

City of Phoenix, Arizona Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

.....



**"Outstanding Achievements
in Community Service"**

.....



Parks and Recreation



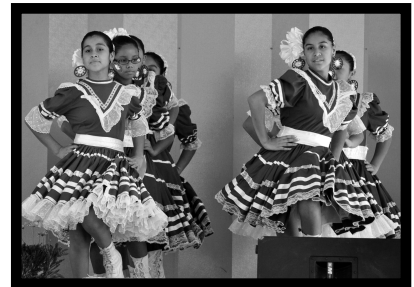
Garbage/Recycling Services



Paramedics/Fire Services



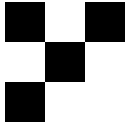
Police Protection



Arts and Culture



Library Services



Outstanding Achievements in Community Service

Phoenix's 2013-14 Budget demonstrates the city's commitment to the continued restoration and enhancement of important services at the lowest possible cost. It includes enhanced and restored services to the community, further strides with innovation and efficiency, and greater budgetary and financial transparency.

One of our most remarkable achievements is the recent Community Opinion Survey regarding the quality of life in Phoenix. More than nine out of 10 residents, or 93 percent, said Phoenix is a good place to live, the

highest rating level in the history of the survey. This is a result of outstanding leadership of the mayor and City Council and the city's excellent employees.

Satisfaction rates for top city services were analyzed, comparing survey results from 2002 to 2012. The outstanding results were that satisfaction rates increased over the last 10 years for 20 out of 26 services such as police protection, enforcing traffic laws, emergency medical services, garbage and recycling, preserving mountains and deserts, and property maintenance standards.



City of Phoenix, Arizona



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

City Council

Greg Stanton, Mayor

Thelda Williams, District 1

Jim Waring, Vice Mayor, District 2

Bill Gates, District 3

Laura Pastor, District 4

Daniel Valenzuela, District 5

Sal DiCiccio, District 6

Michael Nowakowski, District 7

Kate Gallego, District 8

Administrative Staff

Ed Zuercher, City Manager

Prepared By

Finance Department

Neal Young, Chief Financial Officer



City of Phoenix

Comprehensive Annual Financial Report

Table of Contents

For the Fiscal Year Ended June 30, 2014

	<u>Exhibit</u>	<u>Page</u>
<u>Introductory Section</u>		
Letter of Transmittal		I
Certificate of Achievement for Excellence in Financial Reporting		VII
Organizational Chart		VIII
Council Members and District Boundaries		IX
<u>Financial Section</u>		
Report of Independent Certified Public Accountants		1
Management's Discussion and Analysis (required supplementary information)		5
Basic Financial Statements		
<u>Government-Wide Financial Statements</u>		
Statement of Net Position	A-1	15
Statement of Activities	A-2	16
<u>Fund Financial Statements</u>		
Governmental Fund Financial Statements		
Balance Sheet	B-1	20
Reconciliation of the Balance Sheet to the Statement of Net Position	B-2	21
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	B-4	23
Budgetary Comparison Statement - General Fund	B-5	24
Budgetary Comparison Statements - Transit Special Revenue Fund		
Transit 2000	B-6	25
Transit Other Agency	B-7	26
Transit - Federal Transit Grants	B-8	27
Enterprise Fund Financial Statements		
Statement of Net Position	B-9	28
Statement of Revenues, Expenses and Changes in Net Position	B-10	30
Statement of Cash Flows	B-11	32
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	B-12	34
Statement of Changes in Fiduciary Net Position	B-13	35
<u>Notes to the Financial Statements</u>		37
<u>Required Supplementary Information</u>		93
Nonmajor Governmental Funds		
<u>Combining Fund Financial Statements</u>		
Fund Descriptions		95
Combining Balance Sheet	C-1	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	102

Table of Contents

For the Fiscal Year Ended June 30, 2014

(Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information		
<u>Nonmajor Governmental Funds - Budgetary Comparison Schedules</u>		
General Fund Schedule of Expenditures and Encumbrances	D-1	107
Excise Tax Special Revenue Fund	D-2	108
Highway User Revenue Special Revenue Fund	D-3	109
Municipal Court Awards Special Revenue Fund	D-4	110
Development Services Special Revenue Fund	D-5	111
Community Reinvestment Special Revenue Fund	D-6	112
Federal Operating Trust Grants Special Revenue Fund	D-7	113
Community Development Grants Special Revenue Fund	D-8	114
Human Services Grants Special Revenue Fund	D-9	115
Public Housing Special Revenue Fund	D-10	116
Public Housing Hope VI Grant Special Revenue Fund	D-11	117
Sports Facilities Special Revenue Fund	D-12	118
Capital Construction Special Revenue Fund	D-13	119
Parks and Preserves Special Revenue Fund	D-14	120
Other Restricted Special Revenue Funds	D-15	121
Neighborhood Protection Special Revenue Fund	D-16	122
Public Safety Enhancement Special Revenue Fund	D-17	123
Public Safety Expansion Special Revenue Fund	D-18	124
Golf Courses Special Revenue Fund	D-19	125
Regional Wireless Cooperative	D-20	126
Secondary Property Tax Debt Service Fund	D-21	127
City Improvement Debt Service Fund	D-22	128
<u>Enterprise Funds - Comparative Statements and Schedules</u>		
Aviation Enterprise Fund		
Comparative Statements of Net Position	E-1	130
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-2	132
Comparative Statements of Cash Flows	E-3	133
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis Aviation	E-4	134
Phoenix Convention Center Enterprise Fund		
Comparative Statements of Net Position	E-5	136
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-6	138
Comparative Statements of Cash Flows	E-7	139
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-8	140
Water System Enterprise Fund		
Comparative Statements of Net Position	E-9	142
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-10	144
Comparative Statements of Cash Flows	E-11	145
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis Water	E-12	146
Water - Val Vista	E-13	147

Table of Contents

For the Fiscal Year Ended June 30, 2014
(Continued)

	<u>Exhibit</u>	<u>Page</u>
Wastewater Enterprise Fund		
Comparative Statements of Net Position	E-14	148
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-15	150
Comparative Statements of Cash Flows	E-16	151
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Wastewater	E-17	152
Wastewater - SROG	E-18	153
Solid Waste Enterprise Fund		
Comparative Statements of Net Position	E-19	154
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-20	156
Comparative Statements of Cash Flows	E-21	157
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-22	158
<u>Fiduciary Funds</u>		
Combining Statement of Fiduciary Net Position	F-1	160
Combining Statement of Changes in Fiduciary Net Position	F-2	164
Agency Fund - Combining Statement of Changes in Assets and Liabilities	F-3	166
<u>Component Units</u>		
Phoenix Housing Financing Corporations		
Combining Statement of Net Position	G-1	170
Combining Statement of Revenues, Expenses and Changes in Net Position	G-2	172
<u>Other Supporting Schedules</u>		
Summary of Operating Funds - Budget Basis	H-1	176
Summary of Capital Project Funds - Budget Basis	H-2	178
Capital Improvement Program - Expenditures and Encumbrances	H-3	182
Transfers To/From Other Funds	H-4	184
Budgetary Transfers - Budget Basis	H-5	186
Bonds and Certificates Payable	H-6	188
Debt Service Requirements		
General Obligation Bonds		
Limited to Six Percent of Assessed Valuation	H-7	189
Limited to Twenty Percent of Assessed Valuation	H-8	190
By Type of Security to Bondholders	H-9	192
By General Purpose of Assets Acquired	H-10	193
Bond Ratings	H-11	194

Table of Contents

For the Fiscal Year Ended June 30, 2014
(Continued)

Table **Page**

Statistical Section (Unaudited)

Financial Trends

Net Position by Component	1	196
Changes in Net Position	2	198
Fund Balances of Governmental Funds	3	204
Changes in Fund Balances of Governmental Funds	4	206
Tax Revenues by Source - Governmental Funds	5	210
Intergovernmental Revenues by Source - Governmental Funds	6	212

Revenue Capacity

City Transaction Privilege Taxes by Category	7	216
Direct and Overlapping Sales Tax Rates	8	218
City Transaction Privilege Taxpayers by Category	9	220
City Property Tax Levies and Collections	10	223
Property Tax Rates and Levies - Direct and Overlapping Governments	11	224
Property Tax Levies Applicable to Phoenix Property Owners	12	226
Secondary Assessed Valuation and Estimated True Valuation	13	228
Principal Property Taxpayers	14	230

Debt Capacity

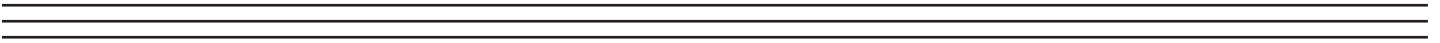
Legal Debt Margin - General Obligation Bonds	15	232
Ratio of Debt Service Expenditures for General Bonded Debt to General Governmental Operating Expenditures	16	234
Pledged - Revenue Bond Coverage	17	235
Ratio of Outstanding Debt by Type	18	237
Direct and Overlapping Bonded Debt per Capita	19	238
Direct and Overlapping Bonded Debt	20	239

Economic and Demographic Information

Demographic Statistics	21	241
Principal Employers	22	242

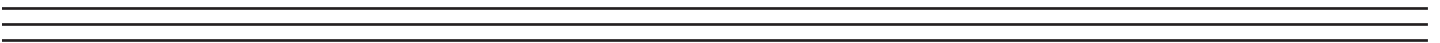
Operating Information

Statistical Profile	23	244
---------------------	----	-----



Introductory Section

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





City of Phoenix
FINANCE DEPARTMENT
FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 19, 2014

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, 2014. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Independent Audits

The City Charter requires an annual audit by independent certified public accountants. The City's Audit Committee has selected the independent audit firm of Grant Thornton LLP to perform the audit of the City's CAFR for fiscal year 2013-2014. 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*. Grant Thornton LLP was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Single Audit 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 9th 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>.

City Profile

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

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

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

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128. As of June 30, 2014, the City encompassed 519.4 square miles, with the City of Phoenix Development Services and Planning Department estimating the City's population at 1,505,070 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, Maricopa County, Arizona State University, Intel Corporation and Honeywell International.

Budgeting Systems and Controls

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

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

Economic Condition and Outlook

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. Although the economic downturn severely affected Greater Phoenix, recent years have seen recovery in terms of population, employment, affordable housing and retail sales. The City continues to implement policies and standards to remain structurally balanced, maintain or improve current service levels, and attract wealth generating companies.

The local economy was significantly impacted by the recession of 2007-2009 causing a decline in both population and jobs in the Phoenix area. However, from 2003 to 2013, population growth was 21.9% in the Phoenix area as compared to 8.9% for the U.S. For years 2003 through 2013, the Phoenix area unemployment rate has also been consistently lower than the rate for the U.S. As of August 2014, the unemployment rate for the Phoenix area was 6.2%, which is lower than the U.S. rate of 6.5%. The Phoenix area has a mix of industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (54.5%); trade, transportation, and utilities (19.6%); government (12.5%); manufacturing (6.4%); construction (5.0%); information (1.8%); and natural resources and mining (0.2%).

According to data produced by the National Association of Realtors, the median sales price for an existing single-family home in Greater Phoenix increased 71.9% from 2011 to the second quarter of 2014 as compared to a 27.8% increase nationwide for the same time frame. Even so, housing remains affordable as the U.S. median sales price for an existing single-family home was \$212,400 and the median sales price for a similar home in Greater Phoenix was \$198,600 as of the second quarter of 2014. The median housing prices in Greater Phoenix continue to remain low relative to most major western cities including Los Angeles, San Diego, Denver, Seattle, and Houston.

According to the Arizona Department of Revenue, retail sales which declined 10.6% in 2009, grew 0.7% in 2010, 10.1% in 2011, 5.0% in 2012 and 9.4% in 2013. For the first five months of 2014, retail sales increased 2.7% over the same period in 2013. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.4% in 2014 and 6.1% in 2015.

The national and local economy has resulted in a decrease of assessed valuations and declining property taxes over the last few years. The City has continued to monitor these revenues closely and adjust budgets and bond programs accordingly. The property tax base declined from a total secondary assessed valuation of \$10.85 billion in fiscal year 2012-13 to \$9.97 billion in fiscal year 2013-14. This represents an 8.1% reduction from fiscal year 2012-13 values. Total secondary assessed valuation increased to \$10.82 billion for fiscal year 2014-15. The 8.5% increase is the first increase in secondary assessed valuation since fiscal year 2008-09. The City total property tax rate (primary and secondary) for fiscal year 2014-15 remains at \$1.82 per \$100 of assessed valuation. The City general obligation bond property tax reserves of \$245.3 million as of June 30, 2014 and deferral of capital projects in the bond program allow the City to maintain the current property tax rate.

The City Excise Taxes, consisting primarily of City sales taxes, increased from \$734.6 million in fiscal year 2012-13 to \$753.2 million in fiscal year 2013-14. This is an increase of \$18.6 million or 2.5%. This increase was due to a slight improvement in the local economy.

Finally, the City of Phoenix along with the Greater Phoenix Economic Council, are working together to attract wealth generating companies from outside the region to Phoenix and to encourage expansion of existing companies. Employers that have recently relocated or expanded their headquarters or major operations in Phoenix include Connexions, Alliance United, Delta Management, Progrexion, Gigya, Arizona General Hospital, Universal Health, Knight Transportation, MassMutual and Convergys. 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.

Long-Term Financial Planning

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.

Major Initiatives and Awards

Phoenix desert and mountain preserves earned recognition from the American Association of Retired Persons (AARP), National Geographic and the online travel site TravelNerd. All three recognized Phoenix as a top 10 urban hiking and wilderness destination. Particular notice was given to South Mountain Park, which at more than 16,000 acres is the largest municipal park in the country providing over 50 miles of hiking, biking and equestrian trails.

In May 2014, the Orpheum Theatre was honored by TripAdvisor® with a 2014 Certificate of Excellence award. The accolade, which is extended to qualifying businesses worldwide, recognizes hospitality excellence in establishments that consistently receive outstanding TripAdvisor traveler reviews. The Orpheum Theatre is an internationally recognized arts and entertainment venue listed on the national register of historic places.

Construction continued on the 3.2 mile northwest extension of METRO light rail. This project extends the light rail north on 19th Avenue from Montebello to Dunlap avenues with additional stations at Glendale, Northern and Dunlap avenues. It will include a new 500 space park-and-ride facility at the southwest corner of 19th Avenue and Dunlap Avenue and is expected to result in a 12 percent increase in daily weekday passengers. Operations are expected to begin in late 2015 or early 2016.

In May 2014, the Phoenix Business and Workforce Development Center celebrated its first anniversary of operations. The 12,500 square foot center with classroom-style training rooms and a computer lab is a primary resource for businesses to locate, expand and grow in the City of Phoenix. Since the opening, the center has exceeded expectations with quality recruitment services at no cost and as a result, the team assisted in filling more than 2,130 jobs with an average salary of \$22,276. The direct return on investment for the services is nearly \$2 million, Center visitations have steadily increased to more than 2,600, nearly 300 businesses or employers have been served, six industry forums have taken place, two employed worker training grants have been executed and more than 600 job-seekers have completed the free two-week job readiness class for people seeking work.

On December 19, 2013 the City of Phoenix in a joint effort with the State Veteran's Services Department, the federal government, local businesses, the faith community, and a wide-range of non-profits including the Arizona Coalition to End Homelessness successfully placed a roof over the head of every chronically homeless veteran in Phoenix. The coordinated effort, Project H3 Vets, followed a "housing first" approach to chronic homelessness that has resulted in a 94% retention rate among the chronically homeless veteran population and has become a model for other communities.

The City is pursuing public-private partnerships that will help preserve services during tough budget times. In April 2014 the City of Phoenix and Grand Canyon University announced the expansion of an on-going partnership through a \$125,000 investment to fund a drowning-prevention program and graffiti abatement services. In May 2014 Phoenix's Cashman Park was temporarily closed until mid-August to allow for construction of a new playground, fitness/workout stations and improvements to the 10-acre park irrigation system. The improvements were funded by a \$500,000 contribution from the Desert Ridge Community Association.

In January 2014 hive @ central opened to the public at Burton Barr Central Library. Hive @ central was developed in partnership with ASU Entrepreneurship & Innovation Group, City of Phoenix Community and Economic Development Department, and Phoenix Public Library. Hive @ central is a discovery space for business entrepreneurs, combining elements of a co-working space with expert library fact-finding services and resources, and ASU startup expertise. The space is part of the Alexandria Network, bringing together inventors, problem-solvers, entrepreneurs and small businesses in collaboration spaces in community libraries across Arizona.

The City continues its commitment to economic development with projects in downtown Phoenix, Laveen and the Metrocenter Mall area in northwest Phoenix.

- In March 2014 the City Council unanimously approved the North Mountain Redevelopment Area plan, which will shape a 2,500-acre site which includes Metrocenter mall over a decade. The plan outlines a set of goals and strategies for land uses, upgraded infrastructure and public transportation to the area, roughly 10 miles northwest of downtown Phoenix
- In June 2014 Arizona General Hospital announced it is opening a boutique, full-service health care facility in Laveen. The 39,000 square-foot hospital will have 16 inpatient rooms, two state-of-the-art operating rooms, an emergency room, a high-tech laboratory and a full radiology suite. The hospital is expected to bring 300 new jobs and plans to invest \$75 million over the next three years.
- In June 2014 the Arizona Board of Regents approved plans to build a \$136 million, 10-story research building on the Phoenix Biomedical Campus. Plans call for breaking ground by the end of 2014. It is expected to take about 26 months to complete, creating 500 jobs in design and construction. Another 360 permanent jobs will be created as a result of this new research facility.

The City began a pension reform process with the creation of the Pension Reform Task Force in January 2011. For almost a year, the Pension Reform Task Force worked with management, outside consultants, and other stakeholders to comprehensively review and recommend changes to the City of Phoenix Employees' Retirement System (COPERS). Following this review of the plan and extensive actuarial and legal analysis, Task Force recommendations were presented to the City Council in February 2012. The Phoenix City Council reviewed additional information, reform alternatives, and legal issues. On June 19, 2012 City Council adopted a timeline for reform of COPERS, and requested that staff return with additional actuarial modeling and analysis of several additional reform options. These options were considered by the Council at its September 25, 2012 meeting and referred to a March 2013 ballot. City of Phoenix voters approved propositions 201 and 202 which changed contribution rates, rules for voluntary retirement, the calculations of pension benefits for employees hired after July 1, 2013, and the investing standards for the City of Phoenix Employees' Retirement Plan Assets. These reforms are expected to save the City about \$600 million over the next 23 years. Additionally, in October 2013 City Council eliminated the ability of current and future city employees to collect lifetime payments on future leave accruals as well as phone and car allowances. These measures are expected to save the City about \$233 million over the next 25 years resulting in total pension reform savings of about \$830 million.

The City continues to maintain its high quality credit ratings on General Obligation, Excise Tax, Water Revenue, Sewer Revenue and General Airport Revenue Bonds. These high quality credit ratings provided an opportunity to favorably refinance Wastewater Revenue Bonds in fiscal year 2013-14 and will provide additional opportunities in the future. The City also provides critical information about City finances on an investor website at www.phoenix.gov/finance/investor. This site provides historical and investment information about the City's various credits. To see a listing of all Bond Ratings for the City of Phoenix, please refer to page 194.

Certificate of Achievement for Excellence in Financial Reporting

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, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received this award continuously since 1976. The CAFR for fiscal year ended June 30, 2014 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements.

The component unit financial report for COPERS for the year ended June 30, 2013 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

Acknowledgements

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

Respectfully submitted,



Neal Young
Chief Financial Officer



Government Finance Officers Association

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

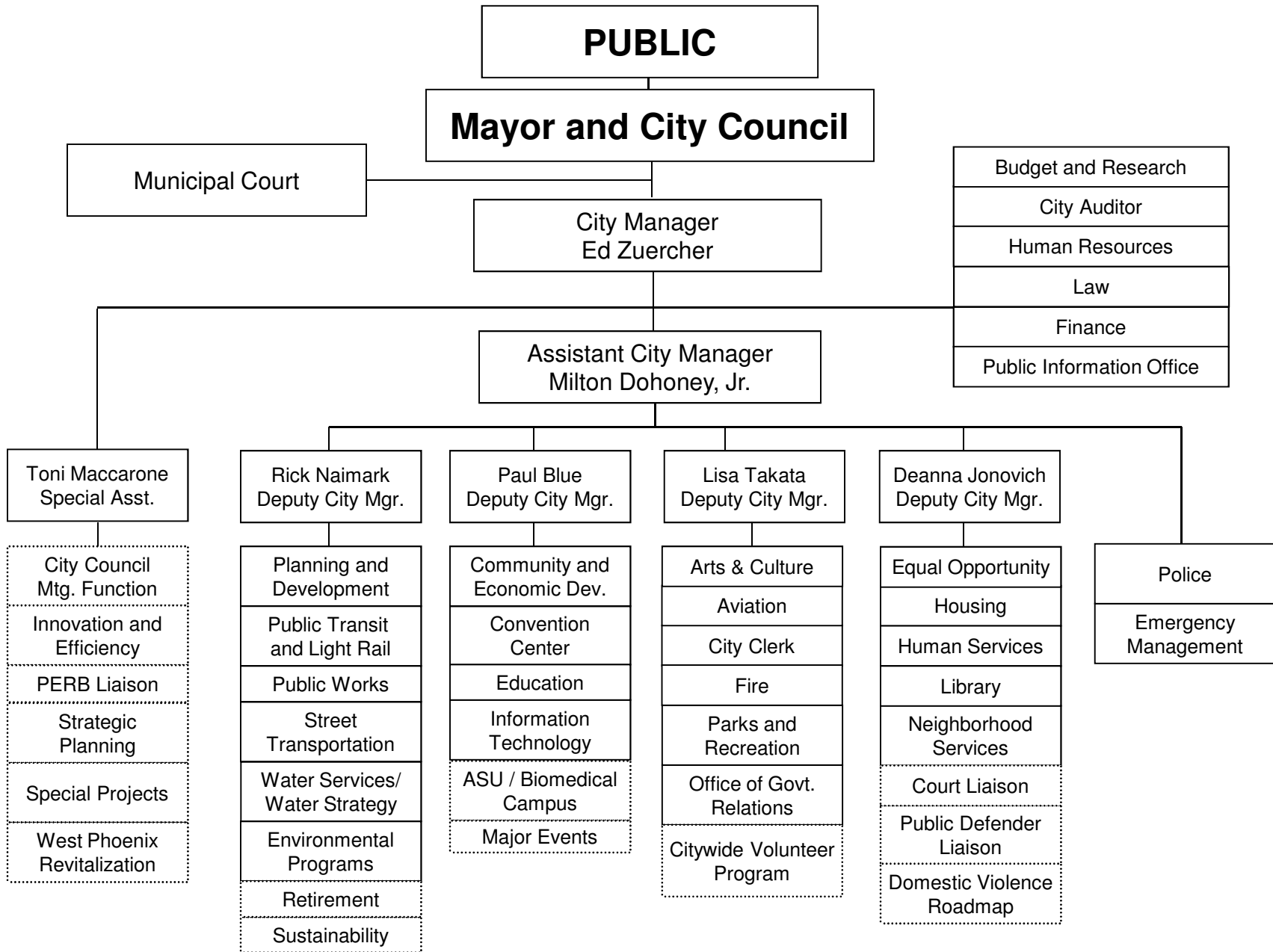
Presented to

**City of Phoenix
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



City of Phoenix Council members and district boundaries



Mayor Greg Stanton
602-262-7111
mayor.stanton@phoenix.gov



Thelda Williams
602-262-7444
council.district.1@phoenix.gov



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



Bill Gates
602-262-7441
council.district.3@phoenix.gov



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



Sal DiCiccio
602-262-7491
council.district.6
@phoenix.gov



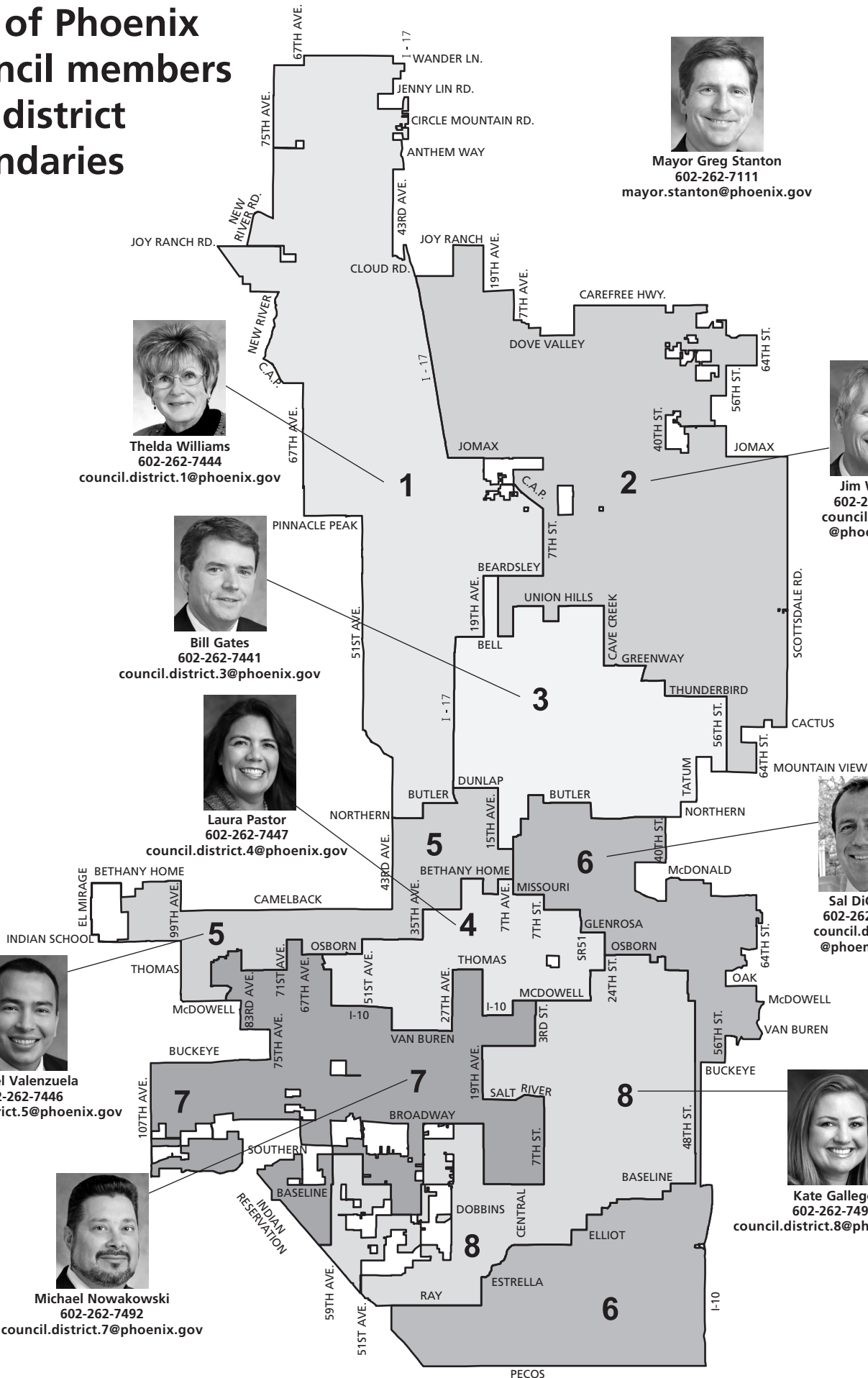
Daniel Valenzuela
602-262-7446
council.district.5@phoenix.gov



Michael Nowakowski
602-262-7492
council.district.7@phoenix.gov

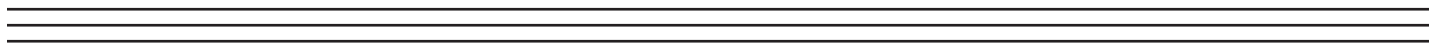


Kate Gallego
602-262-7493
council.district.8@phoenix.gov



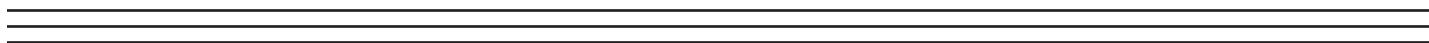


City of Phoenix



Financial Section

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





REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
2398 E Camelback Road, Suite 600
Phoenix, AZ 85016-9004
T 602.474.3400
F 602.474.3421
www.GrantThornton.com

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

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the “City”) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly,

we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flow thereof, and the respective budgetary comparison for the general fund and the transit special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress on pages 5 through 14 and 93 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Other information

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

Other reporting required by Government Auditing Standards

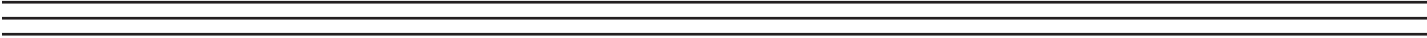
In accordance with *Government Auditing Standards*, we have also issued our report, dated December 19, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Phoenix, Arizona
December 19, 2014

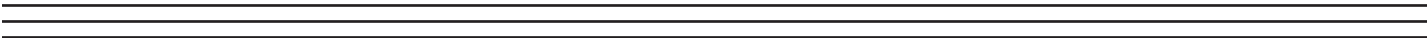


City of Phoenix



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, 2014. Readers are encouraged to consider this overview and analysis in combination with the traditional transmittal letter that can be found on pages I – VI of this report.

FINANCIAL HIGHLIGHTS

- On the Government-Wide Financial Statements, total assets plus deferred outflows of resources of the City exceeded its total liabilities plus deferred inflows at the close of the fiscal year by \$8.6 billion (net position). Of this amount, \$2.0 billion (unrestricted net position) 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 total net position increased by \$120.8 million or 1.4 percent as compared to June 30, 2013.
- At the close of the fiscal year, the City governmental funds reported combined ending fund balances of \$1.2 billion, a decrease of \$52.5 million from last fiscal year. Approximately 28.2 percent of the total governmental fund balance amount, or \$349.0 million, is designated by the City as committed, assigned and unassigned. The remaining 71.8 percent or \$888.4 million is designated as non-spendable or restricted. See Note 3 on page 48 for a detailed description of fund balance classifications per GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1) Basic Financial Statements - Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 15 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 6 and 9.

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

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

Both the Statement of Net Position and the Statement of Activities divide the functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, Phoenix Convention Center, water services, wastewater

services and solid waste. In addition, financial information is also presented for the City discretely presented component units, the Downtown Phoenix Hotel Corporation, the Phoenix Housing Finance Corporations, and the Phoenix Industrial Development Authority. See Note 1 on page 37 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, 2014.

Net Position. As noted above, net position may serve over time as a useful indicator of a government's financial position. The City net position, the amount by which assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources, was \$8.6 billion at the close of the fiscal year.

The largest portion of the City net position (\$5.4 billion or 62.7 percent) reflects its net investment in capital assets, e.g., land, buildings, improvements, equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following table summarizes Exhibit A-1, the detailed Statement of Net Position.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,364,560	\$ 2,484,670	\$ 2,271,543	\$ 2,292,215	\$ 4,636,103	\$ 4,776,885
Capital assets	4,791,301	4,735,487	6,963,643	7,051,832	11,754,944	11,787,319
Total assets	<u>7,155,861</u>	<u>7,220,157</u>	<u>9,235,186</u>	<u>9,344,047</u>	<u>16,391,047</u>	<u>16,564,204</u>
Deferred outflows of resources	36,344	32,249	18,186	25,005	54,530	57,254
Total deferred outflows of resources	<u>36,344</u>	<u>32,249</u>	<u>18,186</u>	<u>25,005</u>	<u>54,530</u>	<u>57,254</u>
Other liabilities	253,470	313,454	628,933	624,627	882,403	938,081
Long-term liabilities outstanding	2,491,589	2,562,378	4,471,170	4,641,359	6,962,759	7,203,737
Total liabilities	<u>2,745,059</u>	<u>2,875,832</u>	<u>5,100,103</u>	<u>5,265,986</u>	<u>7,845,162</u>	<u>8,141,818</u>
Deferred inflows of resources	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:						
Net investment in capital						
assets	2,576,366	2,454,765	2,818,479	2,826,143	5,394,845	5,280,908
Restricted	868,223	930,237	363,946	174,160	1,232,169	1,104,397
Unrestricted	<u>1,002,557</u>	<u>991,572</u>	<u>970,844</u>	<u>1,102,763</u>	<u>1,973,401</u>	<u>2,094,335</u>
Total net position	<u>\$ 4,447,146</u>	<u>\$ 4,376,574</u>	<u>\$ 4,153,269</u>	<u>\$ 4,103,066</u>	<u>\$ 8,600,415</u>	<u>\$ 8,479,640</u>

The *restricted* portion of the City net position (\$1.2 billion) represents resources that are subject to external restrictions on how they may be used. Such restrictions include debt service payments, development impact fees restricted to growth-related projects, other capital projects and required reserves. The remaining balance, or the *unrestricted net position* (\$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 position (1-net investment in capital assets, 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 capital assets for the fiscal year ended June 30, 2014, totalled \$11.8 billion, net of accumulated depreciation. This represents a decrease from the prior fiscal year of \$32.4 million, an increase of \$55.8 million for Governmental Activities and a decrease of \$88.2 million for Business-Type Activities.

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

- Various street and storm sewer projects throughout the City valued at \$105.3 million.
- Design and construction related to the PHX Sky Train at Sky Harbor International Airport valued at \$64.8 million.
- Transit bus purchases valued at \$63.6 million.
- New and replacement water and sewer mains throughout the City valued at \$58.6 million.
- Design and construction at various water treatment facilities valued at \$37.3 million.
- Construction and maintenance of Sky Harbor, Deer Valley and Goodyear Airports runways, taxiways and aprons valued at \$32.9 million.
- Low income housing projects valued at \$17.3 million.
- Park and trailhead improvements valued at \$17.0 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,248,028	\$ 1,245,371	\$ 694,807	\$ 689,886	\$ 1,942,835	\$ 1,935,257
Artwork	6,594	6,202	11,288	11,269	17,882	17,471
Construction-in-Progress	213,320	267,011	549,748	418,090	763,068	685,101
Buildings	893,321	894,426	1,817,464	1,895,259	2,710,785	2,789,685
Improvements	279,776	259,854	2,037,005	2,130,358	2,316,781	2,390,212
Infrastructure	1,863,353	1,819,596	1,140,019	1,140,751	3,003,372	2,960,347
Equipment	269,170	222,647	591,686	631,587	860,856	854,234
Intangible Assets	17,739	20,380	121,626	134,632	139,365	155,012
Total	\$ 4,791,301	\$ 4,735,487	\$ 6,963,643	\$ 7,051,832	\$ 11,754,944	\$ 11,787,319

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

Long-term Liabilities. The City had total long-term liabilities or obligations of \$7.0 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 \$5.0 billion and certificates of participation account for \$24.2 million of the total. Revenue bonds total \$16.8 million and an additional \$0.2 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 the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's net secondary

assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's net secondary assessed valuation.

The City's available debt margin at June 30, 2014 was \$533 million in the 6% capacity and \$1,031 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds, net	\$ 1,485,463	\$ 1,506,611	\$ 67,214	\$ 74,842	\$ 1,552,677	\$ 1,581,453
Revenue bonds	-	-	16,817	17,701	16,817	17,701
Certificates of Participation, net	24,225	25,630	-	-	24,225	25,630
Municipal Corporation						
Obligations, net	712,912	762,554	4,291,595	4,446,259	5,004,507	5,208,813
Special assessment bonds	151	169	-	-	151	169
Insurance claims payable	104,211	99,750	-	-	104,211	99,750
Compensated absences	141,823	143,069	19,583	20,840	161,406	163,909
Landfill Closure/Post-closure costs	-	-	66,461	70,527	66,461	70,527
Pollution Remediation	20,503	22,294	9,500	11,190	30,003	33,484
Other	2,301	2,301	-	-	2,301	2,301
Total	\$ 2,491,589	\$ 2,562,378	\$ 4,471,170	\$ 4,641,359	\$ 6,962,759	\$ 7,203,737

The City's total long-term obligations decreased by \$241.0 million, 3.3%, due to debt service payments during the fiscal year just ended. In fiscal year 2014, the City did not issue any new debt, however, the City issued \$278.0 million of general obligation refunding bonds to refinance and restructure existing bonds. Additionally, in fiscal year 2014, the Civic Improvement Corporation issued \$456.7 million of refunding bonds used to refinance and restructure existing wastewater and transit excise tax bonds. The City maintains the following ratings on its general obligation debt: "AA+" 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 Position. Detail of the following summarized information can be found in Exhibit A-2, the Statement of Activities.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 226,440	\$ 209,398	\$ 1,123,455	\$ 1,054,741	\$ 1,349,895	\$ 1,264,139
Grants and contributions						
Operating	343,898	393,652	-	-	343,898	393,652
Capital	150,410	98,647	130,975	158,314	281,385	256,961
General revenues						
Excise taxes	755,486	736,938	-	-	755,486	736,938
Other taxes	245,531	292,454	-	-	245,531	292,454
Grants/contributions not restricted to specific programs	349,149	318,673	-	-	349,149	318,673
Other	92,432	79,741	10,787	1,651	103,219	81,392
Total revenues	<u>2,163,346</u>	<u>2,129,503</u>	<u>1,265,217</u>	<u>1,214,706</u>	<u>3,428,563</u>	<u>3,344,209</u>
Expenses						
General government	152,502	186,104	-	-	152,502	186,104
Criminal justice	34,356	35,409	-	-	34,356	35,409
Public safety	888,801	896,801	-	-	888,801	896,801
Transportation	394,664	407,563	-	-	394,664	407,563
Community enrichment	252,760	237,856	-	-	252,760	237,856
Community development	222,266	221,588	-	-	222,266	221,588
Environmental services	33,616	33,334	-	-	33,616	33,334
Interest on long-term debt	93,013	117,667	-	-	93,013	117,667
Aviation	-	-	471,744	464,388	471,744	464,388
Phoenix Convention Center	-	-	105,889	103,472	105,889	103,472
Water services	-	-	342,584	335,004	342,584	335,004
Wastewater services	-	-	181,329	191,568	181,329	191,568
Solid waste	-	-	134,264	133,295	134,264	133,295
Golf Courses	-	-	-	9,876	-	9,876
Total expenses	<u>2,071,978</u>	<u>2,136,322</u>	<u>1,235,810</u>	<u>1,237,603</u>	<u>3,307,788</u>	<u>3,373,925</u>
Increase/(Decrease) in net position before transfers	91,368	(6,819)	29,407	(22,897)	120,775	(29,716)
Transfers	(22,653)	(25,416)	22,653	25,416	-	-
Increase/(Decrease) in net position	68,715	(32,235)	52,060	2,519	120,775	(29,716)
Net Position - July 1	4,376,574	4,408,809	4,103,066	4,100,547	8,479,640	8,509,356
Effect of Change in Accounting Policy	1,857	-	(1,857)	-	-	-
Net Position - July 1, as restated	4,378,431	4,408,809	4,101,209	4,100,547	8,479,640	8,509,356
Net Position - June 30	<u>\$ 4,447,146</u>	<u>\$ 4,376,574</u>	<u>\$ 4,153,269</u>	<u>\$ 4,103,066</u>	<u>\$ 8,600,415</u>	<u>\$ 8,479,640</u>

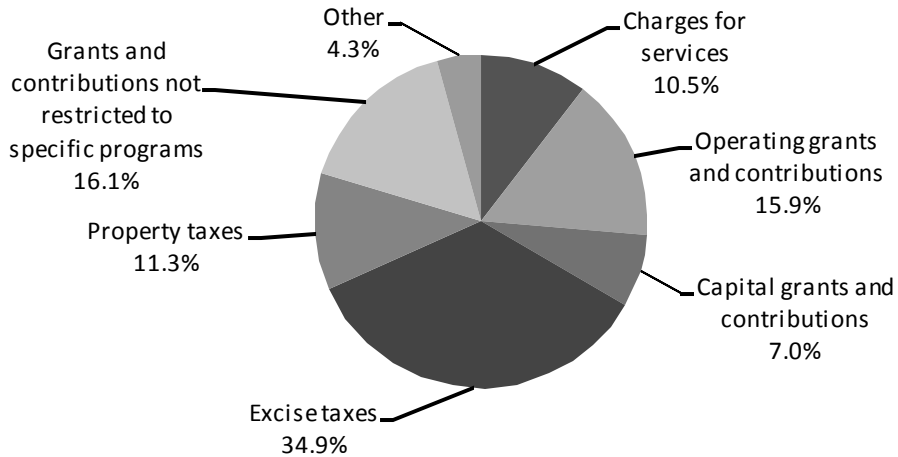
As shown above, Total Government net position increased by \$120.8 million, of which \$70.6 million was related to Governmental Activities accounting for 58.4 percent of the total fiscal year increase in net position. Business-Type Activities increased the City's net position by \$50.2 million, or 41.6 percent of the total fiscal year increase in net position.

During fiscal year ended 2014, excise tax revenues and charges for services increased by 2.5 and 6.8 percent, respectively, due to continued growth in the economy. The Access to Care Tax Program, an intergovernmental agreement which authorizes the City to receive funds from participating hospitals and to disburse funds to the Arizona Health Care Cost Containment System (AHCCCS), provided \$65.6 million in 2014 to AHCCCS compared to \$98.4 million in 2013 and led to decreases in both Other Taxes revenues and General Government expenses.

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

Revenues by Source - Governmental Activities

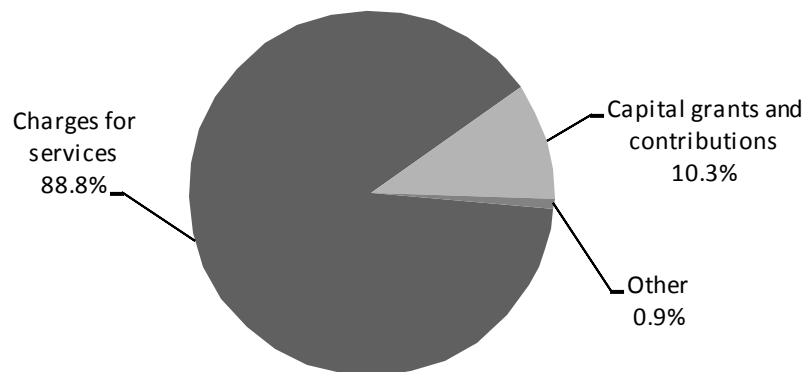
Fiscal Year Ended June 30, 2014



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 35 percent of the total. Additional information about tax revenues is presented in Table 5 of the Statistical Section.

Revenues by Source - Business Type Activities

Fiscal Year Ended June 30, 2014



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-13 beginning on page 20 of this report. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-8), Enterprise Funds (Exhibits B-9 through B-11) and Fiduciary Funds (Exhibits B-12 and B-13).

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

The City maintains twenty-five individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Transit Special Revenue Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under Governmental Accounting Standards Board (GASB) Statement No. 34. Data from the other twenty-two Governmental Funds are combined into a single, aggregated presentation as Non-major Governmental Funds. Individual fund data for each of these non-major Governmental Funds is 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) and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-8) to demonstrate compliance with this budget.

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

On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. As of July 1, 2013, all activity of the City of Phoenix Municipal Golf program was reported in the governmental funds.

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-9 through B-11 on pages 28-33) provide separate information for each of the five Enterprise Funds noted above as all are considered to be major funds of the City.

Fund Financial Statement Analysis

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

Governmental Funds. The focus of the Governmental Fund Financial Statements (Exhibits B-1 through B-8 on pages 20-27) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented separately on these financial statements, while the non-major funds are combined into a single column. Combining statements for the nonmajor funds can be found in Exhibits C-1 and C-2. The following table summarizes information found in Exhibits B-1 and B-3.

City of Phoenix
Changes in Governmental Fund Balances
Fiscal Year Ended June 30, 2014
(in thousands)

	Fund Balances June 30, 2013	Net Change in Fund Balances	Fund Balances June 30, 2014
General Fund	\$ 272,499	\$ 27,752	\$ 300,251
Transit Special Revenue Fund	295,641	(11,147)	284,494
G.O./Secondary Property Tax	291,645	(46,377)	245,268
Nonmajor Governmental	430,066	(22,692)	407,374
Total	\$ 1,289,851	\$ (52,464)	\$ 1,237,387
Total Nonspendable	\$ 21,100	\$ (957)	\$ 20,143
Spendable - Restricted	930,237	(62,014)	868,223
Spendable - (Committed, Assigned, Unassigned)	338,514	10,507	349,021
Total Governmental Balances	\$ 1,289,851	\$ (52,464)	\$ 1,237,387

Note: See Exhibit B-1 on page 20 and Note 3 on page 48 for detailed information on fund balances.

As shown in the above table, at the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.2 billion, a decrease of \$52.5 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.4 percent of this amount, or \$1.2 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$349.0 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 71.8 percent or \$888.4 million is designated as non-spendable or restricted. Examples of restricted fund balances are mostly Debt Service Reserve funds, Special Revenue funds and Capital Projects funds. Non-spendable funds include inventory and prepaid items. See Note 3 on page 48 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. Continued cost saving measures by the City resulted in a \$1.1 million decrease in General Fund operating expenditures. This, combined with an increase in primary property taxes and state shared revenues, resulted in a \$27.8 million increase in General Fund balance.

The Transit Special Revenue Fund accounts for the voter approved excise taxes dedicated to the construction, operation and maintenance of the public transit system. Due to a decrease in federal funding to the City, additional operating funds were used for bus purchases resulting in a decrease of \$11.1 million in Transit Special Revenue Fund balance.

The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund decreased by \$46.4 million. This decrease was due to the planned use of the fund balance to pay for general obligation debt service while maintaining current property tax rates.

The nonmajor governmental funds, consisting of the special revenue, capital projects and debt service funds, had a combined decrease in fund balance of \$22.7 million. The decrease is primarily in the capital project funds as the City spent down existing bond proceeds and did not issue additional governmental debt in fiscal year 2014.

Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the Fund Financial Statements within the Basic Financial Statements, or as required supplementary information (RSI) after the Notes to the Financial Statements. The City has chosen to present the General Fund budgetary statement (Exhibit B-5), and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-8) in the Basic Financial Statements. The following table summarizes Exhibit B-5.

**City of Phoenix
General Fund
Budgetary Comparison Statement
Fiscal Year Ended June 30, 2014
(in thousands)**

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 315,987	\$ 314,198	\$ (1,789)
Expenditures and Encumbrances	1,127,915	1,042,102	85,813
Deficiency of Revenues Under Expenditures and Encumbrances	(811,928)	(727,904)	84,024
Other Financing Sources (Uses)	787,893	743,742	(44,151)
Net Change in Fund Balance	\$ <u>(24,035)</u>	<u>15,838</u>	\$ <u>39,873</u>
Fund Balance July 1		<u>62,741</u>	
Fund Balance June 30		\$ <u><u>78,579</u></u>	

The total revenues in the General Fund were within 0.6 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 \$1.1 billion. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2014, were \$1.0 billion which is \$85.8 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-9 through B-11) 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-9 and B-10.

