

City of Phoenix, AZ

Popular Annual Financial Report (PAFR)

For the Fiscal Year Ended June 30, 2022



City of Phoenix
Finance Department
251 W. Washington St., 9th Floor
Phoenix, AZ 85003

The information included in this report contains an overview of the City of Phoenix (City) economic condition and outlook, an analysis of the City's financial position, and information concerning the City's assets and debt. The purpose of this report is to provide our residents with easily understandable information about how their tax dollars are spent.

COMMUNITY PROFILE

Phoenix Population	1,648,257
Maricopa County Population	4,507,419
Phoenix Area (in square miles)	519.9
Per Capita Income	\$51,851

This report is based on the City of Phoenix Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This report contains more detailed information and focuses on the primary government and excludes the discretely presented component units of the City. The ACFR may be viewed in its entirety online at:

<https://www.phoenix.gov/finance/annualreports>

**Popular Annual Financial Report
For the Fiscal Year Ended June 30, 2022**

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Jeffrey J. Barton, City Manager



Message from the City Manager

Greetings:

This marks our 12th annual City of Phoenix Popular Annual Financial Report which will provide an overview of the City’s financial outlook, financial position, assets and debt for the fiscal year ended June 30, 2022.

The 2022-2023 City of Phoenix Budget reflects broad Council and community priorities. As a result of the strong Phoenix economy, strategic actions taken by City Council and City Management, along with the commitments of City employees to provide services and control spending through the pandemic, the budget remains balanced and provides enhanced city services for the community.

The budget addresses many issues raised by Council members and the community over the past year without over-committing current and projected resources. Balancing available resources with the community’s desire for expanded service, and the organization’s needs for staff and infrastructure required to provide those services is no easy task. This is especially true at this time amid the current economic climate including high inflation, tight labor markets, and supply chain challenges.

The 2022-23 General Fund Budget includes \$24 million in service additions that will continue to move the City forward in addressing several key priorities discussed over the last few years. The proposed additions provide needed resources in Affordable Housing, Climate and Sustainability, Economic Development, Planning and Innovation, Historic Preservation and Arts, Homelessness, Immigrant/Refugee Support and Fast Track Cities, Parks & Recreation and Library, Public Safety and Criminal Justice, Roadway Safety, and General Government.

As a result, the City of Phoenix continues to be an attractive place to live and work and is a national leader for attracting businesses, demonstrating successful economic development efforts, meeting community demands for planning activities, and implementing innovative policy.

I want to thank the Mayor and City Council for your strong leadership over the past year and throughout the COVID-19 pandemic. I also want to thank our residents who participated in the budget process. Your feedback is critical to ensure the adopted budget reflects your priorities. I am honored to work for you to ensure we continue delivering exceptional programs and services to all Phoenix residents.

Sincerely,
Jeffrey J. Barton
City Manager

Phoenix Strategic Plan Focus Areas:

Economic Development and Education - Ensuring a sustainable and forward-looking economic development strategy that encourages high-wage jobs.

Financial Excellence - Maintaining fiscally sound and sustainable financial plans and budgets that reflect community values and residents’ priorities.

Infrastructure - Creating and maintaining high-quality and diverse infrastructure systems.

Innovation and Efficiency - Seeking continuous improvement and maintaining our culture of innovation and efficiency, including right-sourcing.

Neighborhoods and Livability - Ensuring healthy, safe and beautiful neighborhoods that enhance the quality of life for all residents.

Phoenix Team - Supporting our employees, volunteers, and community partners to work together in order to serve our residents with the highest standard of quality and customer service.

Public Safety - Maintaining safe neighborhoods throughout the City.

Social Services Delivery - Encouraging new methods of social services that support independence, quality of life, and sustainable service.

Sustainability - Securing environmental and economic livability for future generations in the region, with an emphasis on solar energy.

Technology - Focusing on a "web-enabled City" that embraces technological innovation and automated City services.



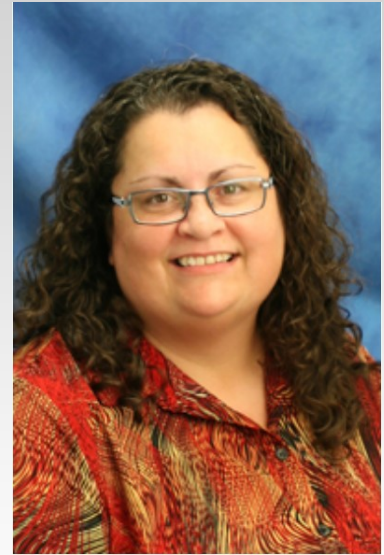
Message from the Chief Financial Officer

Dear Reader:

In an effort toward complete transparency, I am pleased to submit to residents the City of Phoenix Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. The information presented in this report is based primarily on the City of Phoenix Annual Comprehensive Financial Report (ACFR) which is available in its entirety online at <https://www.phoenix.gov/finance/annualreports>.

The objective of the PAFR is to provide an easily understandable summary of the City’s financial status. This report focuses on the entire financial picture of the City for all functions provided to our residents. The report includes information about City management, an overview of the City’s economic outlook and key financial information concerning the City’s revenues, expenditures, capital assets, and debt.

I hope that you find the information helpful and encourage you to access our audited ACFR on the City’s website for more detailed information on the City’s finances. Your questions, comments and suggestions regarding this report are welcome. You can contact the Finance Department at 602-262-7166.



Kathleen Gitkin
Chief Financial Officer

Sincerely,
Kathleen Gitkin,
Chief Financial Officer

Financial Excellence Strategic Plan:

- Maintain high bond ratings
- Prioritize capital and funding plans for critical infrastructure
- Provide accurate and reliable revenue and expenditure forecasting
- Maintain a transparent financial environment, free of fraud, waste, and abuse

Finance Department Mission:

To provide citywide financial leadership through the management of best in class business practices that safeguard the public’s assets and provide our customers with transparency, information and financial expertise.

City of Phoenix, Arizona

Bond Ratings:

Description	Moody's	S & P	Fitch*
General Obligation	Aa1	AA+	AAA
Senior Lien Excise Tax Revenue	Aa2	AAA	AA+
Senior Lien Airport Revenue	Aa3	AA -	-
Junior Lien Water System Revenue	Aa2	AAA	-
Senior Lien Wastewater System Revenue	Aa2	AAA	-

*Currently, Fitch does not rate the City’s Enterprise or Special Revenue credits.

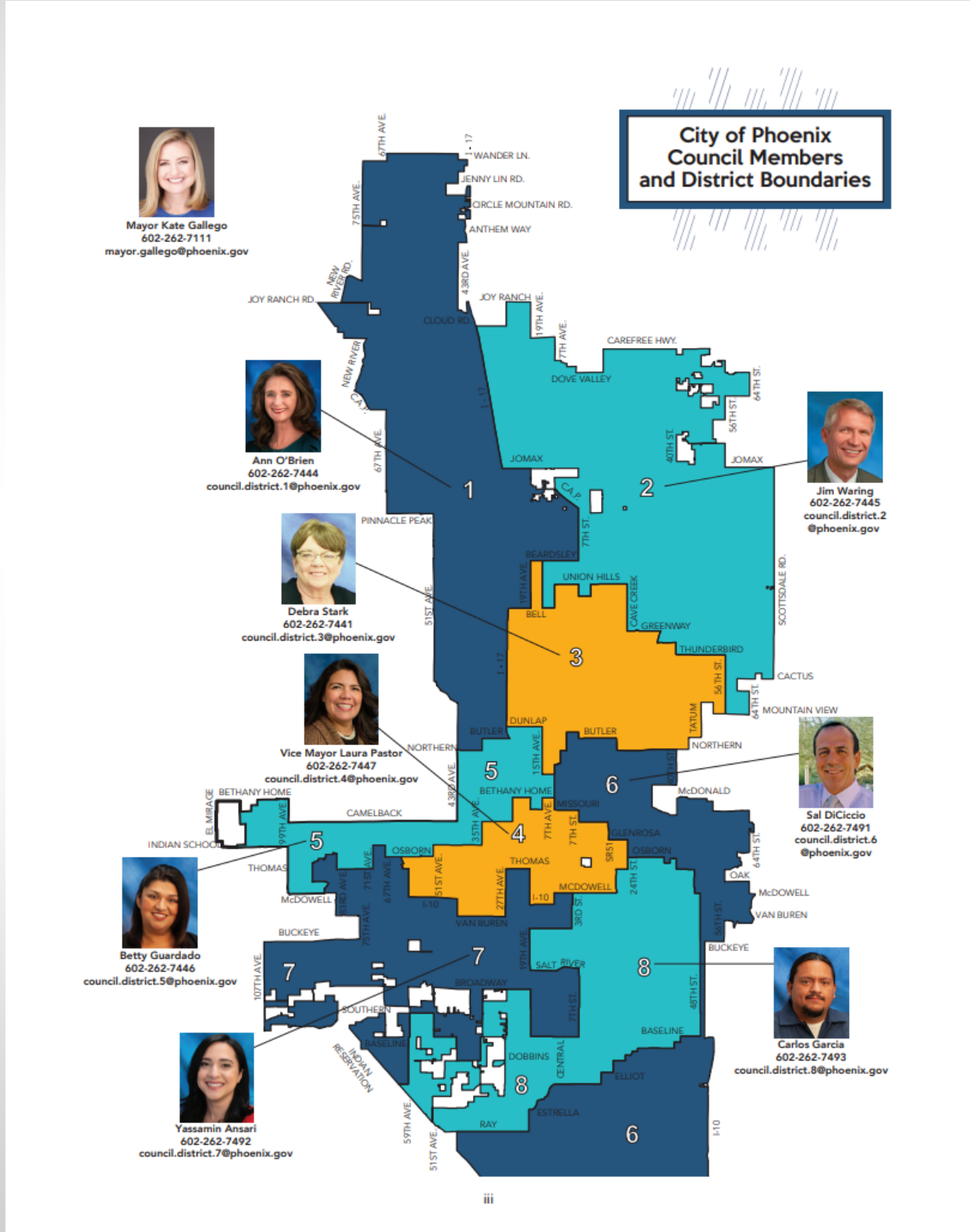
Note: See Exhibit H-10 in City ACFR for a comprehensive list of all bond ratings.





