

**City of Phoenix, Arizona  
Comprehensive Annual  
Financial Report**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
.....



**Phoenix, Arizona:  
Five-Time Winner  
All-America City Award**  
.....

All-America City  
Award years:  
.....

**2009**

**1989**

**1980**

**1958**

**1950**



## Phoenix Named All-America City

**I**t's official: Phoenix is an All-America City—for the fifth time. The National Civic League chose Phoenix as one of 10 winners of the prestigious, nationwide competition. Phoenix was one of 29 finalists presenting at the 2009 All-America City Awards and the only Arizona winner or finalist for the 60th annual awards.

Communities had to demonstrate their ability to address serious challenges with innovative, grassroots strategies that promote civic engagement and cooperation between the public, private and nonprofit sectors.

A committee of approximately 60 people worked collaboratively on the presentation and award application, including 40 community members and 20 city employees. Phoenix highlighted three challenges with extensive partnerships between neighbors, community groups, nonprofits, universities, businesses and various governments that transformed the city: the newly developed urban education campuses (Arizona State University Downtown Phoenix Campus and Phoenix Biomedical Campus) providing an economic boost, parks and land preservation strategies and the city's innovative library teen spaces.

The results were clear in their benefit to the community:

- Major brick and mortar projects downtown are adding much-needed vibrancy, while creating educational and research opportunities where few existed.
- Massive mountain and desert areas are preserved to protect the environment and provide recreational open space. New and renovated traditional parks give children in all neighborhoods a nearby, safe place to play.
- Teen centers established at all city libraries welcome young people with amenities and an atmosphere not expected from a library.

Phoenix previously won the All-America City Award in 1950, 1958, 1980 and 1989. It is the country's most prestigious community recognition award, honoring communities of all sizes for collaborative projects addressing critical issues.

City of Phoenix, Arizona



**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2011**

**City Council**

Phil Gordon, Mayor  
Thelda Williams, District 1  
Bryan Jeffries, District 2  
Bill Gates, District 3  
Tom Simplot, District 4  
Claude Mattox, District 5  
Sal DiCiccio, District 6  
Michael Nowakowski, Vice Mayor, District 7  
Michael Johnson, District 8

**Administrative Staff**

David Cavazos, City Manager

**Prepared By**

Finance Department  
Jeff DeWitt, Finance Director



**City of Phoenix**

# Comprehensive Annual Financial Report

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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 16, 2011

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, 2011. 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 3 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 Clifton Gunderson LLP to perform the audit of the City's CAFR for fiscal year 2010-2011. The Independent Auditor's Report on the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining funds is included in the financial section of this report.

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

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## ***City Profile***

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The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and infrastructure; as well as recreational and cultural activities. The City's six enterprise funds provide aviation, convention, water, wastewater, solid waste disposal and golf course 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, 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, sunny winters and hot summers and receives average rainfall of 8.3 inches a year.

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 1,445,632. As of June 30, 2011, the City encompassed 519.10 square miles, with the City of Phoenix Development Services and Planning Department estimating the City's population at 1,502,757 making it the sixth most populous city in the United States.

Major employers of the Phoenix metropolitan area include the State of Arizona, Wal-Mart Stores, Inc., Banner Health Systems, City of Phoenix, Wells Fargo and Company, Apollo Group Inc., Maricopa County, Arizona State University, Bank of America and Intel Corporation.

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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 (reappropriate) 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 in terms of population, employment and personal income growth. From 2000 to 2010, population growth was 24.2% in Maricopa County compared to 9.7% for the U.S. During periods of slowing in the U.S. economy, the Phoenix area has usually continued to grow, albeit slowly. It has taken a national recession for the Phoenix area to experience employment declines. The National Bureau of Economic Research (NBER) maintains the chronology of national business cycles and identifies the dates of expansion and recession. The NBER declared that the most recent recession began in December 2007 and ended in June 2009. This recession lasted 18 months and was the longest recession since the end of World War II.

Over the last several decades, Greater Phoenix has become economically healthier and more diversified. The greater Phoenix employment mix is well diversified and fairly similar to that of the United States as a whole. During the November 2001 to December 2007 expansion, employment in the greater Phoenix area increased 21.3% versus an increase of 5.3% nationally. During the most recent recession from December 2007 to June 2009, the greater Phoenix employment declined 13.1% versus an increase of 5.3% nationally. The underperformance of Greater Phoenix employment during the last recession can be attributed to the fact that each of Greater Phoenix's major employment sectors such as construction and tourism were the most negatively impacted by the national recession all at the same time. However, since the most recent expansion began in June 2009, Greater Phoenix employment increased 3.1% versus a decrease of 0.3% nationally. The primary employment sectors and their share of total employment consist of service industry (45.6%); trade (17.5%); government (13.7%); financial activities (7.9%); manufacturing (6.6%); construction (5.1%) and transportation, warehousing, utilities, (3.6%).

According to the Arizona Department of Revenue, retail sales were up 7.95% in 2006 and 0.1% in 2007, but declined 10.3% in 2008 and 10.6% in 2009. For the first eleven months of 2010, retail sales were flat (0.0% growth) over the similar period in 2009. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.0% in 2011. This forecast indicates a slow recovery over the next several years.

According to the National Association of Realtors, as of the first quarter of 2011, the U.S. median sales price for an existing single-family home was \$158,700 and the median sales price for a similar home in Greater Phoenix was \$126,700. The recent drop in home prices has made Phoenix housing very affordable compared to most other western cities including Los Angeles, San Diego, Denver, Albuquerque and Seattle. While the decrease in home values has negative repercussions, affordable housing is expected to be a positive factor in Phoenix's emergence from the recent recession.

The national and local economy has negatively impacted property taxes and excise taxes which are major sources of funding for City operations. The City has continued to monitor these revenues closely and adjust budgets and bond programs accordingly.

Property taxes declined from a total secondary assessed valuation at \$16.1 billion in fiscal year 2009-10 to \$12.3 billion in fiscal year 2010-11. This represents a 23.3% reduction from fiscal year 2009-10 values. The City's total property tax rate (primary and secondary) for fiscal year 2011-12 remains at \$1.82 per \$100 of assessed valuation. The City's general obligation bond property tax reserves of \$337 million as of June 30, 2011 and deferral of capital projects in the bond program allow the City to maintain the current property tax rate.

The City's Excise Taxes, consisting primarily of City sales taxes, increased from \$617 million in fiscal year 2009-10 to \$689 million in fiscal year 2010-11. The increase was due to the elimination of the City's exemption on the taxing of food for home consumption and a slight increase in the economy.

The 2010-11 budget deficit of \$277.3 million was addressed on April 5, 2010 through an accelerated budget process that adopted a final budget three months early. This deficit was addressed through a combination of new revenues from the elimination of the City's exemption on the taxing of food for home consumption, employee pay concessions, program and staff reductions, financial transactions and innovation and efficiency initiatives. As a result, the City's reserve levels improved as compared to the prior year. Additionally, \$500,000 were allocated to efficiency studies of public safety departments (police,

fire, courts) which comprise nearly seventy percent of the budget. These studies are to be completed in fiscal year 2011-12.

Finally, the City of Phoenix has aggressively attracted new businesses during the downturn in the economy. The City along with the Greater Phoenix Economic Council, are working together to attract wealth generating companies from outside the region to Phoenix. Employers that have recently relocated their headquarters or major operations to Phoenix include Dunn Edwards, First American Home Warranty, Amazon, Power One, Assa Abloy, Gap Incorporated Direct and Visiongate. 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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The City of Phoenix was the recipient of the National Civic League's All-America City award in June 2009. This is the fifth time the City has earned the recognition, and won the award for its collaborative projects that involve the community and address critical issues. The City highlighted the newly developed urban education campuses (Arizona State University Downtown Phoenix Campus and Phoenix Biomedical Campus), the Phoenix Parks and Preserve Initiative and the innovative library teen spaces. Phoenix previously won the All-America City Award in 1950, 1958, 1980 and 1989. It is the country's most prestigious community recognition award, honoring communities of all sizes for collaborative projects addressing critical issues.

In March 2011, the Sunshine Review, a non-profit organization dedicated to state and local government transparency recognized phoenix.gov with a 2011 Sunny Award for exceeding transparency standards for the content it provides to residents. This is the second year in a row Phoenix has received the award.

In July 2010, the City of Phoenix received an award from the International City/County Management Association (ICMA) for its commitment to continuous learning and improvement, based on criteria of effective, results-oriented management practices.

In October 2010, the City of Phoenix received the Valley Forward's 30th Annual Environmental Excellence President's Award (Best of Show) as well as a first-place Crescordia award in the "Buildings and Structures/Institutional" category for the Nina Mason Pulliam Rio Salado Audubon Center. The Audubon Center was completed in August 2009 and is a 7,200 square-foot center that is part of Phoenix's Rio Salado Habitat Restoration area. The City of Phoenix had eight additional projects recognized at the annual awards ceremony. The Environmental Excellence Awards program is Arizona's oldest and most prestigious awards competition focusing on environmental initiatives. A record 150 entries were received this year.

One of the City's largest projects is the PHX Sky Train which is an automated people mover designed to carry over 35 million riders annually through five stations at Sky Harbor International Airport (Sky Harbor) along a guideway spanning approximately five miles. Stage one of the PHX Sky Train will connect Phoenix's light rail system, Sky Harbor's east economy parking garages and Terminal 4. Stage one has a budget of approximately \$644 million and is expected to be completed in early 2013. Stage 1a, Terminal 3 Line Extension will run from Terminal 4 to Terminal 3 with a walkway to Terminal 2. Stage 1a has a budget of \$240 million and is expected to be completed in 2015. Future stages will extend the PHX Sky Train to the Rental Car Center.

CityScape is a 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and includes restaurants, a grocery store, offices, and outdoor event space. The project encompasses two blocks in downtown Phoenix and is one block from the US Airways Center and is within two blocks of Chase Field. Construction on CityScape began in the fall of 2007 and the first phase opened in March 2010. The first phase includes 660,000 square feet of Class A office space, 186,000 square feet of retail, 1,300 parking spaces and the redevelopment of Patriot's Square Park. The next phase will include construction of a 242 room Palomar hotel that commenced construction in February 2011 and is expected to be completed February 2012. The final phases of the project will be built out over several years based on market demand.

In May 2011, the City of Phoenix Housing Department was awarded \$20 million grant for the revitalization of the Frank Luke Addition Community public housing project and to construct new energy efficient housing with a total of 456 rental units. The grant funding is part of \$153 million awarded to eight public housing agencies across the country through HUD's HOPE VI Revitalization Program to transform severely distressed public housing into mixed-income communities.

The fully expanded Phoenix Convention Center, which welcomed its first convention in January 2009, now offers approximately 900,000 square feet of rentable convention space and is one of the top 20 facilities in the country in terms of size. In 2010, the convention center hosted a total of 62 conventions with an estimated 237,974 delegates equating to approximately \$345 million in direct spending.

The City continues to improve and modernize its transit/light rail system. In July 2011, modernizations and security improvements totaling \$3.7 million were made to the Central Station. In addition, there were expansions at three park-and-ride facilities throughout the City totaling \$7.5 million. Improvements to comply with the Americans with Disabilities Act (ADA) in the amount of \$4.0 million are scheduled to be made to 400 bus stops in Phoenix by December 2012.

The Downtown Phoenix Hotel opened October 1, 2008. It is the first hotel to be built downtown since 1976. With 31 stories, it is the tallest hotel in Arizona offering 80,000 square feet of meeting space, a 29,000 square foot grand ballroom and 17 meeting rooms. In September 2009, the Hotel was awarded AAA's Four Diamond Rating for 2010. Less than 4 percent of the properties approved by AAA achieve this prestigious distinction.

A major effort initiated by the City Manager and approved by the Mayor and City Council to ensure City government is operating as efficiently as possible was the creation of the Innovation and Efficiency Task Force. The task force, initiated in January 2010, is comprised of private sector members appointed by the Mayor and City Council, and City staff. The objective of the task force is to explore, develop and implement innovative processes that will result in a more efficient delivery of City services and maximize the use of limited taxpayer dollars. The Innovation and Efficiency Task force completed its efforts for a second year by achieving \$40.5 million in savings with \$16.9 million in General Fund savings and \$23.6 million in Non-General Fund savings.

As part of the fiscal year 2010-11 budget process, the Mayor and City Council approved hiring consultants to conduct innovation and efficiency studies of the Police and Fire Departments, as well as a combined study of Municipal Court, Public Defender and City Prosecutor Offices. The Water Services efficiency study was later requested to assist in identifying potential cost reductions to minimize future rate increases. A final report on the Police Study was presented to Council on May 3, 2011. Results of the remaining efficiency studies will be reported to the Mayor and City Council during fiscal year 2011-12.

During the economic downturn the City was able 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 2010-11 and will provide additional opportunities in the upcoming year. To see a listing of all Bond Ratings for the City of Phoenix, please refer to page 200.

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

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2010. 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. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The component unit financial report for COPERS for the year ended June 30, 2010 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

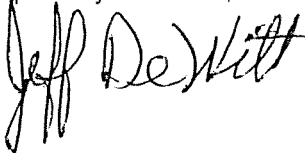
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### ***Acknowledgements***

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I want to thank the staff of the Finance Department for their efforts in preparing this report. I would also like to thank all City departments for their cooperation and assistance throughout the past year. I also appreciate the guidance and support extended by the City Manager and his staff, and the Mayor and City Council in maintaining the excellent financial status of the City in a responsible manner.

Respectfully submitted,



Jeff DeWitt  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Phoenix  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandson*

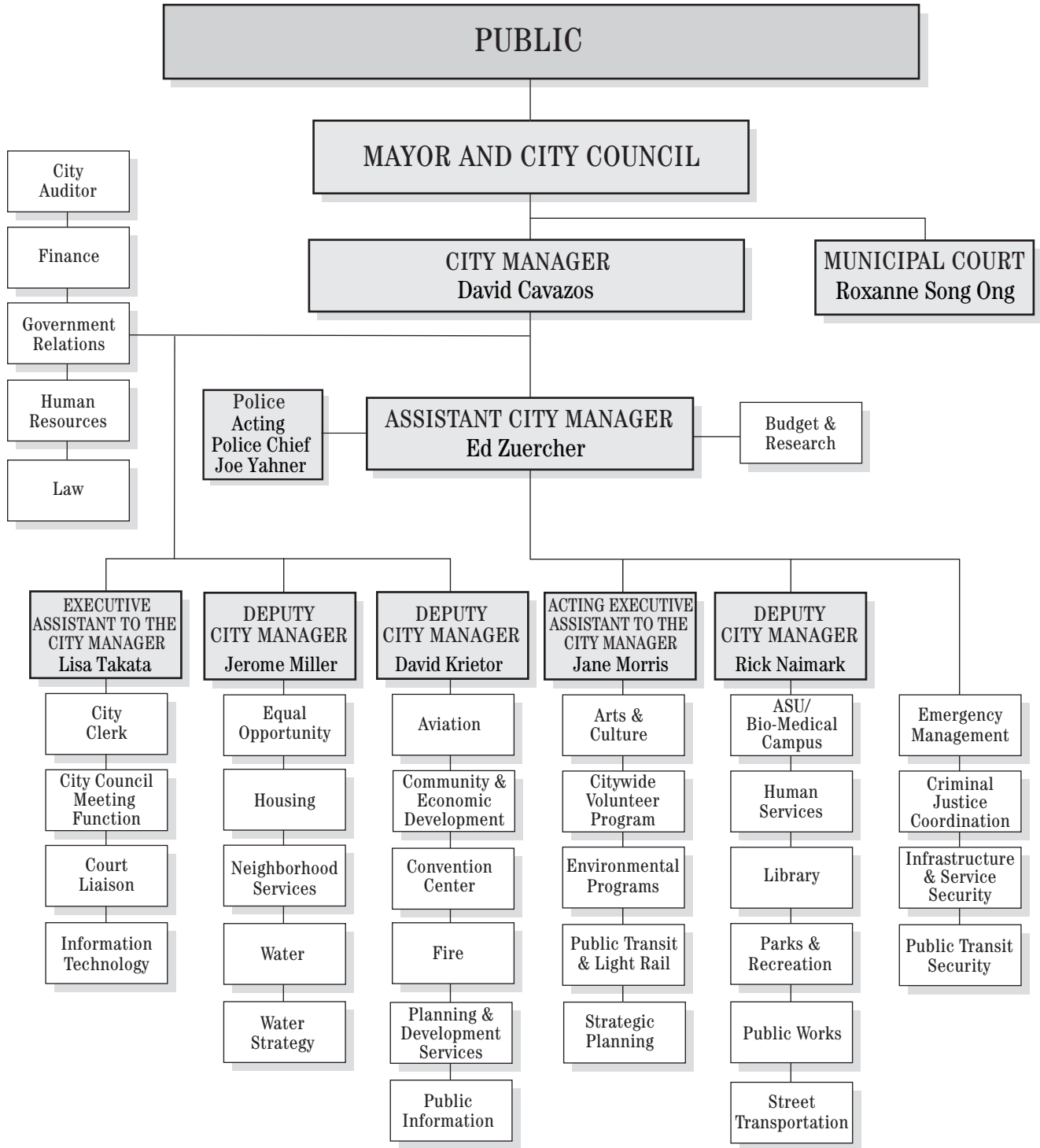
President

*Jeffrey R. Emer*

Executive Director



# City of Phoenix Organizational Chart



Effective 4/15/11

# City of Phoenix Council members and district boundaries



**Mayor Phil Gordon**  
602-262-7111  
phil.gordon@phoenix.gov



**Thelda Williams**  
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@phoenix.gov



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**Bill Gates**  
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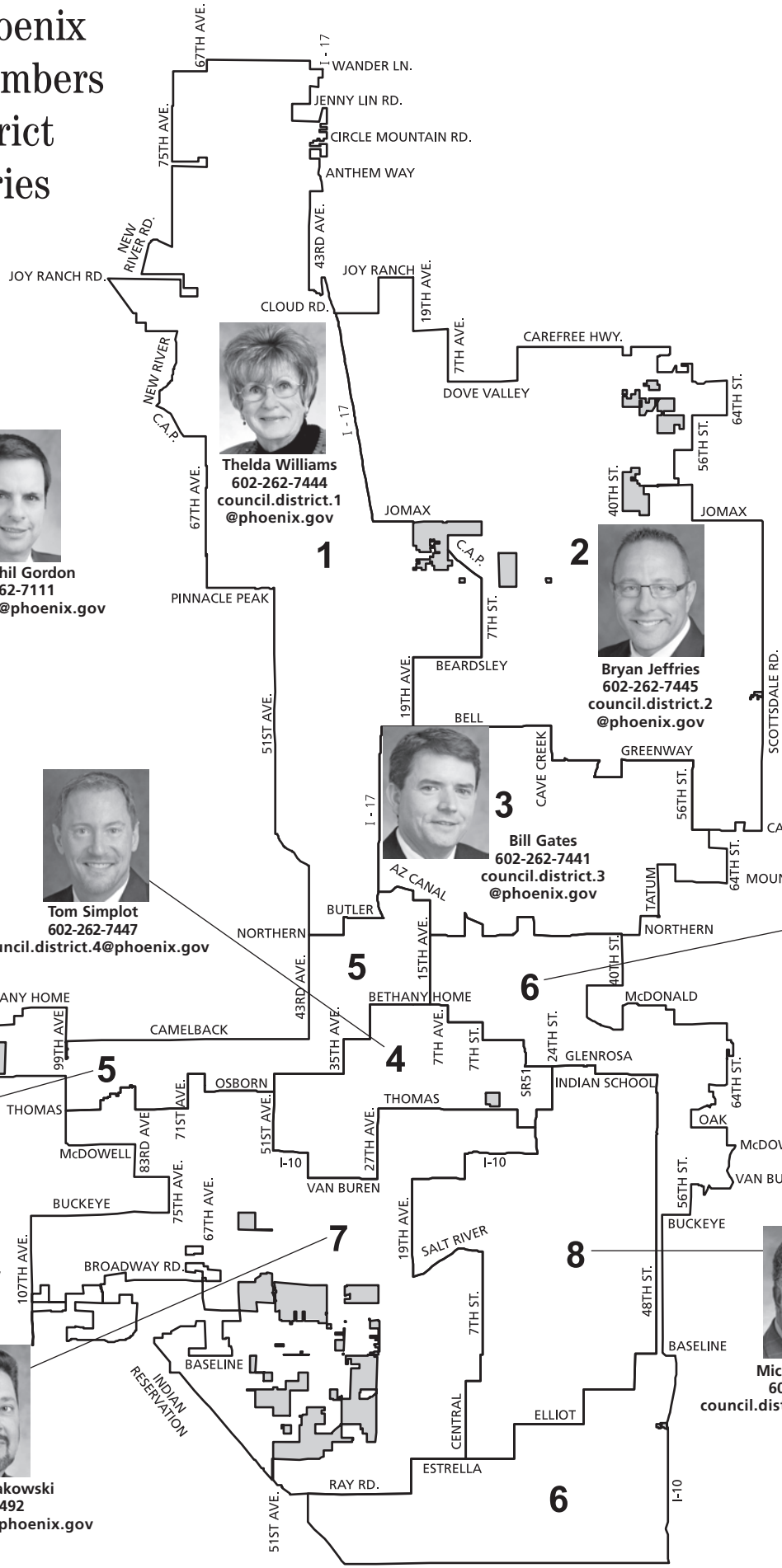
**Claude Mattox**  
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**Michael Johnson**  
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**City of Phoenix**



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## *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.



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2011, which collectively comprise the City's basic financial statements, as listed in the financial section of the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison statements for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully disclosed in Note 3 to the basic financial statements, the City adopted the provisions of Statement of Governmental Accounting Standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010, which moved the balances and activities of the Excise Tax Special Revenue Fund directly into the individual governmental funds used to expend those excise tax revenues, and resulted in the reclassification of the Capital Construction and Parks and Preserves Special Revenue Funds to Capital Projects Funds.

The management's discussion and analysis and the schedule of funding progress included in the required supplementary information to the basic financial statements on pages 3 through 12, and 91, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the City's basic financial statements. The non-major governmental funds, other supplementary information through and including other supporting schedules, 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011, on our consideration of the City's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Clifton Henderson LLP*

Phoenix, Arizona  
December 16, 2011



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*Financial Section*

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



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

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, 2011. 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 of the City exceeded its total liabilities at the close of the fiscal year by \$8.5 billion (net assets). Of this amount, \$2.0 billion (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. 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 net assets increased by \$163.9 million or 2.0 percent as compared to fiscal year ended June 30, 2010.
- The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. The City's governmental funds include General, General Obligation Debt Service, Special Revenue, Debt Service and Capital Projects funds.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$28.6 million from last fiscal year. Approximately 29.5 percent of the total governmental fund balance amount, or \$431.4 million, is designated by the City as committed, assigned and unassigned. The remaining 70.5 percent or 1,039.7 million is designated as non-spendable or restricted. See Note 3 on page 45 for a detailed description of fund balance classifications per GASB Statement No. 54.

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

This discussion and analysis are intended to serve as an introduction to the City's 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's finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 13 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 4 and 7.

The *Statement of Net Assets*, Exhibit A-1, presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of changes in the City's financial position.

The *Statement of Activities*, Exhibit A-2, presents information showing how the City's net assets changed during the fiscal year. All changes in net assets 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 Assets 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, solid waste and golf courses. In addition, financial information is also presented for the City's discretely presented component units, the Downtown Phoenix Hotel Corporation and the Phoenix Housing Finance Corporations. See Note 1 on page 33 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, 2011.

**Net Assets.** As noted above, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets, the amount by which assets exceeded liabilities, were \$8.5 billion at the close of the fiscal year.

The largest portion of the City's net assets (\$5.3 billion or 62.5 percent) reflects its investments 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 Assets.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 2,676,046	\$ 2,699,477	\$ 2,405,700	\$ 2,170,788	\$ 5,081,746	\$ 4,870,265
Capital assets	4,655,082	4,539,616	6,994,038	6,797,559	11,649,120	11,337,175
Total assets	<u>7,331,128</u>	<u>7,239,093</u>	<u>9,399,738</u>	<u>8,968,347</u>	<u>16,730,866</u>	<u>16,207,440</u>
Other Liabilities	288,833	124,063	472,353	428,951	761,186	553,014
Long-term liabilities outstanding	2,595,175	2,786,163	4,865,044	4,522,669	7,460,219	7,308,832
Total liabilities	<u>2,884,008</u>	<u>2,910,226</u>	<u>5,337,397</u>	<u>4,951,620</u>	<u>8,221,405</u>	<u>7,861,846</u>
Net assets:						
Invested in capital assets, net of related debt	2,325,050	2,184,990	2,992,285	3,146,717	5,317,335	5,331,707
Restricted	1,017,009	756,315	187,755	153,667	1,204,764	909,982
Unrestricted	1,105,061	1,387,562	882,301	716,343	1,987,362	2,103,905
Total net assets	<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>	<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>	<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>

The *restricted* portion of the City's net assets (\$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 remaining balance, or the *unrestricted net assets* (\$2.0 billion), may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City had positive balances in all three categories of net assets (1-invested in capital assets net of related debt, 2-restricted and 3-unrestricted), both for the government as a whole, as well as its separate Governmental and Business-Type Activities.

**Capital Assets.** The City's investment in capital assets for the fiscal year ended June 30, 2011, was \$11.6 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$311.9 million, an increase of \$115.4 million for Governmental Activities and an increase of \$196.5 million for Business-Type Activities.

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

- Design and construction related to the Sky Harbor Sky Train valued at \$227.5 million.
- Various street and storm sewer projects throughout the City valued at \$110.1 million.
- New and replacement water and sewer mains throughout the City valued at \$79.7 million.
- Acquisition of parks and preserve land valued at \$42.3 million.
- Construction and acquisition of Public Safety facilities and equipment valued at \$33.5 million.
- Design and construction at the Deer Valley water treatment plant valued at \$29.9 million.
- Construction and maintenance of Sky Harbor runways, taxiways and aprons valued at \$26.3 million.
- Land acquisition by the Aviation Department valued at \$17.1 million.
- Design and construction at the 27<sup>th</sup> Avenue solid waste transfer station valued at \$15.7 million.
- Sky Harbor security improvements at \$13.6 million.

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,195,836	\$ 1,106,472	\$ 729,235	\$ 735,421	\$ 1,925,071	1,841,893
Artwork	5,980	9,501	8,332	8,220	14,312	17,721
Construction-in-Progress	255,476	222,046	1,002,157	887,276	1,257,633	1,109,322
Buildings	915,815	927,017	1,695,335	1,724,271	2,611,150	\$ 2,651,288
Improvements	249,952	243,063	1,816,663	1,721,221	2,066,615	1,964,284
Infrastructure	1,753,122	1,733,727	1,069,410	1,095,836	2,822,532	2,829,563
Equipment	255,314	278,847	510,475	461,139	765,789	739,986
Intangible Assets	23,587	18,943	162,431	164,175	186,018	183,118
<b>Total</b>	<b>\$ 4,655,082</b>	<b>\$ 4,539,616</b>	<b>\$ 6,994,038</b>	<b>\$ 6,797,559</b>	<b>\$ 11,649,120</b>	<b>\$ 11,337,175</b>

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

**Long-term Liabilities.** The City had total long-term liabilities or obligations of \$7.5 billion (which is comprised primarily of bonded debt) at the end of the fiscal year. Of this amount, general obligation bonds that are backed by the full faith and credit of the City comprise \$1.6 billion, while municipal corporation obligations account for \$5.5 billion and certificates of participation account for \$27.2 million of the total. Revenue bonds total \$30.0 million and an additional \$0.3 million are special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to satisfy the debt payments.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities up to an amount not exceeding 20% of secondary assessed valuation. General obligation bonds for all other purposes may be issued up to an amount not exceeding 6% of secondary assessed valuation.

The City's available debt margin at June 30, 2011 was \$714 million in the 6% capacity and \$1.3 billion in the 20% capacity. Additional information regarding the debt limitations and capacities can be found in Note 12 to the financial statements and also in Table 15 in the statistical section.

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

**City of Phoenix  
Long-Term Liabilities  
as of June 30  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 1,462,234	\$ 1,514,437	\$ 91,442	\$ 127,649	\$ 1,553,676	\$ 1,642,086
Revenue bonds	12,141	41,190	17,896	14,846	30,037	56,036
Certificates of Participation	27,241	29,754	-	-	27,241	29,754
Municipal Corporation						
Obligations	828,157	768,909	4,649,759	4,054,133	5,477,916	4,823,042
Special assessment bonds	259	336	-	-	259	336
Insurance claims payable	103,543	99,671	-	-	103,543	99,671
Compensated absences	137,177	134,497	20,064	19,546	157,241	154,043
Landfill Closure/Post-closure costs	-	-	71,274	69,923	71,274	69,923
Pollution Remediation	22,000	22,250	14,437	16,940	36,437	39,190
Other	2,423	175,119	172	219,632	2,595	394,751
<b>Total</b>	<b>\$ 2,595,175</b>	<b>\$ 2,786,163</b>	<b>\$ 4,865,044</b>	<b>\$ 4,522,669</b>	<b>\$ 7,460,219</b>	<b>\$ 7,308,832</b>

The City's total long-term obligations increased by \$151.4 million during the fiscal year just ended, which represents an increase of 2.1 percent. The increase in long-term liabilities was in business-type activities reflecting issuances for municipal corporation obligations. On May 18, 2011, the City sold \$161.3 million of excise tax revenue bonds that included in the issuance of bonds to refinance and restructure existing bonds as well as bonds to finance equipment and various capital requirements. The City maintains the following ratings on its general obligation debt: "AAA" from Standard & Poor's and "Aa1" from Moody's Investors Service. Both Standard & Poor's and Moody's Investors Service list the City's outlook as "Stable".

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

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

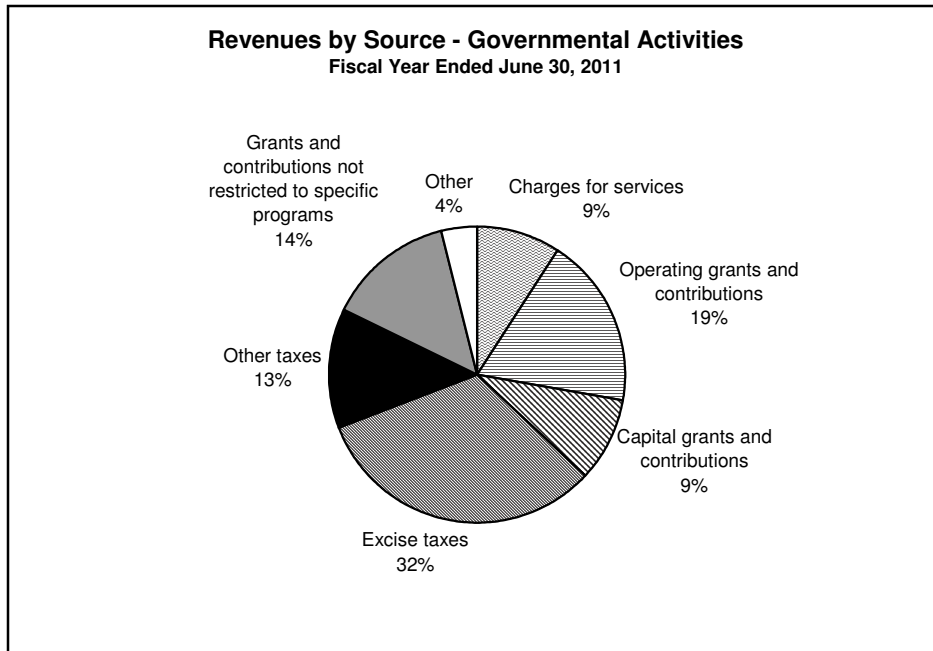
**City of Phoenix  
Changes in Net Assets  
For the year ended June 30  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 197,479	\$ 187,190	\$ 1,031,375	\$ 951,817	\$ 1,228,854	\$ 1,139,007
Grants and contributions						
Operating	400,525	360,927	-	-	400,525	360,927
Capital	191,856	203,473	184,019	200,485	375,875	403,958
General revenues						
Excise taxes	690,687	617,110	-	-	690,687	617,110
Other taxes	280,238	322,108	-	-	280,238	322,108
Grants/contributions not restricted to specific programs	299,593	360,241	-	-	299,593	360,241
Other	83,374	102,962	9,019	13,766	92,393	116,728
<b>Total revenues</b>	<b>2,143,752</b>	<b>2,154,011</b>	<b>1,224,413</b>	<b>1,166,068</b>	<b>3,368,165</b>	<b>3,320,079</b>
<b>Expenses</b>						
General government	76,270	83,975	-	-	76,270	83,975
Criminal justice	36,345	40,029	-	-	36,345	40,029
Public safety	847,244	851,414	-	-	847,244	851,414
Transportation	416,344	541,666	-	-	416,344	541,666
Community enrichment	245,417	287,019	-	-	245,417	287,019
Community development	229,902	225,137	-	-	229,902	225,137
Environmental services	39,003	58,189	-	-	39,003	58,189
Interest on long-term debt	95,462	107,480	-	-	95,462	107,480
Aviation	-	-	439,911	393,485	439,911	393,485
Phoenix Convention Center	-	-	127,569	114,071	127,569	114,071
Water services	-	-	329,457	359,342	329,457	359,342
Wastewater services	-	-	179,466	187,134	179,466	187,134
Solid waste	-	-	133,118	136,395	133,118	136,395
Golf courses	-	-	8,790	8,894	8,790	8,894
<b>Total expenses</b>	<b>1,985,987</b>	<b>2,194,909</b>	<b>1,218,311</b>	<b>1,199,321</b>	<b>3,204,298</b>	<b>3,394,230</b>
Increase/(Decrease) in net assets before transfers	157,765	(40,898)	6,102	(33,253)	163,867	(74,151)
Transfers	(39,512)	(14,176)	39,512	14,176	-	-
Increase/(Decrease) in net assets	118,253	(55,074)	45,614	(19,077)	163,867	(74,151)
<b>Net Assets - July 1</b>	<b>4,328,867</b>	<b>4,383,941</b>	<b>4,016,727</b>	<b>4,035,804</b>	<b>8,345,594</b>	<b>8,419,745</b>
<b>Net Assets - June 30</b>	<b>\$ 4,447,120</b>	<b>\$ 4,328,867</b>	<b>\$ 4,062,341</b>	<b>\$ 4,016,727</b>	<b>\$ 8,509,461</b>	<b>\$ 8,345,594</b>

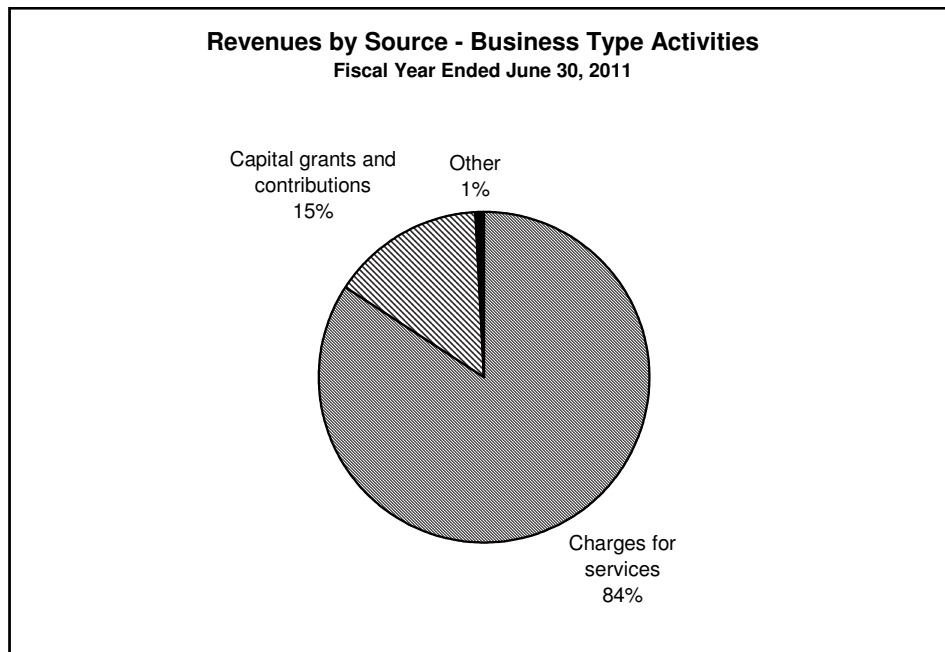
As shown above, Total Government net assets increased by \$163.9 million, of which \$118.3 million were related to Governmental Activities accounting for 72.2 percent of the total fiscal year increase in net assets. Business-Type Activities increased the City's net assets by \$45.6 million, or 27.8 percent of the total fiscal year increase in net assets.

During fiscal year ended 2011, excise tax revenues increased by 11.9 percent due to slight growth in the economy and due to the 2 percent food tax implemented in April 2010. However, state-shared revenues decreased due to the previous decline in the economy and due to Phoenix growing at a slower rate compared to other Arizona cities. Total expenditures decreased slightly mostly due to department cost cutting measures, efficiencies through continued use of innovation, and through debt refinancing and restructuring.

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.



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 32.2 percent of the total. Additional information about tax revenues is presented in Table 5 in the Statistical Section.



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

## **2) Basic Financial Statements - Fund Financial Statements**

The Fund Financial Statements are presented in Exhibits B-1 through B-10 beginning on page 18 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 of the funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-5), Enterprise Funds (Exhibits B-6 through B-8) and Fiduciary Funds (Exhibits B-9 and B-10).

**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 inflow 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 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-three Governmental Funds are combined into a single, aggregated presentation as Non-major Governmental Funds. Individual fund data for each of these non-major Governmental Funds is provided in the form of combining statements later in this report.

The City adopts an annual appropriated budget for all City funds. A Budgetary Comparison Statement has been provided for the General Fund (Exhibit B-5) 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 the City's Sky Harbor International Airport and two regional airports, Phoenix Convention Center, water system, wastewater system, solid waste disposal and the City golf courses.

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-6 through B-8 on pages 24-29) provide separate information for each of the six 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-5 on pages 18-22) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). This fiscal year the City implemented GASB Statement No. 54 which requires governmental fund balances to be categorized as nonspendable or spendable. Nonspendable fund balance includes amounts that cannot be spent because of form, such as inventory or prepaid items, or legal restraints, such as permanent endowments. Spendable fund balance is further categorized as restricted, committed, assigned or unassigned based on the level of constraints imposed on the use of those resources. Restricted fund balances have externally imposed constraints such as bond agreements, enabling legislation or voter approved initiatives. Committed, assigned and unassigned are used for levels of constraints imposed by the City and are therefore available at the City's discretion. 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, 2011**  
(in thousands)

	Fund Balances June 30, 2010	Net Change in Fund Balances	Fund Balances June 30, 2011
General Fund	\$ 255,581	\$ 52,134	\$ 307,715
G.O./Secondary Property Tax	339,724	(3,028)	336,696
Nonmajor Governmental	847,266	(20,513)	826,753
Total	<u>\$ 1,442,571</u>	<u>\$ 28,593</u>	<u>\$ 1,471,164</u>
Total Nonspendable	\$ 20,890	\$ 1,880	\$ 22,770
Spendable - Restricted	748,017	268,992	1,017,009
Spendable - (Committed, Assigned, Unassigned)	673,664	(242,279)	431,385
Total Governmental Balances	<u>\$ 1,442,571</u>	<u>\$ 28,593</u>	<u>\$ 1,471,164</u>

Note: See Exhibit B-1 on page 18 and Note 3 on page 45 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 \$1.5 billion, an increase of \$28.6 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.5 percent of this amount, or \$1.4 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$431.4 million available at the City's discretion and has been categorized as committed, assigned or unassigned. Examples include the General Fund, Insurance Claims, Sports Facilities and Community Development funds. The remaining 70.5 percent or 1,039.7 million is designated as non-spendable or restricted. Examples of restricted fund balances are mostly Debt Service Reserve funds, Special Revenue funds and Capital Project funds. Non-spendable funds include inventory and prepaid items. See Note 3 on page 45 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, the General Fund balance increased by \$52.1 million. This increase in fund balance was primarily due to a decrease in expenditures resulting from efficiency savings.

The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund decreased by \$3.0 million. This decrease was due to using the fund balance to pay for general obligation debt service. The nonmajor governmental funds, consisting of the special revenue, capital projects and debt service funds, had a combined decrease in fund balance of \$20.5 million. The decrease is due to spending proceeds from the General Obligation (GO) bond sale in October 2009, increased spending on housing projects and a decrease in the fund balance for the Public Safety Enhancement fund.

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 this budgetary statement as part of the Basic Financial Statements (Exhibit B-5).

The total revenues in the General Fund were within one 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 \$1.0 billion. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2011, were \$954.8 million which is \$59.0 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-6 through B-8) 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-6 and B-7.

**City of Phoenix**  
**Changes in Enterprise Fund Net Assets**  
**Fiscal Year Ended June 30, 2011**  
(in thousands)

	Net Assets July 1, 2010	Change in Net Assets	Net Assets June 30, 2011
Aviation	\$ 1,757,864	\$ 12,137	\$ 1,770,001
Phoenix Convention Center	216,644	(39,793)	176,851
Water System	1,235,099	36,926	1,272,025
Wastewater	787,810	24,960	812,770
Solid Waste	17,416	13,844	31,260
Golf Courses	1,894	(2,460)	(566)
Total	<u>\$ 4,016,727</u>	<u>\$ 45,614</u>	<u>\$ 4,062,341</u>

As shown in the table, Net Assets for the Enterprise Funds increased in total by \$45.6 million during the fiscal year. The Water System and the Wastewater System comprised the majority of this total with increases of \$61.9 million offset by a decrease in Phoenix Convention Center of \$39.8 million. Water and Wastewater net assets increased due to additional facilities to meet regulatory requirements. The decline in net assets for the Phoenix Convention Center reflects the effects of the weakened economy and a reclassification of fixed assets to the governmental funds. The Aviation, Water, and Wastewater System Funds comprise 94.9 percent (\$1.8 billion, \$1.3 billion, and \$812.8 million respectively) of the total Enterprise Fund Net Assets at June 30, 2011.

**3) Basic Financial Statements - Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found beginning on page 33 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 1,445,632 which is a 47.0% change. As of February 2, 2011, the City encompasses 519.12 square miles.
- Since the most recent expansion began in June 2009 through December 2010, Phoenix-Mesa-Glendale Metropolitan Statistical Area employment increased 3.1% versus a decrease of 0.3% nationally. Employment growth will continue to be under pressure until the recovery begins in the local housing market, credit markets stabilize, and the national economy continues to recover.



- Following several years of robust growth, the City's property tax base decreased in 2011 due to the downturn in the national economy and the overbuilding that occurred in the real estate sector during the mid 2000's. The 2011 total secondary assessed valuation is \$12.3 billion, which represents 23.6 percent reduction from 2010 assessed value of \$16.1 billion.
- Overall, the City was able to maintain or increase reserve levels due to prudent financial actions and a slow recovery in the economy.

### **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 Finance Director, 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, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Net Assets**

**Exhibit A-1**

June 30, 2011  
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 97,628	\$ 36,082	\$ 133,710	\$ 3,025	\$ 1,476
Cash Deposits	1,121	334	1,455	-	67
Cash and Securities with Fiscal Agents/Trustees	161,201	-	161,201	-	132
Investments	1,129,891	453,514	1,583,405	-	-
Internal Balances	10,953	(10,953)	-	-	-
Receivables, Net of Allowances	355,688	98,344	454,032	1,360	17,453
Prepaid Items	7,281	3,531	10,812	467	7
Inventories	15,493	9,965	25,458	230	-
Restricted Assets	-	1,112,052	1,112,052	62,202	-
Investment in Joint Use Agreements	895,679	702,582	1,598,261	-	-
Other Postemployment Benefits Asset	1,111	249	1,360	-	-
Other Noncurrent Assets	-	-	-	105	-
Capital Assets, at Cost					
Non-depreciable	1,919,495	1,739,724	3,659,219	1,164	8,706
Depreciable, net	2,735,587	5,254,314	7,989,901	260,666	9,249
Total Assets	<u>7,331,128</u>	<u>9,399,738</u>	<u>16,730,866</u>	<u>329,219</u>	<u>37,090</u>
<b>LIABILITIES</b>					
Accounts Payable	66,704	41,104	107,808	3,416	1,727
Trust Liabilities and Deposits	34,553	695	35,248	530	63
Unearned Revenue	28,392	11,250	39,642	-	-
Liabilities Payable from Restricted Assets	-	164,380	164,380	19,096	-
Utility/Water Contractual Agreements	-	892	892	-	-
Matured Bonds and Certificates Payable	109,583	143,206	252,789	-	-
Interest Payable	49,601	110,826	160,427	-	533
Noncurrent Liabilities					
Due Within One Year					
Insurance Claims Payable	29,034	-	29,034	-	-
Accrued Compensated Absences	18,676	2,829	21,505	-	-
Pollution Remediation	250	2,882	3,132	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	2,490	2,490	-	-
General Obligation Bonds	65,120	11,623	76,743	-	-
Revenue Bonds	6,266	833	7,099	4,896	-
Certificates of Participation	25	-	25	-	-
Municipal Corporation Obligations	31,300	114,235	145,535	-	-
Special Assessment Bonds	59	-	59	-	-
Due in More Than One Year					
Insurance Claims Payable	74,509	-	74,509	-	-
Accrued Compensated Absences	118,501	17,235	135,736	-	-
Pollution Remediation	21,750	11,555	33,305	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	68,784	68,784	-	-
General Obligation Bonds, net	1,397,114	79,819	1,476,933	-	-
Revenue Bonds, net	5,875	17,063	22,938	333,364	-
Certificates of Participation	27,216	-	27,216	-	-
Municipal Corporation Obligations, net	796,857	4,535,524	5,332,381	-	-
Special Assessment Bonds	200	-	200	-	-
Notes Payable	-	-	-	-	20,549
Utility/Water Contractual Agreements	2,423	-	2,423	-	-
Rebatable Arbitrage	-	172	172	-	-
Total Liabilities	<u>2,884,008</u>	<u>5,337,397</u>	<u>8,221,405</u>	<u>361,302</u>	<u>22,872</u>
<b>NET ASSETS (DEFICIT)</b>					
Invested in Capital Assets, Net of Related Debt	2,325,050	2,992,285	5,317,335	(21,908)	2,399
Restricted For:					
Capital Projects	289,144	-	289,144	4,605	-
Debt Service	341,115	87,432	428,547	35,567	-
Customer Facility Charges (CFC) Reserves	-	18,918	18,918	-	-
Other	386,750	81,405	468,155	-	-
Unrestricted	1,105,061	882,301	1,987,362	(50,347)	11,819
Total Net Assets (Deficit)	<u>\$ 4,447,120</u>	<u>\$ 4,062,341</u>	<u>\$ 8,509,461</u>	<u>\$ (32,083)</u>	<u>\$ 14,218</u>

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

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit A-2**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Governmental Activities</b>				
General Government	\$ 76,270	\$ 17,675	\$ 4,533	\$ -
Criminal Justice	36,345	27,623	-	-
Public Safety	847,244	63,842	17,707	160
Transportation	416,344	36,599	163,831	174,083
Community Enrichment	245,417	5,392	48,014	13,495
Community Development	229,902	46,128	157,572	4,118
Environmental Services	39,003	220	8,868	-
Interest on Long-Term Debt	95,462	-	-	-
Total Governmental Activities	<u>1,985,987</u>	<u>197,479</u>	<u>400,525</u>	<u>191,856</u>
<b>Business-Type Activities</b>				
Aviation	439,911	296,463	-	152,976
Phoenix Convention Center	127,569	33,111	-	14,786
Water Services	329,457	341,501	-	14,416
Wastewater Services	179,466	211,702	-	1,756
Solid Waste	133,118	142,320	-	33
Golf Courses	8,790	6,278	-	52
Total Business-Type Activities	<u>1,218,311</u>	<u>1,031,375</u>	<u>-</u>	<u>184,019</u>
Total Primary Government	<u>\$ 3,204,298</u>	<u>\$ 1,228,854</u>	<u>\$ 400,525</u>	<u>\$ 375,875</u>
<b>Component Units:</b>				
Downtown Phoenix Hotel Corp.	\$ 62,924	\$ 50,505	\$ -	\$ -
Phoenix Housing Finance Corp.	\$ 3,432	\$ 1,035	\$ -	\$ -
<b>General Revenues (Expenses)</b>				
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				
Transfers - Internal Activities				
Total General Revenues (Expenses) and Transfers				
Change in Net Assets (Deficit)				
<b>Net Assets (Deficit) - July 1</b>				
<b>Net Assets (Deficit)- June 30</b>				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations
\$ (54,062)	\$ -	\$ (54,062)		
(8,722)	-	(8,722)		
(765,535)	-	(765,535)		
(41,831)	-	(41,831)		
(178,516)	-	(178,516)		
(22,084)	-	(22,084)		
(29,915)	-	(29,915)		
(95,462)	-	(95,462)		
<u>(1,196,127)</u>	<u>-</u>	<u>(1,196,127)</u>		
-	9,528	9,528		
-	(79,672)	(79,672)		
-	26,460	26,460		
-	33,992	33,992		
-	9,235	9,235		
-	(2,460)	(2,460)		
<u>-</u>	<u>(2,917)</u>	<u>(2,917)</u>		
<u>(1,196,127)</u>	<u>(2,917)</u>	<u>(1,199,044)</u>		
			<u>\$ (12,419)</u>	
				<u>\$ (2,397)</u>
690,687	-	690,687	-	-
132,669	-	132,669	-	-
147,569	-	147,569	-	-
299,593	-	299,593	-	10,598
11,924	9,019	20,943	85	132
71,450	-	71,450	-	-
(39,512)	39,512	-	-	-
<u>1,314,380</u>	<u>48,531</u>	<u>1,362,911</u>	<u>85</u>	<u>10,730</u>
118,253	45,614	163,867	(12,334)	8,333
4,328,867	4,016,727	8,345,594	(19,749)	5,885
<u>\$ 4,447,120</u>	<u>\$ 4,062,341</u>	<u>\$ 8,509,461</u>	<u>\$ (32,083)</u>	<u>\$ 14,218</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**

**Exhibit B-1**

June 30, 2011  
(in thousands)

	General	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 15,475	\$ 35	\$ 82,118	\$ 97,628
Cash Deposits	1,092	-	29	1,121
Cash and Securities with Fiscal Agents/Trustees	-	84,724	76,477	161,201
Investments	141,593	332,205	656,093	1,129,891
Due from Other Funds	49,268	-	30,823	80,091
Receivables, Net of Allowance				
Accounts Receivable	21,326	-	18,212	39,538
Taxes Receivable	67,172	2,978	77	70,227
Delinquent Taxes Receivable	4,517	5,271	-	9,788
Intergovernmental	21,630	-	120,209	141,839
Accrued Interest	117	1,478	324	1,919
Notes Receivable	-	-	92,377	92,377
Prepaid Items	2,410	-	4,871	7,281
Inventories	14,261	-	1,232	15,493
Total Assets	<u>\$ 338,861</u>	<u>\$ 426,691</u>	<u>\$ 1,082,842</u>	<u>\$ 1,848,394</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to Other Funds	\$ -	\$ -	\$ 69,138	\$ 69,138
Accounts Payable	14,892	-	51,812	66,704
Trust Liabilities and Deposits	8,665	-	25,888	34,553
Matured Bonds Payable	-	50,355	59,228	109,583
Interest Payable	-	34,369	15,232	49,601
Deferred Revenue	7,589	5,271	34,791	47,651
Total Liabilities	<u>31,146</u>	<u>89,995</u>	<u>256,089</u>	<u>377,230</u>
Fund Balances				
Non-Spendable				
Inventories	14,261	-	1,232	15,493
Prepaid Items	2,410	-	4,867	7,277
Spendable				
Restricted	-	336,696	680,313	1,017,009
Committed	-	-	54,591	54,591
Assigned	96,126	-	120,145	216,271
Unassigned	194,918	-	(34,395)	160,523
Total Fund Balances	<u>307,715</u>	<u>336,696</u>	<u>826,753</u>	<u>1,471,164</u>
Total Liabilities and Fund Balances	<u>\$ 338,861</u>	<u>\$ 426,691</u>	<u>\$ 1,082,842</u>	<u>\$ 1,848,394</u>

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Assets**

**Exhibit B-2**

June 30, 2011  
(in thousands)

Fund balances - total governmental funds balance sheet \$ 1,471,164

Amounts reported for governmental activities in the statement of net assets 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	6,239,170	
Accumulated depreciation	<u>(1,584,088)</u>	4,655,082

The equity in joint ventures are not a financial resource and, therefore, are not reported in the funds.

