB guidance on accounting for Other Postemployment Benefits (OPEB). The effect of this restatement was to decrease beginning fund balance of the General Fund, on a modified accrual basis, by \$137,411,732.

**Table 3**  
(Continued)

<b>Fiscal Year</b>					
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
		\$ 24,394	\$ 72,332	\$ 83,379	\$ 89,651
		231,187	190,278	205,286	362,943
\$ 15,357	16,671				
37,913	—				
50,250	96,126				
200,892	194,918				
304,412	307,715 (1)	255,581	262,610 (2)	288,665 (3)	452,594
		656,396	598,258	562,967	601,198
		379,913	411,659	482,721	523,035
		149,795	8,456	223,916	420,697
		886	2,153	742	1,254
5,891	6,099				
982,955	1,017,009				
58,703	54,591				
140,036	120,145				
(36,942)	(34,395)				
1,150,643	1,163,449	1,186,990	1,020,526	1,270,346	1,546,184
\$ 1,455,055	\$ 1,471,164	\$ 1,442,571	\$ 1,283,136	\$ 1,559,011	\$ 1,998,778

**City of Phoenix, Arizona**  
**Changes in Fund Balances of Governmental Funds**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)

**Table 4**

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues</b>				
City Taxes (see Table 5)	\$ 1,009,918	\$ 955,818	\$ 1,001,873	\$ 1,031,123
Licenses and Permits	18,209	17,602	15,860	15,377
Intergovernmental (see Table 6)	814,134	821,127	850,231	809,198
Charges for Services	173,372	169,276	178,290	169,527
Fines and Forfeitures	12,106	14,222	15,340	15,942
Parks and Recreation	6,919	7,393	10,316	1,891
Special Assessments	13	29	39	35
Investment Income	11,932	7,419	22,572	2,404
Dwelling Rentals	7,077	7,104	6,658	6,882
Other	82,546	82,604	70,170	79,557
Total Revenues	2,136,226	2,082,594	2,171,349	2,131,936
<b>Expenditures</b>				
General Government	78,973	78,182	133,854	170,009
Criminal Justice	32,406	32,403	34,223	35,258
Public Safety	858,297	826,488	830,599	832,133
Transportation	253,265	263,509	253,517	252,812
Community Enrichment	505,522	194,428	197,960	189,899
Community Development	175,956	189,580	201,812	202,038
Environmental Services	12,002	16,853	13,987	16,549
Debt Service:				
Principal	130,974	116,008	70,768	90,671
Interest	95,401	94,163	98,897	122,189
Bond Issuance Costs	491	470	3,187	79
Other	1,225	29	25	422
Capital	274,864	254,647	365,887	350,744
Total Expenditures	2,419,376	2,066,760	2,204,716	2,262,803
Excess (Deficiency) of Revenues Over Expenditures	\$ (283,150)	\$ 15,834	\$ (33,367)	\$ (130,867)

**Table 4**  
(Continued)

Fiscal Year						
	2012	2011	2010	2009	2008	2007
\$	947,012	972,066	938,470	980,401	1,012,645	954,761
16,039	16,307	16,744	18,926	14,949	15,787	
757,053	905,741	921,642	912,904	995,307	885,478	
163,408	157,243	148,276	148,316	151,701	177,374	
18,332	18,129	17,383	18,861	18,549	19,141	
2,414	2,326	1,909	3,004	2,933	2,838	
55	114	70	372	643	678	
6,671	11,922	19,605	43,558	91,304	92,700	
6,987	6,858	8,574	9,806	8,452	8,098	
76,173	71,304	84,011	54,553	51,692	50,484	
1,994,144	2,162,010	2,156,684	2,190,701	2,348,175	2,207,339	
69,705	55,708	57,180	69,860	68,686	67,097	
35,372	35,106	36,977	37,717	38,539	36,160	
795,995	790,886	812,552	812,788	765,464	665,817	
252,965	247,563	265,934	254,420	237,738	244,728	
193,355	192,201	198,049	211,851	226,597	211,695	
196,309	206,262	185,265	189,345	189,748	185,596	
19,036	16,353	19,164	24,029	24,432	19,529	
94,169	109,660	115,825	97,006	95,209	279,183	
110,740	104,309	110,736	103,909	110,184	94,369	
1,902	636	2,346	2,055	31	1,185	
522	676	35	31	211	790	
346,979	429,770	529,394	611,023	841,681	641,795	
2,117,049	2,189,130	2,333,457	2,414,034	2,598,520	2,447,944	
\$	(122,905)	\$ (27,120)	\$ (176,773)	\$ (223,333)	\$ (250,345)	\$ (240,605)

**City of Phoenix, Arizona**  
**Changes in Fund Balances of Governmental Funds**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)

**Table 4**  
(Continued)

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	\$ 160,614	\$ 123,046	\$ 122,091	\$ 136,971
Transfers to Other Funds	(185,245)	(148,126)	(144,744)	(162,387)
Issuance of Debt:				
General Obligation and Revenue Bonds	—	—	—	—
Premium on General Obligation and Revenue Bonds	—	—	28,544	—
Certificates of Participation and Municipal Corporation Obligations	—	—	—	—
Premium on Certificates of Participation and Municipal Corporation Obligations	—	10	39,826	—
Special Assessment Bonds	—	—	—	—
Refunding Bonds	—	60,945	591,600	—
Proceeds from Refinancing	306,438	—	—	—
Deposit to Refunding Escrow	—	(60,604)	(656,414)	—
Total Other Financing Sources and Uses	<u>281,807</u>	<u>(24,729)</u>	<u>(19,097)</u>	<u>(25,416)</u>
Net Change in Fund Balances	<u>\$ (1,343)</u>	<u>\$ (8,895)</u>	<u>\$ (52,464)</u>	<u>\$ (156,283)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	10.1%	11.4%	8.8%	10.5%

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

(2) On July 19, 2006, the City defeased \$198,125,000 of outstanding various purpose general obligation bonds.

**Table 4**  
(Continued)

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 129,121	\$ 152,527	\$ 1,063,679	\$ 1,098,048	\$ 1,186,183	\$ 1,094,014	
(148,622)	(192,039)	(1,077,855)	(1,150,697)	(1,238,193)	(1,136,939)	
120,000	—	348,369	—	—	420,250	
25,880	—	1,631	—	—	11,501	
—	86,725	—	—	—	21,115	
4,889	5,662	—	—	—	5,437	
—	—	—	22	—	—	
238,120	74,610	69,911	—	—	265,995	
—	—	—	—	—	—	
(262,592)	(71,772)	(69,527)	—	—	(276,102)	
106,796	55,713	336,208	(52,627)	(52,010)	405,271	
\$ (16,109)	\$ 28,593	\$ 159,435	\$ (275,960)	\$ (302,355)	\$ 164,666	
10.7%	11.4%	10.4%	10%	10.4%	18.4%	(2)

**City of Phoenix, Arizona**  
**Tax Revenues by Source - Governmental Funds (1)**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)

**Table 5**

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General Property Taxes				
Primary - Operating	\$ 141,310	\$ 138,242	\$ 143,931	\$ 132,101
Secondary - Debt Service	50,484	49,567	35,204	62,012
Total General Property Taxes	191,794	187,809	179,135	194,113
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	351,148	324,006	326,459	318,751
Utility and Franchise Tax	90,845	107,386	98,870	99,027
Earmarked for:				
Sports Facilities	17,874	17,062	15,988	14,893
Convention Center	46,501	46,402	44,311	40,828
Neighborhood Protection	28,706	29,881	29,153	27,515
Public Safety Enhancement	25,391	25,068	24,849	24,648
Public Safety Expansion	57,350	59,760	58,308	55,029
Parks & Preserves	28,705	29,882	29,153	27,515
Capital Construction	12,875	14,281	15,087	16,382
Transit	154,628	110,347	111,068	110,059
Total City Sales and Franchise Taxes	814,023	764,075	753,246	734,647
Access to Care Tax	—	31	65,621	98,431
Special Taxing District	2,438	2,308	2,240	2,291
Salt River Project In-Lieu Taxes	1,663	1,595	1,631	1,641
Total City Taxes	\$ 1,009,918	\$ 955,818	\$ 1,001,873	\$ 1,031,123