About Phoenix City Council

Phoenix operates under a Council-Manager form of government. 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 1982, an initiative was passed by the City voters creating a district system for electing council members. The Mayor is elected at-large, while Council members are elected by voters in each of eight separate districts they represent for four-year terms. The Mayor and each Council member have equal voting power.





City of Phoenix

Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Phoenix for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Phoenix
Arizona**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

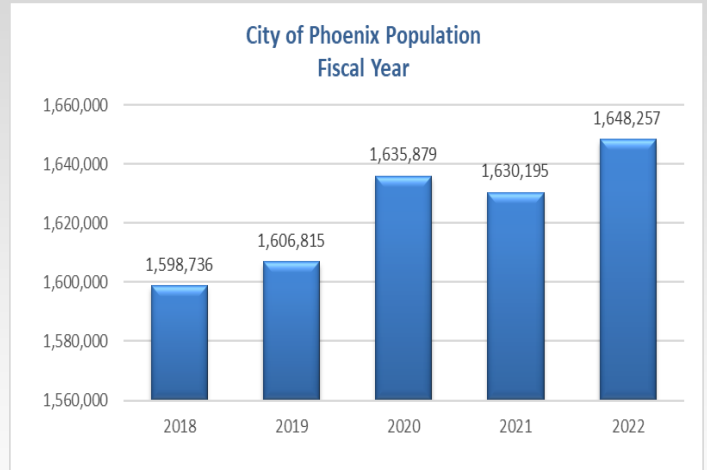
Executive Director/CEO



Where We've Been

Phoenix continues to be an attractive place to live and work, a national leader for attracting businesses, and has been one of the most rapidly growing metropolitan areas in the country in recent decades. Recent years have seen substantial growth in terms of population, employment, and retail sales.

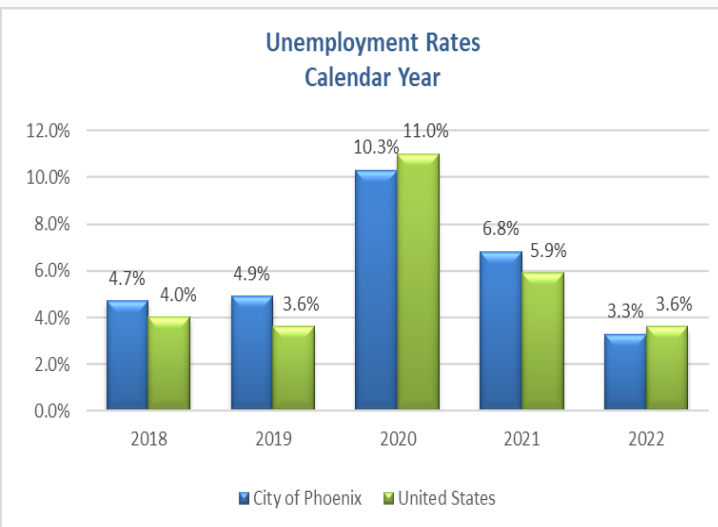
The City continues to implement policies and standards to remain structurally balanced, maintain or improve current service levels, and attract wealth generating companies.



During the period of 2010 to 2020, population growth was an estimated 11.2% in Phoenix compared to an estimated 7.4% for the U.S. In that same time frame, employment in the Phoenix area and in the U.S. grew 25.4% and 8.9%, respectively.

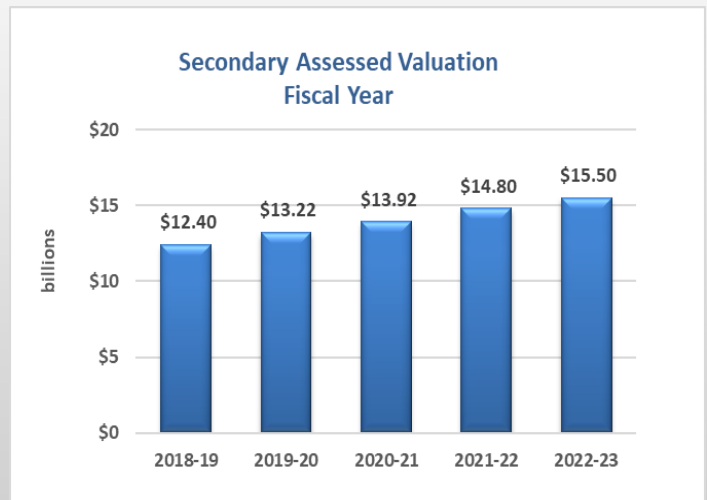
The Phoenix area employment mix is well diversified and fairly similar to that of the U.S. An exception is construction and financial employment due to rapid population and employment growth.

The primary employment sectors and their share of total employment consist of service industry (46%); trade (15%); government (11%); financial activities (9%); manufacturing (6%); and construction (6%).



Secondary assessed valuation is a measure of taxable property value. For fiscal year 2015-16, the primary assessed valuation and the secondary assessed valuation were combined into a single valuation of \$10.6 billion. Between fiscal years 2015-16 and 2021-22, the assessed valuation increased by 39.6% to \$14.8 billion. The assessed valuation increased another 4.7% to \$15.5 billion for fiscal year 2022-23.

City total property tax rate (Primary and Secondary) for fiscal year 2022-23 was set to \$2.11 per \$100 assessed valuation.





Where We're Headed

Phoenix Strategic Plan Focus Area: Economic Development and Education

Ensuring a sustainable and forward looking economic development strategy that encourages high wage jobs.

Assisting companies interested in expanding and creating new jobs.

Business attraction is a major initiative for the City. Coordinated efforts with over 40 unique suppliers to Taiwan Semiconductor Manufacturing Company (TSMC) and several high-profile advanced manufacturing and technical locates have been implemented. As a result, suppliers of suppliers will have a multiplying effect that reverberate through the economy, creating 3,709 new jobs at an average salary of \$81,927 with a capital investment of more than \$1.1 billion.

Additionally, companies have indicated they were interested in expanding, creating 4,642 new jobs at an average salary of \$52,059 with a capital investment of \$135 billion.

Strong higher education partnerships.

One of our key strengths is our strong higher education partnerships. Arizona State University, The University of Arizona, Grand Canyon University, Maricopa Community Colleges, Northern Arizona University, Creighton University School of Medicine, Tufts University.



Creighton University School of Medicine



Moontower

Continuing Growth & Investment in the Phoenix urban core.

7,500+ new residential units opening, under construction or in predevelopment, including Moontower, Skye on 6th, The Battery, and Aspire on Fillmore.

Healthcare and Biomedical Growth.

\$3.5 billion in capital investment and 5.5 million square feet in new facilities. Wexford Science + Technology, Valleywise Campus, Ivy Brain Tumor Center, Mayo Clinic Expansion, Discovery Oasis, and Barrow Neurological Institute.

Valleywise Campus: \$600 million investment

Mayo Clinic Expansion: \$648 million investment



Barrow Neurological Institute



Basis of Accounting

The term “basis of accounting” is used to describe the timing of recognition, or when the effects of transactions or events should be recognized. The financial statements presented in this report were prepared using the Generally Accepted Accounting Principles (GAAP) basis of accounting. Other reports issued by the City may use the budget basis of accounting.



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 and sets limits on the amount the City is able to spend on City functions. Some reports issued by the City use the budget basis of accounting to compare City financial activities to the adopted budget. Most of the statements in this report were taken from the City’s ACFR, which is prepared using the GAAP basis of accounting.

The timing of revenue and expenditures may be different under the GAAP basis of accounting than under the budgetary basis of accounting. For example in GAAP accounting, revenues are recognized in governmental funds as soon as they are both measurable and available. Under the budgetary basis of accounting, revenue may be deferred until amounts are actually received in cash.