Valley Metro Rail Inc.	820,773	
Regional Wireless Cooperative	<u>74,906</u>	895,679

The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds. 1,111

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 19,259

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	(2,330,032)	
Pollution Remediation	(22,000)	
Compensated absences	(137,177)	
Insurance claims payable	(103,543)	
Water Repayment Agreements	<u>(2,423)</u>	<u>(2,595,175)</u>

Net assets of governmental activities - statement of net assets \$ 4,447,120

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

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

**Exhibit B-3**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	General	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
City Taxes	\$ 560,404	\$ 149,018	\$ 262,644	\$ 972,066
Licenses and Permits	16,278	-	29	16,307
Intergovernmental	309,137	5,088	591,516	905,741
Charges for Services	69,130	-	88,113	157,243
Fines and Forfeitures	18,129	-	-	18,129
Parks and Recreation	-	-	2,326	2,326
Special Assessments	-	-	114	114
Investment Income				
Net Change in Fair Value of Investments	(5,867)	(5,259)	(6,445)	(17,571)
Interest	10,361	7,917	11,215	29,493
Dwelling Rentals	-	-	6,858	6,858
Other	31,206	-	40,098	71,304
Total Revenues	<u>1,008,778</u>	<u>156,764</u>	<u>996,468</u>	<u>2,162,010</u>
<b>EXPENDITURES</b>				
Current Operating				
General Government	51,661	-	4,047	55,708
Criminal Justice	33,158	-	1,948	35,106
Public Safety	643,669	-	147,217	790,886
Transportation	38,493	-	209,070	247,563
Community Enrichment	136,802	-	55,399	192,201
Community Development	19,452	-	186,810	206,262
Environmental Services	14,033	-	2,320	16,353
Capital Outlay	5,797	-	423,973	429,770
Debt Service				
Principal	-	50,355	59,305	109,660
Interest	-	68,739	35,570	104,309
Bond Issuance Costs	-	-	636	636
Arbitrage Rebate and Fiscal Agent Fees	-	7	22	29
Other	-	-	647	647
Total Expenditures	<u>943,065</u>	<u>119,101</u>	<u>1,126,964</u>	<u>2,189,130</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>65,713</u>	<u>37,663</u>	<u>(130,496)</u>	<u>(27,120)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	40,299	-	112,228	152,527
Transfers to Other Funds	(53,878)	(40,691)	(97,470)	(192,039)
Issuance of Debt				
Certificates of Participation and Municipal Corporation Obligations	-	-	86,725	86,725
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	5,662	5,662
Refunding Bonds	-	-	74,610	74,610
Deposit to Refunding Escrow	-	-	(71,772)	(71,772)
Total Other Financing Sources and (Uses)	<u>(13,579)</u>	<u>(40,691)</u>	<u>109,983</u>	<u>55,713</u>
Net Change in Fund Balances	<u>52,134</u>	<u>(3,028)</u>	<u>(20,513)</u>	<u>28,593</u>
<b>FUND BALANCES, JULY 1</b>	<u>255,581</u>	<u>339,724</u>	<u>847,266</u>	<u>1,442,571</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 307,715</u>	<u>\$ 336,696</u>	<u>\$ 826,753</u>	<u>\$ 1,471,164</u>

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**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit B-4**

Net change in fund balances - total governmental funds \$ 28,593

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 (\$292,482) minus the decrease in the equity share of the joint venture (\$20,378) exceeded depreciation (\$159,584) and loss on disposals of capital assets (\$17,433) in the current period. 95,087

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (18,258)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Additions to bonded debt, net of deferred loss	(142,448)
Bond principal payments and other reductions	164,407
Amortization of bond premium/discount	2,635

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	(2,680)
Insurance claims	(5,279)
Other Postemployment Benefit (OPEB) Asset	(1,631)
Pollution Remediation	250
Water Repayment Agreements	<u>(2,423)</u>

Change in net assets of governmental activities - statement of activities \$ 118,253

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, 2011  
(in thousands)

**Exhibit B-5**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 132,330	\$ 132,330	\$ 132,361	\$ 31
Licenses and Permits	14,308	14,308	13,186	(1,122)
Intergovernmental	58,590	58,590	50,179	(8,411)
Charges for Services	67,437	67,437	69,725	2,288
Fines and Forfeitures	17,362	17,362	18,029	667
Interest	710	710	374	(336)
Miscellaneous	18,747	18,747	25,807	7,060
Total Revenues	<u>309,484</u>	<u>309,484</u>	<u>309,661</u>	<u>177</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	76,421	76,421	70,649	5,772
Criminal Justice	35,448	35,448	33,324	2,124
Public Safety	647,318	652,218	639,692	12,526
Transportation	37,386	41,786	38,710	3,076
Community Enrichment	149,346	144,946	137,835	7,111
Community Development	20,924	20,924	19,417	1,507
Environmental Services	18,522	18,522	14,046	4,476
Capital	1,419	1,419	1,122	297
Contingency	27,049	22,149	-	22,149
Total Expenditures and Encumbrances	<u>1,013,833</u>	<u>1,013,833</u>	<u>954,795</u>	<u>59,038</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(704,349)	(704,349)	(645,134)	59,215
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Staff and Administrative	21,232	21,232	20,270	(962)
In-Lieu Property Taxes	20,996	20,996	21,052	56
Excise Taxes and Other	676,282	676,282	666,558	(9,724)
Transfers to Other Funds				
Miscellaneous	(1,932)	(1,932)	(17,271)	(15,339)
Recovery of Prior Years Expenditures	1,500	1,500	681	(819)
Total Other Financing Sources and (Uses)	<u>718,078</u>	<u>718,078</u>	<u>691,290</u>	<u>(26,788)</u>
Net Change in Fund Balance	<u>\$ 13,729</u>	<u>\$ 13,729</u>	<u>46,156</u>	<u>\$ 32,427</u>
Fund Balance, July 1			<u>46,752</u>	
Fund Balance, June 30			<u>\$ 92,908</u>	

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



**City of Phoenix**

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Enterprise Funds**  
**Statement of Net Assets**  
June 30, 2011  
(in thousands)

**Exhibit B-6**

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 22,722	\$ 3,615
Investments	258,406	38,959
Receivables, Net of Allowances	8,879	104
Prepaid Items	-	-
Cash Deposits	334	-
Inventories, at Average Cost	1,418	207
Total Unrestricted Current Assets	<u>291,759</u>	<u>42,885</u>
Restricted Assets		
Cash and Cash Equivalents	17,897	681
Cash Deposits	-	2,433
Cash and Securities with Fiscal Agents/Trustees	222,301	25,366
Investments	286,059	14,393
Receivables, Net of Allowances	18,741	1
Total Restricted Current Assets	<u>544,998</u>	<u>42,874</u>
Total Current Assets	<u>836,757</u>	<u>85,759</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,668,637	831,867
Investment in Joint Use Agreement	-	-
OPEB Asset	68	20
Total Noncurrent Assets	<u>2,668,705</u>	<u>831,887</u>
Total Assets	<u>3,505,462</u>	<u>917,646</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	11,440	1,082
Due to Other Funds	-	-
Trust Liabilities and Deposits	681	-
Utility/Water Contractual Agreements	-	-
Deferred Revenue	11,097	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Pollution Remediation	2,882	-
Current Portion of Accrued Compensated Absences	878	218
Total Current Liabilities Payable from Current Assets	<u>26,978</u>	<u>1,300</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	31,960	15
Trust Liabilities and Deposits	-	2,433
Bond Anticipation Notes Payable	-	-
Matured Bonds and Certificates Payable	28,525	1,895
Interest Payable	41,284	8,344
Current Portion of General Obligation Bonds	885	-
Current Portion of Revenue Bonds	-	-
Current Portion of Municipal Corporation Obligations	33,090	2,460
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	<u>135,744</u>	<u>15,147</u>
Total Current Liabilities	<u>162,722</u>	<u>16,447</u>
Noncurrent Liabilities		
General Obligation Bonds, Net	9,318	-
Revenue Bonds, Net	-	-
Municipal Corporation Obligations, Net	1,546,512	722,865
Pollution Remediation	11,555	-
Rebatable Arbitrage	-	172
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	5,354	1,311
Total Noncurrent Liabilities	<u>1,572,739</u>	<u>724,348</u>
Total Liabilities	<u>1,735,461</u>	<u>740,795</u>
<b><u>NET ASSETS (DEFICIT)</u></b>		
Invested in Capital Assets, Net of Related Debt	1,312,605	104,851
Restricted for Debt Service	87,432	-
Restricted for CFC Transportation O&M / Improvement Reserves	18,918	-
Restricted for Development Impact Fees	-	-
Unrestricted	351,046	72,000
Total Net Assets (Deficit)	<u>\$ 1,770,001</u>	<u>\$ 176,851</u>

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

**Exhibit B-6**

(Continued)

<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Golf Courses</b>	<b>Total</b>
\$ -	\$ 7,639	\$ 2,080	\$ 26	\$ 36,082
27,579	95,892	32,678	-	453,514
52,178	23,732	13,451	-	98,344
3,531	-	-	-	3,531
-	-	-	-	334
7,061	1,045	-	234	9,965
90,349	128,308	48,209	260	601,770
14,548	16,812	7,171	-	57,109
4,773	24	125	-	7,355
85,115	56,605	16,804	-	406,191
154,487	127,971	39,696	-	622,606
-	20	29	-	18,791
258,923	201,432	63,825	-	1,112,052
349,272	329,740	112,034	260	1,713,822
2,302,359	1,020,817	159,513	10,845	6,994,038
229,001	473,581	-	-	702,582
88	30	39	4	249
2,531,448	1,494,428	159,552	10,849	7,696,869
2,880,720	1,824,168	271,586	11,109	9,410,691
17,799	8,906	1,820	57	41,104
-	-	-	10,953	10,953
-	-	-	14	695
892	-	-	-	892
10	1	-	142	11,250
-	-	2,490	-	2,490
-	-	-	-	2,882
989	289	383	72	2,829
19,690	9,196	4,693	11,238	73,095
18,030	2,615	1,564	-	54,184
4,773	24	125	-	7,355
-	100,000	-	-	100,000
53,814	45,737	13,235	-	143,206
36,048	21,580	3,570	-	110,826
5,180	4,278	1,280	-	11,623
190	643	-	-	833
38,945	32,975	6,765	-	114,235
-	-	2,841	-	2,841
156,980	207,852	29,380	-	545,103
176,670	217,048	34,073	11,238	618,198
41,519	18,711	10,271	-	79,819
2,741	14,322	-	-	17,063
1,381,702	759,540	124,905	-	4,535,524
-	-	-	-	11,555
-	-	-	-	172
-	-	68,784	-	68,784
6,063	1,777	2,293	437	17,235
1,432,025	794,350	206,253	437	4,730,152
1,608,695	1,011,398	240,326	11,675	5,348,350
970,425	575,106	18,453	10,845	2,992,285
-	-	-	-	87,432
-	-	-	-	18,918
50,235	28,669	2,501	-	81,405
251,365	208,995	10,306	(11,411)	882,301
\$ 1,272,025	\$ 812,770	\$ 31,260	\$ (566)	\$ 4,062,341



**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Enterprise Funds**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets**

**Exhibit B-7**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Landing and Terminals Fees	\$ 151,007	\$ -
Sales	-	-
Rentals	112,462	5,947
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Golf Fees	-	-
Concessions	-	7,225
Other	25,191	19,939
Total Operating Revenues	<u>288,660</u>	<u>33,111</u>
Operating Expenses		
Administration and Engineering	-	25,300
Operation and Maintenance	216,366	15,105
Promotion	-	2,813
Depreciation and Amortization	128,697	26,657
Staff and Administrative	4,364	1,725
Environmental, Studies & Noise Program	15,364	-
Other	4,508	2,474
Total Operating Expenses	<u>369,299</u>	<u>74,074</u>
Operating Income (Loss)	<u>(80,639)</u>	<u>(40,963)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(4,254)	(781)
Interest on Investments	6,863	2,998
Interest on Capital Debt	(70,612)	(31,332)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	7,803	(22,163)
Total Non-Operating Revenues (Expenses)	<u>(60,200)</u>	<u>(51,278)</u>
Income (Loss) Before Contributions and Transfers	<u>(140,839)</u>	<u>(92,241)</u>
Capital Contributions	152,976	14,786
Transfers from Other Funds	-	37,835
Transfers to Other Funds	-	(173)
Change in Net Assets	<u>12,137</u>	<u>(39,793)</u>
Net Assets, July 1	<u>1,757,864</u>	<u>216,644</u>
Net Assets (Deficit), June 30	<u>\$ 1,770,001</u>	<u>\$ 176,851</u>

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

## Exhibit B-7

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ -	\$ -	\$ -	\$ -	\$ 151,007
278,400	-	-	-	278,400
-	-	-	-	118,409
-	159,185	-	-	159,185
-	-	130,309	-	130,309
-	-	-	4,134	4,134
-	-	-	1,474	8,699
63,101	52,517	12,011	669	173,428
341,501	211,702	142,320	6,277	1,023,571
28,278	11,930	22,627	352	88,487
133,311	59,450	79,593	7,539	511,364
-	-	-	-	2,813
93,763	41,920	15,177	622	306,836
4,772	958	4,668	276	16,763
-	-	-	-	15,364
-	-	4,732	1	11,715
260,124	114,258	126,797	8,790	953,342
81,377	97,444	15,523	(2,513)	70,229
(2,823)	(2,109)	(693)	(1)	(10,661)
4,945	3,655	1,218	1	19,680
(59,952)	(39,929)	(6,197)	-	(208,022)
(7,339)	(21,912)	-	-	(29,251)
(2,042)	(3,367)	(124)	1	(19,892)
(67,211)	(63,662)	(5,796)	1	(248,146)
14,166	33,782	9,727	(2,512)	(177,917)
14,416	1,756	33	52	184,019
22,051	19,096	7,544	-	86,526
(13,707)	(29,674)	(3,460)	-	(47,014)
36,926	24,960	13,844	(2,460)	45,614
1,235,099	787,810	17,416	1,894	4,016,727
\$ 1,272,025	\$ 812,770	\$ 31,260	\$ (566)	\$ 4,062,341

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

**Exhibit B-8**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<b>Aviation</b>	<b>Phoenix Convention Center</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 290,928	\$ 33,225
Payments to Suppliers	(166,428)	(24,044)
Payments to Employees	(69,904)	(21,527)
Payment of Staff and Administrative Expenses	(4,364)	(1,725)
Net Cash Provided (Used) by Operating Activities	<u>50,232</u>	<u>(14,071)</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	-	37,835
Transfers to Other Funds	-	(173)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>37,662</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	491,056	-
Principal Paid on Capital Debt	(26,735)	(1,795)
Interest Paid on Capital Debt	(61,371)	(16,738)
Loans from Other Funds	-	-
Acquisition and Construction of Capital Assets	(296,741)	(10,092)
Proceeds from Sales of Capital Assets	8,479	3
Capital Contributions	158,558	9,491
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>273,246</u>	<u>(19,131)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(2,526,597)	(46,008)
Proceeds from Sale and Maturities of Investment Securities	2,359,739	48,915
Net Activity for Short-Term Investments	(89,649)	(3,902)
Interest on Investments	2,729	446
Net Cash Provided (Used) by Investing Activities	<u>(253,778)</u>	<u>(549)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>69,700</u>	<u>3,911</u>
Cash and Cash Equivalents, July 1	<u>193,554</u>	<u>28,184</u>
Cash and Cash Equivalents, June 30	<u>\$ 263,254</u>	<u>\$ 32,095</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (80,639)	\$ (40,963)
Adjustments		
Depreciation and Amortization	128,697	26,657
(Increase) Decrease in Assets		
Receivables	(3,044)	146
Allowance for Doubtful Accounts	1,135	-
Prepaid Items	170	-
Inventories	34	(8)
OPEB Asset	90	28
Increase (Decrease) in Liabilities		
Accounts Payable	1,682	135
Trust Liabilities and Deposits	195	(32)
Deferred Revenue	3,982	-
Pollution Remediation	(2,503)	-
Accrued Compensated Absences	433	(34)
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 50,232</u>	<u>\$ (14,071)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 5	\$ 5,295
Bond Capital Appreciation	-	16,071
Refunding Issuance in Excess of Bond Retirement	433	62
Increase (Decrease) in Fair Value of Investments	(560)	(346)
Total Noncash Transactions Affecting Financial Position	<u>\$ (122)</u>	<u>\$ 21,082</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 22,722	\$ 3,615
Customer and Other Deposits	334	-
Total Unrestricted	<u>23,056</u>	<u>3,615</u>
Restricted		
Cash and Cash Equivalents	17,897	681
Cash with Fiscal Agents/Trustees	222,301	25,366
Customer and Other Deposits	-	2,433
Total Restricted	<u>240,198</u>	<u>28,480</u>
	<u>\$ 263,254</u>	<u>\$ 32,095</u>

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

**Exhibit B-8**

(Continued)

<b>Water System</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Golf Courses</b>	<b>Total</b>
\$ 345,663	\$ 217,710	\$ 142,447	\$ 6,302	\$ 1,036,275
(72,672)	(50,198)	(62,814)	(2,683)	(378,839)
(88,806)	(21,370)	(41,859)	(5,234)	(248,700)
(4,772)	(958)	(4,668)	(276)	(16,763)
179,413	145,184	33,106	(1,891)	391,973
22,051	19,096	7,544	-	86,526
(13,707)	(29,674)	(3,460)	-	(47,014)
8,344	(10,578)	4,084	-	39,512
3,116	3,909	-	-	498,081
(59,861)	(31,345)	(7,265)	-	(127,001)
(75,567)	(43,957)	(7,308)	-	(204,941)
-	-	-	2,048	2,048
(196,591)	(39,681)	(36,112)	(132)	(579,349)
2,126	33	1,233	1	11,875
9,329	516	-	-	177,894
(317,448)	(110,525)	(49,452)	1,917	(221,393)
(56,799)	(80,298)	(62,835)	-	(2,772,537)
132,951	93,024	76,577	-	2,711,206
30,093	(37,878)	(2,423)	-	(103,759)
2,464	1,528	498	-	7,665
108,709	(23,624)	11,817	-	(157,425)
(20,982)	457	(445)	26	52,667
125,418	80,623	26,625	-	454,404
\$ 104,436	\$ 81,080	\$ 26,180	\$ 26	\$ 507,071
\$ 81,377	\$ 97,444	\$ 15,523	\$ (2,513)	\$ 70,229
93,763	41,920	15,177	622	306,836
3,297	5,978	34	-	6,411
1,248	189	81	-	2,653
168	-	-	-	338
270	106	-	(39)	363
119	41	53	6	337
(485)	(270)	63	17	1,142
(391)	(159)	12	-	(375)
8	-	-	25	4,015
-	-	-	-	(2,503)
39	(65)	154	(9)	518
-	-	2,009	-	2,009
\$ 179,413	\$ 145,184	\$ 33,106	\$ (1,891)	\$ 391,973
\$ 5,087	\$ 1,240	\$ 33	\$ 52	\$ 11,712
63	-	-	-	16,134
1,239	2,601	-	-	4,335
738	(22)	(38)	-	(228)
\$ 7,127	\$ 3,819	\$ (5)	\$ 52	\$ 31,953
\$ -	\$ 7,639	\$ 2,080	\$ 26	\$ 36,082
-	-	-	-	334
-	7,639	2,080	26	36,416
14,548	16,812	7,171	-	57,109
85,115	56,605	16,804	-	406,191
4,773	24	125	-	7,355
104,436	73,441	24,100	-	470,655
\$ 104,436	\$ 81,080	\$ 26,180	\$ 26	\$ 507,071

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**

**Exhibit B-9**

June 30, 2011  
(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 56,626	\$ 6,293
Investments		
Treasurer's Pooled Investments	1,706	63,630
Temporary Investments	203,281	-
Fixed Income	497,789	-
Domestic Equities	1,121,488	-
International Equities	417,515	-
Receivables		
Accounts Receivable	56,153	-
Contributions Receivable	7,452	-
Interest and Dividends	2,722	-
Prepaid Items	5,150	-
Total Assets	<u>2,369,882</u>	<u>69,923</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	281,336	-
Accrued Payroll Payable	-	69,923
Claims Payable	25,861	-
Total Liabilities	<u>307,197</u>	<u>69,923</u>
<b><u>NET ASSETS</u></b>		
Held in trust for pension and other employee benefits	<u>\$ 2,062,685</u>	<u>\$ -</u>

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 Assets**

**Exhibit B-10**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<b><u>Pension and Other Employee Benefit Trusts</u></b>
<b><u>ADDITIONS</u></b>	
Contributions	
City of Phoenix	\$ 269,358
Employees	98,671
Inter-System Transfers	14,616
Other	6,858
Total Contributions	<u>389,503</u>
Investment Income	
From Investing Activities	
Net Increase in Fair Value of Investments	305,623
Interest	16,819
Dividends	23,732
Other	720
Investment Income	<u>346,894</u>
Less: Investment Expense	<u>5,326</u>
Net Investment Income	
from Investing Activities	341,568
Security Lending Activity Gross Income	1,833
Security Lending Expenses	<u>(727)</u>
Total Net Investment Income	<u>342,674</u>
Total Additions	<u>732,177</u>
<b><u>DEDUCTIONS</u></b>	
Benefit Payments	369,052
Refunds of Contributions	2,485
Inter-System Transfers	12,489
Other	10,975
Total Deductions	<u>395,001</u>
Net Increase	337,176
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	<u>1,725,509</u>
End of Year, June 30	<u>\$ 2,062,685</u>

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



**City of Phoenix**



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*Financial Section*

## Notes to the Financial Statements

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

<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Budget Basis of Accounting
3	Fund Balances
4	Property Tax
5	Cash and Investments
6	Receivables
7	Interfund Transactions
8	Restricted Assets and Liabilities Payable from Restricted Assets
9	Capital Assets
10	Long Term Obligations
11	Refunded and Refinanced Obligations
12	Legal Debt Margin
13	Risk Management
14	Operating Leases
15	Contractual and Other Commitments
16	Contingent Liabilities
17	Joint Use Agreements
18	Deferred Compensation Plan
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, 2011

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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.

GASB No. 20 requires that governments’ proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

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

**a. Reporting Entity**

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

**City of Phoenix Employees’ Retirement System (“COPERS”)**

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

**City of Phoenix Civic Improvement Corporation (“CIC”)**

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

**Phoenix Housing Finance Corporations (“PHFC”)**

The PHFC are individual nonprofit corporations which were incorporated under the laws of the State of Arizona. The corporations were created to act as instrumentalities of the City to aid in the development and financing of various housing projects for low income persons. The corporations are governed by self-perpetuating Board of Directors consisting of at least three persons who are appointed by and consist of City management. 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

## Notes to the Financial Statements

(Continued)

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the City for financial reporting purposes because of the City's accountability via the appointment of the board members. Separate financial statements for the corporations can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9<sup>th</sup> floor, Phoenix, Arizona, 85003.

### **Downtown Phoenix Hotel Corporation ("DPHC")**

The DPHC is an Arizona nonprofit corporation duly organized and existing under the laws of the State. The Corporation was formed in January, 2005, for the sole purpose of owning, acquiring, constructing, equipping, financing and taking any other actions that an Arizona nonprofit corporation may take with respect to a full-service downtown hotel. The City Council of the City of Phoenix appoints the corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the corporation. 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.

## **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.

### **Williams Gateway Airport Authority ("WGAA")**

WGAA 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 WGAA. 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 \$10.3 million) to the WGAA operating and capital budget.

## **c. Basic Financial Statements**

The basic financial statements constitute the core of the financial section of the City's Comprehensive Annual Financial Report (CAFR). The basic financial statements include the government-wide financial statements, fund financial statements, and the accompanying notes to these financial statements.

The government-wide financial statements (statement of net assets 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.

## Notes to the Financial Statements

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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 assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt, 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 assets are those whose use 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 assets 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 assets are available.

Reservations or designations of net assets 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 and depreciation expense on assets shared by multiple functions are not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other revenues not identifiable with particular functions or segments are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although the model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, 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.

## Notes to the Financial Statements

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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, liabilities, 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.

##### **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:

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

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

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

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

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

Four 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.

## Notes to the Financial Statements

(Continued)

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### **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 assets, 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 six 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, solid waste disposal system and golf courses.

### **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 assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs.

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

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

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

### **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 and current liabilities 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 and liabilities associated with the operation of these funds are included on the statement of net assets. Statements of revenues, expenditures and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets for proprietary funds. Statements of changes in net assets present increases and decreases in total assets for fiduciary funds.

## Notes to the Financial Statements

(Continued)

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

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures 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 2010-11, the reappropriation budget was \$1,324,500,000.

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

**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 2010-11 expenditure limit supplied by the Economic Estimates Commission was \$1,368,234,426. The City increased this limit to \$5,960,191,000 to adjust for additional voter-approved modifications, as follows:

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

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

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

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2007 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option will be in effect through 2011-12. Previously established exclusions for pay-as-you-go capital projects continue to apply.

**Budget Calendar**

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

<b>Action</b>	<b>City Charter</b>	<b>State Statutes</b>
City Manager’s proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June	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 budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption
Public hearing and final budget adoption	No provision	No later than the second Monday in August
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, liabilities, and net assets, 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 twenty two 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.

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

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



## Notes to the Financial Statements

(Continued)

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

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

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

### **k. Compensated Absences**

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

Sick leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. For the government-wide financial statements, as well as the enterprise fund financial statements, all of the outstanding compensated absences are recorded as a liability.

### **l. Long-Term Obligations**

In the government-wide financial statements, and in the enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Unamortized bond premiums or discounts are reported separately 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. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **m. Fund Deficits**

At June 30, 2011, two special revenue funds reported fund deficits: Neighborhood Protection \$9,066,000 and Public Safety Enhancement \$10,239,000. The deficits occurred due to lower than planned receipts of voter approved local sales taxes. The City Council has approved a multi-year plan to resolve these fund deficits over the next several years. The plan includes a combination of efforts including cost cutting measures, and the reduction of positions funded by these taxes through a hiring freeze and attrition. Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. The following capital project funds reported fund deficits: Parks, Recreation and Libraries, \$5,900,000 and Sports and Cultural Facilities, \$5,956,000. In addition, the Golf Courses Enterprise Fund had a fund deficit of \$566,000. As part of the fiscal year 2012/13 budget the City is developing a plan to address the deficit.

**n. Interfund Transactions**

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

**o. Statements of Cash Flows**

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

**p. New Accounting Pronouncements**

GASB Statement No. 54, ***Fund Balance Reporting and Governmental Fund Type Definitions***, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. This statement was effective for the City's financial statements for periods beginning after June 15, 2010. The City has implemented GASB No. 54 resulting in the reclassification of the Sports Facilities Special Revenue Fund to a Debt Service Fund and the reclassification of the Capital Construction and Parks and Preserves Special Revenue Funds to Capital Projects Funds. The Excise Tax Special Revenue Fund is no longer reported as excise tax revenues are now reported directly in the fund used to expend those revenues. See Note 3 for disclosure.

GASB Statement No. 59, ***Financial Instruments Omnibus***, improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools by providing more complete information and by improving consistency of measurements. This Statement provides amendments to Statement No. 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, Statement No. 40, *Deposit and Investment Risk Disclosures*, Statement No 43, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The City has implemented GASB No. 59 resulting in additional disclosure of bond mutual funds interest rate risk.

GASB Statement No. 60, ***Accounting and Financial Reporting for Service Concession Arrangements***, improves financial reporting by addressing issues related to service concession arrangements (SCAs). The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 61, ***The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34***, improves financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2012. The City will implement this Statement in fiscal year 2013.

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

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GASB Statement No. 62, **Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements**, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This requirement will bring the authoritative accounting and financial reporting literature together in one place. This Statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of applicable guidance. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 63, **Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, **Elements of Financial Statements**, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

The City has not fully determined the effects that implementation of Statements No. 60, No. 61, No. 62 and No. 63 will have on the City's financial statements.

**2. Budget Basis of Accounting**

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

	<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.

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

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2011 on the budget basis to the GAAP basis are as follows (in thousands):

	<b>Excess of Sources of Financial Resources Over Uses of Financial Resources</b>	
	<u>General</u>	
Budget basis	\$	46,156
Entity differences - amounts not budgeted		9,391
Transfers not recognized for budget purposes		(706,724)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)		690,144
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)		13,108
Unrealized gain or loss on investments		(3,102)
Encumbrances at June 30 recognized as expenditures for budget purposes		3,161
GAAP basis	\$	<u>52,134</u>

Adjustments necessary to convert the fund balances at June 30, 2011 on the budget basis to the GAAP basis are as follows (in thousands):

	<b>Fund Balances at June 30</b>	
	<u>General</u>	
Budget basis	\$	92,908
Entity differences - amounts not budgeted		214,904
Transfers not recognized for budget purposes		(706,196)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)		690,783
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)		9,901
Unrealized gain or loss on investments		(8,065)
Encumbrances at June 30 recognized as expenditures for budget purposes		13,480
GAAP basis	\$	<u>307,715</u>

## Notes to the Financial Statements

(Continued)

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### 3. Fund Balances

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

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

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

**Committed** – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) 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. In the General Fund assigned amounts represent intended uses established by City Council or City Management.

**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, than committed, assigned and unassigned resources when an expense is incurred for purposes for which more than are classification of fund balance are available.

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

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

	General	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances (in thousands):				
Nonspendable:				
Inventory/Prepaid	\$ 16,671	\$ -	\$ 6,099	\$ 22,770
Spendable:				
Restricted for:				
Criminal Justice	-	-	7,533	7,533
Public Safety	-	-	12,539	12,539
Transportation	-	-	261,238	261,238
Community Enrichment	-	-	3,680	3,680
Community Development	-	-	97,322	97,322
Environmental Services	-	-	1,140	1,140
Capital Construction	-	-	289,144	289,144
Debt Service	-	336,696	4,419	341,115
Other	-	-	3,298	3,298
Committed to:				
Criminal Justice	-	-	4,469	4,469
Capital Construction	-	-	14,571	14,571
Sports Facilities Fund	-	-	35,551	35,551
Assigned to:				
Insurance Claims	81,122	-	-	81,122
General Government	1,007	-	-	1,007
Criminal Justice	267	-	-	267
Public Safety	3,755	-	-	3,755
Transportation	598	-	4,465	5,063
Community Enrichment	5,869	-	415	6,284
Community Development	46	-	37,913	37,959
Environmental Services	2,771	-	1,814	4,585
Capital Construction	691	-	74,033	74,724
Other	-	-	1,505	1,505
Unassigned	194,918	-	(34,395)	160,523
Total fund balances	\$ 307,715	\$ 336,696	\$ 826,753	\$ 1,471,164

**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.

Specific provisions are made under each system for determining the full cash and limited values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the limited value of locally-assessed real property (residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on the annual increase in full cash value of any property. Primary levies are 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

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

amount equal to payments made during the year by the City pursuant to involuntary tort judgements. Secondary tax levies do not have a limitation. City of Phoenix assessed valuations for tax year 2011 are: primary \$12,232,482,029 and secondary \$12,343,773,555.

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

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

	<b>2010 Levy</b>			<b>Prior Levies</b>	<b>Total</b>
	<b>Primary</b>	<b>Secondary</b>	<b>Total</b>		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 13,946	\$ 13,946
Current Tax Levy	133,389	150,753	284,142	-	284,142
Adjustments by County Assessor	(1,295)	(1,518)	(2,813)	(2,539)	(5,352)
	132,094	149,235	281,329	11,407	292,736
Less: Collections	(127,389)	(143,767)	(271,156)	(9,239)	(280,395)
Taxes Receivable, June 30	<u>\$ 4,705</u>	<u>\$ 5,468</u>	<u>\$ 10,173</u>	<u>\$ 2,168</u>	<u>\$ 12,341</u>

In fiscal 2010-11, current property tax collections were \$271,156,000, or 95.4% 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 2011-12, 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 fund balance in the General Obligation/Secondary Property Tax Debt Service Fund must remain in that fund and 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.

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

**Unsecured Personal Property**

The foregoing is applicable to real property, improvements thereon and secured personal property (personal property attached to real property), utilities and other centrally assessed property. During fiscal 2010-11, 0.001% of the total property tax collections represented taxes on unsecured personal property, which are assessed on a monthly basis using different procedures than those applicable to secured property.

**5. Cash and Investments**

Cash and cash equivalents at June 30, 2011, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 27,438
Cash on Hand	186
Short-Term Pooled Investments	102,814
Short-Term Non-Pooled Investments	127,801
Total Cash and Cash Equivalents	<u>\$ 258,239</u>

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

Primary Government	
Unrestricted	
General Fund	\$ 15,475
General Obligation/Secondary Property Tax	35
Non-Major Governmental Funds	82,118
Enterprise Funds	
Aviation	22,722
Phoenix Convention Center	3,615
Wastewater	7,639
Solid Waste	2,080
Golf Courses	26
Total Unrestricted	<u>133,710</u>
Restricted	
Enterprise Funds	
Aviation	17,897
Phoenix Civic Plaza	681
Water System	14,548
Wastewater	16,812
Solid Waste	7,171
Total Restricted	<u>57,109</u>
Total Primary Government	190,819
Component Unit - DPHC	3,025
Component Unit - PHFC	1,476
Fiduciary Funds	
Employee Pension Trust	52,099
Employee Benefit Trust	4,527
Payroll Agency	6,293
Total Reporting Entity	<u>\$ 258,239</u>



## Notes to the Financial Statements

(Continued)

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### **Deposits**

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits during the year and at fiscal year end were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The carrying amount of the City's deposits at June 30, 2011 was \$27,438,000 and the bank ledger balance was \$38,557,000.

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, 2011 was \$404,354,000. 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 at June 30, 2011 was \$183,761,000 and the bank ledger balance was \$184,015,000.

### **Investments**

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

In addition to the types of investments described above, the LTD and MERP Trusts' assets are invested in separate, externally managed portfolios, mutual funds and commingled funds. These externally managed portfolios and funds consist of investments in U.S. equities, non-U.S. equities, core fixed income and real 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 allows COPERS to invest up to 60% (at cost) in domestic common stocks and up to 21% (at fair value) in international equities.

Total investments at June 30, 2011, stated at fair value, were \$4,552,883,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

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

	<b>Credit Quality Rating</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
City Investments			
Pooled Investments			
Short-Term Investment Funds	AAA	\$ 50,003	0.003
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	61,600	0.009
U.S. Treasury Securities	N/A (1)	461,251	1.282
U.S. Government Agency Securities			
FNMA Notes	AAA	13,669	3.085
FHLMC Notes	AAA	145,560	1.477
FHLB Notes	AAA	277,489	1.332
FFCB Notes	AAA	80,160	1.310
HUD	N/A (1)	4,021	0.587
Total U.S. Government Agency Securities		<u>520,899</u>	1.409
Municipal Securities	AA+	165,929	0.860
FDIC Corporate Notes	AAA	172,087	0.721
Mortgage Backed Securities			
GNMA	N/A (1)	61,578	2.530
FNMA Notes	AAA	864	2.164
FHLMC Notes	AAA	8,822	1.195
Total Mortgage Backed Securities		<u>71,264</u>	2.360
Collateralized Mortgage Obligations			
FNMA Notes	AAA	11,874	3.809
FHLMC Notes	AAA	9,048	2.238
Total Collateralized Mortgage Obligations		<u>20,922</u>	3.130
Total Pooled Investments		1,523,955	1.199
Less: SROG Pooled Investments		(37,394)	
Less: Val Vista Pooled Investments		(6,877)	
Less: RWC Pooled Investments		(3,008)	
Less: Short-Term Pooled Investments		<u>(133,741)</u>	
Net Pooled Investments		1,342,935	
Non-Pooled Investments			
Short-Term Investment Funds	AAA	35	0.003
U.S. Treasury Securities	N/A (1)	689,465	0.682
U.S. Government Agency Securities			
FNMA Notes	AAA	163,956	0.583
FHLMC Notes	AAA	108,290	0.450
FHLB Notes	AAA	126,245	0.485
FFCB Notes	AAA	2,021	0.547
Total U.S. Government Agency Securities		<u>400,512</u>	0.516
Municipal Securities	AA+	215	3.456
FDIC Corporate Notes	AAA	5,591	0.919
Less: Short-Term Non-Pooled Investments		1,095,818	0.622
Total Non-Pooled Investments		<u>(72,777)</u>	
Total Non-Pooled Investments		<u>1,023,041</u>	
Total City Investments		<u>\$ 2,365,976</u>	

(1) U.S. Government Guaranteed

# Notes to the Financial Statements

(Continued)

	Credit Quality Rating	Fair Value	Remaining Maturity (Years)					
			0-5	6-10	11-15	16-20	21-25	Over 25
COPERS Investments								
Fixed Income Investments								
Total Derivatives	Not Rated	\$ 6,732	\$ 6,601	\$ (16)	\$ (178)	\$ -	\$ -	\$ 325
U.S. Treasury Securities	Not Rated	57,525	4,926	6,662	8,849	9,527	20,957	6,604
U.S. Treasury Securities	AAA	10,408	1,973	8,435	-	-	-	-
Total U.S. Treasury Securities		67,933	6,899	15,097	8,849	9,527	20,957	6,604
U.S. Government Agency Securities	Not Rated	151	69	82	-	-	-	-
U.S. Government Agency Securities	AAA	4,390	850	2,678	-	-	74	788
U.S. Government Agency Securities	AA	486	-	486	-	-	-	-
U.S. Government Agency Securities	A	658	84	574	-	-	-	-
Total U.S. Govt. Agency Securities		5,685	1,003	3,820	-	-	74	788
Mortgage Backed Securities	Not Rated	21,027	-	150	-	-	-	20,877
Mortgage Backed Securities	AAA	48,955	-	1,123	5,359	642	2,303	39,528
Mortgage Backed Securities	AA	1,399	-	-	-	177	210	1,012
Mortgage Backed Securities	A	2,033	-	-	-	-	386	1,647
Mortgage Backed Securities	BBB	1,200	-	-	-	-	1,125	75
Mortgage Backed Securities	BB	1,989	-	-	-	-	1,518	471
Mortgage Backed Securities	B	1,171	-	-	-	-	578	593
Mortgage Backed Securities	CCC	2,830	-	-	-	-	1,272	1,558
Mortgage Backed Securities	CC	68	-	-	-	-	68	-
Mortgage Backed Securities	C	122	-	-	-	-	122	-
Mortgage Backed Securities	D	296	-	-	-	-	296	-
Total Mortgage Backed Securities		81,090	-	1,273	5,359	819	7,878	65,761
Asset Backed Securities	Not Rated	186	-	-	-	-	-	186
Asset Backed Securities	AAA	7,638	475	714	1,651	-	3	4,795
Asset Backed Securities	AA	402	-	-	185	-	62	155
Asset Backed Securities	A	205	-	-	-	-	-	205
Asset Backed Securities	BBB	262	-	25	57	180	-	-
Asset Backed Securities	BB	216	-	-	-	-	216	-
Asset Backed Securities	CCC	1,433	-	-	-	-	457	976
Asset Backed Securities	CC	41	-	-	-	-	41	-
Total Asset Backed Securities		10,383	475	739	1,893	180	779	6,317
Municipal Bonds	Not Rated	545	-	-	-	-	545	-
Municipal Bonds	AAA	1,276	-	-	-	205	180	891
Municipal Bonds	AA	3,403	-	-	-	603	649	2,151
Municipal Bonds	A	3,166	724	175	-	20	487	1,760
Municipal Bonds	BB	475	-	-	-	-	-	475
Total Municipal Bonds		8,865	724	175	-	828	1,861	5,277
Corporate Bonds	Not Rated	68,053	34,014	499	32,736	804	-	-
Corporate Bonds	AAA	3,454	2,779	266	-	-	-	409
Corporate Bonds	AA	3,581	1,426	1,027	-	-	-	1,128
Corporate Bonds	A	18,299	7,367	7,168	-	55	260	3,449
Corporate Bonds	BBB	22,186	6,105	12,143	616	157	721	2,444
Corporate Bonds	BB	875	29	56	174	-	485	131
Corporate Bonds	B	9	-	-	-	-	-	9
Corporate Bonds	CCC	201	201	-	-	-	-	-
Total Corporate Bonds		116,658	51,921	21,159	33,526	1,016	1,466	7,570
International Bonds	Not Rated	26,168	11,208	10,948	3,622	-	-	390
International Bonds	AAA	4,608	4,145	463	-	-	-	-
International Bonds	AA	3,068	1,367	1,344	-	-	-	357
International Bonds	A	9,266	4,688	4,500	-	-	-	78
International Bonds	BBB	8,344	2,762	4,945	-	-	38	599
International Bonds	BB	626	-	626	-	-	-	-
Total International Bonds		52,080	24,170	22,826	3,622	-	38	1,424
Total Fixed Income Investments		349,426	\$ 91,793	\$ 65,073	\$ 53,071	\$ 12,370	\$ 33,053	\$ 94,066
Temporary Investments from Securities Lending Collateral		203,281						
Domestic Equities								
Common Stocks		659,036						
Commodities Exchange Traded Fund		21,018						
Commingled Equity Index Fund		168,759						
Real Estate		182,746						
Total Domestic Equities		1,031,559						
International Equities		406,364						
Total COPERS Investments		\$ 1,990,630						

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

	<u>Credit Quality Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Fiduciary Fund External Investments			
Employee Benefit Trust			
Bond Mutual Funds			
Artio Total Return Bond Fund	Not Rated	\$ 26,900	7.260
PIMCO Total Return Fund Fund II	Not Rated	26,835	7.980
Total Bond Mutual Funds		<u>53,735</u>	
Stock Mutual Funds	Not Rated	101,079	
Total Fiduciary Fund External Investments		<u>154,814</u>	
Component Unit Investments			
U.S. Treasury Securities	N/A (1)	<u>41,463</u>	1.051
Total Investments		<u>\$ 4,552,883</u>	

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

Primary Government	
Unrestricted	
General Fund	\$ 141,593
General Obligation/Secondary Property Tax	332,205
Non-Major Governmental Funds	656,093
Enterprise Funds	
Aviation	258,406
Phoenix Convention Center	38,959
Water System	27,579
Wastewater	95,892
Solid Waste	<u>32,678</u>
Total Unrestricted	1,583,405
Restricted	
Enterprise Funds	
Aviation	286,059
Phoenix Convention Center	14,393
Water System	154,487
Wastewater	127,971
Solid Waste	<u>39,696</u>
Total Restricted	<u>622,606</u>
Total Primary Government	2,206,011
Component Unit - DPHC	41,463
Fiduciary Funds	
Employee Pension Trust	1,992,095
Employee Benefit Trust	249,684
Payroll Agency	<u>63,630</u>
Total Reporting Entity	<u>\$ 4,552,883</u>

## 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 that diversify the composition of the Trusts' assets into core fixed income securities. The funds, as of June 30, 2011, have weighted average maturities ranging from 7.26 to 7.98 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 Artio Global Management LLC specifies a weighted average duration of +/- one year 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.

### **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 carried long-term AAA ratings from both rating organizations. Subsequent to June 30, 2011, citing deficits, rating agency S&P downgraded U.S. Treasuries and U.S. Government Agency Securities from AAA to AA+. Repurchase agreements are generally collateralized by U.S. Treasuries and U.S. Government Agency Securities at 102%. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. The rating requirements do not apply to obligations issued by the City of Phoenix. Money market mutual funds must have a current minimum money market rating of AAAM by S&P and Aaa 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.

The City has invested in commercial paper and corporate notes issued by various financial institutions. These investments are insured by the Federal Deposit Insurance Corporation (FDIC) via the Temporary Liquidity Guarantee Program (TLGP). The FDIC created this program to strengthen confidence and encourage liquidity in the banking system by guaranteeing newly issued senior unsecured debt of banks, thrifts, and certain holding companies, and by providing full coverage of non-interest bearing deposit transaction accounts, regardless of dollar amount.

The City's LTD and MERP trusts are invested in fixed income mutual funds which do not receive a credit quality rating from a national rating agency and can be sold at any time. The mutual funds have invested the majority of their assets in fixed income securities with an average portfolio quality of investment grade.

## Notes to the Financial Statements

(Continued)

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Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. COPERS' investment policy permits purchasing any security that is included in the Barclays Capital U.S. Aggregate Index and relies on the methodology used by Barclays Capital to determine if a security is investment grade. For fixed income securities and their futures or options derivatives, emphasis will be on high-quality securities. COPERS' currently has three managers responsible for fixed income investments. Artio Global Management LLC, PIMCO and Western Asset Management Company (Western) are active bond managers. As part of their portfolio, Western may enter into futures, options, and swaps contracts for hedging purposes and/or as a part of the overall portfolio strategy and will be incidental to its securities trading activities for the account.

### **Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Fair Value</u>
FNMA	\$ 190,363
FHLMC	271,720
FHLB	403,734

COPERS' investment policy does not allow for an investment in any one issuer that is in excess of five percent of COPERS' total investments which includes futures, options and swaps, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2011, COPERS did not have any investments with any one issuer in excess of five percent.

The LTD and MERP Trust have allocated 35% 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 21.00% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 20.90% of total COPERS' assets as of June 30, 2011. The fair value of COPERS' international commingled equity funds managed by Baillie Gifford, Blackrock/iShares, GMO and Mondrian was \$378,060,000 as of June 30, 2011. Dollar denominated holdings accounted for 100.00% of the international equity investments at June 30, 2011.

### **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 March 5, 2002, authorized State Street Company ("State Street") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. The Agreement was amended effective November 16, 2006 directing State Street to invest cash collateral in the Funds for Short-Term Investment – Quality D, replacing the requirement to invest in the Quality A Fund.

During 2011, State Street lent, on behalf of COPERS, certain securities held by State Street 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. State Street 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 at least 100% of the market value of the loaned securities.

COPERS did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf and State Street indemnified COPERS by agreeing to purchase replacement securities or return cash collateral in the event borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or State Street.

During 2011, 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

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

collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool and a duration pool. As of June 30, 2011, the liquidity pool had an average duration of 32 days and an average weighted final maturity of 62 days and the duration pool had an average duration of 36 days and an average weighted final maturity of 484 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2011, COPERS had no credit risk exposure to borrowers. The collateral held, and the market value of securities on loan for COPERS as of June 30, 2011, was \$203,281,000 and \$199,462,000, respectively.

**6. Receivables**

Receivables at June 30, 2011 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	<b>Accounts</b>	<b>Taxes</b>	<b>Interest</b>	<b>Intergov- ernmental (1)</b>	<b>Notes</b>	<b>Total</b>
<b>Unrestricted</b>						
<b>Governmental Activities</b>						
General Fund	\$ 21,326	\$ 71,689	\$ 117	\$ 21,630	\$ -	\$ 114,762
G.O./Secondary Property Tax	-	8,249	1,478	-	-	9,727
Nonmajor	18,212	77	324	120,209	92,377	231,199
	<u>39,538</u>	<u>80,015</u>	<u>1,919</u>	<u>141,839</u>	<u>92,377</u>	<u>355,688</u>
<b>Business-Type Activities</b>						
Aviation	8,879	-	-	-	-	8,879
Phoenix Convention Center	104	-	-	-	-	104
Water System	49,981	-	-	2,197	-	52,178
Wastewater	21,115	-	-	2,617	-	23,732
Solid Waste	13,447	-	-	4	-	13,451
	<u>93,526</u>	<u>-</u>	<u>-</u>	<u>4,818</u>	<u>-</u>	<u>98,344</u>
	<u>133,064</u>	<u>80,015</u>	<u>1,919</u>	<u>146,657</u>	<u>92,377</u>	<u>454,032</u>
<b>Restricted</b>						
<b>Business-Type Activities</b>						
Aviation	10,920	-	383	7,438	-	18,741
Phoenix Convention Center	-	-	1	-	-	1
Wastewater	-	-	20	-	-	20
Solid Waste	-	-	29	-	-	29
	<u>10,920</u>	<u>-</u>	<u>433</u>	<u>7,438</u>	<u>-</u>	<u>18,791</u>
	<u>\$ 143,984</u>	<u>\$ 80,015</u>	<u>\$ 2,352</u>	<u>\$ 154,095</u>	<u>\$ 92,377</u>	<u>\$ 472,823</u>

(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.

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

The following is a summary of the allowance for doubtful accounts for all funds and the bad debt expense for the enterprise funds at June 30, 2011 (in thousands):

<b>Allowance for Doubtful Accounts</b>			
	<b>Accounts</b>	<b>Taxes</b>	<b>Total</b>
Governmental			
General Fund	\$ 30,516	\$ 13,933	\$ 44,449
Nonmajor	434	-	434
Business-Type			
Aviation	2,097	-	2,097
Phoenix Convention Center	72	-	72
Water System	3,466	-	3,466
Wastewater	1,417	-	1,417
Solid Waste	1,260	-	1,260
Golf Courses	13	-	13
	<u>\$ 39,275</u>	<u>\$ 13,933</u>	<u>\$ 53,208</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2011, as follows (in thousands):

Aviation	\$ 5,283
Water System	23,358
Wastewater	8,017
Solid Waste	4,912
	<u>\$ 41,570</u>

**Notes Receivable**

The City has entered into a loan agreement with Native American Connections, Inc. "NACI" for the sale of property to NACI. The loan agreement has been recorded as a note receivable in the Municipal Buildings and Service Centers Capital Projects Fund. In fiscal year 2010, the City renegotiated the loan agreement with NACI, adjusting the terms of the payment agreement. As of June 30, 2011, the note amount is \$859,016, with a maturity date of January 1, 2021, and an interest rate of 3.0%.