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

**Table 5**  
(Continued)

Fiscal Year						
	2012	2011	2010	2009	2008	2007
\$	128,054	\$ 130,913	\$ 121,366	\$ 110,085	\$ 103,033	\$ 95,060
	94,436	149,018	196,673	196,568	161,413	117,337
	222,490	279,931	318,039	306,653	264,446	212,397
308,727	292,131	254,762	265,162	323,135	339,921	
104,962	102,662	100,827	105,881	96,323	92,745	
14,670	14,076	12,502	14,203	16,010	15,992	
40,030	37,835	34,801	47,417	58,126	61,647	
26,503	25,387	21,615	25,615	28,980	31,105	
23,670	23,782	23,978	24,361	24,653	23,656	
53,084	50,680	43,131	46,578	32,214	—	
26,546	25,345	21,615	24,335	28,979	31,106	
16,560	15,486	17,415	19,802	20,710	18,975	
106,185	101,379	86,465	97,325	115,914	124,432	
720,937	688,763	617,111	670,679	745,044	739,579	
—	—	—	—	—	—	—
2,061	1,924	1,925	1,835	1,848	1,554	
1,524	1,448	1,395	1,234	1,307	1,231	
\$ 947,012	\$ 972,066	\$ 938,470	\$ 980,401	\$ 1,012,645	\$ 954,761	

**City of Phoenix, Arizona****Table 6****Intergovernmental Revenues by Source - Governmental Funds (1)**

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
State Shared Revenue				
Highway User Tax	\$ 116,682	\$ 111,748	\$ 102,009	\$ 98,804
State Sales Tax	137,544	132,218	127,005	118,730
State Income Tax	174,234	175,184	161,580	147,668
Vehicle License Tax	59,801	55,293	51,689	48,370
Local Transportation Assistance	4,356	4,334	4,265	4,251
Total State Shared Revenue	492,617	478,777	446,548	417,823
Federal Grants	256,853	234,616	236,169	277,236
Other Intergovernmental Revenue	64,664	107,734	167,514	114,139
Total Intergovernmental Revenues	\$ 814,134	\$ 821,127	\$ 850,231	\$ 809,198

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

**Table 6**  
(Continued)

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	<b>Fiscal Year</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$	90,368 \$	104,908 \$	103,979 \$	109,620 \$	125,288 \$
	114,017	111,787	106,917	122,593	135,134
	122,012	143,647	190,546	220,806	207,694
	46,400	48,299	49,500	53,629	59,244
	4,242	1,265	3,771	6,506	6,910
	377,039	409,906	454,713	513,154	534,270
	261,053	269,482	233,721	185,078	194,960
	118,961	226,353	233,208	214,672	266,077
\$	757,053 \$	905,741 \$	921,642 \$	912,904 \$	995,307 \$
					885,478

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**City of Phoenix**



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*Statistical Section*

## **Revenue Capacity**

These schedules present information on the City's sales tax and property tax collections.







**City of Phoenix**

**City of Phoenix, Arizona**  
**City Transaction Privilege Taxes by Category**  
Last Ten Fiscal Years  
(in thousands)

**Table 7**

<b>Category</b>	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Retail (2)	\$ 300,177	\$ 267,260	\$ 251,514	\$ 238,698
Retail Food Sales (1)	409	24,792	43,831	51,589
Utilities & Telecommunications	109,107	109,857	111,767	113,839
Construction Contracting (2)	43,201	45,279	49,506	43,851
Commercial Rental	63,945	58,919	58,007	60,179
Restaurants & Bars	71,828	63,645	59,039	55,350
Hotel/Motel Lodging	42,611	39,501	34,403	31,666
Tangible Personal Property Rental	21,334	19,406	17,463	19,760
Apartment/Residential Rental	37,451	32,589	30,046	27,144
Motor Vehicle Rental	19,751	18,618	18,186	17,148
Amusements	7,861	7,065	6,925	6,463
Advertising	2,312	2,689	2,458	2,655
Job Printing	2,136	2,171	2,035	2,212
Publishing	554	523	519	365
Transportation	5	7	8	8
Use Tax (2)	31,089	32,071	30,755	23,927
Jet Fuel	2,971	3,105	2,937	3,089
Total	\$ 756,742	\$ 727,497	\$ 719,399	\$ 697,943

Source: City of Phoenix Finance Department, Tax Division

(1) Effective April 1, 2015, the Phoenix City Council approved an ordinance to amend the City of Phoenix Tax Code providing for the taxation of the sale of food for home consumption under the retail and use tax business classifications. The tax rate was reduced to 0% from 1%.

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

**Table 7**  
(Continued)

<b>Fiscal Year</b>						
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	230,900	\$ 218,470	\$ 219,097	\$ 223,673	\$ 254,949	\$ 268,642
49,393	46,282	7,007	—	—	—	—
112,973	110,200	113,188	120,691	118,051	103,157	
44,071	43,446	41,237	64,559	87,306	99,171	
58,721	59,017	55,737	60,133	56,395	51,661	
52,298	48,708	46,272	48,586	49,685	49,067	
30,486	28,324	26,868	30,423	35,643	35,819	
16,354	17,291	17,323	22,227	23,276	23,589	
25,025	22,923	20,788	21,580	21,566	21,250	
16,907	16,647	14,787	15,407	17,103	16,878	
6,225	5,843	6,297	6,348	7,210	7,260	
2,800	2,745	2,733	3,202	4,111	4,657	
2,109	2,093	2,101	2,708	3,146	3,189	
140	241	407	426	531	575	
6	8	8	10	7	14	
24,204	22,536	20,098	19,507	20,037	20,407	
2,996	3,039	2,826	2,998	3,224	3,191	
\$	675,608	\$ 647,813	\$ 596,774	\$ 642,478	\$ 702,240	\$ 708,527

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

**Table 8**

<b>Category (1)</b>	<b>As of June 30</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>City Rates</b>				
Retail (3)	2.30/2.00%	2.00%	2.00%	2.00%
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting (3)	2.30/2.00	2.00	2.00	2.00
Commercial Rental	2.40	2.10	2.10	2.10
Restaurants & Bars	2.30	2.00	2.00	2.00
Hotel/Motel Lodging	5.30	5.00	5.00	5.00
Tangible Personal Property Rental	2.30	2.00	2.00	2.00
Apartment/Residential Rental	2.30	2.00	2.00	2.00
Motor Vehicle Rental	4.30	4.00	4.00	4.00
Amusements	2.30	2.00	2.00	2.00
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.30	2.00	2.00	2.00
Publishing	2.30	2.00	2.00	2.00
Transportation	2.30	2.00	2.00	2.00
Use Tax (3)	2.30/2.00	2.00	2.00	2.00
Jet Fuel (2)	0.73	0.73	0.73	0.73
<b>County Rates</b>				
Commercial Rental	0.50%	0.50%	0.50%	0.50%
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

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

Source: City of Phoenix Finance Department, Tax Division

**Table 8**  
(Continued)

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As of June 30					
2012	2011	2010	2009	2008	2007
2.00%	2.00%	2.00%	2.00%	2.00%	1.80%
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
2.00	2.00	2.00	2.00	2.00	1.80
2.10	2.10	2.10	2.10	2.10	1.90
2.00	2.00	2.00	2.00	2.00	1.80
5.00	5.00	5.00	5.00	5.00	4.80
2.00	2.00	2.00	2.00	2.00	1.80
2.00	2.00	2.00	2.00	2.00	1.80
4.00	4.00	4.00	4.00	4.00	3.80
2.00	2.00	2.00	2.00	2.00	1.80
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	2.00	1.80
2.00	2.00	2.00	2.00	2.00	1.80
2.00	2.00	2.00	2.00	2.00	1.80
0.73	0.73	0.73	0.73	0.73	0.73
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
1.77	1.77	1.77	1.77	1.77	1.77
0.70	0.70	0.70	0.70	0.70	0.70
0.31	0.31	0.31	0.31	0.31	0.31