Another difference occurs in the recognition of an encumbrance, which is an amount for which there is a legal obligation to spend in the future, such as entering into a contract with a business to supply the City a product or service.

Under the budgetary basis of accounting, the encumbered amount can be classified as an expense when the contract is signed, but under the GAAP basis of accounting encumbrances are not classified as expenditures until the service has been performed.

Government-Wide Statement of Net Position

June 30, 2022, 2021 and 2020 (in thousands)	Total City Government		
	2022	2021	2020
Assets:			
Cash and investments	\$ 3,371,368	\$ 3,074,279	\$ 2,673,749
Current and other assets	4,846,728	4,025,730	3,720,254
Capital assets, net of depreciation	13,784,688	13,252,596	12,757,460
Total assets	22,002,784	20,352,605	19,151,463
Deferred outflows of resources	822,760	777,252	756,463
Liabilities:			
Long-term liabilities	11,793,595	12,556,419	12,665,699
Other liabilities	2,452,176	1,541,250	1,265,095
Total liabilities	14,245,771	14,097,669	13,930,794
Deferred inflows of resources	876,022	431,686	195,962
Net position:			
Net investment in capital assets	7,577,114	6,731,809	6,781,877
Restricted	1,749,270	1,688,060	1,473,651
Unrestricted	(1,622,633)	(1,819,367)	(2,474,358)
Total net position	\$ 7,703,751	\$ 6,600,502	\$ 5,781,1702

Current and other assets - Assets that one can reasonably expect to convert to cash, sell, or use within one year.

Capital assets - The City's long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Page 11 provides more detailed information on capital assets.

Deferred outflows of resources - A consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Long-term liabilities - Represents mainly debt obligations and net pension liability of the City. The proceeds from various debt issues are used to finance large projects such as road construction and major equipment purchases. Net pension liability is the total pension obligation for current and retired employees minus assets held in trust to meet those obligations.

Other liabilities - These are primarily debts that can be paid off in one year or less. This includes accounts payable, accrued payroll, and accrued interest payable.

Deferred inflows of resources - An acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net investment in capital assets - This represents the City's investment in its capital assets less accumulated depreciation and any outstanding debt attributable to the acquisition, construction, or improvement of these assets.

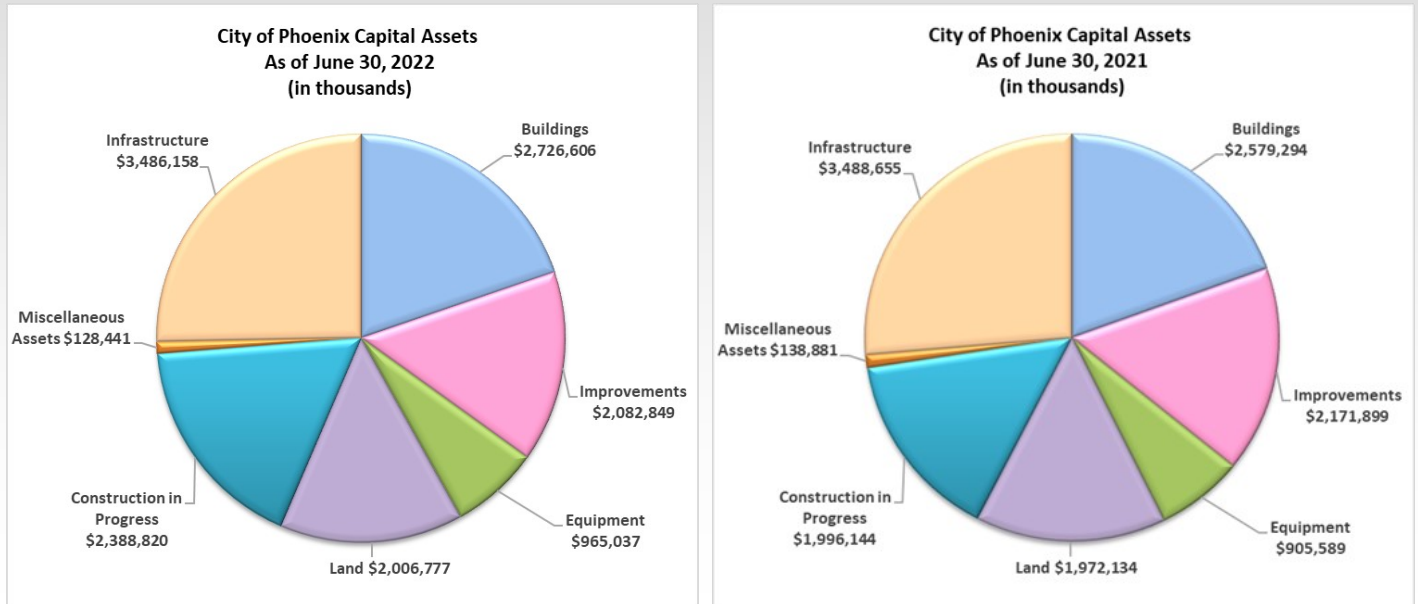
Restricted net position - Resources whose use is subject to externally imposed restrictions. The City has resources set aside for debt service payments, development impact fees restricted to growth-related projects, other capital projects, and required reserves.

Unrestricted net position - Resources available to the City to provide services to the citizens and creditors if there were no additional revenues or resources available.



Capital Assets

The City invests in capital assets to provide services to and enhance the quality of life of our residents. As shown on the previous page, the City's total capital assets (net of depreciation) was \$13.8 billion and \$13.2 billion for the fiscal years ended June 30, 2022 and 2021, respectively. This total includes the following asset categories:



Asset Category Definitions:

- **Buildings** include police and fire stations, courts, libraries, recreation facilities and sports facilities.
- **Improvements** include upgrades such as parking lots, fences, bus shelters, playgrounds, sports courts and fields, and water treatment facilities.
- **Equipment** includes garbage and recycling trucks, police cars, fire engines, and light rail cars.
- **Land** means real estate purchased to provide services to residents like parks or police stations.
- **Construction in Progress** reflects the cost of all projects for construction of buildings, other improvements, and equipment that are in progress and not yet completed.
- **Miscellaneous Assets** include artwork, software, and water rights.
- **Infrastructure** includes water and sewer lines, streets, bridges and storm drains.

Major Additions to Capital Assets during the Fiscal Year 2021-22:

- Design and construction related to the light rail extension projects valued at \$439.9 million.
- New and replacement water and sewer mains throughout the City valued at \$255.8 million.
- Water and wastewater distribution, collection and treatment facilities projects valued at \$191.5 million.
- Various street and storm sewer projects throughout the City valued at \$169.5 million.
- Aviation terminal 4 improvements valued at \$65.6 million.
- Footprint Center (formerly Talking Stick Resort Arena) renovation project valued at \$54.8 million.



Debt

The City utilizes general obligation bonds, municipal corporation obligations, revenue bonds, and loans from direct borrowings for long-term financing of facilities. The City currently utilizes revolving credit facilities for short-term obligations.

General Obligation Bonds

The City typically issues general obligation bonds to fund the capital projects of general government (non-enterprise) departments. These projects 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.

State law dictates that revenue collected for the City's secondary property tax levy be used solely to pay principal and interest on long-term debt. The law imposes two limits on the total of general obligation debt; an amount equal to 20% of the City's secondary assessed valuation can be issued to fund capital projects for water, sewer, artificial light, open space preserves, parks, playgrounds, streets, and facilities for recreation, law enforcement, fire, emergency services, and transportation. An amount equal to 6% of the secondary assessed valuation can be issued for all other purposes. These limits are known as the Legal Debt Limit.



Municipal Corporation Obligations

Revenue bonds are secured by taxes, user fees, and charges for services and are not considered a general obligation of the City. This includes Municipal Corporation bonds issued by the City of Phoenix Civic Improvement Corporation (the "CIC"), an affiliated nonprofit corporation that issues bonds or certificates of participation to finance certain facilities and equipment. The City makes lease purchase payments to cover the principal and interest on these obligations.

Revenue Bonds

State law authorizes the City to issue voter-approved highway user revenue and utility revenue bonds. The City currently has no outstanding voter-approved revenue bonds.

Loans from Direct Borrowings

The loan from direct borrowings is payable from and secured by a subordinated lien on the City's excise tax revenues on parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. The loan from direct borrowings is not issued through CIC. The loan is the City's debt.