The City has entered into a lease purchase financing agreement with Valley Metro Rail, Inc. "VMRI" for the financing of 14 Light Rail Transit vehicles. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2011, is \$31,731,051. The first of four annual installment lease payments began June 1, 2011 and include an annual interest rate of 5.1%.

The City has entered into intergovernmental agreements with the Arizona Department of Transportation and the Regional Transportation Plan to accelerate three road construction projects. The intergovernmental agreements have been recorded as notes receivable in the Streets Improvement Capital Projects Fund. The receivable amount as of June 30, 2011 is \$42,766,736. The first of these agreements, with a receivable of \$12,566,033 for fiscal year 2011, will be payable to the City in fiscal year 2012. The second and third agreements are payable to the City in fiscal years 2022 and 2023, respectively.



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

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Phoenix Central City Revitalization Corp & LLC; McCarty on Monroe, LLC; Phoenix Green Housing Corporation Pine Crest, LLC; and Phoenix South Mountain Housing Transformation Corp & Summit 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 \$44,890,133.

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 \$47,477,021 as of June 30, 2011.

The City has also entered into various loan agreements with third parties related to its public housing programs that have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. The loans are secured by an interest in the property being acquired and/or improved. Interest rates range from 0% to 5% with amortization periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2016 and as late as fiscal year ending 2050. Total amount of the notes outstanding is \$9,371,056 as of June 30, 2011. 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.

The City has entered into loan agreements with Phoenix Residential Investment Development Effort Inc. (PRIDE) for various public housing properties. As of June 30, 2011, the loans total \$7,649,345 of which \$5,000,000 is a notes receivable for the Grants Special Revenue Fund and \$2,649,345 is a notes receivable for the Public Housing Special Revenue Fund. These loans are at interest rates from 0% to 5% and are amortized over a 30 year period.

**7. Interfund Transactions**

Net interfund receivables and payables between governmental activities and business-type activities in the amount of \$10,953,000 are included in the government-wide financial statements at June 30, 2011. The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2011 (in thousands):

	<u>Due To</u>	<u>Due From</u>
Unrestricted		
Governmental Funds		
General Fund	\$ -	\$ 49,268
Nonmajor Governmental	69,138	30,823
Total Governmental Funds	<u>69,138</u>	<u>80,091</u>
Enterprise Funds		
Golf Courses	<u>10,953</u>	<u>-</u>
Total Due To/Due From	<u>\$ 80,091</u>	<u>\$ 80,091</u>

Interfund balances at June 30, 2011 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Interfund balances in the Neighborhood Protection, and Public Safety Enhancement Special Revenue Funds, and the Golf Courses Enterprise Fund of \$29,224,000 are not scheduled to be repaid in the subsequent year.

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

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Net transfers of \$39,512,000 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, 2011 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 53,878	\$ 40,299
GO Secondary Property Tax	40,691	-
Nonmajor Governmental	97,470	112,228
Total Governmental Funds	<u>192,039</u>	<u>152,527</u>
Enterprise Funds		
Phoenix Convention Center	173	37,835
Water System	13,707	22,051
Wastewater	29,674	19,096
Solid Waste	3,460	7,544
Total Enterprise Funds	<u>47,014</u>	<u>86,526</u>
Total Transfers	<u>\$ 239,053</u>	<u>\$ 239,053</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, 2011, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 57,109
Cash Deposits	7,355
Cash and Securities with Fiscal Agents/Trustees	406,191
Investments	622,606
Receivables, Net of Allowances	18,791
	<hr/>
Total Restricted Assets	<u>\$ 1,112,052</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 54,184
Trust Liabilities and Deposits	7,355
Bond Anticipation Notes Payable	100,000
Accrued Landfill Closure Costs	2,841
	<hr/>
Subtotal	<u>164,380</u>
Matured Bonds and Certificates Payable	143,206
Interest Payable	110,826
Current Portion of General Obligation Bonds	11,623
Current Portion of Revenue Bonds	833
Current Portion of Municipal Corporation Obligations	114,235
	<hr/>
Total Liabilities Payable from Restricted Assets	<u>\$ 545,103</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2011, are summarized as follows (in thousands):

Restricted Assets	
Cash with Fiscal Agent	\$ 20,721
Investments	41,463
Receivables, Net of Allowances	18
	<hr/>
Total Restricted Assets	<u>\$ 62,202</u>
Liabilities Payable from Restricted Assets	
Accounts and Interest Payable	\$ 8,762
Trust Liabilities and Deposits	10,334
	<hr/>
Total Liabilities Payable from Restricted Assets	<u>\$ 19,096</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, 2010	Additions	Deletions	Balances June 30, 2011
<b>Governmental activities:</b>				
Non-depreciable assets:				
Land	\$ 1,106,472	\$ 99,127	\$ (9,763)	\$ 1,195,836
Infrastructure	457,541	4,662	-	462,203
Artwork	9,501	867	(4,388)	5,980
Construction-in-Progress	222,046	186,034	(152,604)	255,476
Total non-depreciable assets	<u>1,795,560</u>	<u>290,690</u>	<u>(166,755)</u>	<u>1,919,495</u>
Depreciable assets:				
Buildings	1,344,284	30,515	(4,790)	1,370,009
Improvements	426,503	26,894	(4,031)	449,366
Infrastructure	1,769,270	66,029	(20,230)	1,815,069
Equipment	621,746	24,596	(25,570)	620,772
Intangible Assets	55,039	9,438	(18)	64,459
Total depreciable assets	<u>4,216,842</u>	<u>157,472</u>	<u>(54,639)</u>	<u>4,319,675</u>
Less accumulated depreciation for:				
Buildings	(417,267)	(38,335)	1,408	(454,194)
Improvements	(183,440)	(19,505)	3,531	(199,414)
Infrastructure	(493,084)	(51,183)	20,117	(524,150)
Equipment	(342,899)	(45,766)	23,207	(365,458)
Intangible Assets	(36,096)	(4,795)	19	(40,872)
Total accumulated depreciation	<u>(1,472,786)</u>	<u>(159,584)</u>	<u>48,282</u>	<u>(1,584,088)</u>
Total depreciable assets, net	<u>2,744,056</u>	<u>(2,112)</u>	<u>(6,357)</u>	<u>2,735,587</u>
Governmental activities, capital assets, at cost, net	<u>\$ 4,539,616</u>	<u>\$ 288,578</u>	<u>\$ (173,112)</u>	<u>\$ 4,655,082</u>
<b>Business-type activities:</b>				
Non-depreciable assets:				
Land	\$ 735,421	\$ 16,568	\$ (22,754)	\$ 729,235
Artwork	8,220	291	(179)	8,332
Construction-in-Progress	887,276	475,935	(361,054)	1,002,157
Total non-depreciable assets	<u>1,630,917</u>	<u>492,794</u>	<u>(383,987)</u>	<u>1,739,724</u>
Depreciable assets:				
Buildings	2,430,242	52,808	(969)	2,482,081
Improvements	2,993,961	212,492	(108,188)	3,098,265
Infrastructure	1,546,529	14,117	(60,814)	1,499,832
Equipment	785,082	112,550	(15,350)	882,282
Intangible Assets	252,374	21,219	(6,511)	267,082
Total depreciable assets	<u>8,008,188</u>	<u>413,186</u>	<u>(191,832)</u>	<u>8,229,542</u>
Less accumulated depreciation for:				
Buildings	(705,971)	(81,432)	657	(786,746)
Improvements	(1,272,740)	(111,505)	102,643	(1,281,602)
Infrastructure	(450,693)	(37,144)	57,415	(430,422)
Equipment	(323,943)	(60,225)	12,361	(371,807)
Intangible Assets	(88,199)	(16,530)	78	(104,651)
Total accumulated depreciation	<u>(2,841,546)</u>	<u>(306,836)</u>	<u>173,154</u>	<u>(2,975,228)</u>
Total depreciable assets, net	<u>5,166,642</u>	<u>106,350</u>	<u>(18,678)</u>	<u>5,254,314</u>
Business-type activities, capital assets, at cost, net	<u>\$ 6,797,559</u>	<u>\$ 599,144</u>	<u>\$ (402,665)</u>	<u>\$ 6,994,038</u>

## Notes to the Financial Statements

(Continued)

### Component Units

#### Downtown Phoenix Hotel Corporation:

	Balances		Balances	
	July 1, 2010	Additions	Deletions	June 30, 2011
Non-depreciable assets:				
Land	\$ 1,150	\$ -	\$ -	\$ 1,150
Construction in Progress	-	367	(353)	14
Total non-depreciable assets	1,150	367	(353)	1,164
Depreciable assets:				
Buildings	275,819	330	-	276,149
Improvements	537	-	-	537
Equipment	3,490	148	-	3,638
Intangible Assets	-	126	-	126
Total depreciable assets	279,846	604	-	280,450
Less accumulated depreciation for:				
Buildings	(12,061)	(6,897)	-	(18,958)
Improvements	(63)	(36)	-	(99)
Equipment	(434)	(293)	-	(727)
Total accumulated depreciation	(12,558)	(7,226)	-	(19,784)
Total depreciable assets, net	267,288	(6,622)	-	260,666
Component Unit, capital assets, at cost, net	\$ 268,438	\$ (6,255)	\$ (353)	\$ 261,830

#### Phoenix Housing Finance Corporations:

	Balances		Balances	
	July 1, 2010	Additions	Deletions	June 30, 2011
Non-depreciable assets:				
Land	\$ -	\$ 5,035	\$ -	\$ 5,035
Construction in Progress	-	3,671	-	3,671
Total non-depreciable assets	-	8,706	-	8,706
Depreciable assets:				
Buildings	-	9,550	-	9,550
Total depreciable assets	-	9,550	-	9,550
Less accumulated depreciation for:				
Buildings	-	(301)	-	(301)
Total accumulated depreciation	-	(301)	-	(301)
Total depreciable assets, net	-	9,249	-	9,249
Component Unit, capital assets, at cost, net	\$ -	\$ 17,955	\$ -	\$ 17,955

## 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, 2011, as follows (in thousands):

General Government	\$	10,635
Criminal Justice		615
Public Safety		26,824
Transportation		74,419
Community Enrichment		25,870
Community Development		10,942
Environmental Services		10,279
		<hr/>
	\$	159,584
		<hr/> <hr/>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2011, was as follows (in thousands):

Aviation	\$	4,746
Convention Center		14
Water System		8,060
Wastewater		3,233
Solid Waste		485
		<hr/>
	\$	16,538
		<hr/> <hr/>

# Notes to the Financial Statements

(Continued)

## 10. Long-Term Obligations

Changes in long-term obligations during fiscal 2010-11 are summarized as follows (in thousands):

	Balances July 1	Additions (1)	Reductions (2)	Balances June 30	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,500,379	\$ -	\$ 50,355	\$ 1,450,024	\$ 65,120
Revenue Bonds					
Street and Highway User Revenue	41,881	-	29,740	12,141	6,266
Certificates of Participation	29,450	-	2,480	26,970	25
Municipal Corporation Obligations	744,390	161,335	84,270	821,455	31,300
Special Assessment Bonds	336	-	77	259	59
	<u>2,316,436</u>	<u>161,335</u>	<u>166,922</u>	<u>2,310,849</u>	<u>102,770</u>
Discounts/Premiums	47,852	5,661	8,296	45,217	6,940
Deferred Loss on Refunding	(9,662)	(18,887)	(2,515)	(26,034)	(3,188)
Total Bonds and Notes Payable	<u>2,354,626</u>	<u>148,109</u>	<u>172,703</u>	<u>2,330,032</u>	<u>106,522</u>
Other Liabilities:					
Insurance Claims Payable	99,671	28,805	24,933	103,543	29,034
Accrued Compensated Absences	134,497	137,177	134,497	137,177	18,676
Utility/Water Contractual Agreements	2,423	-	-	2,423	-
Pollution Remediation	22,250	-	250	22,000	250
Total Other Liabilities	<u>258,841</u>	<u>165,982</u>	<u>159,680</u>	<u>265,143</u>	<u>47,960</u>
Total Governmental Activities	<u>\$ 2,613,467</u>	<u>\$ 314,091</u>	<u>\$ 332,383</u>	<u>\$ 2,595,175</u>	<u>\$ 154,482</u>
<b>Business-Type Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 131,425	\$ -	\$ 36,960	\$ 94,465	\$ 11,623
Revenue Bonds	14,846	7,025	3,975	17,896	833
Municipal Corporation Obligations	3,874,272	696,105	136,555	4,433,822	114,235
	<u>4,020,543</u>	<u>703,130</u>	<u>177,490</u>	<u>4,546,183</u>	<u>126,691</u>
Discounts/Premiums	141,626	29,237	12,957	157,906	12,506
Deferred Loss on Refunding	(32,855)	(60)	(4,474)	(28,441)	(4,137)
Cumulative Capital Appreciation on General Obligation Minibonds	682	61	-	743	66
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	66,634	16,072	-	82,706	16,780
Total Bonds and Notes Payable	<u>4,196,630</u>	<u>748,440</u>	<u>185,973</u>	<u>4,759,097</u>	<u>151,906</u>
Other liabilities:					
Accrued Compensated Absences	19,546	20,064	19,546	20,064	2,829
Utility/Water Contractual Agreements	9,000	-	8,108	892	892
Rebatable Arbitrage	1,942	172	1,942	172	-
Accrued Landfill Closure and Postclosure Care Costs	69,923	4,613	3,262	71,274	2,490
Pollution Remediation	16,940	-	2,503	14,437	2,882
Total Other Liabilities	<u>117,351</u>	<u>24,849</u>	<u>35,361</u>	<u>106,839</u>	<u>9,093</u>
Total Business-Type Activities	<u>\$ 4,313,981</u>	<u>\$ 773,289</u>	<u>\$ 221,334</u>	<u>\$ 4,865,936</u>	<u>\$ 160,999</u>
<b>Component Units</b>					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ 4,565
Discounts/Premiums/Issuance Costs	(12,085)	-	(345)	(11,740)	331
Phoenix Housing Finance Corporations					
Notes Payable	-	20,549	-	20,549	-
Total Component Units	<u>\$ 337,915</u>	<u>\$ 20,549</u>	<u>\$ (345)</u>	<u>\$ 358,809</u>	<u>\$ 4,896</u>

(1) Additions include \$63,000 for accrued interest on capital appreciation enterprise general obligation minibonds and \$16,702,000 for accrued interest on capital appreciation State of Arizona distribution revenue bonds. Also included in additions and reductions for bonds and notes payable are new deferred gains and losses corresponding annual amortizations, as well as new bond issuances and principal payments.

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

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

The amounts reported above have been reduced by deposits made with the City's fiscal agent for July 1, 2011 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2011, were as follows (in thousands):

	Principal	Interest	Total
<b>Governmental Funds</b>			
General Obligation Bonds	\$ 50,355	\$ 34,369	\$ 84,724
Street and Highway User Revenue Bonds	29,740	753	30,493
Municipal Corporation Obligations	29,463	14,449	43,912
Special Assessment Bonds	-	7	7
	<u>109,558</u>	<u>49,578</u>	<u>159,136</u>
<b>Enterprise Funds</b>			
General Obligation Bonds	28,690	2,280	30,970
Municipal Corporation Obligations	99,970	107,633	207,603
	<u>128,660</u>	<u>109,913</u>	<u>238,573</u>
	<u>\$ 238,218</u>	<u>\$ 159,491</u>	<u>\$ 397,709</u>

Issues of long-term debt, excluding deferred losses of \$54,475 and accumulated appreciation on general obligation mini-bonds (\$743) and State of Arizona distribution revenue bonds (\$82,706) were as follows at June 30, 2011 (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>								
12/01/93	Water Improvements (Minibonds)	7/1/04-14	4.98	13.8	\$ 17,229	\$ 2,252	\$ 1,235	\$ -
07/01/95	Refunding	7/1/10-17	5.56	19.9	85,000	22,995	7,926	-
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	3,712	797	-
05/22/02	Refunding	7/1/03-18	4.37	8.4	144,495	42,015	4,498	(546)
05/22/02	Various Improvements	7/1/15-27	5.11	18.3	89,970	41,465	23,322	(424)
05/22/02	Refunding	7/1/14-15	4.77	12.4	14,680	8,525	1,421	(102)
05/21/03	Refunding	7/1/05-16	3.25	9.1	83,320	47,195	4,850	(774)
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	154,150	74,803	(2,217)
03/01/04	Refunding	7/1/11-19	3.74	11.7	50,870	38,520	8,738	(1,522)
07/01/05	Various Improvements	7/1/11-25	4.23	13.9	257,000	225,010	89,550	(3,041)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	342,700	150,564	(3,401)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	140,020	52,982	(4,740)
06/13/07	Various Improvements - Taxable	7/1/08-13	5.44	3.4	77,550	22,865	1,561	-
10/27/09	Various Improvements - Taxable	7/1/20-34	3.42	18.4	280,955	280,955	244,496	-
10/27/09	Various Improvements - Taxable	7/1/15-20	3.97	7.9	69,045	69,045	16,713	-
10/27/09	Refunding	7/1/11-23	2.70	6.7	117,195	103,065	18,512	(2,127)
	Total General Obligation Bonds				<u>1,987,804</u>	<u>1,544,489</u>	<u>701,968</u>	<u>(18,894)</u>
<b>Certificates of Participation</b>								
07/21/04	Amphitheatre Refunding (2) (3b)	8/1/05-19	4.71	13.3	10,900	6,040	1,218	(24)
07/21/04	Amphitheatre, Stadium and Housing (2) (3b)	8/1/05-24	4.71	13.3	9,555	5,920	1,879	(23)
07/21/04	Superblock Refinancing (2) (3b)	8/1/20-24	4.71	13.3	15,010	15,010	7,316	89
	Total Certificates of Participation				<u>\$ 35,465</u>	<u>\$ 26,970</u>	<u>\$ 10,413</u>	<u>\$ 42</u>

(Continued)



# Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Revenue Bonds</b>								
12/15/92	Street/Highway Refunding (2)	7/1/94-13	6.33	15.0	\$ 58,226	\$ 12,141	\$ 31,859	\$ -
05/26/10	Wastewater Revenue	7/1/10-18	2.97	5.3	7,395	4,769	569	-
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,287	2,066	-
11/12/10	Water Revenue	7/1/11-16	2.97	2.8	1,022	838	66	-
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	2,093	573	-
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,920	-
	Total Revenue Bonds				78,932	30,037	37,053	-
<b>Special Assessment Bonds</b>								
Various	Unredeemed Matured Bonds	-	-	-	44	44	-	-
2002	Various Improvements	1/1/03-12	6.90	10.0	268	26	1	-
2003	Various Improvements	1/1/04-13	6.90	10.0	136	27	2	-
2008	Various Improvements	1/1/09-18	6.90	10.0	22	16	4	-
2010	Various Improvements	1/1/11-20	6.90	10.0	163	146	45	-
	Total Special Assessment Bonds				633	259	52	-
<b>Municipal Corporation Obligations</b>								
07/01/01	Wastewater System Refunding (6)	7/1/02-24	5.02	16.4	166,260	137,060	54,645	(1,114)
08/01/01	Water System Refunding (2) (4)	7/1/02-24	4.68	14.1	99,980	68,660	28,523	(2,131)
04/01/02	Water System Revenue (2) (4)	7/1/07-26	5.08	16.3	220,000	183,930	84,291	(1,144)
05/01/02	Airport Sr. Lien Refunding (2) (5a)	7/1/08-13	4.82	9.5	23,225	11,615	1,005	(123)
05/01/02	Airport Sr. Lien Revenue (2) (5a)	7/1/14-32	5.53	22.7	231,390	231,390	166,058	1,487
05/01/03	New City Hall Refunding (3a)	7/1/04-29	4.43	15.6	47,600	17,560	7,163	(443)
05/01/03	Solid Waste Improvements (2)(7)	7/1/04-14	4.17	12.3	80,000	11,265	1,145	(135)
05/01/03	Municipal Facilities (2)(3b)	7/1/05-25	4.03	11.8	25,000	15,005	4,302	(219)
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.64	20.8	25,000	23,375	18,036	92
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.66	20.8	10,000	9,355	7,232	45
10/01/03	Water System Refunding (4)	7/1/05-22	4.53	15.6	11,325	10,805	3,927	115
06/01/04	Excise Tax Revenue (2)(3b)	7/1/06-25	4.14	8.4	22,000	8,595	1,458	(166)
06/02/04	Rental Car Facility (Taxable) (2)(8)	7/1/07-29	6.20	16.5	260,000	227,620	155,338	-
07/21/04	Water Rights Land Acq. Ref. (2)(4)	8/1/06-17	4.13	8.3	27,775	16,450	2,505	2
12/10/04	Transit Excise Tax Revenue (2)(9)	7/1/06-20	4.08	10.9	500,000	409,165	117,282	(18,707)
12/16/04	Wastewater System Revenue (2)(6)	7/1/10-29	4.59	16.6	180,000	163,755	89,695	(4,955)
01/11/05	Wastewater System Ref. (10)(11)	7/1/06-15	3.67	10.9	102,020	50,850	6,505	(1,767)
06/01/05	Water System Revenue (2)(4)	7/1/10-29	4.28	16.4	600,000	563,165	305,580	(29,290)
09/13/05	Excise Tax Revenue (2)(3b)	7/1/17-41	4.62	26.3	300,000	300,000	305,556	(14,466)
10/06/05	State Distribution Revenue (2)(12)	7/1/12-44	4.72	28.9	275,362	275,362	576,964	(24,296)
06/01/06	Solid Waste Improvements (2)(7)	7/1/07-26	4.45	12.4	84,265	71,090	30,400	(1,000)
06/01/06	Municipal Facilities (2)(3b)	7/1/07-13	3.89	3.7	28,230	2,270	91	(1)
06/01/06	Municipal Facilities (Taxable) (2)(3b)	7/1/07-35	6.10	19.0	41,920	39,560	35,881	(2)
06/01/07	Excise Tax Revenue Refunding (3a)	7/1/09-29	4.51	14.5	103,605	97,685	47,853	(2,301)
06/01/07	Excise Tax Revenue (2)(3b)	7/1/08-27	4.46	12.0	21,115	18,270	8,238	(349)
06/01/07	Excise Tax Revenue Refunding (2)(3b)	7/1/09-23	4.33	10.5	71,820	65,085	22,134	(2,026)
06/01/07	Excise Tax Revenue Ref.(Taxable) (2)(3b)	7/1/08-22	5.81	9.2	35,670	29,290	10,947	111
11/27/07	Wastewater System Revenue (2)(6)	7/1/12-37	4.65	20.0	300,000	300,000	245,646	(11,515)
06/18/08	Airport Revenue (5a)	7/1/20-38	5.02	22.5	206,840	206,840	201,034	(579)
06/18/08	Airport Revenue (Taxable) (5a)	7/1/12-19	4.68	7.8	43,160	43,160	10,721	(1,004)
06/18/08	Airport Revenue Refunding (5a)	7/1/09-22	4.26	8.0	109,850	89,125	27,157	(2,336)
06/18/08	Airport Revenue Refunding (Taxable) (5a)	7/1/09-20	4.58	5.6	68,520	43,140	10,464	(1,256)
11/18/08	Wastewater System Revenue Ref. (10)	7/1/16-24	5.02	11.9	133,400	133,400	68,845	(4,837)
06/02/09	Water System Revenue (4)	7/1/14-39	4.63	20.5	450,000	450,000	413,566	(20,528)
06/02/09	Water System Revenue Refunding (4)	7/1/10-19	2.78	6.0	90,295	73,940	16,371	(5,842)
09/01/10	Airport Revenue (5b)(15)	7/1/13-40	4.69	19.0	642,680	642,680	584,562	(25,636)
09/01/10	Airport Revenue (Taxable) (5b)(15)(16)	7/1/2040	3.67	29.8	21,345	21,345	40,854	-
09/01/10	Airport Revenue Refunding (5b)	7/1/23-25	4.33	13.9	32,080	32,080	20,904	(2,294)
06/07/11	Excise Tax Revenue (3a)	7/1/14-31	2.86	7.6	27,530	27,530	8,816	(2,712)
06/07/11	Excise Tax Revenue (Taxable) (3a)	7/1/15-36	4.86	13.1	59,195	59,195	38,039	-
06/07/11	Excise Tax Revenue Refunding (3a)	7/1/21-28	3.79	12.6	24,305	24,305	15,016	(2,949)
06/07/11	Excise Tax Revenue Ref.(Taxable) (3a)	7/1/15-21	3.91	7.6	22,805	22,805	6,509	-
06/07/11	Multipurpose Arena Ref.(Taxable) (3b)	7/1/12-19	3.71	5.1	27,500	27,500	4,941	-
	Total Municipal Corporation Obligations				5,853,067	5,255,277	3,806,199	(184,271)
<b>Total Primary Government Bonds</b>					<b>\$ 7,955,901</b>	<b>\$ 6,857,032</b>	<b>\$ 4,555,685</b>	<b>\$ (203,123)</b>

# Notes to the Financial Statements

## (Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Component Units</b>								
12/20/05	Senior Revenue (Hotel) (2)(13)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 156,710	\$ 153,320	\$ (3,628)
12/20/05	Subordinate Revenue (Hotel) (2)(14)	7/1/19-40	5.09	26.2	164,425	164,425	168,182	(2,783)
12/20/05	Subord.Revenue-Taxable (Hotel) (2)(14)	7/1/12-19	5.67	10.2	28,865	28,865	7,080	-
<b>Total Component Unit Bonds</b>					<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 328,582</b>	<b>\$ (6,411)</b>

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Insured by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- (3) 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.
- (4) The City has made a junior lien pledge of Water System revenues as security.
- (5) 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.
- (6) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (7) The City has pledged excise taxes on a subordinated junior lien basis as security; however, debt service requirements on these obligations are paid from Solid Waste revenues.
- (8) 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.
- (9) 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.
- (10) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (11) The scheduled payment of principal and interest on the 2004B bonds maturing July 1 2009 through and including July 1, 2015, are guaranteed by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.
- (12) 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.
- (13) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by a senior leasehold interest in the site and the hotel.
- (14) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture, and secured on a basis junior and subordinate to senior bonds. The bonds are further secured by a subordinate leasehold interest in the site and the hotel as well as amounts received from the City under a room block leaseback agreement in the event hotel revenues are insufficient to make debt service payments on the subordinate bonds.
- (15) The City has further pledged an irrevocable commitment of net proceeds of a passenger facility charge for these bonds. The Passenger Facility Charge (PFC) is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- (16) The City currently intends to irrevocably elect to treat these bonds as "Recovery Zone Economic Development Bonds" (RZEBD) for purposes of the Recovery Act and the Code. In addition to the senior lien pledge and the irrevocable commitment of the PFC revenues, the junior lien interest requirement of these bonds will be further secured by an irrevocable commitment of the 2010 RZEBD subsidy payments. The subsidy payments rebate 45% of the interest requirement for these bonds.

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

### **General Obligation Bonds**

As a general rule, the City has given priority to using general obligation bonds for capital programs of general government departments (non-enterprise departments). These include cultural facilities, fire, police, library, parks and recreation, mountain preserves, storm sewers, streets and transportation. The annual debt service on these 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 highway user revenue bonds are secured by State-shared gas taxes and other highway user fees and charges, and are also not a general obligation of the City.

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).

## Notes to the Financial Statements

(Continued)

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In December 2009, the City entered into four loan agreements with WIFA. Loan proceeds received by the City from WIFA pursuant to ARRA will be used to fund various capital projects of the Water and Wastewater systems of the City. The following loans are reflected in the financial statements of the City as of June 30, 2011:

- In August 2010, the City received \$6,286,996 pursuant to a loan agreement with WIFA, from funding made available to WIFA under the ARRA. The City made a junior lien pledge of net operating revenues of the wastewater system for the payment of principal and interest on the loan. The loan has an average life of 12 years and a true interest cost of 3.0%. This loan was accrued and was included in the financial statements of the City as of June 30, 2010.
- In November 2011, the City received \$1,022,104 pursuant to a loan agreement with WIFA, from funding made available to WIFA under the ARRA. The City made a junior lien pledge of net operating revenues of the water system for the payment of principal and interest on the loan. The loan has an average life of 2.8 years and a true interest cost of 3.0%. Amount does not include \$3,200,000 loaned to the City but not required to be repaid pursuant to ARRA (the "Forgivable Principal").
- In April 2011, the City received \$2,093,435 pursuant to a loan agreement with WIFA, from funding made available to WIFA under the ARRA. The City made a junior lien pledge of net operating revenues of the water system for the payment of principal and interest on the loan. The loan has an average life of 9.4 years and a true interest cost of 3.0%.
- In June 2011, the City received \$3,909,270 pursuant to a loan agreement with WIFA, from funding made available to WIFA under the ARRA. The City made a junior lien pledge of operating revenues of the wastewater system for the payment of principal and interest on the loan. The loan has an average life of 16.6 years and a true interest cost of 3.0%.

### **Certificates of Participation**

The City has pledged excise taxes as security for the certificates of participation. The pledge is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

### **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 or certificates of participation 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 September 2010, the CIC issued \$642,680,000 of Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT). Proceeds of the bonds were used to refund \$200,000 aggregate principal amount of the CIC's Airport Revenue Bond Anticipation Notes, Series 2008A and 2008B and to finance a portion of the PHX Sky Train at Sky Harbor International Airport. The bonds have an average life of 19.0 years and were sold at a true interest cost of 4.69%.
- In September 2010, the CIC issued \$21,345,000 of Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds – Direct Payment). The CIC elected to receive subsidy payments in the amount of 45% of each interest payment on the Recovery Zone Economic Development Bonds, paid directly to US Bank, National Association, as trustee, from the United States Treasury. The bond proceeds will be used for PHX Sky Train, PHX Sky Train related land and other land acquisition costs. The bonds have an average life of 29.8 years and were sold at a true interest cost of 3.67%.
- In September 2010, the CIC issued \$32,080,000 of Junior Lien Airport Revenue Refunding Bonds, Series 2010C (Non-AMT). Proceeds of the bonds refunded outstanding Senior Lien Airport Revenue Bonds, Series 1998A (Maturities July 1, 2023-2025 called September 15, 2010). The bonds have an average life of 13.9 years, were sold at a true interest cost of 4.33% and produced present value savings, net of transaction costs, of \$2,242,464.

## Notes to the Financial Statements

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- In June 2011, the CIC issued \$27,530,000 of Senior Lien Excise Tax Revenue Bonds, Series 2011A. Proceeds of the bonds will be used to fund or reimburse the City for the costs of acquisition of vehicles and equipment identified for lease-purchase in the current and prior fiscal years. The bonds have an average life of 7.6 years and were sold at a true interest cost of 2.86%.
- In June 2011, the CIC issued \$59,195,000 of Senior Lien Excise Tax Revenue Bonds, Taxable Series 2011B. Proceeds of the bonds will be used to fund or reimburse the City for the costs of acquisition of vehicles and equipment identified for lease-purchase in the current and prior fiscal years, the completion of the fourth and fifth floors of the five-story Arizona State University School of Nursing building, and the purchase of the CityScape Parking Garage. The bonds have an average life of 13.1 years and were sold at a true interest cost of 4.86%.
- In June 2011, the CIC issued \$24,305,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C. Proceeds of the bonds refunded \$22,247,000 of outstanding Senior Lien Excise Tax Bonds. The purpose of the refunding was to restructure existing debt payments to match forecasted future revenues. The bonds have an average life of 12.6 years, were sold at a true interest cost of 3.79% and produced present value costs, net of transaction costs, of \$749,249.
- In June 2011, the CIC issued \$22,805,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Taxable Series 2011D. Proceeds of the bonds refunded \$7,780,000 of outstanding Senior Lien Excise Tax Bonds and reimbursed the City \$5,102,898 of interest paid January 1, 2011. The purpose of the refunding was to restructure existing debt payments to match forecasted future revenues. The bonds have an average life of 7.6 years, were sold at a true interest cost of 3.91% and produced present value costs, net of transactions costs, of \$290,879.
- In June 2011, the CIC issued \$27,500,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable). Proceeds of the bonds refunded the outstanding Municipal Multipurpose Arena Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 1998 (Called 7/15/11). The bonds have an average life of 5.1 years, were sold at a true interest cost of 3.71% and produced present value savings, net of transaction costs, of \$2,601,740.

### **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.

## Notes to the Financial Statements

(Continued)

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### **Component Units**

In December 2005, the Downtown Phoenix Hotel Corporation (the "Hotel Corporation") issued senior revenue and subordinate revenue bonds to (1) finance the planning, design, engineering, development, construction, equipping, furnishing and opening of a 1,000 room hotel in downtown Phoenix; (2) finance a parking garage for the hotel; (3) finance initial operating supplies and inventories for the hotel; (4) pay capitalized interest on the bonds during construction of the project and for the first six months following the anticipated substantial completion date of October 1, 2008; (5) fund the initial deposits to certain reserves; and (6) fund initial working capital. The bonds are special revenue obligations of the Hotel Corporation, payable from gross operating revenues derived by the Hotel Corporation from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by senior and subordinate leasehold deeds of trust granted to the trustee by the Hotel Corporation with respect to the Hotel Corporation's leasehold interest in the site and the hotel. The subordinated bonds are payable and secured on a basis junior and subordinate to the senior bonds with respect to the revenues of the hotel and the Hotel Corporation's leasehold interest in the site and the hotel.

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

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

Various Phoenix Housing Finance Corporations have entered into loan agreements with the City for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. The outstanding balance on these loans at June 30, 2011 is \$20,549,000.

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

**Debt Service Requirements**

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

<b>City of Phoenix Bonds - Governmental Activities</b>								
<b>Fiscal Years</b>	<b>General Obligation</b>		<b>Highway User Revenue</b>		<b>Total Other Obligations (1)</b>		<b>Debt Service</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2012	\$ 65,120	\$ 66,463	\$ 6,266	\$ 15,734	\$ 31,384	\$ 32,862	\$ 217,829	
2013	57,455	63,635	5,875	16,125	52,521	39,594	235,205	
2014	49,380	61,168	-	-	58,513	37,131	206,192	
2015	69,195	58,973	-	-	66,198	34,475	228,841	
2016	87,940	56,154	-	-	71,534	31,466	247,094	
2017-21	452,770	218,065	-	-	373,420	100,138	1,144,393	
2022-26	431,894	114,465	-	-	106,230	38,764	691,353	
2027-31	167,620	37,226	-	-	61,240	16,087	282,173	
2032-36	68,650	7,316	-	-	27,600	4,159	107,725	
	<u>\$ 1,450,024</u>	<u>\$ 683,465</u>	<u>\$ 12,141</u>	<u>\$ 31,859</u>	<u>\$ 848,640</u>	<u>\$ 334,676</u>	<u>\$ 3,360,805</u>	
Authorized	\$ 2,066,682		\$ 356,966					
Unissued	\$ 272,357		\$ -					
Interest Rates	2.0 - 7.4%		3.3 - 7.6%					

(1) Other obligations consist of the following (in thousands):

<b>Fiscal Years</b>	<b>Certificates of Participation</b>		<b>Municipal Corporation Obligations</b>		<b>Special Assessment Bonds</b>		<b>Total Other Obligations</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2012	\$ 25	\$ 47	\$ 31,300	\$ 32,802	\$ 59	\$ 13	\$ 31,384	\$ 32,862
2013	1,315	1,282	51,175	38,302	31	10	52,521	39,594
2014	1,365	1,229	57,130	35,894	18	8	58,513	37,131
2015	1,420	1,174	64,760	33,294	18	7	66,198	34,475
2016	1,230	1,115	70,285	30,346	19	5	71,534	31,466
2017-21	10,590	4,503	362,760	95,626	70	9	373,420	100,138
2022-26	11,025	1,063	95,205	37,701	-	-	106,230	38,764
2027-31	-	-	61,240	16,087	-	-	61,240	16,087
2032-36	-	-	27,600	4,159	-	-	27,600	4,159
	<u>\$ 26,970</u>	<u>\$ 10,413</u>	<u>\$ 821,455</u>	<u>\$ 324,211</u>	<u>\$ 215</u>	<u>\$ 52</u>	<u>\$ 848,640</u>	<u>\$ 334,676</u>

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

Fiscal Years	City of Phoenix Bonds - Business-Type Activities								Component Units	
	General Obligation		Revenue Obligations		Municipal Corporation Obligations		Debt Service	Downtown Phoenix Hotel Corporation		
	Principal	Interest	Principal	Interest	Principal	Interest	Total	Principal	Interest	
2012	\$ 11,623	\$ 3,702	\$ 833	\$ 531	\$ 114,235	\$ 211,102	\$ 342,026	\$ 4,565	\$ 17,412	
2013	11,865	3,330	858	506	140,748	210,723	368,030	4,890	17,179	
2014	6,994	3,884	883	481	140,910	219,720	372,872	5,230	16,930	
2015	11,875	2,680	910	455	134,635	212,683	363,238	5,595	16,662	
2016	27,358	2,283	937	427	143,995	205,906	380,906	5,980	16,374	
2017-21	24,064	2,593	5,117	1,705	917,406	905,316	1,856,201	36,270	76,969	
2022-26	686	31	5,329	909	991,441	659,908	1,658,304	48,700	67,070	
2027-31	-	-	3,029	180	746,167	430,983	1,180,359	65,030	53,394	
2032-36	-	-	-	-	582,492	270,055	852,547	85,915	35,318	
2037-41	-	-	-	-	465,382	122,012	587,394	87,825	11,275	
2041-46	-	-	-	-	56,411	33,580	89,991	-	-	
	<b>\$ 94,465</b>	<b>\$ 18,503</b>	<b>\$ 17,896</b>	<b>\$ 5,194</b>	<b>\$ 4,433,822</b>	<b>\$ 3,481,988</b>	<b>\$ 8,051,868</b>	<b>\$ 350,000</b>	<b>\$ 328,583</b>	
Authorized	\$ 223,479		\$ 17,896					\$ 350,000		
Unissued	\$ -		\$ -					\$ -		
Interest Rates	2.0 - 7.4%		2.0 - 3.0%					4.0 -5.3%		

**Accrued Landfill Closure and Postclosure Care Costs**

The Solid Waste Enterprise Fund ("Solid Waste") currently operates one landfill, the SR-85 Landfill, and monitors five additional closed landfills. Federal and state regulations require that certain postclosure care costs be incurred to maintain and monitor closed landfills for thirty years after closure to mitigate and prevent future environmental damage. In addition, numerous costs are incurred in the process of closing a landfill. These closure costs include the capping of the landfill with soil, installing such items as drainage and monitoring systems, and remediation of any environmental damage caused by the landfill. These costs are estimated based on what it would cost to perform all closure and postclosure care for the landfills at June 30, 2011 and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure care costs for the five closed landfills are currently estimated to be \$144,685,000, including \$78,091,000 that has already been paid out and an estimated \$66,594,000 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 \$657,000 during fiscal 2010-11 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$59,689,000, which will be paid out in future years. \$7,521,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 12.6% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$2,841,000 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 \$10,109,000 (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.

# Notes to the Financial Statements

(Continued)

## 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, 2011, the total remaining liability is \$22,000,000 and it is estimated that the remediation will be completed in 88 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, 2011 is \$14,436,857, and is recorded in the Aviation Enterprise Fund.

## 11. Refunded, Refinanced and Defeased Obligations

Future debt service on refunded bonds has been provided through advanced refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government. 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 2010-11, the City issued Junior Lien Airport Revenue Refunding Bonds, Series 2010C (non-AMT) and Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable) to reduce the present value of future debt service payments. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The City also issued Senior Lien Excise Tax Revenue Bonds, Series 2011C and Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable) to refinance and restructure outstanding bonds and provide near term debt service savings. The effects of the refundings are summarized as follows (in thousands):

	<b>Civic Improvement Corporation</b>			
	<b>Junior Lien Airport Revenue (non-AMT)</b>	<b>Subordinated Excise Tax Revenue (Taxable)</b>	<b>Senior Lien Excise Tax Revenue</b>	<b>Senior Lien Excise Tax Revenue (Taxable)</b>
Series	2010C	2011	2011C	2011D
Closing Date	09/01/10	06/07/11	06/07/11	06/07/11
Net Interest Rate	4.49%	3.64%	3.99%	3.83%
Refunding Bonds Issued	\$ 32,080	\$ 27,500	\$ 24,305	\$ 22,805
Premium (Discount)	2,274	(123)	2,832	(109)
Issuance Costs and Insurance	(70)	(111)	(113)	(114)
Net Proceeds	<b>\$ 34,284</b>	<b>\$ 27,266</b>	<b>\$ 27,024</b>	<b>\$ 22,582</b>
Refunded Amount	\$ 34,285	\$ 27,235	\$ 22,247	\$ 7,780
Decrease (Increase) in Debt Service	3,667	2,685	(12,280)	(6,706)
Economic Gain (Loss)	2,242	2,602	(749)	(291)
Number of Years Affected	15	9	18	11



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

The deferred and amortized amounts of accounting losses on bond refundings (which are netted against outstanding bond obligations) at June 30, 2011, are summarized as follows (in thousands):

	<b>Deferred Amount July 1</b>	<b>Additions (Gains)/Losses</b>	<b>Reductions due to Refundings</b>	<b>Amortization Gains/(Losses)</b>	<b>Deferred Amount June 30</b>
<b>General Government</b>					
General Obligation	\$ 5,759	\$ -	\$ -	\$ (799)	\$ 4,960
Revenue	1,063	-	-	(1,063)	-
Certificates of Participation	(304)	-	71	33	(200)
Civic Improvement Corporation	3,144	18,784	(531)	(123)	21,274
	<u>\$ 9,662</u>	<u>\$ 18,784</u>	<u>\$ (460)</u>	<u>\$ (1,952)</u>	<u>\$ 26,034</u>
<b>Enterprise Funds</b>					
<b>Aviation</b>					
General Obligation	\$ 716	\$ -	\$ -	\$ (207)	\$ 509
Civic Improvement Corporation	1,361	(1)	-	(226)	1,134
<b>Convention Center</b>					
Civic Improvement Corporation	746	-	-	(62)	684
<b>Water</b>					
General Obligation	3,953	-	-	(745)	3,208
Civic Improvement Corporation	5,614	-	-	(494)	5,120
<b>Wastewater</b>					
General Obligation	1,604	-	-	(193)	1,411
Civic Improvement Corporation	19,146	-	-	(2,409)	16,737
<b>Solid Waste</b>					
General Obligation	499	-	-	(138)	361
Civic Improvement Corporation	(784)	-	-	61	(723)
	<u>\$ 32,855</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (4,413)</u>	<u>\$ 28,441</u>

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

Advanced refunding and defeasance arrangements at June 30, 2011 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds		Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type		
04/27/93	12/01/78 - 12/06/91	General Obligation General Government	\$ 3,738	\$ 7,309
04/01/04	07/01/95 - 06/01/02	General Obligation General Government	\$ 25,165	\$ 25,387
07/19/06	07/01/95 - 7/01/05	General Obligation General Government	\$ 64,290	\$ 64,838
06/13/07	01/15/98 - 06/01/02	General Obligation General Government	\$ 31,370	\$ 31,634
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 18,675	\$ 18,693
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 45,610	\$ 45,653
03/28/08	07/01/01 - 12/01/04	Civic Improvement Corporation Wastewater System Revenue	\$ 4,960	\$ 5,241
06/26/09	08/30/00 - 06/27/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 8,365	\$ 8,567
06/07/11	06/01/99 - 06/01/07	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 4,415	\$ 7,795
06/07/11	01/15/98 -	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 27,235	\$ 28,096
06/07/11	08/01/00 - 06/01/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 10,825	\$ 17,455

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

## Notes to the Financial Statements

(Continued)

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### 12. Legal Debt Margin

As discussed in Note 4, secondary property taxes are used to finance bond principal and interest payments. Under Arizona law, general obligation bonds for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities may not exceed 20% of a City's secondary assessed valuation. General obligation bonds for all other purposes may not exceed 6% of the secondary assessed valuation. The total debt margin available at July 1, 2011 was as follows (in thousands):

Six Percent Bonds	\$ 713,683
Twenty Percent Bonds	<u>1,289,236</u>
	<u>\$ 2,002,919</u>

### 13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2011, as described below.

#### General Fund and Transit Special Revenue Fund

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

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

**Workers' Compensation** – The City maintained a self-insured retention of \$15,000,000 for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Workers' Compensation for Phoenix Transit employees was self-insured up to \$400,000 and excess workers' compensation insurance was purchased for losses exceeding that amount through June 30, 2010. Effective July 1, 2010, the contractor is responsible for new claims.

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

**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 Assets, 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, 2011, claims payable totaled \$103.5 million. Changes in this liability for the last two fiscal years follow (in thousands):

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

	<b>Year Ended June 30</b>	
	<b>2011</b>	<b>2010</b>
Claims Payable, July 1	\$ 99,671	\$ 89,399
Current Year Claims and Changes in Estimates	28,805	39,749
Claim Payments	(24,933)	(29,477)
Claims Payable, June 30	<u>\$ 103,543</u>	<u>\$ 99,671</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 Assets. These balances were as follows (in thousands):

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
Amounts due within one year	\$ 29,034	\$ 32,343
Amounts due in more than one year	74,509	67,328
	<u>\$ 103,543</u>	<u>\$ 99,671</u>

In addition, assets of \$81,121,727 and \$1,758,316 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2011 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Assets. As a result, \$81,121,727 of the General Fund balance are assigned for payment of claims.

**Fiduciary Funds**

Health and Dental – The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased for individual losses exceeding \$1,000,000 and aggregate losses exceeding \$239,851,070. Dental coverage was provided through two different plans. A dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust and a dental HMO was 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 Assets. See Note 20 for additional information.

At June 30, 2011, claims payable totaled \$25.9 million. Changes in this liability for the last two fiscal years follow (in thousands):

	<b>Year Ended June 30</b>	
	<b>2011</b>	<b>2010</b>
Claims Payable, July 1	\$ 25,008	\$ 23,890
Current Year Claims and Changes in Estimates	199,544	194,206
Claim Payments	(198,691)	(193,088)
Claims Payable, June 30	<u>\$ 25,861</u>	<u>\$ 25,008</u>

## Notes to the Financial Statements

(Continued)

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

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Amounts due within one year	\$ 25,861	\$ 25,008
Amounts due in more than one year	-	-
	<u>\$ 25,861</u>	<u>\$ 25,008</u>

### 14. 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 \$46,649,850 for the fiscal year ended June 30, 2011.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2010 were as follows (in thousands):

<u>Years Ending</u> <u>June 30</u>	
2012	\$ 54,288
2013	53,444
2014	45,576
2015	43,261
2016	43,086
2017-2068	<u>217,953</u>
	<u>\$ 457,608</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 \$9,701,340 for the fiscal year ended June 30, 2011. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2011 is as follows (in thousands):

Buildings	\$ 1,183,963
Less: Accumulated Depreciation	<u>(501,878)</u>
	<u>\$ 682,085</u>

# Notes to the Financial Statements

(Continued)

## 15. Contractual and Other Commitments

### Public Transit

The City provides public transit service through the following private contractors: Veolia Transportation, First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA" and light rail service from Valley Metro Rail. The services provided by these contractors, the expiration dates of the current agreements and the estimated contract amount to be provided by the City through June 30, 2012 are as follows (in thousands):

<u>Contractor</u>	<u>Type of Service</u>	<u>Expiration Date</u>	<u>Estimated Annual Subsidy</u>
MV Transportation Service	Dial-a-Ride	June 30, 2012	\$ 12,780
First Transit Inc.	Fixed Route Bus Service	June 30, 2013	24,350
Veolia Transportation	Fixed Route Bus Service	June 30, 2015	71,877
Valley Metro Rail	Light Rail Service	June 30, 2012	21,727
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2012	4,530
MV Transportation Service	Fixed Route Bus Service	June 30, 2012	471
			<u>\$ 135,735</u>

Approximately 18.0% 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 5.1% of the total transit costs for fiscal 2011-12. 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, 2011, as follows (in thousands):

Aviation	\$ 243,815
Phoenix Convention Center	667
Water System	137,701
Wastewater	36,688
Solid Waste	18,604
	<u>\$ 437,475</u>

### Encumbrances

Governmental fund encumbrances at June 30, 2011, were as follows (in thousands):

General Fund	\$ 13,528
Non-Major Funds	203,341
	<u>\$ 216,869</u>

## Notes to the Financial Statements

(Continued)

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### 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 12, 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 in 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, 2011.

#### 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 bonds only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2011 were \$568,144.

#### Sick Leave

Sick leave is continuously accumulated at the rate of 15 days per year but can only be taken in the event of illness. Upon retirement, for every 173 hours of unused sick leave, one month of creditable service is allowed in determining a General Employee Retirement Plan pension. A balance of over 80 hours after making the above calculation will allow an extra month of creditable service. The dollar amount of any cash payment as described below is included in the final average compensation, but the hours used are excluded from credited service.

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

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

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

Middle management and Executive General City employees who have accumulated 750 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement are eligible to receive a payment up to 20% of their base hourly rate. Sworn Police and Fire Middle Managers and Executives who have accumulated 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 only if the leave is attributable to past service and it is probable that the employees will be compensated through cash payments conditioned on the employees' termination or retirement. In accordance with these criteria, 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, 2011, actuarial valuation of the sick leave liability was based on the termination method, with the liability pro-rated based on the current service of a participant. The projected sick leave benefit payment under the termination method is calculated as the maximum sick leave hours eligible for payment multiplied by the probability of an individual employee reaching retirement multiplied by the employee's projected salary at first eligibility for retirement pro-rated based on the employee's current service to date over the projected service to retirement increased by the cost of salary-related fringe benefits.

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

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

	<u>2011</u>
General	\$ 180,921
Police	121,472
Fire	<u>43,559</u>
	345,952
Less: Amounts Accrued as a Liability	<u>(72,850)</u>
	<u>\$ 273,102</u>

**Liabilities Under Grants**

The City participates in a number of federal and state-assisted grant programs. The audits of these programs for earlier years and the year ended June 30, 2011 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, 2011

The City has accepted grant funds from the Federal Aviation Administration (the "FAA") to purchase land near Phoenix Sky Harbor International Airport (the "Airport") for noise compatibility purposes. After the City purchased the land, it was developed and leased to private corporations. The FAA gave the City written approval to use the proceeds of these leases for the operation and maintenance of the Airport. On January 13, 2006, the FAA notified the City that based on the Department of Transportation's Office of Inspector General's audit of eleven airports, including the Airport, the FAA determined that leasing the land the City purchased for noise compatibility purposes constituted disposal of the property purchased with FAA grant funds. The FAA has contacted the City claiming it is entitled to its fair share of the proceeds of the leases under Federal law. According to the FAA, the City has been authorized to receive approximately \$89,000,000 in grants from the FAA for noise compatibility purposes. On September 2, 2011, the City received acceptance from the FAA of a plan where the City would either reinvest the appraised fair market value of disposed land in Airport Improvement Program (AIP) eligible noise compatibility projects or swap the disposed land for comparable non-AIP property. Therefore, the City does not have to reimburse the FAA for any costs associated with the disposed land.