**City of Phoenix, Arizona**  
**City Transaction Privilege Taxpayers - By Category**  
 Current Fiscal Year and Nine Years Ago

**Table 9**

Category	2016			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	23,430	41.72%	\$ 300,586	40.24%
Utilities & Telecommunications	400	0.71	99,089	13.27
Construction Contracting	8,230	14.65	43,201	5.79
Commercial Rental	7,290	12.98	63,945	8.56
Restaurants & Bars	3,312	5.90	71,828	9.62
Hotel/Motel Lodging	280	0.50	42,611	5.71
Tangible Personal Property Rental	1,090	1.94	21,334	2.86
Apartment/Residential Rental	7,718	13.74	37,451	5.02
Motor Vehicle Rental	45	0.08	19,751	2.65
Amusements	280	0.50	7,861	1.05
Advertising	223	0.40	2,312	0.31
Job Printing	317	0.56	2,136	0.29
Publishing	102	0.18	554	0.07
Transportation	14	0.02	5	—
Use Tax	3,415	6.08	31,089	4.16
Jet Fuel	21	0.04	2,971	0.40
Total	56,167	100.00%	\$ 746,724	100.00%

Source: City of Phoenix Finance Department, Tax Division

**Table 9**  
(Continued)

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**2007**

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Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
243,811	39.25%	\$ 268,642	37.91%
7,011	1.13	103,157	14.56
120,724	19.43	99,171	14.00
83,231	13.40	51,661	7.29
36,000	5.80	49,067	6.93
2,823	0.45	35,819	5.06
18,844	3.03	23,589	3.33
48,701	7.84	21,250	3.00
517	0.08	16,878	2.38
5,025	0.81	7,260	1.02
2,303	0.37	4,657	0.66
4,769	0.77	3,189	0.45
989	0.16	575	0.08
140	0.02	14	—
45,900	7.39	20,407	2.88
414	0.07	3,191	0.45
<b>621,202</b>	<b>100.00%</b>	<b>\$ 708,527</b>	<b>100.00%</b>

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**City of Phoenix**

**City of Phoenix, Arizona**  
**City Property Tax Levies and Collections**  
Last Ten Fiscal Years  
(in thousands)

**Table 10**

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy				Total Collections to Date		
	Tax Levy	Amount	% of Levy	Collections In Subsequent Years (1)	Amount	% of Levy	
2016	\$ 192,502	\$ 189,460	98.42%	\$ —	\$ 189,460	98.42%	
2015	189,852	185,764	97.85	2,382	188,146	99.10	
2014	180,295	176,226	97.74	2,834	179,060	99.32	
2013	196,891	191,304	97.16	3,241	194,545	98.81	
2012	223,483	216,456	96.86	3,817	220,273	98.56	
2011	284,142	271,156	95.43	6,246	277,402	97.63	
2010	321,817	308,114	95.74	10,271	318,385	98.93	
2009	311,292	298,351	95.84	9,626	307,977	98.94	
2008	266,892	258,971	97.03	7,248	266,219	99.75	
2007	216,132	211,511	97.86	3,058	214,569	99.28	

(1) Amount is the difference between collections to date (from County reports) and the amount collected in the year of the levy.

Source: Maricopa County, Arizona Treasurer's Office

**City of Phoenix, Arizona**

**Table 11**

**Property Tax Rates and Levies - Direct and Overlapping Governments**

Last Ten Fiscal Years

(in thousands)

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District	Maricopa County Library District
	Primary	Secondary	Total				
<b>Tax Rates per \$100 of Primary Net Assessed Valuation (1)</b>							
2016-17	\$ 1.34	\$ 0.83	\$ 2.17	\$ 1.40	\$ 0.18	\$ 0.14	\$ 0.06
2015-16	1.34	0.48	1.82	1.36	0.16	0.14	0.06
2014-15	1.35	0.47	1.82	1.32	0.14	0.14	0.06
2013-14	1.47	0.35	1.82	1.28	0.14	0.14	0.04
2012-13	1.24	0.58	1.82	1.24	0.18	0.10	0.05
2011-12	1.05	0.77	1.82	1.24	0.18	0.10	0.05
2010-11	0.88	0.94	1.82	1.05	0.15	0.10	0.04
2009-10	0.77	1.05	1.82	0.99	0.14	0.10	0.04
2008-09	0.76	1.06	1.82	1.03	0.14	0.10	0.04
2007-08	0.80	1.02	1.82	1.10	0.15	0.10	0.04
<b>Tax Levies (1)</b>							
2016-17	\$ 146,711	\$ 91,602	\$ 238,313	\$ 153,849	\$ 17,767	\$ 15,401	\$ 6,106
2015-16	141,880	50,622	192,502	136,029	13,465	15,135	6,015
2014-15	139,448	50,404	189,852	126,659	12,331	13,969	4,369
2013-14	145,024	35,271	180,295	134,037	17,216	10,870	5,338
2012-13	133,930	62,961	196,891	151,768	19,873	12,351	6,073
2011-12	128,955	94,528	223,483	158,698	22,041	16,066	6,636
2010-11	133,389	150,753	284,142	159,155	24,395	18,903	6,658
2009-10	123,095	198,722	321,817	151,441	24,151	18,860	6,656
2008-09	111,568	199,724	311,292	142,387	22,845	16,132	6,283
2007-08	103,665	163,227	266,892	134,812	22,667	14,724	6,216

- (1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based in a single valuation, the Primary Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 use either the Primary Net Assessed Valuation or the Secondary Net Assessed Valuation, as applicable.
- (2) Tax rates between the various elementary and high school districts within the City vary. The rates shown on this table are for Phoenix Elementary District No. 1 and Phoenix Union High School District. Tax levies for elementary and high school districts equal the total levy of all overlapping school districts within the City.

Source: Maricopa County Finance Department

**Table 11**  
(Continued)

Volunteer Fire District Assistance	Maricopa Special Health Care District	Education Equalization	School Districts						Total
			Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (2)			
\$ 0.01	\$ 0.31	\$ 0.50	\$ 1.47	\$ 0.05	\$ 0.08	\$ 12.29	\$ 18.66		
0.01	0.30	0.51	1.49	0.05	0.07	12.15	18.12		
0.01	0.19	0.51	1.52	0.05	0.08	11.34	17.18		
0.01	0.19	0.51	1.53	0.05	0.06	12.13	17.90		
0.01	0.17	0.47	1.38	0.05	0.05	11.28	16.80		
0.01	0.15	0.43	1.21	0.05	0.05	9.60	14.89		
0.01	0.11	0.36	0.97	0.05	0.05	7.29	12.00		
0.01	0.09	0.33	0.88	0.05	0.05	6.44	10.94		
0.01	0.09	—	0.94	0.05	0.05	8.52	12.79		
0.01	0.09	—	0.98	0.05	0.05	8.74	13.13		
\$ 1,230	\$ 33,529	\$ 55,113	\$ 160,899	\$ 800	\$ 4,267	\$ 957,588	\$ 1,644,862		
1,227	31,953	53,456	158,021	767	3,402	914,751	1,526,723		
1,223	20,079	52,407	157,628	774	4,019	877,269	1,460,579		
1,207	19,341	50,665	151,917	706	2,686	854,993	1,429,271		
1,193	18,260	50,960	148,952	757	2,433	869,478	1,478,989		
1,037	18,442	52,098	148,011	870	2,710	879,125	1,529,217		
1,063	18,056	53,826	148,702	1,087	3,540	916,921	1,636,448		
1,077	17,239	53,100	146,523	1,233	4,232	942,643	1,688,972		
1,000	16,141	—	144,491	1,259	4,263	924,118	1,590,211		
855	15,024	—	130,622	1,136	3,609	894,532	1,491,089		