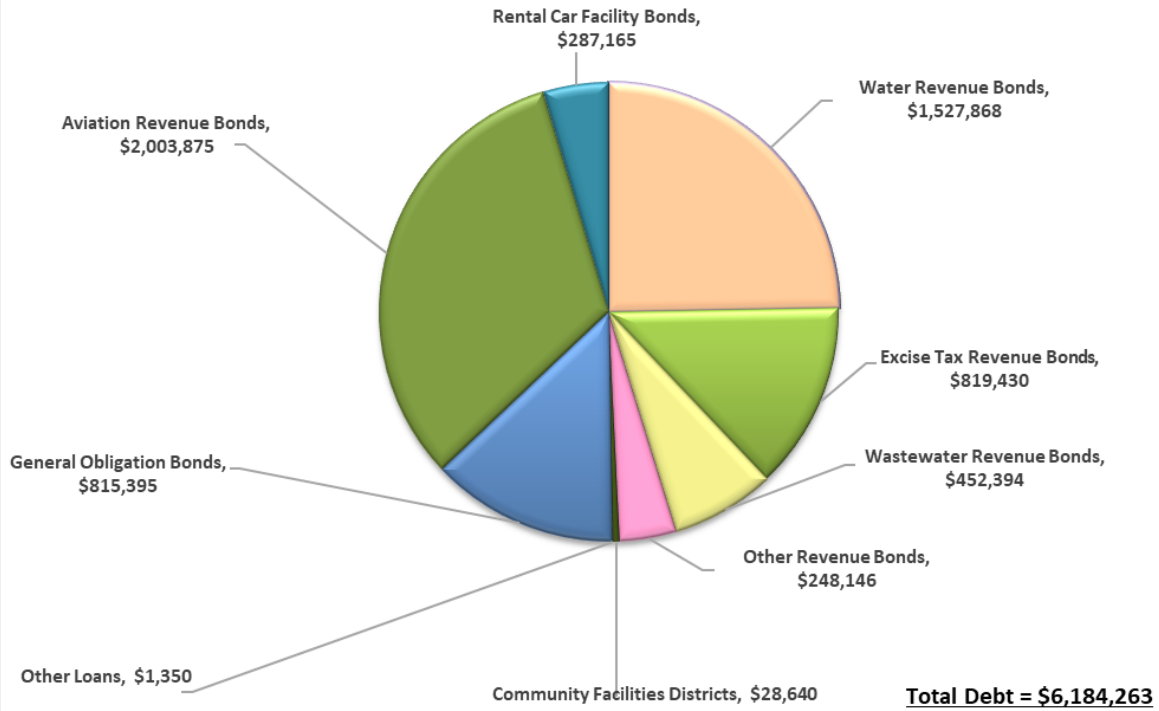
Short-Term Obligations

The City currently has 3 revolving credit facilities totaling \$600.0 million for Transportation 2050, water, and wastewater. Each revolving credit facility is for \$200.0 million and for a three-year loan period.

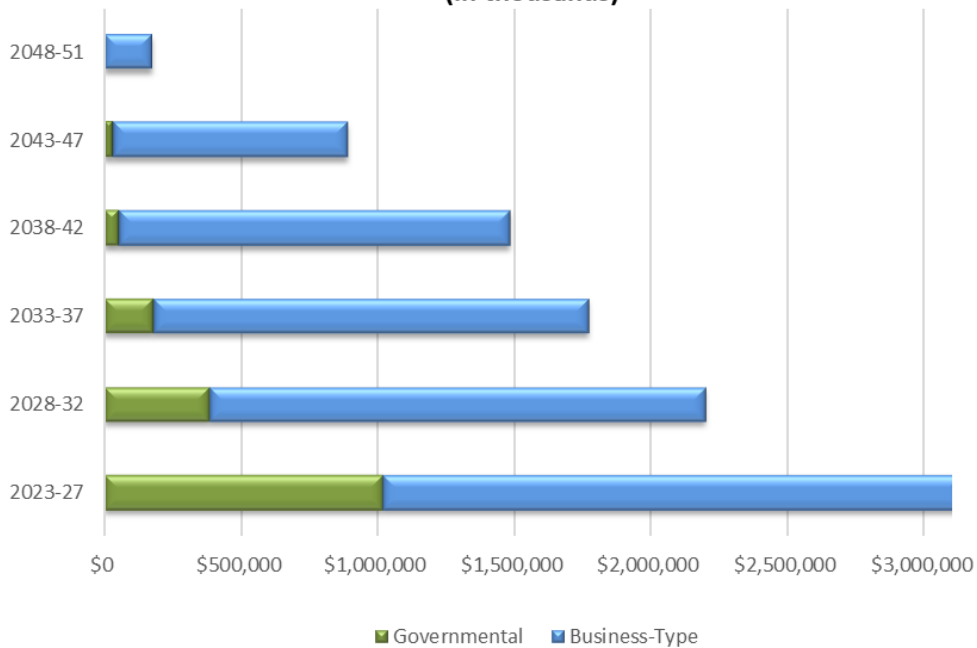


Debt (continued)

2022 Outstanding Long-Term Debt by Type (in thousands)

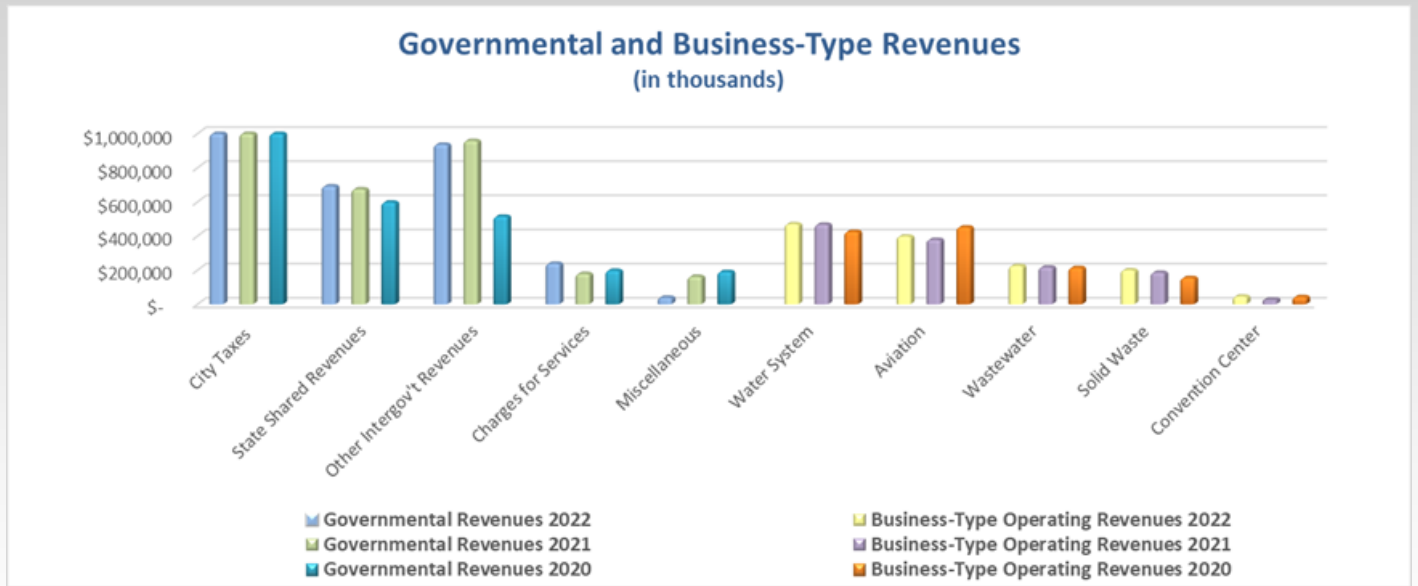


Debt Service Requirements: Governmental and Business-Type Activities (in thousands)





Where the Money Comes From



	City Taxes	State Shared	Other Intergov't	Charges for Services	Miscellaneous	Total
Governmental Revenues—2022	\$ 1,645,068	\$ 691,895	\$ 936,570	\$ 238,364	\$ 39,361	\$ 3,551,258
Governmental Revenues—2021	\$ 1,410,625	\$ 674,518	\$ 958,339	\$ 178,652	\$ 161,926	\$ 3,384,060
Governmental Revenues—2020	\$ 1,287,094	\$ 597,310	\$ 514,522	\$ 197,396	\$ 190,189	\$ 2,786,511
	Water System	Aviation	Wastewater	Solid Waste	Convention Center	Total
Business-Type Operating Rev—2022	\$ 469,835	\$ 397,492	\$ 224,819	\$ 199,550	\$ 45,556	\$ 1,337,252
Business-Type Operating Rev—2021	\$ 467,576	\$ 378,553	\$ 216,830	\$ 185,699	\$ 27,114	\$ 1,275,772
Business-Type Operating Rev—2020	\$ 425,390	\$ 451,157	\$ 213,562	\$ 154,685	\$ 43,040	\$ 1,287,834

Governmental Revenues

Governmental funds are used to account for the basic functions of the City, such as police, fire, courts, streets, parks, libraries and public housing. The major governmental revenue categories are:

City Taxes — Includes sales taxes, property taxes, franchise fees, special taxing district revenues, and payments in-lieu of taxes.

State Shared Revenues — The state of Arizona shares certain revenues with cities, such as income tax, state sales tax, vehicle license tax, and highway user revenues, as required by various state statutes.

Other Intergovernmental Revenues — Federal grants and revenues from other government sources.

Charges for Services — Revenues collected for services such as building inspections, court and police fees and public transit fares.

Miscellaneous — Investment income, dwelling rentals, concession sales, fines, licenses and permits.

Business-Type Revenues

Business-type funds are used to account for activities that are financed and operated in a manner similar to private businesses.