**17. Joint Use Agreements**

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

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

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project less any Federal reimbursements and operating fares. The City's share of costs is determined based on the number of rail mileage located within each City, plus dedicated local costs. The equity interest for the City at June 30, 2011, was \$820,772,917.

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



## Notes to the Financial Statements

(Continued)

### Regional Wireless Cooperative "RWC"

The City currently participates with seventeen 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, 2011, was \$74,905,729.

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 \$473,581,236 at June 30, 2011, 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, 2011 is provided below (in thousands).

	<u>2011</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 37,395
Receivables	12,169
Inventories, at average cost	547
Capital Assets, Net of Accumulated Depreciation	<u>896,596</u>
Total Assets	946,707
Liabilities	<u>(42,286)</u>
Net Assets	<u>\$ 904,421</u>
Total Revenues	\$ 56,463
Total Expenses	<u>(84,869)</u>
Decrease in Net Assets	<u>\$ (28,406)</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.

## Notes to the Financial Statements

(Continued)

### 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 \$229,000,733 at June 30, 2011, 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, 2011 is provided below (in thousands).

	<u>2011</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 8,210
Receivables	9,553
Inventories, at average cost	387
Capital Assets, Net of Accumulated Depreciation	<u>298,604</u>
Total Assets	316,754
Liabilities	<u>(13,090)</u>
Net Assets	<u>\$ 303,664</u>
Total Revenues	\$ 76,914
Total Expenses	<u>(29,279)</u>
Increase in Net Assets	<u>\$ 47,635</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 Plan (DCP)**

The City established the Deferred Compensation Plan and the Defined Contribution Plan to provide eligible employees with a means to supplement retirement income.

The Deferred Compensation Plan was created in accordance with Internal Revenue Code Section 457. It allows eligible employees to defer up to \$16,500 of their salaries during calendar year 2011. The plan has numerous investment options and allows enrollment or changes on an ongoing basis. A 1996 federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No.S-25613 that amended the Plan to comply with the 1996 federal law. The Ordinance established a trust into which all assets of the Plan were transferred December 4, 1998.

The Defined Contribution Plan was created in accordance with Internal Revenue Code Section 415(c)(1)(A) and provides employees with an additional option for tax-deferred retirement savings. Eligible employees may make personal contributions to the Plan by electing to defer a designated percentage of their salary to the Plan. Employee contribution elections are irrevocable. The 2011 annual contribution limit is \$49,000. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of employee's base annual salary. The City contributed \$26,106,591 for the year ended June 30, 2011.

A governing board makes decisions about fund options available under both plans. Due to the tax-deferred nature of the Plans, generally speaking, the funds cannot be withdrawn while still employed by the City, unless a severe financial hardship exists. IRS regulations provide guidance regarding hardship withdrawals. Nationwide Investment Services Corporation is currently the administrator for both Plans.

## Notes to the Financial Statements

(Continued)

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### 19. Pension Plans

#### Plan Descriptions

Substantially all full-time employees and elected officials of the City are covered by one of three contributory pension plans. In addition to normal retirement benefits, all of the plans also provide for disability and survivor benefits, as well as deferred pensions for former employees. Pension benefits vest after five years for general City employees and elected officials and after ten years for public safety employees.

The City of Phoenix Employees' Retirement Plan ("COPERS") is a single-employer defined benefit pension plan for all full-time classified civil service general City employees. Members are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years, with ten or more years of credited service.
2. Age 62 years, with five or more years of credited service.
3. Any age, which added to years of credited service equals 80 (Rule of 80).

The Plan is authorized by and administered in accordance with Chapter XXIV of the Charter of the City of Phoenix. Authority to make amendments to the plan rests with City voters. The Plan is administered by a nine-member Retirement Board. COPERS has been included as part of the City's reporting entity as a pension trust fund. Copies of the separately issued COPERS financial report, which includes financial statements and required supplemental information, may be obtained from COPERS, 200 West Washington, 10<sup>th</sup> Floor, Phoenix, Arizona 85003.

The Arizona Public Safety Personnel Retirement System ("APSPRS") is an agent multiple-employer defined benefit pension and health insurance premium subsidy plan for all sworn police officers and fire fighters. Members are eligible for normal retirement benefits and a health insurance premium subsidy after 20 years of service or at age 62 with completion of 10 years of service. It is authorized by and administered in accordance with Arizona Revised Statutes Title 38, Chapter 5, Article 4, Section 38.841-859. Authority to make amendments rests with the Arizona State Legislature. Benefits are projected based on benefit levels and cost-sharing arrangements as of the date of valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations. The Plan is administered by local boards consisting of the City Mayor or designee, two members elected by employees and two citizens appointed by the mayor and approved by the City Council. The same board administers both the Fire Fighters and Police pension plans for the City.

The Elected Officials' Retirement Plan of Arizona ("EORPA") is a cost-sharing multiple-employer defined benefit pension plan for all elected officials of the City. Members are eligible for retirement benefits, including a health insurance premium subsidy, upon ceasing to hold office and meeting one of the following age and service requirements:

1. Any age, with twenty or more years of credited service.
2. Age 62 years, with ten or more years of credited service.
3. Age 65 years, with five or more years of credited service.
4. Early retirement, with five years of service and ceasing to hold office (reduced pension).

## Notes to the Financial Statements

(Continued)

Benefits are based on 4% of the member's final annual salary multiplied by the years of credited service. The maximum is 80% of the member's highest average annual salary. Benefits for early retirees (option 4 above) are reduced by 3/12 of 1% for each month that early retirement precedes normal retirement age. EORPA is authorized by and administered in accordance with Arizona Revised Statutes Title 38, Chapter 5, Article 3, Section 802 as amended. The authority to make amendments rests with the Arizona State Legislature. The Plan is administered by the Arizona Public Safety Personnel Retirement System.

Copies of the publicly available financial reports for the APSPRS and EORPA may be obtained from Arizona Public Safety Personnel Retirement System, 3010 East Camelback Road, Phoenix, Arizona 85016 or on the internet at [www.psprs.com](http://www.psprs.com).

### **Funding Policy and Annual Pension Cost**

The City contributes an actuarially determined amount to COPERS to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over an open period of 20 years from July 1, 2010. The employee contribution rate is 5% of compensation. In addition to funding the plan for benefits, the City pays the administrative costs of the plan as a City expense. Investment expenses are paid by the plan from investment earnings.

Contribution rates for APSPRS are specified by State statute, with a 7.65% employee share and an employer's share equal to a level percent of compensation to fund normal cost and unfunded accrued liability over an open period of 30 years from July 1, 2006, but not less than 8% beginning with fiscal year 2007-08. Optionally, the employer may increase its contributions in order to lower the employees' share.

Three-year trend information for the City's single employer and the agent multiple employer defined benefit pension plans follows:

	<b>Contributions Required and Contributions Made</b>			
	<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>General City</b>	6/30/11	\$ 92,145,262	100 %	N/A
<b>Employees</b>	6/30/10	86,591,498	100	N/A
	6/30/09	67,152,987	100	N/A
<b>APSPRS Employees (1):</b>				
Police Pension	6/30/11	55,596,088	100	N/A
Police Health	6/30/11	2,990,377	100	N/A
Police Pension	6/30/10	61,977,622	100	N/A
Police Health	6/30/10	2,433,457	100	N/A
Police Pension	6/30/09	61,411,442	100	N/A
Police Health	6/30/09	2,347,899	100	N/A
Fire Pension	6/30/11	27,675,193	100	N/A
Fire Health	6/30/11	1,450,716	100	N/A
Fire Pension	6/30/10	30,617,992	100	N/A
Fire Health	6/30/10	1,388,600	100	N/A
Fire Pension	6/30/09	30,691,971	100	N/A
Fire Health	6/30/09	1,461,823	100	N/A

(1) For APSPRS employees, the health premium subsidy is based on actual payments made during the year by APSPRS. As the actuarial report is not available for the the current fiscal year, contributions for pension and the health subsidy are estimated based on current year total contributions and the actuarial determined rate.

Contribution rates for EORPA are specified by State statute, with a 7% employee share and an actuarially determined employer's share equal to a level percent of compensation to fund normal cost and unfunded accrued liability over a closed period of 30 years from July 1, 2006.

## Notes to the Financial Statements

(Continued)

Below is three-year contribution trend information for the Elected Officials' cost-sharing multiple-employer retirement plan:

	<b>Contributions Required and Contributions Made</b>			
	<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>Elected Officials</b>				
Pension	6/30/11	\$ 145,978	100 %	N/A
Health	6/30/11	9,221	100	N/A
Pension	6/30/10	125,896	100	N/A
Health	6/30/10	9,768	100	N/A
Pension	6/30/09	150,915	100	N/A
Health	6/30/09	5,070	100	N/A

The City's annual pension costs for the current year and related information for each plan is as follows:

	<b>COPERS</b>	<b>APSPRS</b>		<b>EORPA Pension/Health</b>
		<b>Police (1) Pension/Health</b>	<b>Fire (1) Pension/Health</b>	
Contribution Rates:				
City	16.04%	22.31%/1.20%	22.32%/1.17%	28.02%/1.77%
Plan Members	5.00%	7.65%	7.65%	7.00%
Annual Pension Cost (in thousands)	\$ 92,145	\$55,596/\$2,990	\$27,675/\$1,451	\$146/\$9
Contributions Made (in thousands)	\$ 92,145	\$55,596/\$2,990	\$27,675/\$1,451	\$146/\$9
Actuarial Valuation Date	6/30/11	6/30/10	6/30/10	6/30/10
Actuarial Cost Method	Entry Age, Normal Cost	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years	26 years	26 years	26 years
Asset Valuation Method	4-year smoothed market	7-year smoothed market	7-year smoothed market	7-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return	8.0%	8.5%	8.5%	8.5%
Projected Salary Increases *	5.0 - 9.0%	5.5 - 8.5%	5.5 - 8.5%	5.0%
* Includes Inflation at	4.5%	5.5%	5.5%	5.0%
Cost-of-Living Adjustments	-	-	-	-

- (1) For the current fiscal year, APSPRS contributions for pension and the health subsidy are estimated based on current year total contributions and the actuarial determined rate.
- (2) A fire premium tax levied by the State is credited toward the City's contribution for firefighters employed by the City of Phoenix. The amount reported above is before the fire insurance premium tax credit allowance of \$3,518,000.
- (3) COPERS' amount includes \$1,180,000 allocated to the Excess Benefit Arrangement.

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

**Funded Status and Funding Progress (as of the most recent valuation)**

Schedule of Funding Progress (in thousands)							
Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)	
<b>General City</b>							
<b>Employees</b>	6/30/11	\$ 1,834,620	\$ 2,752,909	\$ 918,289	66.7 %	\$ 513,322	178.9 %
<b>APSPRS (1)</b>							
Police - Pension	6/30/10	\$ 1,171,920	\$ 1,781,556	\$ 609,636	65.8 %	\$ 261,335	233.3 %
Police - Health	6/30/10	0	45,790	45,790	0.0	261,335	17.5
<b>APSPRS (1)</b>							
Fire - Pension	6/30/10	\$ 665,142	\$ 981,113	\$ 315,971	67.8 %	\$ 129,802	243.4 %
Fire - Health	6/30/10	0	24,652	24,652	0.0	129,802	19.0

(1) Most recent year available.

A schedule for funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**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.

**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, as current retirees do. The MERP is a single-employer, defined benefit plan. Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP.

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

## Notes to the Financial Statements

(Continued)

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

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

The following table shows the components of the City's annual 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	\$ 38,007
Interest on OPEB Asset	-
Contributions from the City	<u>38,007</u>
Decrease in net OPEB asset	-
Net OPEB asset, beginning of year	<u>-</u>
Net OPEB asset, end of year	<u>-</u>

The City's annual 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
6/30/2011	\$ 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 August 1, 2009, 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 \$424,989,178 and the actuarial value of assets was \$60,459,207, resulting in an unfunded actuarial accrued liability (UAAL) of \$364,529,971. The covered payroll (annual payroll of active employees covered by the plan) was \$593,931,810, and the ratio of the UAAL to the covered payroll was 61.4 percent.

## Notes to the Financial Statements

(Continued)

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

Valuation date	08/01/09
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase *	N/A
Inflation rate	0%
Pre-medicare healthcare cost trend	7.7%
Post-medicare healthcare cost trend	8.2%

The number of participants as of August 1, 2009, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	General City	Public Safety	Total
Active employees	5,244	3,190	8,434
Retirees and Beneficiaries	4,176	1,959	6,135
Total	9,420	5,149	14,569

### Post Employment Health Plan

Employees eligible to retire in more than 15 years from August 1, 2007 who have payroll deductions for City medical insurance coverage are entitled to a \$150 monthly contribution to a Post Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a 100% employer-paid defined contribution. Funds accumulated in the account can be used upon termination of employment for qualified medical expenses. The current administrator of the plan is Nationwide Retirement Solutions.

### Long-Term Disability Program

Long-term disability (LTD) benefits are available to regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. The program provides income protection of 66 2/3 percent of an employee's monthly base salary following a continuous three-month waiting period from the last day worked; provided all leave accruals have been exhausted, continuing to age 80. Employees receiving long-term disability benefits are entitled to continuation of group medical, dental and life insurance for a specified period. 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 for 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 responsibility for fiduciary oversight of the LTD, subject to oversight of 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.



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

The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (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 annual 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*	\$ 3,198
Interest on Net OPEB Asset	233
Contributions made	997
Decrease in OPEB Asset	<u>(1,968)</u>
Net OPEB asset, beginning of year	<u>3,328</u>
Net OPEB asset, end of year	<u>\$ 1,360</u>

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

The city's annual 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
6/30/2011	\$ 3,198	\$ 997	31.4%	\$ 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, 2009, the most recent actuarial valuation date, the LTD was 91.7 percent funded. The actuarial accrued liability for benefits was \$66,523,792, and the actuarial value of assets was \$60,992,358, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,531,434. The covered payroll (annual payroll of active employees covered by the plan) was \$876,001,000, and the ratio of the UAAL to the covered payroll was .63 percent.

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

Valuation date	07/01/09
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*	4.0%
Healthcare cost trend	N/A

\* Inflation rate is a component of projected salary increase.

## Notes to the Financial Statements

(Continued)

The number of participants as of July 1, 2009, 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	1,641	3,278	9,313	14,232
Currently Disabled Employees	10	36	292	338
Total Covered Participants	1,651	3,314	9,605	14,570

### **Actuarial Valuations**

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

On September 14, 2011, the City Of Phoenix received \$1,496,737 pursuant to a loan agreement with the Water Infrastructure Finance Authority of Arizona (WIFA), from funding made available to WIFA under the American Recovery Act of 2009 (ARRA). The City made a junior lien pledge of operating revenues of the water system for the payment of principal and interest on the loan. The loan has an average life of 16 years and a true interest cost of 3.0%.

On September 29, 2011, Standard & Poor's Ratings Group downgraded the Downtown Phoenix Hotel Corporation's Subordinate Revenue Bonds, Series 2005B and Taxable Series 2005C from A- to BBB+ with a stable outlook.

On November 1, 2011, the City of Phoenix Civic Improvement Corporation issued \$167,510,000 Junior Lien Water System Revenue Refunding Bonds, Series 2011. The bonds were issued at an all-in true interest cost of 3.12% and were delivered on November 22, 2011.



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*Financial Section*

**Required Supplementary  
Information**



**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited) Schedule of Funding Progress (in thousands)

	<b>Actuarial Valuation Date</b>	<b>Funding Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Percent Funded (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b - a)/(c)</b>
<b>PENSION PLANS:</b>							
<b>General City Employees</b>							
	6/30/11	\$ 1,834,620	\$ 2,752,909	\$ 918,289	66.7 %	\$ 513,322	178.9 %
	6/30/10	1,868,093	2,697,288	829,195	69.3	550,175	150.7
	6/30/09	1,895,148	2,518,094	622,946	75.3	539,468	115.5
<b>APSPRS - Police Pension (1)</b>							
	6/30/10	\$ 1,171,920	\$ 1,781,556	\$ 609,636	65.8 %	\$ 261,335	233.3 %
	6/30/09	1,151,521	1,664,876	513,355	69.2	251,906	203.8
	6/30/08	1,089,018	1,595,363	506,345	68.3	238,513	212.3
<b>APSPRS - Police Health (1)</b>							
	6/30/10	\$ -	\$ 45,790	\$ 45,790	0.0 %	\$ 261,335	17.5 %
	6/30/09	-	33,895	33,895	0.0	251,906	13.5
	6/30/08	-	53,039	53,039	0.0	238,513	22.2
<b>APSPRS - Fire Pension (1)</b>							
	6/30/10	\$ 665,142	\$ 981,113	\$ 315,971	67.8 %	\$ 129,802	243.4 %
	6/30/09	666,725	928,269	261,544	71.8	124,785	209.6
	6/30/08	636,120	896,842	260,722	70.9	117,583	221.7
<b>APSPRS - Fire Health (1)</b>							
	6/30/10	\$ -	\$ 24,652	\$ 24,652	0.0 %	\$ 129,802	19.0 %
	6/30/09	-	18,485	18,485	0.0	124,785	14.8
	6/30/08	-	30,488	30,488	0.0	117,583	25.9
<b>MERP (2)</b>							
	8/01/09	\$ 60,459	\$ 424,989	\$ 364,530	14.2 %	\$ 593,932	61.4 %
	8/01/06	-	345,579	345,579	0.0	563,570	61.3
<b>LTD (3)</b>							
	7/01/09	\$ 60,992	\$ 66,523	\$ 5,531	91.7 %	\$ 876,001	0.63 %
	7/01/07	64,956	60,344	(4,612)	107.6	856,510	(0.54)

(1) Valuations at June 30, 2010 were the most recent available for APSPRS - Police and Fire.

(2) The initial valuation for MERP was dated August 1, 2006. Valuations are performed biennially beginning with the valuation dated August 1, 2009, which includes the valuations for fiscal years 2009-10 and 2010-11 and is the most recent available.

(3) Valuations are performed biennially beginning with the valuation dated July 1, 2007. The valuation dated August 1, 2009, which includes the valuations for fiscal years 2009-10 and 2010-11 and is the most recent available. 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.

**Transit** - to account for federal grant operating funds, Regional Public Transportation Assistance funds, Transit 2000 revenues and the City's local matching funds. Expenditures are for the administrative and operating costs of the public transit system.

**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.

## 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.

## Fund Descriptions

(continued)

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

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

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

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

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

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

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

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

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

## Debt Service Funds

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

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

**Streets and Highways** - to account for debt service on major street and Squaw Peak Parkway highway user revenue bonds. Funding is provided by transfers of state-shared gasoline tax revenues from the Highway User Special Revenue Fund.

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

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





**City of Phoenix**

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

**Exhibit C-1**

June 30, 2011  
(in thousands)

	<b>Special Revenue Funds</b>						
	<b>Highway User Revenue</b>	<b>Transit</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>	<b>Grants</b>	<b>Public Housing</b>	<b>Other Restricted</b>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 3,823	\$ 14,625	\$ 1,855	\$ 8,239	\$ -	\$ -	\$ 2,750
Cash Deposits	29	-	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-	2,066	-
Investments	41,429	182,017	13,651	93,129	-	25,138	27,502
Due from Other Funds	-	-	-	-	-	-	-
Receivables, Net of Allowance							
Accounts Receivable	-	2,113	-	509	4,345	596	73
Taxes Receivable	-	-	-	-	-	-	77
Intergovernmental	9,229	3,948	-	112	28,794	12,078	9
Accrued Interest	-	-	-	-	-	12	-
Notes Receivable	-	31,731	-	-	5,000	12,020	-
Prepaid Items	-	960	-	-	5	3,906	-
Inventories	-	1,232	-	-	-	-	-
Total Assets	<u>\$ 54,510</u>	<u>\$ 236,626</u>	<u>\$ 15,506</u>	<u>\$ 101,989</u>	<u>\$ 38,144</u>	<u>\$ 55,816</u>	<u>\$ 30,411</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 6,128	\$ -	\$ -
Accounts Payable	4,931	16,919	42	1,141	5,498	3,459	758
Trust Liabilities and Deposits	1,550	37	3,462	3,908	1,426	13,517	254
Matured Bonds Payable	-	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	3,500	25,092	1,184	-
Total Liabilities	<u>6,481</u>	<u>16,956</u>	<u>3,504</u>	<u>8,549</u>	<u>38,144</u>	<u>18,160</u>	<u>1,012</u>
<b>Fund Balances</b>							
<b>Non-Spendable</b>							
Inventories	-	1,232	-	-	-	-	-
Prepaid Items	-	961	-	-	-	3,906	-
<b>Spendable</b>							
Restricted	48,029	213,012	7,533	62,178	-	27,126	25,638
Committed	-	-	4,469	-	-	-	-
Assigned	-	4,465	-	31,262	-	6,624	3,761
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>48,029</u>	<u>219,670</u>	<u>12,002</u>	<u>93,440</u>	<u>-</u>	<u>37,656</u>	<u>29,399</u>
Total Liabilities and Fund Balances	<u>\$ 54,510</u>	<u>\$ 236,626</u>	<u>\$ 15,506</u>	<u>\$ 101,989</u>	<u>\$ 38,144</u>	<u>\$ 55,816</u>	<u>\$ 30,411</u>

**Exhibit C-1**

(Continued)

Special Revenue Funds			Capital Projects Funds						
Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	Storm Sewers	Parks, Recreation and Libraries	
\$ 297	\$ -	\$ 31,589	\$ 931	\$ 4,201	\$ -	\$ 22,138	\$ 563	\$ 2,397	
-	-	29	-	-	-	-	-	-	
-	-	2,066	-	-	-	-	-	-	
-	-	382,866	15,441	43,959	34,088	6,416	1,840	6,211	
-	-	-	-	-	870	-	11,198	-	
-	-	7,636	-	-	16	-	-	-	
-	-	77	-	-	-	-	-	-	
-	-	54,170	-	-	61,903	-	-	-	
-	-	12	-	-	28	17	4	12	
-	-	48,751	-	-	42,767	-	-	-	
-	-	4,871	-	-	-	-	-	-	
-	-	1,232	-	-	-	-	-	-	
<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 533,299</u>	<u>\$ 16,372</u>	<u>\$ 48,160</u>	<u>\$ 139,672</u>	<u>\$ 28,571</u>	<u>\$ 13,605</u>	<u>\$ 8,620</u>	
\$ 8,052	\$ 10,219	\$ 24,399	\$ -	\$ -	\$ -	\$ 13,658	\$ -	\$ 12,533	
1	20	32,769	1,801	1,361	7,117	778	2,256	1,564	
1,310	-	25,464	-	-	-	-	-	423	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	29,776	-	-	-	-	-	-	
<u>9,363</u>	<u>10,239</u>	<u>112,408</u>	<u>1,801</u>	<u>1,361</u>	<u>7,117</u>	<u>14,436</u>	<u>2,256</u>	<u>14,520</u>	
-	-	1,232	-	-	-	-	-	-	
-	-	4,867	-	-	-	-	-	-	
1,601	1,633	386,750	-	46,799	65,298	14,135	11,349	-	
-	-	4,469	14,571	-	-	-	-	-	
-	-	46,112	-	-	67,257	-	-	-	
(10,667)	(11,872)	(22,539)	-	-	-	-	-	(5,900)	
<u>(9,066)</u>	<u>(10,239)</u>	<u>420,891</u>	<u>14,571</u>	<u>46,799</u>	<u>132,555</u>	<u>14,135</u>	<u>11,349</u>	<u>(5,900)</u>	
<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 533,299</u>	<u>\$ 16,372</u>	<u>\$ 48,160</u>	<u>\$ 139,672</u>	<u>\$ 28,571</u>	<u>\$ 13,605</u>	<u>\$ 8,620</u>	

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

**Exhibit C-1**

(Continued)

June 30, 2011  
(in thousands)

	<b>Capital Projects Funds</b>				
	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>	<b>Sports and Cultural Facilities</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,487	\$ 5,898	\$ -	\$ 2,430	\$ 47,045
Cash Deposits	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	18,349	30,448	81,002	2,038	239,792
Due from Other Funds	-	18,755	-	-	30,823
Receivables, Net of Allowance					
Accounts Receivable	-	7,118	17	-	7,151
Taxes Receivable	-	-	-	-	-
Intergovernmental	-	-	4,136	-	66,039
Accrued Interest	42	67	138	4	312
Notes Receivable	-	859	-	-	43,626
Prepaid Items	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 26,878</u>	<u>\$ 63,145</u>	<u>\$ 85,293</u>	<u>\$ 4,472</u>	<u>\$ 434,788</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds	\$ 8,410	\$ -	\$ -	\$ 10,138	\$ 44,739
Accounts Payable	1,487	1,195	1,194	290	19,043
Trust Liabilities and Deposits	-	-	1	-	424
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	4,690	-	-	4,690
Total Liabilities	<u>9,897</u>	<u>5,885</u>	<u>1,195</u>	<u>10,428</u>	<u>68,896</u>
<b>Fund Balances</b>					
<b>Non-Spendable</b>					
Inventories	-	-	-	-	-
Prepaid Items	-	-	-	-	-
<b>Spendable</b>					
Restricted	16,981	50,484	84,098	-	289,144
Committed	-	-	-	-	14,571
Assigned	-	6,776	-	-	74,033
Unassigned	-	-	-	(5,956)	(11,856)
Total Fund Balances	<u>16,981</u>	<u>57,260</u>	<u>84,098</u>	<u>(5,956)</u>	<u>365,892</u>
Total Liabilities and Fund Balances	<u>\$ 26,878</u>	<u>\$ 63,145</u>	<u>\$ 85,293</u>	<u>\$ 4,472</u>	<u>\$ 434,788</u>

**Exhibit C-1**

(Continued)

<b>Debt Service Funds</b>						
	<b>Sports Facilities</b>	<b>Streets and Highways</b>	<b>City Improve- ment</b>	<b>Special Assess- ment</b>	<b>Total</b>	<b>Total Non-Major Governmental Funds</b>
\$	2,913	\$ -	\$ 571	\$ -	\$ 3,484	\$ 82,118
	-	-	-	-	-	29
	-	30,493	43,911	7	74,411	76,477
	29,456	-	3,794	185	33,435	656,093
	-	-	-	-	-	30,823
	3,182	-	-	243	3,425	18,212
	-	-	-	-	-	77
	-	-	-	-	-	120,209
	-	-	-	-	-	324
	-	-	-	-	-	92,377
	-	-	-	-	-	4,871
	-	-	-	-	-	1,232
<b>\$</b>	<b>35,551</b>	<b>\$ 30,493</b>	<b>\$ 48,276</b>	<b>\$ 435</b>	<b>\$ 114,755</b>	<b>\$ 1,082,842</b>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 69,138
	-	-	-	-	-	51,812
	-	-	-	-	-	25,888
	-	29,740	29,488	-	59,228	59,228
	-	753	14,472	7	15,232	15,232
	-	-	-	325	325	34,791
	-	30,493	43,960	332	74,785	256,089
	-	-	-	-	-	1,232
	-	-	-	-	-	4,867
	-	-	4,316	103	4,419	680,313
	35,551	-	-	-	35,551	54,591
	-	-	-	-	-	120,145
	-	-	-	-	-	(34,395)
	35,551	-	4,316	103	39,970	826,753
<b>\$</b>	<b>35,551</b>	<b>\$ 30,493</b>	<b>\$ 48,276</b>	<b>\$ 435</b>	<b>\$ 114,755</b>	<b>\$ 1,082,842</b>

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

**Exhibit C-2**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

<b>Special Revenue Funds</b>							
	<b>Highway User Revenue</b>	<b>Transit</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>	<b>Grants</b>	<b>Public Housing</b>	<b>Other Restricted</b>
<b>REVENUES</b>							
City Taxes	\$ -	\$ 101,379	\$ -	\$ -	\$ -	\$ -	\$ 6,509
Licenses and Permits	-	-	-	-	-	-	29
Intergovernmental	104,912	58,916	-	-	149,345	86,485	-
Charges for Services	20	33,558	5,076	40,907	14	-	8,536
Parks and Recreation	-	-	-	-	-	-	2,326
Special Assessments	-	-	-	-	-	-	-
Investment Income							
Net Change in Fair Value of Investments	(463)	(1,463)	(97)	(859)	(936)	(52)	(320)
Interest	789	2,497	164	1,492	1,649	210	556
Dwelling Rentals	-	-	-	-	-	6,688	170
Other	112	15,693	-	3,301	1,673	3,418	7,588
Total Revenues	<u>105,370</u>	<u>210,580</u>	<u>5,143</u>	<u>44,841</u>	<u>151,745</u>	<u>96,749</u>	<u>25,394</u>
<b>EXPENDITURES</b>							
Current Operating							
General Government	-	-	278	-	1,703	2	1,955
Criminal Justice	-	-	1,948	-	-	-	-
Public Safety	-	-	4,085	1,205	15,617	-	7,147
Transportation	43,704	163,870	-	-	8	-	1,359
Community Enrichment	-	-	-	-	50,022	-	3,323
Community Development	-	-	-	27,279	46,870	109,201	3,138
Environmental Services	-	-	-	-	733	-	1,536
Capital Outlay	25,937	4,442	151	20,774	34,345	(2,236)	1,488
Debt Service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Expenditures	<u>69,641</u>	<u>168,312</u>	<u>6,462</u>	<u>49,258</u>	<u>149,298</u>	<u>106,967</u>	<u>19,946</u>
Excess (Deficiency) of Revenues Over Expenditures	35,729	42,268	(1,319)	(4,417)	2,447	(10,218)	5,448
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers from Other Funds	-	710	2,451	-	4	300	-
Transfers to Other Funds	(31,246)	(46,340)	-	-	(2,451)	(384)	(404)
Issuance of Debt							
Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-	-	-
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-	-	-
Refunding Bonds	-	-	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(31,246)</u>	<u>(45,630)</u>	<u>2,451</u>	<u>-</u>	<u>(2,447)</u>	<u>(84)</u>	<u>(404)</u>
Net Change in Fund Balances	4,483	(3,362)	1,132	(4,417)	-	(10,302)	5,044
<b>FUND BALANCES, JULY 1</b>	43,546	223,032	10,870	97,857	-	47,958	24,355
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 48,029</u>	<u>\$ 219,670</u>	<u>\$ 12,002</u>	<u>\$ 93,440</u>	<u>\$ -</u>	<u>\$ 37,656</u>	<u>\$ 29,399</u>

**Exhibit C-2**

(Continued)

Special Revenue Funds			Capital Projects Funds						
Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	Storm Sewers	Parks, Recreation and Libraries	
\$ 25,387	\$ 74,462	\$ 207,737	\$ 15,486	\$ 25,345	\$ -	\$ -	\$ -	\$ -	
-	-	29	-	-	-	-	-	-	
-	-	399,658	-	-	84,409	161	-	13,496	
-	-	88,111	-	2	-	-	-	-	
-	-	2,326	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	(4,190)	(111)	(381)	(107)	-	(47)	-	
-	-	7,357	195	676	420	1	79	-	
-	-	6,858	-	-	-	-	-	-	
111	-	31,896	8	7	592	-	-	691	
25,498	74,462	739,782	15,578	25,649	85,314	162	32	14,187	
-	-	3,938	-	-	-	-	-	-	
-	-	1,948	-	-	-	-	-	-	
26,407	91,650	146,111	-	-	-	-	-	-	
-	-	208,941	129	-	-	-	-	-	
-	-	53,345	-	1,942	-	-	-	-	
-	-	186,488	-	-	-	-	-	-	
-	-	2,269	51	-	-	-	-	-	
-	221	85,122	11,696	28,473	61,523	30,821	13,488	34,550	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	15	269	-	1	
-	-	-	-	-	-	-	-	-	
26,407	91,871	688,162	11,876	30,415	61,538	31,090	13,488	34,551	
(909)	(17,409)	51,620	3,702	(4,766)	23,776	(30,928)	(13,456)	(20,364)	
5,386	9,614	18,465	-	-	-	-	-	-	
(52)	(105)	(80,982)	-	(53)	-	-	-	(2,000)	
-	-	-	-	-	1,754	35,353	-	193	
-	-	-	-	-	173	1,548	-	9	
-	-	-	-	-	-	-	-	-	
5,334	9,509	(62,517)	-	(53)	1,927	36,901	-	(1,798)	
4,425	(7,900)	(10,897)	3,702	(4,819)	25,703	5,973	(13,456)	(22,162)	
(13,491)	(2,339)	431,788	10,869	51,618	106,852	8,162	24,805	16,262	
\$ (9,066)	\$ (10,239)	\$ 420,891	\$ 14,571	\$ 46,799	\$ 132,555	\$ 14,135	\$ 11,349	\$ (5,900)	

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

**Exhibit C-2**

(Continued)

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<b>Capital Projects Funds</b>				
	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>	<b>Transit</b>	<b>Sports and Cultural Facilities</b>	<b>Total</b>
<b>REVENUES</b>					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ 40,831
Licenses and Permits	-	-	-	-	-
Intergovernmental	4,118	-	89,674	-	191,858
Charges for Services	-	-	-	-	2
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	-	(615)	(381)	-	(1,642)
Interest	-	914	561	-	2,846
Dwelling Rentals	-	-	-	-	-
Other	2,391	4,103	-	244	8,036
Total Revenues	<u>6,509</u>	<u>4,402</u>	<u>89,854</u>	<u>244</u>	<u>241,931</u>
<b>EXPENDITURES</b>					
Current Operating					
General Government	-	-	-	-	-
Criminal Justice	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	129
Community Enrichment	-	-	-	-	1,942
Community Development	-	-	-	-	-
Environmental Services	-	-	-	-	51
Capital Outlay	18,280	18,835	101,760	19,425	338,851
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	5	279	-	67	636
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	<u>18,285</u>	<u>19,114</u>	<u>101,760</u>	<u>19,492</u>	<u>341,609</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,776)	(14,712)	(11,906)	(19,248)	(99,678)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	-	1,026	-	2,000	3,026
Transfers to Other Funds	(300)	(1,657)	-	-	(4,010)
Issuance of Debt					
Certificates of Participation and Municipal Corporation Obligations	726	38,629	-	10,070	86,725
Premium on Certificates of Participation and Municipal Corporation Obligations	14	969	-	-	2,713
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>440</u>	<u>38,967</u>	<u>-</u>	<u>12,070</u>	<u>88,454</u>
Net Change in Fund Balances	(11,336)	24,255	(11,906)	(7,178)	(11,224)
<b>FUND BALANCES, JULY 1</b>	28,317	33,005	96,004	1,222	377,116
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 16,981</u>	<u>\$ 57,260</u>	<u>\$ 84,098</u>	<u>\$ (5,956)</u>	<u>\$ 365,892</u>



**Exhibit C-2**

(Continued)

<b>Debt Service Funds</b>						
	<b>Sports Facilities</b>	<b>Streets and Highways</b>	<b>City Improve- ment</b>	<b>Special Assess- ment</b>	<b>Total</b>	<b>Total Non-Major Governmental Funds</b>
\$	14,076	\$ -	\$ -	\$ -	\$ 14,076	\$ 262,644
	-	-	-	-	-	29
	-	-	-	-	-	591,516
	-	-	-	-	-	88,113
	-	-	-	-	-	2,326
	-	-	-	114	114	114
	(244)	-	(369)	-	(613)	(6,445)
	421	-	591	-	1,012	11,215
	-	-	-	-	-	6,858
	164	-	-	2	166	40,098
	14,417	-	222	116	14,755	996,468
	109	-	-	-	109	4,047
	-	-	-	-	-	1,948
	1,106	-	-	-	1,106	147,217
	-	-	-	-	-	209,070
	112	-	-	-	112	55,399
	322	-	-	-	322	186,810
	-	-	-	-	-	2,320
	-	-	-	-	-	423,973
	-	29,740	29,488	77	59,305	59,305
	-	1,506	34,047	17	35,570	35,570
	-	-	-	-	-	636
	-	-	22	-	22	22
	-	-	647	-	647	647
	1,649	31,246	64,204	94	97,193	1,126,964
	12,768	(31,246)	(63,982)	22	(82,438)	(130,496)
	-	31,246	59,491	-	90,737	112,228
	(10,588)	-	(1,736)	(154)	(12,478)	(97,470)
	-	-	-	-	-	86,725
	-	-	2,949	-	2,949	5,662
	-	-	74,610	-	74,610	74,610
	-	-	(71,772)	-	(71,772)	(71,772)
	(10,588)	31,246	63,542	(154)	84,046	109,983
	2,180	-	(440)	(132)	1,608	(20,513)
	33,371	-	4,756	235	38,362	847,266
\$	35,551	\$ -	\$ 4,316	\$ 103	\$ 39,970	\$ 826,753



**City of Phoenix**



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*Financial Section*

## **Other Supplementary Information**

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



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

**Exhibit D-1**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expend- itures	Encum- brances	Total	
General Government							
Mayor	\$ 1,588	\$ -	\$ 1,588	\$ 1,303	\$ 35	\$ 1,338	\$ 250
City Council	3,344	-	3,344	3,205	12	3,217	127
City Manager	983	-	983	1,577	84	1,661	(678)
Deputy City Managers	886	-	886	83	(83)	-	886
City Auditor	3,058	-	3,058	2,387	268	2,655	403
Information Technology	3,323	-	3,323	1,839	525	2,364	959
Equal Opportunity	2,375	-	2,375	2,329	7	2,336	39
City Clerk	4,270	-	4,270	3,563	56	3,619	651
Elections	941	-	941	511	54	565	376
Personnel	9,657	-	9,657	9,194	46	9,240	417
Law	19,004	-	19,004	17,951	79	18,030	974
Budget and Research	2,930	-	2,930	3,145	24	3,169	(239)
Finance	20,033	-	20,033	18,071	329	18,400	1,633
Other	1,317	-	1,317	1,295	35	1,330	(13)
Total General Government	73,709	-	73,709	66,453	1,471	67,924	5,785
Criminal Justice							
Municipal Court	30,791	-	30,791	28,330	337	28,667	2,124
Public Defender	4,657	-	4,657	4,647	10	4,657	-
Total Criminal Justice	35,448	-	35,448	32,977	347	33,324	2,124
Public Safety							
Police	419,516	4,900	424,416	418,099	1,478	419,577	4,839
Fire	226,266	-	226,266	217,617	2,455	220,072	6,194
Other	1,536	-	1,536	97	(54)	43	1,493
Total Public Safety	647,318	4,900	652,218	635,813	3,879	639,692	12,526
Transportation							
Street Transportation	19,880	900	20,780	17,770	732	18,502	2,278
Public Transit	15,860	3,500	19,360	18,880	168	19,048	312
Total Transportation	35,740	4,400	40,140	36,650	900	37,550	2,590
Community Enrichment							
Parks & Recreation	88,784	-	88,784	85,856	325	86,181	2,603
Library	34,243	-	34,243	29,816	2,489	32,305	1,938
Human Services	22,688	(4,300)	18,388	16,746	299	17,045	1,343
Other	3,631	(100)	3,531	2,078	224	2,302	1,229
Total Community Enrichment	149,346	(4,400)	144,946	134,496	3,337	137,833	7,113
Community Development							
Planning	5,250	-	5,250	191	(191)	-	5,250
Economic Development	4,456	-	4,456	4,290	19	4,309	147
Neighborhood Services	11,021	-	11,021	10,217	43	10,260	761
Other	197	-	197	4,637	211	4,848	(4,651)
Total Community Development	20,924	-	20,924	19,335	82	19,417	1,507
Environmental Services							
Public Works	17,559	-	17,559	9,989	3,146	13,135	4,424
Other	963	-	963	919	(8)	911	52
Total Environmental Services	18,522	-	18,522	10,908	3,138	14,046	4,476
Cable							
General Government	2,712	-	2,712	2,715	11	2,726	(14)
Transportation	1,646	-	1,646	1,161	-	1,161	485
Total Cable	4,358	-	4,358	3,876	11	3,887	471
Capital							
General Government	-	-	-	(639)	881	242	(242)
Community Enrichment	94	-	94	-	75	75	19
Environmental Services	1,325	-	1,325	569	236	805	520
Total Capital	1,419	-	1,419	(70)	1,192	1,122	297
Contingency	27,049	(4,900)	22,149	-	-	-	22,149
Totals	\$ 1,013,833	\$ -	\$ 1,013,833	\$ 940,438	\$ 14,357	\$ 954,795	\$ 59,038

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Budgetary Comparison Statement**  
**Excise Tax Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-2**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 694,394	\$ 694,394	\$ 688,769	\$ (5,625)
Licenses and Permits	2,628	2,628	3,092	464
Intergovernmental	256,382	256,382	255,434	(948)
Total Revenues	953,404	953,404	947,295	(6,109)
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund	(619,270)	(619,270)	(647,698)	(28,428)
Transit 2000	(100,668)	(100,668)	(101,379)	(711)
Parks and Preserves	(25,167)	(25,167)	(25,345)	(178)
Sports Facilities	(12,419)	(12,419)	(14,076)	(1,657)
Capital Construction	(20,580)	(20,580)	(15,486)	5,094
Police Neighborhood Protection	(17,617)	(17,617)	(17,741)	(124)
Block Watch Neighborhood Protection	(1,258)	(1,258)	(1,274)	(16)
Fire Neighborhood Protection	(6,292)	(6,292)	(6,372)	(80)
Police Public Safety Enhancement	(16,173)	(16,173)	(14,744)	1,429
Fire Public Safety Enhancement	(9,912)	(9,912)	(9,037)	875
Police Public Safety Expansion	(40,098)	(40,098)	(40,544)	(446)
Fire Public Safety Expansion	(10,025)	(10,025)	(10,136)	(111)
City Improvement	(36,655)	(36,655)	(1,043)	35,612
Phoenix Convention Center	(37,270)	(37,270)	(37,835)	(565)
Other Restricted Funds	-	-	(4,585)	(4,585)
Total Other Financing Uses	(953,404)	(953,404)	(947,295)	6,109
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-3**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Highway User	\$ 103,396	\$ 103,396	\$ 104,908	\$ 1,512
State Government	-	-	4	4
Interest	1,200	1,200	543	(657)
Miscellaneous	900	900	132	(768)
Total Revenues	105,496	105,496	105,587	91
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	43,275	43,275	43,704	(429)
Capital	45,073	45,073	33,436	11,637
Debt Service				
Principal	29,740	29,740	29,740	-
Interest	1,506	1,506	1,506	-
Total Expenditures and Encumbrances	119,594	119,594	108,386	11,208
Deficiency of Revenues Over Expenditures and Encumbrances	(14,098)	(14,098)	(2,799)	11,299
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds				
Streets Capital Project Fund	-	-	(38)	(38)
Recovery of Prior Years Expenditures	800	800	1,618	818
Total Other Financing Sources and Uses	800	800	1,580	780
Net Change in Fund Balance	<u>\$ (13,298)</u>	<u>\$ (13,298)</u>	(1,219)	<u>\$ 12,079</u>
Fund Balance, July 1			23,130	
Fund Balance, June 30			<u>\$ 21,911</u>	

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

**Exhibit D-4**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 48,398	\$ 48,398	\$ 45,392	\$ (3,006)
Interest	3,070	3,070	2,635	(435)
Miscellaneous	4,104	4,104	3,793	(311)
Total Revenues	55,572	55,572	51,820	(3,752)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	150,483	150,483	124,296	26,187
Community Enrichment	156	156	-	156
Capital	10,278	10,278	3,347	6,931
Contingency	12,400	12,400	-	12,400
Total Expenditures and Encumbrances	173,317	173,317	127,643	45,674
Deficiency of Revenues Over Expenditures and Encumbrances	(117,745)	(117,745)	(75,823)	41,922
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	100,668	100,668	101,379	711
Transit - Other Agency Special Revenue	24,000	24,000	28,979	4,979
City Improvement Debt Service Fund	-	-	710	710
Transfers to Other Funds				
Federal Transit Grants Special Revenue	-	-	(19)	(19)
Street Improvements Capital Project Fund	-	-	(7)	(7)
City Improvement Debt Service Fund	(46,122)	(46,122)	(46,130)	(8)
Infrastructure Repayment Agreement Trust	(234)	(234)	(210)	24
Regional Wireless Cooperative	(1)	(1)	(1)	-
Recovery of Prior Years Expenditures	500	500	5,372	4,872
Total Other Financing Sources and Uses	78,811	78,811	90,073	11,262
Net Change in Fund Balance	<u>\$ (38,934)</u>	<u>\$ (38,934)</u>	14,250	<u>\$ 53,184</u>

Fund Balance, July 1

220,009

Fund Balance, June 30

\$ 234,259

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

**Exhibit D-5**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 55,833	\$ 55,833	\$ 41,997	\$ (13,836)
Charges for Services	44	44	40	(4)
Interest	125	125	138	13
Total Revenues	56,002	56,002	42,175	(13,827)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	20,229	20,229	19,969	260
Capital	13,908	13,908	174	13,734
Total Expenditures and Encumbrances	34,137	34,137	20,143	13,994
Excess of Revenues Over Expenditures and Encumbrances	21,865	21,865	22,032	167
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
Transit 2000 Special Revenue	(24,000)	(24,000)	(28,979)	(4,979)
Streets Capital Projects Fund	-	-	(1,689)	(1,689)
Total Other Financing Uses	(24,000)	(24,000)	(30,668)	(6,668)
Net Change in Fund Balance	<u>\$ (2,135)</u>	<u>\$ (2,135)</u>	(8,636)	<u>\$ (6,501)</u>
Fund Balance, July 1			11,190	
Fund Balance, June 30			<u>\$ 2,554</u>	



**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Transit - Federal Transit Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-6**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 8,551	\$ 8,551	\$ 18,848	\$ 10,297
Interest	-	-	2	2
Total Revenues	8,551	8,551	18,850	10,299
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	7,409	21,409	20,887	522
Capital	1,142	1,142	1,046	96
Total Expenditures and Encumbrances	8,551	22,551	21,933	618
Deficiency of Revenues Over Expenditures and Encumbrances	-	(14,000)	(3,083)	10,917
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Transit 2000 Special Revenue Fund	-	-	19	19
Total Other Financing Sources	-	-	19	19
Net Change in Fund Balance	\$ -	\$ (14,000)	(3,064)	\$ 10,936
Fund Balance, July 1			260	
Fund Balance, June 30			\$ (2,804)	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Municipal Court Awards Special Revenue Fund**

**Exhibit D-7**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 4,781	\$ 4,781	\$ 2,947	\$ (1,834)
Total Revenues	4,781	4,781	2,947	(1,834)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	280	280	282	(2)
Public Safety	4,425	4,525	4,392	133
Total Expenditures and Encumbrances	4,705	4,805	4,674	131
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	76	(24)	(1,727)	(1,703)
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	-	-	5	5
Total Other Financing Sources	-	-	5	5
Net Change in Fund Balance	<u>\$ 76</u>	<u>\$ (24)</u>	(1,722)	<u>\$ (1,698)</u>
Fund Balance, July 1			1,938	
Fund Balance, June 30			<u>\$ 216</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Development Services Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-8**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 36,750	\$ 36,750	\$ 31,952	\$ (4,798)
Miscellaneous	(50)	(50)	(154)	(104)
Total Revenues	36,700	36,700	31,798	(4,902)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	1,470	1,470	1,205	265
Community Development	31,012	31,012	25,689	5,323
Capital	-	-	2	(2)
Total Expenditures and Encumbrances	32,482	32,482	26,896	5,586
Excess of Revenues Over Expenditures and Encumbrances	4,218	4,218	4,902	684
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,405)	(2,405)	(2,172)	233
Recovery of Prior Years Expenditures	-	-	3	3
Total Other Financing Sources and Uses	(2,405)	(2,405)	(2,169)	236
Net Change in Fund Balance	\$ 1,813	\$ 1,813	2,733	\$ 920
Fund Balance, July 1			11,917	
Fund Balance, June 30			\$ 14,650	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Community Reinvestment Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-9**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 3,066	\$ 3,066	\$ 5,258	\$ 2,192
Rentals	563	563	73	(490)
Interest	168	168	168	-
Miscellaneous	-	-	3,382	3,382
Total Revenues	<u>3,797</u>	<u>3,797</u>	<u>8,881</u>	<u>5,084</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	185	385	315	70
Capital	<u>1,500</u>	<u>6,500</u>	<u>5,335</u>	<u>1,165</u>
Total Expenditures and Encumbrances	<u>1,685</u>	<u>6,885</u>	<u>5,650</u>	<u>1,235</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	2,112	(3,088)	3,231	6,319
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
General Fund				
Other	(1,486)	(1,486)	-	1,486
Recovery of Prior Years Expenditures	-	-	60	60
Total Other Financing Sources and Uses	<u>(1,486)</u>	<u>(1,486)</u>	<u>60</u>	<u>1,546</u>
Net Change in Fund Balance	<u>\$ 626</u>	<u>\$ (4,574)</u>	<u>3,291</u>	<u>\$ 7,865</u>
Fund Balance, July 1			10,460	
Fund Balance, June 30			<u>\$ 13,751</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Federal Operating Trust Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-10**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 150,150	\$ 150,150	\$ 75,192	\$ (74,958)
Charges for Services	-	-	6	6
Interest	66	66	92	26
Contributions/Donations	346	346	-	(346)
Miscellaneous	-	-	1,240	1,240
Total Revenues	150,562	150,562	76,530	(74,032)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	1,039	1,039	1,465	(426)
Criminal Justice	750	750	-	750
Public Safety	11,361	11,361	17,795	(6,434)
Transportation	10	10	3	7
Community Enrichment	1,338	1,338	3,565	(2,227)
Community Development	74,334	78,106	32,973	45,133
Environmental Services	253	253	815	(562)
Capital	61,477	57,705	31,845	25,860
Total Expenditures and Encumbrances	150,562	150,562	88,461	62,101
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(11,931)	(11,931)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Other Restricted Special Revenue Fund	-	-	24	24
Transfer to Other Funds				
Other Restricted Special Revenue Fund	-	-	(2,471)	(2,471)
Recovery of Prior Years Expenditures	-	-	14,378	14,378
Total Other Financing Sources and Uses	-	-	11,931	11,931
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-11**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 36,167	\$ 36,167	\$ 17,404	\$ (18,763)
Charges for Services	113	113	90	(23)
Interest	15	15	7	(8)
Miscellaneous	-	-	89	89
Total Revenues	36,295	36,295	17,590	(18,705)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	239	239	238	1
Community Enrichment	675	675	670	5
Community Development	32,395	31,421	15,914	15,507
Capital	2,986	3,960	1,003	2,957
Total Expenditures and Encumbrances	36,295	36,295	17,825	18,470
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(235)	(235)
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
Public Housing Capital Projects Fund	-	-	235	235
Total Other Financing Sources	-	-	235	235
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Human Services Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-12**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 37,011	\$ 37,011	\$ 44,762	\$ 7,751
Interest	7	7	8	1
Miscellaneous	292	292	339	47
Total Revenues	37,310	37,310	45,109	7,799
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	37,310	45,110	45,109	1
Total Expenditures and Encumbrances	37,310	45,110	45,109	1
Deficiency of Revenues Over Expenditures and Encumbrances	-	(7,800)	-	7,800
Net Change in Fund Balance	\$ -	\$ (7,800)	-	\$ 7,800
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-13**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 97,973	\$ 97,973	\$ 71,826	\$ (26,147)
Interest	118	118	120	2
Dwelling Rentals	6,634	6,634	5,140	(1,494)
Miscellaneous	1,092	1,092	1,303	211
Total Revenues	105,817	105,817	78,389	(27,428)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	80,078	79,457	70,827	8,630
Capital				
Total Expenditures and Encumbrances	114,064	114,064	86,680	27,384
Deficiency of Revenues Over Expenditures and Encumbrances	(8,247)	(8,247)	(8,291)	(44)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Public Housing Capital Projects Fund	-	-	300	300
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(302)	(302)	(311)	(9)
Other Restricted Special Revenue Funds	-	-	(145)	(145)
City Improvement	(74)	(74)	(73)	1
Recovery of Prior Years Expenditures	-	-	6,804	6,804
Total Other Financing Sources and Uses	(376)	(376)	6,575	6,951
Net Change in Fund Balance	<u>\$ (8,623)</u>	<u>\$ (8,623)</u>	(1,716)	<u>\$ 6,907</u>
Fund Balance, July 1			24,657	
Fund Balance, June 30			<u>\$ 22,941</u>	