**City of Phoenix, Arizona**
**Table 12**
**Property Tax Levies**

Applicable to Phoenix Property Owners

(in thousands)

	2016-17 Levies								
	Primary Net Assessed Valuation (1)			Primary Tax Rate Per \$100	Total Phoenix Primary Tax Levy	Secondary Tax Rate Per \$100	Total Phoenix Secondary Tax Levy	Total Phoenix Tax Levy	
	Total	Within Phoenix Percent	Amount						
City of Phoenix	\$ 10,982,151	100.00%	\$10,982,151	\$ 1.3359	\$ 146,711	\$ 0.8341	\$ 91,602	\$ 238,313	
Maricopa County	36,135,494	30.39	10,982,151	1.4009	153,849	—	—	153,849	
Education Equalization	36,198,109	30.39	11,000,605	0.5010	55,113	—	—	55,113	
Flood Control	32,624,765	30.39	9,914,666	—	—	0.1792	17,767	17,767	
Central Arizona Water Conservation District	36,198,109	30.39	11,000,605	—	—	0.1400	15,401	15,401	
Maricopa County Library District	36,135,494	30.39	10,982,151	—	—	0.0556	6,106	6,106	
Volunteer Fire District Assistance	36,135,494	30.39	10,982,151	—	—	0.0112	1,230	1,230	
East Valley Institute of Technology	16,068,511	9.96	1,599,852	—	—	0.0500	800	800	
West Maricopa Education Center	13,271,791	38.28	5,080,240	—	—	0.0840	4,267	4,267	
Maricopa Special Health Care District	36,198,109	30.34	10,982,151	—	—	0.3053	33,529	33,529	
State of Arizona	56,573,588	19.41	10,982,151	—	—	—	—	—	
<u>School Districts</u>									
Maricopa County Community College District	36,135,494	30.39	10,982,151	1.2376	135,915	0.2275	24,984	160,899	
High School Districts									
Phoenix Union	4,328,567	96.23	4,165,461	3.4056	141,859	1.6628	69,263	211,122	
Glendale Union	1,400,607	79.50	1,113,476	2.6713	29,744	2.0025	22,297	52,041	
Tempe Union	3,170,300	30.05	952,748	2.2370	21,313	0.6586	6,275	27,588	
Tolleson Union	987,530	47.43	468,348	2.2721	10,641	1.2931	6,056	16,697	
Agua Fria Union	1,030,770	0.01	103	2.0845	2	1.3889	1	3	
Total High School Districts								307,451	
Elementary School Districts									
No. 1 Phoenix	599,497	100.00	599,497	4.2675	25,584	2.9565	17,724	43,308	
No. 2 Riverside	337,179	97.90	330,115	1.5313	5,055	2.1906	7,231	12,286	
No. 3 Tempe	1,304,787	14.20	185,246	3.0866	5,718	2.1965	4,069	9,787	
No. 5 Isaac	118,947	100.00	118,947	6.4029	7,616	4.2184	5,018	12,634	
No. 6 Washington	1,142,986	97.42	1,113,476	2.8322	31,536	2.8026	31,206	62,742	
No. 7 Wilson	91,129	100.00	91,129	4.4554	4,060	2.3618	2,152	6,212	
No. 8 Osborn	375,610	99.93	375,337	2.1132	7,932	1.7765	6,668	14,600	
No. 14 Creighton	368,744	85.33	314,656	2.4367	7,667	3.4709	10,921	18,588	
No. 17 Tolleson	156,820	20.53	32,191	2.2157	713	2.5864	833	1,546	
No. 21 Murphy	89,321	100.00	89,321	3.1210	2,788	2.8482	2,544	5,332	
No. 28 Kyrene	1,865,513	41.14	767,502	2.2419	17,207	2.1426	16,444	33,651	
No. 31 Balsz	262,080	93.64	245,402	2.1880	5,369	2.1272	5,220	10,589	
No. 38 Madison	877,132	100.00	877,132	2.3718	20,804	2.1864	19,178	39,982	
No. 45 Fowler	276,485	88.04	243,428	2.9610	7,208	2.0143	4,903	12,111	
No. 48 Scottsdale (Unified)	4,740,996	13.65	647,104	2.8566	18,485	1.0033	6,492	24,977	
No. 59 Laveen	192,002	84.62	162,478	2.5743	4,183	5.3256	8,653	12,836	
No. 62 Union	55,148	91.73	50,587	2.7233	1,378	2.9088	1,471	2,849	
No. 65 Littleton	216,866	15.72	34,084	2.3291	794	3.6399	1,241	2,035	
No. 66 Roosevelt	520,228	98.80	514,002	4.3869	22,549	2.9784	15,309	37,858	
No. 68 Alhambra	288,007	82.90	238,754	2.2546	5,383	4.8981	11,694	17,077	
No. 69 Paradise Valley (Unified)	3,081,691	69.80	2,150,966	4.3764	94,135	2.5902	55,714	149,849	
No. 79 Litchfield	703,245	0.01	103	2.2447	2	1.5695	2	4	
No. 83 Cartwright	208,691	100.00	208,691	4.3281	9,032	6.7726	14,134	23,166	
No. 92 Pendergast	282,212	38.29	108,058	2.1646	2,339	4.5285	4,893	7,232	
No. 93 Cave Creek (Unified)	1,779,835	12.81	228,000	1.8786	4,283	0.2254	514	4,797	
No. 97 Deer Valley (Unified)	2,299,621	54.60	1,255,518	4.2519	53,383	2.4457	30,706	84,089	
Total Elementary School Districts								650,137	
Total All School Districts								1,118,487	
Total Levies Applicable to Phoenix								\$ 1,644,862	

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

Sources: Maricopa County Finance Department and the State of Arizona

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

(in thousands)

**Table 12**  
(Continued)

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

**City of Phoenix, Arizona**  
**Primary Net Assessed Valuation and**  
**Estimated True Valuation**  
Last Ten Fiscal Years  
(dollars in thousands except for per capita amounts)

**Table 13**

<b>Fiscal Year</b>	<b>Secondary Tax Rate</b>	<b>Primary Net Assessed Valuation by Classification (1)</b>				<b>Total</b>
		<b>Commercial/ Utilities/ Industrial</b>	<b>Residential</b>	<b>Rural and Other</b>		
2016-17	\$0.83	\$ 4,642,740	\$ 6,062,572	\$ 276,839	\$ 10,982,151	
2015-16	0.48	4,579,070	5,701,785	296,177	10,577,032	
2014-15	0.47	4,700,793	5,788,311	329,530	10,818,634	
2013-14	0.35	4,662,457	4,979,086	333,170	9,974,713	
2012-13	0.58	5,254,484	5,228,248	367,012	10,849,744	
2011-12	0.77	5,869,685	6,000,142	473,946	12,343,773	
2010-11	0.94	7,710,939	7,643,363	738,006	16,092,308	
2009-10	1.05	8,099,847	9,937,631	823,760	18,861,238	
2008-09	1.06	7,378,160	10,598,307	879,605	18,856,072	
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816	

Source: Maricopa County Finance Department

For further information on population changes that affect the Assessed Valuation per Capita Actual and Uninflated amounts, see Table 21.