**City of Phoenix
Changes in Enterprise Fund Net Position
Fiscal Year Ended June 30, 2014
(in thousands)**

	Net Position July 1, 2013	Change in Net Position	Net Position June 30, 2014
Aviation	\$ 1,765,618	\$ 7,934	\$ 1,773,552
Phoenix Convention Center	92,040	(24,504)	67,536
Water System	1,341,315	46,258	1,387,573
Wastewater	851,206	11,308	862,514
Solid Waste	51,030	11,064	62,094
Total	\$ <u>4,101,209</u>	\$ <u>52,060</u>	\$ <u>4,153,269</u>

As shown in the table, Net Position for the Enterprise Funds increased in total by \$52.1 million during the fiscal year. Aviation, Water System, Wastewater and Solid Waste ended the year with increases totaling \$76.6 million offset by decreases in Phoenix Convention Center of \$24.5 million. The increases were due to increased revenues combined with continued efficiency efforts and debt restructuring. The decline in net position for the Phoenix Convention Center reflects the decreased sales tax revenues committed to the Convention Center, particularly tourism and construction contracting taxes. The Aviation, Water System, and Wastewater Funds comprise 96.9 percent (\$1.8 billion, \$1.4 billion, and \$862.5 million respectively) of the total Enterprise Fund Net Position at June 30, 2014.

3) Basic Financial Statements - Notes to the Financial Statements

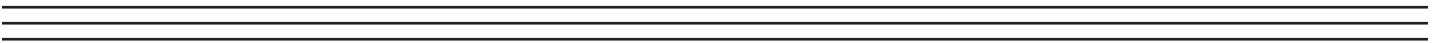
The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found beginning on page 37 of this report. Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 19 and Note 20 to the financial statements, and as required supplemental information.

ECONOMIC FACTORS

- The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128 which is a 47.2% change. As of June 30, 2014, the City encompasses 519.4 square miles and has an estimated population of 1,505,070.
- The Phoenix area unemployment rate continues to be lower than the rate for the U.S. As of August 2014, the unemployment rate for the Phoenix area was 6.2% as compared to the U.S. rate of 6.5%.
- The City property tax base increased in 2014 reflecting the recent recovery from the downturn in the national economy and the overbuilding that occurred in the real estate sector during the mid 2000's. The 2014 total secondary assessed valuation is \$10.8 billion, which represents an 8.5 percent increase over 2013 assessed value of \$10.0 billion. Assessed valuations are expected to increase again in 2015.
- According to data produced by the National Association of Realtors the median sales price for an existing single-family home in Greater Phoenix increased 71.9% from 2011 to the second quarter of 2014 as compared to a 27.8% increase nationwide for the same time frame.
- According to the Arizona Department of Revenue, retail sales which declined 10.6% in 2009, grew 0.7% in 2010, 10.1% in 2011, 5.0% in 2012 and 9.4% in 2013. For the first five months of 2014, retail sales increased 2.7% over the same period in 2013. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.4% in 2014 and 6.1% in 2015.

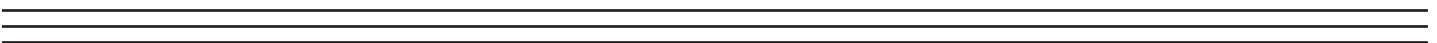
REQUESTS FOR FINANCIAL INFORMATION

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



Financial Section

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



City of Phoenix, Arizona
Government-Wide Financial Statements

Exhibit A-1

Statement of Net Position

June 30, 2014
(in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
ASSETS						
Cash and Cash Equivalents	\$ 126,793	\$ 95,877	\$ 222,670	\$ 5,401	\$ 1,022	\$ 933
Cash Deposits	1,121	338	1,459	-	1,147	-
Cash and Securities with Fiscal Agents/Trustees	119,874	-	119,874	-	116	-
Investments	901,492	657,871	1,559,363	-	-	-
Receivables, Net of Allowances	329,815	99,114	428,929	1,800	11,081	2,076
Prepaid Items	5,079	4,120	9,199	825	50	19
Inventories	15,079	26,793	41,872	246	-	-
Restricted Assets	-	741,173	741,173	55,948	-	-
Investment in Joint Use Agreements	864,391	646,055	1,510,446	-	-	-
Other Postemployment Benefits Asset	916	202	1,118	-	-	-
Other Noncurrent Assets	-	-	-	317	-	15,322
Capital Assets, at Cost						
Non-depreciable	1,952,783	1,255,843	3,208,626	1,352	23,591	-
Depreciable, net	2,838,518	5,707,800	8,546,318	239,109	15,530	-
Total Assets	<u>7,155,861</u>	<u>9,235,186</u>	<u>16,391,047</u>	<u>304,998</u>	<u>52,537</u>	<u>18,350</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Refunding Bonds	36,344	18,186	54,530	-	-	-
Total Deferred Outflows of Resources	<u>36,344</u>	<u>18,186</u>	<u>54,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Accounts Payable	75,393	52,949	128,342	4,575	3,537	193
Trust Liabilities and Deposits	37,429	1,589	39,018	496	200	-
Advance Payments	20,783	8,309	29,092	-	140	-
Liabilities Payable from Restricted Assets	-	315,902	315,902	24,173	-	-
Matured Bonds and Certificates Payable	70,750	142,367	213,117	-	-	-
Interest Payable	49,115	107,817	156,932	-	813	-
Noncurrent Liabilities						
Due Within One Year						
Insurance Claims Payable	28,596	-	28,596	-	-	-
Accrued Compensated Absences	17,013	2,519	19,532	-	-	-
Pollution Remediation	325	1,500	1,825	-	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	2,506	2,506	-	-	-
General Obligation Bonds	58,585	9,095	67,680	-	-	-
Revenue Bonds	-	909	909	5,595	-	-
Certificates of Participation	1,420	-	1,420	-	-	-
Municipal Corporation Obligations	57,160	131,400	188,560	-	-	-
Special Assessment Bonds	18	-	18	-	-	-
Due in More Than One Year						
Insurance Claims Payable	75,615	-	75,615	-	-	-
Accrued Compensated Absences	124,810	17,064	141,874	-	-	-
Pollution Remediation	20,178	8,000	28,178	-	-	-
Accrued Landfill Closure and Postclosure Care Costs	-	63,955	63,955	-	-	-
General Obligation Bonds, net	1,426,878	58,119	1,484,997	-	-	-
Revenue Bonds, net	-	15,908	15,908	335,259	-	-
Certificates of Participation, net	22,805	-	22,805	-	-	-
Municipal Corporation Obligations, net	655,752	4,160,195	4,815,947	-	-	-
Special Assessment Bonds	133	-	133	-	-	-
Notes Payable	-	-	-	-	34,819	-
Utility/Water Contractual Agreements	2,301	-	2,301	-	-	-
Total Liabilities	<u>2,745,059</u>	<u>5,100,103</u>	<u>7,845,162</u>	<u>370,098</u>	<u>39,509</u>	<u>193</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net Investment in Capital Assets	2,576,366	2,818,479	5,394,845	(33,823)	7,666	-
Restricted For:						
Capital Projects	107,711	-	107,711	8,174	-	-
Debt Service	249,544	124,961	374,505	22,647	-	-
Passenger Facility Charges	-	76,996	76,996	-	-	-
Customer Facility Charges	-	70,667	70,667	-	-	-
Public Transit Operations	278,544	-	278,544	-	-	-
Other	232,424	91,322	323,746	-	-	-
Unrestricted	1,002,557	970,844	1,973,401	(62,098)	5,362	18,157
Total Net Position	<u>\$ 4,447,146</u>	<u>\$ 4,153,269</u>	<u>\$ 8,600,415</u>	<u>\$ (65,100)</u>	<u>\$ 13,028</u>	<u>\$ 18,157</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, 2014
(in thousands)

Exhibit A-2

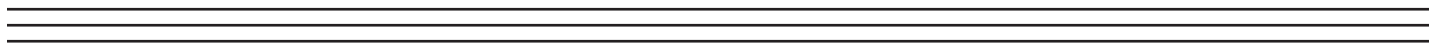
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General Government	\$ 152,502	\$ 16,272	\$ 500	\$ -
Criminal Justice	34,356	20,337	-	-
Public Safety	888,801	71,913	18,989	-
Transportation	394,664	38,780	168,436	142,355
Community Enrichment	252,760	13,740	40,258	-
Community Development	222,266	64,893	111,158	8,055
Environmental Services	33,616	505	4,557	-
Interest on Long-Term Debt	93,013	-	-	-
Total Governmental Activities	<u>2,071,978</u>	<u>226,440</u>	<u>343,898</u>	<u>150,410</u>
Business-Type Activities				
Aviation	471,744	369,157	-	106,856
Phoenix Convention Center	105,889	36,864	-	102
Water Services	342,584	385,294	-	12,211
Wastewater Services	181,329	186,350	-	11,806
Solid Waste	134,264	145,790	-	-
Total Business-Type Activities	<u>1,235,810</u>	<u>1,123,455</u>	<u>-</u>	<u>130,975</u>
Total Primary Government	<u>\$ 3,307,788</u>	<u>\$ 1,349,895</u>	<u>\$ 343,898</u>	<u>\$ 281,385</u>
Component Units:				
Downtown Phoenix Hotel Corp.	<u>\$ 66,146</u>	<u>\$ 53,937</u>	<u>\$ -</u>	<u>\$ -</u>
Phoenix Housing Finance Corp.	<u>\$ 6,961</u>	<u>\$ 5,722</u>	<u>\$ -</u>	<u>\$ -</u>
Phoenix Industrial Development Auth.	<u>\$ 1,384</u>	<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues (Expenses)				
Taxes				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Access to Care Tax				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues (Expenses) and Transfers				
Change in Net Position				
Net Position - July 1				
Effect of Change in Accounting Policy				
Net Position - July 1, as restated				
Net Position - June 30				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
\$ (135,730)	\$ -	\$ (135,730)			
(14,019)	-	(14,019)			
(797,899)	-	(797,899)			
(45,093)	-	(45,093)			
(198,762)	-	(198,762)			
(38,160)	-	(38,160)			
(28,554)	-	(28,554)			
(93,013)	-	(93,013)			
<u>(1,351,230)</u>	<u>-</u>	<u>(1,351,230)</u>			
-	4,269	4,269			
-	(68,923)	(68,923)			
-	54,921	54,921			
-	16,827	16,827			
-	11,526	11,526			
<u>-</u>	<u>18,620</u>	<u>18,620</u>			
<u>(1,351,230)</u>	<u>18,620</u>	<u>(1,332,610)</u>			
			<u>\$ (12,209)</u>		
				<u>\$ (1,239)</u>	
					<u>\$ 1,394</u>
755,486	-	755,486	-	-	-
145,327	-	145,327	-	-	-
34,583	-	34,583	-	-	-
65,621	-	65,621	-	-	-
349,149	-	349,149	12,707	469	-
22,572	10,787	33,359	82	58	119
69,860	-	69,860	-	-	-
(22,653)	22,653	-	-	-	-
<u>1,419,945</u>	<u>33,440</u>	<u>1,453,385</u>	<u>12,789</u>	<u>527</u>	<u>119</u>
68,715	52,060	120,775	580	(712)	1,513
4,376,574	4,103,066	8,479,640	(65,680)	13,740	16,644
1,857	(1,857)	-	-	-	-
<u>4,378,431</u>	<u>4,101,209</u>	<u>8,479,640</u>	<u>(65,680)</u>	<u>13,740</u>	<u>16,644</u>
<u>\$ 4,447,146</u>	<u>\$ 4,153,269</u>	<u>\$ 8,600,415</u>	<u>\$ (65,100)</u>	<u>\$ 13,028</u>	<u>\$ 18,157</u>

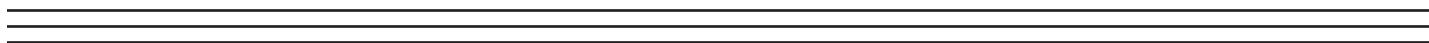


City of Phoenix



Financial Section

**Basic Financial Statements –
Fund Financial Statements**





City of Phoenix

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

Exhibit B-1

June 30, 2014
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 7,280	\$ 17,614	\$ 52,471	\$ 49,428	\$ 126,793
Cash Deposits	1,092	-	-	29	1,121
Cash and Securities with Fiscal Agents/Trustees	-	-	55,939	63,935	119,874
Investments	123,564	209,978	192,001	375,949	901,492
Due from Other Funds	58,286	968	-	29,489	88,743
Receivables, Net of Allowance					
Accounts Receivable	23,909	3,879	-	17,374	45,162
Taxes Receivable	77,027	-	672	14	77,713
Delinquent Taxes Receivable	3,044	-	1,533	-	4,577
Intergovernmental	24,137	7,239	-	66,796	98,172
Accrued Interest	41	-	124	22	187
Notes Receivable	-	61,257	-	42,747	104,004
Prepaid Items	1	770	-	4,308	5,079
Inventories	14,197	658	-	224	15,079
Total Assets	<u>\$ 332,578</u>	<u>\$ 302,363</u>	<u>\$ 302,740</u>	<u>\$ 650,315</u>	<u>\$ 1,587,996</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 88,743	\$ 88,743
Accounts Payable	17,831	17,846	-	39,716	75,393
Insurance Claims Payable	33	-	-	-	33
Trust Liabilities and Deposits	8,671	23	-	28,735	37,429
Matured Bonds Payable	-	-	23,770	46,980	70,750
Interest Payable	-	-	32,169	16,946	49,115
Advance Payments	5,792	-	1,533	21,821	29,146
Total Liabilities	<u>32,327</u>	<u>17,869</u>	<u>57,472</u>	<u>242,941</u>	<u>350,609</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Non-Spendable					
Inventories	14,197	658	-	224	15,079
Prepaid Items	1	770	-	4,293	5,064
Spendable					
Restricted	44,745	278,544	245,268	299,666	868,223
Committed	-	-	-	36,491	36,491
Assigned	62,744	4,522	-	123,739	191,005
Unassigned	178,564	-	-	(57,039)	121,525
Total Fund Balances	<u>300,251</u>	<u>284,494</u>	<u>245,268</u>	<u>407,374</u>	<u>1,237,387</u>
Total Liabilities and Fund Balances	<u>\$ 332,578</u>	<u>\$ 302,363</u>	<u>\$ 302,740</u>	<u>\$ 650,315</u>	<u>\$ 1,587,996</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 Position

Exhibit B-2

June 30, 2014
(in thousands)

Fund balances - total governmental funds balance sheet \$ 1,237,387

Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	6,714,130	
Accumulated depreciation	<u>(1,922,829)</u>	
		4,791,301

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

Valley Metro Rail Inc.	799,233	
Regional Wireless Cooperative	<u>65,158</u>	
		864,391

The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds. 916

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 8,363

Deferred outflows of resources from the refunding of bonds. 36,344

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	(2,222,751)	
Pollution Remediation	(20,503)	
Compensated absences	(141,823)	
Insurance claims payable	(104,178)	
Water repayment agreements	<u>(2,301)</u>	
		<u>(2,491,556)</u>

Net position of governmental activities - statement of net position \$ 4,447,146

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, 2014
(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
City Taxes	\$ 610,513	\$ 111,068	\$ 35,204	\$ 245,088	\$ 1,001,873
Licenses and Permits	15,842	-	-	18	15,860
Intergovernmental	345,108	66,344	4,721	434,058	850,231
Charges for Services	61,799	36,785	-	79,706	178,290
Fines and Forfeitures	15,340	-	-	-	15,340
Parks and Recreation	-	-	-	10,316	10,316
Special Assessments	-	-	-	39	39
Investment Income					
Net Change in Fair Value of Investments	(793)	(2,122)	(816)	(2,157)	(5,888)
Interest	2,391	18,652	3,005	4,412	28,460
Dwelling Rentals	-	-	-	6,658	6,658
Other	29,944	15,891	-	24,335	70,170
Total Revenues	1,080,144	246,618	42,114	802,473	2,171,349
EXPENDITURES					
Current Operating					
General Government	64,776	-	-	69,078	133,854
Criminal Justice	32,405	-	-	1,818	34,223
Public Safety	697,773	4	-	132,822	830,599
Transportation	27,330	177,435	-	48,752	253,517
Community Enrichment	142,310	-	-	55,650	197,960
Community Development	19,659	-	-	182,153	201,812
Environmental Services	11,972	-	-	2,015	13,987
Capital Outlay	3,674	49,281	-	312,932	365,887
Debt Service					
Principal	-	-	23,770	46,998	70,768
Interest	-	-	64,897	34,000	98,897
Bond Issuance Costs	-	-	1,744	1,443	3,187
Arbitrage Rebate and Fiscal Agent Fees	-	-	2	23	25
Total Expenditures	999,899	226,720	90,413	887,684	2,204,716
Excess (Deficiency) of Revenues Over Expenditures	80,245	19,898	(48,299)	(85,211)	(33,367)
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	27,653	10,000	-	84,438	122,091
Transfers to Other Funds	(80,146)	(41,045)	-	(23,553)	(144,744)
Issuance of Debt					
Premium on General Obligation and Revenue Bonds	-	-	28,544	-	28,544
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	39,826	39,826
Refunding Bonds	-	-	262,680	328,920	591,600
Deposit to Refunding Escrow	-	-	(289,302)	(367,112)	(656,414)
Total Other Financing Sources and (Uses)	(52,493)	(31,045)	1,922	62,519	(19,097)
Net Change in Fund Balances	27,752	(11,147)	(46,377)	(22,692)	(52,464)
FUND BALANCES, JULY 1	272,499	295,641	291,645	430,066	1,289,851
FUND BALANCES, JUNE 30	\$ 300,251	\$ 284,494	\$ 245,268	\$ 407,374	\$ 1,237,387

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

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

Exhibit B-4

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities**

For the Fiscal Year Ended June 30, 2014
(in thousands)

Net change in fund balances - total governmental funds	\$ (52,464)
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 (\$230,269) plus the increase in the equity share of the joint venture (\$9,204) exceeded depreciation (\$164,824) and loss on disposals of capital assets (\$20,410) in the current period.	54,239
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,004)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond principal payments and other reductions	67,212
Amortization of bond premium/discount	9,097
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	1,246
Insurance claims	(4,428)
Other Postemployment Benefit (OPEB) Asset	26
Pollution Remediation	<u>1,791</u>
Change in net position of governmental activities - statement of activities	<u>\$ 68,715</u>

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

City of Phoenix, Arizona
Fund Financial Statements
General Fund
Budgetary Comparison Statement
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit B-5

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
City Taxes	\$ 144,529	\$ 144,529	\$ 145,562	\$ 1,033
Licenses and Permits	12,681	12,681	13,067	386
Intergovernmental	53,032	53,032	53,405	373
Charges for Services	71,151	71,151	64,483	(6,668)
Fines and Forfeitures	16,480	16,480	15,100	(1,380)
Interest	2,275	2,275	1,998	(277)
Miscellaneous	15,839	15,839	20,583	4,744
Total Revenues	<u>315,987</u>	<u>315,987</u>	<u>314,198</u>	<u>(1,789)</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	106,432	106,532	100,400	6,132
Criminal Justice	34,298	34,298	32,659	1,639
Public Safety	713,122	713,122	699,796	13,326
Transportation	41,617	41,617	29,713	11,904
Community Enrichment	151,502	151,502	143,665	7,837
Community Development	22,551	22,551	20,210	2,341
Environmental Services	17,538	17,538	13,748	3,790
Capital	2,442	2,442	1,911	531
Contingency	38,313	38,313	-	38,313
Total Expenditures and Encumbrances	<u>1,127,815</u>	<u>1,127,915</u>	<u>1,042,102</u>	<u>85,813</u>
Deficiency of Revenues Over Expenditures and Encumbrances	(811,828)	(811,928)	(727,904)	84,024
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Staff and Administrative	35,007	35,007	34,384	(623)
In-Lieu Property Taxes	22,099	22,099	21,135	(964)
Excise Taxes and Other	742,096	742,096	689,892	(52,204)
Transfers to Other Funds				
Miscellaneous	(12,309)	(12,309)	(4,650)	7,659
Recovery of Prior Years Expenditures	1,000	1,000	2,981	1,981
Total Other Financing Sources (Uses)	<u>787,893</u>	<u>787,893</u>	<u>743,742</u>	<u>(44,151)</u>
Net Change in Fund Balance	<u>\$ (23,935)</u>	<u>\$ (24,035)</u>	<u>15,838</u>	<u>\$ 39,873</u>
Fund Balance, July 1			<u>62,741</u>	
Fund Balance, June 30			<u>\$ 78,579</u>	

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

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

Exhibit B-6

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$ 49,536	\$ 49,536	\$ 48,273	\$ (1,263)
Interest	1,075	1,075	15,983	14,908
Miscellaneous	180	180	4,360	4,180
Total Revenues	50,791	50,791	68,616	17,825
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	136,341	136,341	130,064	6,277
Capital	27,037	27,037	6,940	20,097
Contingency	10,000	10,000	-	10,000
Total Expenditures and Encumbrances	173,378	173,378	137,004	36,374
Deficiency of Revenues Over Expenditures and Encumbrances	(122,587)	(122,587)	(68,388)	54,199
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	135,380	135,380	111,068	(24,312)
Arizona Highway User Special Revenue Fund	-	-	10,000	10,000
Transfers to Other Funds				
General Fund				
Staff and Administrative	(750)	(750)	(686)	64
Transit - Other Agency Special Revenue	-	-	(18)	(18)
Capital Projects Fund	-	-	(2)	(2)
City Improvement Debt Service Fund	(53,366)	(53,366)	(40,831)	12,535
Infrastructure Repayment Agreement Trust	(136)	(136)	(212)	(76)
Recovery of Prior Years Expenditures	3,000	3,000	2,199	(801)
Total Other Financing Sources (Uses)	84,128	84,128	81,518	(2,610)
Net Change in Fund Balance	<u>\$ (38,459)</u>	<u>\$ (38,459)</u>	13,130	<u>\$ 51,589</u>
Fund Balance, July 1			282,799	
Fund Balance, June 30			<u>\$ 295,929</u>	

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

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Other Agency Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit B-7

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 41,846	\$ 41,846	\$ 40,937	\$ (909)
Charges for Services	6	6	-	(6)
Rentals	-	-	43	43
Interest	15	15	(49)	(64)
Total Revenues	41,867	41,867	40,931	(936)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	25,036	25,036	25,036	-
Capital	19,719	19,719	7,789	11,930
Total Expenditures and Encumbrances	44,755	44,755	32,825	11,930
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(2,888)	(2,888)	8,106	10,994
OTHER FINANCING SOURCES				
Transfers from Other Funds				
Transit 2000 Special Revenue	-	-	18	18
Recovery of Prior Years Expenditures	-	-	42	42
Total Other Financing Sources	-	-	60	60
Net Change in Fund Balance	<u>\$ (2,888)</u>	<u>\$ (2,888)</u>	8,166	<u>\$ 11,054</u>
Fund Balance, July 1			(12,738)	
Fund Balance, June 30			<u>\$ (4,572)</u>	

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

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Federal Transit Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit B-8

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 59,919	\$ 59,919	\$ 25,405	\$ (34,514)
Total Revenues	59,919	59,919	25,405	(34,514)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	-	-	4	(4)
Transportation	26,161	26,161	21,449	4,712
Capital	33,758	33,758	4,647	29,111
Total Expenditures and Encumbrances	59,919	59,919	26,100	33,819
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(695)	(695)
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	695	695
Total Other Financing Sources and Uses	-	-	695	695
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

City of Phoenix, Arizona
Fund Financial Statements
Enterprise Funds
Statement of Net Position
June 30, 2014
(in thousands)

Exhibit B-9

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 42,465	\$ 3,510
Investments	270,344	24,907
Receivables, Net of Allowances	6,536	254
Prepaid Items	-	-
Cash Deposits	338	-
Inventories, at Average Cost	1,707	233
Total Unrestricted Current Assets	<u>321,390</u>	<u>28,904</u>
Restricted Assets		
Cash and Cash Equivalents	5,746	655
Cash Deposits	-	2,300
Cash and Securities with Fiscal Agents/Trustees	251,523	20,730
Investments	85,379	14,314
Receivables, Net of Allowances	18,522	2
Total Restricted Current Assets	<u>361,170</u>	<u>38,001</u>
Total Current Assets	<u>682,560</u>	<u>66,905</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,801,798	754,795
Investment in Joint Use Agreement	-	-
OPEB Asset	58	15
Total Noncurrent Assets	<u>2,801,856</u>	<u>754,810</u>
Total Assets	<u>3,484,416</u>	<u>821,715</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding Bonds	1,385	497
Total Deferred Outflows of Resources	<u>1,385</u>	<u>497</u>
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	14,741	1,621
Trust Liabilities and Deposits	1,589	-
Advance Payments	8,298	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Pollution Remediation	1,500	-
Current Portion of Accrued Compensated Absences	826	190
Total Current Liabilities Payable from Current Assets	<u>26,954</u>	<u>1,811</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	10,577	14
Trust Liabilities and Deposits	-	2,315
Commercial Paper Notes Payable	120,000	-
Matured Bonds and Certificates Payable	44,035	2,220
Interest Payable	37,134	18,404
Current Portion of General Obligation Bonds	5	-
Current Portion of Revenue Bonds	-	-
Current Portion of Municipal Corporation Obligations	44,325	2,350
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	<u>256,076</u>	<u>25,303</u>
Total Current Liabilities	<u>283,030</u>	<u>27,114</u>
Noncurrent Liabilities		
General Obligation Bonds	8,270	-
Revenue Bonds	-	-
Municipal Corporation Obligations	1,407,386	726,296
Pollution Remediation	8,000	-
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	5,563	1,266
Total Noncurrent Liabilities	<u>1,429,219</u>	<u>727,562</u>
Total Liabilities	<u>1,712,249</u>	<u>754,676</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	1,241,513	24,428
Restricted for Debt Service	124,961	-
Restricted from Passenger Facility Charges	76,996	-
Restricted from Customer Facility Charges	70,667	-
Restricted from Enabling Legislation	-	-
Unrestricted	259,415	43,108
Total Net Position	<u>\$ 1,773,552</u>	<u>\$ 67,536</u>

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

Exhibit B-9

(Continued)

Water System	Wastewater	Solid Waste	Total
\$ 32,110	\$ 12,469	\$ 5,323	\$ 95,877
217,219	99,765	45,636	657,871
54,566	24,058	13,700	99,114
4,120	-	-	4,120
-	-	-	338
19,474	5,379	-	26,793
327,489	141,671	64,659	884,113
9,150	9,884	3,894	29,329
4,919	57	103	7,379
87,416	48,448	10,939	419,056
67,492	72,483	27,217	266,885
-	-	-	18,524
168,977	130,872	42,153	741,173
496,466	272,543	106,812	1,625,286
2,275,205	973,518	158,327	6,963,643
229,439	416,616	-	646,055
70	26	33	202
2,504,714	1,390,160	158,360	7,609,900
3,001,180	1,662,703	265,172	9,235,186
9,010	7,147	147	18,186
9,010	7,147	147	18,186
21,940	11,674	2,973	52,949
-	-	-	1,589
10	1	-	8,309
-	-	2,506	2,506
-	-	-	1,500
900	239	364	2,519
22,850	11,914	5,843	69,372
1,369	385	104	12,449
4,918	57	102	7,392
175,000	-	-	295,000
54,578	33,564	7,970	142,367
33,147	16,163	2,969	107,817
5,515	1,255	2,320	9,095
207	702	-	909
54,930	21,910	7,885	131,400
-	-	1,061	1,061
329,664	74,036	22,411	707,490
352,514	85,950	28,254	776,862
28,802	13,097	7,950	58,119
3,633	12,275	-	15,908
1,231,506	694,358	100,649	4,160,195
-	-	-	8,000
-	-	63,955	63,955
6,162	1,656	2,417	17,064
1,270,103	721,386	174,971	4,323,241
1,622,617	807,336	203,225	5,100,103
-	-	-	-
926,007	594,589	31,942	2,818,479
-	-	-	124,961
-	-	-	76,996
-	-	-	70,667
43,199	45,573	2,550	91,322
418,367	222,352	27,602	970,844
\$ 1,387,573	\$ 862,514	\$ 62,094	\$ 4,153,269

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

Exhibit B-10

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Landing and Terminals Fees	\$ 174,913	\$ -
Sales	-	-
Rentals	123,878	8,914
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Concessions	-	9,076
Other	27,253	18,874
Total Operating Revenues	<u>326,044</u>	<u>36,864</u>
Operating Expenses		
Administration and Engineering	-	24,169
Operation and Maintenance	235,731	13,407
Promotion	-	2,775
Depreciation and Amortization	158,760	26,403
Staff and Administrative	7,262	2,258
Environmental, Studies & Noise Program	5,099	-
Other	-	1,693
Total Operating Expenses	<u>406,852</u>	<u>70,705</u>
Operating Income (Loss)	<u>(80,808)</u>	<u>(33,841)</u>
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	79,672	-
Rental Car Customer Facility Charges	43,113	-
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	(3,626)	(389)
Interest on Investments	7,457	755
Interest on Capital Debt	(64,863)	(35,144)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	(29)	(40)
Total Non-Operating Revenues (Expenses)	<u>61,724</u>	<u>(34,818)</u>
Income (Loss) Before Contributions and Transfers	<u>(19,084)</u>	<u>(68,659)</u>
Capital Contributions	27,184	102
Transfers from Other Funds	-	44,311
Transfers to Other Funds	(166)	(258)
Change in Net Position	<u>7,934</u>	<u>(24,504)</u>
Net Position, July 1	1,765,618	92,040
Net Position, June 30	<u>\$ 1,773,552</u>	<u>\$ 67,536</u>

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

Exhibit B-10

(Continued)

Water System	Wastewater	Solid Waste	Total
\$ -	\$ -	\$ -	\$ 174,913
327,057	-	-	327,057
-	-	-	132,792
-	146,169	-	146,169
-	-	133,434	133,434
-	-	-	9,076
57,799	40,181	12,185	156,292
384,856	186,350	145,619	1,079,733
30,198	15,624	22,797	92,788
131,178	58,874	71,326	510,516
-	-	-	2,775
105,962	44,065	17,702	352,892
7,493	3,602	6,607	27,222
-	-	-	5,099
-	-	10,552	12,245
274,831	122,165	128,984	1,003,537
110,025	64,185	16,635	76,196
-	-	-	79,672
-	-	-	43,113
(3,726)	(2,225)	(936)	(10,902)
7,239	4,422	1,816	21,689
(49,681)	(33,210)	(5,280)	(188,178)
(18,072)	(25,896)	-	(43,968)
438	(58)	171	482
(63,802)	(56,967)	(4,229)	(98,092)
46,223	7,218	12,406	(21,896)
12,211	11,806	-	51,303
4	-	-	44,315
(12,180)	(7,716)	(1,342)	(21,662)
46,258	11,308	11,064	52,060
1,341,315	851,206	51,030	4,101,209
\$ 1,387,573	\$ 862,514	\$ 62,094	\$ 4,153,269

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

Exhibit B-11

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 325,320	\$ 37,025
Payments to Suppliers	(169,123)	(21,619)
Payments to Employees	(74,194)	(20,232)
Payment of Staff and Administrative Expenses	(7,262)	(2,258)
Net Cash Provided (Used) by Operating Activities	74,741	(7,084)
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	-	44,311
Transfers to Other Funds	(166)	(258)
Net Cash Provided (Used) by Noncapital Financing Activities	(166)	44,053
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	20,057	-
Principal Paid on Capital Debt	(36,070)	(16,888)
Interest Paid on Capital Debt	(74,012)	(31,863)
Acquisition and Construction of Capital Assets	(139,229)	(1,278)
Proceeds from Sales of Capital Assets	152	1
Passenger Facility Charges	80,954	-
Customer Facility Charges	43,188	-
Capital Contributions	22,753	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(82,207)	(50,028)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(1,239,934)	(20,950)
Proceeds from Sale and Maturities of Investment Securities	1,250,820	20,923
Net Activity for Short-Term Investments	(17,294)	1,797
Interest on Investments	3,833	367
Net Cash Provided (Used) by Investing Activities	(2,575)	2,137
Net Increase (Decrease) in Cash and Cash Equivalents	(10,207)	(10,922)
Cash and Cash Equivalents, July 1	310,279	38,117
Cash and Cash Equivalents, June 30	<u>\$ 300,072</u>	<u>\$ 27,195</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (80,808)	\$ (33,841)
Adjustments		
Depreciation and Amortization	158,760	26,403
(Increase) Decrease in Assets		
Receivables	3,636	(3)
Allowance for Doubtful Accounts	(1)	-
Prepaid Items	-	-
Inventories	(131)	(26)
OPEB Asset	(3)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(560)	330
Trust Liabilities and Deposits	176	164
Advance Payments	(4,535)	-
Pollution Remediation	(1,690)	-
Accrued Compensated Absences	(103)	(111)
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 74,741</u>	<u>\$ (7,084)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 102
Bond Capital Appreciation	-	-
Refunding Issuance in Excess of Bond Retirement	407	62
Increase (Decrease) in Fair Value of Investments	20	39
Total Noncash Transactions Affecting Financial Position	<u>\$ 427</u>	<u>\$ 203</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 42,465	\$ 3,510
Cash Deposits	338	-
Total Unrestricted	42,803	3,510
Restricted		
Cash and Cash Equivalents	5,746	655
Cash and Securities with Fiscal Agents/Trustees	251,523	20,730
Cash Deposits	-	2,300
Total Restricted	257,269	23,685
	<u>\$ 300,072</u>	<u>\$ 27,195</u>

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

Exhibit B-11
(Continued)

Water System	Wastewater	Solid Waste	Total
\$ 385,279	\$ 190,429	\$ 145,693	\$ 1,083,746
(85,786)	(53,708)	(67,413)	(397,649)
(86,842)	(22,874)	(43,064)	(247,206)
(7,493)	(3,602)	(6,607)	(27,222)
205,158	110,245	28,609	411,669
4	-	-	44,315
(12,180)	(7,716)	(1,342)	(21,662)
(12,176)	(7,716)	(1,342)	22,653
49	1,413	4	21,523
(35,502)	(54,337)	(7,115)	(149,912)
(65,473)	(39,733)	(6,105)	(217,186)
(89,292)	(27,745)	(14,533)	(272,077)
537	41	671	1,402
-	-	-	80,954
-	-	-	43,188
11,178	6,711	-	40,642
(178,503)	(113,650)	(27,078)	(451,466)
(31,435)	(74,323)	(16,281)	(1,382,923)
39,111	77,276	16,281	1,404,411
(19,123)	(5,385)	(2,891)	(42,896)
3,513	2,197	880	10,790
(7,934)	(235)	(2,011)	(10,618)
6,545	(11,356)	(1,822)	(27,762)
127,050	82,214	22,081	579,741
\$ 133,595	\$ 70,858	\$ 20,259	\$ 551,979
\$ 110,025	\$ 64,185	\$ 16,635	\$ 76,196
105,962	44,065	17,702	352,892
456	4,259	167	8,515
(194)	(222)	(78)	(495)
(580)	-	-	(580)
(12,703)	(4,429)	-	(17,289)
(4)	(1)	(1)	(9)
2,227	2,513	(1,390)	3,120
161	42	(15)	528
-	-	-	(4,535)
-	-	-	(1,690)
(192)	(167)	(107)	(680)
-	-	(4,304)	(4,304)
\$ 205,158	\$ 110,245	\$ 28,609	\$ 411,669
\$ 1,033	\$ 5,095	\$ -	\$ 6,230
74	-	-	74
1,446	2,472	110	4,497
-	-	-	59
\$ 2,553	\$ 7,567	\$ 110	\$ 10,860
\$ 32,110	\$ 12,469	\$ 5,323	\$ 95,877
-	-	-	338
32,110	12,469	5,323	96,215
9,150	9,884	3,894	29,329
87,416	48,448	10,939	419,056
4,919	57	103	7,379
101,485	58,389	14,936	455,764
\$ 133,595	\$ 70,858	\$ 20,259	\$ 551,979

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

Exhibit B-12

June 30, 2014
(in thousands)

	Pension and Other Employee Benefit Trusts	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 43,924	\$ 5,969
Investments		
Treasurer's Pooled Investments	8,902	43,769
Temporary Investments	83,874	-
Fixed Income	630,136	-
Domestic Equities	910,117	-
International Equities	703,899	-
Real Return	42,506	-
Absolute Return	171,101	-
Receivables		
Accounts Receivable	115,698	-
Contributions Receivable	4,732	-
Interest and Dividends	1,964	-
Prepaid Items	5,150	-
Total Assets	<u>2,722,003</u>	<u>49,738</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
<u>LIABILITIES</u>		
Accounts Payable	170,645	-
Accrued Payroll Payable	-	49,738
Claims Payable	21,519	-
Total Liabilities	<u>192,164</u>	<u>49,738</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Held in trust for pension and other employee benefits	<u>\$ 2,529,839</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 Position

Exhibit B-13

For the Fiscal Year Ended June 30, 2014
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>
<u>ADDITIONS</u>	
Contributions	
City of Phoenix	\$ 286,740
Employees	99,111
Inter-System Transfers	10,511
Other	7,108
Total Contributions	<u>403,470</u>
Investment Income	
From Investing Activities	
Net Increase in Fair Value of Investments	295,792
Interest	10,009
Dividends	29,301
Other	(467)
Investment Income	<u>334,635</u>
Less: Investment Expense	5,985
Net Investment Income from Investing Activities	<u>328,650</u>
Total Net Investment Income	<u>328,650</u>
Total Additions	<u>732,120</u>
<u>DEDUCTIONS</u>	
Benefit Payments	408,169
Refunds of Contributions	2,229
Inter-System Transfers	10,589
Other	11,554
Total Deductions	<u>432,541</u>
Net Increase	299,579
Net Position Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	2,230,260
End of Year, June 30	<u>\$ 2,529,839</u>

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



City of Phoenix



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:

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



City of Phoenix, Arizona

Notes to the Financial Statements

As of and for the Fiscal Year Ended June 30, 2014

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

1. Summary of Significant Accounting Policies

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

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

a. Reporting Entity

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

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

All full-time general employees participate in COPERS, which is governed by a nine-member Retirement Board (the "Board"). Four statutory Board members are members of City management. Three Board members are elected from and by the COPERS' active members. One Board member is a citizen and one is a retiree. 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, 10th 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, 9th floor, Phoenix, Arizona, 85003.

Phoenix Housing Finance Corporations ("PHFC")

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

Notes to the Financial Statements

(Continued)

corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a non-major discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the corporation. Separate financial statements for the corporation can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9th floor, Phoenix, Arizona, 85003.

Phoenix Industrial Development Authority ("Phoenix IDA")

The Phoenix IDA is a nonprofit corporation designated a political subdivision of the State of Arizona. The Phoenix IDA was established on July 7, 1981 in order to exercise its broad statutory powers, including the power to issue conduit revenue bonds to finance "projects" as such term is defined by the Arizona Revised Statutes, §35-701(8). All bonds issued by Phoenix IDA are special, limited obligations of the Phoenix IDA, payable solely from revenues generated by the project being financed, and do not constitute debt of, a loan of, or credit by, the Phoenix IDA. The Phoenix IDA charges administration fees to bond applicants and uses such fees to cover its administration costs and to support its ongoing community and economic development programs in Arizona. The Phoenix IDA is a special-purpose governmental entity engaged in business type activities. Although the Phoenix IDA is legally separate from the City, governmental accounting standards require the Phoenix IDA to be reported as a non-major discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the Phoenix IDA. Separate financial statements for the Phoenix IDA can be obtained from the City's Finance Department, through the Phoenix IDA at 251 W. Washington Street, 9th floor, Phoenix, Arizona, 85003.

b. Jointly Governed Organizations

Valley Metro Regional Public Transportation Authority (the "Authority")

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

Arizona Municipal Water Users Association ("AMWUA")

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

Phoenix-Mesa Gateway Airport ("PMGA")

PMGA is a nonprofit corporation established and funded by the City of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become PMGA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City of Phoenix contributed \$1.3 million this fiscal year (life to date \$15.6 million) to the PMGA operating and capital budget.

c. Basic Financial Statements

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

The government-wide financial statements (statement of net position and statement of activities) report on the City and its component units as a whole, excluding fiduciary activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial

Notes to the Financial Statements

(Continued)

statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

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

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

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

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

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

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

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

Notes to the Financial Statements

(Continued)

reconciliations explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

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

d. Fund Accounting

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

Governmental Funds

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

The City reports the following major governmental funds:

General Fund

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

Transit Special Revenue Fund

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

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).

Notes to the Financial Statements

(Continued)

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.

Proprietary Funds

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

Enterprise Funds

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

On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. As of July 1, 2013, all activity of the City of Phoenix Municipal Golf program was reported in the governmental funds. This is presented as an Effect of Change in Accounting Policy in Exhibit A-2, pages 16-17.

Fiduciary Funds

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

Pension and Other Employee Benefit Trust Funds

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

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.

Notes to the Financial Statements

(Continued)

Statements of revenues, expenditures and changes in fund balance present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

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

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

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

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

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

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

Notes to the Financial Statements
(Continued)

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 2013-14, the reappropriation budget was \$930,476,000.

Expenditure Limitation

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City’s actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2013-14 expenditure limit supplied by the Economic Estimates Commission was \$1,335,699,104. The City increased this limit to \$5,107,529,000 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 2011 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option will be in effect through 2015-16. Previously established exclusions for pay-as-you-go capital projects continue to apply.

Budget Calendar

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

Action	City Charter	State Statutes
Post notice on the official city website if there will be an increase in either the primary or the secondary property levy	No requirement	60 days prior to Tax Levy Adoption
City Manager’s proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June or a date designated by Council	No provision

Notes to the Financial Statements
(Continued)

Publish general summary of budget and notice of public hearing	Publish in newspaper of general circulation at least two weeks prior to first public hearing	No provision
Public hearing and tentative budget adoption	On or before the last day of June	On or before the third Monday in July
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required)	No requirement	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing
Publish budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption
Post a complete copy of the tentatively adopted budget on the city's website and provide copies to libraries and City Clerk	No requirement	No later than 7 business days after the estimates of Revenue and Expenses are initially presented before the City Council
Public hearing and final budget adoption	No provision	No later than the first Monday in August
Post a complete copy of the adopted final budget on the city's website	No requirement	No later than seven days after adoption
Public hearing and property tax levy adoption	No later than the last regular Council meeting in July	No sooner than fourteen days following final budget adoption and no later than the third Monday in August

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

g. Use of Estimates

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

h. Pooled Cash and Investments

The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer. Excluded from this pool are the investments of COPERS and certain other legally restricted funds. COPERS' investments are managed by 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.

Notes to the Financial Statements

(Continued)

i. Inventories

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

j. Capital Assets

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

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

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

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

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

Notes to the Financial Statements

(Continued)

on the employees' retirement. Unused sick leave hours not eligible for such cash payment is treated as additional service time in the calculation of postemployment benefits. For the government-wide financial statements, as well as the enterprise fund financial statements, outstanding compensated absences are recorded as a liability.

I. Long-Term Obligations

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

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

m. Fund Deficits

At June 30, 2014, two special revenue funds reported fund deficits: Public Safety Enhancement \$29,702,000 and Golf Courses \$3,596,000. The deficit in Public Safety Enhancement occurred due to lower than planned receipts of voter approved local sales taxes. The City Council has approved a multi-year plan to resolve this fund deficit 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. The deficit in Golf Courses occurred due to economic conditions, debt associated with the purchase of Palo Verde Golf Course and the construction of Aguila Golf Course. Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants.

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. 68, ***Accounting and Financial Reporting for Pensions***, improves accounting and financial reporting for pensions. This Statement replaces the requirements of Statement No. 27, ***Accounting for Pensions by State and Local Governmental Employers***, as well as the requirements of Statement No. 50, ***Pension Disclosures***, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. The City will implement this Statement in fiscal year 2015.

GASB Statement No. 69, ***Government Combinations and Disposals of Government Operations***, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations*

Notes to the Financial Statements
(Continued)

includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2013. The City will implement this Statement in fiscal year 2015.

GASB Statement No. 70, **Accounting and Financial Reporting for Nonexchange Financial Guarantees**, improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2013. The City does not extend nor receive nonexchange financial guarantees and therefore is not impacted by this Statement.

GASB Statement No. 71, **Pension Transition for Contributions Made Subsequent to the Measurement Date**, improves accounting and financial reporting by addressing an issue in Statement No. 68, **Accounting and Financial Reporting for Pensions**, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The City will implement this Statement in fiscal year 2015.

Although expected to be significant, the City has not fully determined the effects that implementation of Statements No. 68 and 71 will have on the City's financial statements. The City has also not fully determined the effect that implementation of Statement No. 69 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:

	Budget	GAAP
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, 2014 on the budget basis to the GAAP basis are as follows (in thousands):

Excess (Deficiency) of Sources of Financial Resources Over (Under) Uses of Financial Resources	
	General
Budget basis	\$ 15,838
Entity differences - amounts not budgeted	10,712
Transfers not recognized for budget purposes	(794,146)
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	763,066
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	32,840
Unrealized gain or loss on investments	211
Encumbrances at June 30 recognized as expenditures for budget purposes	(769)
GAAP basis	\$ 27,752

Adjustments necessary to convert the fund balances at June 30, 2014 on the budget basis to the GAAP basis are as follows (in thousands):

Fund Balances at June 30	
	General
Budget basis	\$ 78,579
Entity differences - amounts not budgeted	228,900
Transfers not recognized for budget purposes	(793,811)
Advance payments not recognized for budget purposes	759,967
Accrued expenditures not recognized for budget purposes	23,776
Unrealized gain or loss on investments	(8,520)
Encumbrances at June 30 recognized as expenditures for budget purposes	11,360
GAAP basis	\$ 300,251

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.

Notes to the Financial Statements

(Continued)

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

Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of budget appropriations. The City Manager or his designees i.e., department heads, deputy city managers, etc., are authorized by City Charter to assign fund balance in carrying out the administration of the City.