These funds are considered self-supporting in that the services rendered are generally financed through user charges or fees. The operating revenues shown in the chart do not include grants or transfers. In general, business-type revenues can only be used to support the expenditures of the business-type fund in which it was earned. The major business-type revenues are Water System, Aviation, Wastewater, Solid Waste and Convention Center.



Where the Money Comes From

(continued)

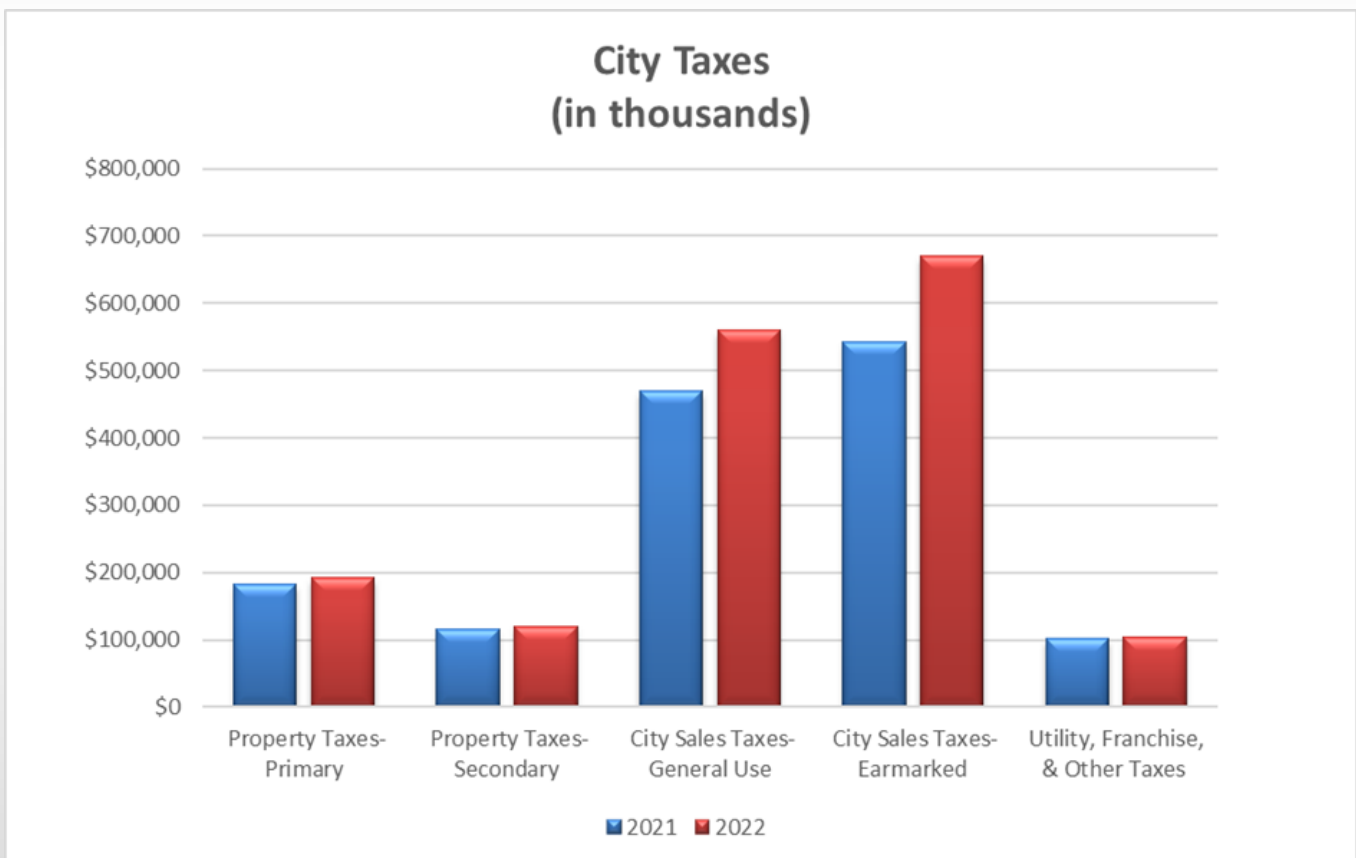
Governmental Revenues Fiscal Year 2022

City taxes account for 42% of governmental fund revenues. Some revenues are earmarked for specific uses, while others are available for general use.

Property Taxes - 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; and 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.

City Sales Taxes - Sales tax revenues are either earmarked for specific uses, such as public safety, transit, the convention center, or are available for general use. This category not only includes retail sales tax, but also hotel/motel taxes, commercial rental, construction contracting, and motor vehicle rentals among others.

Utility, Franchise and Other Taxes - These taxes include franchise fees paid by public utilities, telecommunications companies, and cable television businesses. These taxes are available for general use.



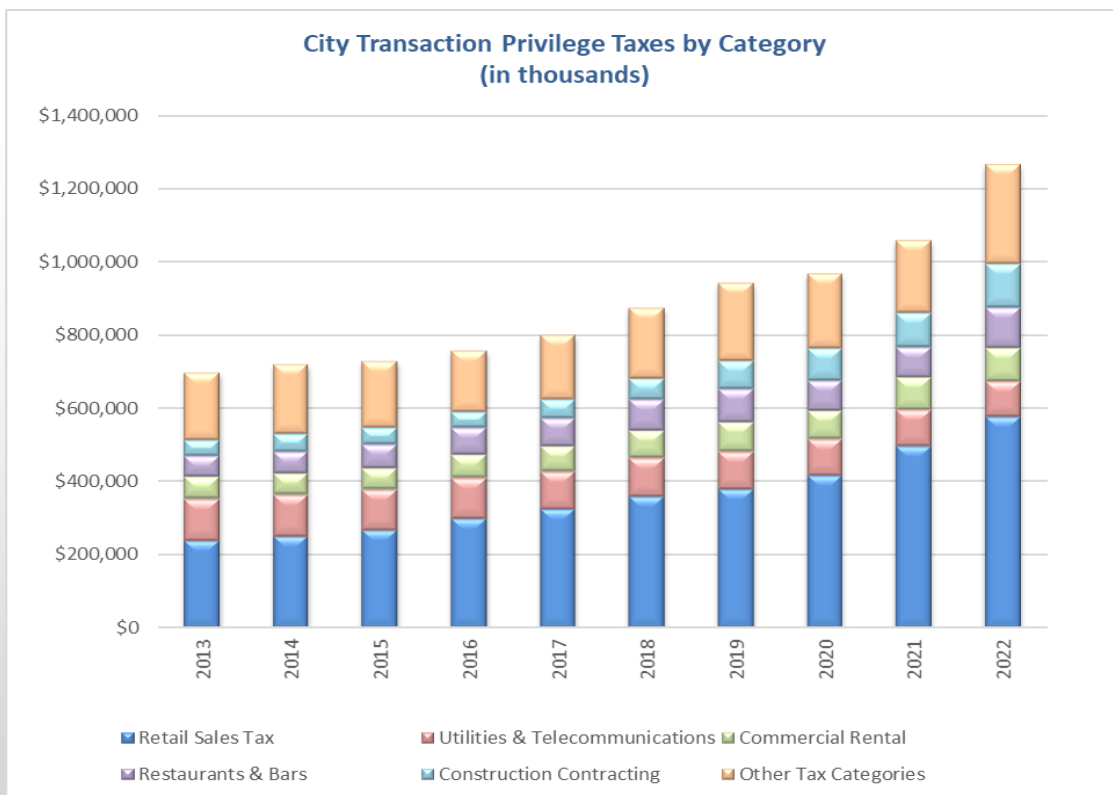
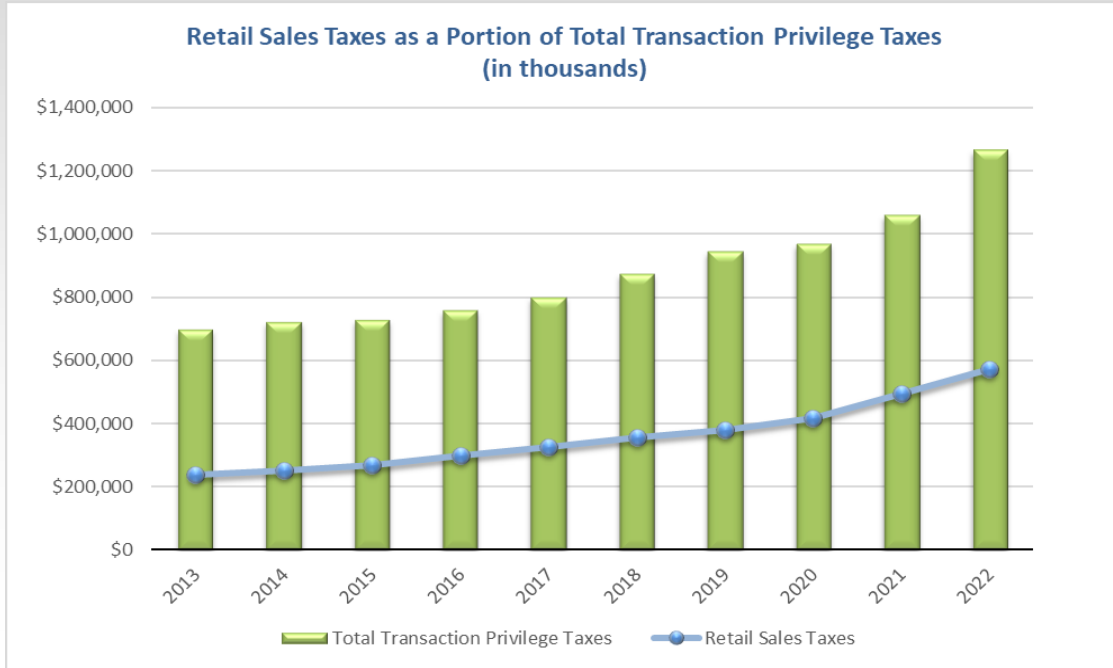
On average, for every tax dollar the City receives, \$0.08 is spent on debt service, and \$0.45 is earmarked for specific spending purposes, such as public safety or transportation. That leaves \$0.47 of every tax dollar to spend on general fund programs.