- (1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based on a single valuation, the Primary Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 use the Secondary Net Assessed Valuation.
- (2) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

**Table 13**  
(Continued)

**Assessed Valuation Per Capita (2)**

Percent Change in Net Valuation	Actual	Uninflated	Estimated True Valuation
0.04	\$ 7,013	\$ 5,153	\$ 110,159,434
(0.02)	6,922	5,121	105,206,669
8.46	7,188	5,357	106,487,248
(8.06)	6,714	5,081	98,192,506
(12.10)	7,401	5,695	103,538,837
(23.29)	8,493	6,726	116,576,023
(14.68)	11,120	8,984	144,772,031
0.03	11,326	9,237	169,320,058
17.35	11,566	9,566	167,520,964
31.05	10,073	8,642	140,052,671

**City of Phoenix, Arizona**  
**Principal Property Taxpayers**  
 Current Year and Nine Years Ago  
 (in thousands)

**Table 14**

Taxpayer	2015-16 Secondary Assessed Valuation (1)	Ranking	As a Percent of Total City	2006-07 Secondary Assessed Valuation (1)	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 371,274	1	3.51%	\$ 346,705	1	2.83%
Southwest Gas Corporation	75,218	2	0.71%	76,301	4	0.62
Century Link (Qwest Communications)	61,902	3	0.59%	181,931	2	1.48
AT&T Corporation	38,863	4	0.37%			
Host Kierland LP	35,043	5	0.33%			
Metropolitan Life Insurance Company	26,204	6	0.25%	45,664		0.37
United Services Automobile Association	24,784	7	0.23%			
Target Corporation	21,774	8	0.21%			
Phoenix Plaza PT LLC	21,450	9	0.20%			
Starwood Hotels and Resorts	20,591	10	0.19%	79,679	3	0.65
Cox Communications				58,240	5	0.47
Honeywell International Inc.				47,955	6	0.39
Westcor Company LP				43,830	8	0.36
JP Morgan Chase				38,049	9	0.31
Teachers Insurance & Annuity Assoc. of America				30,648	10	0.25
Total	<u>697,103</u>		<u>6.59%</u>	<u>949,002</u>		<u>7.73%</u>
City Total Primary Net Assessed Valuation				<u>\$ 10,577,032</u>		
City Total Secondary Assessed Valuation				<u>\$ 12,261,134</u>		

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

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



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*Statistical Section*

## **Debt Capacity**

These schedules present information regarding the City's current levels of outstanding debt and the City's capacity to issue additional debt.







**City of Phoenix**

**City of Phoenix, Arizona**  
**Legal Debt Margin - General Obligation Bonds**  
Last Ten Fiscal Years  
(in thousands)

**Table 15**

	<b>Fiscal Year</b>			
	<b>2016-17</b>	<b>2015-16 (3)</b>	<b>2014-15</b>	<b>2013-14</b>
<b>6% Limitation</b>				
Legal Debt Limitation	\$ 840,535	\$ 634,622	\$ 649,118	\$ 598,483
General Obligation Bonds Outstanding (1)	274,835	323,260	363,100	370,195
Less: Assets held in Restricted Redemption Funds (4)	—	(181,730)	(247,025)	(290,812)
	274,835	141,530	116,075	79,383
Total Debt Margin Available	<u>\$ 565,700</u>	<u>\$ 493,092</u>	<u>\$ 533,043</u>	<u>\$ 519,100</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	32.70%	22.30%	17.88%	13.26%
<b>20% Limitation</b>				
Legal Debt Limitation	\$ 2,801,784	\$ 2,115,406	\$ 2,163,727	\$ 1,994,943
General Obligation Bonds Outstanding (1)	1,061,880	1,104,837	1,132,676	1,174,635
Less: Capital Appreciation (2)	—	—	—	(882)
	1,061,880	1,104,837	1,132,676	1,173,753
Total Debt Margin Available	<u>\$ 1,739,904</u>	<u>\$ 1,010,569</u>	<u>\$ 1,031,051</u>	<u>\$ 821,190</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	37.90%	52.23%	52.35%	58.84%
Full Cash Net Assessed Valuation	<u><u>\$ 14,008,919</u></u>	<u><u>\$ 10,577,032</u></u>	<u><u>\$ 10,818,634</u></u>	<u><u>\$ 9,974,713</u></u>

- (1) Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of the city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of the city's full net assessed valuation.
- (2) The General Obligation Bonds outstanding balance includes accrued interest, or capital appreciation, on capital appreciation bonds. For purposes of the legal debt margin computation, the bonds outstanding balance must be reduced by the amount of this capital appreciation.
- (3) In 2015-16, as a result of Proposition 117, the debt limitation was based on the Primary Net Assessed Valuation. Prior years were based in Secondary Net Assessed Valuation now referred to as Full Cash Net Assessed Valuation. Legislation passed in 2016 changed the basis back to Full Cash Net Assessed Valuation starting in fiscal year 2016-17. See Note 4 to the financial statements for an explanation on Proposition 117.
- (4) Beginning in FY 2016-17, Assets held in Restricted Redemption Funds will no longer be used in the calculation of the 6% Legal Debt Limitation.

**Table 15**  
(Continued)

Fiscal Year						
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
\$	650,985	\$ 740,626	\$ 965,538	\$ 1,131,674	\$ 1,131,364	\$ 964,129
	370,195	364,225	390,645	310,955	329,535	346,240
	(321,451)	(337,282)	(339,393)	(275,202)	(199,185)	(146,625)
	48,744	26,943	51,252	35,753	130,350	199,615
\$	602,241	\$ 713,683	\$ 914,286	\$ 1,095,921	\$ 1,001,014	\$ 764,514
	7.49%	3.64%	5.31%	3.16%	11.52%	20.70%
\$	2,169,949	\$ 2,468,755	\$ 3,218,462	\$ 3,772,248	\$ 3,771,214	\$ 3,213,763
	1,218,080	1,180,264	1,241,159	1,036,479	1,075,421	1,122,561
	(811)	(745)	(682)	(2,234)	(3,438)	(3,105)
	1,217,269	1,179,519	1,240,477	1,034,245	1,071,983	1,119,456
\$	952,680	\$ 1,289,236	\$ 1,977,985	\$ 2,738,003	\$ 2,699,231	\$ 2,094,307
	56.10%	47.78%	38.54%	27.42%	28.43%	34.83%
\$	10,849,744	\$ 12,343,774	\$ 16,092,308	\$ 18,861,238	\$ 18,856,072	\$ 16,068,816

**City of Phoenix, Arizona****Table 16****Ratio of Debt Service Expenditures for General Bonded Debt  
to General Governmental Operating Expenditures - Budget Basis**

Last Ten Fiscal Years

(in thousands)

	Total Debt Service	Total General Governmental Operating Expenditures (1)	Ratio of Debt Service to General Governmental Operating Expenditures
2015-16	\$ 219,326	\$ 2,046,050	10.7%
2014-15	210,428	1,911,760	11.0%
2013-14	170,762	1,898,389	9.0%
2012-13	213,298	2,004,539	10.6%
2011-12	206,977	1,911,330	10.8%
2010-11	254,984	1,927,102	13.2%
2009-10	252,190	1,984,144	12.7%
2008-09	236,058	2,059,104	11.5%
2007-08	227,650	2,043,186	11.1%
2006-07	172,512	1,802,039	9.6%

(1) Includes all funds other than the enterprise funds. See Exhibit H-1.