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

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

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

Notes to the Financial Statements
(Continued)

	General	Transit Special Revenue	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances (in thousands):					
Nonspendable:					
Inventory/Prepaid	\$ 14,198	\$ 1,428	\$ -	\$ 4,517	\$ 20,143
Spendable:					
Restricted for:					
Capital Construction	-	-	-	110,972	110,972
Debt Service	-	-	245,268	4,276	249,544
Public Transit Operations	-	278,544	-	-	278,544
Road Maintenance and Construction	-	-	-	87,804	87,804
Public Parks and Preserves	-	-	-	31,159	31,159
Insurance Claims	61,309	-	-	-	61,309
Low Income Housing Programs	-	-	-	14,932	14,932
Court Operations	-	-	-	8,746	8,746
Police and Fire Personnel	-	-	-	12,491	12,491
Other	-	-	-	29,286	29,286
Committed to:					
Debt Service	-	-	-	23,222	23,222
Capital Construction	-	-	-	9,114	9,114
Court Operations	-	-	-	4,155	4,155
Assigned to:					
Capital Construction	-	-	-	64,509	64,509
Insurance	43,243	-	-	-	43,243
Development Services	-	-	-	44,426	44,426
Low Income Housing Programs	-	-	-	3,956	3,956
Public Transit Operations	-	4,522	-	-	4,522
Other	2,938	-	-	10,848	13,786
Unassigned	178,563	-	-	(57,039)	121,524
Total fund balances	\$ 300,251	\$ 284,494	\$ 245,268	\$ 407,374	\$ 1,237,387

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 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 2014 are: primary \$10,298,185,184 and secondary \$10,818,634,186.

Notes to the Financial Statements
(Continued)

In 2012, voters approved Proposition 117, also known as the Property Tax Assessed Valuation Amendment, amending the Arizona Constitution by eliminating the use of secondary property tax values to calculate property taxes and limiting the annual increase in primary property tax values used to calculate property taxes. Beginning in fiscal year 2015-16, the amendment caps the primary tax value at no greater than 5 percent above the previous year, plus new construction, and establishes a single limited property value for property tax purposes. The amendment does not change the methodology used by county assessors to calculate primary values and property owners may still appeal valuations to their county assessor. The amendment does not impose limits on the rate at which primary property taxes may be assessed and does not materially adversely affect the City's ability to levy and collect property taxes.

The City 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):

	<u>2013 Levy</u>			<u>Prior Levies</u>	<u>Total</u>
	<u>Primary</u>	<u>Secondary</u>	<u>Total</u>		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 6,693	\$ 6,693
Current Tax Levy	145,024	35,271	180,295	-	180,295
Adjustments by County Assessor	(559)	(127)	(686)	(1,330)	(2,016)
	<u>144,465</u>	<u>35,144</u>	<u>179,609</u>	<u>5,363</u>	<u>184,972</u>
Less: Collections, net	(141,743)	(34,483)	(176,226)	(3,063)	(179,289)
Taxes Receivable, June 30	<u>\$ 2,722</u>	<u>\$ 661</u>	<u>\$ 3,383</u>	<u>\$ 2,300</u>	<u>\$ 5,683</u>

In fiscal 2013-14, current property tax collections were \$176,226,000, or 97.7% 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 2014-15, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied. The year end balance in the General Obligation/Secondary Property Tax Debt Service Fund must be used for future debt service payments. Any year that total primary tax collections, excluding delinquent collections, exceed the primary tax levy, the excess amount must be deducted from the maximum levy of the following year.

Taxes Due and Payable

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

Delinquent Taxes - Sales and Redemption

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

Notes to the Financial Statements
(Continued)

Deed. Redemption may be made by the owner or any interested party by payment in full of all accumulated charges at any time before issuance of the tax deed.

5. Cash and Investments

Cash and cash equivalents at June 30, 2014, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 158,579
Cash on Hand	7,246
Short-Term Pooled Investments	20,274
Short-Term Non-Pooled Investments	122,216
Total Cash and Cash Equivalents	<u>\$ 308,315</u>

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

Primary Government	
Unrestricted	
General Fund	\$ 7,280
Transit Special Revenue Fund	17,614
General Obligation/Secondary Property Tax	52,471
Non-Major Governmental Funds	49,428
Enterprise Funds	
Aviation	42,465
Phoenix Convention Center	3,510
Water System	32,110
Wastewater	12,469
Solid Waste	5,323
Total Unrestricted	222,670
Restricted	
Enterprise Funds	
Aviation	5,746
Phoenix Convention Center	655
Water System	9,150
Wastewater	9,884
Solid Waste	3,894
Total Restricted	29,329
Total Primary Government	251,999
Component Unit - DPHC	5,401
Component Unit - PHFC	1,022
Fiduciary Funds	
Employee Pension Trust	27,036
Employee Benefit Trust	16,888
Payroll Agency	5,969
Total Reporting Entity	<u>\$ 308,315</u>

Deposits

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits 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, 2014 was \$198,710,000 and the bank ledger balance was \$203,033,000.

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

Notes to the Financial Statements

(Continued)

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, 2014 was \$551,093,000. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount of the City's securities with fiscal agents and trustees and the bank ledger balance at June 30, 2014 were \$21,278,000.

Investments

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

In addition to the types of investments described above, the LTD and MERP Trusts' assets are invested in separate, externally managed portfolios, mutual funds and commingled funds. These externally managed portfolios and funds consist of investments in U.S. equities, non-U.S. equities, core fixed income, real return securities and absolute return securities.

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

Notes to the Financial Statements
(Continued)

Total investments at June 30, 2014, stated at fair value, were \$4,505,170. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
City Investments			
Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	20,003	0.006
U.S. Treasury Securities	N/A (1)	994,168	1.852
U.S. Government Agency Securities			
FFCB Notes	AA+	45,080	4.595
FNMA Notes	AA+	75,757	3.599
FHLMC Notes	AA+	62,511	4.433
FHLB Notes	AA+	112,759	4.211
HUD	N/A (1)	3,017	0.421
Total U.S. Government Agency Securities		<u>299,124</u>	4.122
Pre-Refunded Municipal Securities	N/A (2)	102,661	1.076
Certificates of Deposit	N/A (3)	49,220	0.528
Mortgage Backed Securities			
GNMA	N/A (1)	38,803	2.705
FHLMC Notes	AA+	914	2.624
Total Mortgage Backed Securities		<u>39,717</u>	2.703
Total Pooled Investments		1,504,893	2.205
Less: Joint Venture Pooled Investments		(41,740)	
Less: Short-Term Pooled Investments		<u>(20,274)</u>	
Net Pooled Investments		1,442,879	
Non-Pooled Investments			
U.S. Treasury Securities	N/A (1)	479,048	1.417
U.S. Government Agency Securities			
FFCB Notes	AA+	2,002	4.543
FNMA Notes	AA+	1,982	3.789
FHLMC Notes	AA+	7,983	2.972
FHLB Notes	AA+	111,503	0.314
Total U.S. Government Agency Securities		<u>123,470</u>	0.610
Pre-Refunded Municipal Securities	N/A (2)	9,186	1.111
Less: Short-Term Non-Pooled Investments		611,704	1.233
Total Non-Pooled Investments		<u>516,537</u>	
Total City Investments		<u>1,959,416</u>	

(1) U.S. Government Guaranteed

(2) Pre-Refunded Municipal Securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities.

(3) All Certificates of Deposit are insured by the FDIC.

Notes to the Financial Statements (Continued)

	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)
COPERS Investments			
Fixed Income Investments			
Total Derivatives	Not Rated	\$ (435)	33.340
U. S. Treasury Securities	Not Rated	489	20.363
U. S. Treasury Securities	AAA	93,073	6.089
Total U. S. Treasury Securities		93,562	
Total U.S. Government Agency Securities	AA	2,980	7.718
Mortgage Backed Securities	Not Rated	56,204	27.004
Mortgage Backed Securities	AAA	9,533	26.942
Mortgage Backed Securities	AA	2,106	9.431
Mortgage Backed Securities	A	1,126	27.787
Mortgage Backed Securities	BBB	1,803	23.062
Mortgage Backed Securities	BB	780	22.997
Mortgage Backed Securities	B	1,041	27.114
Mortgage Backed Securities	CCC	3,252	24.306
Mortgage Backed Securities	CC	109	21.334
Mortgage Backed Securities	D	1,141	25.264
Total Mortgage Backed Securities		77,095	
Asset Backed Securities	AAA	24	3.898
Asset Backed Securities	AA	2,380	12.375
Asset Backed Securities	A	467	29.195
Asset Backed Securities	BB	78	3.890
Asset Backed Securities	B	196	21.167
Asset Backed Securities	CCC	784	27.372
Total Asset Backed Securities		3,929	
Total Fixed Income Commingled		151,568	7.020
Municipal Bonds	Not Rated	801	25.490
Municipal Bonds	AA	2,335	26.273
Municipal Bonds	A	1,964	25.442
Municipal Bonds	B	511	32.942
Total Municipal Bonds		5,611	
Corporate Bonds	Not Rated	325	1.118
Corporate Bonds	AAA	1,841	22.544
Corporate Bonds	AA	1,775	14.376
Corporate Bonds	A	15,163	9.370
Corporate Bonds	BBB	14,603	10.718
Corporate Bonds	BB	5,739	9.330
Corporate Bonds	B	1,725	26.046
Corporate Bonds	CCC	168	15.578
Total Corporate Bonds		41,339	
Total Corporate Bonds Commingled		3,684	2.880
International Bonds	Not Rated	2,843	5.554
International Bonds	AAA	278	45.912
International Bonds	AA	1,701	8.486
International Bonds	A	3,225	10.698
International Bonds	BBB	7,185	10.891
International Bonds	BB	1,493	4.948
International Bonds	B	851	4.262
International Bonds	CCC	218	9.570
Total International Bonds		17,794	
Total Foreign Commingled		100,860	11.130
Total Fixed Income Investments		497,987	
Temporary Investments from Securities Lending Collateral		83,874	
Domestic Equities:			
Common Stocks		447,649	
Commingled Equity Index Fund		140,915	
Real Estate		258,783	
Total Domestic Equities		847,347	
Global Commingled		354,409	
International Equities		312,804	
Hedged Funds		150,258	
Total COPERS Investments		\$ 2,246,679	

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			
Aberdeen Total Return	Not Rated	25,766	6.370
PIMCO Total Return	Not Rated	25,888	5.290
Total Bond Mutual Funds		<u>51,654</u>	
Stock Mutual Funds			
Pacific Hedged Strategies Funds	Not Rated	141,960	
Total Fiduciary Fund External Investments		<u>20,843</u>	
		<u>214,457</u>	
Downtown Phoenix Hotel Corporation			
U.S. Treasury Securities	N/A	22,618	0.906

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

Primary Government	
Unrestricted	
General Fund	\$ 123,564
Transit Special Revenue Fund	209,978
General Obligation/Secondary Property Tax	192,001
Non-Major Governmental Funds	375,949
Enterprise Funds	
Aviation	270,344
Phoenix Convention Center	24,907
Water System	217,219
Wastewater	99,765
Solid Waste	45,636
Total Unrestricted	<u>1,559,363</u>
Restricted	
Enterprise Funds	
Aviation	85,379
Phoenix Convention Center	14,314
Water System	67,492
Wastewater	72,483
Solid Waste	27,217
Total Restricted	<u>266,885</u>
Total Primary Government	1,826,248
Component Unit - DPHC	22,618
Fiduciary Funds	
Employee Pension Trust	2,246,679
Employee Benefit Trust	303,856
Payroll Agency	43,769
Total Reporting Entity	<u>\$ 4,443,170</u>

Notes to the Financial Statements

(Continued)

Interest Rate Risk

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

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

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

For the LTD and MERP Trusts, investment activity has been delegated from the Trust funds' Boards to professionally managed mutual funds to diversify the composition of the Trusts' assets. The bond funds, as of June 30, 2014, have weighted average maturities ranging from 5.29 to 6.37 years.

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

Credit Risk

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

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

COPERS' currently has four managers responsible for fixed income investments. Aberdeen/Artio Global Investors, MFS Institutional Advisors, 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.

Notes to the Financial Statements

(Continued)

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>
FHLB	224,262

The LTD and MERP Trusts have allocated 25% of their total assets to core fixed income mutual funds which have mandates to be well diversified over a broad range of various issuers.

Foreign Currency Risk

COPERS' investment policy includes a target of 22% of the COPERS plan's total assets in international equity investments. The current actual international equity investment allocation is 22.29% of total COPERS' assets as of June 30, 2014. The fair value of COPERS' international commingled equity funds at June 30, 2014 was \$312,804,000, managed by Baillie Gifford, MSCI ACW Ex US Index and Mondrian, all of which was exposed to foreign currency risk.

Securities Lending

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions, and COPERS has, via a Securities Lending Authorization Agreement effective 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. The COPERS Securities Lending Program was transitioned from State Street to BNY Mellon effective May 1, 2014.

During 2014, 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: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 100% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of loaned securities.

COPERS imposed a \$100M CAP during fiscal year 2013 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 2014, COPERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund. On June 30, 2014, 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, 2014, was \$83,874,150 and \$81,769,267, respectively.

Notes to the Financial Statements
(Continued)

6. Receivables

Receivables at June 30, 2014 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	Accounts	Taxes	Interest	Intergov- ernmental (1)	Notes	Total
Unrestricted						
Governmental Activities						
General Fund	\$ 23,909	\$ 80,071	\$ 41	\$ 24,137	\$ -	\$ 128,158
Transit Special Revenue	3,879	-	-	7,239	61,257	72,375
G.O./Secondary Property Tax	-	2,205	124	-	-	2,329
Nonmajor	17,374	14	22	66,796	42,747	126,953
	<u>45,162</u>	<u>82,290</u>	<u>187</u>	<u>98,172</u>	<u>104,004</u>	<u>329,815</u>
Business-Type Activities						
Aviation	6,410	-	-	126	-	6,536
Phoenix Convention Center	254	-	-	-	-	254
Water System	53,277	-	-	1,289	-	54,566
Wastewater	19,490	-	-	4,568	-	24,058
Solid Waste	13,700	-	-	-	-	13,700
	<u>93,131</u>	<u>-</u>	<u>-</u>	<u>5,983</u>	<u>-</u>	<u>99,114</u>
Subtotal	<u>138,293</u>	<u>82,290</u>	<u>187</u>	<u>104,155</u>	<u>104,004</u>	<u>428,929</u>
Restricted						
Business-Type Activities						
Aviation	10,104	-	4	8,414	-	18,522
Phoenix Convention Center	-	-	2	-	-	2
	<u>10,104</u>	<u>-</u>	<u>6</u>	<u>8,414</u>	<u>-</u>	<u>18,524</u>
Total	<u>\$ 148,397</u>	<u>\$ 82,290</u>	<u>\$ 193</u>	<u>\$ 112,569</u>	<u>\$ 104,004</u>	<u>\$ 447,453</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 at June 30, 2014 (in thousands):

	<u>Allowance for Doubtful Accounts</u>		
	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental			
General Fund	\$ 18,213	\$ 24,371	\$ 42,584
Transit Special Revenue Fund	30	-	30
Nonmajor	3,426	-	3,426
Business-Type			
Aviation	44	-	44
Phoenix Convention Center	4	-	4
Water System	2,155	-	2,155
Wastewater	1,211	-	1,211
Solid Waste	1,269	-	1,269
	<u>\$ 26,352</u>	<u>\$ 24,371</u>	<u>\$ 50,723</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2014, as follows (in thousands):

Aviation	\$ 6,566
Water System	24,471
Wastewater	7,502
Solid Waste	5,027
	<u>\$ 43,566</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, 2014, the note amount is \$852,239, with a maturity date of January 1, 2021, and an interest rate of 3.0%.

The City has entered into an agreement to fund the acceleration of the Light Rail Northwest Extension. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2014, is \$61,256,525. The agreement is payable to the City by June 30, 2017.

The City has entered into intergovernmental agreements with the Arizona Department of Transportation and the Regional Transportation Plan to accelerate two 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, 2014 is \$27,791,368. The agreements are payable to the City in fiscal years 2022 and 2023.

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Krohn West, LP; Phoenix Central City Revitalization Corp & LLC; PERC Frank Luke Addition LLC; PGHC Pine Crest, LLC; PSMHTC Summit LLC; and PIBHC Marcos De Niza LLC for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. Payments on these loans are only required

Notes to the Financial Statements
(Continued)

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 \$63,979,600.

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 \$80,924,848 as of June 30, 2014.

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 2052. As of June 30, 2014 the total amount of the notes outstanding is \$14,104,459. 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.

7. Interfund Transactions

The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2014 (in thousands):

	<u>Payable Funds</u>
	<u>Governmental Funds</u>
	Nonmajor Governmental
Receivable Funds	
Governmental Funds	
General Fund	\$ 58,286
Transit Special Revenue	968
Nonmajor Governmental	29,489
Total Governmental Funds	<u>\$ 88,743</u>

Interfund balances at June 30, 2014 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 Public Safety Enhancement and Golf Courses Special Revenue Funds of \$34,219,000 are not scheduled to be repaid in the subsequent year.

Net transfers of \$22,653,000 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, 2014 (in thousands):

Notes to the Financial Statements
(Continued)

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 80,146	\$ 27,653
Transit Special Revenue Fund	41,045	10,000
Nonmajor Governmental	23,553	84,438
Total Governmental Funds	<u>144,744</u>	<u>122,091</u>
Enterprise Funds		
Aviation	166	-
Phoenix Convention Center	258	44,311
Water System	12,180	4
Wastewater	7,716	-
Solid Waste	1,342	-
Total Enterprise Funds	<u>21,662</u>	<u>44,315</u>
Total Transfers	<u>\$ 166,406</u>	<u>\$ 166,406</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.

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, 2014, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 29,329
Cash Deposits	7,379
Cash and Securities with Fiscal Agents/Trustees	419,056
Investments	266,885
Receivables, Net of Allowances	<u>18,524</u>
Total Restricted Assets	<u>\$ 741,173</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 12,449
Trust Liabilities and Deposits	7,392
Commercial Paper Notes Payable	295,000
Accrued Landfill Closure Costs	<u>1,061</u>
Subtotal	<u>315,902</u>
Matured Bonds and Certificates Payable	142,367
Interest Payable	107,817
Current Portion of General Obligation Bonds	9,095
Current Portion of Revenue Bonds	909
Current Portion of Municipal Corporation Obligations	<u>131,400</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 707,490</u>

Notes to the Financial Statements

(Continued)

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2014, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 33,325
Investments	22,618
Receivables, Net of Allowances	<u>5</u>
Total Restricted Assets	<u>\$ 55,948</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 163
Trust Liabilities and Deposits	10,315
Matured Bonds Payable	5,230
Interest Payable	<u>8,465</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 24,173</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, 2013	Additions	Deletions	Transfer of Golf Assets (1)	Balances June 30, 2014
Governmental activities:					
Non-depreciable assets:					
Land	\$ 1,245,371	\$ 13,702	\$ (16,029)	\$ 4,984	\$ 1,248,028
Infrastructure	475,005	9,836	-	-	484,841
Artwork	6,202	392	-	-	6,594
Construction-in-Progress	267,011	67,835	(121,526)	-	213,320
Total non-depreciable assets	<u>1,993,589</u>	<u>91,765</u>	<u>(137,555)</u>	<u>4,984</u>	<u>1,952,783</u>
Depreciable assets:					
Buildings	1,415,207	41,502	(3,496)	2,587	1,455,800
Improvements	490,834	38,217	(2,335)	14,282	540,998
Infrastructure	1,935,869	90,769	(16,974)	-	2,009,664
Equipment	631,932	87,127	(36,708)	4,044	686,395
Intangible Assets	67,904	1,037	(511)	60	68,490
Total depreciable assets	<u>4,541,746</u>	<u>258,652</u>	<u>(60,024)</u>	<u>20,973</u>	<u>4,761,347</u>
Less accumulated depreciation for:					
Buildings	(520,781)	(40,609)	1,494	(2,583)	(562,479)
Improvements	(230,980)	(21,950)	1,262	(9,554)	(261,222)
Infrastructure	(591,278)	(56,847)	16,973	-	(631,152)
Equipment	(409,285)	(41,740)	36,780	(2,980)	(417,225)
Intangible Assets	(47,524)	(3,678)	511	(60)	(50,751)
Total accumulated depreciation	<u>(1,799,848)</u>	<u>(164,824)</u>	<u>57,020</u>	<u>(15,177)</u>	<u>(1,922,829)</u>
Total depreciable assets, net	<u>2,741,898</u>	<u>93,828</u>	<u>(3,004)</u>	<u>5,796</u>	<u>2,838,518</u>
Governmental activities, capital assets, at cost, net	<u>\$ 4,735,487</u>	<u>\$ 185,593</u>	<u>\$ (140,559)</u>	<u>\$ 10,780</u>	<u>\$ 4,791,301</u>
Business-type activities:					
Non-depreciable assets:					
Land	\$ 689,886	\$ 9,909	\$ (4)	\$ (4,984)	\$ 694,807
Artwork	11,269	19	-	-	11,288
Construction-in-Progress	418,090	235,248	(103,590)	-	549,748
Total non-depreciable assets	<u>1,119,245</u>	<u>245,176</u>	<u>(103,594)</u>	<u>(4,984)</u>	<u>1,255,843</u>
Depreciable assets:					
Buildings	2,851,094	15,019	(960)	(2,587)	2,862,566
Improvements	3,641,149	44,466	(24,151)	(14,282)	3,647,182
Infrastructure	1,647,332	38,666	(26,659)	-	1,659,339
Equipment	1,092,266	36,270	(16,211)	(4,044)	1,108,281
Intangible Assets	266,829	973	(1,234)	(60)	266,508
Total depreciable assets	<u>9,498,670</u>	<u>135,394</u>	<u>(69,215)</u>	<u>(20,973)</u>	<u>9,543,876</u>
Less accumulated depreciation for:					
Buildings	(955,835)	(92,810)	960	2,583	(1,045,102)
Improvements	(1,510,791)	(132,544)	23,604	9,554	(1,610,177)
Infrastructure	(506,581)	(39,398)	26,659	-	(519,320)
Equipment	(460,679)	(74,165)	15,269	2,980	(516,595)
Intangible Assets	(132,197)	(13,975)	1,230	60	(144,882)
Total accumulated depreciation	<u>(3,566,083)</u>	<u>(352,892)</u>	<u>67,722</u>	<u>15,177</u>	<u>(3,836,076)</u>
Total depreciable assets, net	<u>5,932,587</u>	<u>(217,498)</u>	<u>(1,493)</u>	<u>(5,796)</u>	<u>5,707,800</u>
Business-type activities, capital assets, at cost, net	<u>\$ 7,051,832</u>	<u>\$ 27,678</u>	<u>\$ (105,087)</u>	<u>\$ (10,780)</u>	<u>\$ 6,963,643</u>

(1) Please see page 41 in the Notes to the Financial Statements for explanation of the transition of the Municipal Golf Program to the governmental funds.

Notes to the Financial Statements

(Continued)

Component Units

Downtown Phoenix Hotel Corporation:

	Balances		Balances	
	July 1, 2013	Additions	Deletions	June 30, 2014
Non-depreciable assets:				
Land	\$ 1,150	\$ -	\$ -	\$ 1,150
Intangible Assets	95	-	-	95
Construction in Progress	343	-	(236)	107
Total non-depreciable assets	1,588	-	(236)	1,352
Depreciable assets:				
Buildings	276,143	345	-	276,488
Improvements	537	-	-	537
Equipment	3,755	-	-	3,755
Intangible Assets	81	-	-	81
Total depreciable assets	280,516	345	-	280,861
Less accumulated depreciation for:				
Buildings	(32,775)	(6,932)	-	(39,707)
Improvements	(170)	(36)	-	(206)
Equipment	(1,419)	(363)	-	(1,782)
Intangible Assets	(41)	(16)	-	(57)
Total accumulated depreciation	(34,405)	(7,347)	-	(41,752)
Total depreciable assets, net	246,111	(7,002)	-	239,109
Component Unit, capital assets, at cost, net	\$ 247,699	\$ (7,002)	\$ (236)	\$ 240,461

Phoenix Housing Finance Corporations:

	Balances		Balances	
	July 1, 2013	Additions	Deletions	June 30, 2014
Non-depreciable assets:				
Land	\$ 5,458	\$ -	\$ -	\$ 5,458
Construction in Progress	13,520	4,613	-	18,133
Total non-depreciable assets	18,978	4,613	-	23,591
Depreciable assets:				
Buildings	18,852	-	-	18,852
Improvements	52	-	-	52
Total depreciable assets	18,904	-	-	18,904
Less accumulated depreciation for:				
Buildings	(2,690)	(678)	-	(3,368)
Improvements	(4)	(2)	-	(6)
Total accumulated depreciation	(2,694)	(680)	-	(3,374)
Total depreciable assets, net	16,210	(680)	-	15,530
Component Unit, capital assets, at cost, net	\$ 35,188	\$ 3,933	\$ -	\$ 39,121

Notes to the Financial Statements

(Continued)

Depreciation expense was charged to governmental functions in the government-wide financial statements for the year ended June 30, 2014 as follows (in thousands):

General Government	\$	9,667
Criminal Justice		101
Public Safety		28,358
Transportation		77,532
Community Enrichment		27,896
Community Development		10,390
Environmental Services		10,880
		<hr/>
	\$	164,824
		<hr/> <hr/>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2014, was as follows (in thousands):

Aviation	\$	5,203
Convention Center		28
Water System		10,112
Wastewater		1,439
Solid Waste		289
		<hr/>
	\$	17,071
		<hr/> <hr/>

Impaired Capital Assets

The Cave Creek Water Reclamation Plant has been closed temporarily and is expected to re-open when demand increases. Therefore, no impairment loss will be recognized. The carrying value of the assets at June 30, 2014 is \$39,185,774.

Notes to the Financial Statements
(Continued)

10. Long-Term Obligations

Changes in long-term obligations during fiscal year 2013-14 are summarized as follows (in thousands):

	Balances July 1	Additions (1)	Reductions (2)	Balances June 30	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,472,180	\$ 262,680	\$ 304,655	\$ 1,430,205	\$ 58,585
Certificates of Participation	25,630	-	1,365	24,265	1,420
Municipal Corporation Obligations	739,170	328,920	396,530	671,560	57,160
Special Assessment Bonds	169	-	18	151	18
	<u>2,237,149</u>	<u>591,600</u>	<u>702,568</u>	<u>2,126,181</u>	<u>117,183</u>
Discounts/Premiums	57,815	68,371	29,616	96,570	-
Total Bonds and Notes Payable	<u>2,294,964</u>	<u>659,971</u>	<u>732,184</u>	<u>2,222,751</u>	<u>117,183</u>
Other Liabilities:					
Insurance Claims Payable	99,750	25,176	20,715	104,211	28,596
Accrued Compensated Absences	143,069	141,823	143,069	141,823	17,013
Utility/Water Contractual Agreements	2,301	-	-	2,301	-
Pollution Remediation	22,294	-	1,791	20,503	325
Total Other Liabilities	<u>267,414</u>	<u>166,999</u>	<u>165,575</u>	<u>268,838</u>	<u>45,934</u>
Total Governmental Activities	<u>\$ 2,562,378</u>	<u>\$ 826,970</u>	<u>\$ 897,759</u>	<u>\$ 2,491,589</u>	<u>\$ 163,117</u>
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 72,650	\$ 15,335	\$ 22,414	\$ 65,571	\$ 9,095
Revenue Bonds	17,701	-	883	16,818	909
Municipal Corporation Obligations	4,134,489	127,810	279,750	3,982,549	131,400
	<u>4,224,840</u>	<u>143,145</u>	<u>303,047</u>	<u>4,064,938</u>	<u>141,404</u>
Discounts/Premiums	201,404	20,845	23,237	199,012	-
General Obligation Minibonds	882	74	956	-	-
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	111,676	-	-	111,676	-
Total Bonds and Notes Payable	<u>4,538,802</u>	<u>164,064</u>	<u>327,240</u>	<u>4,375,626</u>	<u>141,404</u>
Other liabilities:					
Accrued Compensated Absences	20,840	19,583	20,840	19,583	2,519
Accrued Landfill Closure and Postclosure Care Costs	70,527	2,231	6,297	66,461	2,506
Pollution Remediation	11,190	-	1,690	9,500	1,500
Total Other Liabilities	<u>102,557</u>	<u>21,814</u>	<u>28,827</u>	<u>95,544</u>	<u>6,525</u>
Total Business-Type Activities	<u>\$ 4,641,359</u>	<u>\$ 185,878</u>	<u>\$ 356,067</u>	<u>\$ 4,471,170</u>	<u>\$ 147,929</u>
Component Units					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 340,545	\$ -	\$ 5,230	\$ 335,315	\$ 5,595
Discounts/Premiums/Issuance Costs	5,826	-	287	5,539	-
Phoenix Housing Finance Corporations Notes Payable	31,427	3,427	35	34,819	-
Total Component Units	<u>\$ 377,798</u>	<u>\$ 3,427</u>	<u>\$ 5,552</u>	<u>\$ 375,673</u>	<u>\$ 5,595</u>

(1) Additions include \$74,000 for accrued interest on capital appreciation enterprise general obligation minibonds. Reductions include \$956,000 for accrued interest on the July 1, 2014 maturity of enterprise general obligation minibonds. Also included in additions and reductions for bonds and notes are 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 in the previous table have been reduced by deposits made with the City's fiscal agents for July 1, 2014 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2014, were as follows (in thousands):

	Principal	Interest	Total
Governmental Funds			
General Obligation Bonds	\$ 23,770	\$ 32,169	\$ 55,939
Municipal Corporation Obligations	45,615	16,327	61,942
Special Assessment Bonds	-	4	4
	<u>69,385</u>	<u>48,500</u>	<u>117,885</u>
Enterprise Funds			
General Obligation Bonds	6,207	2,198	8,405
Municipal Corporation Obligations	134,940	105,247	240,187
	<u>141,147</u>	<u>107,445</u>	<u>248,592</u>
	<u><u>\$ 210,532</u></u>	<u><u>\$ 155,945</u></u>	<u><u>\$ 366,477</u></u>

Issues of long-term debt, excluding deferred losses of \$54,530 and accumulated appreciation on State of Arizona distribution revenue bonds (\$111,676) were as follows at June 30, 2014 (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)
General Obligation Bonds								
07/01/95	Refunding	7/1/10-17	5.56	19.9	85,000	22,995	3,614	-
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	2,736	420	-
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	14,720	6,183	(147)
07/01/05	Various Improvements	7/1/11-25	4.23	13.9	257,000	13,780	551	(18)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	315,740	104,106	(2,316)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	131,180	33,426	(2,992)
10/27/09	Various Improvements - Taxable	7/1/20-34	3.42	18.4	280,955	280,955	200,887	-
10/27/09	Various Improvements - Taxable (2)(18)	7/1/15-20	3.97	7.9	69,045	69,045	8,795	-
10/27/09	Refunding	7/1/11-23	2.70	6.7	117,195	70,145	10,582	(1,117)
06/12/12	Various Improvements	7/1/23-34	3.55	17.2	103,360	103,360	59,706	(3,888)
06/12/12	Various Improvements - Taxable	7/1/21-23	2.76	9.8	16,640	16,640	3,479	-
06/12/12	Refunding	7/1/15-27	2.39	9.2	176,465	176,465	48,425	(16,965)
06/24/14	Refunding	7/1/19-27	2.71	9.5	278,015	278,015	103,382	(29,455)
	Total General Obligation Bonds				<u>2,084,170</u>	<u>1,495,776</u>	<u>583,556</u>	<u>(56,898)</u>
Revenue Bonds								
05/26/10	Wastewater Revenue	7/1/10-18	2.97	5.3	6,000	2,781	203	-
08/03/10	Wastewater Revenue	7/1/18-26	2.97	12.0	6,287	6,287	1,505	-
11/12/10	Water Revenue	7/1/11-16	2.97	2.8	1,022	251	9	-
04/11/11	Water Revenue	7/1/16-24	2.97	9.4	2,093	2,093	387	-
06/01/11	Wastewater Revenue	7/1/26-29	2.97	16.6	3,909	3,909	1,572	-
09/14/11	Water Revenue	7/1/24-29	2.97	15.8	1,497	1,497	577	-
	Total Revenue Bonds				<u>\$ 20,808</u>	<u>\$ 16,818</u>	<u>\$ 4,253</u>	<u>\$ -</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)
Certificates of Participation								
07/21/04	Amphitheatre Refunding (3) (4b)	8/1/05-19	4.71	13.3	\$ 10,900	\$ 4,495	\$ 688	\$ (12)
07/21/04	Amphitheatre, Stadium and Housing (3) (4b)	8/1/05-24	4.71	13.3	9,555	4,760	1,305	(11)
07/21/04	Superblock Refinancing (3) (4b)	8/1/20-24	4.71	13.3	15,010	15,010	5,862	63
	Total Certificates of Participation				35,465	24,265	7,855	40
Municipal Corporation Obligations								
08/01/01	Water System Refunding (3) (5)	7/1/02-24	4.68	14.1	99,980	56,590	18,171	(1,358)
10/01/03	Water System Refunding (5)	7/1/05-22	4.53	15.6	11,325	10,540	2,548	75
06/02/04	Rental Car Facility (Taxable) (3)(9)	7/1/07-29	6.20	16.5	260,000	204,055	115,076	-
01/11/05	Wastewater System Ref. (11)(12)	7/1/06-15	3.67	10.9	102,020	13,655	683	(185)
06/01/05	Water System Revenue (3)(5)	7/1/10-29	4.28	16.4	600,000	507,045	225,320	(21,597)
09/13/05	Excise Tax Revenue (3)(4b)	7/1/17-41	4.62	26.3	300,000	300,000	260,781	(12,346)
10/06/05	State Distribution Revenue (3)(13)	7/1/12-44	4.72	28.9	275,362	260,124	551,158	(21,603)
06/01/06	Solid Waste Improvements (3)(8)	7/1/07-26	4.45	12.4	84,265	61,045	20,930	(688)
06/01/06	Municipal Facilities (Taxable) (3)(4b)	7/1/07-35	6.10	19.0	41,920	36,505	28,814	-
06/01/07	Excise Tax Revenue Refunding (4a)	7/1/09-29	4.51	14.5	103,605	91,375	38,498	(1,643)
06/01/07	Excise Tax Revenue (3)(4b)	7/1/08-27	4.46	12.0	21,115	15,755	5,783	(245)
06/01/07	Excise Tax Revenue Refunding (3)(4b)	7/1/09-23	4.33	10.5	71,820	57,115	13,598	(1,172)
06/01/07	Excise Tax Revenue Ref. (Taxable) (3)(4b)	7/1/08-22	5.81	9.2	35,670	22,960	6,304	64
11/27/07	Wastewater System Revenue (3)(7)	7/1/12-37	4.65	20.0	300,000	282,705	201,895	(9,464)
06/18/08	Airport Revenue (6a)	7/1/20-38	5.02	22.5	206,840	206,840	170,015	(490)
06/18/08	Airport Revenue (Taxable) (6a)	7/1/12-19	4.68	7.8	43,160	28,960	4,717	(442)
06/18/08	Airport Revenue Refunding (6a)	7/1/09-22	4.26	8.0	109,850	68,595	15,396	(1,324)
06/18/08	Airport Revenue Refunding (Taxable) (6a)	7/1/09-20	4.58	5.6	68,520	25,395	4,848	(582)
11/18/08	Wastewater System Revenue Ref. (11)	7/1/16-24	5.02	11.9	133,400	133,400	46,834	(3,290)
06/02/09	Water System Revenue (5)	7/1/14-39	4.63	20.5	450,000	440,555	346,236	(17,186)
06/02/09	Water System Revenue Refunding (5)	7/1/10-19	2.78	6.0	90,295	52,055	7,384	(2,635)
09/01/10	Airport Revenue (6b)(16)	7/1/13-40	4.69	19.0	642,680	618,865	489,714	(21,476)
09/01/10	Airport Revenue (Taxable) (6b)(16)(17)(18)	7/1/2040	3.67	29.8	21,345	21,345	36,628	-
09/01/10	Airport Revenue Refunding (6b)	7/1/23-25	4.33	13.9	32,080	32,080	16,092	(1,766)
06/07/11	Excise Tax Revenue (4a)	7/1/14-31	2.86	7.6	27,530	23,635	5,427	(1,670)
06/07/11	Excise Tax Revenue (Taxable) (4a)	7/1/15-36	4.86	13.1	59,195	59,195	30,030	-
06/07/11	Excise Tax Revenue Refunding (4a)	7/1/21-28	3.79	12.6	24,305	24,305	11,335	(2,226)
06/07/11	Excise Tax Revenue Ref. (Taxable) (4a)	7/1/15-21	3.91	7.6	22,805	22,805	3,943	-
06/07/11	Multipurpose Arena Ref. (Taxable) (4b)	7/1/12-19	3.71	5.1	27,500	19,580	2,353	-
11/22/11	Water System Revenue Refunding (5)	7/1/14-26	3.12	9.3	167,510	159,890	54,655	(17,061)
12/22/11	Wastewater System Revenue Ref. (7)	7/1/14-24	2.58	8.4	118,290	112,310	33,147	(13,950)
06/21/12	Excise Tax Revenue Refunding (4a)	7/1/14-29	2.97	9.7	15,205	13,820	5,554	(1,804)
06/21/12	Excise Tax Revenue Refunding (4b)	7/1/14-25	2.30	6.7	17,510	16,795	3,848	(1,875)
06/21/12	Excise Tax Revenue Ref. (Taxable) (4b)	7/1/16-33	4.01	13.7	33,095	33,095	15,495	-
03/05/13	Airport Revenue Refunding Bonds (6a)	7/1/14-32	3.28	11.8	196,600	189,985	102,461	(29,512)
07/16/13	Transit Excise Tax Refunding 2013 (10)	7/1/14-20	2.01	4.6	328,920	303,325	56,449	(31,775)
04/15/14	Wastewater System Refunding 2014 (7)	7/1/15-29	3.00	9.4	127,810	127,810	56,625	(19,498)
	Total Municipal Corporation Obligations				5,271,527	4,654,109	3,008,745	(238,724)
Special Assessment Bonds								
Various	Unredeemed Matured Bonds	-	-	-	44	44	-	-
2008	Various Improvements	1/1/09-18	6.90	10.0	22	9	1	-
2010	Various Improvements	1/1/11-20	6.90	10.0	163	98	21	-
	Total Special Assessment Bonds				229	151	22	-
Total Primary Government Bonds					\$ 7,412,199	\$ 6,191,119	\$ 3,604,431	\$ (295,582)

(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)
Component Units								
12/20/05	Senior Revenue (Hotel) (3)(14)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 151,795	\$ 130,149	\$ (3,048)
12/20/05	Subordinate Revenue (Hotel) (3)(15)	7/1/19-40	5.09	26.2	164,425	164,425	143,876	(2,492)
12/20/05	Subord.Revenue-Taxable (Hotel) (3)(15)	7/1/12-19	5.67	10.2	28,865	19,095	3,037	-
Total Component Unit Bonds					\$ 350,000	\$ 335,315	\$ 277,062	\$ (5,540)
Total Bonds					\$ 7,762,199	\$ 6,526,434	\$ 3,881,493	\$ (301,120)

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Represents bonds issued as "Qualified Build America Bonds (Direct Pay)" (BABs) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 35% of the interest payable each respective interest payment date.
- (3) Insured by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- (4) The City has pledged excise taxes as security. The taxes pledged are as follows:
 - (a) Senior lien pledge on all outstanding excise tax obligations.
 - (b) Subordinated junior lien pledge on all outstanding excise tax obligations.
- (5) The City has made a junior lien pledge of Water System revenues as security.
- (6) The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:
 - (a) Senior lien pledge on all outstanding airport obligations.
 - (b) Junior lien pledge on all outstanding airport obligations.
- (7) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (8) 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.
- (9) The City has made a first priority pledge of a \$4.50 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bonds.
- (10) The City has made a first priority pledge of funds received by the City from a 0.4 percent increment to the City's privilege license (sales) tax, which increment was approved at a special election held in and for the City on March 14, 2000 and subsequently adopted by the City Council of the City pursuant to Ordinance No. G-4254, enacted April 5, 2000.
- (11) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (12) 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.
- (13) 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.
- (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. The bonds are further secured by a senior leasehold interest in the site and the hotel.
- (15) 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.
- (16) 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.
- (17) Represents bonds issued as "Recovery Zone Economic Development Bonds" (RZEDB) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 45% of the interest payable each respective interest payment date.
- (18) On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, which has resulted in a reduction of the federal subsidy by 7.2% (the "Sequester Reductions") in FY 2014. However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on the BABs and the RZEDB bonds.

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.

Notes to the Financial Statements

(Continued)

- In June 2014, the City issued \$278,015,000 of General Obligation Refunding Bonds, Series 2014. Proceeds of the bonds refunded \$296,755,000 of outstanding general obligation bonds. The bonds have an average life of 9.5 years, were sold at an all-in true cost of 2.71% and produced present value savings, net of transaction costs, of \$24,572,303.

Revenue Bonds

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

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

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 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 July 2013, the CIC issued \$328,920,000 of Transit Excise Tax Revenue Refunding Bonds, Series 2013 (Light Rail Project). Proceeds of the bonds refunded \$350,915,000 of outstanding Transit Excise Tax Revenue Bonds, Series 2004 (Light Rail Project). The bonds have an average life of 4.6 years, were sold at an all-in true interest cost of 2.01% and produced present value savings, net of transaction costs, of \$27,240,206.
- In April 2014, the CIC issued \$127,810,000 of Junior Lien Wastewater System Revenue Refunding Bonds, Series 2014. Proceeds of the bonds refunded \$144,810,000 of outstanding Junior Lien Wastewater System Revenue Bonds, Series 2004. The bonds have an average life of 9.4 years, were sold at an all-in true cost of 3.00% and produced present value savings, net of transaction costs, of \$21,860,069.

Special Assessment Bonds

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

Component Units

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.

Notes to the Financial Statements

(Continued)

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, 2014 is \$34,819,000.

Notes to the Financial Statements
(Continued)

Debt Service Requirements

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

City of Phoenix Bonds - Governmental Activities									
Fiscal Years	General Obligation		Municipal Corporation Obligations		Certificates of Participation		Special Assessment Bonds		Debt Service Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	\$ 58,585	\$ 62,223	\$ 57,160	\$ 31,389	\$ 1,420	\$ 1,174	\$ 62	\$ 7	\$ 212,020
2016	66,300	59,723	63,100	28,870	1,230	1,115	19	5	220,362
2017	70,300	56,826	77,120	26,133	1,295	1,053	18	4	232,749
2018	67,400	53,512	83,575	22,734	1,355	988	19	3	229,586
2019	70,740	50,435	90,650	18,855	1,420	921	17	2	233,040
2020-24	548,870	191,471	174,675	49,783	17,545	2,604	16	1	984,965
2025-29	386,990	77,649	82,900	23,069	-	-	-	-	570,608
2030-34	161,020	23,555	34,240	7,676	-	-	-	-	226,491
2035-39	-	-	8,140	616	-	-	-	-	8,756
	<u>\$ 1,430,205</u>	<u>\$ 575,394</u>	<u>\$ 671,560</u>	<u>\$ 209,125</u>	<u>\$ 24,265</u>	<u>\$ 7,855</u>	<u>\$ 151</u>	<u>\$ 22</u>	<u>\$ 2,918,577</u>
Authorized	\$ 2,501,670								
Unissued	\$ 152,355								
Interest Rates	2.0 - 7.4%								

City of Phoenix Bonds - Business-Type Activities								Component Units	
Fiscal Years	General Obligation		Revenue Obligations		Municipal Corporation Obligations		Debt Service Total	Downtown Phoenix Hotel Corporation	
	Principal	Interest	Principal	Interest	Principal	Interest	Total	Principal	Interest
2015	\$ 9,095	\$ 2,467	\$ 909	\$ 499	\$ 131,400	\$ 207,552	\$ 351,922	\$ 5,595	\$ 16,662
2016	23,057	2,196	937	472	140,505	201,238	368,405	5,980	16,374
2017	8,116	1,310	964	444	164,460	194,291	369,585	6,390	16,061
2018	2,485	843	993	416	177,069	186,669	368,475	6,825	15,724
2019	7,604	730	1,023	386	186,190	178,131	374,064	7,250	15,397
2020-24	15,214	616	5,586	1,458	996,426	749,744	1,769,044	43,255	71,489
2025-29	-	-	6,405	578	869,263	509,866	1,386,112	58,095	59,255
2030-34	-	-	-	-	552,634	325,703	878,337	76,860	43,225
2035-39	-	-	-	-	593,415	180,281	773,696	101,295	21,687
2040-44	-	-	-	-	171,187	66,145	237,332	23,770	1,188
	<u>\$ 65,571</u>	<u>\$ 8,162</u>	<u>\$ 16,817</u>	<u>\$ 4,253</u>	<u>\$ 3,982,549</u>	<u>\$ 2,799,620</u>	<u>\$ 6,876,972</u>	<u>\$ 335,315</u>	<u>\$ 277,062</u>
Authorized	\$ 242,969		\$ 24,111						\$ 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

Notes to the Financial Statements

(Continued)

30, 2014 and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure care costs for the five closed landfills are currently estimated to be \$145,177,000, including \$85,813,000 that has already been paid out and an estimated \$59,364,000 that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was decreased by \$2,568,000 during fiscal 2013-14 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$52,295,000, which will be paid out in future years. \$8,158,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 15.6% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$1,061,000 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 \$9,197,000 (which includes recoveries and applicable interest earnings) has been included in restricted assets on the enterprise fund balance sheet. Any postclosure care costs not recovered from third parties will be funded from revenues of the Solid Waste Enterprise Fund.

Pollution Remediation

The City has recorded pollution remediation liabilities in both the Governmental and Business-Type Activities. The liability in the Governmental Activities pertains to a leaking underground storage tank at the Glenrosa Service Center. The situation was identified by the City Public Works Department in 1986. The City created and has been implementing a corrective action plan which was approved by the Arizona Department of Environmental Quality (ADEQ), to ensure the contamination does not spread. As of June 30, 2014, the total remaining liability is \$20,503,000 and it is estimated that the remediation will be completed in 85 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, 2014 is \$9,500,000, and is recorded in the Aviation Enterprise Fund.