**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Housing Hope VI Grant Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-14**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,201	\$ 4,201	\$ 5,878	\$ 1,677
Interest	-	-	8	8
Miscellaneous	-	-	819	819
Total Revenues	4,201	4,201	6,705	2,504
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	716	1,316	961	355
Capital	3,485	5,685	5,909	(224)
Total Expenditures and Encumbrances	4,201	7,001	6,870	131
Deficiency of Revenues Over Expenditures and Encumbrances	-	(2,800)	(165)	2,635
<b>OTHER FINANCING SOURCES</b>				
Recovery of Prior Years Expenditures	-	-	28	28
Total Other Financing Sources	-	-	28	28
Net Change in Fund Balance	\$ -	\$ (2,800)	(137)	\$ 2,663
Fund Balance, July 1			2,401	
Fund Balance, June 30			\$ 2,264	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Sports Facilities Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-15**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 900	\$ 900	\$ 439	\$ (461)
Miscellaneous	355	355	164	(191)
Total Revenues	1,255	1,255	603	(652)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	128	128	108	20
Public Safety	1,106	1,106	1,106	-
Community Enrichment	444	444	444	-
Community Development	135	635	133	502
Lease-Purchase Payments	20,196	20,196	10,585	9,611
Total Expenditures and Encumbrances	22,009	22,509	12,376	10,133
Deficiency of Revenues Over Expenditures and Encumbrances	(20,754)	(21,254)	(11,773)	9,481
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	12,419	12,419	14,076	1,657
Transfers to Other Funds				
General Fund				
Staff and Administrative	(105)	(105)	(105)	-
Other	(79)	(79)	(84)	(5)
Total Other Financing Sources and Uses	12,235	12,235	13,887	1,652
Net Change in Fund Balance	<u>\$ (8,519)</u>	<u>\$ (9,019)</u>	2,114	<u>\$ 11,133</u>
Fund Balance, July 1			35,363	
Fund Balance, June 30			<u>\$ 37,477</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Capital Construction Special Revenue Fund**

**Exhibit D-16**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 350	\$ 350	\$ 144	\$ (206)
Miscellaneous	-	-	8	8
Total Revenues	350	350	152	(198)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	130	130	129	1
Environmental Services	70	70	64	6
Capital	26,204	26,204	11,236	14,968
Total Expenditures and Encumbrances	26,404	26,404	11,429	14,975
Deficiency of Revenues Over Expenditures and Encumbrances	(26,054)	(26,054)	(11,277)	14,777
<b>OTHER FINANCING SOURCES</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	20,580	20,580	15,486	(5,094)
Streets Capital Projects	-	-	9	9
Recovery of Prior Years Expenditures	-	-	1,508	1,508
Total Other Financing Sources	20,580	20,580	17,003	(3,577)
Net Change in Fund Balance	<u>\$ (5,474)</u>	<u>\$ (5,474)</u>	5,726	<u>\$ 11,200</u>
Fund Balance, July 1			3,265	
Fund Balance, June 30			<u>\$ 8,991</u>	

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

**Exhibit D-17**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 925	\$ 925	\$ 607	\$ (318)
Miscellaneous	-	-	9	9
Total Revenues	925	925	616	(309)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	1,936	1,936	1,963	(27)
Capital	45,614	45,614	35,228	10,386
Total Expenditures and Encumbrances	47,550	47,550	37,191	10,359
Deficiency of Revenues Over Expenditures and Encumbrances	(46,625)	(46,625)	(36,575)	10,050
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	25,167	25,167	25,345	178
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(59)	(59)	(53)	6
Recovery of Prior Years Expenditures	100	100	204	104
Total Other Financing Sources and Uses	25,208	25,208	25,496	288
Net Change in Fund Balance	<u>\$ (21,417)</u>	<u>\$ (21,417)</u>	(11,079)	<u>\$ 10,338</u>
Fund Balance, July 1			49,552	
Fund Balance, June 30			<u>\$ 38,473</u>	

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

**Exhibit D-18**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ 1,551	\$ 1,551	\$ 1,633	\$ 82
Licenses and Permits	10	10	29	19
City Taxes	2,062	2,062	1,924	(138)
Intergovernmental	6,000	6,000	-	(6,000)
Charges for Services	11,485	11,485	10,706	(779)
Fines and Forfeitures	94	94	66	(28)
Parks and Recreation	2,272	2,272	2,518	246
Rentals	4,221	4,221	4,765	544
Interest	501	501	435	(66)
Miscellaneous	2,073	2,073	2,811	738
Total Revenues	30,269	30,269	24,887	(5,382)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	1,012	1,012	1,242	(230)
Criminal Justice	5,414	5,414	1,935	3,479
Public Safety	9,504	9,504	6,892	2,612
Transportation	22	22	1,392	(1,370)
Community Enrichment	4,946	4,946	3,381	1,565
Community Development	4,559	6,565	8,118	(1,553)
Environmental Services	2,888	882	1,697	(815)
Capital	13,184	13,184	793	12,391
Total Expenditures and Encumbrances	41,529	41,529	25,450	16,079
Deficiency of Revenues Over Expenditures and Encumbrances	(11,260)	(11,260)	(563)	10,697
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	-	-	4,585	4,585
Federal Operating Trust Grants	-	-	2,471	2,471
Public Housing Special Revenue Fund	-	-	145	145
Transfers to Other Funds				
General Fund	(413)	(413)	(400)	13
Federal Operating Trust Grants	-	-	(24)	(24)
Recovery of Prior Years Expenditures	-	-	187	187
Total Other Financing Sources and Uses	(413)	(413)	6,964	7,377
Net Change in Fund Balance	\$ (11,673)	\$ (11,673)	6,401	\$ 18,074
Fund Balance, July 1			38,557	
Fund Balance, June 30			\$ 44,958	

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

**Exhibit D-19**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ (132)	\$ (132)	\$ (155)	\$ (23)
Miscellaneous	216	216	113	(103)
Total Revenues	84	84	(42)	(126)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	32,593	32,593	26,464	6,129
Total Expenditures and Encumbrances	32,593	32,593	26,464	6,129
Deficiency of Revenues Over Expenditures and Encumbrances	(32,509)	(32,509)	(26,506)	6,003
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
General Fund	-	-	5,386	5,386
Excise Tax Special Revenue Fund	25,167	25,167	25,387	220
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(59)	(59)	(52)	7
Total Other Financing Sources and Uses	25,108	25,108	30,721	5,613
Net Change in Fund Balance	<u>\$ (7,401)</u>	<u>\$ (7,401)</u>	4,215	<u>\$ 11,616</u>
Fund Balance, July 1			(13,964)	
Fund Balance, June 30			<u>\$ (9,749)</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Safety Enhancement Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit D-20**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	\$ 32,672	\$ 32,672	\$ 29,722	\$ 2,950
Total Expenditures and Encumbrances	32,672	32,672	29,722	2,950
Deficiency of Revenues Over Expenditures and Encumbrances	(32,672)	(32,672)	(29,722)	2,950
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds				
General Fund	-	-	9,138	9,138
Excise Tax Special Revenue Fund	26,085	26,085	23,781	(2,304)
Total Other Financing Sources	26,085	26,085	32,919	6,834
Net Change in Fund Balance	\$ (6,587)	\$ (6,587)	3,197	\$ 9,784
Fund Balance, July 1			(12,284)	
Fund Balance, June 30			\$ (9,087)	

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

**Exhibit D-21**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 530	\$ 530	\$ 48	\$ (482)
Total Revenues	530	530	48	(482)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	62,341	62,941	61,799	1,142
Total Expenditures and Encumbrances	62,341	62,941	61,799	1,142
Deficiency of Revenues Over Expenditures and Encumbrances	(61,811)	(62,411)	(61,751)	660
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
General Fund	-	-	476	476
Excise Tax Special Revenue Fund	50,123	50,123	50,680	557
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(117)	(117)	(105)	12
Regional Wireless Cooperative	(14)	(14)	(13)	1
Total Other Financing Sources and Uses	49,992	49,992	51,038	1,046
Net Change in Fund Balance	<u>\$ (11,819)</u>	<u>\$ (12,419)</u>	(10,713)	<u>\$ 1,706</u>
Fund Balance, July 1			9,709	
Fund Balance, June 30			<u>\$ (1,004)</u>	



**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Regional Wireless Cooperative**

**Exhibit D-22**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ 1,738	\$ 1,738
Interest	-	-	21	21
Total Revenues	-	-	1,759	1,759
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	-	4,000	956	3,044
Total Expenditures and Encumbrances	-	4,000	956	3,044
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(4,000)	803	4,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
General Fund	357	357	1,786	1,429
Special Revenue Fund	15	15	42	27
RWC Capital Fund	-	-	64	64
Aviation	32	32	30	(2)
Convention Center	1	1	1	-
Water	30	30	28	(2)
Wastewater	15	15	13	(2)
Solid Waste	22	22	20	(2)
Total Other Financing Sources	472	472	1,984	1,512
Net Change in Fund Balance	\$ 472	\$ (3,528)	2,787	\$ 6,315
Fund Balance, July 1			99	
Fund Balance, June 30			\$ 2,886	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Secondary Property Tax Debt Service Fund**

**Exhibit D-23**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 150,753	\$ 150,753	\$ 149,019	\$ (1,734)
Intergovernmental	-	-	5,088	5,088
Interest	1,000	1,000	232	(768)
Total Revenues	151,753	151,753	154,339	2,586
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Obligation Bond Debt Service				
Principal	86,465	86,465	86,465	-
Interest	73,320	73,320	73,320	-
Early Redemption	(8,041)	(2,041)	(5,453)	3,412
Arbitrage Rebate and Fiscal Agent Fees	9	9	7	2
Total Expenditures and Encumbrances	151,753	157,753	154,339	3,414
Deficiency of Revenues Over Expenditures and Encumbrances	-	(6,000)	-	6,000
Net Change in Fund Balance	\$ -	\$ (6,000)	-	\$ 6,000
Fund Balance, July 1			100	
Fund Balance, June 30			\$ 100	

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

**Exhibit D-24**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Lease-Purchase Payments	\$ 82,829	\$ 82,829	\$ 52,950	\$ 29,879
Fiscal Agent Fees	20	20	18	2
Other Debt Service Costs	2	2	299	(297)
Total Expenditures and Encumbrances	82,851	82,851	53,267	29,584
Deficiency of Revenues Over Expenditures and Encumbrances	(82,851)	(82,851)	(53,267)	29,584
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Refunding Bonds	-	-	77,210	77,210
Transfers from Other Funds				
Excise Tax Special Revenue Fund	36,655	36,655	1,043	(35,612)
Transit 2000 Special Revenue Fund	46,122	46,122	46,130	8
Public Housing Special Revenue Fund	74	74	73	(1)
Capital Projects Fund	-	-	1,657	1,657
Deposits to Refunding Escrow	-	-	(71,771)	(71,771)
Transfers to Other Funds				
Capital Projects Fund	-	-	(1,026)	(1,026)
Transit 2000 Special Revenue Fund	-	-	(710)	(710)
Total Other Financing Sources and Uses	82,851	82,851	52,606	(30,245)
Net Change in Fund Balance	\$ -	\$ -	(661)	\$ (661)
Fund Balance, July 1			701	
Fund Balance, June 30			\$ 40	



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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.

**Golf Courses** – to account for the operations of all City owned golf courses.





**City of Phoenix**

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Net Assets**  
June 30, 2011 and 2010  
(in thousands)

**Exhibit E-1**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$ 22,722	\$ 27,840
Investments	258,406	180,724
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2011, \$2,097 and 2010, \$962)	8,879	6,970
Deposits in Escrow	334	457
Prepaid Items	-	170
Inventories, at Average Cost	1,418	1,452
Total Unrestricted Current Assets	<u>291,759</u>	<u>217,613</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	198,135	104,192
Accrued Interest Receivable	383	502
Customer Facility Charge		
Cash and Cash Equivalents	482	2,035
Cash with Fiscal Agent/Trustee	24,166	21,210
Investments	23,761	32,622
Accounts Receivable	2,810	2,630
Capital Projects		
Cash and Cash Equivalents	17,415	37,820
Investments	262,298	74,612
Receivables		
Intergovernmental	7,438	12,395
Passenger Facility Charges	8,110	8,919
Total Restricted Current Assets	<u>544,998</u>	<u>296,937</u>
Total Current Assets	<u>836,757</u>	<u>514,550</u>
Noncurrent Assets		
Capital Assets		
Land	569,150	553,520
Buildings	1,183,963	1,147,518
Improvements Other Than Buildings	1,189,631	1,145,057
Equipment	352,052	292,843
Intangibles	21,595	7,812
Construction in Progress	578,883	462,317
Less: Accumulated Depreciation	<u>(1,226,637)</u>	<u>(1,100,917)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,668,637</u>	<u>2,508,150</u>
OPEB Asset	68	158
Total Noncurrent Assets	<u>2,668,705</u>	<u>2,508,308</u>
Total Assets	<u>3,505,462</u>	<u>3,022,858</u>

<b><u>LIABILITIES</u></b>	<b>2011</b>	<b>2010</b>
Current Liabilities Payable from Current Assets		
Accounts Payable	11,440	9,758
Trust Liabilities and Deposits	681	486
Deferred Revenue	11,097	7,115
Current Portion of Pollution Remediation	2,882	3,123
Current Portion of Accrued Compensated Absences	878	849
Total Current Liabilities Payable from Current Assets	<u>26,978</u>	<u>21,331</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	-	200,000
Matured Bonds Payable	28,525	26,735
Interest Payable	41,284	25,415
Current Portion of General Obligation Bonds	885	850
Current Portion of Rental Car Facility Revenue Bonds	7,435	7,065
Current Portion of Municipal Corporation Obligations	25,655	27,675
Capital Projects		
Accounts Payable	31,960	43,591
Total Current Liabilities Payable from Restricted Assets	<u>135,744</u>	<u>331,331</u>
Total Current Liabilities	<u>162,722</u>	<u>352,662</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2011, \$509 and 2010, \$716)	9,106	9,784
Rental Car Facility Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2011, \$0 and 2010, \$0)	220,185	227,620
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2011, \$1,134 and 2010, \$1,361)	1,294,586	651,129
Unamortized Premium (Discount)	31,953	5,032
Pollution Remediation	11,555	13,817
Accrued Compensated Absences	5,354	4,950
Total Noncurrent Liabilities	<u>1,572,739</u>	<u>912,332</u>
Total Liabilities	<u>1,735,461</u>	<u>1,264,994</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	1,312,605	1,465,741
Restricted for Bond Reserve	87,432	30,787
Restricted for CFC Transportation O&M / Improvement Reserves	18,918	20,943
Unrestricted	351,046	240,393
Total Net Assets	<u>\$ 1,770,001</u>	<u>\$ 1,757,864</u>

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Revenues, Expenses and**  
**Changes in Net Assets**

**Exhibit E-2**

For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Landing and Terminals Fees	\$ 151,007	\$ 137,517
Parking and Car Rentals	112,462	107,918
Other	25,191	21,343
Total Operating Revenues	<u>288,660</u>	<u>266,778</u>
Operating Expenses		
Operation and Maintenance	216,366	195,538
Environmental, Studies & Noise Program	15,364	13,811
Depreciation	128,697	129,034
Staff and Administrative	4,364	5,037
Other	4,508	1,877
Total Operating Expenses	<u>369,299</u>	<u>345,297</u>
Operating Loss	(80,639)	(78,519)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair		
Value of Investments	(4,254)	(2,937)
Interest	6,863	6,455
Interest on Capital Debt	(70,612)	(46,768)
Gain (Loss) on Disposal of Capital Assets	7,803	(1,420)
Total Non-Operating Revenues (Expenses)	<u>(60,200)</u>	<u>(44,670)</u>
Net Loss Before Contributions	(140,839)	(123,189)
Capital Contributions	152,976	153,215
Change in Net Assets	<u>12,137</u>	<u>30,026</u>
Net Assets, July 1	1,757,864	1,727,838
Net Assets, June 30	<u>\$ 1,770,001</u>	<u>\$ 1,757,864</u>



**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

**Exhibit E-3**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 290,928	\$ 264,356
Payments to Suppliers	(166,428)	(145,576)
Payments to Employees	(69,904)	(69,859)
Payment of Staff and Administrative Expenses	(4,364)	(5,037)
Net Cash Provided by Operating Activities	<u>50,232</u>	<u>43,884</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	491,056	120,000
Principal Paid on Capital Debt	(26,735)	(26,815)
Interest Paid on Capital Debt	(61,371)	(51,959)
Acquisition and Construction of Capital Assets	(296,741)	(273,304)
Proceeds from Sales of Capital Assets	8,479	133
Capital Contributions	158,558	153,786
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>273,246</u>	<u>(78,159)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(2,526,597)	(640,333)
Proceeds from Sale and Maturities of Investment Securities	2,359,739	702,285
Net Activity for Short-Term Investments	(89,649)	(90,698)
Interest on Investments	2,729	3,580
Net Cash Used by Investing Activities	<u>(253,778)</u>	<u>(25,166)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	69,700	(59,441)
Cash and Cash Equivalents, July 1	193,554	252,995
Cash and Cash Equivalents, June 30	<u>\$ 263,254</u>	<u>\$ 193,554</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	\$ (80,639)	\$ (78,519)
Adjustments		
Depreciation	128,697	129,034
(Increase) Decrease in Assets		
Receivables	(3,044)	(1,199)
Allowance for Doubtful Accounts	1,135	365
Prepaid Items	170	170
Inventories	34	(123)
OPEB Asset	90	1,145
Increase (Decrease) in Liabilities		
Accounts Payable	1,682	(1,572)
Trust Liabilities and Deposits	195	-
Deferred Revenue	3,982	(1,587)
Polution Remediation	(2,503)	(3,937)
Accrued Compensated Absences	433	107
Net Cash Provided by Operating Activities	<u>\$ 50,232</u>	<u>\$ 43,884</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 433	\$ 433
Contributions of Capital Assets	5	531
Increase (Decrease) in Fair Value of Investments	(560)	416
Total Noncash Transactions Affecting Financial Position	<u>\$ (122)</u>	<u>\$ 1,380</u>

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

**Exhibit E-4**

For the Fiscal Year Ended June 30, 2011  
(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><u>REVENUES</u></b>				
Landing Area	\$ 40,000	\$ 40,000	\$ 41,200	\$ 1,200
Terminal Area	102,500	102,500	108,612	6,112
Ground Transportation	111,634	111,634	109,760	(1,874)
Interest on Investments	4,600	4,600	1,356	(3,244)
Other	25,464	25,464	32,329	6,865
Total Revenues	284,198	284,198	293,257	9,059
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance				
Personal Services	98,370	98,020	97,403	617
Contractual Services	81,475	81,420	73,960	7,460
Supplies	9,513	9,634	10,303	(669)
Equipment/Minor Improvements	1,628	1,912	2,492	(580)
Contingency	14,000	14,000	-	14,000
Total Operating Expenditures	204,986	204,986	184,158	20,828
Net Revenue Available for Revenue Bond Debt Service	79,212	79,212	109,099	29,887
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	19,990	19,990	19,990	-
Interest	34,823	34,823	33,460	1,363
Total Senior Lien Revenue Bond Debt Service	54,813	54,813	53,450	1,363
Net Revenue Available for Junior Lien Revenue Bond Debt Service	24,399	24,399	55,649	31,250
Junior Lien Revenue Bond Debt Service				
Interest	-	-	1,337	(1,337)
Total Junior Lien Revenue Bond Debt Service	-	-	1,337	(1,337)
Net Revenue Available After Junior Lien Revenue Bond Debt Service	24,399	24,399	54,312	29,913
Other Expenditures				
Capital Improvement Program	49,579	49,579	34,603	14,976
General Obligation Bond Debt Service				
Principal	850	850	850	-
Interest	464	464	464	-
Lease-Purchase Payments	645	645	645	-
Total Other Expenditures	51,538	51,538	36,562	14,976
Total Expenditures and Encumbrances	311,337	311,337	275,507	35,830
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(27,139)	(27,139)	17,750	44,889
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	4,212	4,212
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,741)	(4,741)	(4,364)	377
Aviation Capital Fund	-	-	(14,303)	(14,303)
Regional Wireless Cooperative	(32)	(32)	(30)	2
Total Other Financing Sources (Uses)	(4,773)	(4,773)	(14,485)	(9,712)
Net Increase (Decrease) in Fund Balance	\$ (31,912)	\$ (31,912)	3,265	\$ 35,177
<b>FUND BALANCE, JULY 1</b>			158,091	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 161,356</u>	

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

**Exhibit E-5**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Customer Facility Charge	\$ 30,000	\$ 30,000	\$ 39,093	\$ 9,093
Interest on Investments	265	265	243	(22)
Total Revenues	<u>30,265</u>	<u>30,265</u>	<u>39,336</u>	<u>9,071</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance				
Rental Car Center	13,990	13,990	12,102	1,888
Total Operating Expenditures	<u>13,990</u>	<u>13,990</u>	<u>12,102</u>	<u>1,888</u>
Net Revenue Available for Revenue Bond Debt Service	16,275	16,275	27,234	10,959
Revenue Bond Debt Service				
Principal	7,065	7,065	7,065	-
Interest	14,209	14,209	14,209	-
Total Revenue Bond Debt Service	<u>21,274</u>	<u>21,274</u>	<u>21,274</u>	<u>-</u>
Net Revenue Available After Revenue Bond Debt Service	(4,999)	(4,999)	5,960	10,959
Total Expenditures and Encumbrances	<u>35,264</u>	<u>35,264</u>	<u>33,376</u>	<u>1,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(4,999)	(4,999)	5,960	10,959
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	1	1
Transfers to Other Funds				
Aviation Capital Fund	-	-	(15,884)	(15,884)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(15,883)</u>	<u>(15,883)</u>
Net Decrease in Fund Balance	<u>\$ (4,999)</u>	<u>\$ (4,999)</u>	<u>(9,923)</u>	<u>\$ (4,924)</u>
<b>FUND BALANCE, JULY 1</b>			45,648	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 35,725</u>	

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

**Exhibit E-6**

June 30, 2011 and 2010  
(in thousands)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,615	\$ 6,229
Investments	38,959	38,369
Accounts Receivable, Net of Allowance for Doubtful Accounts (2011, \$72 and 2010, \$59)	104	250
Inventories, at Average Cost	207	199
Total Unrestricted Current Assets	42,885	45,047
<b>Restricted Assets</b>		
Debt Service		
Cash with Fiscal Agent/Trustee	25,366	15,254
Capital Projects		
Cash and Cash Equivalents	681	4,236
Investments	14,393	13,990
Receivables		
Accrued Interest	1	1
Customer and Other Deposits	2,433	2,465
Total Restricted Current Assets	42,874	35,946
Total Current Assets	85,759	80,993
<b>Noncurrent Assets</b>		
Capital Assets		
Land	29,418	51,574
Buildings	938,946	925,497
Improvements Other Than Buildings	12,748	12,748
Equipment	22,760	21,435
Intangible Assets	283	333
Construction in Progress	2,600	2,054
Less: Accumulated Depreciation	(174,888)	(148,355)
Total Capital Assets, Net of Accumulated Depreciation	831,867	865,286
OPEB Asset	20	48
Total Noncurrent Assets	831,887	865,334
Total Assets	917,646	946,327

<u>LIABILITIES</u>	<u>2011</u>	<u>2010</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	1,082	947
Current Portion of Accrued Compensated Absences	218	234
Total Current Liabilities Payable from Current Assets	1,300	1,181
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	1,895	1,795
Interest Payable	8,344	8,393
Current Portion of Municipal Corporation Obligations	2,460	1,895
Capital Projects		
Accounts Payable	15	15
Customer Deposits	2,433	2,465
Total Current Liabilities Payable from Restricted Assets	15,147	14,563
Total Current Liabilities	16,447	15,744
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2011, \$684 and 2010, \$746)	684,214	670,541
Unamortized Premium (Discount)	38,651	40,127
Rebatable Arbitrage	172	1,942
Accrued Compensated Absences	1,311	1,329
Total Noncurrent Liabilities	724,348	713,939
Total Liabilities	740,795	729,683
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	104,851	154,118
Unrestricted	72,000	62,526
Total Net Assets	\$ 176,851	\$ 216,644

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

**Exhibit E-7**

For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 5,947	\$ 5,853
Concessions	7,225	8,791
Box Office Services	386	260
Other	19,553	6,732
Total Operating Revenues	<u>33,111</u>	<u>21,636</u>
Operating Expenses		
Administration	25,300	24,898
Operation and Maintenance	15,105	16,434
Promotion	2,813	2,837
Depreciation	26,657	26,016
Staff and Administrative	1,725	2,154
Security	2,474	2,500
Total Operating Expenses	<u>74,074</u>	<u>74,839</u>
Operating Loss	(40,963)	(53,203)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(781)	(387)
Interest	2,998	2,100
Interest on Capital Debt	(31,332)	(28,432)
Loss on Disposal of Capital Assets	(22,163)	(10,800)
Total Non-Operating Revenues (Expenses)	<u>(51,278)</u>	<u>(37,519)</u>
Loss Before Contributions and Transfers	(92,241)	(90,722)
Capital Contributions - Municipalities	14,786	6,879
Transfers from Excise Tax Fund	37,835	34,801
Transfers to Infrastructure Repayment Agreement Trust Fund	(173)	(961)
Change in Net Assets	<u>(39,793)</u>	<u>(50,003)</u>
Net Assets, July 1	216,644	266,647
Net Assets, June 30	<u>\$ 176,851</u>	<u>\$ 216,644</u>

**City of Phoenix, Arizona**  
**Phoenix Convention Center Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

**Exhibit E-8**

	<b>2011</b>	<b>2010</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 33,225	\$ 21,812
Payments to Suppliers	(24,044)	(24,340)
Payments to Employees	(21,527)	(22,415)
Payment of Staff and Administrative Expenses	(1,725)	(2,154)
Net Cash Used by Operating Activities	(14,071)	(27,097)
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	37,835	34,801
Operating Transfers to Other Funds	(173)	(961)
Net Cash Provided by Noncapital Financing Activities	37,662	33,840
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(1,795)	(1,705)
Interest Paid on Capital Debt	(16,738)	(16,833)
Acquisition and Construction of Capital Assets	(10,092)	(5,164)
Proceeds from Sales of Capital Assets	3	13
Capital Contributions	9,491	9
Net Cash Used by Capital and Related Financing Activities	(19,131)	(23,680)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(46,008)	(437,215)
Proceeds from Sale and Maturities of Investment Securities	48,915	460,006
Net Activity for Short-Term Investments	(3,902)	(26,250)
Interest on Investments	446	1,002
Net Cash Used by Investing Activities	(549)	(2,457)
Net Increase (Decrease) in Cash and Cash Equivalents	3,911	(19,394)
Cash and Cash Equivalents, July 1	28,184	47,578
Cash and Cash Equivalents, June 30	\$ 32,095	\$ 28,184
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (40,963)	\$ (53,203)
Adjustments		
Depreciation and Amortization	26,657	26,016
(Increase) Decrease in Assets		
Accounts Receivable	146	(17)
Inventories	(8)	(53)
OPEB Asset	28	273
Increase (Decrease) in Liabilities		
Accounts Payable	135	(206)
Customer Deposits	(32)	193
Accrued Compensated Absences	(34)	(100)
Net Cash Used by Operating Activities	\$ (14,071)	\$ (27,097)
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 5,295	\$ 6,870
Bond Capital Appreciation	16,071	15,265
Refunding Issuance in Excess of Bond Retirement	62	62
Increase (Decrease) in Fair Value of Investments	(346)	(84)
Total Noncash Transactions Affecting Financial Position	\$ 21,082	\$ 22,113

**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, 2011  
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Rental of Facilities and Equipment	\$ 6,170	\$ 6,170	\$ 5,387	\$ (783)
Concessions	8,453	8,453	8,069	(384)
Box Office Services	155	155	156	1
Interest	900	900	625	(275)
Other	1,223	1,223	9,423	8,200
Total Revenues	16,901	16,901	23,660	6,759
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	53,836	53,836	45,458	8,378
Capital Improvement Program	2,092	2,092	1,155	937
Lease-Purchase Payments	18,584	18,584	18,584	-
Total Expenditures and Encumbrances	74,512	74,512	65,197	9,315
Deficiency of Revenues Over Expenditures and Encumbrances	(57,611)	(57,611)	(41,537)	16,074
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	17	17
Transfers from Other Funds				
Excise Tax Fund	37,270	37,270	37,835	565
Convention Center Capital Fund	-	-	3,232	3,232
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,030)	(2,030)	(1,725)	305
Infrastructure Repayment Agreement Trust Fund	(150)	(150)	(173)	(23)
Regional Wireless Cooperative	(1)	(1)	(1)	-
Total Other Financing Sources (Uses)	35,089	35,089	39,185	4,096
Net Decrease in Fund Balance	\$ (22,522)	\$ (22,522)	(2,352)	\$ 20,170
<b>FUND BALANCE, JULY 1</b>			48,796	
<b>FUND BALANCE, JUNE 30</b>			\$ 46,444	





**City of Phoenix**

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

**Exhibit E-10**

June 30, 2011 and 2010  
(in thousands)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$ -	\$ 4,468
Investments	27,579	44,494
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2011, \$3,466 and 2010, \$2,218)	49,981	55,143
Intergovernmental	2,197	1,580
Prepaid Items	3,531	3,699
Inventories, at Average Cost	7,061	7,331
Total Unrestricted Current Assets	<u>90,349</u>	<u>116,715</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	85,115	85,577
Capital Projects		
Cash and Cash Equivalents	14,548	31,004
Investments	154,487	243,819
Receivables		
Accrued Interest	-	342
Customer and Other Deposits	4,773	4,369
Total Restricted Current Assets	<u>258,923</u>	<u>365,111</u>
Total Current Assets	<u>349,272</u>	<u>481,826</u>
Noncurrent Assets		
Capital Assets		
Land	89,870	89,622
Buildings	218,473	217,680
Improvements Other Than Buildings	712,889	565,289
Equipment	266,049	242,328
Mains, Hydrants, Meters and Service Connections	1,499,832	1,546,529
Intangibles	196,062	189,522
Construction in Progress	280,420	316,776
Less: Accumulated Depreciation	(961,236)	(926,106)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,302,359</u>	<u>2,241,640</u>
Other Assets		
Investment in Val Vista Treatment Plant Joint Use Agreement	229,001	180,631
OPEB Asset	88	207
Total Other Assets	<u>229,089</u>	<u>180,838</u>
Total Noncurrent Assets	<u>2,531,448</u>	<u>2,422,478</u>
Total Assets	<u>2,880,720</u>	<u>2,904,304</u>

<u>LIABILITIES</u>	<u>2011</u>	<u>2010</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	17,799	18,284
Utility/Water Contractual Agreements	892	9,000
Deferred Revenue	10	2
Current Portion of Accrued Compensated Absences	989	1,024
Total Current Liabilities Payable from Current Assets	<u>19,690</u>	<u>28,310</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	53,814	49,330
Interest Payable	36,048	39,116
Current Portion of General Obligation Bonds	5,180	11,720
Current Portion of Revenue Bonds	190	268
Current Portion of Municipal Corporation Obligations	38,945	40,085
Capital Projects		
Accounts Payable	18,030	13,411
Customer and Other Deposits	4,773	5,164
Total Current Liabilities Payable from Restricted Assets	<u>156,980</u>	<u>159,094</u>
Total Current Liabilities	<u>176,670</u>	<u>187,404</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2011, \$3,208 and 2010, \$3,953)	40,824	45,196
Revenue Bonds	2,741	1,556
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2011, \$5,120 and 2010, \$5,614)	1,322,885	1,361,335
Unamortized Premium (Discount)	59,512	65,302
Utility/Water Contractual Agreements	-	2,423
Accrued Compensated Absences	6,063	5,989
Total Noncurrent Liabilities	<u>1,432,025</u>	<u>1,481,801</u>
Total Liabilities	<u>1,608,695</u>	<u>1,669,205</u>
 <u>NET ASSETS</u> 		
Invested in Capital Assets, Net of Related Debt	970,425	923,505
Restricted for Enabling Legislation	50,235	62,643
Unrestricted	251,365	248,951
Total Net Assets	<u>\$ 1,272,025</u>	<u>\$ 1,235,099</u>

## Water System Enterprise Fund

Comparative Statements of Revenues, Expenses and  
Changes in Net AssetsFor the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	2011	2010
Operating Revenues		
Water Sales	\$ 278,400	\$ 271,123
Environmental Charges	47,293	45,852
Other	15,808	12,028
Total Operating Revenues	341,501	329,003
Operating Expenses		
Administration and Engineering	28,278	30,873
Operation and Maintenance		
Customer Service	23,482	22,904
Production and Treatment	75,704	74,528
Distribution and Centralized Functions	34,125	62,220
Depreciation and Amortization	93,763	90,648
Staff and Administrative	4,772	5,211
Total Operating Expenses	260,124	286,384
Operating Income	81,377	42,619
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(2,823)	(4,529)
Interest	4,945	9,211
Interest on Capital Debt	(59,952)	(63,473)
Equity Interest in Joint Use Agreement Operating Loss	(7,339)	(8,417)
Loss on Disposal of Capital Assets	(2,042)	(1,068)
Total Non-Operating Revenues (Expenses)	(67,211)	(68,276)
Net Income (Loss) Before Contributions and Transfers	14,166	(25,657)
Capital Contributions	14,416	15,821
Transfers from Wastewater Impact Fees	8,000	-
Transfers from Debt Service Fund	14,051	15,923
Transfers to General Fund - In Lieu Property Taxes	(11,657)	(11,239)
Transfers to General Fund - Reserve	(2,050)	(15,923)
Change in Net Assets	36,926	(21,075)
Net Assets, July 1	1,235,099	1,256,174
Net Assets, June 30	\$ 1,272,025	\$ 1,235,099

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

**Exhibit E-12**

	<b>2011</b>	<b>2010</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 345,663	\$ 334,409
Payments to Suppliers	(72,672)	(93,746)
Payments to Employees	(88,806)	(89,334)
Payment of Staff and Administrative Expenses	(4,772)	(5,211)
Net Cash Provided by Operating Activities	179,413	146,118
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	22,051	15,923
Operating Transfers to Other Funds	(13,707)	(27,162)
Net Cash Provided (Used) by Noncapital Financing Activities	8,344	(11,239)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	3,116	2,076
Principal Paid on Capital Debt	(59,861)	(34,605)
Interest Paid on Capital Debt	(75,567)	(66,168)
Acquisition and Construction of Capital Assets	(196,591)	(168,884)
Proceeds from Sales of Capital Assets	2,126	227
Capital Contributions	9,329	7,066
Net Cash Used by Capital and Related Financing Activities	(317,448)	(260,288)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(56,799)	(296,335)
Proceeds from Sales and Maturities of Investment Securities	132,951	442,210
Net Activity for Short-Term Investments	30,093	(29,853)
Interest on Investments	2,464	5,401
Net Cash Provided (Used) by Investing Activities	108,709	121,423
Net Decrease in Cash and Cash Equivalents	(20,982)	(3,986)
Cash and Cash Equivalents, July 1	125,418	129,404
Cash and Cash Equivalents, June 30	\$ 104,436	\$ 125,418
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 81,377	\$ 42,619
Adjustments		
Depreciation and Amortization	93,763	90,648
(Increase) Decrease in Assets		
Deposits for Plan Six	-	2,952
Receivables	3,297	4,861
Allowance for Doubtful Accounts	1,248	40
Prepaid Expenses	168	(180)
Inventories	270	203
OPEB Asset	119	1,445
Increase (Decrease) in Liabilities		
Accounts Payable	(485)	3,117
Deferred Revenue	8	(57)
Customer and Other Deposits	(391)	562
Accrued Compensated Absences	39	(92)
Net Cash Provided by Operating Activities	\$ 179,413	\$ 146,118
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 5,087	\$ 8,755
Bond Capital Appreciation	63	226
Refunding Issuance in Excess of Bond Retirement	1,239	1,239
Increase (Decrease) in Fair Value of Investments	738	(539)
Total Noncash Transactions Affecting Financial Position	\$ 7,127	\$ 9,681

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
**(In Expense Priority Established by Bond Ordinance)**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

**Exhibit E-13**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Water Sales	\$ 304,875	\$ 304,875	\$ 278,238	\$ (26,637)
Environmental Charges	51,000	51,000	47,293	(3,707)
Development Occupational Fees	1,600	1,600	1,218	(382)
Water Service Fees	6,175	6,175	6,012	(163)
Distribution	2,535	2,535	2,550	15
Interest	4,667	4,667	3,426	(1,241)
Other	2,943	2,943	8,017	5,074
Total Revenues	373,795	373,795	346,754	(27,041)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	187,756	187,460	154,040	33,420
Operation and Maintenance - Val Vista	14,129	14,129	9,525	4,604
Total Operating Expenditures and Encumbrances	201,885	201,589	163,565	38,024
Net Revenue Available for Revenue Bond Debt Service	171,910	172,206	183,189	10,983
Junior Lien Revenue Bond Debt Service				
Principal	40,085	40,085	42,094	(2,009)
Interest	70,114	70,114	69,738	376
Total Junior Lien Revenue Bond Debt Service	110,199	110,199	111,832	(1,633)
Net Revenue Available After Junior Lien Revenue Bond Debt Service	61,711	62,007	71,357	9,350
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	2,750	2,750	-	2,750
Operating Capital Outlay	3,443	3,839	2,773	1,066
Capital Improvement Program	123,053	101,653	98,246	3,407
Total Other Expenditures and Encumbrances	129,246	108,242	101,019	7,223
Total Expenditures and Encumbrances	441,330	420,030	376,416	43,614
Deficiency of Revenues Over Expenditures and Encumbrances	(67,535)	(46,235)	(29,662)	16,573
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	984	984
Transfers from Other Funds				
Water Impact Fees Fund	-	-	20,000	20,000
Transfers to Other Funds				
General Fund - Staff and Administrative	(4,951)	(4,951)	(4,772)	179
General Fund - In-Lieu Property Taxes	(11,375)	(11,375)	(11,657)	(282)
General Fund - Reserve	(6,600)	(6,600)	(2,050)	4,550
Regional Wireless Cooperative	(30)	(30)	(25)	5
Total Other Financing Sources (Uses)	(22,956)	(22,956)	2,480	25,436
Net Decrease in Fund Balance	\$ (90,491)	\$ (69,191)	(27,182)	\$ 42,009
<b>FUND BALANCE, JULY 1</b>			142,842	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 115,660</b>	

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

Exhibit E-14

For the Fiscal Year Ended June 30, 2011  
 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Val Vista Water System	\$ 9,660	\$ 9,660	\$ 6,530	\$ (3,130)
Operating Revenue - Water	14,129	14,129	9,525	(4,604)
Interest	110	110	40	(70)
Total Revenues	<u>23,899</u>	<u>23,899</u>	<u>16,095</u>	<u>(7,804)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	22,040	22,040	14,448	7,592
Capital Outlay				
Operating	162	162	25	137
Capital Improvement Program	1,038	1,038	995	43
Total Expenditures and Encumbrances	<u>23,240</u>	<u>23,240</u>	<u>15,468</u>	<u>7,772</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>659</u>	<u>659</u>	<u>627</u>	<u>(32)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	3	3
Transfers to Other Funds				
General Fund - Staff and Administrative	(581)	(581)	(519)	62
Regional Wireless Cooperative	-	-	(2)	(2)
Total Other Financing Sources (Uses)	<u>(581)</u>	<u>(581)</u>	<u>(518)</u>	<u>63</u>
Net Increase in Fund Balance	<u>\$ 78</u>	<u>\$ 78</u>	<u>109</u>	<u>\$ 31</u>
<b>FUND BALANCE, JULY 1</b>			<u>3,805</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>3,914</u>	
Members' Contributed Operating Reserve			<u>2,526</u>	
Members' Contributed Replacement Reserve			<u>1,840</u>	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (452)</u>	

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

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Net Assets**  
June 30, 2011 and 2010  
(in thousands)

**Exhibit E-15**

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 7,639	\$ 11,100
Investments	95,892	68,981
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2011, \$1,417 and 2010, \$1,228)	21,115	21,880
Intergovernmental	2,617	1,729
Inventories, at Average Cost	1,045	1,151
Total Unrestricted Current Assets	<u>128,308</u>	<u>104,841</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	56,605	50,383
Capital Projects		
Cash and Cash Equivalents	16,812	18,957
Investments	127,971	129,726
Receivables		
Intergovernmental	-	6,290
Accrued Interest	20	2
Customer Deposits and Other Trust Liabilities	24	183
Total Restricted Current Assets	<u>201,432</u>	<u>205,541</u>
Total Current Assets	<u>329,740</u>	<u>310,382</u>
Noncurrent Assets		
Capital Assets		
Land	22,473	22,381
Buildings	71,628	70,476
Improvements Other Than Buildings	1,136,485	1,224,597
Equipment	126,972	125,590
Intangibles	43,740	49,305
Construction in Progress	119,337	101,380
Less: Accumulated Depreciation	(499,818)	(561,296)
Total Capital Assets, Net of Accumulated Depreciation	<u>1,020,817</u>	<u>1,032,433</u>
Other Assets		
Investment in SROG Joint Use Agreement	473,581	486,646
OPEB Asset	30	71
Total Noncurrent Assets	<u>1,494,428</u>	<u>1,519,150</u>
Total Assets	<u>1,824,168</u>	<u>1,829,532</u>



	2011	2010
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	8,906	9,176
Deferred Revenue	1	1
Current Portion of Accrued Compensated Absences	289	312
Total Current Liabilities Payable from Current Assets	9,196	9,489
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	100,000	100,000
Matured Bonds Payable	45,737	31,345
Interest Payable	21,580	22,135
Current Portion of General Obligation Bonds	4,278	17,585
Current Revenue Bonds	643	680
Current Portion of Municipal Corporation Obligations	32,975	26,185
Capital Projects		
Accounts Payable	2,615	4,215
Customer Deposits and Other Trust Liabilities	24	183
Total Current Liabilities Payable from Restricted Assets	207,852	202,328
Total Current Liabilities	217,048	211,817
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2011, \$1,411 and 2010, \$1,604)	18,227	22,313
Revenue Bonds	14,322	12,342
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2011, \$16,737 and 2010, \$19,146)	735,353	765,919
Unamortized Premium (Discount)	24,671	27,512
Accrued Compensated Absences	1,777	1,819
Total Noncurrent Liabilities	794,350	829,905
Total Liabilities	1,011,398	1,041,722

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	575,106	588,292
Restricted for Enabling Legislation	28,669	36,824
Unrestricted	208,995	162,694
Total Net Assets	\$ 812,770	\$ 787,810

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Revenues, Expenses and**  
**Changes in Net Assets**

**Exhibit E-16**

For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Sewer Service Charges	\$ 159,185	\$ 149,084
Environmental Charges	36,597	34,648
Other	15,920	6,984
Total Operating Revenues	<u>211,702</u>	<u>190,716</u>
Operating Expenses		
Administration	11,930	10,240
Operation and Maintenance		
Wastewater Treatment Plants	35,734	38,459
Sewer Maintenance and Collections	19,259	29,086
Industrial Waste/Pre-Treatment	4,457	5,139
Depreciation	41,920	41,858
Staff and Administrative	958	1,178
Total Operating Expenses	<u>114,258</u>	<u>125,960</u>
Operating Income	97,444	64,756
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(2,109)	(1,690)
Interest	3,655	4,551
Interest on Capital Debt	(39,929)	(36,796)
Equity Interest in Joint Use Agreement Operating Loss	(21,912)	(24,273)
Loss on Disposal of Capital Assets	(3,367)	(105)
Total Non-Operating Revenues (Expenses)	<u>(63,662)</u>	<u>(58,313)</u>
Net Income Before Contributions and Transfers	33,782	6,443
Capital Contributions	1,756	24,463
Transfers from Debt Service Fund	19,096	7,373
Transfers to General Fund - In Lieu Property Taxes	(7,997)	(7,823)
Transfers to General Fund - Reserve	(13,677)	(6,394)
Transfers to Water Operating Fund	(8,000)	-
Change in Net Assets	<u>24,960</u>	<u>24,062</u>
Net Assets, July 1	787,810	763,748
Net Assets, June 30	<u>\$ 812,770</u>	<u>\$ 787,810</u>

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

**Exhibit E-17**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 217,710	\$ 178,950
Payments to Suppliers	(50,198)	(59,915)
Payments to Employees	(21,370)	(22,613)
Payment of Staff and Administrative Expenses	(958)	(1,178)
Payment in Lieu of Property Taxes	-	-
Net Cash Provided by Operating Activities	<u>145,184</u>	<u>95,244</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	19,096	7,373
Operating Transfers to Other Funds	(29,674)	(14,217)
Net Cash Used by Noncapital Financing Activities	<u>(10,578)</u>	<u>(6,844)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	3,909	113,757
Principal Paid on Capital Debt	(31,345)	(24,146)
Interest Paid on Capital Debt	(43,957)	(46,019)
Acquisition and Construction of Capital Assets	(39,681)	(93,856)
Proceeds (Loss) from Sales of Capital Assets	33	9
Capital Contributions	516	7,136
Net Cash Used by Capital and Related Financing Activities	<u>(110,525)</u>	<u>(43,119)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(80,298)	(304,326)
Proceeds from Sales and Maturities of Investment Securities	93,024	278,649
Net Activity for Short-Term Investments	(37,878)	(21,322)
Interest on Investments	1,528	2,859
Net Cash Used by Investing Activities	<u>(23,624)</u>	<u>(44,140)</u>
Net Increase in Cash and Cash Equivalents	457	1,141
Cash and Cash Equivalents, July 1	80,623	79,482
Cash and Cash Equivalents, June 30	<u>\$ 81,080</u>	<u>\$ 80,623</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 97,444	\$ 64,756
Adjustments		
Depreciation	41,920	41,858
(Increase) Decrease in Assets		
Receivables	5,978	(11,814)
Allowance for Doubtful Accounts	189	51
Inventories	106	(63)
OPEB Asset	41	506
Increase (Decrease) in Liabilities		
Warrants Payable	-	-
Accounts Payable	(270)	79
Customer Deposits	(159)	(3)
Accrued Compensated Absences	(65)	(126)
Net Cash Provided by Operating Activities	<u>\$ 145,184</u>	<u>\$ 95,244</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 1,240	\$ 17,327
Refunding Issuance in Excess of Bond Retirement	2,601	2,601
Bond Capital Appreciation	-	-
Increase (Decrease) in Fair Value of Investments	(22)	10
Total Noncash Transactions Affecting Financial Position	<u>\$ 3,819</u>	<u>\$ 19,938</u>

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

**Exhibit E-18**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Sewer Service Charges	\$ 156,112	\$ 156,112	\$ 159,156	\$ 3,044
Environmental Charges	35,597	35,597	36,597	1,000
Development Occupational Fees	1,500	1,500	1,059	(441)
Interest	3,147	3,147	2,958	(189)
Other	4,282	4,282	11,351	7,069
Total Revenues	200,638	200,638	211,121	10,483
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	56,787	56,787	48,202	8,585
Operation and Maintenance - SROG	32,712	32,712	23,538	9,174
Total Operating Expenditures and Encumbrances	89,499	89,499	71,740	17,759
Net Revenue Available for Revenue Bond Debt Service	111,139	111,139	139,381	28,242
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	11,245	11,245	11,245	-
Interest	10,429	10,429	10,429	-
Total Senior Lien Revenue Bond Debt Service	21,674	21,674	21,674	-
Net Revenue Available for Junior Lien Revenue Bond Debt Service	89,465	89,465	117,707	28,242
Junior Lien Revenue Bond Debt Service				
Principal	14,940	14,940	16,906	(1,966)
Interest	31,940	31,940	31,135	805
Total Junior Lien Revenue Bond Debt Service	46,880	46,880	48,041	(1,161)
Net Revenue Available After Junior Lien Revenue Bond Debt Service	42,585	42,585	69,666	27,081
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	9,000	9,000	325	8,675
Operating Capital Outlay	1,124	1,124	968	156
Capital Improvement Program	78,399	57,099	31,457	25,642
Total Other Expenditures and Encumbrances	88,523	67,223	32,750	34,473
Total Expenditures and Encumbrances	246,576	225,276	174,205	51,071
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(45,938)	(24,638)	36,916	61,554
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	755	755
Transfers to Other Funds				
General Fund - Staff and Administrative	(1,163)	(1,163)	(958)	205
General Fund - In-Lieu Property Taxes	(7,775)	(7,775)	(7,997)	(222)
General Fund - Reserve	(9,200)	(9,200)	(13,677)	(4,477)
Regional Wireless Cooperative	-	-	(8)	(8)
Total Other Financing Sources (Uses)	(18,138)	(18,138)	(21,885)	(3,747)
Net Increase (Decrease) in Fund Balance	\$ (64,076)	\$ (42,776)	15,031	\$ 57,807
<b>FUND BALANCE, JULY 1</b>			145,401	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 160,432</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-19**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Multi-City Sewer System	\$ 20,302	\$ 20,302	\$ 17,193	\$ (3,109)
Operating Revenue - Wastewater	32,712	32,712	23,538	(9,174)
Sales of By-Products	2,251	2,251	4,708	2,457
Interest	242	242	127	(115)
Other	90	90	139	49
Total Revenues	55,597	55,597	45,705	(9,892)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	49,455	49,455	40,719	8,736
Capital Outlay				
Operating	93	93	53	40
Capital Improvement Program	4,750	4,750	4,211	539
Total Expenditures and Encumbrances	54,298	54,298	44,983	9,315
Excess of Revenues Over				
Expenditures and Encumbrances	1,299	1,299	722	(577)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	44	44
Transfers to Other Funds				
General Fund				
Staff and Administrative	(988)	(988)	(987)	1
Regional Wireless Cooperative	(15)	(15)	(5)	10
Total Other Financing Sources (Uses)	(1,003)	(1,003)	(948)	55
Net Increase (Decrease) in Fund Balance	\$ 296	\$ 296	(226)	\$ (522)
<b>FUND BALANCE, JULY 1 as reported</b>			15,605	
Prior Period Adjustment (1)			(7,500)	
<b>FUND BALANCE, JULY 1 as restated</b>			<u>8,105</u>	
<b>FUND BALANCE, JUNE 30</b>			7,879	
Members' Contributed Replacement Reserve			4,210	
Members' Contributed Operating Reserve			5,967	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (2,298)</u>	

(1) Budgetary fund balance was restated due to \$7,500,000 Sale of By-products revenue that should have been reclassified as a liability in fiscal year 2009-10.