**City of Phoenix, Arizona**  
**Pledged-Revenue Bond Coverage (1)**  
Last Ten Fiscal Years  
(in thousands)

**Table 17**

Fiscal Year Ended June 30,	Airport Revenue Bonds								
	Operating Revenues		Less: Operating Expenses		Net Operating Revenues		Principal	Interest	Coverage
2016	\$ 345,326	\$ 230,236	\$ 115,090	\$ 24,581	\$ 28,156			2.18	
2015	339,733	226,165	113,568	22,870	27,466			2.26	
2014	329,924	224,563	105,361	23,145	28,489			2.04	
2013	309,862	201,996	107,866	21,905	31,338			2.03	
2012	299,633	190,127	109,506	25,655	33,768			1.84	
2011	297,469	184,158	113,311	19,990	34,797			2.07	
2010	274,521	183,231	91,290	18,880	35,708			1.67	
2009	294,959	186,694	108,265	18,725	37,239			1.93	
2008	300,858	188,152	112,706	9,697	22,735			3.48	
2007	286,786	179,308	107,478	8,790	23,165			3.36	
Excise Tax Revenue Bonds (2)					Highway User Revenue Bonds (3)				
Fiscal Year Ended June 30,	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage	
2016	\$ 858,716	\$ 38,285	\$ 44,146	10.42	\$ 116,682	\$ —	\$ —	—	
2015	844,389	34,865	36,511	11.83	111,748	—	—	—	
2014	816,923	31,095	40,794	11.36	102,009	—	—	—	
2013	783,630	29,785	42,171	10.89	98,804	5,875	16,125	4.49	
2012	747,595	12,875	35,016	15.61	90,368	6,266	15,734	4.11	
2011	744,504	14,678	29,516	16.85	104,908	29,740	1,506	3.36	
2010	744,615	28,425	41,975	10.58	103,979	28,285	2,961	3.33	
2009	846,865	28,180	43,787	11.77	109,620	27,005	4,235	3.51	
2008	884,160	27,855	47,280	11.77	125,289	25,840	5,405	4.01	
2007	864,381	32,660	49,110	10.57	130,223	24,375	6,867	4.17	

**City of Phoenix, Arizona**  
**Pledged-Revenue Bond Coverage (1)**  
Last Ten Fiscal Years  
(in thousands)

**Table 17**  
(Continued)

Fiscal Year Ended June 30,	Rental Car Facility Charge Revenue Bonds (4)				Special Assessment Bonds (5)				Transit Excise Tax Revenue Bonds (6)			
	Customer Facility Charge Revenues	Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues	Principal	Interest	Coverage
2016	\$ 46,969	\$ 9,255	\$ 12,022	2.21	\$ 13	\$ 19	\$ 5	0.54	\$ 112,113	\$ 37,145	\$ 12,807	2.24
2015	45,698	8,750	12,527	2.15	29	18	7	1.16	110,347	32,775	14,416	2.34
2014	41,858	8,285	12,992	1.97	50	18	8	1.92	111,068	25,595	15,037	2.73
2013	40,579	7,845	13,431	1.91	35	31	10	0.85	110,059	31,035	19,098	2.20
2012	41,538	7,435	13,838	1.95	55	58	13	0.77	106,185	27,215	20,526	2.22
2011	39,388	7,065	14,209	1.85	114	77	17	1.21	101,379	23,755	21,714	2.23
2010	35,122	6,735	14,542	1.65	70	88	15	0.68	86,465	20,560	22,742	2.00
2009	37,160	6,440	14,838	1.75	372	355	25	0.98	97,324	17,620	23,623	2.36
2008	37,565	6,180	15,098	1.77	643	664	55	0.89	115,914	14,910	24,369	2.95
2007	31,817	5,960	15,318	1.50	678	628	95	0.94	124,432	12,420	24,990	3.33
<b>Wastewater Revenue Bonds</b>												
Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage
2016	\$ 199,761	\$ 66,817	\$ 132,944	\$ 36,568	\$ 32,626	1.92	\$ 399,709	\$ 168,304	\$ 231,405	\$ 34,344	\$ 62,058	2.40
2015	190,815	65,799	125,016	22,612	33,679	2.22	371,591	159,505	212,086	55,042	51,493	1.99
2014	193,009	70,245	122,764	32,347	36,191	1.79	400,507	165,992	234,515	50,231	62,726	2.08
2013	194,611	70,244	124,367	25,082	37,705	1.98	425,937	164,137	261,800	43,436	65,244	2.41
2012	212,990	72,021	140,969	23,973	39,479	2.22	391,654	163,043	228,611	30,775	66,780	2.34
2011	211,876	71,740	140,136	28,151	41,564	2.01	354,311	168,488	185,823	42,094	69,738	1.66
2010	198,157	72,017	126,140	24,945	42,424	1.87	347,593	166,334	181,259	37,960	73,605	1.62
2009	190,927	71,552	119,375	18,640	44,195	1.90	331,861	160,814	171,047	18,310	54,127	2.36
2008	187,905	68,470	119,435	16,330	40,567	2.10	333,443	157,596	175,847	19,580	54,573	2.37
2007	177,471	62,954	114,517	13,380	30,818	2.59	313,707	142,740	170,967	17,815	53,663	2.39

(1) Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation.

(2) Includes debt service on bonds paid from airport revenues (fiscal years 2008-2011 only), solid waste revenues and the new 2015 City of Phoenix Hotel Loan.

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

(4) Includes Customer Facility Charge (CFC) receipts deposited into the Trustee-held Revenue Fund only. Revenues are derived primarily from daily usage fees paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current CFC is \$6.00 per transaction day, effective January 1, 2009. Of the \$6.00 rate, \$4.50 is considered Pledged Revenues and is required to be deposited into the Trustee-held Revenue Fund. The Pledged Revenues must be used to fund various accounts established under the Bond Indenture, including the debt service fund. The City may, but is not required to, deposit the CFC receipts generated by the additional \$1.50 into the Trustee-held Revenue Fund. If the additional \$1.50 is deposited into the Trustee-held Revenue Fund, the monies become Pledged Revenues and are subject to the same use restrictions as the \$4.50. In Fiscal Years 2009 through 2015, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.

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

(6) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by the City of Phoenix voters on March 14, 2000 to be used for expanded bus service, the construction of a light rail system and other transportation improvements. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% transit sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds.

**City of Phoenix, Arizona**
**Table 18**
**Ratio of Outstanding Debt by Type**

Last Ten Fiscal Years

(in thousands, except per capita)

Fiscal Year	Governmental Activities						Business-Type Activities					Total Debt as a Percentage of Personal Income (2)		Total Debt Per Capita (2)	
	General Obligation Bonds	Revenue Bonds & Bank Loans	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	Capital Leases (1)	General Obligation Bonds	Revenue Bonds & Bank Loans	Municipal Corporation Bonds	Total Primary Government					
2016	\$ 1,305,320	\$ 305,940	\$ 563,630	\$ 114	\$ —	\$ 6,633	\$ 31,395	\$ 14,971	\$ 3,996,090	\$ 6,224,093	9.6%	\$ 3,975			
2015	1,371,620	—	628,285	133	—	—	56,477	15,908	4,029,790	6,102,213	9.7	3,993			
2014	1,430,205	—	671,560	151	24,265	—	65,571	16,818	4,094,225	6,302,795	10.2	4,188			
2013	1,472,180	—	739,170	169	25,630	—	73,532	17,701	4,246,165	6,574,547	11.4	4,425			
2012	1,505,350	5,875	789,450	200	26,945	—	83,736	18,560	4,401,753	6,831,869	12.3	4,661			
2011	1,450,024	12,141	821,455	259	26,970	—	95,209	17,896	4,516,528	6,940,482	13.0	4,775			
2010	1,500,379	41,881	744,390	336	29,450	—	132,106	14,846	3,940,950	6,404,338	12.3	4,426			
2009	1,200,792	70,166	784,020	260	30,625	—	148,876	—	4,022,342	6,257,081	11.0	3,757			
2008	1,232,957	97,476	820,061	593	31,760	—	175,437	—	3,642,562	6,000,846	10.5	3,681			
2007	1,262,652	123,816	857,461	1,257	32,870	—	209,254	28,745	3,123,256	5,639,311	10.3	3,535			

(1) Capital Leases are not backed by pledged revenues of any City of Phoenix bond credits. Payments on Capital Leases are subject to annual expenditure appropriation of the General Fund.

(2) See Table 21 for personal income and population data. Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. Fiscal years 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census, which resulted in the addition of 1,496 persons. Per Capita Income is not available for calendar year 2015 or 2016; therefore, 2014 calendar year per capita income was used.