11. Refunded, Refinanced and Defeased Obligations

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

Future principal and interest payments on refunded bonds have been provided through advanced refunding bonds whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government. 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 2013-14, the City issued Transit Excise Tax Revenue Refunding Bonds, Series 2013 (Light Rail Project), Junior Lien Wastewater System Revenue Refunding Bonds, Series 2014, and General Obligation Refunding Bonds, Series 2014. These bonds reduced the present value of future debt service payments. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The effect of the refundings are summarized as follows (in thousands):

Notes to the Financial Statements
(Continued)

	<u>City of Phoenix</u>	<u>Civic Improvement Corporation</u>	
	<u>General Obligation Bonds</u>	<u>Transit Excise Tax Revenue (Light Rail)</u>	<u>Junior Lien Wastewater Revenue</u>
Series	2014	2013	2014
Closing Date	06/24/14	07/16/13	04/15/14
Net Interest Rate	2.84%	2.12%	3.22%
Refunding Bonds Issued	\$ 278,015	\$ 328,920	\$ 127,810
Premium	28,186	38,846	19,363
Issuance Costs and Insurance	(765)	(654)	(840)
Net Proceeds	<u>\$ 305,436</u>	<u>\$ 367,112</u>	<u>\$ 146,333</u>
Refunded Amount	\$ 296,755	350,915	144,810
Decrease in Debt Service	\$ 12,565	28,167	26,782
Economic Gain	\$ 24,572	27,240	21,860
Number of Years Affected	14	7	16

The deferred and amortized amounts of accounting losses on bond refundings (which are deferred outflows of resources) at June 30, 2014, are summarized as follows (in thousands):

	<u>Deferred Amount July 1</u>	<u>Additions (Gains)/Losses</u>	<u>Reductions due to Refundings</u>	<u>Amortization Gains/(Losses)</u>	<u>Deferred Amount June 30</u>
General Government					
General Obligation	\$ 13,209	\$ 6,487	\$ (1,406)	\$ (1,711)	\$ 16,579
Certificates of Participation	(133)	-	-	33	(100)
Civic Improvement Corporation	19,173	3,810	-	(3,118)	19,865
	<u>\$ 32,249</u>	<u>\$ 10,297</u>	<u>\$ (1,406)</u>	<u>\$ (4,796)</u>	<u>\$ 36,344</u>
Enterprise Funds					
Aviation					
General Obligation	\$ 95	\$ (256)	\$ -	\$ (95)	\$ (256)
Civic Improvement Corporation	1,954	-	-	(313)	1,641
Convention Center					
Civic Improvement Corporation	560	-	-	(63)	497
Water					
General Obligation	1,932	452	(60)	(638)	1,686
Civic Improvement Corporation	8,132	-	-	(808)	7,324
Wastewater					
General Obligation	1,026	(11)	(8)	(176)	831
Civic Improvement Corporation	11,032	(2,419)	-	(2,296)	6,317
Solid Waste					
General Obligation	877	(5)	(15)	(169)	688
Civic Improvement Corporation	(603)	-	-	61	(542)
	<u>\$ 25,005</u>	<u>\$ (2,239)</u>	<u>\$ (83)</u>	<u>\$ (4,497)</u>	<u>\$ 18,186</u>

Notes to the Financial Statements
(Continued)

Advanced refunding and defeasance arrangements at June 30, 2014 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds			Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type			
06/24/14	07/01/05 -	General Obligation General Government		\$ 192,495	\$ 200,931

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

12. Legal Debt Margin

As discussed in Note 4, secondary property 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, 2014 was as follows (in thousands):

Six Percent Bonds	\$ 533,043
Twenty Percent Bonds	<u>1,031,051</u>
	<u>\$ 1,564,094</u>

13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2014, 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 contracted transit service providers are 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.

Notes to the Financial Statements

(Continued)

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the Government-Wide Statement of Net Position, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. Settlements have not exceeded coverages for each of the last three fiscal years. At June 30, 2014, claims payable totaled \$104.2 million. Changes in this liability for the last two fiscal years follow (in thousands):

	<u>Year Ended June 30</u>	
	<u>2014</u>	<u>2013</u>
Claims Payable, July 1	\$ 99,750	\$ 92,242
Current Year Claims and Changes in Estimates	25,176	27,960
Claim Payments	<u>(20,715)</u>	<u>(20,452)</u>
Claims Payable, June 30	<u>\$ 104,211</u>	<u>\$ 99,750</u>

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

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Amounts due within one year	\$ 28,596	\$ 23,902
Amounts due in more than one year	75,615	75,848
	<u>\$ 104,211</u>	<u>\$ 99,750</u>

In addition, assets of \$97,520,610 and \$1,664,988 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2014 for purposes of funding the claims liability reported in the Government-Wide Statement of Net Position. As a result, of the General Fund Balance \$61,308,508 is restricted and \$36,212,102 is 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 \$277,925,899. Dental coverage was provided through two plans. Active dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust. Active dental HMO and retiree dental HMO and PPO were provided through commercial insurance accounted for in the General Fund.

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

Notes to the Financial Statements

(Continued)

At June 30, 2014, claims payable totaled \$21.5 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2014	2013
Claims Payable, July 1	\$ 27,326	\$ 24,238
Current Year Claims and Changes in Estimates	199,238	217,779
Claim Payments	<u>(205,045)</u>	<u>(214,691)</u>
Claims Payable, June 30	<u>\$ 21,519</u>	<u>\$ 27,326</u>

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

	June 30	
	2014	2013
Amounts due within one year	<u>\$ 21,519</u>	<u>\$ 27,326</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 \$50,228,612 for the fiscal year ended June 30, 2014.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2014 were as follows (in thousands):

Years Ending June 30	
2015	\$ 73,188
2016	72,636
2017	50,031
2018	30,907
2019	30,018
2020-2068	<u>260,971</u>
	<u>\$ 517,751</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 \$14,213,405 for the fiscal year ended June 30, 2014. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2014 is as follows (in thousands):

Buildings	\$ 1,007,558
Less: Accumulated Depreciation	<u>(527,610)</u>
	<u>\$ 479,948</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 Service, 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, 2014 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, 2015	\$ 14,062
First Transit Inc.	Fixed Route Bus Service	June 30, 2018	26,282
Veolia Transportation Service	Fixed Route Bus Service	June 30, 2015	74,889
Valley Metro Rail	Light Rail Service	June 30, 2015	22,007
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2015	4,505
MV Transportation Service	Fixed Route Bus Service	June 30, 2015	416
			<u>\$ 142,161</u>

Approximately 11.4% 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 15.1% of the total transit costs for fiscal 2014-15. 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, 2014, as follows (in thousands):

Aviation	\$ 83,107
Phoenix Convention Center	1,789
Water System	103,174
Wastewater	45,327
Solid Waste	17,893
	<u>\$ 251,290</u>

Encumbrances

Governmental fund encumbrances at June 30, 2014, were as follows (in thousands):

General Fund	\$ 11,329
Transit Special Revenue Fund	16,172
Non-Major Funds	112,273
	<u>\$ 139,774</u>

Notes to the Financial Statements

(Continued)

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 with respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the City's financial position, results of operations or liquidity at June 30, 2014.

Public Housing Notes Payable

Excluded from the City's long-term obligations in the accompanying financial statements are Public Housing Notes Payable. These obligations were incurred in connection with the City's public housing activities, but are entirely supported by the federal government. The City would be obligated to pay the debt service on these notes only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2014 were \$355,358.

Sick Leave

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

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

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

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

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

Sick leave is accrued as a liability as it is earned by the employees if it is probable that the employees will be compensated through cash payments at retirement. Accordingly, a portion of the sick leave accumulated by police, firefighters, and general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2014, actuarial valuation of the sick leave liability was based on the termination payment method and includes other amounts that are directly and incrementally related to those payments such as the City's share of social security, as applicable.

Notes to the Financial Statements
(Continued)

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

	<u>2014</u>
General	\$ 170,990
Police	125,576
Fire	<u>46,315</u>
	342,881
Less: Amounts Accrued as a Liability	<u>(74,707)</u>
	<u>\$ 268,174</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, 2014 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, 2014.

Verde Water Treatment Plant

In December 2011, Verde Water Treatment Plant (VWTP) closed. The VWTP had a total treatment capacity of 50 mgd. The Salt River Pima Maricopa Indian Community land lease for the VWTP expires in 2015 and will not be renewed. According to the lease agreement, the City is responsible to restore the land to its native state. The City is currently in negotiations with the Salt River Pima Maricopa Indian Community to determine the outcome resulting from the restoration.

17. 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, 2014, was \$799,232,623.

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

Regional Wireless Cooperative "RWC"

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

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2014, was \$65,157,586.

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

Notes to the Financial Statements

(Continued)

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 \$416,615,542 at June 30, 2014, 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, 2014 is provided below (in thousands).

	<u>2014</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 27,782
Receivables	11,599
Inventories, at average cost	6,755
Capital Assets, Net of Accumulated Depreciation	<u>782,409</u>
Total Assets	828,545
Liabilities	<u>(28,732)</u>
Net Position	<u>\$ 799,813</u>
Total Revenues	\$ 53,228
Total Expenses	<u>(84,802)</u>
Decrease in Net Position	<u>\$ (31,574)</u>

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

Water

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

Notes to the Financial Statements

(Continued)

The City's investment under the joint use agreement was \$229,438,867 at June 30, 2014, 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, 2014 is provided below (in thousands).

	<u>2014</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 6,968
Receivables	2,736
Inventories, at average cost	1,591
Capital Assets, Net of Accumulated Depreciation	<u>287,661</u>
Total Assets	298,956
Liabilities	<u>(6,909)</u>
Net Position	<u>\$ 292,047</u>
Total Revenues	\$ 19,286
Total Expenses	<u>(38,790)</u>
Decrease in Net Position	<u>\$ (19,504)</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, 9th Floor, Phoenix, Arizona 85003.

18. Deferred Compensation and Defined Contribution Plans (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 \$17,500 of their salaries during calendar year 2014. 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 2014 annual contribution limit is \$52,000. 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.

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. The City contributed \$24,452,021 for the year ended June 30, 2014. Nationwide Investment Services Corporation is currently the administrator for both Plans.

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.

Notes to the Financial Statements

(Continued)

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. Tier 1 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).

On March 12, 2013, Phoenix voters passed Proposition 201 – Reform of the City of Phoenix Employees' Retirement Plan. The reform has transformed COPERS into a two tier retirement plan. Changes affect new general city employees hired on or after July 1, 2013 (Tier 2). The Tier 2 contribution rate is based on a 50/50 split with the City of Phoenix's actuarially determined rate. Employees are eligible for retirement based on one of the determining factors:

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 87 (Rule of 87).

In addition, the approved ballot measure allowed the Investment Policy to be updated to include any investments that meet the Prudent Investor Rule. The Retirement Board may now invest in any kind of property or type of investment consistent with the standards set forth in the City Charter, if two-thirds of the Retirement Board authorizes the utilization of the new investment category.

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, 10th 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 15 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 a local board 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. 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).

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

Notes to the Financial Statements

(Continued)

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.

Effective January 1, 2014, the State Legislature closed the EORPA to new members and changed the contribution rate to 23.50% for both the EORPA and for the newly created Elected Officials' Defined Contribution Retirement System (EODCRS). All elected officials, appointed or elected on or after January 1, 2014 and not previously a member of the EORPA, become members of the EODCRS, a defined contribution plan.

Copies of APSPRS and EORPA financial reports 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.

Funding Policy and Annual Pension Cost

The City contributes an actuarially determined percentage of payroll 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 a closed 24 year period. The employee contribution rate is 5% of compensation for Tier 1 employees and 13.62% of compensation for Tier 2 employees. 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.

On April 29, 2011, the Governor signed into law Senate Bill 1609 ("SB 1609") which gradually increases the public safety member contribution rate from 7.65% to 11.65% in fiscal year 2015-16. Thereafter, the member rate may be reduced by formula, but in no case will be less than 7.65% or more than 11.65%. The City contributes an actuarially determined percentage of payroll to fully fund benefits of active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 22 year period.

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

	Contributions Required and Contributions Made			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
General City	6/30/14	\$ 115,244,331	100 %	N/A
Employees	6/30/13	110,094,257	100	N/A
	6/30/12	106,483,325	100	N/A
APSPRS Employees (1):				
Police Pension	6/30/14	79,177,731	100	N/A
Police Health	6/30/14	2,611,742	100	N/A
Police Pension	6/30/13	70,902,266	100	N/A
Police Health	6/30/13	2,598,634	100	N/A
Police Pension	6/30/12	59,887,847	100	N/A
Police Health	6/30/12	2,624,897	100	N/A
Fire Pension	6/30/14	42,851,009	100	N/A
Fire Health	6/30/14	1,559,274	100	N/A
Fire Pension	6/30/13	37,492,864	100	N/A
Fire Health	6/30/13	1,879,028	100	N/A
Fire Pension	6/30/12	29,679,259	100	N/A
Fire Health	6/30/12	1,575,259	100	N/A

Contribution rates for EORPA are specified by State statute, SB 1609 gradually increases the member contribution rate from 7.0% to 13.0% in fiscal year 2013-14. Thereafter, the member rate may be reduced

Notes to the Financial Statements
(Continued)

by formula, but in no case will be less than 7.0% or more than 13.0%. The City contributes 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 24 years.

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

	Contributions Required and Contributions Made			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Elected Officials				
Pension	6/30/14	\$ 171,073	100 %	N/A
Health	6/30/14	7,012	100	N/A
Pension	6/30/13	191,039	100	N/A
Health	6/30/13	9,927	100	N/A
Pension	6/30/12	169,988	100	N/A
Health	6/30/12	9,753	100	N/A

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

	COPERS Tier 1/Tier 2	APSPRS		EORPA (3) Pension/Health
		Police (1) Pension/Health	Fire (1) (2) Pension/Health	
Contribution Rates:				
City	22.24%/13.62%	33.09%/1.41%	33.54%/1.41%	38.06%/1.56%
Plan Members	5.00%/13.62%	10.35%	10.35%	13.00%
Annual Pension Cost (in thousands)	\$ 115,244	\$79,177/\$2,612	\$42,851/\$1,559	\$171/\$10
Contributions Made (in thousands)	\$ 115,244	\$79,177/\$2,612	\$42,851/\$1,559	\$171/\$10
Actuarial Valuation Date	6/30/14	6/30/14	6/30/14	6/30/14
Actuarial Cost Method	Entry Age, Normal	Entry Age, Normal	Entry Age, Normal	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years	22 years	22 years	24 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	7.5%	7.85%	7.85%	8.00%
Projected Salary Increases *	3.5 - 7.3%	4.0 - 8.0%	4.0 - 8.0%	4.70%
* Includes Inflation at	3.0%	4.0%	4.0%	4.5%
Cost-of-Living Adjustments	-	-	-	-

- (1) Contribution rates for APSPRS pension and health are based on actuarial estimates. Actual contributions for the health subsidy are based on actual expenses for the year with the balance of the required rate applied to the pension requirement.
- (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 \$3,118,498.
- (3) The City contribution rate for the first six months of fiscal year 2014 was the actuarially calculated rate of 39.62%. Beginning January 1, 2014 and continuing for 30 years, employer contributions equal to 23.50% of aggregate payroll are required by statute.

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)
General City						
Employees	6/30/14	\$ 2,120,700	\$ 3,614,784	\$ 1,494,084	58.7 %	\$ 509,267 293.4 %
APSPRS						
Police - Pension	6/30/14	\$ 1,221,186	\$ 2,539,761	\$ 1,318,575	48.1 %	\$ 229,987 573.3 %
Police - Health	6/30/14	61,712	53,696	(8,016)	114.9	229,987 0.0
APSPRS						
Fire - Pension	6/30/14	\$ 689,368	\$ 1,375,333	\$ 685,965	50.1 %	\$ 125,639 546.0 %
Fire - Health	6/30/14	35,064	27,735	(7,329)	126.4	125,639 0.0

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. 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.

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.

Notes to the Financial Statements

(Continued)

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	\$ 29,508
Interest on OPEB Asset	-
Contributions from the City	<u>29,508</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
6/30/2014	\$ 29,508	\$ 29,508	100.0%	\$ -
6/30/2013	34,021	34,021	100.0	-
6/30/2012	33,456	33,456	100.0	-
6/30/2011	38,007	38,007	100.0	-
6/30/2010	37,574	17,204	45.8	-
6/30/2009	37,967	43,579	114.8	20,370
6/30/2008	39,000	53,758	137.8	14,758

As of July 1, 2013, 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 \$419,609,654 and the actuarial value of assets was \$113,665,785, resulting in an unfunded actuarial accrued liability (UAAL) of \$305,943,869. The covered payroll (annual payroll of active employees covered by the plan) was \$461,156,377 and the ratio of the UAAL to the covered payroll was 66.3 percent.

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

Valuation date	07/01/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	N/A
Inflation rate	3%
Pre-medicare healthcare cost trend	5% - 9%
Post-medicare healthcare cost trend	5% - 6%

Notes to the Financial Statements

(Continued)

The number of participants as of July 1, 2013, 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	3,821	2,746	6,567
Retirees and Beneficiaries	5,006	2,276	7,282
Total	8,827	5,022	13,849

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 2/3 of an employee's monthly base salary following a continuous three-month waiting period from the last day worked after which all leave accruals have been exhausted. The benefit continues to age 80 for those disabled prior to July 1, 2013 and age 75 for those disabled on or after July 1, 2013. Contributions to the LTD Trust by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City pays 100 percent of the cost 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 fiduciary responsibility for the LTD Trust, subject to oversight by the City Council. The LTD Trust issues a separate report that can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

The City's annual OPEB expense is calculated based on the ARC, an amount determined actuarially in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's 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*	\$ 2,795
Interest on Net OPEB Asset	76
Contributions made	2,751
Increase in OPEB Asset	32
Net OPEB asset, beginning of year	1,086
Net OPEB asset, end of year	\$ 1,118

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

Notes to the Financial Statements

(Continued)

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
6/30/2014	\$ 2,795	\$ 2,751	98.4%	\$ 1,118
6/30/2013	2,941	2,971	101.0	1,086
6/30/2012	2,486	2,018	81.2	987
6/30/2011	3,198	997	31.2	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, 2013, the most recent actuarial valuation date, the LTD was 99.9 percent funded. The actuarial accrued liability for benefits was \$69,504,490, and the actuarial value of assets was \$69,463,028, resulting in an unfunded actuarial accrued liability (UAAL) of \$41,462. The covered payroll (annual payroll of active employees covered by the plan) was \$816,086,000, and the ratio of the UAAL to the covered payroll was .01 percent.

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

Valuation date	07/01/2013
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	5%
Inflation rate	3%
Healthcare cost trend	N/A

The number of participants as of July 1, 2013, 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	1,581	2,929	8,196	12,706
Currently Disabled Employees	3	14	325	342
Total Covered Participants	1,584	2,943	8,521	13,048

Actuarial Valuations

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each

Notes to the Financial Statements

(Continued)

valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

21. **Subsequent Events**

Debt Issuances

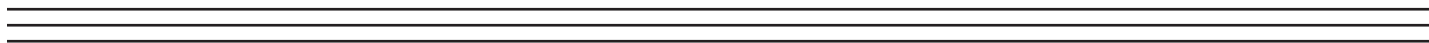
On December 3, 2014, the City of Phoenix Civic Improvement Corporation issued \$152,830,000 of Junior Lien Water System Revenue Bonds, Series 2014A and \$445,085,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2014B. The bonds were issued at an all-in true interest cost of 3.76% and 2.64% respectively, and were dated and delivered December 17, 2014.

Downtown Phoenix Hotel Corporation Bond Rating

On December 15, 2014, Standard & Poor's Rating Services lowered its rating on the Downtown Phoenix Hotel Corporation Senior Lien Revenue Bonds from BB+ to BB with a stable outlook.

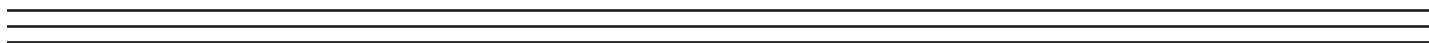


City of Phoenix



Financial Section

**Required Supplementary
Information**



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

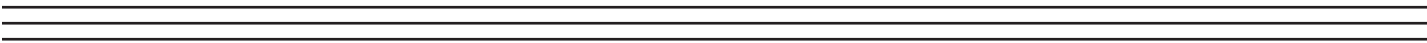
Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
PENSION PLANS:						
General City Employees						
6/30/14	\$ 2,120,700	\$ 3,614,784	\$ 1,494,084	58.7 %	\$ 509,267	293.4 %
6/30/13	1,961,939	3,055,606	1,093,667	64.2	508,032	215.3
6/30/12	1,827,528	2,939,374	1,111,846	62.2	506,017	219.7
APSPRS - Police Pension						
6/30/14	\$ 1,221,186	\$ 2,539,761	\$ 1,318,575	48.1 %	\$ 229,987	573.3 %
6/30/13	1,268,534	2,212,287	943,753	57.3	240,806	391.9
6/30/12	1,252,168	2,115,506	863,338	59.2	241,080	358.1
APSPRS - Police Health						
6/30/14	\$ 61,712	\$ 53,696	\$ (8,016)	114.9 %	\$ 229,987	0.0 %
6/30/13	-	52,646	52,646	0.0	240,806	21.9
6/30/12	-	50,913	50,913	0.0	241,080	21.1
APSPRS - Fire Pension						
6/30/14	\$ 689,368	\$ 1,375,333	\$ 685,965	50.1 %	\$ 125,639	546.0 %
6/30/13	715,326	1,216,078	500,752	58.8	127,636	392.3
6/30/12	704,733	1,153,074	448,341	61.1	120,264	372.8
APSPRS - Fire Health						
6/30/14	\$ 35,064	\$ 27,735	\$ (7,329)	126.4 %	\$ 125,639	0.0 %
6/30/13	-	27,528	27,528	0.0	127,636	21.6
6/30/12	-	26,643	26,643	0.0	120,264	22.2
MERP (1)						
7/01/13	\$ 113,666	\$ 419,610	\$ 305,944	27.1 %	\$ 461,156	66.3 %
8/01/11	86,964	423,058	336,094	20.6	510,561	65.8
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
LTD (2)						
7/01/13	\$ 69,463	\$ 69,504	\$ 41	99.9 %	\$ 816,086	0.01 %
7/01/11	68,087	68,413	326	99.5	816,962	0.04
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) The initial valuation for MERP was dated August 1, 2006. Valuations are performed biennially beginning with the valuation dated August 1, 2009.

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

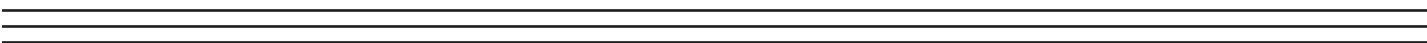


City of Phoenix



Financial Section

**Nonmajor Governmental Funds –
Combining Fund Financial
Statements**



Fund Descriptions - Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

Fund Descriptions

(continued)

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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, 2014
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
ASSETS					
Cash and Cash Equivalents	\$ 5,504	\$ 1,668	\$ 10,740	\$ 1,228	\$ 2
Cash Deposits	29	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	1,989
Investments	44,638	13,816	114,098	44	18,388
Due from Other Funds	-	-	-	-	-
Receivables, Net of Allowance					
Accounts Receivable	7	-	364	4,257	1,369
Taxes Receivable	-	-	-	-	-
Intergovernmental	9,593	-	151	19,276	2,402
Accrued Interest	-	-	-	-	11
Notes Receivable	-	-	-	-	14,104
Prepaid Items	-	-	-	15	4,293
Inventories	-	-	-	-	-
Total Assets	<u>\$ 59,771</u>	<u>\$ 15,484</u>	<u>\$ 125,353</u>	<u>\$ 24,820</u>	<u>\$ 42,558</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 4,115	\$ -
Accounts Payable	5,256	1,118	2,089	3,677	887
Trust Liabilities and Deposits	1,726	1,465	4,973	1,004	17,463
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Advance Payments	-	-	4,430	16,024	1,027
Total Liabilities	<u>6,982</u>	<u>2,583</u>	<u>11,492</u>	<u>24,820</u>	<u>19,377</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Non-Spendable					
Inventories	-	-	-	-	-
Prepaid Items	-	-	-	-	4,293
Spendable					
Restricted	52,789	8,746	69,435	-	14,932
Committed	-	4,155	-	-	-
Assigned	-	-	44,426	-	3,956
Unassigned	-	-	-	-	-
Total Fund Balances	<u>52,789</u>	<u>12,901</u>	<u>113,861</u>	<u>-</u>	<u>23,181</u>
Total Liabilities and Fund Balances	<u>\$ 59,771</u>	<u>\$ 15,484</u>	<u>\$ 125,353</u>	<u>\$ 24,820</u>	<u>\$ 42,558</u>

Special Revenue Funds					Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Golf Courses	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 4,531	\$ 2,295	\$ -	\$ 1,404	\$ 27,372	\$ 997	\$ 3,758	\$ 1,696	\$ 1,803
-	-	-	-	29	-	-	-	-
-	-	-	-	1,989	-	-	-	-
34,038	5,814	-	-	230,836	8,623	28,556	24,363	-
-	-	-	-	-	-	-	-	-
355	-	-	-	6,352	-	-	615	-
14	-	-	-	14	-	-	-	-
-	-	-	-	31,422	-	-	32,089	-
-	-	-	-	11	-	-	7	-
-	-	-	-	14,104	-	-	27,791	-
-	-	-	-	4,308	-	-	-	-
-	-	-	224	224	-	-	-	-
<u>\$ 38,938</u>	<u>\$ 8,109</u>	<u>\$ -</u>	<u>\$ 1,628</u>	<u>\$ 316,661</u>	<u>\$ 9,620</u>	<u>\$ 32,314</u>	<u>\$ 86,561</u>	<u>\$ 1,803</u>
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 29,684	\$ 4,535	\$ 38,334	\$ -	\$ -	\$ 1,954	\$ 6,656
996	-	18	519	14,560	506	1,155	4,393	339
391	1,275	-	14	28,311	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	156	21,637	-	-	-	-
<u>1,387</u>	<u>1,275</u>	<u>29,702</u>	<u>5,224</u>	<u>102,842</u>	<u>506</u>	<u>1,155</u>	<u>6,347</u>	<u>6,995</u>
-	-	-	-	-	-	-	-	-
-	-	-	224	224	-	-	-	-
-	-	-	-	4,293	-	-	-	-
29,286	11,281	1,210	-	187,679	-	31,159	35,015	-
-	-	-	-	4,155	9,114	-	-	-
8,265	-	-	-	56,647	-	-	45,199	-
-	(4,447)	(30,912)	(3,820)	(39,179)	-	-	-	(5,192)
<u>37,551</u>	<u>6,834</u>	<u>(29,702)</u>	<u>(3,596)</u>	<u>213,819</u>	<u>9,114</u>	<u>31,159</u>	<u>80,214</u>	<u>(5,192)</u>
<u>\$ 38,938</u>	<u>\$ 8,109</u>	<u>\$ -</u>	<u>\$ 1,628</u>	<u>\$ 316,661</u>	<u>\$ 9,620</u>	<u>\$ 32,314</u>	<u>\$ 86,561</u>	<u>\$ 1,803</u>

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(in thousands)

Exhibit C-1
(Continued)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 51	\$ 111	\$ 12,371	\$ -
Cash Deposits	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	-	373	-	43,219	1,735
Due from Other Funds	5,615	13,143	7,621	-	-
Receivables, Net of Allowance					
Accounts Receivable	-	-	-	7,123	-
Taxes Receivable	-	-	-	-	-
Intergovernmental	-	-	-	-	3,285
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	852	-
Prepaid Items	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 5,615</u>	<u>\$ 13,567</u>	<u>\$ 7,732</u>	<u>\$ 63,565</u>	<u>\$ 5,020</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 40,831	\$ 968
Accounts Payable	540	200	246	995	16,719
Trust Liabilities and Deposits	-	423	-	-	1
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Advance Payments	-	-	-	-	-
Total Liabilities	<u>540</u>	<u>623</u>	<u>246</u>	<u>41,826</u>	<u>17,688</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Non-Spendable					
Inventories	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Spendable					
Restricted	5,075	10,361	7,486	15,289	-
Committed	-	-	-	-	-
Assigned	-	2,583	-	6,450	-
Unassigned	-	-	-	-	(12,668)
Total Fund Balances	<u>5,075</u>	<u>12,944</u>	<u>7,486</u>	<u>21,739</u>	<u>(12,668)</u>
Total Liabilities and Fund Balances	<u>\$ 5,615</u>	<u>\$ 13,567</u>	<u>\$ 7,732</u>	<u>\$ 63,565</u>	<u>\$ 5,020</u>

Exhibit C-1
(Continued)

Capital Projects Funds		Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	Streets and Highways	City Improvement	Special Assessment	Total	
\$ 266	\$ 21,053	\$ 170	\$ -	\$ 751	\$ 82	\$ 1,003	\$ 49,428
-	-	-	-	-	-	-	29
-	-	7,006	-	54,936	4	61,946	63,935
12,857	119,726	19,882	-	5,505	-	25,387	375,949
3,110	29,489	-	-	-	-	-	29,489
-	7,738	3,182	-	-	102	3,284	17,374
-	-	-	-	-	-	-	14
-	35,374	-	-	-	-	-	66,796
4	11	-	-	-	-	-	22
-	28,643	-	-	-	-	-	42,747
-	-	-	-	-	-	-	4,308
-	-	-	-	-	-	-	224
<u>\$ 16,237</u>	<u>\$ 242,034</u>	<u>\$ 30,240</u>	<u>\$ -</u>	<u>\$ 61,192</u>	<u>\$ 188</u>	<u>\$ 91,620</u>	<u>\$ 650,315</u>
-	-	-	-	-	-	-	-
\$ -	\$ 50,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,743
51	25,144	12	-	-	-	12	39,716
-	424	-	-	-	-	-	28,735
-	-	4,840	-	42,140	-	46,980	46,980
-	-	2,166	-	14,776	4	16,946	16,946
-	-	-	-	-	184	184	21,821
<u>51</u>	<u>75,977</u>	<u>7,018</u>	<u>-</u>	<u>56,916</u>	<u>188</u>	<u>64,122</u>	<u>242,941</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	224
-	-	-	-	-	-	-	4,293
3,326	107,711	-	-	4,276	-	4,276	299,666
-	9,114	23,222	-	-	-	23,222	36,491
12,860	67,092	-	-	-	-	-	123,739
-	(17,860)	-	-	-	-	-	(57,039)
<u>16,186</u>	<u>166,057</u>	<u>23,222</u>	<u>-</u>	<u>4,276</u>	<u>-</u>	<u>27,498</u>	<u>407,374</u>
<u>\$ 16,237</u>	<u>\$ 242,034</u>	<u>\$ 30,240</u>	<u>\$ -</u>	<u>\$ 61,192</u>	<u>\$ 188</u>	<u>\$ 91,620</u>	<u>\$ 650,315</u>

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, 2014
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
REVENUES					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	102,067	-	-	108,223	72,937
Charges for Services	15	14,651	51,299	4,700	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	(371)	(118)	(802)	(27)	(60)
Interest	715	227	1,558	57	89
Dwelling Rentals	-	-	-	-	6,658
Other	135	-	4,992	9,336	979
Total Revenues	<u>102,561</u>	<u>14,760</u>	<u>57,047</u>	<u>122,289</u>	<u>80,603</u>
EXPENDITURES					
Current Operating					
General Government	-	292	-	1,080	-
Criminal Justice	-	1,818	-	-	-
Public Safety	-	6,722	-	17,137	-
Transportation	46,710	-	-	37	-
Community Enrichment	-	-	-	41,586	-
Community Development	-	-	35,563	53,019	77,531
Environmental Services	-	-	-	178	-
Capital Outlay	40,977	6,353	12,150	9,252	7,083
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	<u>87,687</u>	<u>15,185</u>	<u>47,713</u>	<u>122,289</u>	<u>84,614</u>
Excess (Deficiency) of Revenues Over Expenditures	14,874	(425)	9,334	-	(4,011)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	786	-	-	-	-
Transfers to Other Funds	(10,000)	-	(5,308)	-	(262)
Issuance of Debt					
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(9,214)</u>	<u>-</u>	<u>(5,308)</u>	<u>-</u>	<u>(262)</u>
Net Change in Fund Balances	5,660	(425)	4,026	-	(4,273)
FUND BALANCES, JULY 1	47,129	13,326	109,835	-	27,454
FUND BALANCES, JUNE 30	<u>\$ 52,789</u>	<u>\$ 12,901</u>	<u>\$ 113,861</u>	<u>\$ -</u>	<u>\$ 23,181</u>

Special Revenue Funds					Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Golf Courses	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 72,550	\$ 29,153	\$ 83,157	\$ -	\$ 184,860	\$ 15,087	\$ 29,153	\$ -	\$ -
18	-	-	-	18	-	-	-	-
421	-	-	-	283,648	-	-	32,008	-
9,009	-	-	-	79,674	3	29	-	-
1,855	-	-	8,461	10,316	-	-	-	-
-	-	-	-	-	-	-	-	-
(205)	(25)	175	92	(1,341)	(90)	(307)	3	3
396	44	(339)	(170)	2,577	176	584	18	1
-	-	-	-	6,658	-	-	-	-
8,405	170	-	523	24,540	14	19	512	-
<u>92,449</u>	<u>29,342</u>	<u>82,993</u>	<u>8,906</u>	<u>590,950</u>	<u>15,190</u>	<u>29,478</u>	<u>32,541</u>	<u>4</u>
67,597	-	-	-	68,969	-	-	-	-
-	-	-	-	1,818	-	-	-	-
7,093	22,022	78,652	-	131,626	-	-	-	-
1,874	-	-	-	48,621	131	-	-	-
2,829	-	-	8,381	52,796	-	2,574	-	-
2,997	-	-	-	169,110	-	-	-	-
1,781	-	-	-	1,959	56	-	-	-
3,736	(1)	-	-	79,550	19,605	17,975	35,899	12,333
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>87,907</u>	<u>22,021</u>	<u>78,652</u>	<u>8,381</u>	<u>554,449</u>	<u>19,792</u>	<u>20,549</u>	<u>35,899</u>	<u>12,333</u>
4,542	7,321	4,341	525	36,501	(4,602)	8,929	(3,358)	(12,329)
1,412	-	-	4,800	6,998	-	-	-	391
(509)	(53)	(106)	-	(16,238)	-	(4,853)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>903</u>	<u>(53)</u>	<u>(106)</u>	<u>4,800</u>	<u>(9,240)</u>	<u>-</u>	<u>(4,853)</u>	<u>-</u>	<u>391</u>
5,445	7,268	4,235	5,325	27,261	(4,602)	4,076	(3,358)	(11,938)
32,106	(434)	(33,937)	(8,921)	186,558	13,716	27,083	83,572	6,746
<u>\$ 37,551</u>	<u>\$ 6,834</u>	<u>\$ (29,702)</u>	<u>\$ (3,596)</u>	<u>\$ 213,819</u>	<u>\$ 9,114</u>	<u>\$ 31,159</u>	<u>\$ 80,214</u>	<u>\$ (5,192)</u>

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, 2014
(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
REVENUES					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	8,055	-	110,347
Charges for Services	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	-	(19)	(31)	(63)	-
Interest	-	37	234	235	-
Dwelling Rentals	-	-	-	-	-
Other	2	166	1,138	(2,659)	209
Total Revenues	2	184	9,396	(2,487)	110,556
EXPENDITURES					
Current Operating					
General Government	-	-	-	-	-
Criminal Justice	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community Enrichment	-	-	-	-	-
Community Development	-	-	-	-	-
Environmental Services	-	-	-	-	-
Capital Outlay	8,317	3,795	4,837	19,423	110,115
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	8,317	3,795	4,837	19,423	110,115
Excess (Deficiency) of Revenues Over Expenditures	(8,315)	(3,611)	4,559	(21,910)	441
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	-	-	3,170	-
Transfers to Other Funds	-	-	-	(1,278)	(2)
Issuance of Debt					
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	1,892	(2)
Net Change in Fund Balances	(8,315)	(3,611)	4,559	(20,018)	439
FUND BALANCES, JULY 1	13,390	16,555	2,927	41,757	(13,107)
FUND BALANCES, JUNE 30	\$ 5,075	\$ 12,944	\$ 7,486	\$ 21,739	\$ (12,668)

Exhibit C-2

(Continued)

Capital Projects Funds		Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	Streets and Highways	City Improvement	Special Assessment	Total	
\$ -	\$ 44,240	\$ 15,988	\$ -	\$ -	\$ -	\$ 15,988	\$ 245,088
-	-	-	-	-	-	-	18
-	150,410	-	-	-	-	-	434,058
-	32	-	-	-	-	-	79,706
-	-	-	-	-	-	-	10,316
-	-	-	-	-	39	39	39
(103)	(607)	(209)	-	-	-	(209)	(2,157)
120	1,405	419	-	-	11	430	4,412
-	-	-	-	-	-	-	6,658
260	(339)	134	-	-	-	134	24,335
277	195,141	16,332	-	-	50	16,382	802,473
-	-	109	-	-	-	109	69,078
-	-	-	-	-	-	-	1,818
-	-	1,196	-	-	-	1,196	132,822
-	131	-	-	-	-	-	48,752
-	2,574	280	-	-	-	280	55,650
-	-	13,043	-	-	-	13,043	182,153
-	56	-	-	-	-	-	2,015
805	233,104	278	-	-	-	278	312,932
-	-	4,840	-	42,140	18	46,998	46,998
-	-	4,332	-	29,660	8	34,000	34,000
-	-	-	-	1,443	-	1,443	1,443
-	-	3	-	20	-	23	23
805	235,865	24,081	-	73,263	26	97,370	887,684
(528)	(40,724)	(7,749)	-	(73,263)	24	(80,988)	(85,211)
-	3,561	1,158	-	72,721	-	73,879	84,438
(130)	(6,263)	-	-	(1,028)	(24)	(1,052)	(23,553)
-	-	-	-	39,826	-	39,826	39,826
-	-	-	-	328,920	-	328,920	328,920
-	-	-	-	(367,112)	-	(367,112)	(367,112)
(130)	(2,702)	1,158	-	73,327	(24)	74,461	62,519
(658)	(43,426)	(6,591)	-	64	-	(6,527)	(22,692)
16,844	209,483	29,813	-	4,212	-	34,025	430,066
\$ 16,186	\$ 166,057	\$ 23,222	\$ -	\$ 4,276	\$ -	\$ 27,498	\$ 407,374



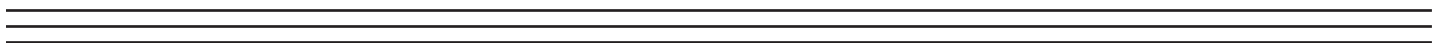
City of Phoenix



Financial Section

Other Supplementary Information

**Nonmajor Governmental Funds –
Budgetary Comparison Schedules**



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

Exhibit D-1

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expend- itures	Encum- brances	Total	
General Government							
Mayor	\$ 1,755	\$ -	\$ 1,755	\$ 1,628	\$ -	\$ 1,628	\$ 127
City Council	3,589	-	3,589	3,325	19	3,344	245
City Manager	2,339	103	2,442	2,163	7	2,170	272
City Auditor	2,389	-	2,389	2,285	9	2,294	95
Information Technology	32,305	-	32,305	29,275	2,013	31,288	1,017
Equal Opportunity	2,367	-	2,367	2,192	5	2,197	170
City Clerk	5,797	(103)	5,694	4,077	261	4,338	1,356
Elections	809	-	809	735	-	735	74
Human Resources	10,225	-	10,225	8,962	227	9,189	1,036
Law	19,542	-	19,542	18,648	97	18,745	797
Budget and Research	3,054	-	3,054	2,982	13	2,995	59
Finance	18,061	-	18,061	17,570	142	17,712	349
Other	1,405	-	1,405	1,068	74	1,142	263
Total General Government	103,637	-	103,637	94,910	2,867	97,777	5,860
Criminal Justice							
Municipal Court	29,395	-	29,395	27,414	457	27,871	1,524
Public Defender	4,903	-	4,903	4,785	3	4,788	115
Total Criminal Justice	34,298	-	34,298	32,199	460	32,659	1,639
Public Safety							
Police	462,407	-	462,407	451,994	2,384	454,378	8,029
Fire	250,693	-	250,693	243,612	1,792	245,404	5,289
Other	22	-	22	14	-	14	8
Total Public Safety	713,122	-	713,122	695,620	4,176	699,796	13,326
Transportation							
Street Transportation	20,597	-	20,597	15,533	1,184	16,717	3,880
Public Transit	19,521	-	19,521	11,363	317	11,680	7,841
Total Transportation	40,118	-	40,118	26,896	1,501	28,397	11,721
Community Enrichment							
Parks & Recreation	94,371	-	94,371	90,070	537	90,607	3,764
Library	35,478	-	35,478	32,571	755	33,326	2,152
Human Services	18,711	-	18,711	16,471	723	17,194	1,517
Other	2,942	-	2,942	2,452	86	2,538	404
Total Community Enrichment	151,502	-	151,502	141,564	2,101	143,665	7,837
Community Development							
Economic Development	5,134	-	5,134	4,466	12	4,478	656
Neighborhood Services	12,337	-	12,337	11,447	51	11,498	839
Other	5,080	-	5,080	4,209	25	4,234	846
Total Community Development	22,551	-	22,551	20,122	88	20,210	2,341
Environmental Services							
Public Works	16,554	-	16,554	10,372	2,670	13,042	3,512
Other	984	-	984	704	2	706	278
Total Environmental Services	17,538	-	17,538	11,076	2,672	13,748	3,790
Cable							
General Government	2,795	100	2,895	2,584	39	2,623	272
Transportation	1,499	-	1,499	1,316	-	1,316	183
Total Cable	4,294	100	4,394	3,900	39	3,939	455
Capital							
General Government	342	-	342	324	1	325	17
Community Enrichment	350	-	350	168	10	178	172
Environmental Services	1,750	-	1,750	1,023	385	1,408	342
Total Capital	2,442	-	2,442	1,515	396	1,911	531
Contingency	38,313	-	38,313	-	-	-	38,313
Totals	\$ 1,127,815	\$ 100	\$ 1,127,915	\$ 1,027,802	\$ 14,300	\$ 1,042,102	\$ 85,813

City of Phoenix, Arizona
Fund Financial Statements
Budgetary Comparison Schedule
Excise Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-2

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
City Taxes	\$ 791,749	\$ 791,749	\$ 753,245	\$ (38,504)
Licenses and Permits	2,830	2,830	2,775	(55)
Intergovernmental	288,300	288,300	288,585	285
Total Revenues	1,082,879	1,082,879	1,044,605	(38,274)
OTHER FINANCING USES				
Transfers to Other Funds				
General Fund	(704,234)	(704,234)	(680,432)	23,802
Transit 2000	(120,380)	(120,380)	(111,068)	9,312
Parks and Preserves	(30,094)	(30,094)	(29,153)	941
Sports Facilities	(15,564)	(15,564)	(15,988)	(424)
Capital Construction	(17,051)	(17,051)	(15,086)	1,965
Police Neighborhood Protection	(21,066)	(21,066)	(20,408)	658
Block Watch Neighborhood Protection	(1,505)	(1,505)	(1,457)	48
Fire Neighborhood Protection	(7,523)	(7,523)	(7,288)	235
Police Public Safety Enhancement	(15,566)	(15,566)	(15,406)	160
Fire Public Safety Enhancement	(9,541)	(9,541)	(9,443)	98
Police Public Safety Expansion	(48,152)	(48,152)	(46,647)	1,505
Fire Public Safety Expansion	(12,037)	(12,037)	(11,661)	376
City Improvement	(31,568)	(31,568)	(31,568)	-
Phoenix Convention Center	(43,924)	(43,924)	(44,311)	(387)
Other Restricted Funds	(4,674)	(4,674)	(4,689)	(15)
Total Other Financing Uses	(1,082,879)	(1,082,879)	(1,044,605)	38,274
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, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental				
Highway User	\$ 100,150	\$ 100,150	\$ 102,009	\$ 1,859
State Government	-	-	58	58
Interest	250	250	245	(5)
Miscellaneous	200	200	149	(51)
Total Revenues	100,600	100,600	102,461	1,861
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	45,129	47,529	46,710	819
Capital	59,323	61,123	54,215	6,908
Debt Service				
Interest	1	1	-	1
Total Expenditures and Encumbrances	104,453	108,653	100,925	7,728
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(3,853)	(8,053)	1,536	9,589
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
General Fund	381	381	786	405
Transfers To Other Funds				
Transit 2000	(15,000)	(15,000)	(10,000)	5,000
Street Improvements Capital Project Fund	-	-	(104)	(104)
Recovery of Prior Years Expenditures	800	800	605	(195)
Total Other Financing Sources and Uses	(13,819)	(13,819)	(8,713)	5,106
Net Change in Fund Balance	\$ (17,672)	\$ (21,872)	(7,177)	\$ 14,695
Fund Balance, July 1			25,834	
Fund Balance, June 30			\$ 18,657	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Municipal Court Awards Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-4

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 15,377	\$ 15,377	\$ 12,848	\$ (2,529)
Total Revenues	15,377	15,377	12,848	(2,529)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	320	320	290	30
Public Safety	15,511	7,011	7,301	(290)
Capital	-	8,500	5,305	3,195
Total Expenditures and Encumbrances	15,831	15,831	12,896	2,935
Deficiency of Revenues Over Expenditures and Encumbrances	(454)	(454)	(48)	406
OTHER FINANCING SOURCES				
Recovery of Prior Years Expenditures	-	-	77	77
Total Other Financing Sources	-	-	77	77
Net Change in Fund Balance	<u>\$ (454)</u>	<u>\$ (454)</u>	29	<u>\$ 483</u>
Fund Balance, July 1			732	
Fund Balance, June 30			<u>\$ 761</u>	

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

Exhibit D-5

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$ 36,774	\$ 36,774	\$ 40,547	\$ 3,773
Miscellaneous	(54)	(54)	3	57
Total Revenues	36,720	36,720	40,550	3,830
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	37,161	37,861	32,174	5,687
Capital	59	59	43	16
Total Expenditures and Encumbrances	37,220	37,920	32,217	5,703
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(500)	(1,200)	8,333	9,533
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,682)	(2,682)	(2,936)	(254)
Recovery of Prior Years Expenditures	-	-	115	115
Total Other Financing Sources and Uses	(2,682)	(2,682)	(2,821)	(139)
Net Change in Fund Balance	<u>\$ (3,182)</u>	<u>\$ (3,882)</u>	5,512	<u>\$ 9,394</u>
Fund Balance, July 1			22,925	
Fund Balance, June 30			<u>\$ 28,437</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Reinvestment Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 82	\$ 82	\$ 117	\$ 35
Rentals	4,670	4,670	4,677	7
Interest	109	109	114	5
Miscellaneous	-	-	311	311
Total Revenues	4,861	4,861	5,219	358
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	760	760	414	346
Capital	5,890	7,090	1,097	5,993
Total Expenditures and Encumbrances	6,650	7,850	1,511	6,339
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(1,789)	(2,989)	3,708	6,697
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Other	(5,308)	(5,308)	(5,308)	-
Total Other Financing Sources and Uses	(5,308)	(5,308)	(5,308)	-
Net Change in Fund Balance	<u>\$ (7,097)</u>	<u>\$ (8,297)</u>	(1,600)	<u>\$ 6,697</u>
Fund Balance, July 1			17,314	
Fund Balance, June 30			<u>\$ 15,714</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Federal Operating Trust Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-7