Where the Money Comes From

(continued)

Transaction Privilege Taxes are imposed on various business activities. Revenues from these activities or tax categories are distributed to various funds depending on the tax allocation structure approved by voters. The retail sales tax fund distribution is shown on the following page.



Other tax categories include hotel/motel lodging, apartment/residential rental, motor vehicle rental, amusements, advertising, job printing, publishing, use tax, jet fuel, and retail food sales.



Where the Money Goes

Where Your Retail Sales Tax Dollar Goes

Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which impacted Retail Tax: 1) Level 1 at 2.3% for first amount equal to or less than \$10,000 for a single item, 2) Level 2 at 2.0% for amounts greater than \$10,000 for a single item. Adding in the state and county sales tax rates, the total tax rate for most items purchased at retail in the City is 8.6%.

2.3%	City of Phoenix
5.6%	State of Arizona
<u>0.7%</u>	Maricopa County
8.6%	Total Phoenix Sales Tax Rate

Where the Phoenix 2.3% Goes:

1.2% General Fund — The General Fund provides for many of the major functions of the City including public safety (police and fire), courts, street maintenance, park & recreation services, preserving & revitalizing Phoenix neighborhoods, and advancing environmental protection & sustainability programs. It is the primary operating fund of the City.

0.7% Transportation 2050 — Phoenix voters approved Transportation 2050, a 0.7% sales tax, effective January 1, 2016, to fund the City’s Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. This tax supersedes the 0.4% Transit 2000 sales tax approved by voters in March 2000.

0.2% Public Safety Expansion — This ordinance, approved by voters in 2007, provides for the funding of additional police officers and firefighters.

0.1% Neighborhood Protection — Fund Created in 1993 as a result of the enactment of the Neighborhood Protection Ordinance (Proposition 301), this fund expanded Police, Fire, and Neighborhood Block Watch Programs.

0.1% Parks and Desert Preserves — In 2007, Phoenix voters reauthorized the Phoenix Parks and Preserve Initiative that provides funds to save thousands of acres of state trust land, make improvements to neighborhood and community parks, and build regional parks.





Where the Money Goes

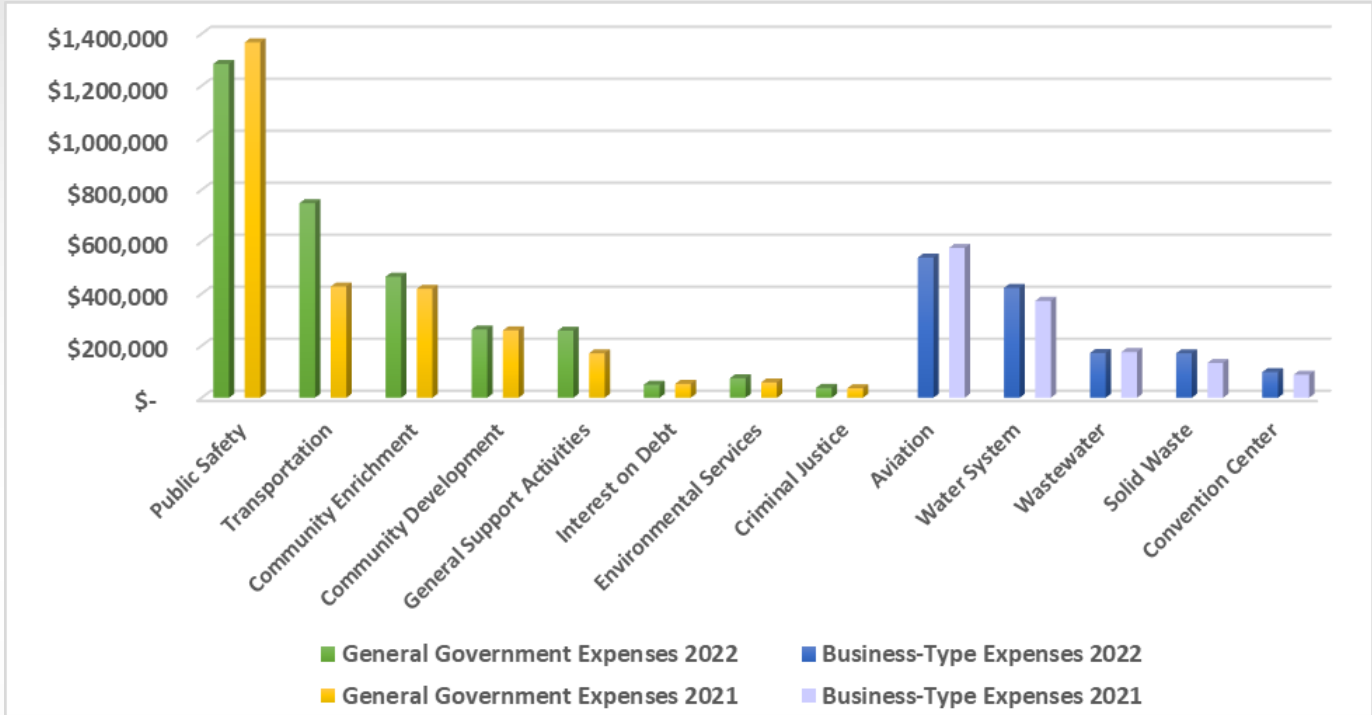
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Governmental and Business-Type Expenses For the Years Ended June 30, 2022 and 2021

(in thousands)

Total Expenses: FY22 - \$ 4,586,960

Total Expenses: FY21 - \$ 4,141,989

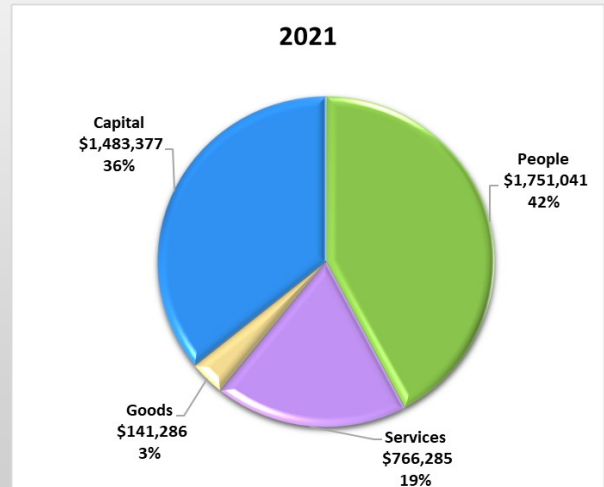
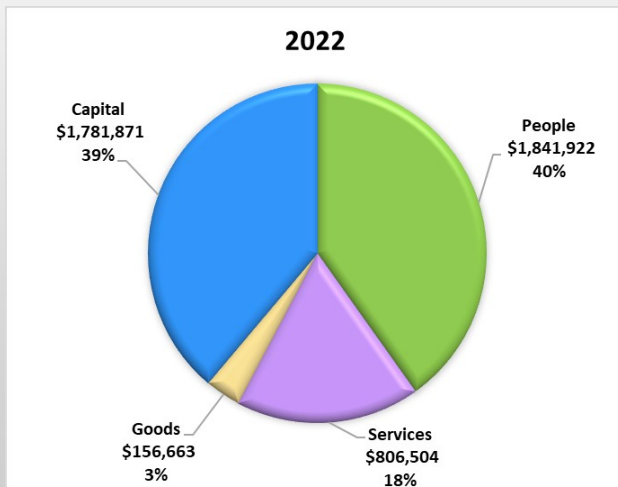


People — The cost of employees including wages and benefits

Capital — Costs of property, plant and equipment; primarily depreciation and interest

Services — Contractual services provided by external entities

Goods — Inventories, supplies, and materials





Where the Money Goes

(continued)