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 Assets**

**Exhibit E-20**

June 30, 2011 and 2010  
(in thousands)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$ 2,080	\$ 5,127
Investments	32,678	34,052
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2011, \$1,260 and 2010, \$1,179)	13,447	13,561
Intergovernmental	4	5
Total Unrestricted Current Assets	<u>48,209</u>	<u>52,745</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	16,804	11,003
Capital Projects		
Cash and Cash Equivalents	7,171	10,382
Investments	39,696	49,641
Receivables		
Accrued Interest	29	-
Customer Deposits	125	113
Total Restricted Current Assets	<u>63,825</u>	<u>71,139</u>
Total Current Assets	<u>112,034</u>	<u>123,884</u>
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	66,484	66,484
Improvements Other Than Buildings	32,881	32,628
Equipment	118,873	107,202
Intangibles	5,342	5,342
Construction in Progress	20,917	4,749
Less: Accumulated Depreciation	(98,324)	(90,978)
Total Capital Assets, Net of Accumulated Depreciation	<u>159,513</u>	<u>138,767</u>
OPEB Asset	39	92
Total Noncurrent Assets	<u>159,552</u>	<u>138,859</u>
Total Assets	<u>271,586</u>	<u>262,743</u>

	2011	2010
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	1,820	1,757
Accrued Landfill Postclosure Care Costs	2,490	2,439
Current Portion of Accrued Compensated Absences	383	380
Total Current Liabilities Payable from Current Assets	4,693	4,576
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	13,235	7,265
Interest Payable	3,570	3,738
Current Portion of General Obligation Bonds	1,280	6,805
Current Portion of Municipal Corporation Obligations	6,765	6,430
Capital Projects		
Accounts Payable	1,564	914
Accrued Landfill Closure Costs	2,841	2,183
Customer Deposits	125	113
Total Current Liabilities Payable from Restricted Assets	29,380	27,448
Total Current Liabilities	34,073	32,024
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment (2011, \$361 and 2010, \$499)	9,939	11,081
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2011, \$(723) and 2010, \$(783))	122,118	128,943
Unamortized Premium (Discount)	3,119	3,653
Accrued Landfill Closure and Postclosure Care Costs	68,784	67,484
Accrued Compensated Absences	2,293	2,142
Total Noncurrent Liabilities	206,253	213,303
Total Liabilities	240,326	245,327
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	18,453	3,778
Restricted for Enabling Legislation	2,501	2,470
Unrestricted	10,306	11,168
Total Net Assets	\$ 31,260	\$ 17,416

**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Assets**

**Exhibit E-21**

For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Solid Waste Service Fees	\$ 121,669	\$ 121,302
Landfill Fees	8,640	6,828
Recycling	9,621	8,657
Other	2,390	576
Total Operating Revenues	<u>142,320</u>	<u>137,363</u>
Operating Expenses		
Administration	22,627	25,483
Solid Waste Collections	45,702	47,926
Environmental Services	73	209
Landfills		
Operations	26,011	23,445
Closure and Postclosure Care Costs	4,613	6,133
Recycling	3,194	1,153
Depreciation	15,177	13,722
Staff and Administrative	4,668	4,526
Other	4,732	6,941
Total Operating Expenses	<u>126,797</u>	<u>129,538</u>
Operating Income	<u>15,523</u>	<u>7,825</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value		
of Investments	(693)	(381)
Interest	1,218	1,372
Interest on Capital Debt	(6,197)	(6,857)
Gain on Disposal of Capital Assets	(124)	593
Total Non-Operating Revenues (Expenses)	<u>(5,796)</u>	<u>(5,273)</u>
Net Income Before Contributions and Transfers	<u>9,727</u>	<u>2,552</u>
Capital Contributions - Municipalities	33	72
Transfers from Debt Service Fund	7,544	1,918
Transfers to General Fund - In Lieu Property Taxes	(1,087)	(1,141)
Transfers to General Fund - Other	(2,373)	(2,358)
Change in Net Assets	<u>13,844</u>	<u>1,043</u>
Net Assets, July 1	<u>17,416</u>	<u>16,373</u>
Net Assets, June 30	<u>\$ 31,260</u>	<u>\$ 17,416</u>



**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

**Exhibit E-22**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 142,447	\$ 130,731
Payments to Suppliers	(62,814)	(65,836)
Payments to Employees	(41,859)	(42,924)
Payment of Staff and Administrative Expenses	(4,668)	(4,526)
Net Cash Provided by Operating Activities	<u>33,106</u>	<u>17,445</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	7,544	1,918
Operating Transfers to Other Funds	(3,460)	(3,499)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,084</u>	<u>(1,581)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	31
Principal Paid on Capital Debt	(7,265)	(12,067)
Interest Paid on Capital Debt	(7,308)	(7,793)
Acquisition and Construction of Capital Assets	(36,112)	(7,781)
Proceeds from Sales of Capital Assets	1,233	1,308
Capital Contributions	-	39
Net Cash Used by Capital and Related Financing Activities	<u>(49,452)</u>	<u>(26,263)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(62,835)	(116,535)
Proceeds from Sales and Maturities of Investment Securities	76,577	132,751
Net Activity for Short-Term Investments	(2,423)	(11,812)
Interest on Investments	498	1,008
Net Cash Provided by Investing Activities	<u>11,817</u>	<u>5,412</u>
Net Decrease in Cash and Cash Equivalents	<u>(445)</u>	<u>(4,987)</u>
Cash and Cash Equivalents, July 1	26,625	31,612
Cash and Cash Equivalents, June 30	<u>\$ 26,180</u>	<u>\$ 26,625</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 15,523	\$ 7,825
Adjustments		
Depreciation and Amortization	15,177	13,722
(Increase) Decrease in Assets		
Receivables	34	(6,567)
Allowance for Doubtful Accounts	81	(54)
OPEB Asset	53	746
Increase (Decrease) in Liabilities		
Accounts Payable	63	(1,404)
Customer Deposits	12	(11)
Accrued Compensated Absences	154	61
Accrued Landfill Closure and Postclosure Care	2,009	3,127
Net Cash Provided by Operating Activities	<u>\$ 33,106</u>	<u>\$ 17,445</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 33	\$ 33
Refunding Issuance in Excess of Bond Retirement	-	77
Increase (Decrease) in Fair Value of Investments	(38)	(27)
Total Noncash Transactions Affecting Financial Position	<u>\$ (5)</u>	<u>\$ 83</u>

City of Phoenix, Arizona  
Solid Waste Enterprise Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budget Basis  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

Exhibit E-23

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Solid Waste Service Fees	\$ 131,175	\$ 131,175	\$ 124,127	\$ (7,048)
City Landfill Fees	6,529	6,529	15,795	9,266
Interest	754	754	2,604	1,850
Other	481	481	608	127
Total Revenues	138,939	138,939	143,134	4,195
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	125,880	120,745	106,091	14,654
Capital Improvement Program	6,809	14,729	13,762	967
Lease-Purchase Payments	14,455	13,270	12,830	440
Total Expenditures and Encumbrances	147,144	148,744	132,683	16,061
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(8,205)	(9,805)	10,451	20,256
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	204	204
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,268)	(4,268)	(4,668)	(400)
In-Lieu Property Taxes	(1,544)	(1,544)	(1,087)	457
Other	(2,300)	(2,300)	(2,373)	(73)
Solid Waste Capital Reserve	(1,298)	(1,298)	(633)	665
Regional Wireless Cooperative	(22)	(22)	(20)	2
Total Other Financing Sources (Uses)	(9,432)	(9,432)	(8,577)	855
Net Increase (Decrease) in Fund Balance	\$ (17,637)	\$ (19,237)	1,874	\$ 21,111
<b>FUND BALANCE, JULY 1</b>			49,532	
<b>FUND BALANCE, JUNE 30</b>			\$ 51,406	



**City of Phoenix**

**City of Phoenix, Arizona**  
**Golf Courses Enterprise Fund**  
**Comparative Statements of Net Assets**

**Exhibit E-24**

June 30, 2011 and 2010  
(in thousands)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$ 26	\$ -
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2011, \$13 and 2010, \$10)	-	-
Inventories, at Average Cost	234	195
Total Current Assets	<u>260</u>	<u>195</u>
Noncurrent Assets		
Capital Assets		
Land	4,984	4,984
Buildings	2,587	2,587
Improvements Other Than Buildings	13,631	13,642
Equipment	3,908	3,904
Intangibles	60	60
Less: Accumulated Depreciation	<u>(14,325)</u>	<u>(13,894)</u>
Total Capital Assets, Net of Accumulated Depreciation	10,845	11,283
OPEB Asset	4	10
Total Noncurrent Assets	<u>10,849</u>	<u>11,293</u>
Total Assets	<u>11,109</u>	<u>11,488</u>

<u>LIABILITIES</u>	2011	2010
Current Liabilities Payable from Current Assets		
Accounts Payable	57	40
Current Portion of Accrued Compensated Absences	72	76
Deferred Revenue	142	117
Trust Liabilities and Deposits	14	14
Due to Other Funds	10,953	8,905
Total Current Liabilities	11,238	9,152
Noncurrent Liabilities		
Accrued Compensated Absences	437	442
Total Noncurrent Liabilities	437	442
Total Liabilities	11,675	9,594
<u>NET ASSETS (DEFICIT)</u>		
Invested in Capital Assets, Net of Related Debt	10,845	11,283
Unrestricted	(11,411)	(9,389)
Total Net Assets (Deficit)	\$ (566)	\$ 1,894

**City of Phoenix, Arizona**  
**Golf Courses Enterprise Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Assets**

**Exhibit E-25**

For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Fees	\$ 4,134	\$ 4,016
Concessions	1,474	1,471
Coffee Shops	73	63
Other	596	177
Total Operating Revenues	<u>6,277</u>	<u>5,727</u>
Operating Expenses		
Administration	352	585
Operation and Maintenance	7,539	7,343
Depreciation	622	667
Parks Administrative Charges	276	279
Other	1	20
Total Operating Expenses	<u>8,790</u>	<u>8,894</u>
Operating Loss	<u>(2,513)</u>	<u>(3,167)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(1)	(1)
Interest	1	2
Gain on Disposal of Capital Assets	1	1
Total Non-Operating Revenues (Expenses)	<u>1</u>	<u>2</u>
Net Loss Before Contributions and Transfers	<u>(2,512)</u>	<u>(3,165)</u>
Capital Contributions - Municipalities	<u>52</u>	<u>35</u>
Change in Net Assets (Deficit)	<u>(2,460)</u>	<u>(3,130)</u>
Net Assets, July 1	<u>1,894</u>	<u>5,024</u>
Net Assets (Deficit), June 30	<u>\$ (566)</u>	<u>\$ 1,894</u>

**City of Phoenix, Arizona**  
**Golf Courses Enterprise Fund**

**Exhibit E-26**

**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 6,302	\$ 5,746
Payments to Suppliers	(2,683)	(2,630)
Payments to Employees	(5,234)	(5,217)
Payment of Staff and Administrative Expenses	(276)	(279)
Net Cash Used by Operating Activities	<u>(1,891)</u>	<u>(2,380)</u>
Cash Flows from Capital and Related Financing Activities		
Loans from Other Funds	2,048	2,450
Acquisition and Construction of Capital Assets	(132)	(101)
Proceeds from Sale of Capital Assets	1	2
Net Cash Provided by Capital and Related Financing Activities	<u>1,917</u>	<u>2,351</u>
Cash Flows from Investing Activities		
Interest on Investments	-	1
Net Cash Provided by Investing Activities	<u>-</u>	<u>1</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26	(28)
Cash and Cash Equivalents, July 1	-	28
Cash and Cash Equivalents, June 30	<u>\$ 26</u>	<u>\$ -</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities		
Net Operating Loss	\$ (2,513)	\$ (3,167)
Adjustments		
Depreciation and Amortization	622	667
(Increase) Decrease in Assets		
Inventories	(39)	15
OPEB Asset	6	122
Increase (Decrease) in Liabilities		
Accounts Payable	17	(2)
Accrued Compensated Absences	(9)	(34)
Deferred Revenue	25	19
Net Cash Used by Operating Activities	<u>\$ (1,891)</u>	<u>\$ (2,380)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	<u>\$ 52</u>	<u>\$ 35</u>
	<u>\$ 52</u>	<u>\$ 35</u>

City of Phoenix, Arizona  
**Golf Courses Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
For the Fiscal Year Ended June 30, 2011  
(in thousands)

Exhibit E-27

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Fees	\$ 4,052	\$ 4,052	\$ 3,755	\$ (297)
Concessions	2,290	2,290	1,851	(439)
Coffee Shops	62	62	73	11
Interest	(200)	(200)	(143)	57
Other	282	282	172	(110)
Total Revenues	6,486	6,486	5,708	(778)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	8,747	8,747	7,857	890
Total Expenditures and Encumbrances	8,747	8,747	7,857	890
Deficiency of Revenues Over Expenditures and Encumbrances	(2,261)	(2,261)	(2,149)	112
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	2	2
Transfers from Other Funds				
Golf Capital Projects Fund	-	-	23	23
Transfers to Other Funds				
General Fund	(279)	(279)	(276)	3
Total Other Financing Sources (Uses)	(279)	(279)	(251)	28
Net Decrease in Fund Balance	<u>\$ (2,540)</u>	<u>\$ (2,540)</u>	(2,400)	<u>\$ 140</u>
<b>FUND DEFICIT, JULY 1</b>			<u>(10,018)</u>	
<b>FUND DEFICIT, JUNE 30</b>			<u>\$ (12,418)</u>	





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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 Assets**

**Exhibit F-1**

June 30, 2011  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 51,998	\$ 101
Investments		
Treasurer's Pooled Investments	-	1,465
Temporary Investments	203,281	-
Fixed Income	349,426	-
Domestic Equities	1,031,559	-
International Equities	406,364	-
Receivables		
Accounts Receivable	54,261	-
Contributions Receivable	6,036	-
Interest and Dividends	2,498	3
Prepaid Items	-	-
Total Assets	<u>2,105,423</u>	<u>1,569</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	281,216	-
Accrued Payroll Payable	-	-
Claims Payable	-	-
Total Liabilities	<u>281,216</u>	<u>-</u>
<b><u>NET ASSETS</u></b>		
Held in trust for pension and other employee benefits	<u>\$ 1,824,207</u>	<u>\$ 1,569</u>

**Pension and Other Employee Benefit Trusts**

<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long Term Disability</b>	<b>Total</b>
\$ 4,427	\$ 76	\$ 17	\$ 7	\$ 56,626
-	-	170	71	1,706
-	-	-	-	203,281
79,347	15,281	30,225	23,510	497,789
-	-	45,409	44,520	1,121,488
-	-	11,151	-	417,515
1,878	-	14	-	56,153
1,416	-	-	-	7,452
157	64	-	-	2,722
5,150	-	-	-	5,150
<u>92,375</u>	<u>15,421</u>	<u>- 86,986</u>	<u>68,108</u>	<u>2,369,882</u>
77	-	22	21	281,336
-	-	-	-	-
25,861	-	-	-	25,861
<u>25,938</u>	<u>-</u>	<u>- 22</u>	<u>21</u>	<u>307,197</u>
<u>\$ 66,437</u>	<u>\$ 15,421</u>	<u>\$ 86,964</u>	<u>\$ 68,087</u>	<u>\$ 2,062,685</u>

**City of Phoenix, Arizona**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**

**Exhibit F-1**  
(continued)

June 30, 2011  
(in thousands)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 6,293	\$ 6,293
Investments				
Treasurer's Pooled Investments	-	-	63,630	63,630
Temporary Investments	-	-	-	-
Fixed Income	-	-	-	-
Domestic Equities	-	-	-	-
International Equities	-	-	-	-
Receivables				
Accounts Receivable	-	-	-	-
Contributions Receivable	-	-	-	-
Interest and Dividends	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>69,923</u>	<u>69,923</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	-	-	-	-
Accrued Payroll Payable	-	-	69,923	69,923
Claims Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>69,923</u>	<u>69,923</u>
<b><u>NET ASSETS</u></b>				
Held in trust for pension and other employee benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Phoenix**

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

**Exhibit F-2**

**Combining Statement of Changes in Fiduciary Net Assets**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ADDITIONS</u></b>		
Contributions		
City of Phoenix	\$ 90,965	\$ 1,180
Employees	28,648	-
Inter-System Transfers	4,999	-
Other	-	-
Total Contributions	<u>124,612</u>	<u>1,180</u>
Investment Income (Loss)		
From Investing Activities		
Net Increase (Decrease) in Fair Value of Investments	282,389	(7)
Interest	14,382	15
Dividends	22,494	-
Other	720	-
Investment Income	<u>319,985</u>	<u>8</u>
Less: Investment Expense	<u>5,324</u>	<u>-</u>
Net Investment Income from Investing Activities	314,661	8
Security Lending Activity Gross Income	1,833	-
Security Lending Expenses	<u>(727)</u>	<u>-</u>
Total Net Investment Income	<u>315,767</u>	<u>8</u>
Total Additions	<u>440,379</u>	<u>1,188</u>
<b><u>DEDUCTIONS</u></b>		
Benefit Payments	145,922	602
Refunds of Contributions	2,470	-
Inter-System Transfers	2,872	-
Other	82	-
Total Deductions	<u>151,346</u>	<u>602</u>
Net Increase	289,033	586
Net Assets Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	1,535,174	983
End of Year, June 30	<u>\$ 1,824,207</u>	<u>\$ 1,569</u>

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**Pension and Other Employee Benefit Trusts**


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<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long Term Disability</b>	<b>Total</b>
\$ 138,209	\$ -	\$ 38,007	\$ 997	\$ 269,358
70,023	-	-	-	98,671
9,617	-	-	-	14,616
6,858	-	-	-	6,858
<u>224,707</u>	<u>-</u>	<u>38,007</u>	<u>997</u>	<u>389,503</u>
45	-	12,090	11,106	305,623
687	58	1,551	126	16,819
-	-	-	1,238	23,732
-	-	-	-	720
<u>732</u>	<u>58</u>	<u>13,641</u>	<u>12,470</u>	<u>346,894</u>
<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,326</u>
730	58	13,641	12,470	341,568
-	-	-	-	1,833
-	-	-	-	(727)
<u>730</u>	<u>58</u>	<u>13,641</u>	<u>12,470</u>	<u>342,674</u>
<u>225,437</u>	<u>58</u>	<u>51,648</u>	<u>13,467</u>	<u>732,177</u>
193,945	-	24,119	4,464	369,052
15	-	-	-	2,485
9,617	-	-	-	12,489
10,355	-	261	277	10,975
<u>213,932</u>	<u>-</u>	<u>24,380</u>	<u>4,741</u>	<u>395,001</u>
11,505	58	27,268	8,726	337,176
<u>54,932</u>	<u>15,363</u>	<u>59,696</u>	<u>59,361</u>	<u>1,725,509</u>
<u>\$ 66,437</u>	<u>\$ 15,421</u>	<u>\$ 86,964</u>	<u>\$ 68,087</u>	<u>\$ 2,062,685</u>



City of Phoenix, Arizona  
 Agency Fund  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2011  
 (in thousands)

Exhibit F-3

***Post Employment Health Plan***

	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ 9,617	\$ 9,617	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 9,617</u>	<u>\$ 9,617</u>	<u>\$ -</u>

**LIABILITIES**

Accrued Payroll Payable	\$ -	\$ 9,617	\$ 9,617	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 9,617</u>	<u>\$ 9,617</u>	<u>\$ -</u>

***Deferred Compensation Plan***

	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ 86,822	\$ 86,822	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 86,822</u>	<u>\$ 86,822</u>	<u>\$ -</u>

**LIABILITIES**

Accrued Payroll Payable	\$ -	\$ 86,822	\$ 86,822	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 86,822</u>	<u>\$ 86,822</u>	<u>\$ -</u>

City of Phoenix, Arizona  
 Agency Fund  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2011  
 (in thousands)

Exhibit F-3  
 (continued)

	<i>Accrued Payroll</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 10,750	\$ 185,433	\$ 189,890	\$ 6,293
Treasurer's Pooled Investments	60,915	1,922,712	1,919,997	63,630
Total Assets	<u>\$ 71,665</u>	<u>\$ 2,108,145</u>	<u>\$ 2,109,887</u>	<u>\$ 69,923</u>
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 71,665	\$ 2,108,145	\$ 2,109,887	\$ 69,923
Total Liabilities	<u>\$ 71,665</u>	<u>\$ 2,108,145</u>	<u>\$ 2,109,887</u>	<u>\$ 69,923</u>

	<i>Totals</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 10,750	\$ 281,872	\$ 286,329	\$ 6,293
Treasurer's Pooled Investments	60,915	1,922,712	1,919,997	63,630
Total Assets	<u>\$ 71,665</u>	<u>\$ 2,204,584</u>	<u>\$ 2,206,326</u>	<u>\$ 69,923</u>
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 71,665	\$ 2,204,584	\$ 2,206,326	\$ 69,923
Total Liabilities	<u>\$ 71,665</u>	<u>\$ 2,204,584</u>	<u>\$ 2,206,326</u>	<u>\$ 69,923</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**

## Phoenix Housing Finance Corporations (Discretely Presented Component Units)

## Combining Statement of Net Assets

June 30, 2011

(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ -	\$ 1,171	\$ 8
Cash Deposits	-	-	6
Cash and Securities with Fiscal Agents/Trustees	-	-	-
Receivables, Net of Allowances	4,837	-	1,689
Prepaid Items	-	-	-
Capital Assets, at Cost			
Non-depreciable	-	-	6,696
Depreciable (net)	-	-	2,697
Total Assets	<u>4,837</u>	<u>1,171</u>	<u>11,096</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	-	-	30
Reimbursement Agreement to City	-	-	1,608
Trust Liabilities and Deposits	-	-	6
Interest Payable	-	-	533
Noncurrent Liabilities			
Due in More Than One Year			
Notes Payable to City	171	-	11,160
Total Liabilities	<u>171</u>	<u>-</u>	<u>13,337</u>
<b><u>NET ASSETS (DEFICIT)</u></b>			
Invested in Capital Assets, Net of Related Debt	-	-	(167)
Unrestricted	4,666	1,171	(2,074)
Total Net Assets (Deficit)	<u>\$ 4,666</u>	<u>\$ 1,171</u>	<u>\$ (2,241)</u>

**Exhibit G-1**  
(continued)

	Phoenix South Mountain Housing Corporation	Phoenix Green Housing Corporation Pine Crest, LLC	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Total
\$	-	\$ 80	\$ 217	\$ 1,476
	-	15	46	67
	132	-	-	132
	2,174	4,597	4,156	17,453
	-	-	7	7
	-	860	1,150	8,706
	-	819	5,733	9,249
	2,306	6,371	11,309	37,090
	-	2	5	37
	-	82	-	1,690
	-	13	44	63
	-	-	-	533
	-	4,918	4,300	20,549
	-	5,015	4,349	22,872
	-	(17)	2,583	2,399
	2,306	1,373	4,377	11,819
\$	\$ 2,306	\$ 1,356	\$ 6,960	\$ 14,218

**City of Phoenix, Arizona**

**Exhibit G-2**

**Phoenix Housing Finance Corporations (Discretely Presented Component Units)**

**Combining Statement of Revenues, Expenses and Changes in Net Assets**

For the Fiscal Year Ended June 30, 2011

(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><u>Revenues</u></b>			
Rental Income	\$ -	\$ -	\$ 341
Vending Income			1
Other Income			5
Construction Period Interest	-	-	-
Contribution from City of Phoenix	-	-	-
Total Revenues	-	-	347
<b><u>Operating Expenses</u></b>			
Salaries	-	-	606
Advertising	-	-	7
Maintenance	-	-	388
Administrative Costs	-	-	536
Utilities	-	-	460
Insurance	-	-	154
Interest Expense	-	-	342
Depreciation	-	-	143
Total Operating Expenses	-	-	2,636
Net Income	-	-	(2,289)
Net Assets, July 1	4,666	1,171	48
Net Assets (Deficit), June 30	\$ 4,666	\$ 1,171	\$ (2,241)



**Exhibit G-2**  
(continued)

Phoenix South Mountain Housing Corporation	Phoenix Green Housing Corporation Pine Crest, LLC	Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Total
\$ -	\$ 136	\$ 500	\$ 977
	-	6	7
	14	32	51
132	-	-	132
2,174	1,493	6,931	10,598
2,306	1,643	7,469	11,765
-	83	128	817
-	-	6	13
-	58	69	515
-	33	31	600
-	68	100	628
-	28	58	240
-	-	-	342
-	17	117	277
-	287	509	3,432
2,306	1,356	6,960	8,333
-	-	-	5,885
\$ 2,306	\$ 1,356	\$ 6,960	\$ 14,218



**City of Phoenix**



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*Financial Section*

**Other Supplementary  
Information –**

**Other Supporting  
Schedules**





**City of Phoenix**

**City of Phoenix, Arizona**  
**Summary of Operating Funds - Budget Basis**

**Exhibit H-1**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Resources					
	Fund Balances	Revenues	Recov-eries	Fund Transfers		Total
	July 1			From	To	
<b>General Purpose Funds</b>						
General Fund	\$ 46,752	\$ 309,661	\$ 681	\$ 707,880	\$ (17,271)	\$ 1,047,703
Excise Tax	-	947,295	-	-	(947,295)	-
Total General Purpose Funds	46,752	1,256,956	681	707,880	(964,566)	1,047,703
<b>Federal Funds</b>						
Transit - Federal Grants	260	18,850	-	19	-	19,129
Grants						
Human Services	-	45,109	-	-	-	45,109
Community Development	-	17,590	-	235	-	17,825
Federal Operating Trust	-	76,530	14,378	24	(2,471)	88,461
Public Housing Hope VI	2,401	6,705	28	-	-	9,134
Total Federal Funds	2,661	164,784	14,406	278	(2,471)	179,658
<b>Other Special Revenue and Debt Service Funds</b>						
Highway User Revenue	23,130	105,587	1,618	-	(38)	130,297
Transit 2000	220,009	51,820	5,372	131,068	(46,367)	361,902
Transit - Other Agency	11,190	42,175	-	-	(30,668)	22,697
Court Awards	1,938	2,947	5	-	-	4,890
Parks and Preserves	49,552	616	204	25,345	(53)	75,664
Development Services	11,917	31,798	3	-	(2,172)	41,546
Community Reinvestment	10,460	8,881	60	-	-	19,401
Public Housing	24,657	78,389	6,804	300	(529)	109,621
Sports Facilities	35,363	603	-	14,076	(189)	49,853
Capital Construction	3,265	152	1,508	15,495	-	20,420
Other Restricted	38,557	24,887	187	7,201	(424)	70,408
Neighborhood Protection	(13,964)	(42)	-	30,773	(52)	16,715
Public Safety Enhancement	(12,284)	-	-	32,919	-	20,635
Public Safety Expansion	9,709	48	-	51,156	(118)	60,795
Secondary Property Tax Debt Service	100	154,339	-	-	-	154,439
City Improvement	701	-	-	126,113	(73,507)	53,307
Total Other Funds	414,300	502,200	15,761	434,446	(154,117)	1,212,590
<b>Enterprise Funds</b>						
Aviation	158,091	293,257	4,212	-	(18,697)	436,863
Aviation - Operating (Non-Pledged)	45,648	39,336	1	-	(15,884)	69,101
Phoenix Convention Center	48,796	23,660	17	41,067	(1,899)	111,641
Water System	142,842	346,754	984	20,000	(18,504)	492,076
Water System - Val Vista	3,805	16,095	3	-	(521)	19,382
Wastewater	145,401	211,121	755	-	(22,640)	334,637
Wastewater - SROG	8,105	45,705	44	-	(992)	52,862
Solid Waste	49,532	143,134	204	-	(8,781)	184,089
Golf Courses	(10,018)	5,708	2	23	(276)	(4,561)
Total Enterprise Funds	592,202	1,124,770	6,222	61,090	(88,194)	1,696,090
Total Operating Funds	\$ 1,055,915	\$ 3,048,710	\$ 37,070	1,203,694	(1,209,348)	\$ 4,136,041
Other Transfers - Non-budgeted Funds				36,549	(25,456)	
Debt Service Adjustment (2)				(77,210)	71,771	
				\$ 1,163,033	\$ (1,163,033)	

- (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)

<b>Expenditures and Encumbrances</b>						<b>Fund</b>
<b>Current</b>	<b>Capital Impr.</b>	<b>Debt</b>	<b>Lease-</b>	<b>Total</b>	<b>Balances</b>	
<b>Operating (1)</b>	<b>Program</b>	<b>Service</b>	<b>Purchase</b>		<b>June 30</b>	
\$ 953,673	\$ 1,122	\$ -	\$ -	\$ 954,795	\$ 92,908	
-	-	-	-	-	-	
953,673	1,122	-	-	954,795	92,908	
20,887	1,046	-	-	21,933	(2,804)	
45,109	-	-	-	45,109	-	
16,822	1,003	-	-	17,825	-	
56,616	31,845	-	-	88,461	-	
961	5,909	-	-	6,870	2,264	
140,395	39,803	-	-	180,198	(540)	
43,704	33,436	31,246	-	108,386	21,911	
124,296	3,347	-	-	127,643	234,259	
19,969	174	-	-	20,143	2,554	
4,674	-	-	-	4,674	216	
1,963	35,228	-	-	37,191	38,473	
26,894	2	-	-	26,896	14,650	
315	5,335	-	-	5,650	13,751	
70,827	15,853	-	-	86,680	22,941	
1,791	-	-	10,585	12,376	37,477	
193	11,236	-	-	11,429	8,991	
24,657	793	-	-	25,450	44,958	
26,464	-	-	-	26,464	(9,749)	
29,722	-	-	-	29,722	(9,087)	
61,799	-	-	-	61,799	(1,004)	
-	-	154,339	-	154,339	100	
-	-	-	53,267	53,267	40	
437,268	105,404	185,585	63,852	792,109	420,481	
184,158	34,603	56,101	645	275,507	161,356	
12,102	-	21,274	-	33,376	35,725	
45,458	1,155	-	18,584	65,197	46,444	
166,338	98,246	111,832	-	376,416	115,660	
14,473	995	-	-	15,468	3,914	
73,033	31,457	69,715	-	174,205	160,432	
40,772	4,211	-	-	44,983	7,879	
106,091	13,762	-	12,830	132,683	51,406	
7,857	-	-	-	7,857	(12,418)	
650,282	184,429	258,922	32,059	1,125,692	570,398	
\$ 2,181,618	\$ 330,758	\$ 444,507	\$ 95,911	\$ 3,052,794	\$ 1,083,247	

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

**Exhibit H-2**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
<b>General Government</b>					
1984 Bond Program	\$ 40	\$ -	\$ -	\$ -	\$ 1
2001 Bond Program	(467)	-	-	-	-
2006 Bond Program	8,644	-	241	-	9
2010 Hail Storm	-	-	-	11,000	-
2010 Lease Purchase	(46,136)	-	1	-	12
General Gov't Lease Purchase	2,660	-	13	-	-
Mega IV Lease Purchase	18,073	-	32	-	0
Mega V Lease Purchase	(3,463)	-	0	236	0
Trunked Radio System	179	-	-	-	-
	(20,470)	-	287	11,236	22
<b>Public Safety</b>					
1988 Bond Program	27	-	-	-	-
2001 Bond Program	(1,855)	-	-	-	234
2006 Bond Program	11,069	-	-	-	399
CIC Excise Tax Rev Bonds POLICE	10,232	-	17	-	1
Impact Fees	757	-	32	547	0
Other Cities Reimbursement - 800Mhz	147	161	-	-	-
	20,377	161	49	547	634
<b>Transportation</b>					
1988 Bond Program	858	-	-	-	-
2001 Bond Program	(111)	-	-	143	29
2004 CIC Transit LRT Revenue Bonds	79,877	-	163	(0)	20
2006 Bond Program	25,455	-	-	-	243
AHUR Capital Reserve	27,629	-	79	-	-
American Rec. & Reinv. Act of 2009	(30,716)	41,205	-	-	1,052
Federal Aid - Street Transportation	-	14,246	-	-	623
Federal Transportation Administration Grants	(7,590)	3,757	-	-	2,676
Impact Fees	23,173	-	293	(1,176)	57
State Aid - Street Transportation	(169)	37,144	-	448	83
	118,406	96,352	535	(585)	4,783
<b>Public Works</b>					
1988 Bond Program	-	-	-	-	-
2001 Bond Program	(303)	-	-	-	17
2006 Bond Program	25,570	-	-	-	206
Capital Replacement Fund	7,107	-	94	885	-
Impact Fees	5,990	-	83	350	-
	38,364	-	177	1,235	223
<b>Community Enrichment</b>					
1988 Bond Program	557	-	-	-	-
2001 Bond Program	3,949	-	-	1	84
2006 Bond Program	8,634	-	-	1	132
Impact Fees	28,409	-	414	1,796	14
Parks & Rec Grants	128	13,496	-	-	39
Parks and Rec Dept Capital Gifts	1,090	-	-	-	0
Parks land sale proceeds	2,249	-	29	689	-
PPPI Parks and Preserves Bonds	-	-	-	-	-
	45,016	13,496	443	2,487	269
<b>Community Development</b>					
1989 Bond Program	172	-	-	-	1
2001 Bond Program	8,343	-	-	15	342
2006 Bond Program	20,402	-	-	23	316
2010 Hail Storm	-	-	-	-	-
830 E Jefferson Remodel	(18)	-	-	-	-
American Rec. & Reinv. Act of 2009	(4,662)	3,266	-	-	339
Downtown Education	(9,715)	-	0	-	-
Federal Modernization Grants	(91)	851	-	-	4
Impact Fees	1,002	-	14	713	-
	15,433	4,117	14	751	1,002

**Exhibit H-2**  
(Continued)

			USES			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Balances June 30	Bonds Available for Sale	
\$ -	\$ -	\$ 41	\$ (41)	\$ 0	\$ -	
-	-	(467)	(3)	(470)	2,215	
-	-	8,894	(2,229)	6,665	5,900	
-	(3,100)	7,900	(3,210)	4,690	-	
75,359	4,520	33,756	(18,438)	15,318	-	
-	2,000	4,673	-	4,673	-	
-	1,026	19,131	-	19,131	-	
3,663	-	436	(75)	361	-	
-	-	179	-	179	-	
79,022	4,446	74,543	(23,996)	50,547	8,115	
-	-	27	-	27	-	
-	-	(1,621)	(142)	(1,763)	4,060	
-	-	11,468	(11,708)	(240)	72,000	
-	(6,172)	4,078	(167)	3,911	-	
-	-	1,336	(448)	888	-	
-	-	308	-	308	-	
-	(6,172)	15,596	(12,465)	3,131	76,060	
-	-	858	(12)	846	1,000	
-	-	61	(537)	(476)	2,225	
-	0	80,060	(17,331)	62,729	-	
-	-	25,698	(7,675)	18,023	26,085	
-	-	27,708	(6,902)	20,806	-	
-	40	11,581	(16,613)	(5,032)	-	
-	(1,839)	13,030	(13,030)	-	-	
-	1,689	532	(4,010)	(3,478)	-	
-	-	22,347	(3,359)	18,988	-	
-	(187)	37,319	(37,399)	(80)	-	
-	(297)	219,194	(106,868)	112,326	29,310	
-	-	-	-	-	-	
-	-	(286)	(958)	(1,244)	2,025	
-	211	25,987	(18,915)	7,072	23,609	
-	-	8,086	(11)	8,075	-	
-	-	6,423	(584)	5,839	-	
-	211	40,210	(20,468)	19,742	25,634	
-	-	557	(144)	413	-	
-	1,800	5,834	(852)	4,982	7,675	
-	(3,805)	4,962	(28,163)	(23,201)	76,946	
-	-	30,633	(7,305)	23,328	-	
-	-	13,663	(13,351)	312	-	
-	-	1,090	(0)	1,090	-	
-	-	2,967	(292)	2,675	-	
-	-	-	(0)	(0)	-	
-	(2,005)	59,706	(50,107)	9,599	84,621	
-	-	173	(136)	37	-	
-	-	8,700	(1,997)	6,703	3,280	
-	1,576	22,317	(18,260)	4,057	45,335	
-	2,369	2,369	(2,369)	-	-	
-	-	(18)	-	(18)	-	
-	-	(1,057)	(621)	(1,678)	-	
10,003	-	288	(20)	268	-	
-	(300)	464	(3,690)	(3,226)	-	
-	-	1,729	-	1,729	-	
10,003	3,645	34,965	(27,093)	7,872	48,615	



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

**Exhibit H-2**

**Budget Basis**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
<b>Aviation</b>					
2004 CFC Bonds - Construction Fund	\$ (10)	\$ -	\$ (0)	\$ -	\$ -
Airport Facilities Improvement Grants	(8,857)	19,337	-	-	455
Airport Rev Bnd Rsrv-Restrict Inv Acct	-	-	-	-	-
American Rec. & Reinv. Act of 2009	9,765	8,787	-	-	355
Aviation Commercial Paper Fund	(1,242)	-	(15)	-	-
Aviation Reserve - City Improvement	178,787	-	2,010	-	-
CFC Trustee-Improvement Reserves/Surplus	(4,024)	-	(0)	-	-
City Improvement Aviation Bonds	-	-	0	-	-
Community Noise Reduction Program Bonds	(11,706)	-	0	-	-
Future Airport Bonds	(54,500)	-	-	-	-
Junior Lien Airport Revenue Bonds	28,281	-	-	-	-
Passenger Facility Charges	(436,357)	-	1,133	81,210	2,706
RENT-A-CAR CUSTOMER FACILITY CHARGE	(11)	-	(0)	-	-
Senior Lien Airport Revenue Bonds	84,496	-	308	-	335
Transportation Security Admin Grant	(12,995)	2,737	(82)	-	-
	<u>(228,373)</u>	<u>30,861</u>	<u>3,354</u>	<u>81,210</u>	<u>3,851</u>
<b>Phoenix Convention Center</b>					
2010 Hail Storm	-	-	-	-	-
CC Expansion Series A	989	-	1	-	-
CC Expansion Series B	14,029	10,000	285	-	-
CPBC (Capital Trust Fund)	-	-	-	-	-
	<u>15,018</u>	<u>10,000</u>	<u>286</u>	<u>-</u>	<u>-</u>
<b>Water System</b>					
2010 Hail Storm	-	-	-	-	-
American Rec. & Reinv. Act of 2009	(2,844)	3,200	-	-	-
CIC Water Bonds	(12,754)	-	-	4	1,395
Impact Fees	50,174	-	628	428	1,307
Plan Six Facilities	2,709	-	-	-	-
Proceeds/Wtr Asset Sale-Scottsdale	21,422	-	-	-	-
Special Water Improvement	79,373	-	-	-	-
Val Vista - Other Agencies' Participation	(4,093)	-	-	2,331	332
Wtr Imp Dist Proj-Prop Owner Participati	(13)	-	-	-	-
	<u>133,974</u>	<u>3,200</u>	<u>628</u>	<u>2,763</u>	<u>3,034</u>
<b>Wastewater</b>					
2010 Hail Storm	-	-	-	-	-
American Rec. & Reinv. Act of 2009	(4,092)	-	-	-	-
CIC WasteWater Bonds	9,817	-	-	-	467
Impact Fees	36,842	-	444	(551)	13
Sani Swr Imp Dist Projects-Prop Ownr Par	0	-	-	-	-
Special Wastewater Improvement	50,000	-	-	-	-
SROG - Other Agencies' Participation	(5,024)	-	-	4,284	102
	<u>87,543</u>	<u>-</u>	<u>444</u>	<u>3,733</u>	<u>582</u>
<b>Solid Waste</b>					
2010 Hail Storm	-	-	-	-	-
Buckeye Landfill Park	-	-	6	-	-
End Use Reserve	15,715	-	194	-	-
Impact Fees	2,470	-	31	-	-
Solid - Mega IV	13,244	-	148	-	12
Solid Waste Disposal CIC Bonds Prin/Int	4	-	-	-	-
Solid Waste Remediation Funds	8,648	-	127	-	-
	<u>40,081</u>	<u>-</u>	<u>506</u>	<u>-</u>	<u>12</u>
<b>Golf</b>					
2010 Hail Storm	-	-	-	-	-
Golf CIC Bonds Prin/Int	67	-	-	-	-
	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 265,436</u>	<u>\$ 158,187</u>	<u>\$ 6,723</u>	<u>\$ 103,377</u>	<u>\$ 14,412</u>

**Exhibit H-2**  
(Continued)

			USES			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Balances June 30	Bonds Available for Sale	
\$ -	\$ 21	\$ 11	\$ -	\$ 11	\$ -	
-	377	11,312	(30,049)	(18,737)	-	
-	13,671	13,671	-	13,671	-	
-	(16,031)	2,876	-	2,876	-	
-	1,257	-	-	-	-	
-	(29,180)	151,617	(646)	150,971	-	
-	15,882	11,858	-	11,858	-	
34,354	5,132	39,486	(61)	39,425	-	
21,234	(7,634)	1,894	(228)	1,666	-	
-	51,821	(2,679)	-	(2,679)	-	
-	(28,281)	-	-	-	-	
466,183	(19,537)	95,338	(79,088)	16,250	-	
-	-	(11)	(1)	(12)	-	
-	(2,364)	82,775	(14,274)	68,501	-	
-	10,824	484	(12)	472	-	
521,771	(4,042)	408,632	(124,359)	284,273	-	
-	6	6	(6)	-	-	
-	(990)	(0)	-	(0)	-	
-	-	24,314	-	24,314	-	
-	-	-	0	0	-	
-	(984)	24,320	(6)	24,314	-	
-	15	15	(15)	-	-	
3,295	-	3,651	(5,170)	(1,519)	-	
-	-	(11,355)	(138,807)	(150,162)	-	
-	(12,000)	40,537	(3,334)	37,203	-	
-	-	2,709	-	2,709	-	
-	-	21,422	-	21,422	-	
-	-	79,373	-	79,373	-	
-	-	(1,430)	(462)	(1,892)	-	
-	-	(13)	-	(13)	-	
3,295	(11,985)	134,909	(147,788)	(12,879)	-	
-	220	220	(220)	-	-	
3,909	-	(183)	-	(183)	-	
-	-	10,284	(5,169)	5,115	-	
-	(8,000)	28,748	(16)	28,732	-	
-	-	0	-	0	-	
-	-	50,000	-	50,000	-	
-	-	(638)	(1,830)	(2,468)	-	
3,909	(7,780)	88,431	(7,235)	81,196	-	
-	77	77	(77)	-	-	
-	3,060	3,066	-	3,066	-	
-	(2,427)	13,482	-	13,482	-	
-	-	2,501	-	2,501	-	
-	-	13,404	(9,462)	3,942	-	
-	-	4	-	4	-	
-	-	8,775	(144)	8,631	-	
-	710	41,309	(9,683)	31,626	-	
-	390	390	(390)	-	-	
-	-	67	-	67	-	
-	390	457	(390)	67	-	
\$ 618,000	\$ (23,863)	\$ 1,142,272	\$ (530,458)	\$ 611,814	\$ 272,355	

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

**Exhibit H-3**

For the Fiscal Years Ended June 30, 2011 and 2010  
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2011	2010	2011	2010	2011	2010
General Government						
Information Technology	\$ 3,640	\$ 1,780	\$ 4,342	\$ 3,724	\$ 7,982	\$ 5,504
Public Safety						
Fire Protection	-	-	5,173	11,311	5,173	11,311
Police Protection	-	-	11,930	33,654	11,930	33,654
	-	-	17,103	44,965	17,103	44,965
Transportation						
Street Transportation and Drainage	43,836	41,438	95,013	62,390	138,849	103,828
Transit	4,573	3,617	28,688	31,211	33,261	34,828
	48,409	45,055	123,701	93,601	172,110	138,656
Public Works						
Energy Conservation	6,997	1,494	-	-	6,997	1,494
Facilities Management	4,435	4,730	10,573	13,223	15,008	17,953
	11,432	6,224	10,573	13,223	22,005	19,447
Community Enrichment						
Arts and Cultural Facilities	440	327	5,992	8,079	6,432	8,406
Libraries	381	568	5,233	3,759	5,614	4,327
Parks and Mountain Preserves	35,322	15,249	37,332	24,017	72,654	39,266
	36,143	16,144	48,557	35,855	84,700	51,999
Community Development						
Economic/Downtown Development	5,337	1,136	13,192	53,588	18,529	54,724
Human Services	-	-	8,274	1,150	8,274	1,150
Historic Preservation	-	-	2,041	856	2,041	856
Housing / HOPE VI	42,218	29,474	10,295	15,634	52,513	45,108
Neighborhood Development	1,734	969	1,622	7,676	3,356	8,645
	49,289	31,579	35,424	78,904	84,713	110,483
Aviation	33,588	13,218	124,358	553,560	157,946	566,778
Convention Center	1,155	1,179	3,338	10,931	4,493	12,110
Water System	98,413	58,476	147,764	79,670	246,177	138,146
Wastewater	35,248	23,832	6,100	19,184	41,348	43,016
Solid Waste	13,442	2,052	9,198	11,302	22,640	13,354
	<u>\$ 330,759</u>	<u>\$ 199,539</u>	<u>\$ 530,458</u>	<u>\$ 944,919</u>	<u>\$ 861,217</u>	<u>\$ 1,144,458</u>

(1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2011 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 34,603
Convention Center	1,155
Water	98,246
Water - Val Vista	995
Wastewater	31,457
Wastewater - SROG	4,211
Solid Waste	13,762
	<u>\$ 184,429</u>



**City of Phoenix**

**City of Phoenix, Arizona**  
**Transfers To/From Other Funds**

**Exhibit H-4**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Special			
	General Fund	Transit	Neighborhood Protection	Sports Facilities
<b>Transfers From</b>				
<b>General Fund</b>	\$ -	\$ -	\$ 5,386	\$ -
<b>Special Revenue</b>				
Excise Tax	-	-	-	-
Highway User Revenue	-	-	-	-
Transit	210	-	-	-
Parks & Preserves	53	-	-	-
Development Services	-	-	-	-
Grants	-	-	-	-
Public Housing	311	-	-	-
Sports Facilities	-	-	-	-
Capital Construction	-	-	-	-
Public Safety Enhancement	105	-	-	-
Neighborhood Protection	52	-	-	-
Other Restricted	400	-	-	-
Total Special Revenue	1,131	-	-	-
<b>Debt Service</b>				
General Obligation/ Secondary Property Tax	-	-	-	-
City Improvement	-	710	-	-
Special Assessment	154	-	-	-
Total Debt Service	154	710	-	-
<b>Capital Projects</b>				
Street Improvements	-	-	-	-
Police and Fire Protection	-	-	-	-
Storm Sewers	-	-	-	-
Parks, Rec and Libraries	-	-	-	-
Public Housing	-	-	-	-
Municipal Buildings and Service Centers	-	-	-	-
Transit	-	-	-	-
Sports and Cultural Facilities	-	-	-	-
Total Capital Projects	-	-	-	-
<b>Enterprise</b>				
Phoenix Convention Center	173	-	-	-
Water System	13,707	-	-	-
Wastewater	21,674	-	-	-
Solid Waste	3,460	-	-	-
Total Enterprise	39,014	-	-	-
<b>Totals</b>	<b>\$ 40,299</b>	<b>\$ 710</b>	<b>\$ 5,386</b>	<b>\$ -</b>

- (1) Capital Construction (\$17,415,000), Park and Preserves (\$21,615,000), and Public Safety Enhancement and Expansion (\$67,109,000) Special Revenue Funds
- (2) Water (\$15,923,000), Wastewater (\$7,373,000), and Solid Waste (\$1,918,000) Enterprise Funds
- (3) Other Restricted Special Revenue Fund

**Exhibit H-4**

(Continued)

<b>Transfers to</b>						
<u>Revenue</u>						
Other Special Revenue	Debt Service	Capital Projects	<u>Enterprise</u>			
			Convention Center	Other	<b>Totals</b>	
\$ 9,614	\$ 1,043	\$ -	\$ 37,835	\$ -	\$ 53,878	
-	(1)	-	-	-	-	
-	-	31,246	-	-	31,246	
-	-	46,130	-	-	46,340	
-	-	-	-	-	53	
-	(3)	-	-	-	-	
2,451	-	-	-	-	2,451	
-	-	73	-	-	384	
-	-	10,588	-	-	10,588	
-	-	-	-	-	-	
-	-	-	-	-	105	
-	-	-	-	-	52	
4	-	-	-	-	404	
2,455	88,037	-	-	-	91,623	
-	-	-	-	40,691	(2) 40,691	
-	-	1,026	-	-	1,736	
-	-	-	-	-	154	
-	-	1,026	-	40,691	42,581	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	2,000	-	-	2,000	
300	-	-	-	-	300	
-	-	1,657	-	-	1,657	
-	-	-	-	-	-	
-	-	-	-	-	-	
300	1,657	2,000	-	-	3,957	
-	-	-	-	-	173	
-	-	-	-	-	13,707	
-	-	-	-	8,000	29,674	
-	-	-	-	-	3,460	
-	-	-	-	8,000	47,014	
\$ 12,369	\$ 90,737	\$ 3,026	\$ 37,835	\$ 48,691	\$ 239,053	

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

**Exhibit H-5**

For the Fiscal Year Ended June 30, 2011  
(in thousands)

	Transfers to					
	General Fund			Total General Fund	Special	
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers		Neighbor- hood Protection	Transit 2000
<b>Transfers from</b>						
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ -	\$ 5,386	\$ -
<b>Special Revenue</b>						
Excise Tax	-	-	647,698	647,698	25,387	101,379
Highway User Revenue	-	-	-	-	-	-
Transit 2000	-	-	-	-	-	-
Transit Other Agency	-	-	-	-	-	28,979
Development Services	2,172	-	-	2,172	-	-
Community Reinvestment	-	-	-	-	-	-
Federal Operating Trust Grants	-	-	-	-	-	-
Community Development Grants	-	-	-	-	-	-
Public Housing	-	311	-	311	-	-
Sports Facilities	105	-	84	189	-	-
Parks and Preserves	-	-	-	-	-	-
Other Restricted	-	-	400	400	-	-
Public Safety Expansion	-	-	-	-	-	-
Neighborhood Protection	-	-	-	-	-	-
Total Special Revenue	2,277	311	648,182	650,770	25,387	130,358
<b>Debt Service</b>						
Secondary Property Tax	-	-	-	-	-	-
City Improvement	-	-	-	-	-	710
Total Debt Service	-	-	-	-	-	710
<b>Enterprise</b>						
Aviation	4,364	-	-	4,364	-	-
Aviation (Non-Pledged)	-	-	-	-	-	-
Phoenix Convention Center	1,725	-	-	1,725	-	-
Water System	4,772	11,657	2,050	18,479	-	-
Water System - Val Vista	519	-	-	519	-	-
Wastewater	958	7,997	13,677	22,632	-	-
Wastewater - SROG	987	-	-	987	-	-
Solid Waste	4,668	1,087	2,373	8,128	-	-
Golf Courses	-	-	276	276	-	-
Total Enterprise	17,993	20,741	18,376	57,110	-	-
<b>Other Funds not Budgeted</b>						
General Finance Trust	-	-	-	-	-	-
Lease Purchase Reserve Capital Fund	-	-	-	-	-	-
Municipal Buildings Capital Fund	-	-	-	-	-	-
Sports/Cultural Facilities Capital Fund	-	-	-	-	-	-
Street Improvements Capital Fund	-	-	-	-	-	-
Parks, Rec and Libraries Capital Fund	-	-	-	-	-	-
Public Housing Capital fund	-	-	-	-	-	-
Aviation Capital Funds	-	-	-	-	-	-
Phoenix Convention Center Capital	-	-	-	-	-	-
Water Capital Projects	-	-	-	-	-	-
Water Impact Fees	-	-	-	-	-	-
Wastewater Capital Projects	-	-	-	-	-	-
Wastewater Impact Fees	-	-	-	-	-	-
Solid Waste Capital Funds	-	-	-	-	-	-
Golf Capital Funds	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 20,270</b>	<b>\$ 21,052</b>	<b>\$ 666,558</b>	<b>\$ 707,880</b>	<b>\$ 30,773</b>	<b>\$ 131,068</b>

(1) Capital Construction (\$15,486,000), Sports Facilities (\$14,076,000), Park and Preserves (\$25,345,000), Police and Fire Public Safety Enhancement (\$23,781,000), and Police and Fire Public Safety Expansion (\$50,680,000), Other Restricted (\$4,585,000) Special Revenue Funds

(2) Federal Transit Grants Special Revenue Fund

(3) Other Restricted Special Revenue Fund

(4) Federal Operating Trust Grants Special Revenue Fund

(5) Capital Construction Special Revenue Fund

(6) Community Development Grants (\$235,000), Public Housing (\$300,000) Special Revenue Fund

(7) Water Enterprise Fund

Revenue		Transfers to						Totals
Other	Debt Service	Enterprise			Funds Not Budgeted			
		Phoenix Convention Center	Other	Regional Wireless Cooperative	Infrastructure Repayment Agreement	Other		
\$ 9,614	\$ -	\$ -	\$ -	\$ 1,814	\$ 457	\$ -	\$ 17,271	
133,953 (1)	1,043	37,835	-	-	-	-	947,295	
-	-	-	-	-	-	38 (9)	38	
19 (2)	46,130	-	-	1	210	7 (9)	46,367	
-	-	-	-	-	-	1,689 (9)	30,668	
-	-	-	-	-	-	-	2,172	
-	-	-	-	-	-	-	-	
2,471 (3)	-	-	-	-	-	-	2,471	
-	-	-	-	-	-	-	-	
145 (3)	73	-	-	-	-	-	529	
-	-	-	-	-	-	-	189	
-	-	-	-	-	53	-	53	
24 (4)	-	-	-	-	-	-	424	
-	-	-	-	13	105	-	118	
-	-	-	-	-	52	-	52	
136,612	47,246	37,835	-	14	420	1,734	1,030,376	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	1,026 (10)	1,736	
-	-	-	-	-	-	1,026	1,736	
-	-	-	-	30	-	14,303 (11)	18,697	
-	-	-	-	-	-	15,884 (11)	15,884	
-	-	-	-	1	173	-	1,899	
-	-	-	-	25	-	-	18,504	
-	-	-	-	2	-	-	521	
-	-	-	-	8	-	-	22,640	
-	-	-	-	5	-	-	992	
-	-	-	-	20	-	633 (12)	8,781	
-	-	-	-	-	-	-	276	
-	-	-	-	91	173	30,820	88,194	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	1,657	-	-	-	-	-	1,657	
-	-	-	-	-	-	-	-	
9 (5)	-	-	-	-	-	-	9	
-	-	-	-	-	-	-	-	
535 (6)	-	-	-	-	-	-	535	
-	-	-	-	-	-	-	-	
-	-	3,232	-	-	-	-	3,232	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	20,000 (7)	-	-	-	20,000	
-	-	-	-	-	-	-	-	
-	-	-	23 (8)	-	-	-	23	
544	1,657	3,232	20,023	-	-	-	25,456	
\$ 146,770	\$ 48,903	\$ 41,067	\$ 20,023	\$ 1,919	\$ 1,050	\$ 33,580	\$ 1,163,033	

(8) Golf Enterprise Fund

(9) Street Improvement Capital Projects Fund

(10) Municipal Buildings Capital Projects Fund

(11) Aviation Capital Fund

(12) Solid Waste Capital Reserve Fund



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

**Exhibit H-6**

June 30, 2011  
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2011 (1)		
						Total	Payable from	
							General Property Taxes	City Revenues/ Other (2)
<b>General Obligation Bonds</b>								
6% Limitation								
Various Purpose	\$ 599,290	\$ 517,970	\$ 81,320	\$ 165,325	\$ -	\$ 352,645	\$ 352,645	\$ -
Solid Waste	24,460	24,460	-	12,880	-	11,580	-	11,580
20% Limitation								
Various Purpose	1,467,392	1,276,355	191,037	178,975	-	1,097,380	1,097,380	-
Airport	22,565	22,565	-	12,065	-	10,500	-	10,500
Sanitary Sewers	70,240	70,240	-	46,323	-	23,917	-	23,917
Water	106,214	106,214	-	57,747	745	49,212	-	49,212
Total General Obligation Bonds	2,290,161	2,017,804	272,357	473,315	745	1,545,234	1,450,025	95,209
<b>Revenue Bonds</b>								
Street and Highway User	356,966	356,966	-	344,825	-	12,141	-	12,141
Wastewater	17,591	17,591	-	2,626	-	14,965	-	14,965
Water	5,023	5,023	-	2,092	-	2,931	-	2,931
Total Revenue Bonds	379,580	379,580	-	349,543	-	30,037	-	30,037
Total General Obligation and Revenue Bonds	2,669,741	2,397,384	272,357	822,858	745	1,575,271	1,450,025	125,246
<b>Certificates of Participation</b>	35,465	35,465	-	8,495	-	26,970	-	26,970
<b>Municipal Corporation Obligations</b>								
General Government	1,192,671	1,192,671	-	371,216	-	821,455	-	821,455
Enterprise	5,398,251	5,398,251	-	964,429	82,706	4,516,528	-	4,516,528
Total Municipal Corp- oration Obligations	6,590,922	6,590,922	-	1,335,645	82,706	5,337,983	-	5,337,983
<b>Special Assessment Bonds</b>								
Subtotal	764	764	-	549	-	215	-	215
<b>Downtown Phoenix Hotel Corp. Bonds-Component Unit</b>	350,000	350,000	-	-	-	350,000	-	350,000
<b>Totals</b>	<b>\$ 9,646,892</b>	<b>\$ 9,374,535</b>	<b>\$ 272,357</b>	<b>\$ 2,167,547</b>	<b>\$ 83,451</b>	<b>\$ 7,290,439</b>	<b>\$ 1,450,025</b>	<b>\$ 5,840,414</b>

(1) Net of July 1, 2011 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in restricted early redemption fund. Restricted early redemption fund balance totaled \$337.3 million at June 30, 2011.