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 67,483	\$ 67,483	\$ 49,685	\$ (17,798)
Interest	10	10	13	3
Miscellaneous	-	-	10,920	10,920
Total Revenues	67,493	67,493	60,618	(6,875)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	884	884	855	29
Public Safety	13,870	13,870	19,012	(5,142)
Transportation	53	53	53	-
Community Enrichment	1,074	1,074	1,264	(190)
Community Development	41,813	41,514	31,759	9,755
Environmental Services	303	303	178	125
Capital	9,495	9,794	7,675	2,119
Total Expenditures and Encumbrances	67,492	67,492	60,796	6,696
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	1	1	(178)	(179)
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	178	178
Total Other Financing Sources and Uses	-	-	178	178
Net Change in Fund Balance	\$ 1	\$ 1	-	\$ (1)
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Development Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-8

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 33,205	\$ 33,205	\$ 13,647	\$ (19,558)
Charges for Services	-	-	2,974	2,974
Interest	2	2	1,728	1,726
Miscellaneous	63	63	(1,444)	(1,507)
Total Revenues	33,270	33,270	16,905	(16,365)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	253	253	252	1
Community Enrichment	556	556	660	(104)
Community Development	30,185	30,185	15,572	14,613
Capital	2,276	2,276	421	1,855
Total Expenditures and Encumbrances	33,270	33,270	16,905	16,365
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	-	-	-
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, 2014
(in thousands)

Exhibit D-9

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 42,362	\$ 42,362	\$ 38,796	\$ (3,566)
Interest	-	-	6	6
Miscellaneous	79	79	82	3
Total Revenues	42,441	42,441	38,884	(3,557)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	42,441	42,441	38,613	3,828
Community Development	-	-	346	(346)
Total Expenditures and Encumbrances	42,441	42,441	38,959	3,482
Deficiency of Revenues Over Expenditures and Encumbrances	-	-	(75)	(75)
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	75	75
Total Other Financing Sources and Uses	-	-	75	75
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

Exhibit D-10

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 73,208	\$ 73,208	\$ 69,990	\$ (3,218)
Interest	66	66	49	(17)
Dwelling Rentals	5,187	5,187	4,884	(303)
Miscellaneous	763	763	1,898	1,135
Total Revenues	79,224	79,224	76,821	(2,403)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	(1)	(1)	-	(1)
Community Development	75,418	79,418	72,444	6,974
Capital	14,974	14,974	6,287	8,687
Total Expenditures and Encumbrances	90,391	94,391	78,731	15,660
Deficiency of Revenues Over Expenditures and Encumbrances	(11,167)	(15,167)	(1,910)	13,257
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(302)	(302)	(192)	110
Housing Trust Fund	-	-	(2)	(2)
City Improvement	(70)	(70)	(70)	-
Recovery of Prior Years Expenditures	-	-	92	92
Total Other Financing Sources and Uses	(372)	(372)	(172)	200
Net Change in Fund Balance	\$ (11,539)	\$ (15,539)	(2,082)	\$ 13,457
Fund Balance, July 1			14,513	
Fund Balance, June 30			\$ 12,431	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Housing Hope VI Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-11

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,693	\$ 3,693	\$ 1,755	\$ (1,938)
Interest	2	2	3	1
Total Revenues	<u>3,695</u>	<u>3,695</u>	<u>1,758</u>	<u>(1,937)</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	969	969	418	551
Capital	<u>2,723</u>	<u>2,723</u>	<u>719</u>	<u>2,004</u>
Total Expenditures and Encumbrances	<u>3,692</u>	<u>3,692</u>	<u>1,137</u>	<u>2,555</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>3</u>	<u>3</u>	<u>621</u>	<u>618</u>
Net Change in Fund Balance	<u>\$ 3</u>	<u>\$ 3</u>	<u>621</u>	<u>\$ 618</u>
Fund Balance, July 1			<u>1,579</u>	
Fund Balance, June 30			<u>\$ 2,200</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Sports Facilities Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-12

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 265	\$ 265	\$ 147	\$ (118)
Miscellaneous	-	-	134	134
Total Revenues	265	265	281	16
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	129	129	109	20
Public Safety	1,196	1,196	1,196	-
Community Enrichment	500	500	500	-
Community Development	144	144	141	3
Capital				
Lease-Purchase Payments	2,541	2,541	1,207	1,334
Lease-Purchase Payments (Hotel Debt Service)	9,176	9,176	9,175	1
Total Expenditures and Encumbrances	12,705	12,705	12,706	(1)
Deficiency of Revenues Over Expenditures and Encumbrances	26,391	26,391	25,034	1,357
	(26,126)	(26,126)	(24,753)	1,373
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	15,564	15,564	15,988	424
Capital Project Fund	-	-	1,157	1,157
Transfers to Other Funds				
General Fund				
Staff and Administrative	(115)	(115)	(117)	(2)
Other	(79)	(79)	(79)	-
Total Other Financing Sources and Uses	15,370	15,370	16,949	1,579
Net Change in Fund Balance	<u>\$ (10,756)</u>	<u>\$ (10,756)</u>	<u>(7,804)</u>	<u>\$ 2,952</u>
Fund Balance, July 1			31,715	
Fund Balance, June 30			<u>\$ 23,911</u>	

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

Exhibit D-13

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 175	\$ 175	\$ 55	\$ (120)
Miscellaneous	-	-	17	17
Total Revenues	175	175	72	(103)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	129	129	130	(1)
Environmental Services	70	70	58	12
Capital	20,285	21,385	18,959	2,426
Total Expenditures and Encumbrances	20,484	21,584	19,147	2,437
Deficiency of Revenues Over Expenditures and Encumbrances	(20,309)	(21,409)	(19,075)	2,334
OTHER FINANCING SOURCES				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	17,051	17,051	15,086	(1,965)
Recovery of Prior Years Expenditures	450	450	209	(241)
Total Other Financing Sources	17,501	17,501	15,295	(2,206)
Net Change in Fund Balance	<u>\$ (2,808)</u>	<u>\$ (3,908)</u>	(3,780)	<u>\$ 128</u>
Fund Balance, July 1			9,439	
Fund Balance, June 30			<u>\$ 5,659</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Parks and Preserves Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-14

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ -	\$ 32	\$ 32
Interest	305	305	199	(106)
Miscellaneous	-	-	17	17
Total Revenues	305	305	248	(57)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	3,005	3,005	2,603	402
Capital	33,710	33,710	15,150	18,560
Total Expenditures and Encumbrances	36,715	36,715	17,753	18,962
Deficiency of Revenues Over Expenditures and Encumbrances	(36,410)	(36,410)	(17,505)	18,905
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	30,094	30,094	29,153	(941)
Parks, Recreation and Libraries	-	-	300	300
Transfers to Other Funds				
Golf Courses	-	-	(4,800)	(4,800)
Infrastructure Repayment Agreement Trust	(34)	(34)	(53)	(19)
Other Restricted Funds	-	-	(262)	(262)
Recovery of Prior Years Expenditures	200	200	1,574	1,374
Total Other Financing Sources and Uses	30,260	30,260	25,912	(4,348)
Net Change in Fund Balance	<u>\$ (6,150)</u>	<u>\$ (6,150)</u>	8,407	<u>\$ 14,557</u>
Fund Balance, July 1			21,863	
Fund Balance, June 30			<u>\$ 30,270</u>	

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

Exhibit D-15

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Contributions/Donations	\$ 1,308	\$ 1,308	\$ 1,341	\$ 33
Licenses and Permits	-	-	18	18
City Taxes	2,255	2,255	2,240	(15)
Intergovernmental	-	-	421	421
Charges for Services	10,034	10,034	10,856	822
Fines and Forfeitures	54	54	89	35
Parks and Recreation	2,250	2,250	2,078	(172)
Rentals	4,811	4,811	5,510	699
Interest	178	178	250	72
Miscellaneous	3,636	3,636	2,591	(1,045)
Total Revenues	24,526	24,526	25,394	868
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	1,451	1,551	1,339	212
Criminal Justice	6,341	6,341	1,806	4,535
Public Safety	8,447	8,447	6,915	1,532
Transportation	2,533	2,658	2,423	235
Community Enrichment	3,062	4,706	2,842	1,864
Community Development	6,496	7,627	5,020	2,607
Environmental Services	3,163	3,163	2,152	1,011
Capital	5,818	5,818	3,456	2,362
Total Expenditures and Encumbrances	37,311	40,311	25,953	14,358
Excess Deficiency of Revenues Over Expenditures and Encumbrances	(12,785)	(15,785)	(559)	15,226
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	4,674	4,674	4,689	15
General Fund - Library	-	-	1,412	1,412
Parks and Preserves	-	-	262	262
Transfers to Other Funds				
General Fund				
Staff and Administrative	(212)	(212)	(254)	(42)
Other	(494)	(494)	(494)	-
Sports and Cultural Facilities	-	-	(151)	(151)
Recovery of Prior Years Expenditures	-	-	472	472
Total Other Financing Sources and Uses	3,968	3,968	5,936	1,968
Net Change in Fund Balance	\$ (8,817)	\$ (11,817)	5,377	\$ 17,194
Fund Balance, July 1			48,515	
Fund Balance, June 30			\$ 53,892	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Neighborhood Protection Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-16

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ (15)	\$ (15)	\$ 17	\$ 32
Miscellaneous	160	160	169	9
Total Revenues	145	145	186	41
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	25,044	25,044	21,867	3,177
Total Expenditures and Encumbrances	25,044	25,044	21,867	3,177
Deficiency of Revenues Over Expenditures and Encumbrances	(24,899)	(24,899)	(21,681)	3,218
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	30,094	30,094	29,153	(941)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(164)	(164)	(150)	14
Infrastructure Repayment Agreement Trust	(34)	(34)	(53)	(19)
Recovery of Prior Years Expenditures	-	-	1	1
Total Other Financing Sources and Uses	29,896	29,896	28,951	(945)
Net Change in Fund Balance	\$ 4,997	\$ 4,997	7,270	\$ 2,273
Fund Balance, July 1			(1,161)	
Fund Balance, June 30			\$ 6,109	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Safety Enhancement Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-17

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	\$ 31,203	\$ 31,203	\$ 19,585	\$ 11,618
Total Expenditures and Encumbrances	31,203	31,203	19,585	11,618
Deficiency of Revenues Over Expenditures and Encumbrances	(31,203)	(31,203)	(19,585)	11,618
OTHER FINANCING SOURCES				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	25,107	25,107	24,849	(258)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(265)	(265)	(201)	64
Recovery of Prior Years Expenditures	-	-	109	109
Total Other Financing Sources	24,842	24,842	24,757	(85)
Net Change in Fund Balance	<u>\$ (6,361)</u>	<u>\$ (6,361)</u>	5,172	<u>\$ 11,533</u>
Fund Balance, July 1			(16,921)	
Fund Balance, June 30			<u>\$ (11,749)</u>	

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

Exhibit D-18

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ (65)	\$ (65)	\$ (116)	\$ (51)
Total Revenues	(65)	(65)	(116)	(51)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	67,728	67,728	58,372	9,356
Total Expenditures and Encumbrances	67,728	67,728	58,372	9,356
Deficiency of Revenues Over Expenditures and Encumbrances	(67,793)	(67,793)	(58,488)	9,305
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	60,189	60,189	58,308	(1,881)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(531)	(531)	(515)	16
Infrastructure Repayment Agreement Trust	(67)	(67)	(106)	(39)
Recovery of Prior Years Expenditures	-	-	20	20
Total Other Financing Sources and Uses	59,591	59,591	57,707	(1,884)
Net Change in Fund Balance	<u>\$ (8,202)</u>	<u>\$ (8,202)</u>	(781)	<u>\$ 7,421</u>
Fund Balance, July 1			(16,683)	
Fund Balance, June 30			<u>\$ (17,464)</u>	

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

Exhibit D-19

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 8,025	\$ 8,025	\$ 8,539	\$ 514
Rentals	86	86	76	(10)
Interest	(81)	(81)	(45)	36
Miscellaneous	27	27	357	330
Total Revenues	8,057	8,057	8,927	870
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	8,835	8,935	8,698	237
Total Expenditures and Encumbrances	8,835	8,935	8,698	237
Deficiency of Revenues Over Expenditures and Encumbrances	(778)	(878)	229	1,107
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Parks and Preserves Special Revenue Fund	-	-	4,800	4,800
Transfers to Other Funds				
General Fund	(201)	(201)	-	201
Total Other Financing Sources and Uses	(201)	(201)	4,800	5,001
Net Change in Fund Balance	<u>\$ (979)</u>	<u>\$ (1,079)</u>	5,029	<u>\$ 6,108</u>
Fund Balance, July 1			(9,561)	
Fund Balance, June 30			<u>\$ (4,532)</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Regional Wireless Cooperative
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit D-20

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$ 3,551	\$ 3,551	\$ 2,900	\$ (651)
Interest	20	20	27	7
Miscellaneous	1,111	1,111	1,158	47
Total Revenues	4,682	4,682	4,085	(597)
EXPENDITURES AND ENCUMBRANCES				
Operations	4,381	5,881	4,428	1,453
Total Expenditures and Encumbrances	4,381	5,881	4,428	1,453
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	301	(1,199)	(343)	856
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	4	4
Total Other Financing Sources	-	-	4	4
Net Change in Fund Balance	<u>\$ 301</u>	<u>\$ (1,199)</u>	(339)	<u>\$ 860</u>
Fund Balance, July 1			2,471	
Fund Balance, June 30			<u>\$ 2,132</u>	

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

Exhibit D-21

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 35,443	\$ 35,443	\$ 35,204	\$ (239)
Intergovernmental	5,088	5,088	4,721	(367)
Interest	50	50	(38)	(88)
Total Revenues	40,581	40,581	39,887	(694)
EXPENDITURES AND ENCUMBRANCES				
General Obligation Bond Debt Service				
Principal	23,770	23,770	23,770	-
Interest	65,142	65,142	64,897	245
Early Redemption	(48,440)	(45,740)	(46,117)	377
Arbitrage Rebate and Fiscal Agent Fees	9	9	2	7
Other Debt Service Costs	100	100	544	(444)
Total Expenditures and Encumbrances	40,581	43,281	43,096	185
Deficiency of Revenues Over Expenditures and Encumbrances	-	(2,700)	(3,209)	(509)
OTHER FINANCING SOURCES (USES)				
Proceeds from General Obligation Bonds	-	-	290,025	290,025
Deposit to Refunding Escrow	-	-	(289,302)	(289,302)
Total Other Financing Sources and Uses	-	-	723	723
Net Change in Fund Balance	\$ -	\$ (2,700)	(2,486)	\$ 214
Fund Balance, July 1			2,765	
Fund Balance, June 30			\$ 279	

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

Exhibit D-22

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES AND ENCUMBRANCES				
Lease-Purchase Payments	\$ 83,805	\$ 83,805	\$ 71,801	\$ 12,004
Fiscal Agent Fees	20	20	20	-
Other Debt Service Costs	401	401	527	(126)
Total Expenditures and Encumbrances	84,226	84,226	72,348	11,878
Deficiency of Revenues Over Expenditures and Encumbrances	(84,226)	(84,226)	(72,348)	11,878
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding Bonds	-	-	367,767	367,767
Transfers from Other Funds				
Excise Tax Special Revenue Fund	31,568	31,568	31,568	-
Transit 2000 Special Revenue Fund	53,366	53,366	40,831	(12,535)
Public Housing Special Revenue Fund	70	70	70	-
Capital Projects Fund	250	250	252	2
Deposits to Refunding Escrow	-	-	(367,112)	(367,112)
Transfers to Other Funds				
Capital Projects Fund	(1,028)	(1,028)	(1,028)	-
Total Other Financing Sources and Uses	84,226	84,226	72,348	(11,878)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, July 1			-	
Fund Balance, June 30			<u>\$ -</u>	



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.





City of Phoenix

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Net Position
June 30, 2014 and 2013
(in thousands)

Exhibit E-1

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$ 42,465	\$ 45,871
Investments	270,344	261,874
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2014, \$44 and 2013, \$43)	6,410	10,045
Intergovernmental	126	188
Deposits in Escrow	338	338
Inventories, at Average Cost	1,707	1,576
Total Unrestricted Current Assets	<u>321,390</u>	<u>319,892</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	206,201	197,464
Accrued Interest Receivable	4	3
Customer Facility Charge		
Cash and Cash Equivalents	788	11,703
Cash with Fiscal Agent/Trustee	45,322	38,345
Investments	21,644	9,874
Accounts Receivable	2,913	2,988
Capital Projects		
Cash and Cash Equivalents	4,958	16,558
Investments	63,735	77,569
Receivables		
Intergovernmental	7,191	2,698
Passenger Facility Charges	8,414	9,696
Total Restricted Current Assets	<u>361,170</u>	<u>366,898</u>
Total Current Assets	<u>682,560</u>	<u>686,790</u>
Noncurrent Assets		
Capital Assets		
Land	566,437	556,528
Buildings	1,531,014	1,527,698
Improvements Other Than Buildings	1,505,025	1,496,923
Equipment	530,021	523,890
Intangibles	23,068	22,700
Construction in Progress	290,848	191,589
Less: Accumulated Depreciation	(1,644,615)	(1,497,896)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,801,798</u>	<u>2,821,432</u>
OPEB Asset	58	55
Total Noncurrent Assets	<u>2,801,856</u>	<u>2,821,487</u>
Total Assets	<u>3,484,416</u>	<u>3,508,277</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding Bonds	1,385	2,049
Total Deferred Outflows of Resources	<u>1,385</u>	<u>2,049</u>

<u>LIABILITIES</u>	2014	2013
Current Liabilities Payable from Current Assets		
Accounts Payable	14,741	15,301
Trust Liabilities and Deposits	1,589	1,413
Advance Payments	8,298	12,833
Current Portion of Pollution Remediation	1,500	1,690
Current Portion of Accrued Compensated Absences	826	874
Total Current Liabilities Payable from Current Assets	26,954	32,111
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	120,000	100,000
Matured Bonds Payable	44,035	36,070
Interest Payable	37,134	36,426
Current Portion of General Obligation Bonds	5	500
Current Portion of Rental Car Facility Revenue Bonds	8,750	8,285
Current Portion of Municipal Corporation Obligations	35,575	35,250
Capital Projects		
Accounts Payable	10,577	15,702
Total Current Liabilities Payable from Restricted Assets	256,076	232,233
Total Current Liabilities	283,030	264,344
Noncurrent Liabilities		
General Obligation Bonds	7,865	8,405
Rental Car Facility Revenue Bonds	195,305	204,055
Municipal Corporation Obligations	1,156,490	1,192,065
Unamortized Premium (Discount)	55,996	60,721
Pollution Remediation	8,000	9,500
Accrued Compensated Absences	5,563	5,618
Total Noncurrent Liabilities	1,429,219	1,480,364
Total Liabilities	1,712,249	1,744,708
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,241,513	1,255,699
Restricted for:		
Debt Service	124,961	124,961
Passenger Facility Charges	76,996	78,802
Customer Facility Charges	70,667	62,910
Unrestricted	259,415	243,246
Total Net Position	\$ 1,773,552	\$ 1,765,618

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

Exhibit E-2

For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Landing and Terminals Fees	\$ 174,913	\$ 157,708
Parking and Car Rentals	123,878	120,581
Other	27,253	27,397
Total Operating Revenues	<u>326,044</u>	<u>305,686</u>
Operating Expenses		
Operation and Maintenance	235,731	232,186
Environmental, Studies & Noise Program	5,099	8,361
Depreciation	158,760	146,034
Staff and Administrative	7,262	6,869
Total Operating Expenses	<u>406,852</u>	<u>393,450</u>
Operating Loss	(80,808)	(87,764)
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	79,672	78,184
Rental Car Customer Facility Charges	43,113	41,457
Investment Income		
Net Decrease in Fair Value of Investments	(3,626)	(8,535)
Interest	7,457	9,054
Interest on Capital Debt	(64,863)	(70,785)
Loss on Disposal of Capital Assets	(29)	(153)
Total Non-Operating Revenues (Expenses)	<u>61,724</u>	<u>49,222</u>
Net Loss Before Contributions	(19,084)	(38,542)
Capital Contributions	27,184	14,516
Transfers from General Fund - Change for Phoenix	-	31
Transfers to Capital Projects Fund	(166)	-
Change in Net Position	<u>7,934</u>	<u>(23,995)</u>
Net Position, July 1	1,765,618	1,789,613
Net Position, June 30	<u>\$ 1,773,552</u>	<u>\$ 1,765,618</u>

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

Exhibit E-3

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 325,320	\$ 309,407
Payments to Suppliers	(169,123)	(171,617)
Payments to Employees	(74,194)	(72,894)
Payment of Staff and Administrative Expenses	(7,262)	(6,869)
Net Cash Provided by Operating Activities	<u>74,741</u>	<u>58,027</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	-	31
Operating Transfers to Other Funds	(166)	-
	<u>(166)</u>	<u>31</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	20,057	101,795
Principal Paid on Capital Debt	(36,070)	(43,482)
Interest Paid on Capital Debt	(74,012)	(88,829)
Acquisition and Construction of Capital Assets	(139,229)	(159,133)
Proceeds from Sales of Capital Assets	152	199
Passenger Facility Charges	80,954	78,791
Customer Facility Charges	43,188	41,381
Capital Contributions	22,753	21,563
Net Cash Used by Capital and Related Financing Activities	<u>(82,207)</u>	<u>(47,715)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(1,239,934)	(642,471)
Proceeds from Sale and Maturities of Investment Securities	1,250,820	680,873
Net Activity for Short-Term Investments	(17,294)	(8,788)
Interest on Investments	3,833	562
Net Cash Provided (Used) by Investing Activities	<u>(2,575)</u>	<u>30,176</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(10,207)</u>	<u>40,519</u>
Cash and Cash Equivalents, July 1	310,279	269,760
Cash and Cash Equivalents, June 30	<u>\$ 300,072</u>	<u>\$ 310,279</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	\$ (80,808)	\$ (87,764)
Adjustments		
Depreciation	158,760	146,034
(Increase) Decrease in Assets		
Receivables	3,636	(2,023)
Allowance for Doubtful Accounts	(1)	2,218
Inventories	(131)	17
OPEB Asset	(3)	(5)
Increase (Decrease) in Liabilities		
Accounts Payable	(560)	(1,173)
Trust Liabilities and Deposits	176	401
Advance Payments	(4,535)	3,125
Pollution Remediation	(1,690)	(2,765)
Accrued Compensated Absences	(103)	(38)
Net Cash Provided by Operating Activities	<u>\$ 74,741</u>	<u>\$ 58,027</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 407	\$ 519
Increase in Fair Value of Investments	20	200
Total Noncash Transactions Affecting Financial Position	<u>\$ 427</u>	<u>\$ 719</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, 2014
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<u>REVENUES</u>				
Landing Area	\$ 44,550	\$ 44,550	\$ 46,674	\$ 2,124
Terminal Area	117,082	117,082	130,489	13,407
Ground Transportation	118,263	118,263	121,250	2,987
Interest on Investments	450	450	1,807	1,357
Other	28,999	28,999	29,704	705
Total Revenues	309,344	309,344	329,924	20,580
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Personal Services	103,786	103,786	104,683	(897)
Contractual Services	111,214	110,694	105,687	5,007
Supplies	11,936	12,440	11,159	1,281
Equipment/Minor Improvements	3,029	3,045	3,034	11
Contingency	14,000	14,000	-	14,000
Total Operating Expenditures	243,965	243,965	224,563	19,402
Net Revenue Available for Revenue Bond Debt Service	65,379	65,379	105,361	39,982
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	23,730	23,730	23,145	585
Interest	29,666	29,666	26,885	2,781
Total Senior Lien Revenue Bond Debt Service	53,396	53,396	50,030	3,366
Net Revenue Available for Junior Lien Revenue Bond Debt Service	11,983	11,983	55,331	43,348
Junior Lien Revenue Bond Debt Service				
Interest	1,604	1,604	1,604	-
Total Junior Lien Revenue Bond Debt Service	1,604	1,604	1,604	-
Net Revenue Available After Junior Lien Revenue Bond Debt Service	10,379	10,379	53,727	43,348
Other Expenditures				
Capital Improvement Program	35,631	35,631	23,614	12,017
General Obligation Bond Debt Service				
Principal	500	500	500	-
Interest	366	366	359	7
Total Other Expenditures	36,497	36,497	24,473	12,024
Total Expenditures and Encumbrances	335,462	335,462	300,670	34,792
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(26,118)	(26,118)	29,254	55,372
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Aviation Capital Fund	-	-	14,399	14,399
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,869)	(6,869)	(7,262)	(393)
Aviation Capital Fund	-	-	(29,420)	(29,420)
Recovery of Prior Years Expenditures	-	-	2,334	2,334
Total Other Financing Sources (Uses)	(6,869)	(6,869)	(19,949)	(13,080)
Net Increase (Decrease) in Fund Balance	\$ (32,987)	\$ (32,987)	9,305	\$ 42,292
FUND BALANCE, JULY 1			309,854	
FUND BALANCE, JUNE 30			<u>\$ 319,159</u>	



City of Phoenix

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Net Position
June 30, 2014 and 2013
(in thousands)

Exhibit E-5

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$ 3,510	\$ 4,653
Investments	24,907	26,922
Accounts Receivable, Net of Allowance for Doubtful Accounts (2014, \$4 and 2013, \$8)	254	251
Inventories, at Average Cost	233	207
Total Unrestricted Current Assets	<u>28,904</u>	<u>32,033</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	20,730	30,454
Capital Projects		
Cash and Cash Equivalents	655	874
Investments	14,314	14,068
Receivables		
Accrued Interest	2	3
Customer and Other Deposits	2,300	2,136
Total Restricted Current Assets	<u>38,001</u>	<u>47,535</u>
Total Current Assets	<u>66,905</u>	<u>79,568</u>
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	940,430	940,377
Improvements Other Than Buildings	13,566	13,104
Equipment	23,565	23,411
Intangible Assets	149	149
Construction in Progress	1,855	1,324
Less: Accumulated Depreciation	(254,188)	(227,952)
Total Capital Assets, Net of Accumulated Depreciation	<u>754,795</u>	<u>779,831</u>
OPEB Asset	15	15
Total Noncurrent Assets	<u>754,810</u>	<u>779,846</u>
Total Assets	<u>821,715</u>	<u>859,414</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Refunding Bonds	497	560
Total Deferred Outflows of Resources	<u>497</u>	<u>560</u>

<u>LIABILITIES</u>	2014	2013
Current Liabilities Payable from Current Assets		
Accounts Payable	1,621	1,291
Current Portion of Accrued Compensated Absences	190	214
Total Current Liabilities Payable from Current Assets	1,811	1,505
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	2,220	16,888
Interest Payable	18,404	13,460
Current Portion of Municipal Corporation Obligations	2,350	2,220
Capital Projects		
Accounts Payable	14	14
Customer Deposits	2,315	2,151
Total Current Liabilities Payable from Restricted Assets	25,303	34,733
Total Current Liabilities	27,114	36,238
Noncurrent Liabilities		
Municipal Corporation Obligations	692,410	694,760
Unamortized Premium (Discount)	33,886	35,583
Accrued Compensated Absences	1,266	1,353
Total Noncurrent Liabilities	727,562	731,696
Total Liabilities	754,676	767,934
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	24,428	30,941
Unrestricted	43,108	61,099
Total Net Position	\$ 67,536	\$ 92,040

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

Exhibit E-6

For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 8,914	\$ 8,807
Concessions	9,076	10,073
Box Office Services	623	548
Other (1)	18,251	4,790
Total Operating Revenues	<u>36,864</u>	<u>24,218</u>
Operating Expenses		
Administration	24,169	22,625
Operation and Maintenance	13,407	14,624
Promotion	2,775	3,144
Depreciation	26,403	26,605
Staff and Administrative	2,258	2,193
Security	1,693	1,638
Total Operating Expenses	<u>70,705</u>	<u>70,829</u>
Operating Loss	(33,841)	(46,611)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(389)	(967)
Interest	755	1,039
Interest on Capital Debt	(35,144)	(32,470)
Loss on Disposal of Capital Assets	(40)	(173)
Total Non-Operating Revenues (Expenses)	<u>(34,818)</u>	<u>(32,571)</u>
Loss Before Contributions and Transfers	(68,659)	(79,182)
Capital Contributions - Municipalities	102	336
Transfers from Excise Tax Fund	44,311	40,828
Transfers from General Fund - Change for Phoenix	-	1
Transfers to Capital Projects Fund	(5)	-
Transfers to Infrastructure Repayment Agreement Trust Fund	(253)	(69)
Change in Net Position	<u>(24,504)</u>	<u>(38,086)</u>
Net Position, July 1	92,040	130,126
Net Position, June 30	<u>\$ 67,536</u>	<u>\$ 92,040</u>

(1) Other revenues includes payment received from the State of Arizona for debt service on series 2005B bonds.

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

Exhibit E-7

	2014	2013
Cash Flows from Operating Activities		
Receipts from Customers	\$ 37,025	\$ 23,719
Payments to Suppliers	(21,619)	(21,824)
Payments to Employees	(20,232)	(19,871)
Payment of Staff and Administrative Expenses	(2,258)	(2,193)
Net Cash Used by Operating Activities	<u>(7,084)</u>	<u>(20,169)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	44,311	40,829
Operating Transfers to Other Funds	(258)	(69)
Net Cash Provided by Noncapital Financing Activities	<u>44,053</u>	<u>40,760</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(16,888)	(2,460)
Interest Paid on Capital Debt	(31,863)	(16,664)
Acquisition and Construction of Capital Assets	(1,278)	(637)
Proceeds from Sales of Capital Assets	1	1
Capital Contributions	-	1
Net Cash Used by Capital and Related Financing Activities	<u>(50,028)</u>	<u>(19,759)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(20,950)	(21,557)
Proceeds from Sale and Maturities of Investment Securities	20,923	12,506
Net Activity for Short-Term Investments	1,797	12,224
Interest on Investments	367	69
Net Cash Provided by Investing Activities	<u>2,137</u>	<u>3,242</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(10,922)</u>	<u>4,074</u>
Cash and Cash Equivalents, July 1	38,117	34,043
Cash and Cash Equivalents, June 30	<u>\$ 27,195</u>	<u>\$ 38,117</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (33,841)	\$ (46,611)
Adjustments		
Depreciation and Amortization	26,403	26,605
(Increase) Decrease in Assets		
Accounts Receivable	(3)	(61)
Inventories	(26)	8
OPEB Asset	-	(2)
Increase (Decrease) in Liabilities		
Accounts Payable	330	258
Customer Deposits	164	(438)
Accrued Compensated Absences	(111)	72
Net Cash Used by Operating Activities	<u>\$ (7,084)</u>	<u>\$ (20,169)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 102	\$ 335
Bond Capital Appreciation	-	12,325
Refunding Issuance in Excess of Bond Retirement	62	62
Increase in Fair Value of Investments	39	32
Total Noncash Transactions Affecting Financial Position	<u>\$ 203</u>	<u>\$ 12,754</u>

**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, 2014
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
<u>REVENUES</u>				
Rental of Facilities and Equipment	\$ 6,681	\$ 6,681	\$ 5,420	\$ (1,261)
Concessions	8,689	8,689	9,997	1,308
Box Office Services	567	567	623	56
Interest	339	339	232	(107)
Other	344	344	446	102
Total Revenues	16,620	16,620	16,718	98
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	48,657	48,657	41,854	6,803
Capital Improvement Program	3,371	3,371	1,533	1,838
Lease-Purchase Payments	18,578	18,578	18,578	-
Total Expenditures and Encumbrances	70,606	70,606	61,965	8,641
Deficiency of Revenues Over Expenditures and Encumbrances	(53,986)	(53,986)	(45,247)	8,739
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Excise Tax Fund	43,924	43,924	44,311	387
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,193)	(2,193)	(2,258)	(65)
Capital Projects Fund	(6)	(6)	(5)	1
Infrastructure Repayment Agreement Trust Fund	(157)	(157)	(253)	(96)
Recovery of Prior Years Expenditures	-	-	145	145
Total Other Financing Sources (Uses)	41,568	41,568	41,940	372
Net Decrease in Fund Balance	\$ (12,418)	\$ (12,418)	(3,307)	\$ 9,111
FUND BALANCE, JULY 1			35,794	
FUND BALANCE, JUNE 30			<u>\$ 32,487</u>	



City of Phoenix

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

Exhibit E-9

June 30, 2014 and 2013
(in thousands)

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$ 32,110	\$ 16,196
Investments	217,219	105,700
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2014, \$2,155 and 2013, \$2,349)	53,277	52,464
Intergovernmental	1,289	2,364
Prepaid Items	4,120	3,540
Inventories, at Average Cost	19,474	6,771
Total Unrestricted Current Assets	<u>327,489</u>	<u>187,035</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	87,416	67,222
Capital Projects		
Cash and Cash Equivalents	9,150	38,875
Investments	67,492	167,568
Customer and Other Deposits	4,919	4,757
Total Restricted Current Assets	<u>168,977</u>	<u>278,422</u>
Total Current Assets	<u>496,466</u>	<u>465,457</u>
Noncurrent Assets		
Capital Assets		
Land	62,813	62,817
Buildings	237,849	227,159
Improvements Other Than Buildings	847,640	826,939
Equipment	290,094	282,166
Mains, Hydrants, Meters and Service Connections	1,659,339	1,647,332
Intangibles	192,755	192,254
Construction in Progress	192,142	178,852
Less: Accumulated Depreciation	(1,207,427)	(1,130,243)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,275,205</u>	<u>2,287,276</u>
Other Assets		
Investment in Val Vista Treatment Plant Joint Use Agreement	229,439	244,775
OPEB Asset	70	66
Total Other Assets	<u>229,509</u>	<u>244,841</u>
Total Noncurrent Assets	<u>2,504,714</u>	<u>2,532,117</u>
Total Assets	<u>3,001,180</u>	<u>2,997,574</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u> 		
Deferred Loss on Refunding Bonds	9,010	10,064
Total Deferred Outflows of Resources	<u>9,010</u>	<u>10,064</u>

	2014	2013
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	21,940	19,713
Advance Payments	10	10
Current Portion of Accrued Compensated Absences	900	964
Total Current Liabilities Payable from Current Assets	22,850	20,687
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	175,000	175,000
Matured Bonds Payable	54,578	34,546
Interest Payable	33,147	32,967
Current Portion of General Obligation Bonds	5,515	4,347
Current Portion of Revenue Bonds	207	201
Current Portion of Municipal Corporation Obligations	54,930	50,030
Capital Projects		
Accounts Payable	1,369	5,083
Customer and Other Deposits	4,918	4,757
Total Current Liabilities Payable from Restricted Assets	329,664	306,931
Total Current Liabilities	352,514	327,618
Noncurrent Liabilities		
General Obligation Bonds	28,170	34,512
Revenue Bonds	3,633	3,841
Municipal Corporation Obligations	1,171,745	1,226,675
Unamortized Premium (Discount)	60,393	67,387
Accrued Compensated Absences	6,162	6,290
Total Noncurrent Liabilities	1,270,103	1,338,705
Total Liabilities	1,622,617	1,666,323
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	926,007	902,881
Restricted from Enabling Legislation	43,199	36,634
Unrestricted	418,367	401,800
Total Net Position	\$ 1,387,573	\$ 1,341,315

Water System Enterprise Fund

Comparative Statements of Revenues, Expenses and
Changes in Net PositionFor the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	2014	2013
Operating Revenues		
Water Sales	\$ 327,057	\$ 323,843
Environmental Charges	45,494	45,091
Other	12,305	12,928
Total Operating Revenues	<u>384,856</u>	<u>381,862</u>
Operating Expenses		
Administration and Engineering	30,198	22,638
Operation and Maintenance		
Customer Service	13,698	20,451
Production and Treatment	70,901	74,947
Distribution and Centralized Functions	46,579	50,401
Depreciation and Amortization	105,962	103,656
Staff and Administrative	7,493	7,483
Total Operating Expenses	<u>274,831</u>	<u>279,576</u>
Operating Income	110,025	102,286
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(3,726)	(7,380)
Interest	7,239	7,854
Interest on Capital Debt	(49,681)	(45,433)
Equity Interest in Joint Use Agreement Operating Loss	(18,072)	(8,407)
Gain (Loss) on Disposal of Capital Assets	438	(1,588)
Total Non-Operating Revenues (Expenses)	<u>(63,802)</u>	<u>(54,954)</u>
Net Income Before Contributions and Transfers	46,223	47,332
Capital Contributions	12,211	13,540
Transfers from General Fund - Change for Phoenix	4	34
Transfers to General Fund - In Lieu Property Taxes	(12,067)	(12,095)
Transfers to Capital Projects Fund	(113)	-
Change in Net Position	<u>46,258</u>	<u>48,811</u>
Net Position, July 1	1,341,315	1,292,504
Net Position, June 30	<u>\$ 1,387,573</u>	<u>\$ 1,341,315</u>

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

Exhibit E-11

	2014	2013
Cash Flows from Operating Activities		
Receipts from Customers	\$ 385,279	\$ 385,961
Payments to Suppliers	(85,786)	(81,951)
Payments to Employees	(86,842)	(84,039)
Payment of Staff and Administrative Expenses	(7,493)	(7,483)
Net Cash Provided by Operating Activities	<u>205,158</u>	<u>212,488</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	4	34
Operating Transfers to Other Funds	(12,180)	(12,095)
Net Cash Used by Noncapital Financing Activities	<u>(12,176)</u>	<u>(12,061)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	49	-
Principal Paid on Capital Debt	(35,502)	(50,155)
Interest Paid on Capital Debt	(65,473)	(70,316)
Acquisition and Construction of Capital Assets	(89,292)	(95,709)
Proceeds from Sales of Capital Assets	537	30,006
Capital Contributions	11,178	11,221
Net Cash Used by Capital and Related Financing Activities	<u>(178,503)</u>	<u>(174,953)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(31,435)	(315,806)
Proceeds from Sales and Maturities of Investment Securities	39,111	347,971
Net Activity for Short-Term Investments	(19,123)	(33,494)
Interest on Investments	3,513	562
Net Cash Used by Investing Activities	<u>(7,934)</u>	<u>(767)</u>
Net Increase in Cash and Cash Equivalents	<u>6,545</u>	<u>24,707</u>
Cash and Cash Equivalents, July 1	127,050	102,343
Cash and Cash Equivalents, June 30	<u>\$ 133,595</u>	<u>\$ 127,050</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 110,025	\$ 102,286
Adjustments		
Depreciation and Amortization	105,962	103,656
(Increase) Decrease in Assets		
Receivables	456	3,967
Allowance for Doubtful Accounts	(194)	58
Prepaid Expenses	(580)	(77)
Inventories	(12,703)	(1,252)
OPEB Asset	(4)	(5)
Increase (Decrease) in Liabilities		
Accounts Payable	2,227	3,800
Customer and Other Deposits	161	74
Accrued Compensated Absences	(192)	(19)
Net Cash Provided by Operating Activities	<u>\$ 205,158</u>	<u>\$ 212,488</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 1,033	\$ 2,319
Bond Capital Appreciation	74	70
Refunding Issuance in Excess of Bond Retirement	1,446	1,406
Increase in Fair Value of Investments	-	57
Total Noncash Transactions Affecting Financial Position	<u>\$ 2,553</u>	<u>\$ 3,852</u>

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

Exhibit E-12

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
<u>REVENUES</u>				
Water Sales	\$ 334,093	\$ 334,093	\$ 326,349	\$ (7,744)
Environmental Charges	46,344	46,344	46,203	(141)
Development Occupational Fees	2,600	2,600	2,478	(122)
Water Service Fees	6,155	6,155	5,726	(429)
Distribution	2,700	2,700	3,338	638
Interest	2,858	2,858	2,235	(623)
Other	6,270	6,270	6,415	145
Total Revenues	401,020	401,020	392,744	(8,276)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	164,349	164,349	151,946	12,403
Operation and Maintenance - Val Vista	13,810	13,810	10,433	3,377
Total Operating Expenditures and Encumbrances	178,159	178,159	162,379	15,780
Net Revenue Available for Revenue Bond Debt Service	222,861	222,861	230,365	7,504
Junior Lien Revenue Bond Debt Service				
Principal	50,231	50,231	50,231	-
Interest	71,163	71,163	62,726	8,437
Total Junior Lien Revenue Bond Debt Service	121,394	121,394	112,957	8,437
Net Revenue Available After Junior Lien Revenue Bond Debt Service	101,467	101,467	117,408	15,941
Other Expenditures and Encumbrances				
Commercial Paper Program Notes Interest	4,000	4,000	229	3,771
Operating Capital Outlay	1,454	1,454	1,383	71
Capital Improvement Program	171,940	153,340	135,652	17,688
General Obligation Bond Debt Service				
Principal	4,347	4,347	4,347	-
Interest	2,529	2,529	2,523	6
Total Other Expenditures and Encumbrances	184,270	165,670	144,134	21,536
Total Expenditures and Encumbrances	483,823	465,223	419,470	45,753
Deficiency of Revenues Over Expenditures and Encumbrances	(82,803)	(64,203)	(26,726)	37,477
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
General Fund - Change for Phoenix	-	-	4	4
Transfers to Other Funds				
General Fund				
Staff and Administrative	(7,437)	(7,437)	(7,493)	(56)
In-Lieu Property Taxes	(12,362)	(12,362)	(12,067)	295
Capital Projects Fund	(113)	(113)	(113)	-
Recovery of Prior Years Expenditures	-	-	2,235	2,235
Total Other Financing Sources (Uses)	(19,912)	(19,912)	(17,434)	2,478
Net Decrease in Fund Balance	\$ (102,715)	\$ (84,115)	(44,160)	\$ 39,955
FUND BALANCE, JULY 1			179,032	
FUND BALANCE, JUNE 30			<u>\$ 134,872</u>	

City of Phoenix, Arizona
Water System Enterprise Fund
Val Vista Water Treatment Plant
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit E-13

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<u>REVENUES</u>				
Val Vista Water System	\$ 6,666	\$ 6,666	\$ 5,449	\$ (1,217)
Operating Revenue - Water	13,810	13,810	10,433	(3,377)
Interest	67	67	24	(43)
Other	-	-	30	30
Total Revenues	20,543	20,543	15,936	(4,607)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	17,804	17,804	14,046	3,758
Capital Outlay				
Operating	23	23	106	(83)
Capital Improvement Program	1,897	1,897	1,877	20
Total Expenditures and Encumbrances	19,724	19,724	16,029	3,695
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	819	819	(93)	(912)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(644)	(644)	(546)	98
Recovery of Prior Years Expenditures	-	-	25	25
Total Other Financing Sources (Uses)	(644)	(644)	(521)	123
Net Increase (Decrease) in Fund Balance	\$ 175	\$ 175	(614)	\$ (789)
FUND DEFICIT, JULY 1			2,365	
FUND BALANCE, JUNE 30			1,751	
Members' Contributed Operating Reserve			2,168	
Members' Contributed Replacement Reserve			1,583	
FUND DEFICIT, UNRESERVED			\$ (2,000)	

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

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Net Position
June 30, 2014 and 2013
(in thousands)

Exhibit E-14

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 12,469	\$ 7,933
Investments	99,765	43,677
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2014, \$1,211 and 2013, \$1,433)	19,490	24,776
Intergovernmental	4,568	3,319
Inventories, at Average Cost	5,379	950
Total Unrestricted Current Assets	<u>141,671</u>	<u>80,655</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	48,448	47,288
Capital Projects		
Cash and Cash Equivalents	9,884	26,978
Investments	72,483	126,137
Customer Deposits and Other Trust Liabilities	57	15
Total Restricted Current Assets	<u>130,872</u>	<u>200,418</u>
Total Current Assets	<u>272,543</u>	<u>281,073</u>
Noncurrent Assets		
Capital Assets		
Land	22,799	22,799
Buildings	73,356	73,356
Improvements Other Than Buildings	1,241,381	1,250,331
Equipment	149,254	141,879
Intangibles	45,179	46,309
Construction in Progress	51,580	39,873
Less: Accumulated Depreciation	<u>(610,031)</u>	<u>(584,025)</u>
Total Capital Assets, Net of Accumulated Depreciation	973,518	990,522
Other Assets		
Investment in SROG Joint Use Agreement	416,616	436,535
OPEB Asset	26	25
Total Noncurrent Assets	<u>1,390,160</u>	<u>1,427,082</u>
Total Assets	<u>1,662,703</u>	<u>1,708,155</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Refunding Bonds	7,147	12,056
Total Deferred Outflows of Resources	<u>7,147</u>	<u>12,056</u>

	2014	2013
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	11,674	9,161
Advance Payments	1	1
Current Portion of Accrued Compensated Absences	239	269
Total Current Liabilities Payable from Current Assets	11,914	9,431
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	-	25,000
Matured Bonds Payable	33,564	29,337
Interest Payable	16,163	19,213
Current Portion of General Obligation Bonds	1,255	1,217
Current Revenue Bonds	702	682
Current Portion of Municipal Corporation Obligations	21,910	31,665
Capital Projects		
Accounts Payable	385	1,526
Customer Deposits and Other Trust Liabilities	57	15
Total Current Liabilities Payable from Restricted Assets	74,036	108,655
Total Current Liabilities	85,950	118,086
Noncurrent Liabilities		
General Obligation Bonds	12,887	14,166
Revenue Bonds	12,275	12,977
Municipal Corporation Obligations	647,970	686,880
Unamortized Premium (Discount)	46,598	35,103
Accrued Compensated Absences	1,656	1,793
Total Noncurrent Liabilities	721,386	750,919
Total Liabilities	807,336	869,005
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	594,589	597,723
Restricted from Enabling Legislation	45,573	41,595
Unrestricted	222,352	211,888
Total Net Position	\$ 862,514	\$ 851,206