**City of Phoenix, Arizona**

**Table 19**

**Governmental Activities Direct Bonded Debt per Capita**

Last Ten Fiscal Years

Fiscal Year	(in thousands)		(in thousands)			Total Governmental Activities Direct Bonded Debt Per Capita (3)
	General Obligation Bonded Debt	General Obligation Bonded Debt as a Percentage of Valuation of Property	Debt Secured by Revenues other than Property Tax (1)	Total Governmental Activities Direct Bonded Debt (2)		
2015-16	\$ 1,305,320	11.9%	\$ 876,317	\$ 2,181,637		1,393.22
2014-15	1,371,620	13.0	628,418	2,000,038		1,308.83
2013-14	1,430,205	13.2	695,976	2,126,181		1,412.68
2012-13	1,472,180	14.8	764,969	2,237,149		1,505.77
2011-12	1,505,350	13.9	822,470	2,327,820		1,587.98
2010-11	1,450,024	11.7	860,825	2,310,849		1,589.89
2009-10	1,500,379	9.3	816,057	2,316,436		1,600.71
2008-09	1,200,792	6.4	885,071	2,085,863		1,252.53
2007-08	1,232,957	6.5	949,890	2,182,847		1,338.89
2006-07	1,262,652	7.9	1,015,404	2,278,056		1,427.93

(1) Includes Revenue Bonds/Bank Loans, Certificates of Participation, Municipal Corporation Obligations, Special Assessment Bonds and Capital Leases.

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

(3) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011, and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

**City of Phoenix, Arizona**  
**Direct and Overlapping Bonded Debt**  
June 30, 2016  
(in thousands)

**Table 20**

	<b>Direct Debt</b>		
<b>Direct Debt - City of Phoenix Governmental Activities (1)</b>			
General Obligation Bonds			
6% Limitation Various Purpose	\$ 268,320		
20% Limitation Various Purpose	1,037,000		
Total General Obligation Bonds	1,305,320		
Other Obligations			
Revenue Bonds/Bank Loans	305,940		
Municipal Corporation Obligations	563,630		
Special Assessment Bonds	114		
Capital Leases	6,633		
Total Other Obligations	876,317		
Total Direct Debt	\$ 2,181,637		
	<b>Bonded Debt</b>	<b>Valuation Percent to City</b>	<b>Overlapping Debt</b>
<b>Overlapping Debt (2)</b>			
Maricopa County Community College District	\$ 534,225	30.39%	\$ 162,351
High School Districts			
Phoenix Union	256,230	96.23	246,570
Glendale Union	117,150	79.50	93,134
Tempe Union	119,700	30.05	35,970
Tolleson Union	28,600	47.43	13,565
Agua Fria Union	60,520	0.01	6
Elementary School Districts			
No. 1 Phoenix	56,180	100.00	56,180
No. 2 Riverside	32,715	97.90	32,028
No. 3 Tempe	96,885	14.20	13,758
No. 6 Washington	79,200	97.42	77,157
No. 7 Wilson	5,345	100.00	5,345
No. 8 Osborn	24,585	99.93	24,568
No. 14 Creighton	22,675	85.33	19,349
No. 17 Tolleson	6,885	20.53	1,413
No. 21 Murphy	7,105	100.00	7,105
No. 28 Kyrene	163,500	41.14	67,264
No. 31 Balsz	13,870	93.64	12,988
No. 38 Madison	72,685	100.00	72,685
No. 45 Fowler	6,525	88.04	5,745
No. 48 Scottsdale (Unified)	236,393	13.65	32,268
No. 59 Laveen	25,735	84.62	21,777
No. 62 Union	6,785	91.73	6,224
No. 65 Littleton	20,755	15.72	3,263
No. 66 Roosevelt	55,715	98.80	55,046
No. 69 Paradise Valley (Unified)	284,495	69.80	198,578
No. 79 Litchfield	44,425	0.01	4
No. 83 Cartwright	24,140	100.00	24,140
No. 92 Pendergast	25,350	38.29	9,707
No. 93 Cave Creek (Unified)	39,675	12.81	5,082
No. 97 Deer Valley (Unified)	214,410	54.60	117,068
Total Overlapping Debt	\$ 2,682,458		1,420,338
Net Direct and Overlapping Bonded Debt			\$ 3,601,975

(1) Net of cash with fiscal agent for July 1, 2016 maturities.

(2) Source: Maricopa County Finance Department



**City of Phoenix**



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Statistical Section

## Economic and Demographic Information

These schedules offer economic and demographic indicators to show the environment within which the City's financial activities take place.





**City of Phoenix, Arizona  
Demographic Statistics**

June 30, 2016

**Table 21**

Fiscal Year	Population (June 30) (4)	Personal Income (in thousands)	Per Capita Income (1)	Median Age (2)	Elementary & High School Enrollment	Unemployment Rate (1)
2016	1,565,896	\$64,549,365	\$ 41,222 (3)	36.1	281,906	5.8%
2015	1,528,115	62,991,957	41,222 (3)	35.7	271,089	6.6%
2014	1,505,070	62,041,996	41,222 (3)	35.6	268,065	7.6%
2013	1,485,719	57,564,183	38,745	34.6	264,333	8.3%
2012	1,465,901	55,713,033	38,006	34.6	261,393	8.4%
2011	1,453,462	53,535,366	36,833	34.6	258,415	9.1%
2010	1,447,128	52,164,623	36,047	34.6	251,241	8.9%
2009	1,665,320	57,090,500	34,282	33.0	292,536	5.1%
2008	1,630,340	57,363,513	35,185	33.0	287,470	3.2%
2007	1,595,360	54,585,242	34,215	33.0	280,195	3.5%

(1) Calendar Year

(2) For fiscal years 2010 through 2013, median age is based on the 2010 U.S. Census. For fiscal years 2007 through 2009, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2015 or 2016; therefore, 2014 calendar year per capita income was used.

(4) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

Source: City of Phoenix Planning and Development Services Department  
U.S Department of Commerce, Bureau of Economic Analysis  
Arizona Department of Education  
Arizona Department of Economic Security

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

**Table 22**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	42,687	1	2.23%	49,305	1	2.57%
Banner Health	40,226	2	2.10%	16,400	3	0.86%
Wal-Mart Stores Inc.	34,350	3	1.79%	28,800	2	1.50%
Fry's Food Stores	18,870	4	0.99%	11,780	8	0.61%
Wells Fargo	14,860	5	0.78%	11,800	7	0.62%
City of Phoenix	14,421	6	0.75%	14,166	4	0.74%
U.S. Postal Service	13,509	7	0.71%	11,000	9	0.57%
Arizona State University	12,488	8	0.65%	12,083	6	0.63%
Intel Corp.	11,000	9	0.57%			
Bank of America	9,809	10	0.51%			
Maricopa County				13,274	5	0.69%
Honeywell Aerospace				10,700	10	0.56%

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

Note: Top employers in Maricopa County.



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*Statistical Section*

## **Operating Information**

These schedules contain service and infrastructure data to show how the City's financial information relates to the services the City provides and the activities it performs.







**City of Phoenix**

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

**Table 23**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>AREA (square miles)</b>	519.4	519.4	519.4	519.3
<b>POPULATION AND DWELLING UNITS (1)</b>				
City of Phoenix (2) (3)	1,565,896	1,528,115	1,505,070	1,485,719
Maricopa County (Metro Phoenix)	4,152,807	4,078,062	4,008,651	3,944,791
Number of Dwelling Units (City) (3)	609,405	603,259	600,589	596,676
<b>CITY EMPLOYEES (4)</b>				
Governmental:				
General Government	879	819	821	886
Criminal Justice	249	253	263	284
Public Safety	5,642	5,530	5,657	5,843
Transportation	650	645	667	688
Environmental Services	370	377	413	459
Community Enrichment	1,045	1,051	1,071	1,127
Community Development	685	682	684	689
Total Governmental Employees	9,520	9,357	9,576	9,976
Public Enterprise:				
Aviation	748	732	774	769
Phoenix Convention Center	187	181	199	222
Water Services	978	931	955	994
Wastewater Services	288	278	298	321
Solid Waste	549	549	541	531
Golf (5)	—	—	—	44
Total Public Enterprise Employees	2,750	2,671	2,767	2,881
Total Full-Time Employees	12,270	12,028	12,343	12,857
Governmental per 1,000 Population	6.1	6.1	6.4	6.7
<b>PUBLIC SAFETY</b>				
<b>Police Protection</b>				
Police Precincts	7	7	8	8
Police Employees	3,269	3,268	3,266	3,266
Dispatched Calls for Service	671,456	655,874	641,183	648,718
Total Calls for 911/Crimestop	2,354,398	2,238,368	2,064,978	2,130,339
<b>Fire Protection</b>				
Fire Stations	58	58	58	58
Fire Employees	1,979	1,944	1,912	1,947
Total Calls for Service	204,669	186,594	173,065	172,568
<b>COMMUNITY ENRICHMENT</b>				
<b>Libraries</b>				
Number	17	17	17	17
Total Stock (in thousands)	1,908	1,854	1,802	1,735
Circulation (in thousands)	12,901	10,549	10,428	11,159
<b>Parks And Recreation</b>				
Number of Playgrounds (6)	256	256	256	244
City Parks (number of acres)	45,313	45,313	45,313	46,634