(2) These bonds are supported by City enterprise revenues, excise taxes, special revenues, special assessments, and grants.

**City of Phoenix, Arizona**  
**Debt Service Requirements**  
**General Obligation Bonds Limited to**  
**Six Percent of Assessed Valuation (1)**

**Exhibit H-7**

June 30, 2011  
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011-12	\$ 7,110	\$ 16,386	\$ 23,496	\$ 1,280	\$ 566	\$ 1,846	\$ 8,390	\$ 16,952	\$ 25,342
2012-13	13,970	16,077	30,047	1,345	502	1,847	15,315	16,579	31,894
2013-14	21,760	15,448	37,208	925	435	1,360	22,685	15,883	38,568
2014-15	32,615	14,406	47,021	980	388	1,368	33,595	14,794	48,389
2015-16	41,910	13,032	54,942	1,030	342	1,372	42,940	13,374	56,314
2016-17	41,725	11,114	52,839	1,080	291	1,371	42,805	11,405	54,210
2017-18	40,750	9,186	49,936	1,145	239	1,384	41,895	9,425	51,320
2018-19	29,180	7,297	36,477	1,195	183	1,378	30,375	7,480	37,855
2019-20	42,085	5,871	47,956	1,265	123	1,388	43,350	5,994	49,344
2020-21	43,795	3,885	47,680	650	60	710	44,445	3,945	48,390
2021-22	34,350	1,801	36,151	685	31	716	35,035	1,832	36,867
2022-23	1,720	166	1,886	-	-	-	1,720	166	1,886
2023-24	1,025	84	1,109	-	-	-	1,025	84	1,109
2024-25	650	33	683	-	-	-	650	33	683
	<u>\$ 352,645</u>	<u>\$ 114,786</u>	<u>\$ 467,431</u>	<u>\$ 11,580</u>	<u>\$ 3,160</u>	<u>\$ 14,740</u>	<u>\$ 364,225</u>	<u>\$ 117,946</u>	<u>\$ 482,171</u>

(1) Various purpose general obligation bonds are limited to 6% of assessed valuation, except for bonds issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and street and transportation facilities, which are limited to 20% of assessed valuation (see Exhibit H-8).

**City of Phoenix, Arizona**  
**Debt Service Requirements**  
**General Obligation Bonds Limited to**  
**Twenty Percent of Assessed Valuation (1)**

**Exhibit H-8**

June 30, 2011  
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011-12	\$ 58,010	\$ 50,077	\$ 108,087	\$ 885	\$ 430	\$ 1,315
2012-13	43,485	47,557	91,042	710	395	1,105
2013-14	27,620	45,720	73,340	505	366	871
2014-15	36,580	44,568	81,148	4,090	347	4,437
2015-16	46,030	43,121	89,151	4,310	183	4,493
2016-17	45,365	40,956	86,321	-	-	-
2017-18	50,900	38,729	89,629	-	-	-
2018-19	64,140	36,351	100,491	-	-	-
2019-20	52,310	33,457	85,767	-	-	-
2020-21	42,520	31,219	73,739	-	-	-
2021-22	56,095	29,398	85,493	-	-	-
2022-23	87,485	26,946	114,431	-	-	-
2023-24	88,685	22,906	111,591	-	-	-
2024-25	93,280	18,771	112,051	-	-	-
2025-26	68,605	14,361	82,966	-	-	-
2026-27	71,520	11,415	82,935	-	-	-
2027-28	34,050	8,347	42,397	-	-	-
2028-29	19,990	6,887	26,877	-	-	-
2029-30	20,675	5,833	26,508	-	-	-
2030-31	21,385	4,744	26,129	-	-	-
2031-32	22,115	3,617	25,732	-	-	-
2032-33	22,875	2,452	25,327	-	-	-
2033-34	23,660	1,247	24,907	-	-	-
	1,097,380	568,679	1,666,059	10,500	1,721	12,221
Capital						
Appreciation (2)	-	-	-	-	-	-
	\$ 1,097,380	\$ 568,679	\$ 1,666,059	\$ 10,500	\$ 1,721	\$ 12,221

(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) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise purposes is added to the principal balance outstanding.

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 5,180	\$ 1,810	\$ 6,990	\$ 4,278	\$ 897	\$ 5,175	\$ 68,353	\$ 53,214	\$ 121,567
5,310	1,706	7,016	4,500	727	5,227	54,005	50,385	104,390
4,347	2,529	6,876	1,217	555	1,772	33,689	49,170	82,859
5,515	1,438	6,953	1,290	507	1,797	47,475	46,860	94,335
15,680	1,300	16,980	6,338	457	6,795	72,358	45,061	117,419
5,755	662	6,417	1,271	257	1,528	52,391	41,875	94,266
6,165	302	6,467	1,335	198	1,533	58,400	39,229	97,629
515	24	539	1,409	137	1,546	66,064	36,512	102,576
-	-	-	1,469	85	1,554	53,779	33,542	87,321
-	-	-	810	31	841	43,330	31,250	74,580
-	-	-	-	-	-	56,095	29,398	85,493
-	-	-	-	-	-	87,485	26,946	114,431
-	-	-	-	-	-	88,685	22,906	111,591
-	-	-	-	-	-	93,280	18,771	112,051
-	-	-	-	-	-	68,605	14,361	82,966
-	-	-	-	-	-	71,520	11,415	82,935
-	-	-	-	-	-	34,050	8,347	42,397
-	-	-	-	-	-	19,990	6,887	26,877
-	-	-	-	-	-	20,675	5,833	26,508
-	-	-	-	-	-	21,385	4,744	26,129
-	-	-	-	-	-	22,115	3,617	25,732
-	-	-	-	-	-	22,875	2,452	25,327
-	-	-	-	-	-	23,660	1,247	24,907
48,467	9,771	58,238	23,917	3,851	27,768	1,180,264	584,022	1,764,286
745	(745)	-	-	-	-	745	(745)	-
\$ 49,212	\$ 9,026	\$ 58,238	\$ 23,917	\$ 3,851	\$ 27,768	\$ 1,181,009	\$ 583,277	\$ 1,764,286

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

**Exhibit H-9**

June 30, 2011  
(in thousands)

Fiscal Year	General Obligation			Street and Highway User Revenue		
	Principal	Interest	Total	Principal	Interest	Total
2011-12	\$ 76,743	\$ 70,166	\$ 146,909	\$ 6,266	\$ 15,734	\$ 22,000
2012-13	69,320	66,964	136,284	5,875	16,125	22,000
2013-14	56,374	65,053	121,427	-	-	-
2014-15	81,070	61,654	142,724	-	-	-
2015-16	115,298	58,435	173,733	-	-	-
2016-17	95,196	53,280	148,476	-	-	-
2017-18	100,295	48,654	148,949	-	-	-
2018-19	96,439	43,992	140,431	-	-	-
2019-20	97,129	39,536	136,665	-	-	-
2020-21	87,775	35,195	122,970	-	-	-
2021-22	91,130	31,230	122,360	-	-	-
2022-23	89,205	27,112	116,317	-	-	-
2023-24	89,710	22,990	112,700	-	-	-
2024-25	93,930	18,804	112,734	-	-	-
2025-26	68,605	14,361	82,966	-	-	-
2026-27	71,520	11,415	82,935	-	-	-
2027-28	34,050	8,347	42,397	-	-	-
2028-29	19,990	6,887	26,877	-	-	-
2029-30	20,675	5,833	26,508	-	-	-
2030-31	21,385	4,744	26,129	-	-	-
2031-32	22,115	3,617	25,732	-	-	-
2032-33	22,875	2,452	25,327	-	-	-
2033-34	23,660	1,247	24,907	-	-	-
	<u>1,544,489</u>	<u>701,968</u>	<u>2,246,457</u>	<u>12,141</u>	<u>31,859</u>	<u>44,000</u>
Capital Appreciation (1)	745	(745)	-	-	-	-
	<u>\$ 1,545,234</u>	<u>\$ 701,223</u>	<u>\$ 2,246,457</u>	<u>\$ 12,141</u>	<u>\$ 31,859</u>	<u>\$ 44,000</u>

(1) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise purposes is added to the principal balance outstanding.

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

**Exhibit H-10**

June 30, 2011  
(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011-12	\$ 71,386	\$ 82,197	\$ 153,583	\$ 11,623	\$ 3,703	\$ 15,326	\$ 83,009	\$ 85,900	\$ 168,909
2012-13	63,330	79,759	143,089	11,865	3,330	15,195	75,195	83,089	158,284
2013-14	49,380	61,168	110,548	6,994	3,885	10,879	56,374	65,053	121,427
2014-15	69,195	58,974	128,169	11,875	2,680	14,555	81,070	61,654	142,724
2015-16	87,940	56,153	144,093	27,358	2,282	29,640	115,298	58,435	173,733
2016-17	87,090	52,070	139,160	8,106	1,210	9,316	95,196	53,280	148,476
2017-18	91,650	47,915	139,565	8,645	739	9,384	100,295	48,654	148,949
2018-19	93,320	43,648	136,968	3,119	344	3,463	96,439	43,992	140,431
2019-20	94,395	39,328	133,723	2,734	208	2,942	97,129	39,536	136,665
2020-21	86,315	35,104	121,419	1,460	91	1,551	87,775	35,195	122,970
2021-22	90,445	31,199	121,644	685	31	716	91,130	31,230	122,360
2022-23	89,205	27,112	116,317	-	-	-	89,205	27,112	116,317
2023-24	89,710	22,990	112,700	-	-	-	89,710	22,990	112,700
2024-25	93,930	18,804	112,734	-	-	-	93,930	18,804	112,734
2025-26	68,605	14,361	82,966	-	-	-	68,605	14,361	82,966
2026-27	71,520	11,415	82,935	-	-	-	71,520	11,415	82,935
2027-28	34,050	8,347	42,397	-	-	-	34,050	8,347	42,397
2028-29	19,990	6,887	26,877	-	-	-	19,990	6,887	26,877
2029-30	20,675	5,833	26,508	-	-	-	20,675	5,833	26,508
2030-31	21,385	4,744	26,129	-	-	-	21,385	4,744	26,129
2031-32	22,115	3,617	25,732	-	-	-	22,115	3,617	25,732
2032-33	22,875	2,452	25,327	-	-	-	22,875	2,452	25,327
2033-34	23,660	1,247	24,907	-	-	-	23,660	1,247	24,907
	<u>1,462,166</u>	<u>715,324</u>	<u>2,177,490</u>	<u>94,464</u>	<u>18,503</u>	<u>112,967</u>	<u>1,556,630</u>	<u>733,827</u>	<u>2,290,457</u>
Capital Appreciation(3)	-	-	-	745	(745)	-	745	(745)	-
	<u>\$ 1,462,166</u>	<u>\$ 715,324</u>	<u>\$ 2,177,490</u>	<u>\$ 95,209</u>	<u>\$ 17,758</u>	<u>\$ 112,967</u>	<u>\$ 1,557,375</u>	<u>\$ 733,082</u>	<u>\$ 2,290,457</u>

(1) Includes all property tax supported various purpose general obligation bonds and street and highway user revenue bonds.

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

(3) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise purposes is added to the principal balance outstanding.

<u>Description</u>	<u>Rating (1)</u>	
	<u>Moody's</u>	<u>S &amp; P</u>
General Obligation	Aa1	AAA
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	Aa3	AAA
Junior Lien Street & Highway User Revenue	Aa3	AA
Senior Lien Wastewater System Revenue (2)	Aa2	AAA
Junior Lien Wastewater System Revenue (2)	Aa2	AA+
Senior Lien Water Revenue (4)	Aa2	AAA
Junior Lien Water Revenue (2)	Aa2	AAA
Senior Hotel Revenue Bonds (5)	Ba1	BB+
Subordinate Hotel Revenue Bonds (5)	A2	A-
Rental Car Facility Charge Revenue Bonds (2)	A3	A-
State of AZ Distribution Revenue Bonds (Convention Center) (2)	Aa3	AA
Transit Excise Tax Revenue Bonds (Light Rail) (2)	Aa3	AA

(1) Represents underlying rating, if insured.

(2) Issued by the City of Phoenix Civic Improvement Corporation.

(3) There are currently no outstanding junior lien non-sports facilities backed bonds.

(4) No bonds currently outstanding.

(4) Issued by the Downtown Phoenix Hotel Corporation.

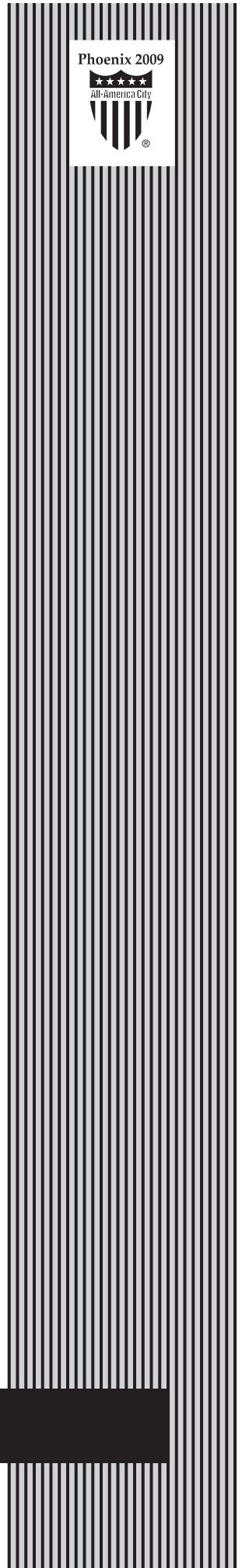


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*Statistical Section*

**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 Assets by Component**

**Table 1**

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

	Fiscal Year		
	2011	2010	2009
<b>GOVERNMENTAL ACTIVITIES</b>			
Invested in Capital Assets, Net of Related Debt	\$ 2,325,050	\$ 2,184,990	\$ 2,441,889
Restricted	1,017,009	756,315	620,582
Unrestricted	1,105,061	1,387,562	1,321,470
Total Governmental Activities Net Assets	<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>	<u>\$ 4,383,941</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Invested in Capital Assets, Net of Related Debt	\$ 2,992,285	\$ 3,146,717	\$ 3,260,962
Restricted	187,755	153,667	163,387
Unrestricted	882,301	716,343	611,455
Total Business-Type Activities Net Assets	<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>	<u>\$ 4,035,804</u>
<b>PRIMARY GOVERNMENT</b>			
Invested in Capital Assets, Net of Related Debt	\$ 5,317,335	\$ 5,331,707	\$ 5,702,851
Restricted	1,204,764	909,982	783,969
Unrestricted	1,987,362	2,103,905	1,932,925
Total Primary Government Net Assets	<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>	<u>\$ 8,419,745</u>

**Table 1**  
(Continued)

Fiscal Year						
2008	2007	2006	2005	2004	2003	2002
\$ 2,857,041	\$ 2,068,052	\$ 1,434,512	\$ 1,471,516	\$ 1,737,512	\$ 1,574,940	\$ 1,390,460
832,814	1,095,820	996,048	1,073,630	719,892	618,268	568,862
532,706	640,050	588,754	197,631	116,437	140,917	98,832
<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>	<u>\$ 2,742,777</u>	<u>\$ 2,573,841</u>	<u>\$ 2,334,125</u>	<u>\$ 2,058,154</u>
\$ 3,304,081	\$ 3,144,988	\$ 2,688,581	\$ 2,746,082	\$ 2,149,567	\$ 2,009,693	\$ 1,857,544
153,980	179,365	148,571	39,443	36,293	36,232	36,930
717,703	585,710	755,825	478,840	744,935	656,784	564,613
<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>	<u>\$ 3,264,365</u>	<u>\$ 2,930,795</u>	<u>\$ 2,702,709</u>	<u>\$ 2,459,087</u>
\$ 6,161,122	\$ 5,213,040	\$ 4,123,093	\$ 4,217,598	\$ 3,887,079	\$ 3,584,633	\$ 3,248,004
986,794	1,275,185	1,144,619	1,113,073	756,185	654,500	605,792
1,250,409	1,225,760	1,344,579	676,471	861,372	797,701	663,445
<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>	<u>\$ 6,007,142</u>	<u>\$ 5,504,636</u>	<u>\$ 5,036,834</u>	<u>\$ 4,517,241</u>

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

**Table 2**

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

	Fiscal Year		
	2011	2010	2009
<b>Expenses</b>			
Governmental Activities			
General Government	\$ 76,270	\$ 83,975	\$ 92,403
Criminal Justice	36,345	40,029	39,477
Public Safety	847,244	851,414	869,389
Transportation	416,344	541,666	385,240
Community Enrichment	245,417	287,019	264,615
Community Development	229,902	225,137	210,645
Environmental Services	39,003	58,189	47,320
Interest on Long-Term Debt	95,462	107,480	96,631
Total Governmental Activities Expenses	<u>1,985,987</u>	<u>2,194,909</u>	<u>2,005,720</u>
Business-Type Activities			
Aviation	439,911	393,485	389,460
Phoenix Convention Center	127,569	114,071	86,942
Water Services	329,457	359,342	326,775
Wastewater Services	179,466	187,134	186,565
Solid Waste	133,118	136,395	141,693
Golf Courses	8,790	8,894	9,716
Total Business-Type Activities Expenses	<u>1,218,311</u>	<u>1,199,321</u>	<u>1,141,151</u>
Total Primary Government Expenses	<u>\$ 3,204,298</u>	<u>\$ 3,394,230</u>	<u>\$ 3,146,871</u>

**Table 2**  
(Continued)

Fiscal Year						
2008	2007	2006	2005	2004	2003	2002
\$ 97,369	\$ 103,039	\$ 94,129	\$ 78,351	\$ 74,749	\$ 63,728	\$ 63,036
40,258	40,085	37,702	35,432	31,768	372,545	334,656
795,839	732,927	667,663	577,358	537,018	173,281	157,625
182,769	264,347	316,356	316,295	250,951	218,055	136,828
278,649	263,031	251,403	249,739	211,238	198,131	169,750
205,934	204,441	196,374	172,217	156,389	148,962	128,227
38,585	44,656	44,668	40,065	30,035	24,091	11,598
103,035	96,401	102,428	83,812	64,531	60,370	55,910
<u>1,742,438</u>	<u>1,748,927</u>	<u>1,710,723</u>	<u>1,553,269</u>	<u>1,356,679</u>	<u>1,259,163</u>	<u>1,057,630</u>
336,572	312,171	279,873	231,493	228,891	210,773	196,375
70,170	66,378	68,801	42,165	46,687	48,142	50,774
327,544	272,341	276,073	232,470	210,114	206,673	192,404
160,008	153,100	148,480	141,543	120,966	111,124	113,828
147,096	126,029	115,107	92,264	92,565	84,030	74,459
9,572	9,790	8,446	7,881	7,084	7,632	7,949
<u>1,050,962</u>	<u>939,809</u>	<u>896,780</u>	<u>747,816</u>	<u>706,307</u>	<u>668,374</u>	<u>635,789</u>
<u>\$ 2,793,400</u>	<u>\$ 2,688,736</u>	<u>\$ 2,607,503</u>	<u>\$ 2,301,085</u>	<u>\$ 2,062,986</u>	<u>\$ 1,927,537</u>	<u>\$ 1,693,419</u>

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

**Table 2**  
(Continued)

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

	Fiscal Year		
	2011	2010	2009
<b>Program Revenue</b>			
Governmental Activities			
Charges for Services:			
General Government	\$ 17,675	\$ 17,150	\$ 19,360
Criminal Justice	27,623	27,461	29,808
Public Safety	63,842	58,939	56,763
Transportation	36,599	39,804	63,758
Community Enrichment	5,392	5,180	6,366
Community Development	46,128	38,293	62,845
Environmental Services	220	363	469
Operating Grants and Contributions	400,525	360,927	340,756
Capital Grants and Contributions	191,856	203,473	174,302
Total Governmental Activities Program Revenue	<u>789,860</u>	<u>751,590</u>	<u>754,427</u>
Business-Type Activities			
Charges for Services:			
Aviation	296,463	266,778	273,079
Phoenix Convention Center	33,111	21,636	28,407
Water Services	341,501	329,003	307,752
Wastewater Services	211,702	190,716	181,764
Solid Waste	142,320	137,956	134,957
Golf Courses	6,278	5,728	6,183
Capital Grants and Contributions	184,019	200,485	178,800
Total Business-Type Activities Program Revenue	<u>1,215,394</u>	<u>1,152,302</u>	<u>1,110,942</u>
Total Primary Government Program Revenue	<u>\$ 2,005,254</u>	<u>\$ 1,903,892</u>	<u>\$ 1,865,369</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (1,196,127)	\$ (1,443,319)	\$ (1,251,293)
Business-Type Activities	(2,917)	(47,019)	(30,209)
Total Primary Government Net Expense	<u>\$ (1,199,044)</u>	<u>\$ (1,490,338)</u>	<u>\$ (1,281,502)</u>

**Table 2**  
(Continued)

Fiscal Year							
	2008	2007	2006	2005	2004	2003	2002
\$	15,672	\$ 20,939	\$ 19,358	\$ 14,226	\$ 13,849	\$ 13,655	\$ 13,645
	21,746	27,383	28,174	20,942	19,434	32,253	12,733
	54,702	43,099	34,371	43,018	34,069	20,994	17,576
	31,004	81,502	26,875	26,370	24,242	22,945	23,010
	4,969	3,187	3,028	2,670	6,857	6,661	7,348
	67,733	100,876	98,960	99,432	88,257	74,839	63,238
	838	577	577	569	694	700	1,207
	368,938	327,157	312,712	311,601	287,534	267,731	246,738
	216,788	186,130	164,500	97,779	126,272	51,596	87,295
	782,390	790,850	688,555	616,607	601,208	491,374	472,790
	286,986	277,228	246,288	222,313	213,671	206,316	188,505
	12,080	10,518	9,351	9,316	10,054	10,275	9,669
	299,568	272,191	257,415	225,859	224,150	216,870	210,634
	173,021	160,097	139,418	124,541	114,946	104,647	99,075
	133,170	125,351	117,121	108,067	98,995	93,441	86,872
	7,229	7,725	6,842	5,857	6,179	6,686	7,444
	300,575	301,660	360,381	295,856	245,792	232,511	145,327
	1,212,629	1,154,770	1,136,816	991,809	913,787	870,746	747,526
\$	1,995,019	\$ 1,945,620	\$ 1,825,371	\$ 1,608,416	\$ 1,514,995	\$ 1,362,120	\$ 1,220,316
\$	(960,048)	\$ (958,077)	\$ (1,022,168)	\$ (936,662)	\$ (755,471)	\$ (767,789)	\$ (584,840)
	161,667	214,961	240,036	243,993	207,480	202,372	111,737
\$	(798,381)	\$ (743,116)	\$ (782,132)	\$ (692,669)	\$ (547,991)	\$ (565,417)	\$ (473,103)

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

**Table 2**  
(Continued)

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

	Fiscal Year		
	2011	2010	2009
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities			
Taxes	\$ 970,925	\$ 939,218	\$ 982,746
Grants and Contributions Not Restricted	299,593	360,241	407,156
Investment Earnings, Net	11,924	19,605	43,558
Loss on Disposal of Capital Assets	-	-	-
Miscellaneous	71,450	83,357	54,527
Transfers - Internal Activities	(39,512)	(14,176)	(52,649)
Total Governmental Activities	<u>1,314,380</u>	<u>1,388,245</u>	<u>1,435,338</u>
Business-Type Activities			
Investment Earnings, Net	9,019	13,766	31,970
Equity Interest in Joint Use			
Agreement Operating Loss	-	-	-
Loss on Disposal of Capital Assets	-	-	-
Transfers	39,512	14,176	52,649
Total BusinessType Activities	<u>48,531</u>	<u>27,942</u>	<u>84,619</u>
Total Primary Government	1,362,911	1,416,187	1,519,957
<b>Change in Net Assets</b>			
Governmental Activities	118,253	(55,074)	184,045
Business-Type Activities	45,614	(19,077)	54,410
Total Primary Government	<u>\$ 163,867</u>	<u>\$ (74,151)</u>	<u>\$ 238,455</u>



**Table 2**  
(Continued)

<b>Fiscal Year</b>						
<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 1,014,103	\$ 955,921	\$ 896,212	\$ 777,911	\$ 716,164	\$ 685,050	\$ 678,912
410,945	374,299	338,907	305,456	271,298	306,175	288,839
91,304	92,700	64,379	44,077	3,800	44,245	55,311
-	-	-	-	-	(14,558)	(4,077)
51,757	50,787	40,242	46,166	26,134	58,743	37,124
(52,010)	(42,925)	(41,035)	(68,012)	(22,209)	(35,895)	(36,430)
<u>1,516,099</u>	<u>1,430,782</u>	<u>1,298,705</u>	<u>1,105,598</u>	<u>995,187</u>	<u>1,043,760</u>	<u>1,019,679</u>
52,024	59,200	47,541	21,565	(1,603)	23,525	32,705
-	-	-	-	-	(15,827)	(13,917)
-	-	-	-	-	(2,343)	(4,584)
<u>52,010</u>	<u>42,925</u>	<u>41,035</u>	<u>68,012</u>	<u>22,209</u>	<u>35,895</u>	<u>36,430</u>
<u>104,034</u>	<u>102,125</u>	<u>88,576</u>	<u>89,577</u>	<u>20,606</u>	<u>41,250</u>	<u>50,634</u>
1,620,133	1,532,907	1,387,281	1,195,175	1,015,793	1,085,010	1,070,313
556,051	472,705	276,537	168,936	239,716	275,971	434,839
265,701	317,086	328,612	333,570	228,086	243,622	162,371
<u>\$ 821,752</u>	<u>\$ 789,791</u>	<u>\$ 605,149</u>	<u>\$ 502,506</u>	<u>\$ 467,802</u>	<u>\$ 519,593</u>	<u>\$ 597,210</u>

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

**Table 3**

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

	Fiscal Year			
	2011	2010	2009	2008
<b>General Fund</b>				
Reserved	\$	\$ 24,394	\$ 72,332	\$ 83,379
Unreserved		231,187	190,278	205,286
Non-Spendable	16,671			
Spendable				
Assigned	96,126			
Unassigned	194,918			
<b>Total General Fund</b>	<b>307,715 (1)</b>	<b>255,581 (2)</b>	<b>262,610</b>	<b>288,665</b>
<b>All Other Governmental Funds</b>				
Reserved		656,396	598,258	562,967
Unreserved, reported in				
Special Revenue Funds		379,913	411,659	482,721
Capital Project Funds		149,795	8,456	223,916
Debt Service Funds		886	2,153	742
Non-Spendable	6,099			
Spendable				
Restricted	1,017,009			
Committed	54,591			
Assigned	120,145			
Unassigned	(34,395)			
<b>Total All Other Governmental Funds</b>	<b>1,163,449</b>	<b>1,186,990</b>	<b>1,020,526</b>	<b>1,270,346</b>
<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 1,471,164</b>	<b>\$ 1,442,571</b>	<b>\$ 1,283,136</b>	<b>\$ 1,559,011</b>

- (1) In fiscal year 2011, the City implemented GASB 54 which changed the reporting for Governmental Fund Balances. The table reflects the new reporting for fiscal years after 2010.
- (2) Effective July 1, 2009 a General Fund debt service reserve was closed as part of the City's budget balancing efforts. As of June 30, 2009, the reserve amount was \$45,308,000.
- (3) During fiscal year 2007-08, the City began reporting the balances and activities of the Healthcare Benefits Trust Fund, the Medical Expense Reimbursement Program, and the Long Term Disability Trust in new Employee Benefit Trust Fiduciary Funds. In previous years, this activity was included in the General Fund as they were part of the City's self-insurance risk management program. The change was made in accordance with GASB guidance on accounting for Other Postemployment Benefits (OPEB). The effect of this restatement was to decrease beginning fund balance of the General Fund, on a modified accrual basis, by \$137,411,732.

**Table 3**  
(Continued)

Fiscal Year						
	2007	2006	2005	2004	2003	2002
\$	89,651	\$ 81,275	\$ 76,076	\$ 62,992	\$ 57,616	\$ 55,361
	362,943	311,166	250,217	240,712	276,842	229,419
(3)	452,594	392,441	326,293	303,704	334,458	284,780
	601,198	719,962	567,202	526,043	416,817	339,581
	523,035	483,611	399,595	365,091	289,279	258,033
	420,697	236,346	221,159	(77,749)	(9,867)	28,335
	1,254	1,752	1,125	890	21,079	22,704
	1,546,184	1,441,671	1,189,081	814,275	717,308	648,653
\$	1,998,778	\$ 1,834,112	\$ 1,515,374	\$ 1,117,979	\$ 1,051,766	\$ 933,433

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

**Table 4**

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

	Fiscal Year			
	2011	2010	2009	2008
<b>Revenues</b>				
City Taxes (see Table 5)	\$ 972,066	\$ 938,470	\$ 980,401	\$ 1,012,645
Licenses and Permits	16,307	16,744	18,926	14,949
Intergovernmental (see Table 6)	905,741	921,642	912,904	995,307
Charges for Services	157,243	148,276	148,316	151,701
Fines and Forfeitures	18,129	17,383	18,861	18,549
Parks and Recreation	2,326	1,909	3,004	2,933
In-Lieu Property Taxes	-	-	-	-
Special Assessments	114	70	372	643
Investment Income	11,922	19,605	43,558	91,304
Dwelling Rentals	6,858	8,574	9,806	8,452
Other	71,304	84,011	54,553	51,692
Total Revenues	2,162,010	2,156,684	2,190,701	2,348,175
<b>Expenditures</b>				
General Government	55,708	57,180	69,860	68,686
Criminal Justice	35,106	36,977	37,717	38,539
Public Safety	790,886	812,552	812,788	765,464
Transportation	247,563	265,934	254,420	237,738
Community Enrichment	192,201	198,049	211,851	226,597
Community Development	206,262	185,265	189,345	189,748
Environmental Services	16,353	19,164	24,029	24,432
Debt Service:				
Principal	109,660	115,825	97,006	95,209
Interest	104,309	110,736	103,909	110,184
Bond Issuance Costs	636	2,346	2,055	31
Other	676	35	31	211
Capital	429,770	529,394	611,023	841,681
Total Expenditures	2,189,130	2,333,457	2,414,034	2,598,520
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,120)	\$ (176,773)	\$ (223,333)	\$ (250,345)

**Table 4**  
(Continued)

Fiscal Year						
	2007	2006	2005	2004	2003	2002
\$	954,761	\$ 896,995	\$ 779,467	\$ 716,952	\$ 670,744	\$ 661,765
	15,787	14,206	13,648	13,275	13,088	13,522
	885,478	800,697	711,777	650,515	613,204	622,872
	177,374	168,646	164,283	143,067	128,955	114,848
	19,141	19,932	18,561	16,892	16,779	14,060
	2,838	2,524	2,179	5,976	5,774	6,241
	-	-	-	-	13,000	11,865
	678	1,233	1,544	1,641	1,692	1,835
	92,700	64,379	44,077	3,800	44,245	55,311
	8,098	7,818	6,263	6,488	6,507	6,881
	50,484	51,947	45,771	26,155	58,025	21,889
	<u>2,207,339</u>	<u>2,028,377</u>	<u>1,787,570</u>	<u>1,584,761</u>	<u>1,572,013</u>	<u>1,531,089</u>
	67,097	59,697	60,437	59,643	51,786	54,917
	36,160	33,952	32,826	30,187	343,838	287,358
	665,817	620,215	560,964	526,601	164,087	151,446
	244,728	137,817	178,023	176,118	156,859	124,506
	211,695	197,445	201,552	187,531	178,488	168,591
	185,596	173,710	159,453	148,805	139,479	127,411
	19,529	17,024	19,121	21,106	14,426	8,258
	279,183	83,768	63,361	61,325	43,541	41,187
	94,369	101,851	82,811	61,828	58,551	54,933
	1,185	500	452	742	1,779	484
	790	77	549	1,961	40	493
	641,795	618,506	506,844	446,920	327,199	400,752
	<u>2,447,944</u>	<u>2,044,562</u>	<u>1,866,393</u>	<u>1,722,767</u>	<u>1,480,073</u>	<u>1,420,336</u>
\$	<u>(240,605)</u>	<u>(16,185)</u>	<u>(78,823)</u>	<u>(138,006)</u>	<u>91,940</u>	<u>110,753</u>

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

**Table 4**  
(Continued)

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

	Fiscal Year			
	2011	2010	2009	2008
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	\$ 152,527	\$ 1,063,679	\$ 1,098,048	\$ 1,186,183
Transfers to Other Funds	(192,039)	(1,077,855)	(1,150,697)	(1,238,193)
Issuance of Debt:				
General Obligation and Revenue Bonds	-	348,369	-	-
Premium on General Obligation and Revenue Bonds	-	1,631	-	-
Certificates of Participation and Municipal Corporation Obligations	86,725	-	-	-
Premium on Certificates of Participation and Municipal Corporation Obligations	5,662	-	-	-
Special Assessment Bonds	-	-	22	-
Refunding Bonds	74,610	69,911	-	-
Deposit to Refunding Escrow	(71,772)	(69,527)	-	-
Total Other Financing Sources and Uses	<u>55,713</u>	<u>336,208</u>	<u>(52,627)</u>	<u>(52,010)</u>
Net Change in Fund Balances	<u>\$ 28,593</u>	<u>\$ 159,435</u>	<u>\$ (275,960)</u>	<u>\$ (302,355)</u>

Debt Service as a Percentage of Noncapital Expenditures (1)	11.4%	10.4%	10.0%	10.4%
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(1) - Calculated by taking debt service expenditures divided by total expenditures minus capitalized expenditures (capital acquisitions from exhibit B-4 on page 21)

(2) - On July 19, 2006, the City defeased \$198,125,000 of outstanding various purpose general obligation bonds.

**Table 4**  
(Continued)

Fiscal Year						
	2007	2006	2005	2004	2003	2002
\$	1,094,014	1,104,360	1,018,096	937,041	898,268	876,924
	(1,136,939)	(1,145,395)	(1,086,108)	(959,250)	(934,163)	(913,354)
	420,250	300,000	-	200,000	-	99,505
	11,501	5,246	-	8,599	-	850
	21,115	70,150	500,000	20,000	60,000	-
	5,437	562	43,667	1,311	611	-
	-	-	-	-	135	443
	265,995	-	35,465	42,020	157,237	264,674
	(276,102)	-	(34,902)	(45,502)	(155,695)	(287,424)
	405,271	334,923	476,218	204,219	26,393	41,618
\$	164,666	318,738	397,395	66,213	118,333	152,371

18.4% (2)      11.1%      9.8%      9.7%      8.9%      10.7%

**City of Phoenix, Arizona**  
**Tax Revenues by Source - Governmental Funds (1)**

**Table 5**

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

	Fiscal Year			
	2011	2010	2009	2008
General Property Taxes				
Primary - Operating	\$ 130,913	\$ 121,366	\$ 110,085	\$ 103,033
Secondary - Debt Service	149,018	196,673	196,568	161,413
Total General Property Taxes	<u>279,931</u>	<u>318,039</u>	<u>306,653</u>	<u>264,446</u>
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	292,131	254,762	265,162	323,135
Utility and Franchise Tax	102,662	100,827	105,881	96,323
Earmarked for:				
Sports Facilities	14,076	12,502	14,203	16,010
Convention Center	37,835	34,801	47,417	58,126
Neighborhood Protection	25,387	21,615	25,615	28,980
Public Safety Enhancement	23,782	23,978	24,361	24,653
Public Safety Expansion	50,680	43,131	46,578	32,214
Parks & Preserves	25,345	21,615	24,335	28,979
Capital Construction	15,486	17,415	19,802	20,710
Transit 2000	101,379	86,465	97,325	115,914
Total City Sales and Franchise Taxes	<u>688,763</u>	<u>617,111</u>	<u>670,679</u>	<u>745,044</u>
Special Taxing District	1,924	1,925	1,835	1,848
Salt River Project In-Lieu Taxes	1,448	1,395	1,234	1,307
Total City Taxes	<u>\$ 972,066</u>	<u>\$ 938,470</u>	<u>\$ 980,401</u>	<u>\$ 1,012,645</u>

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



**Table 5**  
(Continued)

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 95,060	\$ 89,721	\$ 82,547	\$ 76,392	\$ 65,107	\$ 61,818
117,337	107,763	100,761	94,263	88,425	81,559
212,397	197,484	183,308	170,655	153,532	143,377
339,921	324,207	281,301	259,488	244,566	222,113
92,745	83,720	77,664	75,653	72,534	94,822
15,992	14,834	13,660	12,577	11,948	11,300
61,647	56,889	48,003	40,322	36,849	37,281
31,105	29,634	25,337	23,051	21,807	22,208
23,656	20,330	3,136	-	-	-
-	-	-	-	-	-
31,106	29,633	25,363	23,073	21,808	22,129
18,975	18,870	17,679	17,196	17,966	18,130
124,432	118,537	101,462	92,349	87,092	88,028
739,579	696,654	593,605	543,709	514,570	516,011
1,554	1,595	1,270	1,316	1,480	1,206
1,231	1,262	1,284	1,272	1,162	1,171
\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952	\$ 670,744	\$ 661,765

**City of Phoenix, Arizona**  
**Intergovernmental Revenues by Source - Governmental Funds (1)**

**Table 6**

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

	Fiscal Year			
	2011	2010	2009	2008
State Shared Revenue				
Highway User Tax	\$ 104,908	\$ 103,979	\$ 109,620	\$ 125,288
State Sales Tax	111,787	106,917	122,593	135,134
State Income Tax	143,647	190,546	220,806	207,694
Vehicle License Tax	48,299	49,500	53,629	59,244
Local Transportation Assistance	1,265	3,771	6,506	6,910
Total State Shared Revenue	<u>409,906</u>	<u>454,713</u>	<u>513,154</u>	<u>534,270</u>
Federal Grants	269,482	233,721	185,078	194,960
Other Intergovernmental Revenue	<u>226,353</u>	<u>233,208</u>	<u>214,672</u>	<u>266,077</u>
Total Intergovernmental Revenues	<u>\$ 905,741</u>	<u>\$ 921,642</u>	<u>\$ 912,904</u>	<u>\$ 995,307</u>

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

**Table 6**  
(Continued)

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 130,223	\$ 124,791	\$ 117,464	\$ 111,757	\$ 104,597	\$ 100,405
141,466	141,194	123,788	111,594	103,408	102,211
167,560	138,313	121,440	119,118	140,600	137,787
61,158	63,108	56,552	53,522	47,757	45,844
6,969	7,034	7,136	7,246	7,343	7,499
507,376	474,440	426,380	403,237	403,705	393,746
186,665	177,550	178,628	160,685	148,421	136,525
191,437	148,707	106,769	86,593	61,078	92,601
\$ 885,478	\$ 800,697	\$ 711,777	\$ 650,515	\$ 613,204	\$ 622,872



**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>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Retail (1)	\$ 264,752	\$ 226,104	\$ 223,673	\$ 254,949
Utilities & Telecommunications	110,200	113,188	120,691	118,051
Construction Contracting	43,446	41,237	64,559	87,306
Commercial Rental	59,017	55,737	60,133	56,395
Restaurants & Bars	48,708	46,272	48,586	49,685
Hotel/Motel Lodging	28,324	26,868	30,423	35,643
Tangible Personal Property Rental	17,291	17,323	22,227	23,276
Apartment/Residential Rental	22,923	20,788	21,580	21,566
Motor Vehicle Rental	16,647	14,787	15,407	17,103
Amusements	5,843	6,297	6,348	7,210
Advertising	2,745	2,733	3,202	4,111
Job Printing	2,093	2,101	2,708	3,146
Publishing	241	407	426	531
Transportation	8	8	10	7
Use Tax	22,536	20,098	19,507	20,037
Jet Fuel	3,039	2,826	2,998	3,224
<b>Total</b>	<b>\$ 647,813</b>	<b>\$ 596,774</b>	<b>\$ 642,478</b>	<b>\$ 702,240</b>

Source: City of Phoenix Finance Department, Tax Division

(1) Effective April 1, 2010, the Phoenix City Council approved an ordinance to amend the City of Phoenix Tax Code providing for the taxation of the sale of food for home consumption under the retail and use tax business classifications. The amount of tax collected on food sales from April 1, 2010 to June 30, 2010 was \$7,007,431 which is included in the Retail category above.

**Table 7**  
(Continued)

<b>Fiscal Year</b>					
<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 268,642	\$ 264,184	\$ 228,411	\$ 204,956	\$ 192,612	\$ 191,522
103,157	100,296	75,193	68,758	66,350	66,353
99,171	89,213	68,760	47,683	42,836	44,464
51,661	47,904	43,894	40,224	39,243	37,798
49,067	46,967	41,800	37,648	35,195	33,881
35,819	32,643	29,231	25,760	23,049	21,419
23,589	20,925	18,865	17,822	19,256	22,416
21,250	19,949	18,123	17,407	17,422	17,530
16,878	15,955	14,572	14,040	13,309	12,550
7,260	6,901	5,840	5,441	5,656	6,139
4,657	4,151	3,682	3,409	3,253	2,958
3,189	3,152	3,312	3,054	3,224	3,294
575	552	572	571	594	606
14	24	11	5	5	7
20,407	18,592	15,778	14,466	13,445	13,127
3,191	3,575	2,981	3,081	3,149	2,975
<b>\$ 708,527</b>	<b>\$ 674,983</b>	<b>\$ 571,025</b>	<b>\$ 504,325</b>	<b>\$ 478,598</b>	<b>\$ 477,039</b>



**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>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>City Rates</b>				
Retail	2.00 %	2.00 %	2.00 %	2.00 %
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting	2.00	2.00	2.00	2.00
Commercial Rental	2.10	2.10	2.10	2.10
Restaurants & Bars	2.00	2.00	2.00	2.00
Hotel/Motel Lodging	5.00	5.00	5.00	5.00
Tangible Personal Property Rental	2.00	2.00	2.00	2.00
Apartment/Residential Rental	2.00	2.00	2.00	2.00
Motor Vehicle Rental	4.00	4.00	4.00	4.00
Amusements	2.00	2.00	2.00	2.00
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.00	2.00	2.00	2.00
Publishing	2.00	2.00	2.00	2.00
Transportation	2.00	2.00	2.00	2.00
Use Tax	2.00	2.00	2.00	2.00
Jet Fuel (2)	0.73	0.73	0.73	0.73
<b>County Rates</b>				
Commercial Rental	0.50 %	0.50 %	0.50 %	0.50 %
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

Source: City of Phoenix Finance Department, Tax Division

**Table 8**  
(Continued)

As of June 30					
2007	2006	2005	2004	2003	2002
1.80 %	1.80 %	1.80 %	1.80 %	1.80 %	1.80 %
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
1.80	1.80	1.80	1.80	1.80	1.80
1.90	1.90	1.90	1.90	1.90	1.90
1.80	1.80	1.80	1.80	1.80	1.80
4.80	4.80	4.80	4.80	4.80	4.80
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
3.80	3.80	3.80	3.80	3.80	3.80
1.80	1.80	1.80	1.80	1.80	1.80
0.50	0.50	0.50	0.50	0.50	0.50
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
0.73	0.73	0.73	0.73	0.73	0.73
0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
1.77	1.77	1.77	1.77	1.77	1.77
0.70	0.70	0.70	0.70	0.70	0.70
0.31	0.31	0.31	0.31	0.31	0.31

**City of Phoenix, Arizona**  
**City Transaction Privilege Taxpayers - By Category**  
 Current Fiscal Year and Six Years Ago (1)

**Table 9**

Category	2011			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	22,222	39.36 %	\$ 264,752	40.87 %
Utilities & Telecommunications	372	0.66	110,200	17.01
Construction Contracting	12,034	21.31	43,446	6.71
Commercial Rental	7,726	13.68	59,017	9.11
Restaurants & Bars	3,464	6.14	48,708	7.52
Hotel/Motel Lodging	279	0.49	28,324	4.37
Tangible Personal Property Rental	1,443	2.56	17,291	2.67
Apartment/Residential Rental	6,054	10.72	22,923	3.54
Motor Vehicle Rental	49	0.09	16,647	2.57
Amusements	240	0.42	5,843	0.90
Advertising	276	0.49	2,745	0.42
Job Printing	455	0.81	2,093	0.32
Publishing	64	0.11	241	0.04
Transportation	11	0.02	8	0.00
Use Tax	1,738	3.08	22,536	3.48
Jet Fuel	33	0.06	3,039	0.47
<b>Total</b>	<b>56,460</b>	<b>100.00 %</b>	<b>\$ 647,813</b>	<b>100.00 %</b>

Source: City of Phoenix Finance Department, Tax Division

(1) Information is unavailable prior to FY 2004-05 due to limits of tax software.