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

Exhibit E-15

For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Sewer Service Charges	\$ 146,169	\$ 145,040
Environmental Charges	33,831	33,747
Other	6,350	11,673
Total Operating Revenues	<u>186,350</u>	<u>190,460</u>
Operating Expenses		
Administration	15,624	12,933
Operation and Maintenance		
Wastewater Treatment Plants	28,791	36,801
Sewer Maintenance and Collections	25,279	27,395
Industrial Waste/Pre-Treatment	4,804	4,414
Depreciation	44,065	43,349
Staff and Administrative	3,602	3,682
Total Operating Expenses	<u>122,165</u>	<u>128,574</u>
Operating Income	64,185	61,886
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value of Investments	(2,225)	(5,075)
Interest	4,422	5,545
Interest on Capital Debt	(33,210)	(32,954)
Equity Interest in Joint Use Agreement Operating Loss	(25,896)	(30,040)
Gain (Loss) on Disposal of Capital Assets	(58)	59
Total Non-Operating Revenues (Expenses)	<u>(56,967)</u>	<u>(62,465)</u>
Net Income (Loss) Before Contributions and Transfers	7,218	(579)
Capital Contributions	11,806	10,183
Transfers to General Fund - In Lieu Property Taxes	(7,641)	(7,804)
Transfers to Capital Projects Fund	(75)	-
Change in Net Position	<u>11,308</u>	<u>1,800</u>
Net Position, July 1	851,206	849,406
Net Position, June 30	<u>\$ 862,514</u>	<u>\$ 851,206</u>

Wastewater Enterprise Fund

Comparative Statements of Cash Flows

For the Fiscal Years Ended June 30, 2014 and 2013

(in thousands)

	2014	2013
Cash Flows from Operating Activities		
Receipts from Customers	\$ 190,429	\$ 185,932
Payments to Suppliers	(53,708)	(59,467)
Payments to Employees	(22,874)	(23,738)
Payment of Staff and Administrative Expenses	(3,602)	(3,682)
Net Cash Provided by Operating Activities	110,245	99,045
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(7,716)	(7,804)
Net Cash Used by Noncapital Financing Activities	(7,716)	(7,804)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	1,413	-
Principal Paid on Capital Debt	(54,337)	(78,252)
Interest Paid on Capital Debt	(39,733)	(39,395)
Acquisition and Construction of Capital Assets	(27,745)	(16,414)
Proceeds from Sales of Capital Assets	41	79
Capital Contributions	6,711	7,349
Net Cash Used by Capital and Related Financing Activities	(113,650)	(126,633)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(74,323)	(91,734)
Proceeds from Sales and Maturities of Investment Securities	77,276	97,812
Net Activity for Short-Term Investments	(5,385)	34,356
Interest on Investments	2,197	483
Net Cash Provided (Used) by Investing Activities	(235)	40,917
Net Increase (Decrease) in Cash and Cash Equivalents	(11,356)	5,525
Cash and Cash Equivalents, July 1	82,214	76,689
Cash and Cash Equivalents, June 30	\$ 70,858	\$ 82,214
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 64,185	\$ 61,886
Adjustments		
Depreciation	44,065	43,349
(Increase) Decrease in Assets		
Receivables	4,259	(4,343)
Allowance for Doubtful Accounts	(222)	(169)
Inventories	(4,429)	61
OPEB Asset	(1)	(1)
Increase (Decrease) in Liabilities		
Accounts Payable	2,513	(1,722)
Customer Deposits	42	(16)
Accrued Compensated Absences	(167)	-
Net Cash Provided by Operating Activities	\$ 110,245	\$ 99,045
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 5,095	\$ 2,834
Refunding Issuance in Excess of Bond Retirement	2,472	2,514
Increase in Fair Value of Investments	-	9
Total Noncash Transactions Affecting Financial Position	\$ 7,567	\$ 5,357

City of Phoenix, Arizona
Wastewater Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit E-17

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
<u>REVENUES</u>				
Sewer Service Charges	\$ 144,398	\$ 144,398	\$ 146,169	\$ 1,771
Environmental Charges	33,481	33,481	33,831	350
Development Occupational Fees	2,500	2,500	2,371	(129)
Interest	1,198	1,198	1,296	98
Other	6,671	6,671	6,396	(275)
Total Revenues	188,248	188,248	190,063	1,815
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	53,712	53,712	46,912	6,800
Operation and Maintenance - SROG	25,933	25,933	23,333	2,600
Total Operating Expenditures and Encumbrances	79,645	79,645	70,245	9,400
Net Revenue Available for Revenue Bond Debt Service	108,603	108,603	119,818	11,215
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	13,005	13,005	13,005	-
Interest	8,670	8,670	8,670	-
Total Senior Lien Revenue Bond Debt Service	21,675	21,675	21,675	-
Net Revenue Available for Junior Lien Revenue Bond Debt Service	86,928	86,928	98,143	11,215
Junior Lien Revenue Bond Debt Service				
Principal	19,342	19,342	19,342	-
Interest	27,779	27,779	27,521	258
Total Junior Lien Revenue Bond Debt Service	47,121	47,121	46,863	258
Net Revenue Available After Junior Lien Revenue Bond Debt Service	39,807	39,807	51,280	11,473
Other Expenditures and Encumbrances				
Commercial Paper Program Notes Interest	2,000	2,000	19	1,981
Operating Capital Outlay	1,054	1,054	1,137	(83)
Capital Improvement Program	53,588	53,588	28,322	25,266
General Obligation Bond Debt Service				
Principal	1,217	1,217	1,217	-
Interest	560	560	560	-
Total Other Expenditures and Encumbrances	58,419	58,419	31,255	27,164
Total Expenditures and Encumbrances	206,860	206,860	170,038	36,822
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(18,612)	(18,612)	20,025	38,637
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Wastewater Capital Projects Fund	-	-	275	275
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,616)	(3,616)	(3,602)	14
In-Lieu Property Taxes	(8,223)	(8,223)	(7,641)	582
Wastewater Capital Reserve Fund	(75)	(75)	(25,000)	(24,925)
Capital Projects Fund	-	-	(75)	(75)
Recovery of Prior Years Expenditures	-	-	2,946	2,946
Total Other Financing Sources (Uses)	(11,914)	(11,914)	(33,097)	(21,183)
Net Decrease in Fund Balance	\$ (30,526)	\$ (30,526)	(13,072)	\$ 17,454
FUND BALANCE, JULY 1			94,817	
FUND BALANCE, JUNE 30			<u>\$ 81,745</u>	

City of Phoenix, Arizona
Wastewater Enterprise Fund
Sub-Regional Operating Group ("SROG")
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-18

For the Fiscal Year Ended June 30, 2014
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
<u>REVENUES</u>				
Multi-City Sewer System	\$ 16,004	\$ 16,004	\$ 16,531	\$ 527
Operating Revenue - Wastewater	25,933	25,933	23,333	(2,600)
Sales of By-Products	6,853	6,853	5,262	(1,591)
Interest	172	172	59	(113)
Other	35	35	216	181
Total Revenues	<u>48,997</u>	<u>48,997</u>	<u>45,401</u>	<u>(3,596)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	42,170	42,170	38,197	3,973
Capital Outlay				
Operating	157	157	143	14
Capital Improvement Program	5,000	5,000	5,392	(392)
Total Expenditures and Encumbrances	<u>47,327</u>	<u>47,327</u>	<u>43,732</u>	<u>3,595</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>1,670</u>	<u>1,670</u>	<u>1,669</u>	<u>(1)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,771)	(1,771)	(1,757)	14
Recovery of Prior Years Expenditures	-	-	125	125
Total Other Financing Sources (Uses)	<u>(1,771)</u>	<u>(1,771)</u>	<u>(1,632)</u>	<u>139</u>
Net Increase (Decrease) in Fund Balance	<u>\$ (101)</u>	<u>\$ (101)</u>	<u>37</u>	<u>\$ 138</u>
FUND BALANCE, JULY 1 as reported			<u>7,459</u>	
FUND BALANCE, JUNE 30			<u>7,496</u>	
Members' Contributed Replacement Reserve			<u>7,502</u>	
Members' Contributed Operating Reserve			<u>5,932</u>	
FUND DEFICIT, UNRESERVED			<u>\$ (5,938)</u>	

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

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Net Position

Exhibit E-19

June 30, 2014 and 2013
(in thousands)

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$ 5,323	\$ 6,075
Investments	45,636	39,412
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2014, \$1,269 and 2013, \$1,347)	13,700	13,785
Intergovernmental	-	4
Total Unrestricted Current Assets	<u>64,659</u>	<u>59,276</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	10,939	10,245
Capital Projects		
Cash and Cash Equivalents	3,894	5,643
Investments	27,217	30,551
Customer Deposits	103	118
Total Restricted Current Assets	<u>42,153</u>	<u>46,557</u>
Total Current Assets	<u>106,812</u>	<u>105,833</u>
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	79,917	79,917
Improvements Other Than Buildings	39,570	39,570
Equipment	126,635	128,144
Intangibles	5,357	5,357
Construction in Progress	13,323	6,452
Less: Accumulated Depreciation	<u>(119,815)</u>	<u>(110,789)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>158,327</u>	<u>161,991</u>
OPEB Asset	33	32
Total Noncurrent Assets	<u>158,360</u>	<u>162,023</u>
Total Assets	<u>265,172</u>	<u>267,856</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Refunding Bonds	<u>147</u>	<u>276</u>
Total Deferred Outflows of Resources	<u>147</u>	<u>276</u>

	2014	2013
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	2,973	4,363
Accrued Landfill Postclosure Care Costs	2,506	2,526
Current Portion of Accrued Compensated Absences	364	395
Total Current Liabilities Payable from Current Assets	5,843	7,284
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	7,970	7,115
Interest Payable	2,969	3,130
Current Portion of General Obligation Bonds	2,320	480
Current Portion of Municipal Corporation Obligations	7,885	7,490
Capital Projects		
Accounts Payable	104	388
Accrued Landfill Closure Costs	1,061	1,299
Customer Deposits	102	117
Total Current Liabilities Payable from Restricted Assets	22,411	20,019
Total Current Liabilities	28,254	27,303
Noncurrent Liabilities		
General Obligation Bonds	7,555	9,905
Municipal Corporation Obligations	98,905	106,790
Unamortized Premium (Discount)	2,139	2,610
Accrued Landfill Closure and Postclosure Care Costs	63,955	68,001
Accrued Compensated Absences	2,417	2,493
Total Noncurrent Liabilities	174,971	189,799
Total Liabilities	203,225	217,102
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	31,942	28,120
Restricted from Enabling Legislation	2,550	2,535
Unrestricted	27,602	20,375
Total Net Position	\$ 62,094	\$ 51,030

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

Exhibit E-20

For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Solid Waste Service Fees	\$ 125,489	\$ 123,899
Landfill Fees	7,945	7,552
Recycling	9,828	8,506
Other	2,357	2,263
Total Operating Revenues	<u>145,619</u>	<u>142,220</u>
Operating Expenses		
Administration	22,797	23,093
Solid Waste Collections	40,843	41,503
Landfills		
Operations	26,456	22,390
Closure and Postclosure Care Costs	372	3,348
Recycling	3,655	4,489
Depreciation	17,702	16,887
Staff and Administrative	6,607	6,709
Other	10,552	9,127
Total Operating Expenses	<u>128,984</u>	<u>127,546</u>
Operating Income	<u>16,635</u>	<u>14,674</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Decrease in Fair Value		
of Investments	(936)	(1,932)
Interest	1,816	2,078
Interest on Capital Debt	(5,280)	(5,749)
Gain on Disposal of Capital Assets	171	1,835
Total Non-Operating Revenues (Expenses)	<u>(4,229)</u>	<u>(3,768)</u>
Net Income Before Operating Transfers	<u>12,406</u>	<u>10,906</u>
Transfers to General Fund - In Lieu Property Taxes	(1,235)	(1,210)
Transfers to Capital Projects Fund	(107)	-
Change in Net Position	<u>11,064</u>	<u>9,696</u>
Net Position, July 1	<u>51,030</u>	<u>41,334</u>
Net Position, June 30	<u>\$ 62,094</u>	<u>\$ 51,030</u>

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

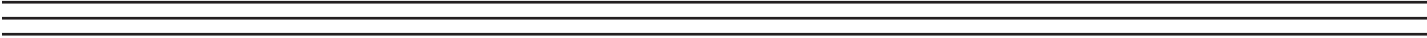
Exhibit E-21

	2014	2013
Cash Flows from Operating Activities		
Receipts from Customers	\$ 145,693	\$ 141,836
Payments to Suppliers	(67,413)	(62,973)
Payments to Employees	(43,064)	(42,354)
Payment of Staff and Administrative Expenses	(6,607)	(6,709)
Net Cash Provided by Operating Activities	<u>28,609</u>	<u>29,800</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(1,342)	(1,210)
Net Cash Used by Noncapital Financing Activities	<u>(1,342)</u>	<u>(1,210)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	4	-
Principal Paid on Capital Debt	(7,115)	(8,045)
Interest Paid on Capital Debt	(6,105)	(6,271)
Acquisition and Construction of Capital Assets	(14,533)	(22,587)
Proceeds from Sales of Capital Assets	671	2,610
Net Cash Used by Capital and Related Financing Activities	<u>(27,078)</u>	<u>(34,293)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(16,281)	(69,841)
Proceeds from Sales and Maturities of Investment Securities	16,281	74,981
Net Activity for Short-Term Investments	(2,891)	2,095
Interest on Investments	880	146
Net Cash Provided (Used) by Investing Activities	<u>(2,011)</u>	<u>7,381</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,822)</u>	<u>1,678</u>
Cash and Cash Equivalents, July 1	22,081	20,403
Cash and Cash Equivalents, June 30	<u>\$ 20,259</u>	<u>\$ 22,081</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 16,635	\$ 14,674
Adjustments		
Depreciation and Amortization	17,702	16,887
(Increase) Decrease in Assets		
Receivables	167	(281)
Allowance for Doubtful Accounts	(78)	(98)
OPEB Asset	(1)	(4)
Increase (Decrease) in Liabilities		
Accounts Payable	(1,390)	(1,246)
Customer Deposits	(15)	(6)
Accrued Compensated Absences	(107)	215
Accrued Landfill Closure and Postclosure Care	(4,304)	(341)
Net Cash Provided by Operating Activities	<u>\$ 28,609</u>	<u>\$ 29,800</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	110	110
Decrease in Fair Value of Investments	-	(1)
Total Noncash Transactions Affecting Financial Position	<u>\$ 110</u>	<u>\$ 109</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, 2014
(in thousands)

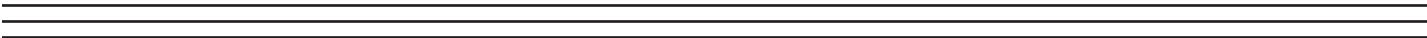
Exhibit E-22

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Solid Waste Service Fees	\$ 124,400	\$ 124,400	\$ 125,747	\$ 1,347
City Landfill Fees	18,619	18,619	17,516	(1,103)
Interest	310	310	393	83
Other	2,427	2,427	2,793	366
Total Revenues	145,756	145,756	146,449	693
EXPENDITURES AND ENCUMBRANCES				
Operations	133,823	133,013	111,457	21,556
Capital Improvement Program	19,228	20,038	7,150	12,888
General Obligation Bond Debt Service				
Principal	480	480	480	-
Interest	458	458	458	-
Lease-Purchase Payments	12,970	12,970	12,970	-
Total Expenditures and Encumbrances	166,959	166,959	132,515	34,444
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(21,203)	(21,203)	13,934	35,137
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,709)	(6,709)	(6,607)	102
In-Lieu Property Taxes	(1,212)	(1,212)	(1,235)	(23)
Solid Waste Capital Reserve	(1,200)	(1,200)	(1,257)	(57)
Capital Projects Fund	(107)	(107)	(107)	-
Recovery of Prior Years Expenditures	-	-	292	292
Total Other Financing Sources (Uses)	(9,228)	(9,228)	(8,914)	314
Net Increase (Decrease) in Fund Balance	\$ (30,431)	\$ (30,431)	5,020	\$ 35,451
FUND BALANCE, JULY 1			52,743	
FUND BALANCE, JUNE 30			\$ 57,763	



Financial Section

**Other Supplementary Information –
Fiduciary Funds –
Combining Fund Financial
Statements**





City of Phoenix

City of Phoenix, Arizona
Fiduciary Funds
Combining Statement of Fiduciary Net Position

Exhibit F-1

June 30, 2014
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 27,036	\$ -
Investments		
Treasurer's Pooled Investments	-	973
Temporary Investments	83,874	-
Fixed Income	497,987	-
Domestic Equities	847,347	-
International Equities	667,213	-
Real Return	-	-
Absolute Return	150,258	-
Receivables		
Accounts Receivable	112,238	-
Contributions Receivable	3,331	-
Interest and Dividends	1,727	-
Prepaid Items	-	-
Total Assets	<u>2,391,011</u>	<u>973</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
<u>LIABILITIES</u>		
Accounts Payable	168,769	-
Accrued Payroll Payable	-	-
Claims Payable	-	-
Total Liabilities	<u>168,769</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Held in trust for pension and other employee benefits	<u>\$ 2,222,242</u>	<u>\$ 973</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 8,930	\$ 7,918	\$ 17	\$ 23	\$ 43,924
-	7,625	132	172	8,902
-	-	-	-	83,874
80,496	-	33,171	18,483	630,137
-	-	44,134	18,636	910,117
-	-	18,814	17,871	703,898
-	-	27,137	15,369	42,506
-	-	12,963	7,880	171,101
3,461	-	-	-	115,699
1,401	-	-	-	4,732
236	1	-	-	1,964
5,150	-	-	-	5,150
<u>99,674</u>	<u>15,544</u>	<u>136,368</u>	<u>78,434</u>	<u>2,722,004</u>
-	-	-	-	-
1,854	-	3	20	170,646
-	-	-	-	-
<u>21,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,519</u>
<u>23,373</u>	<u>-</u>	<u>3</u>	<u>20</u>	<u>192,165</u>
-	-	-	-	-
<u>\$ 76,301</u>	<u>\$ 15,544</u>	<u>\$ 136,365</u>	<u>\$ 78,414</u>	<u>\$ 2,529,839</u>

City of Phoenix, Arizona
Fiduciary Funds
Combining Statement of Fiduciary Net Position

Exhibit F-1
(continued)

June 30, 2014
(in thousands)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 5,969	\$ 5,969
Investments				
Treasurer's Pooled Investments	-	-	43,769	43,769
Temporary Investments	-	-	-	-
Fixed Income	-	-	-	-
Domestic Equities	-	-	-	-
International Equities	-	-	-	-
Real Return	-	-	-	-
Absolute Return	-	-	-	-
Receivables				
Accounts Receivable	-	-	-	-
Contributions Receivable	-	-	-	-
Interest and Dividends	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>49,738</u>	<u>49,738</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts Payable	-	-	-	-
Accrued Payroll Payable	-	-	49,738	49,738
Claims Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>49,738</u>	<u>49,738</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>				
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 Position

For the Fiscal Year Ended June 30, 2014
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<u>ADDITIONS</u>		
Contributions		
City of Phoenix	\$ 115,244	\$ -
Employees	28,815	-
Inter-System Transfers	160	-
Other	-	-
Total Contributions	<u>144,219</u>	<u>-</u>
Investment Income (Loss)		
From Investing Activities		
Net (Increase) Decrease in Fair Value of Investments	270,665	(1)
Interest	6,395	4
Dividends	27,995	-
Other	(494)	-
Investment Income (Loss)	<u>304,561</u>	<u>3</u>
Less: Investment Expense	<u>5,985</u>	
Net Investment Income (Loss) from Investing Activities	<u>298,576</u>	<u>3</u>
Total Net Investment Income (Loss)	<u>298,576</u>	<u>3</u>
Total Additions	<u>442,795</u>	<u>3</u>
<u>DEDUCTIONS</u>		
Benefit Payments	177,447	167
Refunds of Contributions	2,192	-
Inter-System Transfers	238	-
Other	628	-
Total Deductions	<u>180,505</u>	<u>167</u>
Net Increase (Decrease)	262,290	(164)
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	1,959,952	1,137
End of Year, June 30	<u>\$ 2,222,242</u>	<u>\$ 973</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 139,237	\$ -	\$ 29,508	\$ 2,751	\$ 286,740
70,296	-	-	-	99,111
10,351	-	-	-	10,511
7,108	-	-	-	7,108
<u>226,992</u>	<u>-</u>	<u>29,508</u>	<u>2,751</u>	<u>403,470</u>
(621)	-	16,239	9,510	295,792
1,392	54	2,164	-	10,009
-	-	-	1,306	29,301
-	-	-	27	(467)
<u>771</u>	<u>54</u>	<u>18,403</u>	<u>10,843</u>	<u>334,635</u>
				<u>5,985</u>
<u>771</u>	<u>54</u>	<u>18,403</u>	<u>10,843</u>	<u>328,650</u>
<u>771</u>	<u>54</u>	<u>18,403</u>	<u>10,843</u>	<u>328,650</u>
<u>227,763</u>	<u>54</u>	<u>47,911</u>	<u>13,594</u>	<u>732,120</u>
200,517	-	25,510	4,528	408,169
37	-	-	-	2,229
10,351	-	-	-	10,589
10,173	-	407	346	11,554
<u>221,078</u>	<u>-</u>	<u>25,917</u>	<u>4,874</u>	<u>432,541</u>
6,685	54	21,994	8,720	299,579
<u>69,616</u>	<u>15,490</u>	<u>114,371</u>	<u>69,694</u>	<u>2,230,260</u>
<u>\$ 76,301</u>	<u>\$ 15,544</u>	<u>\$ 136,365</u>	<u>\$ 78,414</u>	<u>\$ 2,529,839</u>

City of Phoenix, Arizona
 Agency Fund
Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended June 30, 2014
 (in thousands)

Exhibit F-3

Post Employment Health Plan

	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 10,338	\$ 10,338	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 10,338</u>	<u>\$ 10,338</u>	<u>\$ -</u>

LIABILITIES

Accrued Payroll Payable	\$ -	\$ 10,338	\$ 10,338	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 10,338</u>	<u>\$ 10,338</u>	<u>\$ -</u>

Deferred Compensation Plan

	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,561	100,637	104,198	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	<u>\$ 3,561</u>	<u>\$ 100,637</u>	<u>\$ 104,198</u>	<u>\$ -</u>

LIABILITIES

Accrued Payroll Payable	\$ 3,561	\$ 100,637	\$ 104,198	\$ -
Total Liabilities	<u>\$ 3,561</u>	<u>\$ 100,637</u>	<u>\$ 104,198</u>	<u>\$ -</u>

City of Phoenix, Arizona
Agency Fund
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit F-3
(continued)

	<i>Accrued Payroll</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,341	243,124	246,496	\$ 5,969
Treasurer's Pooled Investments	49,041	1,802,366	1,807,638	43,769
Total Assets	<u>\$ 58,382</u>	<u>\$ 2,045,490</u>	<u>\$ 2,054,134</u>	<u>\$ 49,738</u>

<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 58,382	\$ 2,045,490	\$ 2,054,134	\$ 49,738
Total Liabilities	<u>\$ 58,382</u>	<u>\$ 2,045,490</u>	<u>\$ 2,054,134</u>	<u>\$ 49,738</u>

	<i>Totals</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 12,902	\$ 354,099	\$ 361,032	\$ 5,969
Treasurer's Pooled Investments	49,041	1,802,366	1,807,638	43,769
Total Assets	<u>\$ 61,943</u>	<u>\$ 2,156,465</u>	<u>\$ 2,168,670</u>	<u>\$ 49,738</u>

<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 61,943	\$ 2,156,465	\$ 2,168,670	\$ 49,738
Total Liabilities	<u>\$ 61,943</u>	<u>\$ 2,156,465</u>	<u>\$ 2,168,670</u>	<u>\$ 49,738</u>



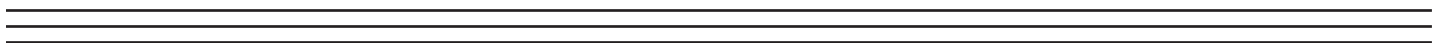
City of Phoenix



Financial Section

**Other Supplementary
Information –**

**Component Units – Phoenix
Housing Financing
Corporations – Combining
Financial Statements**





City of Phoenix

City of Phoenix, Arizona
Phoenix Housing Finance Corporations (Discretely Presented Component Units)
Combining Statement of Net Position

Exhibit G-1

June 30, 2014
(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 52	\$ 159	\$ -
Cash Deposits	-	-	155	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	116
Receivables, Net of Allowances	4,599	-	593	2,357
Prepaid Items	-	-	-	-
Capital Assets, at Cost				
Non-depreciable	-	-	13,205	-
Depreciable (net)	-	-	2,068	-
Total Assets	<u>4,599</u>	<u>52</u>	<u>16,180</u>	<u>2,473</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Total Deferred Outflows of Resources	-	-	-	-
<u>LIABILITIES</u>				
Accounts Payable	155	-	-	-
Reimbursement Agreement to City	-	-	3,298	-
Trust Liabilities and Deposits	-	-	67	-
Advance Payments	-	-	128	-
Interest Payable	-	-	396	-
Noncurrent Liabilities				
Due in More Than One Year				
Notes Payable to City	-	-	15,560	-
Total Liabilities	<u>155</u>	<u>-</u>	<u>19,449</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Total Deferred Inflows of Resources	-	-	-	-
<u>NET POSITION</u>				
Net Investment in Capital Assets	-	-	2,356	-
Unrestricted	4,444	52	(5,625)	2,473
Total Net Position	<u>\$ 4,444</u>	<u>\$ 52</u>	<u>\$ (3,269)</u>	<u>\$ 2,473</u>

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$ 810	\$ -	\$ -	\$ 1	\$ 1,022
302	-	-	690	1,147
-	-	-	-	116
175	1,237	2,078	42	11,081
6	-	-	44	50
5,713	-	-	4,673	23,591
5,031	-	-	8,431	15,530
12,037	1,237	2,078	13,881	52,537
-	-	-	-	-
71	-	-	13	239
-	-	-	-	3,298
52	-	-	81	200
3	-	-	9	140
-	-	-	417	813
4,400	-	-	14,859	34,819
4,526	-	-	15,379	39,509
-	-	-	-	-
6,519	-	-	(1,209)	7,666
992	1,237	2,078	(289)	5,362
\$ 7,511	\$ 1,237	\$ 2,078	\$ (1,498)	\$ 13,028

City of Phoenix, Arizona
Phoenix Housing Finance Corporations (Discretely Presented Component Units)
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit G-2

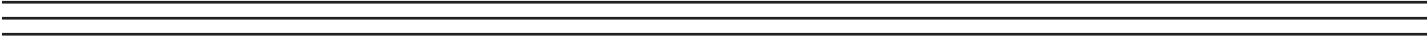
	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
<u>Revenues</u>				
Rental Income	\$ -	\$ -	\$ 2,314	\$ -
Vending Income	-	-	13	-
Other Income	-	-	88	-
Interest Income	-	-	-	-
Post Construction Interest	-	-	-	54
Contribution from City of Phoenix	-	-	-	-
Total Revenues	-	-	2,415	54
<u>Operating Expenses</u>				
Salaries	-	-	674	-
Advertising	-	-	49	-
Maintenance	-	-	680	-
Administrative Costs	-	-	330	-
Utilities	-	-	405	-
Insurance	-	-	49	-
Interest Expense	-	-	95	-
Other	220	-	150	2
Depreciation	-	-	191	-
Total Operating Expenses	220	-	2,623	2
Net Income	(220)	-	(208)	52
Net Position, July 1	4,664	52	(3,061)	2,421
Net Position, June 30	\$ 4,444	\$ 52	\$ (3,269)	\$ 2,473

Exhibit G-2
(continued)

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix East Revitalization Corporation	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Total
\$ 1,057	\$ -	\$ -	\$ 2,012	\$ 5,383
8	-	-	13	34
86	-	-	131	305
-	-	-	4	4
-	-	-	-	54
469	-	-	-	469
1,620	-	-	2,160	6,249
318	-	-	598	1,590
16	-	-	16	81
211	-	-	734	1,625
84	-	-	248	662
178	-	-	602	1,185
31	-	-	172	252
-	-	-	185	280
89	-	-	145	606
234	-	-	255	680
1,161	-	-	2,955	6,961
459	-	-	(795)	(712)
7,052	1,237	2,078	(703)	13,740
\$ 7,511	\$ 1,237	\$ 2,078	\$ (1,498)	\$ 13,028



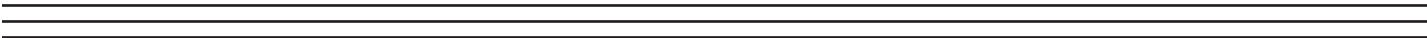
City of Phoenix



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, 2014
(in thousands)

	Resources					
	Fund Balances		Recov- eries	Fund Transfers		Total
	July 1	Revenues		From	To	
General Purpose Funds						
General Fund	\$ 62,741	\$ 314,198	\$ 2,981	\$ 745,411	\$ (4,650)	\$ 1,120,681
Excise Tax	-	1,044,605	-	-	(1,044,605)	-
Total General Purpose Funds	62,741	1,358,803	2,981	745,411	(1,049,255)	1,120,681
Federal Funds						
Transit - Federal Grants Grants	-	25,405	695	-	-	26,100
Human Services	-	38,884	75	-	-	38,959
Community Development	-	16,905	-	-	-	16,905
Federal Operating Trust	-	60,618	178	-	-	60,796
Public Housing Hope VI	1,579	1,758	-	-	-	3,337
Total Federal Funds	1,579	143,570	948	-	-	146,097
Other Special Revenue and Debt Service Funds						
Highway User Revenue	25,834	102,461	605	786	(10,104)	119,582
Transit 2000	282,799	68,616	2,199	121,068	(41,749)	432,933
Transit - Other Agency	(12,738)	40,931	42	18	-	28,253
Court Awards	732	12,848	77	-	-	13,657
Parks and Preserves	21,863	248	1,574	29,453	(5,115)	48,023
Development Services	22,925	40,550	115	-	(2,936)	60,654
Community Reinvestment	17,314	5,219	-	-	(5,308)	17,225
Public Housing	14,513	76,821	92	-	(264)	91,162
Sports Facilities	31,715	281	-	17,145	(196)	48,945
Capital Construction	9,439	72	209	15,086	-	24,806
Other Restricted	48,515	25,394	472	6,363	(899)	79,845
Neighborhood Protection	(1,161)	186	1	29,153	(203)	27,976
Public Safety Enhancement	(16,921)	-	109	24,849	(201)	7,836
Public Safety Expansion	(16,683)	(116)	20	58,308	(621)	40,908
Golf Courses	(9,561)	8,927	-	4,800	-	4,166
Secondary Property Tax Debt Service	2,765	39,887	-	290,025	(289,302)	43,375
City Improvement	-	-	-	440,488	(368,140)	72,348
Regional Wireless Cooperative	2,471	4,085	4	-	-	6,560
Total Other Funds	423,821	426,410	5,519	1,037,542	(725,038)	1,168,254
Enterprise Funds						
Aviation	309,854	329,924	2,334	14,399	(36,682)	619,829
Phoenix Convention Center	35,794	16,718	145	44,311	(2,516)	94,452
Water System	179,032	392,744	2,235	4	(19,673)	554,342
Water System - Val Vista	2,365	15,936	25	-	(546)	17,780
Wastewater	94,817	190,063	2,946	275	(36,318)	251,783
Wastewater - SROG	7,459	45,401	125	-	(1,757)	51,228
Solid Waste	52,743	146,449	292	-	(9,206)	190,278
Total Enterprise Funds	682,064	1,137,235	8,102	58,989	(106,698)	1,779,692
Total Operating Funds	\$ 1,170,205	\$ 3,066,018	\$ 17,550	1,841,942	(1,880,991)	\$ 4,214,724
Other Transfers - Non-budgeted Funds				59,361	(18,934)	
Debt Service Adjustment (2)				(657,792)	656,414	
				\$ 1,243,511	\$ (1,243,511)	

- (1) Includes operating capital outlay and utility repayment agreements.
(2) Fund Transfers include amounts for proceeds from various bonds. These amounts are adjusted out of the Fund Transfer total to show actual transfer balances.

Exhibit H-1
(Continued)

Expenditures and Encumbrances					
Current Operating (1)	Capital Impr. Program	Debt Service	Lease- Purchase	Total	Fund Balances June 30
\$ 1,040,191	\$ 1,911	\$ -	\$ -	\$ 1,042,102	\$ 78,579
-	-	-	-	-	-
1,040,191	1,911	-	-	1,042,102	78,579
21,453	4,647	-	-	26,100	-
38,959	-	-	-	38,959	-
16,484	421	-	-	16,905	-
53,121	7,675	-	-	60,796	-
418	719	-	-	1,137	2,200
130,435	13,462	-	-	143,897	2,200
46,710	54,215	-	-	100,925	18,657
130,064	6,940	-	-	137,004	295,929
25,036	7,789	-	-	32,825	(4,572)
7,591	5,305	-	-	12,896	761
2,603	15,150	-	-	17,753	30,270
32,174	43	-	-	32,217	28,437
414	1,097	-	-	1,511	15,714
72,444	6,287	-	-	78,731	12,431
1,946	1,207	-	21,881	25,034	23,911
188	18,959	-	-	19,147	5,659
22,497	3,456	-	-	25,953	53,892
21,867	-	-	-	21,867	6,109
19,585	-	-	-	19,585	(11,749)
58,372	-	-	-	58,372	(17,464)
8,698	-	-	-	8,698	(4,532)
-	-	43,096	-	43,096	279
-	-	-	72,348	72,348	-
4,428	-	-	-	4,428	2,132
454,617	120,448	43,096	94,229	712,390	455,864
224,563	23,614	52,493	-	300,670	319,159
41,854	1,533	-	18,578	61,965	32,487
163,991	135,652	119,827	-	419,470	134,872
14,152	1,877	-	-	16,029	1,751
71,401	28,322	70,315	-	170,038	81,745
38,340	5,392	-	-	43,732	7,496
111,457	7,150	938	12,970	132,515	57,763
665,758	203,540	243,573	31,548	1,144,419	635,273
\$ 2,291,001	\$ 339,361	\$ 286,669	\$ 125,777	\$ 3,042,808	\$ 1,171,916

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

Exhibit H-2

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
General Government					
2001 Bond Program	\$ 612	\$ -	\$ -	\$ -	\$ 5
2006 Bond Program	5,091	-	51	-	41
2010 Hail Storm	3,255	-	-	228	110
2010 Lease Purchase	4,036	-	5	-	37
2013 Lease Purchase	(5,978)	-	-	-	-
General Gov't Lease Purchase	4,691	-	6	-	-
Mega IV Lease Purchase	4,406	-	-	-	-
Mega V Lease Purchase	781	-	3	259	3
Regional Wireless	150	88	41	3,518	-
Sports Facilities Capital Reserve	12,972	-	19	-	-
Trunked Radio System	179	-	-	-	-
	<u>30,195</u>	<u>88</u>	<u>125</u>	<u>4,005</u>	<u>196</u>
Public Safety					
1988 Bond Program	27	-	-	-	-
2001 Bond Program	(306)	-	-	-	2
2006 Bond Program	9,342	-	-	-	139
CIC Excise Tax Rev Bonds POLICE	1,235	-	-	-	8
Impact Fees	3,168	-	22	1,644	-
Other Cities Reimbursement - 800Mhz	289	-	-	-	-
	<u>13,755</u>	<u>-</u>	<u>22</u>	<u>1,644</u>	<u>149</u>
Transportation					
1988 Bond Program	845	-	-	-	-
2001 Bond Program	(457)	-	-	-	-
2004 CIC Transit LRT Revenue Bonds	2	-	-	-	-
2006 Bond Program	10,408	-	-	-	63
AHUR Capital Reserve	31,690	-	32	-	-
American Rec. & Reinv. Act of 2009	(1)	-	-	-	-
Federal Aid - Street Transportation	1	30,027	-	-	358
Federal Transportation Administration Grants	(32,341)	33,157	-	-	181
Impact Fees	10,199	-	76	-	-
State Aid - Street Transportation	(161)	1,982	-	512	174
	<u>20,185</u>	<u>65,166</u>	<u>108</u>	<u>512</u>	<u>776</u>
Public Works					
2001 Bond Program	294	-	-	-	-
2006 Bond Program	6,154	-	-	2	158
Capital Replacement Fund	7,940	-	53	677	-
Impact Fees	8,392	-	61	921	-
	<u>22,780</u>	<u>-</u>	<u>114</u>	<u>1,600</u>	<u>158</u>
Community Enrichment					
1988 Bond Program	413	-	-	-	-
2001 Bond Program	3,172	-	-	-	52
2006 Bond Program	7,559	-	-	-	298
Impact Fees	28,693	-	185	2,976	107
Parks & Rec Grants	361	-	-	-	-
Parks and Rec Dept Capital Gifts	421	-	-	166	-
Parks land sale proceeds	2,133	-	13	-	4
	<u>42,752</u>	<u>-</u>	<u>198</u>	<u>3,142</u>	<u>461</u>
Community Development					
1989 Bond Program	3	-	-	-	-
2001 Bond Program	5,857	-	-	-	5
2006 Bond Program	3,406	-	-	-	757
830 E Jefferson Remodel	(18)	-	-	-	5
American Rec. & Reinv. Act of 2009	(259)	-	-	-	215
Downtown Education	268	-	1	-	-
Federal Modernization Grants	(4,365)	8,055	195	1,138	15
Impact Fees	8,387	-	70	5,093	-
	<u>\$ 13,279</u>	<u>\$ 8,055</u>	<u>\$ 266</u>	<u>\$ 6,231</u>	<u>\$ 997</u>

Exhibit H-2

(Continued)

			Uses			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Ending Balances, June 30	Bonds Available for Sale	
\$ -	\$ -	\$ 617	\$ (668)	\$ (51)	\$ 615	
-	-	5,183	(235)	4,948	4,790	
-	(3,565)	28	(28)	-	-	
-	(12)	4,066	(5,982)	(1,916)	-	
-	391	(5,587)	-	(5,587)	-	
-	-	4,697	(3,280)	1,417	-	
-	-	4,406	-	4,406	-	
-	-	1,046	(10)	1,036	-	
-	2,143	5,940	(15,219)	(9,279)	-	
-	(130)	12,861	-	12,861	-	
-	-	179	-	179	-	
-	(1,173)	33,436	(25,422)	8,014	5,405	
-	-	27	-	27	-	
-	-	(304)	(148)	(452)	1,915	
-	-	9,481	(6,706)	2,775	36,700	
-	(250)	993	(6)	987	-	
-	-	4,834	(866)	3,968	-	
-	-	289	-	289	-	
-	(250)	15,320	(7,726)	7,594	38,615	
-	-	845	-	845	1,000	
-	-	(457)	-	(457)	2,225	
-	(2)	-	-	-	-	
-	16	10,487	(917)	9,570	23,865	
-	-	31,722	(13,883)	17,839	-	
-	-	(1)	-	(1)	-	
-	(22)	30,364	(30,150)	214	-	
-	-	997	(4,172)	(3,175)	-	
-	-	10,275	(4,328)	5,947	-	
-	206	2,713	(2,722)	(9)	-	
-	198	86,945	(56,172)	30,773	27,090	
-	12	306	-	306	305	
-	(202)	6,112	(4,600)	1,512	9,669	
-	-	8,670	(1,396)	7,274	-	
-	-	9,374	(117)	9,257	-	
-	(190)	24,462	(6,113)	18,349	9,974	
-	-	413	-	413	-	
-	-	3,224	(275)	2,949	7,400	
-	155	8,012	(2,618)	5,394	26,056	
-	-	31,961	(1,990)	29,971	-	
-	-	361	-	361	-	
-	(300)	287	(266)	21	-	
-	-	2,150	(15)	2,135	-	
-	(145)	46,408	(5,164)	41,244	33,456	
-	-	3	-	3	-	
-	4	5,866	(12)	5,854	3,150	
-	98	4,261	(3,760)	501	34,665	
-	-	(13)	-	(13)	-	
-	-	(44)	44	-	-	
-	-	269	-	269	-	
-	-	5,038	(4,248)	790	-	
-	-	13,550	(11,765)	1,785	-	
\$ -	\$ 102	\$ 28,930	\$ (19,741)	\$ 9,189	\$ 37,815	

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

Exhibit H-2

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
Aviation					
Airport Facilities Improvement Grants	\$ (19,036)	\$ 23,633	\$ -	\$ -	\$ 10,128
Airport Rev Bnd Rsrv-Restrict Inv Acct	13,671	-	-	-	-
Airport Revenue Bonds	-	-	-	-	-
American Rec. & Reinv. Act of 2009	-	980	-	-	-
CFC City Improvement Reserves/Surplus	21,605	-	46	-	-
CFC Trustee-Improvement Reserves/Surplus	39,286	-	40	43,188	-
City Improvement Aviation Bonds	36,193	-	5	-	-
Community Noise Reduction Program Bonds	1,666	-	-	-	-
Future Airport Bonds	(897)	-	-	-	802
Passenger Facility Charges	(4,108)	-	649	79,994	17,054
Senior Lien Airport Revenue Bonds	32,318	-	98	-	4,988
Transportation Security Admin Grant	441	-	-	-	121
	121,139	24,613	838	123,182	33,093
Phoenix Convention Center					
CC Expansion Series B	9,581	20,450	28	-	-
	9,581	20,450	28	-	-
Water System					
CIC Water Bonds	(12,004)	-	-	-	3,926
Impact Fees	24,405	-	195	5,829	106
Special Water Improvement	125,000	-	-	-	-
Val Vista - Other Agencies' Participation	(109)	-	-	33	22
	137,292	-	195	5,862	4,054
Wastewater					
CIC WasteWater Bonds	(1,217)	-	-	-	258
Impact Fees	37,066	-	249	4,194	-
Special Wastewater Improvement	70,000	-	-	-	-
SROG - Other Agencies' Participation	(2,769)	-	-	2,932	37
	103,080	-	249	7,126	295
Solid Waste					
Buckeye Landfill Park	3,108	-	17	-	-
End Use Reserve	11,919	-	75	-	-
Impact Fees	2,535	-	15	-	-
Solid - Mega IV	1,338	-	64	-	16
Solid Waste Disposal CIC Bonds Prin/Int	4	-	-	-	-
Solid Waste Remediation Funds	7,867	-	55	-	-
	26,771	-	226	-	16
	\$ 540,809	\$ 118,372	\$ 2,369	\$ 153,304	\$ 40,195

Exhibit H-2

(Continued)

Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Ending Balances, June 30	Bonds Available for Sale
			Expenditures and Encumbrances			
\$ -	\$ 300	\$ 15,025	\$ (40,090)	\$ (25,065)	\$ -	
-	-	13,671	-	13,671	-	
-	-	-	(19,415)	(19,415)	-	
-	(980)	-	-	-	-	
-	-	21,651	-	21,651	-	
-	(13,651)	68,863	(21,280)	47,583	-	
-	(174)	36,024	-	36,024	-	
-	-	1,666	-	1,666	-	
-	95	-	-	-	-	
20,000	45,178	158,767	(74,878)	83,889	-	
-	(15,339)	22,065	(3,333)	18,732	-	
-	(562)	-	-	-	-	
20,000	14,867	337,732	(158,996)	178,736	-	
-	-	30,059	(20,449)	9,610	-	
-	-	30,059	(20,449)	9,610	-	
-	-	(8,078)	8,955	877	-	
-	-	30,535	(636)	29,899	-	
-	-	125,000	-	125,000	-	
-	-	(54)	(32)	(86)	-	
-	-	147,403	8,287	155,690	-	
-	-	(959)	1,497	538	-	
-	-	41,509	(57)	41,452	-	
-	25,000	95,000	(25,000)	70,000	-	
-	-	200	(2,539)	(2,339)	-	
-	25,000	135,750	(26,099)	109,651	-	
-	-	3,125	(3,000)	125	-	
-	1,257	13,251	(53)	13,198	-	
-	-	2,550	-	2,550	-	
-	-	1,418	(28)	1,390	-	
-	-	4	-	4	-	
-	-	7,922	(1,996)	5,926	-	
-	1,257	28,270	(5,077)	23,193	-	
\$ 20,000	\$ 39,666	\$ 914,715	\$ (322,672)	\$ 592,043	\$ 152,355	

City of Phoenix, Arizona
Capital Improvement Program
Expenditures and Encumbrances

Exhibit H-3

For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2014	2013	2014	2013	2014	2013
General Government						
Information Technology	\$ 764	\$ 706	\$ 10,026	\$ 74	\$ 10,790	\$ 780
Regional Wireless	-	-	5,330	-	5,330	-
Finance Projects	4,073	-	3,280	-	7,353	-
	<u>4,837</u>	<u>706</u>	<u>18,636</u>	<u>74</u>	<u>23,473</u>	<u>780</u>
Public Safety						
Fire Protection	-	859	4,499	10,528	4,499	11,387
Police Protection	6,330	-	8,065	11,902	14,395	11,902
	<u>6,330</u>	<u>859</u>	<u>12,564</u>	<u>22,430</u>	<u>18,894</u>	<u>23,289</u>
Transportation						
Street Transportation and Drainage	72,898	37,806	69,407	43,385	142,305	81,191
Transit	18,237	55,688	4,176	35,001	22,413	90,689
	<u>91,135</u>	<u>93,494</u>	<u>73,583</u>	<u>78,386</u>	<u>164,718</u>	<u>171,880</u>
Public Works						
Energy Conservation	4,759	7,086	-	150	4,759	7,236
Facilities Management	4,250	11,355	1,135	9,518	5,385	20,873
	<u>9,009</u>	<u>18,441</u>	<u>1,135</u>	<u>9,668</u>	<u>10,144</u>	<u>28,109</u>
Community Enrichment						
Arts and Cultural Facilities	208	6,476	583	2,464	791	8,940
Libraries	114	55	547	273	661	328
Parks and Mountain Preserves	15,230	37,028	4,143	10,323	19,373	47,351
	<u>15,552</u>	<u>43,559</u>	<u>5,273</u>	<u>13,060</u>	<u>20,825</u>	<u>56,619</u>
Community Development						
Economic/Downtown Development	3,222	2,778	184	176	3,406	2,954
Human Services	82	-	2,021	1,845	2,103	1,845
Historic Preservation	-	-	189	1,376	189	1,376
Housing / HOPE VI	11,402	20,658	6,496	9,812	17,898	30,470
Neighborhood Development	983	1,879	482	1,377	1,465	3,256
	<u>15,689</u>	<u>25,315</u>	<u>9,372</u>	<u>14,586</u>	<u>25,061</u>	<u>39,901</u>
Aviation	21,578	37,260	158,996	132,058	180,574	169,318
Convention Center	2,740	1,698	20,449	20,132	23,189	21,830
Water System	137,551	81,716	(8,471)	28,617	129,080	110,333
Wastewater	31,951	51,083	26,061	58,832	58,012	109,915
Solid Waste	2,990	5,888	5,074	2,717	8,064	8,605
	<u>\$ 339,362</u>	<u>\$ 360,019</u>	<u>\$ 322,672</u>	<u>\$ 380,560</u>	<u>\$ 662,034</u>	<u>\$ 740,579</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, 2014 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 23,614
Convention Center	1,533
Water	135,652
Water - Val Vista	1,877
Wastewater	28,322
Wastewater - SROG	5,392
Solid Waste	7,150
	<u>\$ 203,540</u>