(1) Source: City of Phoenix Planning and Development Services Department

(2) The population figures before 2010 are for the City of Phoenix's Metropolitan Planning area, which includes additional land area and population not located within the City of Phoenix corporate limits.

(3) The City successfully appealed the 2010 census figures to add an additional 1,496 persons and 463 dwelling units. 2010, 2011 and 2012 figures have been adjusted to reflect the change.

(4) Includes only full-time filled positions.

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

(6) Beginning in 2012, Parks department started tracking individual playground structures instead of Parks that had playgrounds. Because many parks have two playgrounds - one for younger children and one for older children - the count is significantly higher than in previous years.

**Table 23**  
(continued)

2012	2011	2010	2009	2008	2007
519.2	519.1	519.1	519.1	517.9	517.2
1,465,901	1,453,462	1,447,128	1,665,320	1,630,340	1,595,360
3,883,949	3,843,370	3,817,117	3,759,766	3,725,530	3,649,508
594,190	592,591	590,612	583,515	576,610	568,127
894	926	1,008	1,210	1,339	1,341
298	296	309	345	361	359
5,949	6,009	6,193	6,405	6,486	6,069
717	727	774	788	824	810
461	481	521	483	482	474
1,194	1,237	1,317	1,386	1,613	1,671
680	704	720	785	893	1,005
10,193	10,380	10,842	11,402	11,998	11,729
771	789	775	775	762	751
221	234	258	268	197	188
999	1,032	1,041	1,046	1,050	1,008
331	348	315	306	302	298
544	564	582	590	538	528
51	55	61	60	61	64
2,917	3,022	3,032	3,045	2,910	2,837
13,110	13,402	13,874	14,447	14,908	14,566
7	7.1	7.5	6.8	7.4	7.4
8	8	6	6	6	6
4,441	4,463	4,819	4,949	4,961	4,378
657,507	673,559	656,331	708,508	773,761	843,840
2,131,868	2,068,318	1,991,401	2,091,799	2,435,385	2,650,475
58	57	58	57	57	52
1,972	1,945	1,972	2,037	2,105	2,002
165,034	156,348	146,203	145,714	145,279	149,058
17	16	16	16	15	15
1,791	1,644	1,736	1,751	2,165	2,537
14,465	13,840	14,447	14,152	15,835	14,987
242	166	164	164	164	154
46,032	44,517	41,966	41,966	37,991	38,059

**City of Phoenix, Arizona  
Statistical Profile**

**Table 23**

Last Ten Fiscal Years

	2016	2015	2014	2013
<b>TRANSPORTATION</b>				
<b>Public Transit Ridership</b>				
Bus (in thousands)	34,615	38,329	38,903	39,575
Dial-a-Ride (in thousands)	371	356	344	336
Light Rail (in thousands) (7)	9,850	9,039	9,023	8,924
<b>Traffic Control And Lighting</b>				
Signalized Intersections	1,130	1,106	1,099	1,102
Street Lights in Use	90,927	95,592	90,380	90,613
<b>Streets</b>				
Miles of Streets	4,857	4,857	4,856	4,850
Miles Resurfaced and Sealed:				
Major/Collector Streets	107	3	18	11
Local Streets	122	129	100	77
<b>COMMUNITY DEVELOPMENT</b>				
Construction Permits (8)				
Number of Permits Issued	42,384	37,527	34,255	30,295
Market Value (in thousands)	3,937,700	3,013,043	2,805,861	2,964,395
<b>AVIATION</b>				
Scheduled Airlines Served	19	19	21	21
Aircraft Traffic Movements (in thousands)	927	894	867	934
Passengers Enplaned/Deplaned (in thousands)	44,158	43,000	41,093	40,565
<b>PHOENIX CONVENTION CENTER</b>				
Number of Conventions	59	49	52	58
<b>WATER SERVICES</b>				
Production (billion gallons)	97.6	93.4	97.6	97.8
Average Daily Production (million gallons)	266.8	255.8	266.9	267.8
Miles of Water Mains (9)	6,882	6,883	6,867	6,847
Number of Accounts	416,303	418,995	416,623	414,188
<b>WASTEWATER SERVICES</b>				
Miles of Sewer Lines (9)	4,846	4,841	4,833	4,816
Number of Accounts (10)	406,967	402,495	402,624	397,627
<b>SOLID WASTE COLLECTION SERVICES</b>				
Residences Served	400,549	402,012	400,075	397,624
City Disposal (tons)	589,033	586,789	564,452	566,509
Total Disposal (tons)	896,255	883,119	863,226	875,601
Total Recycling (tons)	114,319	113,990	106,708	107,237
<b>GOLF</b>				
Rounds of Golf Played	223,266	221,267	254,703	248,630
Acres of Golf Courses Maintained	622	622	922	922

(7) Light rail service began on 12/27/2008. Ridership data represents passenger boardings in the City of Phoenix only and does not include boardings in other cities.

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

(9) Beginning in 2013, miles of water mains and sewer lines are reported from a GIS tracking system rather than the as built database, resulting in a more accurate count of mileage.

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

**Table 23**  
(continued)

2012	2011	2010	2009	2008	2007
38,440	37,425	38,476	48,061	45,543	44,109
337	328	354	396	391	411
8,387	7,885	7,576	3,486	—	—
1,096	1,092	1,080	1,075	1,012	992
95,592	91,133	90,870	89,844	89,632	86,524
4,832	4,824	4,811	4,799	4,799	4,995
10	85	20	60	22	13
183	41	89	74	82	97
27,652	29,366	28,185	33,541	33,550	43,894
2,845,334	2,881,360	2,589,067	3,347,275	3,440,591	5,431,182
17	18	19	19	21	22
963	941	984	1,038	1,085	1,130
40,554	39,561	38,289	37,936	41,646	41,886
58	48	70	60	54	49
100.8	99.9	97.9	99.2	106.6	106
275.5	273.6	267.9	271.8	291.2	290.4
6,953	6,962	6,955	6,935	6,905	6,790
407,902	404,647	403,104	402,926	403,752	401,937
4,984	4,980	4,975	4,960	4,943	4,730
394,495	391,267	373,123	373,588	374,555	373,035
395,785	394,159	392,830	390,479	386,389	379,047
599,952	645,038	649,616	709,812	711,365	732,360
948,931	1,046,300	975,234	1,039,169	1,054,206	1,150,580
105,695	109,805	112,800	119,402	128,047	126,100
253,288	236,700	246,147	255,847	299,000	313,000
922	755	755	724	922	922



**City of Phoenix**





#### **Back Cover**

- Petroglyphs on a desert trail
- Scorpion Gulch at South Mountain
- Sculpture at downtown CityScape
- Phoenix has a diverse workforce
- Public Works Department
- Central Avenue and Portland

#### **Front Cover**

- Water Services Department
- Phoenix Convention Center
- Phoenix Fire Department
- Phoenix Police Department
- Phoenix Municipal Stadium