**Table 9**  
(Continued)

2005			
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
19,633	40.36 %	\$ 228,411	40.00 %
607	1.25	75,193	13.17
8,692	17.88	68,760	12.04
6,625	13.63	43,894	7.69
2,906	5.98	41,800	7.32
232	0.48	29,231	5.12
1,614	3.32	18,865	3.30
3,781	7.78	18,123	3.18
39	0.08	14,572	2.55
440	0.91	5,840	1.02
192	0.39	3,682	0.65
404	0.83	3,312	0.58
81	0.17	572	0.10
11	0.02	11	0.00
3,326	6.84	15,778	2.76
37	0.08	2,981	0.52
48,620	100.00 %	\$ 571,025	100.00 %



**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,	Tax Levy	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years (1)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2011	\$ 284,142	\$ 271,156	95.43 %	\$ -	\$ 271,156	95.43 %
2010	321,817	308,114	95.74	10,774	318,888	99.09
2009	311,292	298,351	95.84	9,609	307,960	98.93
2008	266,892	258,971	97.03	7,347	266,318	99.78
2007	216,132	211,511	97.86	3,119	214,630	99.31
2006	201,122	195,836	97.37	2,784	198,620	98.76
2005	185,056	180,952	97.78	1,888	182,840	98.80
2004	171,899	167,281	97.31	3,401	170,682	99.29
2003	155,950	151,012	96.83	2,871	153,883	98.67
2002	145,395	140,187	96.42	3,527	143,714	98.84

(1) Amount is the difference between collections to date (from County reports) and the amount collected in the year of the levy.

Source: Maricopa County, Arizona Treasurer's Office

**City of Phoenix, Arizona**  
**Property Tax Rates and Levies - Direct and**  
**Overlapping Governments**  
 Last Ten Fiscal Years  
 (in thousands)

**Table 11**

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District	Maricopa County Library District
	Primary	Secondary	Total				
<b><u>Tax Rates per \$100 of Assessed Valuation</u></b>							
2011-12	\$ 1.05	\$ 0.77	\$ 1.82	\$ 1.24	\$ 0.18	\$ 0.10	\$ 0.05
2010-11	0.88	0.94	1.82	1.05	0.15	0.10	0.04
2009-10	0.77	1.05	1.82	0.99	0.14	0.10	0.04
2008-09	0.76	1.06	1.82	1.03	0.14	0.10	0.04
2007-08	0.80	1.02	1.82	1.10	0.15	0.10	0.04
2006-07	0.85	0.97	1.82	1.18	0.20	0.12	0.05
2005-06	0.86	0.96	1.82	1.63	0.21	0.12	0.05
2004-05	0.85	0.97	1.82	1.67	0.21	0.12	0.05
2003-04	0.85	0.97	1.82	1.75	0.21	0.12	0.05
2002-03	0.80	1.02	1.82	1.78	0.21	0.13	0.04
<b><u>Tax Levies</u></b>							
2011-12	\$ 128,955	\$ 94,528	\$ 223,483	\$ 151,768	\$ 19,873	\$ 12,351	\$ 6,073
2010-11	133,389	150,753	284,142	158,698	22,041	16,066	6,636
2009-10	123,095	198,722	321,817	159,155	24,395	18,903	6,658
2008-09	111,568	199,724	311,292	151,441	24,151	18,860	6,656
2007-08	103,665	163,227	266,892	142,387	22,845	16,132	6,283
2006-07	96,623	119,509	216,132	134,812	22,667	14,724	6,216
2005-06	91,311	109,811	201,122	173,698	21,580	13,691	5,950
2004-05	83,304	101,752	185,056	163,353	19,654	12,599	5,465
2003-04	76,915	94,984	171,899	159,101	18,229	11,764	5,102
2002-03	66,002	89,948	155,950	147,589	16,149	11,448	3,706

(1) 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.

Source: Maricopa County Finance Department

**Table 11**  
(Continued)

Volunteer Fire District Assistance	Maricopa Special Health Care District	School Districts					Total
		Education Equalization	Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (1)	
\$ 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
0.01	0.12	-	1.06	0.05	0.05	9.84	14.50
0.01	0.12	-	1.03	0.06	0.05	9.09	14.19
0.01	-	-	1.04	0.10	-	10.38	15.40
0.01	-	-	1.08	0.10	-	11.08	16.22
0.01	-	-	1.11	0.11	-	11.42	16.63
\$ 1,037	\$ 18,442	\$ 52,098	\$ 148,011	\$ 870	\$ 2,710	\$ 234,618	\$ 871,334
1,063	18,056	53,826	148,702	1,087	3,540	244,191	958,048
1,077	17,239	53,100	146,523	1,233	4,232	236,939	991,271
1,000	16,141	-	144,491	1,259	4,263	244,653	924,207
855	15,024	-	130,622	1,136	3,609	234,344	840,129
834	14,517	-	123,210	816	2,671	232,450	769,049
787	13,759	-	110,803	905	1,551	217,167	761,013
724	-	-	102,450	1,537	-	211,283	702,121
686	-	-	98,614	1,382	-	213,090	679,867
669	-	-	92,806	1,363	-	209,836	639,516



**City of Phoenix, Arizona**  
**Property Tax Levies**  
**Applicable to Phoenix Property Owners**  
(in thousands)

**Table 12**

	2011-12 Levies									
	Primary Assessed Valuations			Primary Tax Rate	Secondary Assessed Valuations			Secondary Tax Rate	Total Phoenix Tax Levy	
	Within Phoenix				Within Phoenix					
	Total	Percent	Amount	Per \$100	Total	Percent	Amount	Per \$100		
City of Phoenix	\$ 12,232,482	100.00 %	12,232,482	\$ 1.0542	\$ 12,343,774	100.00 %	12,343,774	\$ 0.7658	\$ 223,483	
Maricopa County	38,492,099	31.78	12,232,482	1.2407	38,760,297	31.85	12,343,774	-	151,768	
Education Equalization	38,492,099	31.78	12,232,482	0.4259	-	0.00	-	-	52,098	
Flood Control	-	-	-	-	35,056,838	31.85	11,164,354	0.1780	19,873	
Central Arizona Water Conservation District	-	-	-	-	38,781,832	31.85	12,350,632	0.1000	12,351	
Maricopa County Library District	-	-	-	-	38,760,297	31.85	12,343,774	0.0492	6,073	
Volunteer Fire District Assistance	-	-	-	-	38,760,297	31.85	12,343,774	0.0084	1,037	
East Valley Institute of Technology	-	-	-	-	17,344,957	10.04	1,740,609	0.0500	870	
West Maricopa Education Center	-	-	-	-	13,669,754	39.65	5,420,391	0.0500	2,710	
Maricopa Special Health Care District	-	-	-	-	38,760,297	31.85	12,343,774	0.1494	18,442	
State of Arizona	60,933,047	20.08	12,232,482	-	61,764,403	19.99	12,343,774	-	-	
<b>School Districts</b>										
Maricopa County Community College District	38,492,099	31.78	12,232,482	1.0123	38,760,297	31.85	12,343,774	0.1959	148,011	
<b>High School Districts</b>										
Phoenix Union	5,246,310	96.08	5,040,551	2.9143	5,325,305	96.08	5,116,487	0.8487	190,320	
Glendale Union	1,634,128	78.85	1,288,583	2.2419	1,638,565	78.82	1,291,530	1.2930	45,588	
Tempe High	3,611,247	29.08	1,050,080	1.6082	3,634,859	29.03	10,555,246	0.9598	27,016	
Tolleson Union	1,081,080	45.40	490,805	1.9567	1,095,581	45.36	496,951	2.1143	20,111	
Agua Fria Union	1,016,694	0.01	151	1.6862	1,024,995	0.02	160	0.9900	4	
Total High School Districts									283,039	
<b>Elementary School Districts</b>										
No. 1 Phoenix	\$ 751,455	100.00 %	751,455	\$ 3.8432	\$ 773,205	100.00 %	773,205	\$ 1.9940	\$ 44,298	
No. 2 Riverside	393,210	97.18	382,127	1.2072	403,491	97.15	391,982	1.5557	10,711	
No. 3 Tempe	1,565,297	15.31	239,685	2.6487	1,582,122	15.31	242,297	1.3373	9,589	
No. 5 Isaac	162,206	100.00	162,206	4.0112	165,752	100.00	165,752	2.8760	11,273	
No. 6 Washington	1,322,580	97.43	1,288,583	2.4316	1,325,645	97.43	1,291,530	2.1785	59,469	
No. 7 Wilson	110,359	100.00	110,359	5.0880	111,558	100.00	111,558	1.9001	7,735	
No. 8 Osborn	485,914	99.95	485,672	1.8878	493,101	99.94	492,814	1.7829	17,955	
No. 14 Creighton	432,841	86.75	375,482	2.5848	435,511	86.83	378,145	1.6339	15,884	
No. 17 Tolleson	191,178	22.03	42,116	2.4717	194,630	21.99	42,800	2.4613	2,094	
No. 21 Murphy	130,464	100.00	130,464	1.6014	135,841	100.00	135,841	1.9885	4,790	
No. 28 Kyrene	2,045,950	39.61	810,395	2.0500	2,052,737	39.60	812,950	1.6598	30,106	
No. 31 Balsz	309,430	94.24	291,607	2.0193	311,111	94.27	293,279	1.4360	10,100	
No. 38 Madison	1,029,589	100.00	1,029,589	1.7927	1,033,622	100.00	1,033,622	1.7242	36,279	
No. 45 Fowler	278,443	89.99	250,580	1.3085	284,970	89.65	255,471	2.4843	9,626	
No. 48 Scottsdale (Unified)	4,938,452	13.81	682,183	2.7498	4,960,211	13.82	685,362	1.2503	27,328	
No. 59 Laveen	214,245	80.13	171,678	1.6497	215,791	79.97	172,558	3.0846	8,155	
No. 62 Union	50,711	95.57	48,466	1.7560	50,895	95.57	48,642	1.4508	1,557	
No. 65 Littleton	252,166	12.29	30,985	1.3260	254,814	12.18	31,035	2.4656	1,176	
No. 66 Roosevelt	633,714	98.67	625,270	4.1243	646,608	98.67	637,987	0.8303	31,085	
No. 68 Alhambra	346,130	80.32	278,009	2.2253	350,390	80.07	280,540	4.2004	17,970	
No. 69 Paradise Valley (Unified)	3,278,500	67.66	2,218,315	3.3307	3,294,526	67.62	2,227,897	2.3743	126,782	
No. 79 Litchfield	640,229	0.02	151	1.9408	644,384	0.02	160	1.3182	5	
No. 83 Cartwright	246,753	99.95	246,636	3.8724	249,323	99.95	249,205	4.8079	21,532	
No. 92 Pendergast	308,581	38.45	118,657	1.8156	310,270	38.35	119,004	4.7945	7,860	
No. 93 Cave Creek (Unified)	1,808,202	10.53	190,346	1.4149	1,819,192	10.58	192,489	0.2807	3,234	
No. 97 Deer Valley (Unified)	2,278,412	55.76	1,270,947	3.8561	2,287,640	55.83	1,277,124	2.3869	79,493	
Total Elementary School Dist									596,086	
Total All School Districts									1,027,136	
Total Levies Applicable to Phoenix									\$ 1,515,841	

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)

	2010-11 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Within Phoenix				Within Phoenix					
	Total	Percent	Amount	Total	Percent	Amount				
City of Phoenix	\$ 15,102,604	100.00 %	15,102,604	\$ 0.8832	\$ 16,092,308	100.00 %	16,092,308	\$ 0.9368	\$ 284,142	
Maricopa County	46,797,410	32.30	15,102,604	1.0508	49,662,544	32.40	16,092,308	-	158,698	
Education Equalization	46,797,410	32.30	15,102,604	0.3564	-	0.00	-	-	53,826	
Flood Control	-	-	-	-	45,681,392	32.40	14,802,283	0.1489	22,041	
Central Arizona Water Conservation District	-	-	-	-	49,581,306	32.40	16,065,984	0.1000	16,066	
Maricopa County Library District	-	-	-	-	49,707,952	32.40	16,107,022	0.0412	6,636	
Volunteer Fire District Assistance	-	-	-	-	49,707,952	32.40	16,107,022	0.0066	1,063	
East Valley Institute of Technology	-	-	-	-	21,554,843	10.10	2,173,415	0.0500	1,087	
West Maricopa Education Center	-	-	-	-	17,718,796	40.00	7,079,167	0.0500	3,540	
Maricopa Special Health Care District	-	-	-	-	49,662,544	32.40	16,092,308	0.1122	18,056	
State of Arizona	71,379,822	21.20	15,102,604	-	75,664,424	21.30	16,092,308	-	-	
<b>School Districts</b>										
Maricopa County Community College District	46,797,410	32.30	15,102,604	0.7926	49,662,544	32.40	16,092,308	0.1802	148,702	
<b>High School Districts</b>										
Phoenix Union	6,515,133	96.07	6,259,135	2.4341	7,071,398	96.04	6,791,277	0.8147	207,682	
Glendale Union	2,120,524	78.41	1,662,751	1.6780	2,216,354	78.04	1,729,657	1.0043	45,272	
Tempe High	4,370,868	28.69	1,253,831	1.4649	4,621,382	28.11	1,298,929	0.8317	29,171	
Tolleson Union	1,285,073	46.21	593,804	1.5131	1,409,361	45.86	646,274	1.2098	16,803	
Agua Fria Union	1,204,622	0.13	1,559	1.6218	1,282,258	0.12	1,572	0.8310	38	
Total High School Districts									298,966	
<b>Elementary School Districts</b>										
No. 1 Phoenix	\$ 863,387	99.99 %	863,294	\$ 2.3900	\$ 961,203	99.99 %	961,110	\$ 1.6523	\$ 36,513	
No. 2 Riverside	437,059	97.28	425,168	0.8817	491,927	97.13	477,822	0.9486	8,281	
No. 3 Tempe	1,947,475	16.10	313,591	2.3099	2,076,984	16.13	334,933	1.2937	11,577	
No. 5 Isaac	205,031	100.00	205,031	4.3155	224,071	100.00	224,071	2.2606	13,913	
No. 6 Washington	1,706,592	97.43	1,662,729	1.9424	1,775,418	97.42	1,729,636	1.4409	57,219	
No. 7 Wilson	133,809	100.00	133,809	3.4044	144,756	100.00	144,756	2.9208	8,783	
No. 8 Osborn	593,162	99.94	592,780	1.5222	651,093	99.94	650,711	1.3073	17,530	
No. 14 Creighton	560,338	88.64	496,689	1.7947	601,758	88.88	534,847	1.2090	15,380	
No. 17 Tolleson	215,190	21.13	45,464	2.1867	244,849	20.04	49,067	3.1076	2,519	
No. 21 Murphy	147,031	99.95	146,955	1.6726	170,320	99.96	170,244	1.8178	5,553	
No. 28 Kyrene	2,423,393	38.80	940,240	1.5305	2,544,397	37.89	963,995	1.6748	30,535	
No. 31 Balsz	393,953	94.01	370,361	1.6252	427,291	94.35	403,167	1.0012	10,056	
No. 38 Madison	1,292,141	100.00	1,292,141	1.4984	1,366,107	100.00	1,366,107	1.3127	37,294	
No. 40 Glendale	413,932	0.01	22	1.6761	440,936	0.00	22	3.0976	1	
No. 45 Fowler	322,431	89.57	288,790	0.9472	364,539	89.18	325,088	1.8752	8,831	
No. 48 Scottsdale (Unified)	5,932,319	14.01	831,111	2.4017	6,319,354	13.84	874,486	1.3529	31,792	
No. 59 Laveen	271,834	79.24	215,392	2.1330	284,429	78.47	223,190	2.8270	10,904	
No. 62 Union	62,169	95.47	59,355	1.7242	64,357	95.50	61,458	1.1538	1,733	
No. 65 Littleton	302,172	12.38	37,396	1.5978	324,568	11.82	38,372	1.8728	1,316	
No. 66 Roosevelt	826,478	98.63	815,158	4.0298	892,538	98.57	879,771	0.7820	39,729	
No. 68 Alhambra	451,375	80.42	362,978	0.0749	492,555	79.64	392,284	3.1449	12,609	
No. 69 Paradise Valley (Unified)	3,938,448	67.68	2,665,372	3.0145	4,226,214	66.56	2,813,039	1.8858	133,396	
No. 79 Litchfield	754,077	0.21	1,559	1.6167	782,205	0.20	1,572	1.2963	46	
No. 83 Cartwright	339,532	99.95	339,379	3.3144	363,350	99.96	363,197	3.1963	22,857	
No. 92 Pendergast	383,110	42.49	162,799	1.6874	411,048	41.91	172,288	4.1086	9,826	
No. 93 Cave Creek (Unified)	2,313,462	9.93	229,747	1.4035	2,435,541	9.71	236,470	0.1783	3,646	
No. 97 Deer Valley (Unified)	2,824,573	55.84	1,577,228	3.3101	2,961,842	56.53	1,674,327	2.0252	86,116	
Total Elementary School Dist									617,955	
Total All School Districts									1,065,623	
Total Levies Applicable to Phoenix									\$ 1,630,778	

**City of Phoenix, Arizona**  
**Secondary Assessed Valuation and**  
**Estimated True Valuation**

**Table 13**

Last Ten Fiscal Years  
(dollars in thousands except for per capita amounts)

	<b>Secondary Assessed Valuation by Classification (1)</b>				
	<b>Direct Rate</b>	<b>Commercial/ Utilities/ Industrial</b>	<b>Residential</b>	<b>Rural and Other</b>	<b>Total Net Assessed Valuation</b>
2011-12	\$ 0.77	\$ 5,870,338	\$ 6,000,143	\$ 473,293	\$ 12,343,774
2010-11	0.94	7,712,190	7,643,363	736,755	16,092,308
2009-10	1.05	8,100,846	9,937,631	822,761	18,861,238
2008-09	1.06	7,378,160	10,598,307	879,605	18,856,072
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816
2006-07	0.97	5,902,715	5,770,798	587,621	12,261,134
2005-06	0.96	5,409,748	5,523,958	485,913	11,419,619
2004-05	0.97	5,279,811	4,768,484	441,627	10,489,922
2003-04	0.97	4,818,035	4,617,599	356,554	9,792,188
2002-03	1.02	4,604,780	3,817,332	380,771	8,802,883

Source: Maricopa County Finance Department

For further information and explanation of property taxes, see Note 4 to the financial statements.

- (1) In 2000-01, Maricopa County began utilizing new legal class codes for the classification of property as required by legislation passed by the Arizona Legislature. Due to the change in legal class codes, utilities have been combined with commercial and industrial property.

**Table 13**

(Continued)

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Percent Change in Net Valuation	Assessed Valuation Per Capita		Estimated True Valuation
	Actual	Uninflated	
-23.29 %	\$ 8,214	\$ 6,505	\$ 116,576,023
-14.68	9,464	7,647	144,772,031
0.03	11,326	9,237	169,320,058
17.35	11,566	9,566	167,520,964
31.05	10,073	8,642	140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978
7.13	7,038	6,622	83,439,807
11.24	6,728	6,469	79,124,595
6.93	6,398	6,287	67,638,014

**City of Phoenix, Arizona**  
**Principal Property Taxpayers**  
 Current Year and Nine Years Ago  
 (in thousands)

**Table 14**

<u>Taxpayer</u>	<u>2010-11 Secondary Assessed Valuation</u>	<u>Ranking</u>	<u>As a Percent of Total City</u>	<u>2001-02 Secondary Assessed Valuation</u>	<u>Ranking</u>	<u>As a Percent of Total City</u>
Arizona Public Service Company	\$ 416,548	1	2.59 %	\$ 226,459	2	2.75 %
Qwest Communications	125,642	2	0.78	241,536	1	2.93
Southwest Gas Corporation	94,143	3	0.59	60,063	4	0.73
Westcor Company LP	76,701	4	0.48	32,221	8	0.39
Host Kierland LLC	63,928	5	0.40			
AT&T Corporation	51,658	6	0.32	86,562	3	1.05
LBA Realty Fund II WBP LLC	48,658	7	0.30			
Metropolitan Life Insurance Company	47,911	8	0.30			
Starwood Hotels and Resorts	47,578	9	0.30	41,039	5	0.50
Wells Fargo Bank	46,979	10	0.29			
Honeywell				34,949	6	0.42
Motorola Inc.				32,753	7	0.40
MONY/Pointe Resorts Partnerships				28,144	9	0.34
MCI Worldcom				27,366	10	0.33
Total	<u>1,019,746</u>		<u>6.35 %</u>	<u>811,092</u>		<u>9.84 %</u>
City Total Secondary Assessed Valuation	<u>\$ 16,092,308</u>			<u>\$ 8,232,134</u>		

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

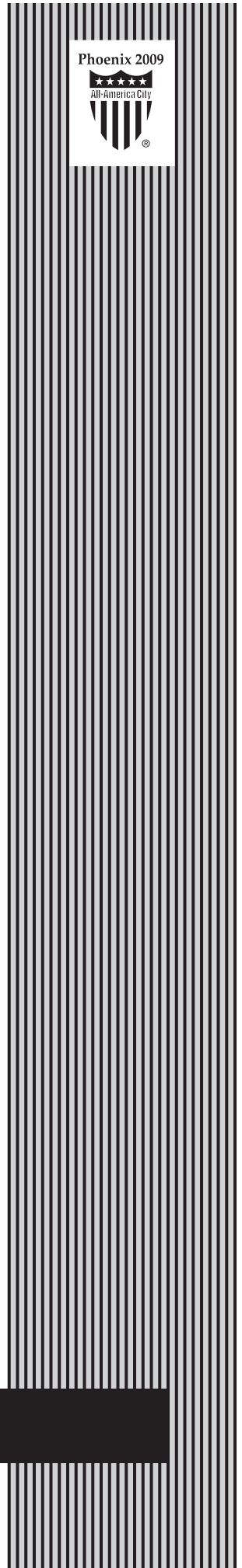


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*Statistical Section*

**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**

**Table 15**

Last Ten Fiscal Years  
(in thousands)

	Fiscal Year			
	2011	2010	2009	2008
<b>6% Limitation</b>				
Legal Debt Limitation	\$ 740,626	\$ 965,538	\$ 1,131,674	\$ 1,131,364
General Obligation Bonds Outstanding (1)	364,225	390,645	310,955	329,535
Less: Assets held in Restricted Redemption Funds	(337,282)	(339,393)	(275,202)	(199,185)
	<u>26,943</u>	<u>51,252</u>	<u>35,753</u>	<u>130,350</u>
Total Debt Margin Available	<u>\$ 713,683</u>	<u>\$ 914,286</u>	<u>\$ 1,095,921</u>	<u>\$ 1,001,014</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	3.64%	5.31%	3.16%	11.52%
<b>20% Limitation</b>				
Legal Debt Limitation	\$ 2,468,755	\$ 3,218,462	\$ 3,772,248	\$ 3,771,214
General Obligation Bonds Outstanding (1)	1,180,264	1,241,159	1,036,479	1,075,421
Less: Capital Appreciation (2)	(745)	(682)	(2,234)	(3,438)
	<u>1,179,519</u>	<u>1,240,477</u>	<u>1,034,245</u>	<u>1,071,983</u>
Total Debt Margin Available	<u>\$ 1,289,236</u>	<u>\$ 1,977,985</u>	<u>\$ 2,738,003</u>	<u>\$ 2,699,231</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	47.78%	38.54%	27.42%	28.43%
Secondary Assessed Valuation	<u>\$ 12,343,774</u>	<u>\$ 16,092,308</u>	<u>\$ 18,861,238</u>	<u>\$ 18,856,072</u>

(1) Prior to fiscal year 2007, under Arizona law, cities could issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, and recreational facilities, up to an amount not exceeding 20% of a city's net secondary assessed valuation. In fiscal year 2007, Arizona voters approved an amendment to the Arizona Constitution to allow cities to include debt for the acquisition and development of public safety, law enforcement, fire and emergency facilities, and streets and transportation facilities in the 20% debt limit. General obligation bonds for all other purposes may be issued up to an amount not exceeding 6% of secondary assessed valuation.

The General Obligation Bonds Outstanding prior to 2007 have not been adjusted retroactively to apply the effects of the change to the Arizona Constitution approved by voters in fiscal year 2007.

(2) The general obligation bonds outstanding balance includes accrued interest, or capital appreciation, on capital appreciation bonds. For purposes of the legal debt margin computation, the bonds outstanding balance must be reduced by the amount of this capital appreciation.



**Table 15**

(Continued)

		Fiscal Year									
		2007	2006	2005	2004	2003	2002				
\$	964,129	\$	735,668	\$	685,177	\$	629,395	\$	587,531	\$	528,173
	346,240		518,445		355,230		376,240		270,980		294,075
	(146,625)		(286,753)		(259,161)		(275,873)		(243,195)		(220,345)
	199,615		231,692		96,069		100,367		27,785		73,730
\$	764,514	\$	503,976	\$	589,108	\$	529,028	\$	559,746	\$	454,443
	20.70%		31.49%		14.02%		15.95%		4.73%		13.96%
\$	3,213,763	\$	2,452,227	\$	2,283,924	\$	2,097,984	\$	1,958,438	\$	1,760,577
	1,122,561		780,116		710,373		746,640		717,435		747,005
	(3,105)		(2,792)		(2,496)		(3,386)		(4,140)		(3,637)
	1,119,456		777,324		707,877		743,254		713,295		743,368
\$	2,094,307	\$	1,674,903	\$	1,576,047	\$	1,354,730	\$	1,245,143	\$	1,017,209
	34.83%		31.70%		30.99%		35.43%		36.42%		42.22%
\$	16,068,816	\$	12,261,134	\$	11,419,619	\$	10,489,922	\$	9,792,188	\$	8,802,883

**Ratio of Debt Service Expenditures for General Bonded Debt (1)  
to General Governmental Operating Expenditures - Budget Basis**

Last Ten Fiscal Years  
(in thousands)

	<b>Total Debt Service</b>	<b>Total General Governmental Operating Expenditures (2)</b>	<b>Ratio of Debt Service to General Governmental Operating Expenditures</b>
2010-11	\$ 185,585	\$ 1,927,102	9.6%
2009-10	232,607	1,984,144	11.7%
2008-09	230,158	2,059,104	11.2%
2007-08	197,865	2,043,186	9.7%
2006-07	151,292	1,802,039	8.4%
2005-06	144,076	1,703,991	8.5%
2004-05	131,471	1,606,079	8.2%
2003-04	128,276	1,445,759	8.9%
2002-03	107,643	1,405,721	7.7%
2001-02	94,879	1,331,042	7.1%

(1) Does not include general obligation bonds reported in the enterprise funds and special assessment debt with City commitment.

(2) Includes all funds other than the enterprise funds. See Exhibit G-1.

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

**Table 17**

Last Ten Fiscal Years  
(in thousands)

Fiscal Year Ended June 30,	Airport Revenue Bonds					
	Operating Revenues	Less: Operating Expenses	Net Operating Revenues	Principal	Interest	Coverage
2011	\$ 297,469	\$ 184,158	\$ 113,311	\$ 19,990	\$ 34,797	2.07
2010	274,521	183,231	91,290	18,880	35,708	1.67
2009	294,959	186,694	108,265	18,725	37,239	1.93
2008	300,858	188,152	112,706	9,697	22,735	3.48
2007	286,786	179,308	107,478	8,790	23,165	3.36
2006	258,239	158,194	100,045	8,325	23,633	3.13
2005	231,626	144,612	87,014	9,170	24,127	2.61
2004	220,089	134,361	85,728	8,705	24,592	2.57
2003	216,236	128,481	87,755	8,270	25,030	2.64
2002	196,858	119,816	77,042	-	14,271	5.40

Fiscal Year Ended June 30,	Excise Tax Revenue Bonds (2)				Highway User Revenue Bonds			
	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage
2011	\$ 744,504	\$ 14,678	\$ 29,516	16.85	\$ 104,908	\$ 29,740	\$ 1,506	3.36
2010	744,615	28,425	41,975	10.58	103,979	28,285	2,961	3.33
2009	846,865	28,180	43,787	11.77	109,620	27,005	4,235	3.51
2008	884,160	27,855	47,280	11.77	125,289	25,840	5,405	4.01
2007	864,381	32,660	49,110	10.57	130,223	24,375	6,867	4.17
2006	801,402	28,360	41,337	11.50	124,791	23,385	7,862	3.99
2005	689,130	24,860	30,738	12.39	117,464	20,540	8,667	4.02
2004	638,598	21,090	30,857	12.29	111,757	21,605	9,526	3.59
2003	630,418	17,360	25,274	14.79	104,597	10,965	10,644	4.84
2002	626,212	17,945	27,222	13.86	100,405	18,615	13,270	3.15

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

Last Ten Fiscal Years  
(in thousands)

**Table 17**  
(Continued)

Fiscal Year Ended	Rental Car Facility Charge Revenue Bonds (3)				Special Assessment Bonds (4)				Transit Excise Tax Revenue Bonds (5)			
	Customer Facility Charge Revenues	Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues	Principal	Interest	Coverage
2011	\$ 39,388	\$ 7,065	\$ 14,209	1.85	\$ 114	\$ 77	\$ 17	1.21	\$101,379	\$ 23,755	\$ 21,714	2.23
2010	35,122	6,735	14,542	1.65	70	88	15	0.68	86,465	20,560	22,742	2.00
2009	37,160	6,440	14,838	1.75	372	355	25	0.98	97,324	17,620	23,623	2.36
2008	37,565	6,180	15,098	1.77	643	664	55	0.89	115,914	14,910	24,369	2.95
2007	31,817	5,960	15,318	1.50	678	628	95	0.94	124,432	12,420	24,990	3.33
2006	32,034	-	15,318	2.09	1,233	1,213	154	0.90	118,537	1,570	25,068	4.45
2005	30,697	-	16,552	1.85	1,544	1,511	244	0.88	101,462	-	13,996	7.25
2004	1,751	-	-	N/A	1,641	1,492	342	0.89	92,349	-	-	N/A
2003	-	-	-	-	1,692	1,434	436	0.90	87,092	-	-	N/A
2002	-	-	-	-	1,835	1,484	524	0.91	88,028	-	-	N/A

Fiscal Year Ended	Wastewater Revenue Bonds					Water Revenue Bonds						
	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage
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
2006	158,014	60,070	97,944	7,300	29,156	2.69	301,137	132,285	168,852	9,720	53,675	2.66
2005	139,829	54,606	85,223	6,810	27,165	2.51	256,077	121,627	134,450	8,815	27,305	3.72
2004	128,436	49,589	78,847	10,240	24,172	2.29	259,100	114,041	145,059	9,235	25,337	4.20
2003	116,909	45,974	70,935	9,745	23,815	2.11	253,244	108,743	144,501	15,190	25,851	3.52
2002	112,378	46,023	66,355	7,180	23,913	2.13	236,519	102,310	134,209	15,030	19,657	3.87

(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 and solid waste revenues.

(3) 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 Year 2009 and 2011, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.

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

(5) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000 to be used for expanded bus service, the construction of a light rail system, and other transportation improvements.

**City of Phoenix, Arizona**  
**Ratio of Outstanding Debt by Type**  
 Last Ten Fiscal Years  
 (in thousands, except per capita)

**Table 18**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Total Debt as a Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds			
2011	\$ 1,450,025	\$ 12,141	\$ 821,455	\$ 215	\$ 26,970	\$ 95,209	\$ 17,896	\$ 4,516,528	\$ 6,940,439	12.7 %	\$ 4,618
2010	1,500,380	41,881	744,390	292	29,450	132,106	14,846	3,940,950	6,404,295	10.4	3,767
2009	1,200,792	70,166	784,020	260	30,625	148,876	-	4,022,342	6,257,081	11.0	3,757
2008	1,232,957	97,476	820,061	593	31,760	175,437	-	3,642,562	6,000,846	10.5	3,681
2007	1,262,652	123,816	857,461	1,257	32,870	209,254	28,745	3,123,256	5,639,311	10.3	3,535
2006	1,068,107	148,671	868,560	1,886	33,945	230,454	33,155	3,330,997	5,715,775	11.2	3,663
2005	811,027	172,496	813,180	3,099	34,985	254,576	37,315	2,711,305	4,837,983	10.2	3,172
2004	842,594	190,655	324,169	4,610	35,465	280,286	41,240	2,009,921	3,728,940	8.5	2,502
2003	674,724	209,856	327,129	6,102	20,455	313,691	54,950	1,772,656	3,379,563	8.1	2,322
2002	700,659	220,981	272,708	7,400	21,200	340,421	64,340	1,727,692	3,355,401	8.2	2,362

(1) See Table 21 for personal income and population data. Population statistics for fiscal year 2010 have been adjusted based on the 2010 Census results.

**City of Phoenix, Arizona**  
**Direct and Overlapping Bonded Debt per Capita**  
 Last Ten Fiscal Years

**Table 19**

	Bonded Debt (in thousands)	Per Capita (3)	As a Percent of Valuations	
			Assessed	Estimated True
<b><u>Direct Bonded Debt (1)</u></b>				
2010-11	\$ 1,220,093	\$ 811.90	9.9 %	1.0 %
2009-10	1,336,753	892.57	8.3	0.9
2008-09	1,144,632	687.33	6.1	0.7
2007-08	1,306,685	801.48	6.9	0.8
2006-07	1,477,842	926.40	9.2	1.1
2005-06	1,193,634	764.96	9.7	1.2
2004-05	1,016,849	666.61	8.9	1.1
2003-04	1,078,902	723.89	10.3	1.3
2002-03	1,010,026	693.97	10.3	1.3
2001-02	1,106,056	803.87	12.6	1.6
<b><u>Overlapping Bonded Debt (2)</u></b>				
2010-11	\$ 1,383,443	\$ 920.60	11.2 %	1.2 %
2009-10	1,413,036	943.51	8.8	1.0
2008-09	1,485,707	892.15	7.9	0.9
2007-08	1,490,631	914.31	7.9	0.9
2006-07	1,456,850	913.24	9.1	1.0
2005-06	1,304,006	835.70	10.6	1.3
2004-05	1,383,527	906.99	12.1	1.5
2003-04	1,265,978	849.41	12.1	1.5
2002-03	1,264,568	868.86	12.9	1.6
2001-02	1,339,369	973.45	15.2	2.0
<b><u>Total Direct and Overlapping Bonded Debt</u></b>				
2010-11	\$ 2,603,536	\$ 1,732.50	21.1 %	2.2 %
2009-10	2,749,789	1,836.08	17.1	1.9
2008-09	2,630,339	1,579.48	14.0	1.6
2007-08	2,797,316	1,715.79	14.8	1.7
2006-07	2,934,692	1,839.64	18.3	2.1
2005-06	2,497,640	1,600.66	20.4	2.5
2004-05	2,400,376	1,573.60	21.0	2.6
2003-04	2,344,880	1,573.30	22.4	2.8
2002-03	2,274,594	1,562.83	23.2	2.9
2001-02	2,445,425	1,777.32	27.8	3.6

(1) Includes all City bonded debt, net of assets held in restricted early redemption funds. See Table 20.

(2) Includes proportionate share of general obligation bonds of Maricopa County and all school districts which are wholly or partially within the City. Also included are City improvement districts and a community facilities district. See Table 20.

(3) Per Capita amount for fiscal year 2010 has been adjusted based on the 2010 Census results. See Table 21.

**City of Phoenix, Arizona**  
**Direct and Overlapping Bonded Debt**  
 June 30, 2011  
 (in thousands)

**Table 20**

	<b>Bonded Debt</b>	<b>Less: Self- Supporting Debt</b>	<b>Net Bonded Debt</b>
<b><u>Direct Debt - City of Phoenix (1)</u></b>			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 352,645	\$ -	\$ 352,645
Solid Waste	11,580	11,580	-
20% Limitation			
Various Purpose	1,097,379	-	1,097,379
Airport	10,500	10,500	-
Water	49,212	49,212	-
Sanitary Sewer	23,918	23,918	-
Total General Obligation Bonds	<u>1,545,234</u>	<u>95,210</u>	<u>1,450,024</u>
Street and Highway User Revenue Bonds	12,141	12,141	-
Total Direct Debt	<u>\$ 1,557,375</u>	<u>\$ 107,351</u>	<u>1,450,024</u>
Less: Assets Held in Restricted Early Redemption Funds			(337,282)
Net Direct Debt			<u>1,112,742</u>

	<b>Bonded Debt</b>	<b>Valuation Percent to City</b>	
<b><u>Overlapping Debt (2)</u></b>			
City Improvement Districts	\$ 215	100.00 %	215
Tatum Ranch Community Facilities District	2,760	100.00	2,760
Maricopa County Community College District	683,835	31.85	217,801
High School Districts			
Phoenix Union	244,430	96.08	234,848
Glendale Union	76,925	78.82	60,632
Tempe High	62,560	29.03	18,161
Tolleson Union	76,375	45.36	34,644
Agua Fria Union	43,295	0.02	9
Elementary School Districts			
No. 1 Phoenix	64,645	100.00	64,645
No. 2 Riverside	22,390	97.15	21,752
No. 3 Tempe	129,200	15.31	19,781
No. 6 Washington	88,185	97.43	85,919
No. 7 Wilson	3,475	100.00	3,475
No. 8 Osborn	43,590	99.94	43,564
No. 14 Creighton	18,950	86.83	16,454
No. 17 Tolleson	12,240	21.99	2,692
No. 21 Murphy	8,460	100.00	8,460
No. 28 Kyrene	132,155	39.60	52,333
No. 31 Balsz	4,185	94.27	3,945
No. 38 Madison	64,495	100.00	64,495
No. 40 Glendale	9,475	-	-
No. 45 Fowler	16,735	89.65	15,003
No. 48 Scottsdale (Unified)	281,010	13.82	38,836
No. 59 Laveen	15,650	79.97	12,515
No. 65 Littleton	17,050	12.18	2,077
No. 66 Roosevelt	65,865	98.67	64,989
No. 68 Alhambra	16,040	80.07	12,843
No. 69 Paradise Valley (Unified)	248,465	67.62	168,012
No. 79 Litchfield	38,250	0.02	8
No. 83 Cartwright	16,820	99.95	16,812
No. 92 Pendergast	19,825	38.35	7,603
No. 93 Cave Creek (Unified)	17,325	10.58	1,833
No. 97 Deer Valley (Unified)	154,625	55.83	86,327
Total Overlapping Debt	<u>\$ 2,699,500</u>		<u>1,383,443</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,496,185</u>

(1) Net of cash with fiscal agent for July 1, 2011 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, 2011

**Table 21**

<b>Fiscal Year</b>	<b>Population (June 30)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (2)</b>	<b>Elementary &amp; High School Enrollment</b>	<b>Unemployment Rate (1)</b>
2011	1,502,757	\$ 54,529,041	\$ 36,286 (3)	34.6	261,169 (4)	9.1%
2010	1,497,641 (5)	54,343,401	36,286	34.6	260,280	8.3%
2009	1,665,320	57,090,500	34,282	33.0	292,536	5.1%
2008	1,630,340	57,363,513	35,185	33.0	287,470	3.2%
2007	1,595,360	54,585,242	34,215	33.0	280,195	3.5%
2006	1,560,380	50,962,011	32,660	33.0	275,628	4.1%
2005	1,525,400	47,284,349	30,998	33.0	270,828	4.0%
2004	1,490,420	43,675,268	29,304	33.0	261,470	4.9%
2003	1,455,440	41,947,236	28,821	33.0	255,519	5.6%
2002	1,420,460	40,714,645	28,663	33.0	259,495	2.6%

(1) Calendar Year

(2) For fiscal years 2011 and 2010, median age is based on the 2010 U.S. Census. For fiscal years 2002 through 2009, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2011; therefore, 2010 calendar year per capita income was used.

(4) Amount not yet available for fiscal year 2010; therefore, 2009 fiscal year data was used for the calculation.

(5) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census.

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

Principal Employers

Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	49,282	1	2.92%	49,973	1	3.13%
Wal-Mart	30,608	2	1.81%	17,500	2	1.10%
Banner Health Systems	28,220	3	1.67%	14,000	6	0.88%
City of Phoenix	15,544	4	0.92%	13,298	8	0.83%
Wells Fargo	13,100	5	0.78%			
Apollo Group	13,000	6	0.77%			
Maricopa County	12,458	7	0.74%	15,523	4	0.97%
Arizona State University	12,221	8	0.72%			
Bank of America	12,000	9	0.71%			
Intel Corporation	9,700	10	0.58%			
Honeywell International				16,000	3	1.00%
Motorola, Inc.				15,100	5	0.95%
Kroger Company				13,500	7	0.85%
American Express Corp.				11,000	9	0.69%
America West				10,270	10	0.64%

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

Note: Top employers in Maricopa County.  
 Employee count is total Arizona employees.

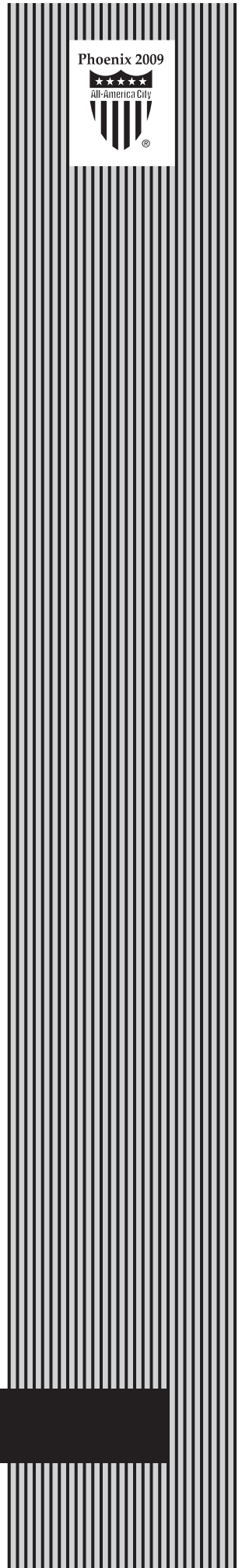


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*Statistical Section*

**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**

	2011	2010	2009	2008
<b>AREA (square miles)</b>	519.1	519.1	519.1	517.9
<b>POPULATION AND DWELLING UNITS (1)</b>				
City of Phoenix	1,502,757	1,497,641 (3)	1,665,320	1,630,340
Maricopa County (Metro Phoenix) (2)	3,817,117	3,817,117	3,759,766	3,725,530
Number of Dwelling Units (City)	588,576	587,428	583,515	576,610
<b>CITY EMPLOYEES (4)</b>				
Governmental:				
General Government	926	1,008	1,210	1,339
Criminal Justice	296	309	345	361
Public Safety	6,009	6,193	6,405	6,486
Transportation	727	774	788	824
Environmental Services	481	521	483	482
Community Enrichment	1,237	1,317	1,386	1,613
Community Development	704	720	785	893
Total Governmental Employees	10,380	10,842	11,402	11,998
Public Enterprise:				
Aviation	789	775	775	762
Phoenix Convention Center	234	258	268	197
Water Services	1,032	1,041	1,046	1,050
Wastewater Services	348	315	306	302
Solid Waste	564	582	590	538
Golf	55	61	60	61
Total Public Enterprise Employees	3,022	3,032	3,045	2,910
Total Full-Time Employees	13,402	13,874	14,447	14,908
Governmental per 1,000 Population	6.9	7.2	6.8	7.4
<b>PUBLIC SAFETY</b>				
<b><u>Police Protection</u></b>				
Police Precincts	8	6	6	6
Police Employees	4,463	4,819	4,949	4,961
Dispatched Calls for Service (5)	670,038	656,331	760,650	823,497
Total Calls for 911/Crimestop (5)	2,068,318	1,991,401	2,091,799	2,435,385
<b><u>Fire Protection</u></b>				
Fire Stations	57	58	57	57
Fire Employees	1,945	1,972	2,037	2,105
Total Calls for Service	156,348	146,203	145,714	145,279
<b>COMMUNITY ENRICHMENT</b>				
<b><u>Libraries</u></b>				
Number	16	16	16	15
Total Stock (in thousands)	1,644	1,736	1,751	2,165
Circulation (in thousands)	13,840	14,447	14,152	15,835
<b><u>Parks And Recreation</u></b>				
Number of Playgrounds	166	164	164	164
City Parks (number of acres)	44,517	41,966	41,966	37,991

(1) Source: City of Phoenix Planning and Development Services Department

(2) The Maricopa County population amount was not available, so the 2009 number was used.

(3) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census

(4) Includes only full-time filled positions

(5) A new computer aided dispatch system was implemented on 3/9/2010. The calls for service are projections based on historical data.

**Table 23**

(Continued)

2007	2006	2005	2004	2003	2002
517.2	515.9	515.0	514.8	511.9	484.5
1,595,360	1,560,380	1,525,400	1,490,420	1,455,440	1,375,906
3,649,508	3,542,582	3,393,669	3,283,028	3,171,980	3,072,400
568,127	556,643	544,804	531,481	522,909	513,880
1,341	1,357	1,333	1,341	1,303	1,345
359	354	349	360	361	369
6,069	5,945	5,730	5,574	5,377	5,390
810	807	778	763	747	745
474	466	458	478	484	496
1,671	1,577	1,605	1,596	1,529	1,554
1,005	969	884	906	865	896
11,729	11,475	11,137	11,018	10,666	10,795
751	716	710	688	668	664
188	176	172	174	175	181
1,008	1,079	1,057	1,043	982	959
298	236	230	228	229	200
528	503	491	435	441	435
64	64	65	64	72	80
2,837	2,774	2,725	2,632	2,567	2,519
14,566	14,249	13,862	13,650	13,233	13,314
7.4	7.4	7.3	7.4	7.3	7.8
6	6	6	6	6	6
4,378	4,169	3,999	3,877	3,812	3,717
890,665	899,214	892,092	888,281	868,290	876,227
2,650,475	2,575,793	2,650,215	2,563,100	2,569,959	2,513,108
52	52	50	49	48	47
2,002	1,885	1,873	1,719	1,710	1,663
149,058	153,037	149,553	135,306	129,149	135,708
15	14	14	13	13	13
2,537	1,963	2,179	2,048	2,000	1,974
14,987	12,991	12,264	11,529	11,396	10,802
154	149	143	139	137	134
38,059	37,716	37,599	37,599	35,977	35,345

**Table 23**

(Continued)

	2011	2010	2009	2008
<b>TRANSPORTATION</b>				
<b>Public Transit</b>				
Ridership (in thousands)	37,425	38,476	48,061	45,543
Dial-a-Ride (in thousands)	328	354	396	391
Light Rail (in thousands) (6)	7,885	7,576	3,486	-
<b>Traffic Control And Lighting</b>				
Signalized Intersections	1,092	1,080	1,072	1,012
Street Lights in Use	91,133	90,870	89,844	89,632
<b>Streets</b>				
Miles of Streets	4,824	4,811	4,799	4,799
Miles Resurfaced and Sealed:				
Major/Collector Streets	85	20	60	22
Local Streets	41	89	74	82
<b>COMMUNITY DEVELOPMENT</b>				
<b>Construction Permits (7)</b>				
Number of Permits Issued	29,366	28,185	33,541	33,550
Market Value (in thousands)	\$2,881,360	\$2,589,067	\$3,347,275	\$3,440,591
<b>AVIATION</b>				
Scheduled Airlines Served	18	19	19	21
Aircraft Traffic Movements (in thousands)	941	984	1,038	1,085
Passengers Enplaned/Deplaned (in thousands)	39,561	38,289	37,936	41,646
<b>PHOENIX CONVENTION CENTER</b>				
Number of Conventions	50	70	60	54
<b>WATER SERVICES</b>				
Production (billion gallons)	99.9	97.9	99.2	106.6
Average Daily Production (million gallons)	273.6	267.9	271.8	291.2
Miles of Water Mains	6,962	6,955	6,935	6,905
Number of Accounts	404,647	403,104	402,926	403,752
<b>WASTEWATER SERVICES</b>				
Miles of Sewer Lines	4,980	4,975	4,960	4,943
Number of Accounts (8)	391,267	373,123	373,588	374,555
<b>SOLID WASTE COLLECTION SERVICES</b>				
Residences Served	394,159	392,830	390,479	386,389
City Disposal (tons)	645,038	649,616	709,812	711,365
Total Disposal (tons)	1,046,300	975,234	1,039,169	1,054,206
<b>GOLF</b>				
Rounds of Golf Played	236,700	246,147	255,847	299,000
Acres of Golf Courses Maintained	755	755	724	922

(6) Light rail service began on 12/27/2008.

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

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



**Table 23**

(Continued)

2007	2006	2005	2004	2003	2002
44,109	45,381	43,096	41,175	37,839	34,949
411	409	393	370	334	304
-	-	-	-	-	-
992	979	963	946	935	919
86,524	82,971	79,732	77,302	75,227	72,683
4,995	4,886	4,782	4,606	4,550	4,486
13	21	38	39	42	38
97	122	147	173	179	181
43,894	46,442	41,269	36,717	33,471	31,032
\$5,431,182	\$4,474,346	\$4,379,205	\$3,284,089	\$2,579,581	\$2,627,213
22	22	25	23	24	23
1,130	1,083	1,006	1,040	1,068	1,042
41,886	41,673	40,529	38,253	36,615	34,179
49	40	49	40	42	50
106.0	109.4	102.1	108.1	103.1	111.3
290.4	299.9	279.8	295.5	282.2	305.4
6,790	6,630	6,377	6,230	6,011	5,911
401,937	394,155	383,011	371,708	362,643	355,225
4,730	4,696	4,584	4,376	4,363	4,282
373,035	364,555	353,099	344,400	335,800	331,500
379,047	366,903	355,345	346,854	339,336	332,571
732,360	719,438	711,265	710,199	689,746	644,864
1,150,580	1,114,186	1,106,600	1,080,598	1,003,470	982,950
313,000	326,000	326,000	347,000	395,000	439,000
922	922	922	922	922	925

Phoenix 2009





**City of Phoenix**