City of Phoenix

City of Phoenix, Arizona
Transfers To/From Other Funds
For the Fiscal Year Ended June 30, 2014
(in thousands)

Exhibit H-4

	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Totals
Transfers From						
General Fund	\$ -	\$ 2,198 (1)	\$ 31,568 (2)	\$ 2,065 (3)	\$ 44,315	80,146
Special Revenue						
Highway User Revenue	-	10,000 (4)	-	-	-	10,000
Transit	212	-	40,831 (2)	2 (8)	-	41,045
Development Services	5,308	-	-	-	-	5,308
Public Housing	192	-	70 (2)	-	-	262
Public Safety Enhancement	106	-	-	-	-	106
Neighborhood Protection	53	-	-	-	-	53
Other Restricted	509	-	-	-	-	509
Total Special Revenue	6,380	10,000	40,901	2	-	57,283
Debt Service						
City Improvement	-	-	-	1,028 (8)	-	1,028
Special Assessment	24	-	-	-	-	24
Total Debt Service	24	-	-	1,028	-	1,052
Capital Projects						
Parks & Preserves	53	4,800 (7)	-	-	-	4,853
Municipal Buildings and Service Centers	-	-	1,278 (5)	-	-	1,278
Transit	-	-	2 (2)	-	-	2
Sports and Cultural Facilities	-	-	130 (6)	-	-	130
Total Capital Projects	53	4,800	1,410	-	-	6,263
Enterprise						
Aviation	-	-	-	166 (8)	-	166
Phoenix Convention Center	253	-	-	5 (8)	-	258
Water System	12,067	-	-	113 (8)	-	12,180
Wastewater	7,641	-	-	75 (8)	-	7,716
Solid Waste	1,235	-	-	107 (8)	-	1,342
Total Enterprise	21,196	-	-	466	-	21,662
Totals	\$ 27,653	\$ 16,998	\$ 73,879	\$ 3,561	\$ 44,315	166,406

- (1) Highway User Revenue, Other Restricted
- (2) City Improvement
- (3) Municipal Buildings and Service Centers
- (4) Transit
- (5) City Improvement, Sports Facilities

- (6) Sports Facilities
- (7) Golf Courses
- (8) Municipal Buildings and Service Centers



City of Phoenix

City of Phoenix, Arizona
Budgetary Transfers - Budget Basis

Exhibit H-5

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Transfers to					
	General Fund			Total General Fund	Special	Revenue
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers		Neighbor- hood Protection	Transit 2000
Transfers from						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds						
Excise Tax	-	-	680,432	680,432	29,153	111,068
Highway User Revenue	-	-	-	-	-	10,000
Transit 2000	686	-	-	686	-	-
Development Services	2,936	-	-	2,936	-	-
Community Reinvestment	-	-	5,308	5,308	-	-
Public Housing	-	192	-	192	-	-
Sports Facilities	117	-	79	196	-	-
Parks and Preserves	-	-	-	-	-	-
Other Restricted	254	-	494	748	-	-
Neighborhood Protection	150	-	-	150	-	-
Public Safety Enhancement	201	-	-	201	-	-
Public Safety Expansion	515	-	-	515	-	-
Total Special Revenue	4,859	192	686,313	691,364	29,153	121,068
Debt Service Funds						
City Improvement	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Enterprise Funds						
Aviation	7,262	-	-	7,262	-	-
Phoenix Convention Center	2,258	-	-	2,258	-	-
Water System	7,493	12,067	-	19,560	-	-
Water System - Val Vista	546	-	-	546	-	-
Wastewater	3,602	7,641	-	11,243	-	-
Wastewater - SROG	1,757	-	-	1,757	-	-
Solid Waste	6,607	1,235	-	7,842	-	-
Total Enterprise	29,525	20,943	-	50,468	-	-
Other Funds not Budgeted						
Access to Care Tax Trust	-	-	15	15	-	-
Municipal Buildings Capital	-	-	3,564	3,564	-	-
Transit Capital	-	-	-	-	-	-
Sports and Cultural Facilities Capital	-	-	-	-	-	-
Parks, Rec and Libraries Capital	-	-	-	-	-	-
Aviation Capital	-	-	-	-	-	-
Wastewater Capital	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	3,579	3,579	-	-
Totals	\$ 34,384	\$ 21,135	\$ 689,892	\$ 745,411	\$ 29,153	\$ 121,068

- (1) Transfer to Highway User Revenue (\$786), Other Restricted (\$1,412) Special Revenue Funds
- (2) Transfer to Capital Construction (\$15,086), Sports Facilities (\$15,988), Parks and Preserves (\$29,153), Public Safety Enhancement (\$24,849), Public Safety Expansion (\$58,308), Other Restricted (\$4,689) Special Revenue Funds
- (3) Transfer to Transit Other Agency Special Revenue Fund
- (4) Transfer to Golf Courses (\$4,800), Other Restricted (\$262) Special Revenue Funds
- (5) Transfer to Sports Facilities Special Revenue Fund
- (6) Parks and Preserves Special Revenue Fund
- (7) Transfer to City Improvement Debt Service Fund
- (8) Transfer to Water Enterprise Fund
- (9) Transfer to Aviation Enterprise Fund
- (10) Transfer to Wastewater Enterprise Fund
- (11) Transfer to Municipal Buildings and Service Centers (\$1,674), Police and Fire Protection (\$391) Capital Projects Funds

Transfers to							Totals
Funds		Enterprise Funds		Funds Not Budgeted			
Other	Debt Service Funds	Phoenix Convention Center	Other	Infrastructure Repayment Agreement	Other		
\$ 2,198 (1)	\$ -	\$ -	\$ 4 (8)	\$ 383	\$ 2,065 (11)	\$ 4,650	
148,073 (2)	31,568 (7)	44,311	-	-	-	1,044,605	
-	-	-	-	-	104 (12)	10,104	
18 (3)	40,831 (7)	-	-	212	2 (13)	41,749	
-	-	-	-	-	-	2,936	
-	-	-	-	-	-	5,308	
-	70 (7)	-	-	-	2 (14)	264	
-	-	-	-	-	-	196	
5,062 (4)	-	-	-	53	-	5,115	
-	-	-	-	-	151 (15)	899	
-	-	-	-	53	-	203	
-	-	-	-	-	-	201	
-	-	-	-	106	-	621	
153,153	72,469	44,311	-	424	259	1,112,201	
1,028 (5)	-	-	-	-	-	1,028	
1,028	-	-	-	-	-	1,028	
-	-	-	-	-	29,420 (16)	36,682	
-	-	-	-	253	5 (13)	2,516	
-	-	-	-	-	113 (13)	19,673	
-	-	-	-	-	-	546	
-	-	-	-	-	25,075 (17)	36,318	
-	-	-	-	-	-	1,757	
-	-	-	-	-	1,364 (18)	9,206	
-	-	-	-	253	55,977	106,698	
-	-	-	-	-	-	15	
-	250 (7)	-	-	-	-	3,814	
-	2 (7)	-	-	-	-	2	
129 (5)	-	-	-	-	-	129	
300 (6)	-	-	-	-	-	300	
-	-	-	14,399 (9)	-	-	14,399	
-	-	-	275 (10)	-	-	275	
429	252	-	14,674	-	-	18,934	
\$ 156,808	\$ 72,721	\$ 44,311	\$ 14,678	\$ 1,060	\$ 58,301	\$ 1,243,511	

- (12) Transfer to Street Improvements Capital Projects Fund
- (13) Transfer to Municipal Buildings and Service Centers Capital Projects Fund
- (14) Transfer to Housing Trust Fund
- (15) Transfer to Sports and Cultural Facilities Capital Projects Fund
- (16) Transfer to Aviation Capital Projects Fund
- (17) Transfer to Municipal Buildings and Service Centers Capital Projects Fund (\$75), Wastewater Capital Reserve Fund (\$25,000)
- (18) Transfer to Municipal Buildings and Service Centers Capital Projects Fund (\$107), Solid Waste Capital Reserve Fund (\$1,257)

City of Phoenix, Arizona
Bonds and Certificates Payable

Exhibit H-6

June 30, 2014
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2014 (1)			
						Total	Payable from		
							General Property Taxes	City Revenues/ Other (2)	
General Obligation Bonds									
6% Limitation									
Various Purpose	\$ 669,765	\$ 605,445	\$ 64,320	\$ 252,220	\$ -	\$ 353,225	\$ 353,225	\$ -	
Solid Waste	28,845	28,845	-	18,970	-	9,875	-	9,875	
20% Limitation									
Various Purpose	1,831,905	1,743,870	88,035	666,890	-	1,076,980	1,076,980	-	
Airport	30,435	30,435	-	22,565	-	7,870	-	7,870	
Sanitary Sewers	70,740	70,740	-	56,599	-	14,141	-	14,141	
Water	112,949	112,949	-	79,264	-	33,685	-	33,685	
Total General Obligation Bonds	2,744,639	2,592,284	152,355	1,096,508	-	1,495,776	1,430,205	65,571	
Revenue Bonds									
Street and Highway User	356,966	356,966	-	356,966	-	-	-	-	
Wastewater	17,591	17,591	-	4,614	-	12,977	-	12,977	
Water	6,520	6,520	-	2,679	-	3,841	-	3,841	
Total Revenue Bonds	381,077	381,077	-	364,259	-	16,818	-	16,818	
Total General Obligation and Revenue Bonds	3,125,716	2,973,361	152,355	1,460,767	-	1,512,594	1,430,205	82,389	
Certificates of Participation	35,465	35,465	-	11,200	-	24,265	-	24,265	
Municipal Corporation Obligations									
General Government	1,587,401	1,587,401	-	915,841	-	671,560	-	671,560	
Enterprise	6,008,461	6,008,461	-	2,025,912	111,676	4,094,225	-	4,094,225	
Total Municipal Corp- oration Obligations	7,595,862	7,595,862	-	2,941,753	111,676	4,765,785	-	4,765,785	
Special Assessment Bonds	185	185	-	78	-	107	-	107	
Subtotal	10,757,228	10,604,873	152,355	4,413,798	111,676	6,302,751	1,430,205	4,872,546	
Downtown Phoenix Hotel Corp. Bonds-Component Unit	350,000	350,000	-	14,685	-	335,315	-	335,315	
Totals	\$ 11,107,228	\$ 10,954,873	\$ 152,355	\$ 4,428,483	\$ 111,676	\$ 6,638,066	\$ 1,430,205	\$ 5,207,861	

(1) Net of July 1, 2014 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in the general obligation reserve fund. General obligation reserve fund balance totaled \$247 million at June 30, 2014.

(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, 2014
(in thousands)

Fiscal Year	General Government (2)			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014-15	\$ 37,520	\$ 15,665	\$ 53,185	\$ 2,320	\$ 422	\$ 2,742	\$ 39,840	\$ 16,087	\$ 55,927
2015-16	47,385	14,098	61,483	1,040	341	1,381	48,425	14,439	62,864
2016-17	47,275	12,062	59,337	1,090	294	1,384	48,365	12,356	60,721
2017-18	46,485	9,949	56,434	1,150	245	1,395	47,635	10,194	57,829
2018-19	33,890	7,880	41,770	1,675	194	1,869	35,565	8,074	43,639
2019-20	54,310	6,306	60,616	1,265	123	1,388	55,575	6,429	62,004
2020-21	45,440	3,863	49,303	650	60	710	46,090	3,923	50,013
2021-22	29,840	1,827	31,667	685	31	716	30,525	1,858	32,383
2022-23	4,255	399	4,654	-	-	-	4,255	399	4,654
2023-24	6,825	273	7,098	-	-	-	6,825	273	7,098
	<u>\$ 353,225</u>	<u>\$ 72,322</u>	<u>\$ 425,547</u>	<u>\$ 9,875</u>	<u>\$ 1,710</u>	<u>\$ 11,585</u>	<u>\$ 363,100</u>	<u>\$ 74,032</u>	<u>\$ 437,132</u>

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

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

Exhibit H-8

June 30, 2014
(in thousands)

Fiscal Year	General Government (2)			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014-15	\$ 21,065	\$ 46,558	\$ 67,623	\$ 5	\$ 201	\$ 206
2015-16	18,915	45,625	64,540	-	197	197
2016-17	23,025	44,764	67,789	-	197	197
2017-18	20,915	43,563	64,478	-	197	197
2018-19	36,850	42,555	79,405	4,520	197	4,717
2019-20	40,935	40,917	81,852	3,345	83	3,428
2020-21	64,345	39,221	103,566	-	-	-
2021-22	84,760	36,666	121,426	-	-	-
2022-23	109,770	33,342	143,112	-	-	-
2023-24	108,390	28,656	137,046	-	-	-
2024-25	120,210	23,969	144,179	-	-	-
2025-26	95,650	18,766	114,416	-	-	-
2026-27	99,535	14,849	114,384	-	-	-
2027-28	42,655	10,935	53,590	-	-	-
2028-29	28,940	9,130	38,070	-	-	-
2029-30	29,985	7,719	37,704	-	-	-
2030-31	31,065	6,257	37,322	-	-	-
2031-32	32,185	4,743	36,928	-	-	-
2032-33	33,310	3,211	36,521	-	-	-
2033-34	34,475	1,625	36,100	-	-	-
	<u>1,076,980</u>	<u>503,071</u>	<u>1,580,051</u>	<u>7,870</u>	<u>1,072</u>	<u>8,942</u>

(1) Various purpose bonds limited to 20% of assessed valuation are those issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and streets and transportation facilities.

Other general obligation bonds are limited to 6% of assessed valuation (see Exhibit H-7).

(2) Includes all property tax supported various purpose general obligation bonds limited to 20% of assessed valuation.

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 5,515	\$ 1,337	\$ 6,852	\$ 1,255	\$ 507	\$ 1,762	\$ 27,840	\$ 48,603	\$ 76,443
15,680	1,195	16,875	6,337	464	6,801	40,932	47,481	88,413
5,755	556	6,311	1,271	263	1,534	30,051	45,780	75,831
-	197	197	1,335	204	1,539	22,250	44,161	66,411
-	196	196	1,409	143	1,552	42,779	43,091	85,870
6,735	196	6,931	1,724	92	1,816	52,739	41,288	94,027
-	-	-	810	31	841	65,155	39,252	104,407
-	-	-	-	-	-	84,760	36,666	121,426
-	-	-	-	-	-	109,770	33,342	143,112
-	-	-	-	-	-	108,390	28,656	137,046
-	-	-	-	-	-	120,210	23,969	144,179
-	-	-	-	-	-	95,650	18,766	114,416
-	-	-	-	-	-	99,535	14,849	114,384
-	-	-	-	-	-	42,655	10,935	53,590
-	-	-	-	-	-	28,940	9,130	38,070
-	-	-	-	-	-	29,985	7,719	37,704
-	-	-	-	-	-	31,065	6,257	37,322
-	-	-	-	-	-	32,185	4,743	36,928
-	-	-	-	-	-	33,310	3,211	36,521
-	-	-	-	-	-	34,475	1,625	36,100
33,685	3,677	37,362	14,141	1,704	15,845	1,132,676	509,524	1,642,200

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

Exhibit H-9

June 30, 2014
(in thousands)

Fiscal Year	General Obligation (1)		
	Principal	Interest	Total
2014-15	\$ 67,680	\$ 64,690	\$ 132,370
2015-16	89,357	61,920	151,277
2016-17	78,416	58,136	136,552
2017-18	69,885	54,355	124,240
2018-19	78,344	51,165	129,509
2019-20	108,314	47,717	156,031
2020-21	111,245	43,175	154,420
2021-22	115,285	38,524	153,809
2022-23	114,025	33,741	147,766
2023-24	115,215	28,929	144,144
2024-25	120,210	23,969	144,179
2025-26	95,650	18,766	114,416
2026-27	99,535	14,849	114,384
2027-28	42,655	10,935	53,590
2028-29	28,940	9,130	38,070
2029-30	29,985	7,719	37,704
2030-31	31,065	6,257	37,322
2031-32	32,185	4,743	36,928
2032-33	33,310	3,211	36,521
2033-34	34,475	1,625	36,100
	<u>1,495,776</u>	<u>583,556</u>	<u>2,079,332</u>

(1) Includes all property tax supported various purpose general obligation bonds and general obligation bonds issued for the City's enterprise funds.

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

Exhibit H-10

June 30, 2014
(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014-15	\$ 58,585	\$ 62,223	\$ 120,808	\$ 9,095	\$ 2,467	\$ 11,562	\$ 67,680	\$ 64,690	\$ 132,370
2015-16	66,300	59,723	126,023	23,057	2,197	25,254	89,357	61,920	151,277
2016-17	70,300	56,826	127,126	8,116	1,310	9,426	78,416	58,136	136,552
2017-18	67,400	53,512	120,912	2,485	843	3,328	69,885	54,355	124,240
2018-19	70,740	50,435	121,175	7,604	730	8,334	78,344	51,165	129,509
2019-20	95,245	47,223	142,468	13,069	494	13,563	108,314	47,717	156,031
2020-21	109,785	43,084	152,869	1,460	91	1,551	111,245	43,175	154,420
2021-22	114,600	38,493	153,093	685	31	716	115,285	38,524	153,809
2022-23	114,025	33,741	147,766	-	-	-	114,025	33,741	147,766
2023-24	115,215	28,929	144,144	-	-	-	115,215	28,929	144,144
2024-25	120,210	23,969	144,179	-	-	-	120,210	23,969	144,179
2025-26	95,650	18,766	114,416	-	-	-	95,650	18,766	114,416
2026-27	99,535	14,849	114,384	-	-	-	99,535	14,849	114,384
2027-28	42,655	10,935	53,590	-	-	-	42,655	10,935	53,590
2028-29	28,940	9,130	38,070	-	-	-	28,940	9,130	38,070
2029-30	29,985	7,719	37,704	-	-	-	29,985	7,719	37,704
2030-31	31,065	6,257	37,322	-	-	-	31,065	6,257	37,322
2031-32	32,185	4,743	36,928	-	-	-	32,185	4,743	36,928
2032-33	33,310	3,211	36,521	-	-	-	33,310	3,211	36,521
2033-34	34,475	1,625	36,100	-	-	-	34,475	1,625	36,100
	1,430,205	575,393	2,005,598	65,571	8,163	73,734	1,495,776	583,556	2,079,332

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

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

<u>Description</u>	<u>Rating (1)</u>	
	<u>Moody's</u>	<u>S & P</u>
General Obligation	Aa1	AA+
Senior Lien Excise Tax Revenue (2)	Aa2	AAA
Junior Lien Excise Tax Revenue (3)	Aa3	AA
Subordinated Excise Tax Revenue (2)	Aa3	AA
Senior Lien Airport Revenue (2)	Aa3	AA-
Junior Lien Airport Revenue (2)	A1	A+
Senior Lien Street & Highway User Revenue (4)	Aa3	AAA
Junior Lien Street & Highway User Revenue (4)	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	BBB+
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)	Aa2	AA

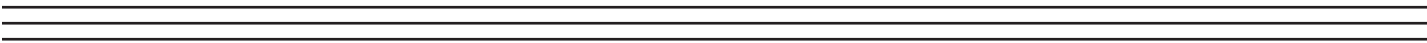
(1) Represents underlying rating.

(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.

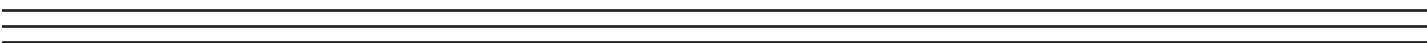
(5) Issued by the Downtown Phoenix Hotel Corporation.



Statistical Section

Financial Trends

These schedules contain trend information to show how the City's financial performance and position have changed over time.





City of Phoenix

City of Phoenix, Arizona
Net Position by Component

Table 1

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

	Fiscal Year		
	2014	2013	2012
GOVERNMENTAL ACTIVITIES			
Net Investment in Capital Assets	\$ 2,576,366	\$ 2,454,765	\$ 2,313,680
Restricted	868,223	930,237	1,233,603
Unrestricted	1,002,557	991,572	861,526
Total Governmental Activities Net Position	<u>\$ 4,447,146</u>	<u>\$ 4,376,574</u>	<u>\$ 4,408,809</u>
BUSINESS-TYPE ACTIVITIES			
Net Investment in Capital Assets	\$ 2,818,479	\$ 2,826,143	\$ 2,968,536
Restricted	363,946	174,160	188,682
Unrestricted	970,844	1,102,763	943,329
Total Business-Type Activities Net Position	<u>\$ 4,153,269</u>	<u>\$ 4,103,066</u>	<u>\$ 4,100,547</u>
PRIMARY GOVERNMENT			
Net Investment in Capital Assets	\$ 5,394,845	\$ 5,280,908	\$ 5,282,216
Restricted	1,232,169	1,104,397	1,422,285
Unrestricted	1,973,401	2,094,335	1,804,855
Total Primary Government Net Position	<u>\$ 8,600,415</u>	<u>\$ 8,479,640</u>	<u>\$ 8,509,356</u>

Table 1
(Continued)

Fiscal Year						
2011	2010	2009	2008	2007	2006	2005
\$ 2,325,050	\$ 2,184,990	\$ 2,441,889	\$ 2,857,041	\$ 2,068,052	\$ 1,434,512	\$ 1,471,516
1,017,009	756,315	620,582	832,814	1,095,820	996,048	1,073,630
1,105,061	1,387,562	1,321,470	532,706	640,050	588,754	197,631
<u>\$ 4,447,120</u>	<u>\$ 4,328,867</u>	<u>\$ 4,383,941</u>	<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>	<u>\$ 2,742,777</u>
\$ 2,992,285	\$ 3,146,717	\$ 3,260,962	\$ 3,304,081	\$ 3,144,988	\$ 2,688,581	\$ 2,746,082
187,755	153,667	163,387	153,980	179,365	148,571	39,443
882,301	716,343	611,455	717,703	585,710	755,825	478,840
<u>\$ 4,062,341</u>	<u>\$ 4,016,727</u>	<u>\$ 4,035,804</u>	<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>	<u>\$ 3,264,365</u>
\$ 5,317,335	\$ 5,331,707	\$ 5,702,851	\$ 6,161,122	\$ 5,213,040	\$ 4,123,093	\$ 4,217,598
1,204,764	909,982	783,969	986,794	1,275,185	1,144,619	1,113,073
1,987,362	2,103,905	1,932,925	1,250,409	1,225,760	1,344,579	676,471
<u>\$ 8,509,461</u>	<u>\$ 8,345,594</u>	<u>\$ 8,419,745</u>	<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>	<u>\$ 6,007,142</u>

City of Phoenix, Arizona
Changes in Net Position

Table 2

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

	Fiscal Year		
	2014	2013	2012
Expenses			
Governmental Activities			
General Government	\$ 152,502	\$ 186,104	\$ 88,178
Criminal Justice	34,356	35,409	35,703
Public Safety	888,801	896,801	850,636
Transportation	394,664	407,563	421,680
Community Enrichment	252,760	237,856	245,713
Community Development	222,266	221,588	218,847
Environmental Services	33,616	33,334	42,326
Interest on Long-Term Debt	93,013	117,667	109,412
Total Governmental Activities Expenses	2,071,978	2,136,322	2,012,495
Business-Type Activities			
Aviation	471,744	464,388	435,675
Phoenix Convention Center	105,889	103,472	103,420
Water Services	342,584	335,004	361,751
Wastewater Services	181,329	191,568	178,258
Solid Waste	134,264	133,295	133,414
Golf Courses (1)	-	9,876	8,879
Total Business-Type Activities Expenses	1,235,810	1,237,603	1,221,397
Total Primary Government Expenses	\$ 3,307,788	\$ 3,373,925	\$ 3,233,892

(1) On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. As of July 1, 2013, all activity of the City of Phoenix Municipal Golf program was reported in the governmental funds.

Table 2
(Continued)

Fiscal Year						
2011	2010	2009	2008	2007	2006	2005
\$ 76,270	\$ 83,975	\$ 92,403	\$ 97,369	\$ 103,039	\$ 94,129	\$ 78,351
36,345	40,029	39,477	40,258	40,085	37,702	35,432
847,244	851,414	869,389	795,839	732,927	667,663	577,358
416,344	541,666	385,240	182,769	264,347	316,356	316,295
245,417	287,019	264,615	278,649	263,031	251,403	249,739
229,902	225,137	210,645	205,934	204,441	196,374	172,217
39,003	58,189	47,320	38,585	44,656	44,668	40,065
95,462	107,480	96,631	103,035	96,401	102,428	83,812
1,985,987	2,194,909	2,005,720	1,742,438	1,748,927	1,710,723	1,553,269
439,911	393,485	389,460	336,572	312,171	279,873	231,493
127,569	114,071	86,942	70,170	66,378	68,801	42,165
329,457	359,342	326,775	327,544	272,341	276,073	232,470
179,466	187,134	186,565	160,008	153,100	148,480	141,543
133,118	136,395	141,693	147,096	126,029	115,107	92,264
8,790	8,894	9,716	9,572	9,790	8,446	7,881
1,218,311	1,199,321	1,141,151	1,050,962	939,809	896,780	747,816
\$ 3,204,298	\$ 3,394,230	\$ 3,146,871	\$ 2,793,400	\$ 2,688,736	\$ 2,607,503	\$ 2,301,085

City of Phoenix, Arizona
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

Table 2
 (Continued)

	Fiscal Year		
	2014	2013	2012
Program Revenue			
Governmental Activities			
Charges for Services:			
General Government	\$ 16,272	\$ 15,748	\$ 16,469
Criminal Justice	20,337	21,737	24,864
Public Safety	71,913	69,648	72,081
Transportation	38,780	36,125	38,035
Community Enrichment	13,740	5,071	5,589
Community Development	64,893	60,837	49,618
Environmental Services	505	232	520
Operating Grants and Contributions	343,898	393,652	358,692
Capital Grants and Contributions	150,410	98,647	101,019
Total Governmental Activities Program Revenue	<u>720,748</u>	<u>701,697</u>	<u>666,887</u>
Business-Type Activities			
Charges for Services:			
Aviation	369,157	305,686	299,783
Phoenix Convention Center	36,864	24,218	15,888
Water Services	385,294	381,862	380,679
Wastewater Services	186,350	190,519	212,361
Solid Waste	145,790	144,055	144,004
Golf Courses (1)	-	8,401	6,653
Capital Grants and Contributions	130,975	158,314	173,149
Total Business-Type Activities Program Revenue	<u>1,254,430</u>	<u>1,213,055</u>	<u>1,232,517</u>
Total Primary Government Program Revenue	<u>\$ 1,975,178</u>	<u>\$ 1,914,752</u>	<u>\$ 1,899,404</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (1,351,230)	\$ (1,434,625)	\$ (1,345,608)
Business-Type Activities	18,620	(24,548)	11,120
Total Primary Government Net Expense	<u>\$ (1,332,610)</u>	<u>\$ (1,459,173)</u>	<u>\$ (1,334,488)</u>

Table 2
(Continued)

Fiscal Year						
2011	2010	2009	2008	2007	2006	2005
\$ 17,675	\$ 17,150	\$ 19,360	\$ 15,672	\$ 20,939	\$ 19,358	\$ 14,226
27,623	27,461	29,808	21,746	27,383	28,174	20,942
63,842	58,939	56,763	54,702	43,099	34,371	43,018
36,599	39,804	63,758	31,004	81,502	26,875	26,370
5,392	5,180	6,366	4,969	3,187	3,028	2,670
46,128	38,293	62,845	67,733	100,876	98,960	99,432
220	363	469	838	577	577	569
400,525	360,927	340,756	368,938	327,157	312,712	311,601
191,856	203,473	174,302	216,788	186,130	164,500	97,779
789,860	751,590	754,427	782,390	790,850	688,555	616,607
296,463	266,778	273,079	286,986	277,228	246,288	222,313
33,111	21,636	28,407	12,080	10,518	9,351	9,316
341,501	329,003	307,752	299,568	272,191	257,415	225,859
211,702	190,716	181,764	173,021	160,097	139,418	124,541
142,320	137,956	134,957	133,170	125,351	117,121	108,067
6,278	5,728	6,183	7,229	7,725	6,842	5,857
184,019	200,485	178,800	300,575	301,660	360,381	295,856
1,215,394	1,152,302	1,110,942	1,212,629	1,154,770	1,136,816	991,809
\$ 2,005,254	\$ 1,903,892	\$ 1,865,369	\$ 1,995,019	\$ 1,945,620	\$ 1,825,371	\$ 1,608,416
\$ (1,196,127)	\$ (1,443,319)	\$ (1,251,293)	\$ (960,048)	\$ (958,077)	\$ (1,022,168)	\$ (936,662)
(2,917)	(47,019)	(30,209)	161,667	214,961	240,036	243,993
\$ (1,199,044)	\$ (1,490,338)	\$ (1,281,502)	\$ (798,381)	\$ (743,116)	\$ (782,132)	\$ (692,669)

City of Phoenix, Arizona
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

Table 2
 (Continued)

	Fiscal Year		
	2014	2013	2012
General Revenues and Other Changes in Net Position			
Governmental Activities			
Taxes	\$ 1,001,017	\$ 1,029,392	\$ 944,388
Grants and Contributions Not Restricted	349,149	318,673	297,342
Investment Earnings, Net	22,572	2,404	6,671
Miscellaneous	69,860	77,337	78,397
Transfers - Internal Activities	(22,653)	(25,416)	(19,501)
Total Governmental Activities	1,419,945	1,402,390	1,307,297
Business-Type Activities			
Investment Earnings, Net	10,787	1,651	7,585
Transfers	22,653	25,416	19,501
Total Business-Type Activities	33,440	27,067	27,086
Total Primary Government	1,453,385	1,429,457	1,334,383
Change in Net Position			
Governmental Activities	68,715	(32,235)	(38,311)
Business-Type Activities	52,060	2,519	38,206
Total Primary Government	\$ 120,775	\$ (29,716)	\$ (105)

Table 2
(Continued)

Fiscal Year						
2011	2010	2009	2008	2007	2006	2005
\$ 970,925	\$ 939,218	\$ 982,746	\$ 1,014,103	\$ 955,921	\$ 896,212	\$ 777,911
299,593	360,241	407,156	410,945	374,299	338,907	305,456
11,924	19,605	43,558	91,304	92,700	64,379	44,077
71,450	83,357	54,527	51,757	50,787	40,242	46,166
(39,512)	(14,176)	(52,649)	(52,010)	(42,925)	(41,035)	(68,012)
1,314,380	1,388,245	1,435,338	1,516,099	1,430,782	1,298,705	1,105,598
9,019	13,766	31,970	52,024	59,200	47,541	21,565
39,512	14,176	52,649	52,010	42,925	41,035	68,012
48,531	27,942	84,619	104,034	102,125	88,576	89,577
1,362,911	1,416,187	1,519,957	1,620,133	1,532,907	1,387,281	1,195,175
118,253	(55,074)	184,045	556,051	472,705	276,537	168,936
45,614	(19,077)	54,410	265,701	317,086	328,612	333,570
\$ 163,867	\$ (74,151)	\$ 238,455	\$ 821,752	\$ 789,791	\$ 605,149	\$ 502,506

City of Phoenix, Arizona
Fund Balances of Governmental Funds

Table 3

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

	Fiscal Year			
	2014	2013	2012	2011
General Fund				
Reserved	\$	\$	\$	\$
Unreserved				
Non-Spendable	14,198	15,736	15,357	16,671
Spendable				
Restricted	44,745	40,361	37,913	-
Assigned	62,744	55,390	50,250	96,126
Unassigned	178,564	161,012	200,892	194,918
Total General Fund	300,251	272,499	304,412 (1)	307,715
All Other Governmental Funds				
Reserved				
Unreserved, reported in				
Special Revenue Funds				
Capital Project Funds				
Debt Service Funds				
Non-Spendable	5,945	5,601	5,891	6,099
Spendable				
Restricted	823,478	889,876	982,955	1,017,009
Committed	36,491	47,874	58,703	54,591
Assigned	128,261	139,593	140,036	120,145
Unassigned	(57,039)	(56,671)	(36,942)	(34,395)
Total All Other Governmental Funds	937,136	1,026,273	1,150,643	1,163,449
Total Fund Balances of Governmental Funds	\$ 1,237,387	\$ 1,298,772	\$ 1,455,055	\$ 1,471,164

- (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						
2010	2009	2008	2007	2006	2005	
\$ 24,394	\$ 72,332	\$ 83,379	\$ 89,651	\$ 81,275	\$ 76,076	
231,187	190,278	205,286	362,943	311,166	250,217	
(2) 255,581	262,610	(3) 288,665	452,594	392,441	326,293	
656,396	598,258	562,967	601,198	719,962	567,202	
379,913	411,659	482,721	523,035	483,611	399,595	
149,795	8,456	223,916	420,697	236,346	221,159	
886	2,153	742	1,254	1,752	1,125	
1,186,990	1,020,526	1,270,346	1,546,184	1,441,671	1,189,081	
\$ 1,442,571	\$ 1,283,136	\$ 1,559,011	\$ 1,998,778	\$ 1,834,112	\$ 1,515,374	

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			
	2014	2013	2012	2011
Revenues				
City Taxes (see Table 5)	\$ 1,001,873	\$ 1,031,123	\$ 947,012	\$ 972,066
Licenses and Permits	15,860	15,377	16,039	16,307
Intergovernmental (see Table 6)	850,231	809,198	757,053	905,741
Charges for Services	178,290	169,527	163,408	157,243
Fines and Forfeitures	15,340	15,942	18,332	18,129
Parks and Recreation	10,316	1,891	2,414	2,326
Special Assessments	39	35	55	114
Investment Income	22,572	2,404	6,671	11,922
Dwelling Rentals	6,658	6,882	6,987	6,858
Other	70,170	79,557	76,173	71,304
Total Revenues	2,171,349	2,131,936	1,994,144	2,162,010
Expenditures				
General Government	133,854	170,009	69,705	55,708
Criminal Justice	34,223	35,258	35,372	35,106
Public Safety	830,599	832,133	795,995	790,886
Transportation	253,517	252,812	252,965	247,563
Community Enrichment	197,960	189,899	193,355	192,201
Community Development	201,812	202,038	196,309	206,262
Environmental Services	13,987	16,549	19,036	16,353
Debt Service:				
Principal	70,768	90,671	94,169	109,660
Interest	98,897	122,189	110,740	104,309
Bond Issuance Costs	3,187	79	1,902	636
Other	25	422	522	676
Capital	365,887	350,744	346,979	429,770
Total Expenditures	2,204,716	2,262,803	2,117,049	2,189,130
Excess (Deficiency) of Revenues Over Expenditures	\$ (33,367)	\$ (130,867)	\$ (122,905)	\$ (27,120)

Table 4
(Continued)

Fiscal Year						
	2010	2009	2008	2007	2006	2005
\$	938,470	\$ 980,401	\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467
	16,744	18,926	14,949	15,787	14,206	13,648
	921,642	912,904	995,307	885,478	800,697	711,777
	148,276	148,316	151,701	177,374	168,646	164,283
	17,383	18,861	18,549	19,141	19,932	18,561
	1,909	3,004	2,933	2,838	2,524	2,179
	70	372	643	678	1,233	1,544
	19,605	43,558	91,304	92,700	64,379	44,077
	8,574	9,806	8,452	8,098	7,818	6,263
	84,011	54,553	51,692	50,484	51,947	45,771
	<u>2,156,684</u>	<u>2,190,701</u>	<u>2,348,175</u>	<u>2,207,339</u>	<u>2,028,377</u>	<u>1,787,570</u>
	57,180	69,860	68,686	67,097	59,697	60,437
	36,977	37,717	38,539	36,160	33,952	32,826
	812,552	812,788	765,464	665,817	620,215	560,964
	265,934	254,420	237,738	244,728	137,817	178,023
	198,049	211,851	226,597	211,695	197,445	201,552
	185,265	189,345	189,748	185,596	173,710	159,453
	19,164	24,029	24,432	19,529	17,024	19,121
	115,825	97,006	95,209	279,183	83,768	63,361
	110,736	103,909	110,184	94,369	101,851	82,811
	2,346	2,055	31	1,185	500	452
	35	31	211	790	77	549
	<u>529,394</u>	<u>611,023</u>	<u>841,681</u>	<u>641,795</u>	<u>618,506</u>	<u>506,844</u>
	<u>2,333,457</u>	<u>2,414,034</u>	<u>2,598,520</u>	<u>2,447,944</u>	<u>2,044,562</u>	<u>1,866,393</u>
\$	(176,773)	\$ (223,333)	\$ (250,345)	\$ (240,605)	\$ (16,185)	\$ (78,823)

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			
	2014	2013	2012	2011
Other Financing Sources (Uses)				
Transfers From Other Funds	\$ 122,091	\$ 136,971	\$ 129,121	\$ 152,527
Transfers to Other Funds	(144,744)	(162,387)	(148,622)	(192,039)
Issuance of Debt:				
General Obligation and Revenue Bonds	-	-	120,000	-
Premium on General Obligation and Revenue Bonds	28,544	-	25,880	-
Certificates of Participation and Municipal Corporation Obligations	-	-	-	86,725
Premium on Certificates of Participation and Municipal Corporation Obligations	39,826	-	4,889	5,662
Special Assessment Bonds	-	-	-	-
Refunding Bonds	591,600	-	238,120	74,610
Deposit to Refunding Escrow	(656,414)	-	(262,592)	(71,772)
Total Other Financing Sources and Uses	(19,097)	(25,416)	106,796	55,713
Net Change in Fund Balances	\$ (52,464)	\$ (156,283)	\$ (16,109)	\$ 28,593
Debt Service as a Percentage of Noncapital Expenditures (1)	8.8%	10.5%	10.7%	11.4%

(1) - Calculated by taking debt service expenditures divided by total expenditures minus capitalized expenditures (capital acquisitions from exhibit B-4 on page 23)

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

Table 4
(Continued)

Fiscal Year						
2010	2009	2008	2007	2006	2005	
\$ 1,063,679	\$ 1,098,048	\$ 1,186,183	\$ 1,094,014	\$ 1,104,360	\$ 1,018,096	
(1,077,855)	(1,150,697)	(1,238,193)	(1,136,939)	(1,145,395)	(1,086,108)	
348,369	-	-	420,250	300,000	-	
1,631	-	-	11,501	5,246	-	
-	-	-	21,115	70,150	500,000	
-	-	-	5,437	562	43,667	
-	22	-	-	-	-	
69,911	-	-	265,995	-	35,465	
(69,527)	-	-	(276,102)	-	(34,902)	
336,208	(52,627)	(52,010)	405,271	334,923	476,218	
\$ 159,435	\$ (275,960)	\$ (302,355)	\$ 164,666	\$ 318,738	\$ 397,395	
10.4%	10.0%	10.4%	18.4% (2)	11.1%	9.8%	

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			
	2014	2013	2012	2011
General Property Taxes				
Primary - Operating	\$ 143,931	\$ 132,101	\$ 128,054	\$ 130,913
Secondary - Debt Service	35,204	62,012	94,436	149,018
Total General Property Taxes	179,135	194,113	222,490	279,931
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	326,459	318,751	308,727	292,131
Utility and Franchise Tax	98,870	99,027	104,962	102,662
Earmarked for:				
Sports Facilities	15,988	14,893	14,670	14,076
Convention Center	44,311	40,828	40,030	37,835
Neighborhood Protection	29,153	27,515	26,503	25,387
Public Safety Enhancement	24,849	24,648	23,670	23,782
Public Safety Expansion	58,308	55,029	53,084	50,680
Parks & Preserves	29,153	27,515	26,546	25,345
Capital Construction	15,087	16,382	16,560	15,486
Transit 2000	111,068	110,059	106,185	101,379
Total City Sales and Franchise Taxes	753,246	734,647	720,937	688,763
Access to Care Tax	65,621	98,431	-	-
Special Taxing District	2,240	2,291	2,061	1,924
Salt River Project In-Lieu Taxes	1,631	1,641	1,524	1,448
Total City Taxes	\$ 1,001,873	\$ 1,031,123	\$ 947,012	\$ 972,066

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

Table 5
(Continued)

Fiscal Year						
	2010	2009	2008	2007	2006	2005
\$	121,366	\$ 110,085	\$ 103,033	\$ 95,060	\$ 89,721	\$ 82,547
	196,673	196,568	161,413	117,337	107,763	100,761
	318,039	306,653	264,446	212,397	197,484	183,308
	254,762	265,162	323,135	339,921	324,207	281,301
	100,827	105,881	96,323	92,745	83,720	77,664
	12,502	14,203	16,010	15,992	14,834	13,660
	34,801	47,417	58,126	61,647	56,889	48,003
	21,615	25,615	28,980	31,105	29,634	25,337
	23,978	24,361	24,653	23,656	20,330	3,136
	43,131	46,578	32,214	-	-	-
	21,615	24,335	28,979	31,106	29,633	25,363
	17,415	19,802	20,710	18,975	18,870	17,679
	86,465	97,325	115,914	124,432	118,537	101,462
	617,111	670,679	745,044	739,579	696,654	593,605
	-	-	-	-	-	-
	1,925	1,835	1,848	1,554	1,595	1,270
	1,395	1,234	1,307	1,231	1,262	1,284
\$	938,470	\$ 980,401	\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467

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			
	2014	2013	2012	2011
State Shared Revenue				
Highway User Tax	\$ 102,009	\$ 98,804	\$ 90,368	\$ 104,908
State Sales Tax	127,005	118,730	114,017	111,787
State Income Tax	161,580	147,668	122,012	143,647
Vehicle License Tax	51,689	48,370	46,400	48,299
Local Transportation Assistance	4,265	4,251	4,242	1,265
Total State Shared Revenue	446,548	417,823	377,039	409,906
Federal Grants	236,169	277,236	261,053	269,482
Other Intergovernmental Revenue	167,514	114,139	118,961	226,353
Total Intergovernmental Revenues	\$ 850,231	\$ 809,198	\$ 757,053	\$ 905,741

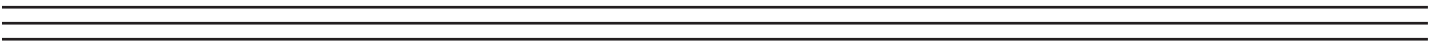
(1) Includes general, special revenue and capital projects funds.

Table 6
(Continued)

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 103,979	\$ 109,620	\$ 125,288	\$ 130,223	\$ 124,791	\$ 117,464
106,917	122,593	135,134	141,466	141,194	123,788
190,546	220,806	207,694	167,560	138,313	121,440
49,500	53,629	59,244	61,158	63,108	56,552
3,771	6,506	6,910	6,969	7,034	7,136
454,713	513,154	534,270	507,376	474,440	426,380
233,721	185,078	194,960	186,665	177,550	178,628
233,208	214,672	266,077	191,437	148,707	106,769
\$ 921,642	\$ 912,904	\$ 995,307	\$ 885,478	\$ 800,697	\$ 711,777



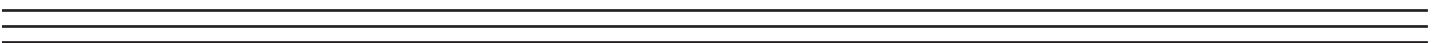
City of Phoenix



Statistical Section

Revenue Capacity

These schedules present information on the City's sales tax and property tax collections.





City of Phoenix

City of Phoenix, Arizona
City Transaction Privilege Taxes by Category
 Last Ten Fiscal Years
 (in thousands)

Table 7

Category	Fiscal Year			
	2014	2013	2012	2011
Retail	\$ 251,514	\$ 238,698	\$ 230,900	\$ 218,470
Retail Food Sales (1)	43,831	51,589	49,393	46,282
Utilities & Telecommunications	111,767	113,839	112,973	110,200
Construction Contracting	49,506	43,851	44,071	43,446
Commercial Rental	58,007	60,179	58,721	59,017
Restaurants & Bars	59,039	55,350	52,298	48,708
Hotel/Motel Lodging	34,403	31,666	30,486	28,324
Tangible Personal Property Rental	17,463	19,760	16,354	17,291
Apartment/Residential Rental	30,046	27,144	25,025	22,923
Motor Vehicle Rental	18,186	17,148	16,907	16,647
Amusements	6,925	6,463	6,225	5,843
Advertising	2,458	2,655	2,800	2,745
Job Printing	2,035	2,212	2,109	2,093
Publishing	519	365	140	241
Transportation	8	8	6	8
Use Tax	30,755	23,927	24,204	22,536
Jet Fuel	2,937	3,089	2,996	3,039
Total	\$ 719,399	\$ 697,943	\$ 675,608	\$ 647,813

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.

Table 7
(Continued)

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 219,097	\$ 223,673	\$ 254,949	\$ 268,642	\$ 264,184	\$ 228,411
7,007	-	-	-	-	-
113,188	120,691	118,051	103,157	100,296	75,193
41,237	64,559	87,306	99,171	89,213	68,760
55,737	60,133	56,395	51,661	47,904	43,894
46,272	48,586	49,685	49,067	46,967	41,800
26,868	30,423	35,643	35,819	32,643	29,231
17,323	22,227	23,276	23,589	20,925	18,865
20,788	21,580	21,566	21,250	19,949	18,123
14,787	15,407	17,103	16,878	15,955	14,572
6,297	6,348	7,210	7,260	6,901	5,840
2,733	3,202	4,111	4,657	4,151	3,682
2,101	2,708	3,146	3,189	3,152	3,312
407	426	531	575	552	572
8	10	7	14	24	11
20,098	19,507	20,037	20,407	18,592	15,778
2,826	2,998	3,224	3,191	3,575	2,981
\$ 596,774	\$ 642,478	\$ 702,240	\$ 708,527	\$ 674,983	\$ 571,025

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

Table 8

Category (1)	As of June 30			
	2014	2013	2012	2011
City Rates				
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
County Rates				
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					
2010	2009	2008	2007	2006	2005
2.00 %	2.00 %	2.00 %	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
2.00	2.00	2.00	1.80	1.80	1.80
2.10	2.10	2.10	1.90	1.90	1.90
2.00	2.00	2.00	1.80	1.80	1.80
5.00	5.00	5.00	4.80	4.80	4.80
2.00	2.00	2.00	1.80	1.80	1.80
2.00	2.00	2.00	1.80	1.80	1.80
4.00	4.00	4.00	3.80	3.80	3.80
2.00	2.00	2.00	1.80	1.80	1.80
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	1.80	1.80	1.80
2.00	2.00	2.00	1.80	1.80	1.80
2.00	2.00	2.00	1.80	1.80	1.80
2.00	2.00	2.00	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 Nine Years Ago (1)

Table 9

Category	2014			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	20,790	37.49 %	\$ 295,345	41.05 %
Utilities & Telecommunications	387	0.70	111,767	15.54
Construction Contracting	10,304	18.58	49,506	6.88
Commercial Rental	8,159	14.71	58,007	8.06
Restaurants & Bars	3,019	5.44	59,039	8.21
Hotel/Motel Lodging	206	0.37	34,403	4.78
Tangible Personal Property Rental	1,022	1.84	17,463	2.43
Apartment/Residential Rental	7,211	13.00	30,046	4.18
Motor Vehicle Rental	41	0.07	18,186	2.53
Amusements	217	0.39	6,925	0.96
Advertising	198	0.36	2,458	0.34
Job Printing	326	0.59	2,035	0.28
Publishing	53	0.10	519	0.07
Transportation	15	0.03	8	0.00
Use Tax	3,491	6.29	30,755	4.28
Jet Fuel	20	0.04	2,937	0.41
Total	55,459	100.00 %	\$ 719,399	100.00 %

Source: City of Phoenix Finance Department, Tax Division

(1) Prior to 2005, Average Monthly Taxpayers by category was not maintained.