2022							
	<u>People</u>	<u>Services</u>	<u>Goods</u>	<u>Capital</u>	<u>Total</u>	<u>% of Subtotal</u>	<u>% of Total</u>
General Government							
Public Safety	\$ 1,065,451	\$ 47,872	\$ 23,932	\$ 147,098	\$ 1,284,353	40.35%	28.00%
Transportation	74,558	63,274	8,250	602,378	748,460	23.51%	16.32%
Community Enrichment	133,724	169,441	22,890	139,486	465,541	14.63%	10.15%
Community Development	94,405	133,660	1,665	32,897	262,627	8.25%	5.73%
General Support Activities	102,010	52,060	7,224	96,844	258,138	8.11%	5.63%
Environmental Services	9,900	19,572	12,122	33,777	75,371	2.37%	1.64%
Interest on Debt	-	-	-	50,328	50,328	1.58%	1.10%
Criminal Justice	30,245	7,357	448	211	38,261	1.20%	.83%
Subtotal	1,510,293	493,236	76,531	1,103,019	3,183,079	100.00%	69.40%
Business-Type							
Aviation	28,196	159,828	11,308	340,040	539,372	38.42%	11.76%
Water System	143,166	26,512	58,988	193,877	422,543	30.10%	9.21%
Wastewater	67,918	33,320	3,703	67,180	172,121	12.26%	3.75%
Solid Waste	72,228	70,753	5,063	23,177	171,221	12.20%	3.73%
Convention Center	20,121	22,855	1,070	54,578	98,624	7.02%	2.15%
Subtotal	331,629	313,268	80,132	678,852	1,403,881	100.00%	30.60%
TOTAL	\$ 1,841,922	\$ 806,504	\$ 156,663	\$ 1,781,871	\$ 4,586,960		100.00%

2021							
	<u>People</u>	<u>Services</u>	<u>Goods</u>	<u>Capital</u>	<u>Total</u>	<u>% of Subtotal</u>	<u>% of Total</u>
General Government							
Public Safety	\$ 1,120,949	\$ 71,157	\$ 26,532	\$ 148,365	\$ 1,367,003	48.93%	33.00%
Transportation	55,105	80,187	7,745	284,946	427,983	15.32%	10.33%
Community Enrichment	110,227	153,453	15,785	139,582	419,047	15.00%	10.12%
Community Development	70,807	149,675	1,413	37,288	259,183	9.28%	6.26%
General Support Activities	65,514	39,471	12,771	53,351	171,107	6.12%	4.13%
Environmental Services	9,995	9,259	6,807	33,162	59,223	2.12%	1.43%
Interest on Debt	-	-	-	53,532	53,532	1.92%	1.29%
Criminal Justice	30,608	5,276	351	578	36,813	1.31%	.89%
Subtotal	1,463,205	508,478	71,404	750,804	2,793,891	100.00%	67.45%
Business-Type							
Aviation	87,670	113,727	8,241	367,019	576,657	42.78%	13.92%
Water System	95,289	23,147	53,732	200,838	373,006	27.67%	9.01%
Wastewater	65,767	31,040	2,624	76,631	176,062	13.06%	4.25%
Solid Waste	29,788	67,716	4,376	31,963	133,843	9.93%	3.23%
Convention Center	9,322	22,177	909	56,122	88,530	6.56%	2.14%
Subtotal	287,836	257,807	69,882	732,573	1,348,098	100.00%	32.55%
TOTAL	\$ 1,751,041	\$ 766,285	\$ 141,286	\$ 1,483,377	\$ 4,141,989		100.00%



Where the Money Goes (continued)

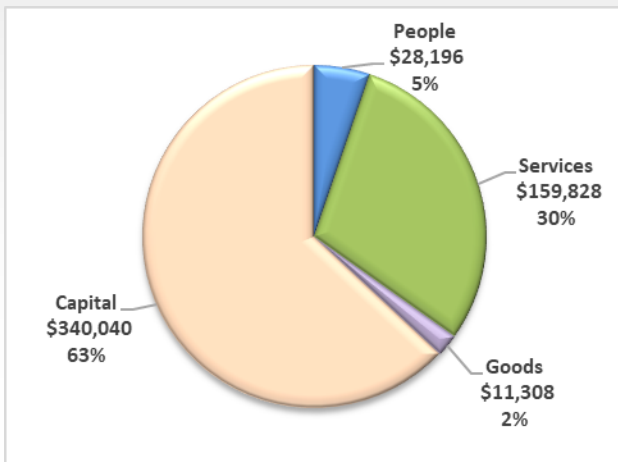
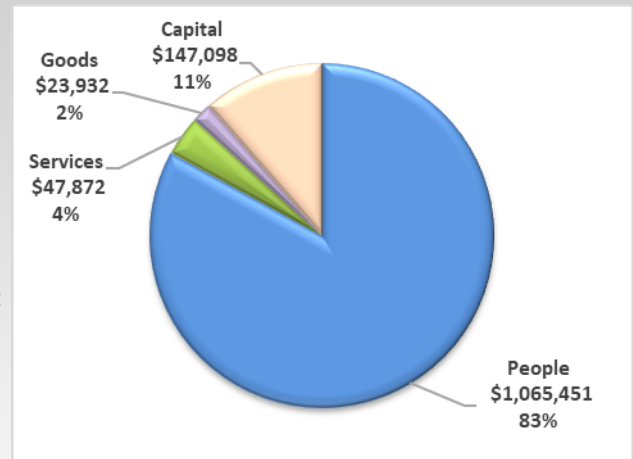
City of Phoenix

Public Safety Expenses —>

FY22 = \$1,284,353

(in thousands)

The City's largest expense category is Public Safety. This includes the Police and Fire departments. The Police Department provides law enforcement and community resources for police services and the protection of the lives and property of our residents. The Fire Department provides safety of life and property through fire prevention, fire control, and emergency medical and public education services.



<— Aviation Expenses

FY22 = \$539,372

(in thousands)

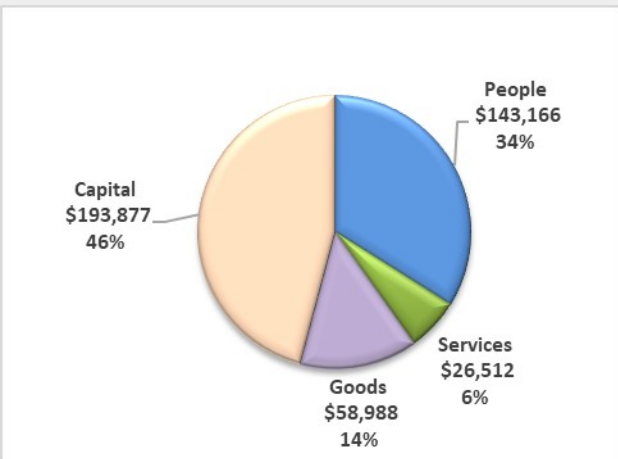
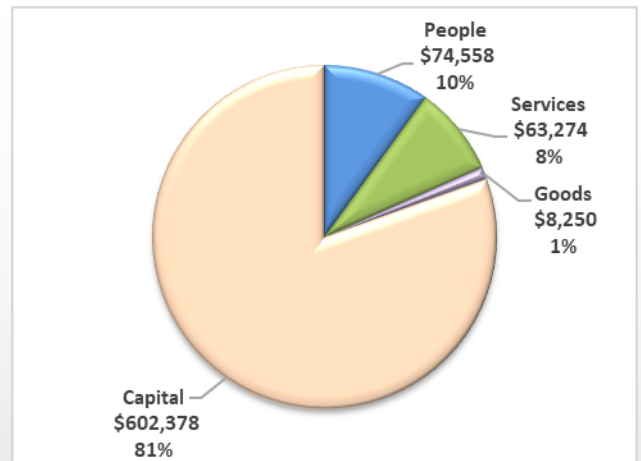
The Aviation Department provides the Phoenix metropolitan area with a self-supporting system of airports and aviation facilities that accommodate general and commercial aviation in a safe, efficient and convenient manner. Major facilities include Sky Harbor International Airport, Deer Valley Airport, Goodyear Airport, and the Rental Car Center at Sky Harbor.

Transportation Expenses —>

FY22 = \$748,460

(in thousands)

Transportation expenses include costs incurred by the Street Transportation and Public Transit departments. The Street Transportation expenditures are primarily capital costs for designing, building and maintaining City streets. Additionally, Street Transportation administers street lights, parking meters and traffic management. The majority of Public Transit expenditures are for service contracts related to bus and light rail operations.



<—Water Expenses

FY22 = \$422,543

(in thousands)

The City's Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. All of Phoenix's water is treated at one of five water treatment plants before traveling through 7,000 miles of distribution lines to customers' taps within a 540-square-mile service area.