Table 9
(Continued)

2005			
<u>Average Monthly Taxpayers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid (thousands)</u>	<u>Percentage of Total Sales Tax</u>
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
<u>48,620</u>	<u>100.00 %</u>	<u>\$ 571,025</u>	<u>100.00 %</u>



City of Phoenix

City of Phoenix, Arizona
City Property Tax Levies and Collections

Table 10

Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30,	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
2014	\$ 180,295	\$ 176,226	97.74 %	\$ -	\$ 176,226	97.74 %
2013	196,891	191,304	97.16	3,562	194,866	98.97
2012	223,483	216,457	96.86	4,082	220,539	98.68
2011	284,142	271,156	95.43	6,228	277,384	97.62
2010	321,817	308,114	95.74	10,227	318,341	98.92
2009	311,292	298,351	95.84	9,628	307,979	98.94
2008	266,892	258,971	97.03	7,249	266,220	99.75
2007	216,132	211,511	97.86	3,120	214,631	99.31
2006	201,122	195,836	97.37	2,787	198,623	98.76
2005	185,056	180,952	97.78	1,891	182,843	98.80

(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				
<u>Tax Rates per \$100 of Assessed Valuation</u>							
2014-15	\$ 1.35	\$ 0.47	\$ 1.82	\$ 1.32	\$ 0.14	\$ 0.14	\$ 0.06
2013-14	1.47	0.35	1.82	1.28	0.14	0.14	0.04
2012-13	1.24	0.58	1.82	1.24	0.18	0.10	0.05
2011-12	1.05	0.77	1.82	1.24	0.18	0.10	0.05
2010-11	0.88	0.94	1.82	1.05	0.15	0.10	0.04
2009-10	0.77	1.05	1.82	0.99	0.14	0.10	0.04
2008-09	0.76	1.06	1.82	1.03	0.14	0.10	0.04
2007-08	0.80	1.02	1.82	1.10	0.15	0.10	0.04
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

Tax Levies

2014-15	\$ 139,448	\$ 50,404	\$ 189,852	\$ 136,029	\$ 13,465	\$ 15,135	\$ 6,015
2013-14	145,024	35,271	180,295	126,659	12,331	13,969	4,369
2012-13	133,930	62,961	196,891	134,037	17,216	10,870	5,338
2011-12	128,955	94,528	223,483	151,768	19,873	12,351	6,073
2010-11	133,389	150,753	284,142	158,698	22,041	16,066	6,636
2009-10	123,095	198,722	321,817	159,155	24,395	18,903	6,658
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

(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.

Tax levies for elementary and high school districts equal the total levy of all overlapping school districts within the City.

Source: Maricopa County Finance Department

Table 11
(Continued)

Volunteer Fire District Assistance	Maricopa Special Health Care District	School Districts					Total
		Education Equalization	Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (1)	
\$ 0.01	\$ 0.19	\$ 0.51	\$ 1.52	\$ 0.05	\$ 0.08	\$ 11.34	\$ 17.18
0.01	0.19	0.51	1.53	0.05	0.06	12.13	17.90
0.01	0.17	0.47	1.38	0.05	0.05	11.28	16.80
0.01	0.15	0.43	1.21	0.05	0.05	9.60	14.89
0.01	0.11	0.36	0.97	0.05	0.05	7.29	12.00
0.01	0.09	0.33	0.88	0.05	0.05	6.44	10.94
0.01	0.09	-	0.94	0.05	0.05	8.52	12.79
0.01	0.09	-	0.98	0.05	0.05	8.74	13.13
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
\$ 1,223	\$ 20,079	\$ 52,407	\$ 157,628	\$ 774	\$ 4,019	\$ 877,269	\$ 1,473,895
1,207	19,341	50,665	151,917	706	2,686	854,993	1,419,138
1,193	18,260	50,960	148,952	757	2,433	869,478	1,456,385
1,037	18,442	52,098	148,011	870	2,710	879,125	1,515,841
1,063	18,056	53,826	148,702	1,087	3,540	916,921	1,630,778
1,077	17,239	53,100	146,523	1,233	4,232	942,643	1,696,975
1,000	16,141	-	144,491	1,259	4,263	924,118	1,603,672
855	15,024	-	130,622	1,136	3,609	894,532	1,500,317
834	14,517	-	123,210	816	2,671	858,684	1,395,283
787	13,759	-	110,803	905	1,551	809,425	1,353,271

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

Table 12

	2014-15 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Percent	Amount		Total	Percent	Amount			
City of Phoenix	\$ 10,298,185	100.00 %	10,298,185	\$ 1.3541	\$ 10,818,634	100.00 %	10,818,634	\$ 0.4659	\$ 189,852	
Maricopa County	33,519,795	30.72	10,298,185	1.3209	35,079,647	30.84	10,818,634	-	136,029	
Education Equalization	33,519,795	30.72	10,298,185	0.5089	-	-	-	-	52,407	
Flood Control	-	-	-	-	31,365,181	30.84	9,673,085	0.1392	13,465	
Central Arizona Water Conservation District	-	-	-	-	35,054,723	30.84	10,810,947	0.1400	15,135	
Maricopa County Library District	-	-	-	-	35,079,647	30.84	10,818,634	0.0556	6,015	
Volunteer Fire District Assistance	-	-	-	-	35,079,647	30.84	10,818,634	0.0113	1,223	
East Valley Institute of Technology	-	-	-	-	15,353,631	10.09	1,548,538	0.0500	774	
West Maricopa Education Center	-	-	-	-	13,001,469	38.16	4,961,788	0.0810	4,019	
Maricopa Special Health Care District	-	-	-	-	35,079,647	30.84	10,818,634	0.1856	20,079	
State of Arizona	53,549,091	19.23	10,298,185	-	55,353,880	19.54	10,818,634	-	-	
School Districts										
Maricopa County Community College District	33,519,795	30.72	10,298,185	1.2824	35,079,647	30.84	10,818,634	0.2363	157,628	
High School Districts										
Phoenix Union	4,134,579	96.27	3,980,360	3.4171	4,372,062	96.30	4,210,351	1.2025	186,642	
Glendale Union	1,318,880	79.73	1,051,549	2.5904	1,403,098	79.23	1,111,674	1.8285	47,566	
Tempe Union	2,935,754	30.05	882,196	2.4348	3,070,795	30.27	929,502	0.6268	27,306	
Tolleson Union	888,086	46.74	415,130	2.8582	945,905	47.35	447,883	1.6766	19,374	
Agua Fria Union	925,574	0.01	116	2.9900	975,254	0.01	118	1.2105	5	
Total High School Districts									280,893	
Elementary School Districts										
No. 1 Phoenix	\$ 597,403	100.00 %	597,403	\$ 3.9479	\$ 633,259	100.00 %	633,259	\$ 2.7682	\$ 41,115	
No. 2 Riverside	336,102	97.84	328,853	1.3757	345,902	97.86	338,510	1.9465	11,113	
No. 3 Tempe	1,226,122	14.63	179,357	3.3038	1,291,284	14.49	187,082	2.4510	10,511	
No. 5 Isaac	115,989	100.00	115,989	2.6025	122,601	100.00	122,601	3.7535	7,620	
No. 6 Washington	1,078,857	97.47	1,051,549	2.9215	1,142,089	97.34	1,111,674	2.7800	61,626	
No. 7 Wilson	78,875	100.00	78,875	4.4554	81,159	100.00	81,159	2.2918	5,374	
No. 8 Osborn	371,185	99.93	370,909	2.1494	401,890	99.93	401,614	1.6485	14,593	
No. 14 Creighton	343,405	85.75	294,457	2.1031	370,844	86.24	319,832	1.8850	12,222	
No. 17 Tolleson	141,903	21.13	29,984	1.9787	149,596	21.82	32,642	2.5933	1,440	
No. 21 Murphy	89,576	100.00	89,576	1.4280	91,996	100.00	91,996	3.0506	4,086	
No. 28 Kyrene	1,709,632	41.11	702,839	2.2522	1,779,511	41.72	742,420	1.7840	29,074	
No. 31 Balsz	257,986	94.09	242,728	2.1016	269,752	94.04	253,668	1.6377	9,255	
No. 38 Madison	819,678	100.00	819,678	2.3677	849,638	100.00	849,638	2.2349	38,396	
No. 45 Fowler	239,016	89.52	213,974	2.0419	253,930	89.81	228,044	1.8548	8,599	
No. 48 Scottsdale (Unified)	4,357,889	13.62	593,731	3.1091	4,556,319	13.59	619,036	1.0045	24,678	
No. 59 Laveen	170,365	83.09	141,552	2.5143	181,758	83.10	151,043	4.4918	10,344	
No. 62 Union	45,183	94.27	42,596	1.8486	48,470	94.30	45,708	2.3384	1,856	
No. 65 Littleton	207,640	14.03	29,141	2.5899	222,599	14.44	32,134	3.3086	1,818	
No. 66 Roosevelt	497,880	98.76	491,725	4.3869	530,043	98.77	523,516	3.1912	38,278	
No. 68 Alhambra	257,440	81.54	209,921	1.9572	272,909	81.79	223,203	5.0448	15,369	
No. 69 Paradise Valley (Unified)	2,893,517	69.58	2,013,416	4.1128	2,970,808	69.91	2,077,013	2.6670	138,202	
No. 79 Litchfield	619,728	0.02	116	2.3282	652,775	0.02	118	1.4498	4	
No. 83 Cartwright	198,694	100.00	198,694	4.3281	220,312	100.00	220,312	6.3080	22,497	
No. 92 Pendergast	254,343	39.09	99,435	2.6783	271,310	40.31	109,355	4.5117	7,597	
No. 93 Cave Creek (Unified)	1,625,946	12.20	198,392	2.0457	1,685,306	12.30	207,312	0.1099	4,286	
No. 97 Deer Valley (Unified)	2,113,443	55.02	1,162,821	4.4104	2,202,994	55.16	1,215,272	2.0685	76,423	
Total Elementary School Districts									596,376	
Total All School Districts									1,034,897	
Total Levies Applicable to Phoenix									\$ 1,473,895	

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)

	2013-14 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Within Phoenix			Total	Within Phoenix				
		Percent	Amount		Total	Percent	Amount			
City of Phoenix	\$ 9,889,799	100.00 %	9,889,799	\$ 1.4664	\$ 9,974,713	100.00 %	9,974,713	\$ 0.3536	\$ 180,295	
Maricopa County	31,996,205	30.91	9,889,799	1.2807	32,229,007	30.95	9,974,713	-	126,659	
Education Equalization	31,996,205	30.91	9,889,799	0.5123	-	-	-	-	50,665	
Flood Control	-	-	-	-	28,622,834	30.95	8,858,621	0.1392	12,331	
Central Arizona Water Conservation District	-	-	-	-	32,240,159	30.95	9,978,164	0.1400	13,969	
Maricopa County Library District	-	-	-	-	32,229,007	30.95	9,974,713	0.0438	4,369	
Volunteer Fire District Assistance	-	-	-	-	32,229,007	30.95	9,974,713	0.0121	1,207	
East Valley Institute of Technology	-	-	-	-	13,996,367	10.10	1,412,946	0.0500	706	
West Maricopa Education Center	-	-	-	-	11,569,641	39.21	4,536,658	0.0592	2,686	
Maricopa Special Health Care District	-	-	-	-	32,229,007	30.95	9,974,713	0.1939	19,341	
State of Arizona	52,141,911	18.97	9,889,799	-	52,598,342	18.96	9,974,713	-	-	
School Districts										
Maricopa County Community College District	31,996,205	30.91	9,889,799	1.2896	32,229,007	30.95	9,974,713	0.2444	151,917	
High School Districts										
Phoenix Union	4,042,134	96.29	3,892,254	3.6615	4,088,065	96.29	3,936,437	1.1547	187,969	
Glendale Union	1,284,052	80.22	1,030,041	2.6893	1,290,863	80.20	1,035,241	1.8877	47,243	
Tempe High	2,825,008	29.60	836,289	2.0126	2,844,002	29.58	841,121	0.6437	22,245	
Tolleson Union	851,481	45.45	387,005	3.2220	862,627	45.53	392,735	2.2665	21,371	
Agua Fria Union	868,736	0.01	120	2.2936	878,811	0.01	122	1.2787	4	
Total High School Districts									278,832	
Elementary School Districts										
No. 1 Phoenix	\$ 589,125	100.00 %	589,125	\$ 4.4773	\$ 597,786	100.00 %	597,786	\$ 2.8357	\$ 43,328	
No. 2 Riverside	322,674	97.83	315,671	1.3323	325,342	97.79	318,142	2.0408	10,698	
No. 3 Tempe	1,193,800	14.97	178,725	3.2231	1,205,860	14.96	180,430	2.9378	11,061	
No. 5 Isaac	117,013	100.00	117,013	3.0422	117,206	100.00	117,206	3.7766	7,986	
No. 6 Washington	1,056,048	97.54	1,030,041	3.0493	1,061,356	97.54	1,035,241	2.9704	62,160	
No. 7 Wilson	82,473	100.00	82,473	4.4554	83,796	100.00	83,796	1.9336	5,295	
No. 8 Osborn	370,135	99.93	369,861	1.6960	375,244	99.93	374,970	2.2872	14,849	
No. 14 Creighton	331,105	85.97	284,655	1.7366	334,030	86.08	287,526	1.9650	10,593	
No. 17 Tolleson	137,242	20.69	28,399	1.9203	138,356	20.64	28,556	2.2656	1,192	
No. 21 Murphy	92,440	100.00	92,440	0.7641	92,877	100.00	92,877	2.9769	3,471	
No. 28 Kyrene	1,631,208	40.31	657,564	2.2198	1,638,141	40.33	660,690	2.0639	28,233	
No. 31 Balsz	246,130	94.16	231,764	1.6359	252,784	94.19	238,105	1.7916	8,057	
No. 38 Madison	815,178	100.00	815,178	2.2504	823,051	100.00	823,051	2.2953	37,236	
No. 40 Glendale	-	-	-	-	-	-	-	-	-	
No. 45 Fowler	223,160	88.73	198,002	1.7749	227,811	88.77	202,233	3.3457	10,280	
No. 48 Scottsdale (Unified)	4,185,511	13.60	569,346	3.3548	4,205,919	13.60	571,825	1.2239	26,099	
No. 59 Laveen	161,529	82.40	133,093	2.9423	162,257	82.30	133,540	4.7010	10,194	
No. 62 Union	41,343	93.77	38,767	1.2626	41,455	93.57	38,791	2.4533	1,441	
No. 65 Littleton	201,725	13.36	26,945	2.4238	204,194	13.21	26,969	3.5518	1,611	
No. 66 Roosevelt	474,619	98.61	468,045	4.3869	480,089	98.52	472,965	1.3356	26,850	
No. 68 Alhambra	249,122	81.22	202,344	2.3080	251,215	81.24	204,085	5.7062	16,316	
No. 69 Paradise Valley (Unified)	2,752,365	68.71	1,891,236	4.2799	2,765,420	68.71	1,900,106	2.8731	135,535	
No. 79 Litchfield	570,005	0.02	120	2.4367	577,493	0.02	122	1.5405	5	
No. 83 Cartwright	190,590	100.00	190,590	3.1937	192,388	100.00	192,388	7.0246	19,601	
No. 92 Pendergast	248,012	38.26	94,892	2.7618	250,810	38.35	96,186	4.5117	6,960	
No. 93 Cave Creek (Unified)	1,561,983	11.47	179,135	2.1830	1,579,479	11.79	186,274	0.1765	4,239	
No. 97 Deer Valley (Unified)	1,988,788	55.51	1,103,906	4.2140	1,997,556	55.59	1,110,383	2.3733	72,871	
Total Elementary School Districts									576,161	
Total All School Districts									1,006,910	
Total Levies Applicable to Phoenix									\$ 1,419,138	

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)

	Net Secondary Assessed Valuation by Classification				
	Direct Rate	Commercial/ Utilities/ Industrial	Residential	Rural and Other	Total Net Assessed Valuation
2014-15	\$ 0.47	\$ 4,700,793	\$ 5,788,311	\$ 329,530	\$ 10,818,634
2013-14	0.35	4,662,457	4,979,086	333,170	9,974,713
2012-13	0.58	5,254,484	5,228,248	367,012	10,849,744
2011-12	0.77	5,869,685	6,000,142	473,946	12,343,773
2010-11	0.94	7,710,939	7,643,363	738,006	16,092,308
2009-10	1.05	8,099,847	9,937,631	823,760	18,861,238
2008-09	1.06	7,378,160	10,598,307	879,605	18,856,072
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816
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

Source: Maricopa County Finance Department

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

For further information on population changes that affect the Assessed Valuation per Capita Actual and Uninflated amounts, see Table 21.

- (1) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

Table 13

(Continued)

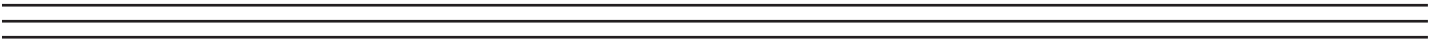
Percent Change in Net Valuation	Assessed Valuation Per Capita (1)		Estimated True Valuation
	Actual	Uninflated	
8.46 %	\$ 7,188	\$ 5,357	\$ 106,487,248
-8.06	6,714	5,081	98,192,506
-12.10	7,401	5,695	103,538,837
-23.29	8,493	6,726	116,576,023
-14.68	11,120	8,984	144,772,031
0.03	11,326	9,237	169,320,058
17.35	11,566	9,566	167,520,964
31.05	10,073	8,642	140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978

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

Table 14

Taxpayer	2013-14			2004-05		
	Secondary Assessed Valuation	Ranking	As a Percent of Total City	Secondary Assessed Valuation	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 365,864	1	3.67 %	\$ 273,643	1	2.61 %
Southwest Gas Corporation	73,513	2	0.74	65,340	3	0.62
Century Link (Qwest Communications)	67,280	3	0.67	264,255	2	2.52
AT&T Corporation	38,846	4	0.39	47,267	5	0.45
Host Kierland LLC	38,457	5	0.39			
Metropolitan Life Insurance Company	26,586	6	0.27			
Starwood Hotels and Resorts	22,343	7	0.22	39,751	7	0.38
Verizon Wireless	21,861	8	0.22			
Phoenix Plaza PT LLC	21,533	9	0.22			
Target Corporation	20,555	10	0.21			
Honeywell				54,084	4	0.52
Cox Communications				41,364	6	0.39
Safeway Inc.				33,377	8	0.32
Westcor Malls				32,903	9	0.31
MONY/Pointe Resorts Partnerships				32,527	10	0.31
Total	<u>696,838</u>		<u>7.00 %</u>	<u>884,511</u>		<u>8.43 %</u>
City Total Secondary Assessed Valuation	<u>\$ 9,974,713</u>			<u>\$ 10,489,922</u>		

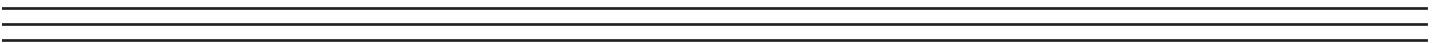
Sources: Maricopa County Assessor
 Arizona Department of Revenue
 City of Phoenix Finance Department



Statistical Section

Debt Capacity

These schedules present information regarding the City's current levels of outstanding debt and the City's capacity to issue additional debt.





City of Phoenix

City of Phoenix, Arizona
Legal Debt Margin -
General Obligation Bonds
 Last Ten Fiscal Years
 (in thousands)

Table 15

	Fiscal Year			
	2014	2013	2012	2011
6% Limitation				
Legal Debt Limitation	\$ 649,118	\$ 598,483	\$ 650,985	\$ 740,626
General Obligation Bonds Outstanding (1)	363,100	370,195	370,195	364,225
Less: Assets held in Restricted Redemption Funds	(247,025)	(290,812)	(321,451)	(337,282)
	<u>116,075</u>	<u>79,383</u>	<u>48,744</u>	<u>26,943</u>
Total Debt Margin Available	<u>\$ 533,043</u>	<u>\$ 519,100</u>	<u>\$ 602,241</u>	<u>\$ 713,683</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	17.88%	13.26%	7.49%	3.64%
20% Limitation				
Legal Debt Limitation	\$ 2,163,727	\$ 1,994,943	\$ 2,169,949	\$ 2,468,755
General Obligation Bonds Outstanding (1)	1,132,676	1,174,635	1,218,080	1,180,264
Less: Capital Appreciation (2)	-	(882)	(811)	(745)
	<u>1,132,676</u>	<u>1,173,753</u>	<u>1,217,269</u>	<u>1,179,519</u>
Total Debt Margin Available	<u>\$ 1,031,051</u>	<u>\$ 821,190</u>	<u>\$ 952,680</u>	<u>\$ 1,289,236</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	52.35%	58.84%	56.10%	47.78%
Secondary Assessed Valuation	<u>\$ 10,818,634</u>	<u>\$ 9,974,713</u>	<u>\$ 10,849,744</u>	<u>\$ 12,343,774</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									
		2010	2009	2008	2007	2006	2005				
\$	965,538	\$	1,131,674	\$	1,131,364	\$	964,129	\$	735,668	\$	685,177
	390,645		310,955		329,535		346,240		518,445		355,230
	(339,393)		(275,202)		(199,185)		(146,625)		(286,753)		(259,161)
	51,252		35,753		130,350		199,615		231,692		96,069
\$	914,286	\$	1,095,921	\$	1,001,014	\$	764,514	\$	503,976	\$	589,108
	5.31%		3.16%		11.52%		20.70%		31.49%		14.02%
\$	3,218,462	\$	3,772,248	\$	3,771,214	\$	3,213,763	\$	2,452,227	\$	2,283,924
	1,241,159		1,036,479		1,075,421		1,122,561		780,116		710,373
	(682)		(2,234)		(3,438)		(3,105)		(2,792)		(2,496)
	1,240,477		1,034,245		1,071,983		1,119,456		777,324		707,877
\$	1,977,985	\$	2,738,003	\$	2,699,231	\$	2,094,307	\$	1,674,903	\$	1,576,047
	38.54%		27.42%		28.43%		34.83%		31.70%		30.99%
\$	16,092,308	\$	18,861,238	\$	18,856,072	\$	16,068,816	\$	12,261,134	\$	11,419,619

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

Last Ten Fiscal Years
(in thousands)

	Total Debt Service	Total General Governmental Operating Expenditures (2)	Ratio of Debt Service to General Governmental Operating Expenditures
2013-14	\$ 43,096	\$ 1,898,389	2.3 %
2012-13	90,849	2,004,539	4.5
2011-12	121,861	1,911,330	6.4
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

(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 H-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
2014	\$ 332,258	\$ 224,563	\$ 107,695	\$ 23,145	\$ 28,489	2.09
2013	309,862	201,996	107,866	21,905	31,338	2.03
2012	299,633	190,127	109,506	25,655	33,768	1.84
2011	297,469	184,158	113,311	19,990	34,797	2.07
2010	274,521	183,231	91,290	18,880	35,708	1.67
2009	294,959	186,694	108,265	18,725	37,239	1.93
2008	300,858	188,152	112,706	9,697	22,735	3.48
2007	286,786	179,308	107,478	8,790	23,165	3.36
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

Fiscal Year Ended June 30,	Excise Tax Revenue Bonds (2)				Highway User Revenue Bonds (3)			
	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage
2014	\$ 816,923	\$ 31,095	\$ 40,794	11.36	\$ 102,009	\$ -	\$ -	-
2013	783,630	29,785	42,171	10.89	98,804	5,875	16,125	4.49
2012	747,595	12,875	35,016	15.61	90,368	6,266	15,734	4.11
2011	744,504	14,678	29,516	16.85	104,908	29,740	1,506	3.36
2010	744,615	28,425	41,975	10.58	103,979	28,285	2,961	3.33
2009	846,865	28,180	43,787	11.77	109,620	27,005	4,235	3.51
2008	884,160	27,855	47,280	11.77	125,289	25,840	5,405	4.01
2007	864,381	32,660	49,110	10.57	130,223	24,375	6,867	4.17
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

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

Table 17
(Continued)

Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30,	Rental Car Facility Charge Revenue Bonds (4)				Special Assessment Bonds (5)				Transit Excise Tax Revenue Bonds (6)			
	Customer Facility Charge		Special Assessment		Transit Excise Tax		Revenues		Principal		Interest	
	Revenues	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Revenues	Principal	Interest	Coverage
2014	\$ 41,858	\$ 8,285	\$ 12,992	1.97	\$ 50	\$ 18	\$ 8	1.92	\$111,068	\$ 25,595	\$ 15,037	2.73
2013	40,579	7,845	13,431	1.91	35	31	10	0.85	110,059	31,035	19,098	2.20
2012	41,538	7,435	13,838	1.95	55	58	13	0.77	106,185	27,215	20,526	2.22
2011	39,388	7,065	14,209	1.85	114	77	17	1.21	101,379	23,755	21,714	2.23
2010	35,122	6,735	14,542	1.65	70	88	15	0.68	86,465	20,560	22,742	2.00
2009	37,160	6,440	14,838	1.75	372	355	25	0.98	97,324	17,620	23,623	2.36
2008	37,565	6,180	15,098	1.77	643	664	55	0.89	115,914	14,910	24,369	2.95
2007	31,817	5,960	15,318	1.50	678	628	95	0.94	124,432	12,420	24,990	3.33
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

Fiscal Year Ended June 30,	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
2014	\$ 193,009	\$ 70,245	\$ 122,764	\$ 32,347	\$ 36,191	1.79	\$ 400,507	\$ 165,992	\$234,515	\$ 50,231	\$ 62,726	2.08
2013	194,611	70,244	124,367	25,082	37,705	1.98	425,937	164,137	261,800	43,436	65,244	2.41
2012	212,990	72,021	140,969	23,973	39,479	2.22	391,654	163,043	228,611	30,775	66,780	2.34
2011	211,876	71,740	140,136	28,151	41,564	2.01	354,311	168,488	185,823	42,094	69,738	1.66
2010	198,157	72,017	126,140	24,945	42,424	1.87	347,593	166,334	181,259	37,960	73,605	1.62
2009	190,927	71,552	119,375	18,640	44,195	1.90	331,861	160,814	171,047	18,310	54,127	2.36
2008	187,905	68,470	119,435	16,330	40,567	2.10	333,443	157,596	175,847	19,580	54,573	2.37
2007	177,471	62,954	114,517	13,380	30,818	2.59	313,707	142,740	170,967	17,815	53,663	2.39
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

(1) Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation.

(2) Includes debt service on bonds paid from airport revenues (fiscal years 2008-2011) and solid waste revenues.

(3) The final maturity of Highway User Revenue Bonds was paid on 7/1/2013.

(4) Includes Customer Facility Charge (CFC) receipts deposited into the Trustee-held Revenue Fund only. Revenues are derived primarily from daily usage fees paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current CFC is \$6.00 per transaction day, effective January 1, 2009. Of the \$6.00 rate, \$4.50 is considered Pledged Revenues and is required to be deposited into the Trustee-held Revenue Fund. The Pledged Revenues must be used to fund various accounts established under the Bond Indenture, including the debt service fund. The City may, but is not required to, deposit the CFC receipts generated by the additional \$1.50 into the Trustee-held Revenue Fund. If the additional \$1.50 is deposited into the Trustee-held Revenue Fund, the monies become Pledged Revenues and are subject to the same use restrictions as the \$4.50. In Fiscal Years 2009 through 2014, the City opted to deposit the entire \$6.00 CFC into the Trustee-held Revenue Fund.

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

(6) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by 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			
2014	\$ 1,430,205	\$ -	\$ 671,560	\$ 107	\$ 24,265	\$ 65,571	\$ 16,818	\$ 4,094,225	\$ 6,302,751	11.0 %	\$ 4,188
2013	1,472,180	-	739,170	125	25,630	73,532	17,701	4,246,165	6,574,503	12.0	4,425
2012	1,505,350	5,875	789,450	156	26,945	83,736	18,560	4,401,753	6,831,825	12.7	4,660
2011	1,450,025	12,141	821,455	215	26,970	95,209	17,896	4,516,528	6,940,439	13.0	4,775
2010	1,500,380	41,881	744,390	292	29,450	132,106	14,846	3,940,950	6,404,295	12.3	4,426
2009	1,200,792	70,166	784,020	260	30,625	148,876	-	4,022,342	6,257,081	11.0	3,757
2008	1,232,957	97,476	820,061	593	31,760	175,437	-	3,642,562	6,000,846	10.5	3,681
2007	1,262,652	123,816	857,461	1,257	32,870	209,254	28,745	3,123,256	5,639,311	10.3	3,535
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

(1) See Table 21 for personal income and population data. Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. Fiscal year 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census, which resulted in the addition of 1,496 persons.

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

Table 19

	Bonded Debt (in thousands)	Per Capita (3)	As a Percent of Valuations	
			Assessed	Estimated True
<u>Direct Bonded Debt (1)</u>				
2013-14	\$ 1,248,751	\$ 829.70	11.5 %	1.2 %
2012-13	1,254,900	844.64	12.6	1.3
2011-12	1,273,510	868.76	11.7	1.2
2010-11	1,220,093	839.44	9.9	1.0
2009-10	1,336,753	923.73	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	926.34	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
<u>Overlapping Bonded Debt (2)</u>				
2013-14	\$ 1,430,385	\$ 950.38	13.2 %	1.3 %
2012-13	1,351,438	909.62	13.5	1.4
2011-12	1,401,964	956.38	12.9	1.4
2010-11	1,383,443	951.83	11.2	1.2
2009-10	1,413,036	976.44	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	913.18	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
<u>Total Direct and Overlapping Bonded Debt</u>				
2013-14	\$ 2,679,136	\$ 1,780.08	24.7 %	2.5 %
2012-13	2,606,338	1,754.26	26.1	2.7
2011-12	2,675,474	1,825.14	24.6	2.6
2010-11	2,603,536	1,791.27	21.1	2.2
2009-10	2,749,789	1,900.17	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	1,839.52	18.3	2.1
2005-06	2,497,640	1,600.66	20.3	2.5
2004-05	2,400,376	1,573.60	21.0	2.6

(1) Includes all City bonded debt, net of assets held in General Obligation Restricted 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) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

City of Phoenix, Arizona
Direct and Overlapping Bonded Debt
 June 30, 2014
 (in thousands)

Table 20

	Bonded Debt	Less: Self- Supporting Debt	Net Bonded Debt
Direct Debt - City of Phoenix (1)(2)			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 353,225	\$ - 0	\$ 353,225
Solid Waste	9,875	9,875	-
20% Limitation			
Various Purpose	1,076,980	-	1,076,980
Airport	7,870	7,870	-
Water	33,685	33,685	-
Sanitary Sewer	14,141	14,141	-
Total General Obligation Bonds	<u>1,495,776</u>	<u>65,571</u>	<u>1,430,205</u>
Less: Assets Held in Restricted Early Redemption Funds			<u>(247,025)</u>
Net Direct Debt			<u>1,183,180</u>

	Bonded Debt	Valuation Percent to City	
Overlapping Debt (3)			
City Improvement Districts	\$ 107	100.00 %	107
Tatum Ranch Community Facilities District	1,185	100.00	1,185
Maricopa County Community College District	654,190	30.84	201,752
High School Districts			
Phoenix Union	299,505	96.30	288,423
Glendale Union	109,990	79.23	87,145
Tempe High	75,475	30.27	22,846
Tolleson Union	43,300	47.35	20,503
Agua Fria Union	48,970	0.01	5
Elementary School Districts			
No. 1 Phoenix	48,775	100.00	48,775
No. 2 Riverside	32,430	97.86	31,736
No. 3 Tempe	86,700	14.49	12,563
No. 6 Washington	74,725	97.34	72,737
No. 7 Wilson	6,185	100.00	6,185
No. 8 Osborn	30,700	99.93	30,679
No. 14 Creighton	30,400	86.24	26,217
No. 17 Tolleson	8,790	21.82	1,918
No. 21 Murphy	8,650	100.00	8,650
No. 28 Kyrene	138,715	41.72	57,872
No. 31 Balsz	18,345	94.04	17,252
No. 38 Madison	55,920	100.00	55,920
No. 45 Fowler	5,400	89.81	4,850
No. 48 Scottsdale (Unified)	242,463	13.59	32,951
No. 59 Laveen	18,175	83.10	15,103
No. 62 Union	2,065	94.30	1,947
No. 65 Littleton	11,845	14.44	1,710
No. 66 Roosevelt	56,190	98.77	55,499
No. 68 Alhambra	80	81.79	65
No. 69 Paradise Valley (Unified)	293,530	69.91	205,207
No. 79 Litchfield	30,000	0.02	6
No. 83 Cartwright	26,325	100.00	26,325
No. 92 Pendergast	15,915	40.31	6,415
No. 93 Cave Creek (Unified)	13,750	12.30	1,691
No. 97 Deer Valley (Unified)	156,175	55.16	86,146
Total Overlapping Debt	<u>\$ 2,644,970</u>		<u>1,430,385</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,613,565</u>

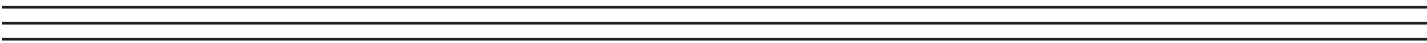
(1) Net of cash with fiscal agent for July 1, 2014 maturities.

(2) City of Phoenix Direct Debt includes voter-authorized General Obligation and Revenue Bonds, but does not include obligations of the City of Phoenix Civic Improvement Corporation or the Downtown Phoenix Hotel Corporation.

(3) Source: Maricopa County Finance Department



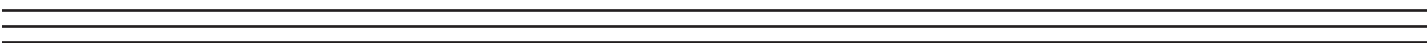
City of Phoenix



Statistical Section

**Economic and Demographic
Information**

These schedules offer economic and demographic indicators to show the environment within which the City's financial activities take place.



City of Phoenix, Arizona
Demographic Statistics
 June 30, 2014

Table 21

Fiscal Year	Population (June 30) (4)	Personal Income (in thousands)	Per Capita Income (1)	Median Age (2)	Elementary & High School Enrollment	Unemployment Rate (1)
2014	1,505,070	\$ 57,201,690	\$ 38,006 (3)	35.6	268,065	7.6%
2013	1,485,719	56,466,236	38,006 (3)	34.6	264,333	8.3%
2012	1,465,901	55,713,033	38,006 (3)	34.6	261,393	8.4%
2011	1,453,462	53,535,366	36,833	34.6	258,415	9.1%
2010	1,447,128	52,164,623	36,047	34.6	251,241	8.9%
2009	1,665,320	57,090,500	34,282	33.0	292,536	5.1%
2008	1,630,340	57,363,513	35,185	33.0	287,470	3.2%
2007	1,595,360	54,585,242	34,215	33.0	280,195	3.5%
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%

(1) Calendar Year

(2) For fiscal years 2010 through 2013, median age is based on the 2010 U.S. Census. For fiscal years 2004 through 2009, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2013 or 2014; therefore, 2012 calendar year per capita income was used.

(4) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

Source: City of Phoenix Planning and Development Services Department
 U.S Department of Commerce, Bureau of Economic Analysis
 Arizona Department of Education
 Arizona Department of Economic Security

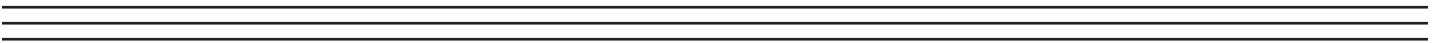
City of Phoenix, Arizona
Principal Employers
 Current Year and Nine Years Ago

Table 22

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	48,910	1	2.70%	49,147	1	2.74%
Wal-Mart	32,438	2	1.79%	19,510	2	1.09%
Banner Health	30,266	3	1.67%	14,447	4	0.81%
City of Phoenix	14,875	4	0.82%	13,617	5	0.76%
Wells Fargo	14,126	5	0.78%	11,000	8	0.61%
Maricopa County	13,341	6	0.74%	15,218	3	0.85%
Arizona State University	12,229	7	0.68%	10,530	9	0.59%
Intel Corp.	11,700	8	0.65%			
Scottsdale Lincoln Health Network	10,500	9	0.58%			
Honeywell International	10,000	10	0.55%			
Honeywell Aerospace				12,000	6	0.67%
US Postal Service				11,406	7	0.64%
Bashas ¹				9,646	10	0.54%

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

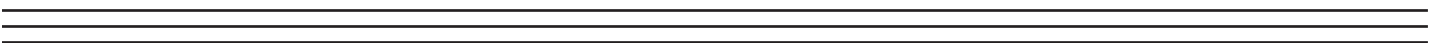
Note: Top employers in Maricopa County.
 Employee count is total Arizona employees



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

	2014	2013	2012	2011
AREA (square miles)	519.4	519.3	519.2	519.1
POPULATION AND DWELLING UNITS (1)				
City of Phoenix (2)(3)	1,505,070	1,485,719	1,465,901	1,453,462
Maricopa County (Metro Phoenix)	4,005,000	3,944,791	3,883,949	3,843,370
Number of Dwelling Units (City) (3)	600,589	596,676	594,190	592,591
CITY EMPLOYEES (4)				
Governmental:				
General Government	821	886	894	926
Criminal Justice	263	284	298	296
Public Safety	5,657	5,843	5,949	6,009
Transportation	667	688	717	727
Environmental Services	413	459	461	481
Community Enrichment	1,071	1,127	1,194	1,237
Community Development	684	689	680	704
Total Governmental Employees	9,576	9,976	10,193	10,380
Public Enterprise:				
Aviation	774	769	771	789
Phoenix Convention Center	199	222	221	234
Water Services	955	994	999	1,032
Wastewater Services	298	321	331	348
Solid Waste	541	531	544	564
Golf (5)	-	44	51	55
Total Public Enterprise Employees	2,767	2,881	2,917	3,022
Total Full-Time Employees	12,343	12,857	13,110	13,402
Governmental per 1,000 Population	6.4	6.7	7.0	7.1
PUBLIC SAFETY				
Police Protection				
Police Precincts	8	8	8	8
Police Employees	3,266	4,442	4,441	4,463
Dispatched Calls for Service	641,183	648,729	658,227	670,038
Total Calls for 911/Crimestop	2,242,800	2,130,339	2,131,868	2,068,318
Fire Protection				
Fire Stations	58	58	58	57
Fire Employees	1,912	1,947	1,972	1,945
Total Calls for Service	173,065	172,568	165,034	156,348
COMMUNITY ENRICHMENT				
Libraries				
Number	17	17	17	16
Total Stock (in thousands)	1,802	1,735	1,791	1,644
Circulation (in thousands)	10,428	11,159	14,465	13,840
Parks And Recreation				
Number of Playgrounds (6)	256	244	242	166
City Parks (number of acres)	45,313	46,634	46,032	44,517

- (1) Source: City of Phoenix Planning and Development Services Department
- (2) The population figures before 2010 are for the City of Phoenix's Metropolitan Planning area, which includes additional land area and population not located within the City of Phoenix corporate limits.
- (3) The City successfully appealed the 2010 census figures to add an additional 1,496 persons and 463 dwelling units. 2010, 2011 and 2012 figures have been adjusted to reflect the change.
- (4) Includes only full-time filled positions.
- (5) On March 6, 2013, City Council voted to eliminate the Golf Enterprise Fund. As of July 1, 2013, all activity of the City of Phoenix Municipal Golf program was reported in the governmental funds.
- (6) Beginning in 2012, Parks department started tracking individual playground structures instead of Parks that had playgrounds. Because many parks have two playgrounds - one for younger children and one for older children - the count is significantly higher than in previous years.

Table 23

(Continued)

2010	2009	2008	2007	2006	2005
519.1	519.1	517.9	517.2	515.9	515.0
1,447,128	1,665,320	1,630,340	1,595,360	1,560,380	1,525,400
3,817,117	3,759,766	3,725,530	3,649,508	3,542,582	3,393,669
590,612	583,515	576,610	568,127	556,643	544,804
1,008	1,210	1,339	1,341	1,357	1,333
309	345	361	359	354	349
6,193	6,405	6,486	6,069	5,945	5,730
774	788	824	810	807	778
521	483	482	474	466	458
1,317	1,386	1,613	1,671	1,577	1,605
720	785	893	1,005	969	884
10,842	11,402	11,998	11,729	11,475	11,137
775	775	762	751	716	710
258	268	197	188	176	172
1,041	1,046	1,050	1,008	1,079	1,057
315	306	302	298	236	230
582	590	538	528	503	491
61	60	61	64	64	65
3,032	3,045	2,910	2,837	2,774	2,725
13,874	14,447	14,908	14,566	14,249	13,862
7.5	6.8	7.4	7.4	7.4	7.3
6	6	6	6	6	6
4,819	4,949	4,961	4,378	4,169	3,999
656,331	760,650	823,497	890,665	899,214	892,092
1,991,401	2,091,799	2,435,385	2,650,475	2,575,793	2,650,215
58	57	57	52	52	50
1,972	2,037	2,105	2,002	1,885	1,873
146,203	145,714	145,279	149,058	153,037	149,553
16	16	15	15	14	14
1,736	1,751	2,165	2,537	1,963	2,179
14,447	14,152	15,835	14,987	12,991	12,264
164	164	164	154	149	143
41,966	41,966	37,991	38,059	37,716	37,599

Table 23

(Continued)

	2014	2013	2012	2011
TRANSPORTATION				
Public Transit Ridership				
Bus (in thousands)	38,903	39,044	38,440	37,425
Dial-a-Ride (in thousands)	347	336	337	328
Light Rail (in thousands) (6)	9,023	8,924	8,387	7,885
Traffic Control And Lighting				
Signalized Intersections	1,099	1,102	1,096	1,092
Street Lights in Use	90,380	90,613	95,592	91,133
Streets				
Miles of Streets	4,856	4,850	4,832	4,824
Miles Resurfaced and Sealed:				
Major/Collector Streets	18	11	10	85
Local Streets	100	77	183	41
COMMUNITY DEVELOPMENT				
Construction Permits (7)				
Number of Permits Issued	35,244	30,295	27,652	29,366
Market Value (in thousands)	\$2,805,861	\$2,964,395	\$2,845,334	\$2,881,360
AVIATION				
Scheduled Airlines Served	21	21	17	18
Aircraft Traffic Movements (in thousands)	867	934	963	941
Passengers Enplaned/Deplaned (in thousands)	41,093	40,565	40,554	39,561
PHOENIX CONVENTION CENTER				
Number of Conventions	53	58	58	50
WATER SERVICES				
Production (billion gallons)	97.6	97.8	100.8	99.9
Average Daily Production (million gallons)	266.9	267.8	275.5	273.6
Miles of Water Mains (8)	6,867	6,847	6,953	6,962
Number of Accounts	416,623	414,188	407,902	404,647
WASTEWATER SERVICES				
Miles of Sewer Lines (8)	4,833	4,816	4,984	4,980
Number of Accounts (9)	402,624	397,627	394,495	391,267
SOLID WASTE COLLECTION SERVICES				
Residences Served	400,075	397,624	395,785	394,159
City Disposal (tons)	564,452	566,509	599,952	645,038
Total Disposal (tons)	863,226	875,601	948,931	1,046,300
Total Recycling (tons)	106,708	107,237	105,695	109,805
GOLF				
Rounds of Golf Played	254,703	248,630	253,288	236,700
Acres of Golf Courses Maintained	922	922	922	755

(6) Light rail service began on 12/27/2008. Ridership data represents passenger boardings in the City of Phoenix only and does not include boardings in other cities.

(7) Construction permits include plumbing, electrical and mechanical permits, which are excluded from Table 13.

(8) Beginning in 2013, miles of water mains and sewer lines are reported from a GIS tracking system rather than the as built database, resulting in a more accurate count of mileage.

(9) In 2011, the methodology was changed to include accounts with partial months of service.

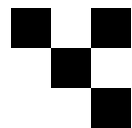
Table 23

(Continued)

2010	2009	2008	2007	2006	2005
38,476	48,061	45,543	44,109	45,381	43,096
354	396	391	411	409	393
7,576	3,486	-	-	-	-
1,080	1,072	1,012	992	979	963
90,870	89,844	89,632	86,524	82,971	79,732
4,811	4,799	4,799	4,995	4,886	4,782
20	60	22	13	21	38
89	74	82	97	122	147
28,185	33,541	33,550	43,894	46,442	41,269
\$2,589,067	\$3,347,275	\$3,440,591	\$5,431,182	\$4,474,346	\$4,379,205
19	19	21	22	22	25
984	1,038	1,085	1,130	1,083	1,006
38,289	37,936	41,646	41,886	41,673	40,529
70	60	54	49	40	49
97.9	99.2	106.6	106.0	109.4	102.1
267.9	271.8	291.2	290.4	299.9	279.8
6,955	6,935	6,905	6,790	6,630	6,377
403,104	402,926	403,752	401,937	394,155	383,011
4,975	4,960	4,943	4,730	4,696	4,584
373,123	373,588	374,555	373,035	364,555	353,099
392,830	390,479	386,389	379,047	366,903	355,345
649,616	709,812	711,365	732,360	719,438	711,265
975,234	1,039,169	1,054,206	1,150,580	1,114,186	1,106,600
112,800	119,402	128,047	126,100	126,400	124,121
246,147	255,847	299,000	313,000	326,000	326,000
755	724	922	922	922	922



City of Phoenix





City of Phoenix