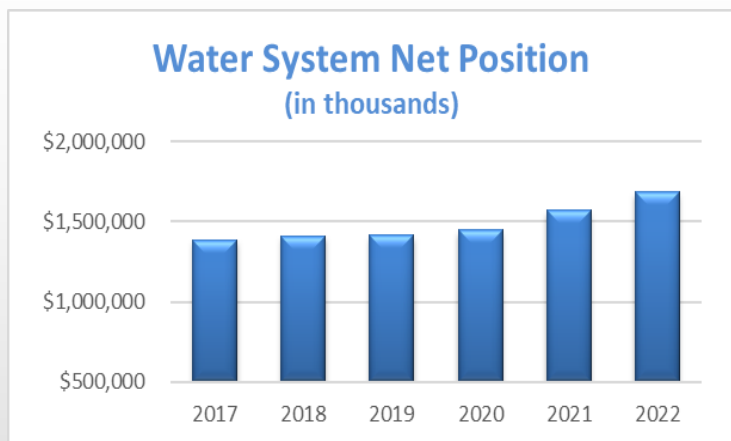
Business-Type Net Position

Business-type funds (or Enterprise Funds) are used to report activity for which a fee is charged to users for goods or services, similar to private business. These funds can only be used to pay for the operational expenses of each business-type activity, including most of the capital improvements. Therefore, fees are set to recover all costs associated with providing these services.



The graphs on the next two pages show the net position balances for the City's four largest business-type funds. The net position balance is the difference between the assets and liabilities of each fund. The largest portion of the City's net position reflect investments in capital assets, such as land, buildings, and equipment. The excess of revenues over expenses in a fiscal year contribute to the net position of a fund. Over time, increases or decreases in net position may serve as a useful indicator of changes in a fund's financial position.

	2018	2019	2020	2021	2022
Scheduled Airlines	21	23	20	20	22
Aircraft Traffic Movement (in thousands)	925	974	932	751	778
Passengers Arriving and Departing (in thousands)	44,340	45,531	34,726	26,780	43,939



The City's Water System program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The major component of the Water System's net position is its investment in capital assets, which includes water mains, hydrants, meters, and service connections.

	2018	2019	2020	2021	2022
Production (billions gallons)	102.7	94.9	97.5	106.2	100.2
Average Daily Production (million gallons)	281.4	260.7	266.3	290.9	274.5
Miles of Water Main	6,967	6,980	7,007	7,027	7,027
Number of Accounts	421,226	425,492	429,739	433,023	442,287



Business-Type Net Position (continued)



The Wastewater program assists in providing a clean, healthy environment through the effective management of all water borne wastes generated within the Phoenix drainage area.

	2018	2019	2020	2021	2022
Miles of Sewer Lines	4,890	4,906	4,896	4,954	4,985
Number of Accounts	414,559	413,967	417,633	421,521	415,840



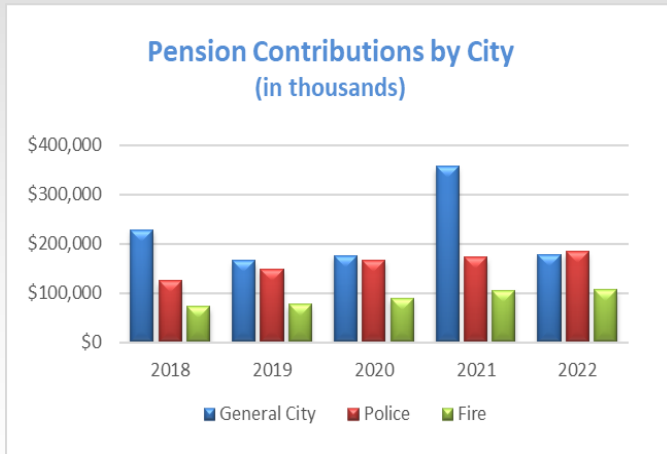
The Solid Waste Fund assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, and recycling activities.

(in thousands)	2018	2019	2020	2021	2022
Residences Served	405	408	410	414	417
City Disposal (in tons)	596	613	638	632	626
Total Disposal (in tons)	861	939	978	986	1,004
Total Recycling (in tons)	120	120	124	129	125



Pension Plans

Virtually all full-time employees and elected officials of the City are covered by one of three contributory pension plans. The City of Phoenix Employees' Retirement Plan (COPERS) covers general City employees. Sworn police and fire employees are covered by the Arizona Public Safety Personnel Retirement System (APSPRS) and elected officials are covered by the Elected Officials' Retirement Plan of Arizona (EORPA). Information related to COPERS and the City's portion of APSPRS are shown below.



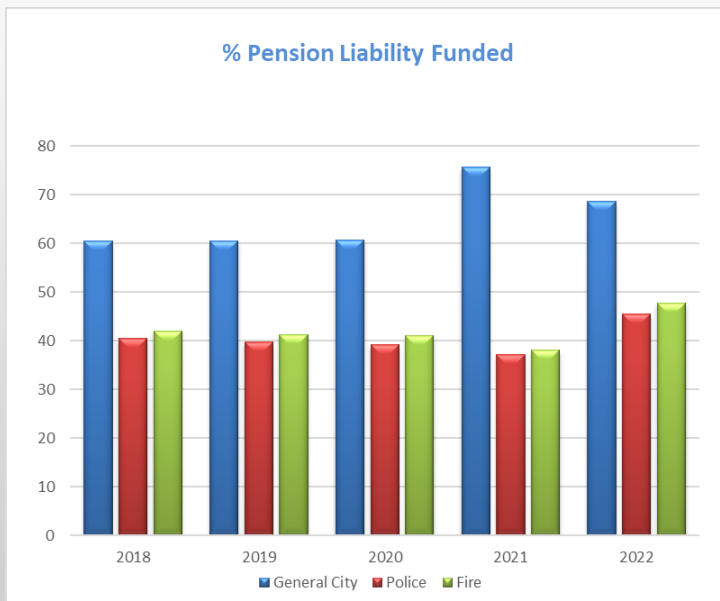
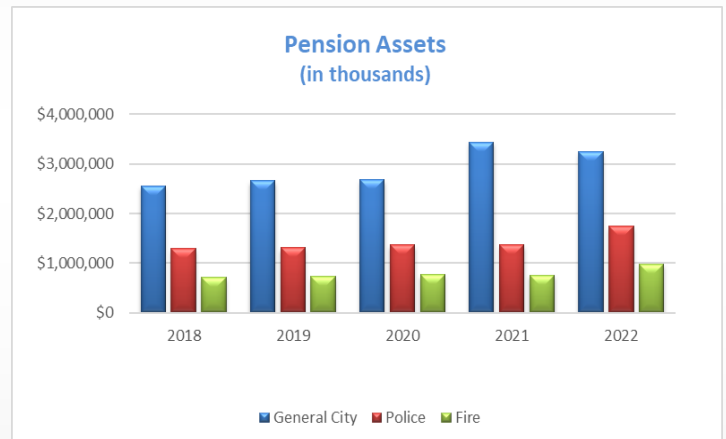
The City contributes to each of the pension plans that covers its employees. An actuarially determined amount is contributed to fully fund benefits for active members and to amortize any unfunded actuarial liability. Per City Charter, the City contributes 100% of required contributions, something not every City does.

In 2018, General City contributions increased due to a \$70.0 million pay-down of the unfunded pension liability in the Wastewater Enterprise Fund.

In 2021, General City contributions increased due to a \$170.0 million pay-down of the unfunded pension liability in the Aviation Enterprise Fund.

Employees also contribute a percentage of their pay to the pension plans. The percentage required depends on the pension plan to which they belong. The above graph shows historic contribution information.

Pension assets for all plans have remained steady, with the exception of 2021 for the General City, which saw a significant increase due to additional contributions and investment earnings.



Contributions by the City and the employees are held as assets by each of the respective pension plans. These assets are used to pay current and future retirees.

An independent actuary is hired each year to estimate the liability of each of the pension plans. Plan assets divided by the determined liability equals the percent funded.

The General City percentage increased in 2018 primarily due to an additional \$70.0 million of pension contributions from the Wastewater Enterprise Fund. In 2021, the percentage increased due to a \$170.0 million pension contribution from the Aviation Enterprise Fund, as well as high investment earnings.

Both Police and Fire percentages increased slightly in 2022 due to an increase in investment gains.



City of Phoenix

Key Statistics



City of Phoenix
Popular Annual Financial Report

Selected City Performance Measures		
	FY 2022	FY 2021
COMMUNITY ENRICHMENT		
<u>Libraries</u>		
Book Circulation (in thousands)	8,453	6,833
Total Stock (in thousands)	4,524	4,287
Number of Library Branches	17	17
<u>Parks and Recreation</u>		
City Parks (number of acres)	45,085	45,146
Number of Playgrounds	296	283
PUBLIC SAFETY		
<u>Police</u>		
Police Precincts	7	7
Police Employees (Authorized)	3,270	3,271
Dispatched Calls for Service	665,652	656,000
<u>Fire</u>		
Fire Stations	59	59
Fire Employees	2,281	2,121
Calls for Service	247,806	217,992
TRANSPORTATION		
<u>Public Transit</u>		
Ridership (in thousands)		
Bus	16,876	15,122
Dial-a-Ride	285	274
Light Rail	5,102	4,032
<u>Streets</u>		
Total Miles	4,863	4,858
Miles Resurfaced and Sealed	335	584
Signalized Intersections	1,182	1,162

