

Issue Amount	Issue Description	Date of Final Official Statement	CUSIP No. of the Bonds	Captions Being Updated	Page No.
\$ 200,000,000	City of Phoenix Various Purpose General Obligation Bonds, Series 2004	03/03/04	718814TV8 718814UE4	Appendix A - City of Phoenix, Arizona - Description-	A-1
			718814TW6 718814UF1	Phoenix City Government (Fourth paragraph only)	
			718814UR5 718814UG9	Value of Building Permits (City of Phoenix)	
			718814TX4 718814UH7	New Housing Starts (City of Phoenix only)	
			718814US3 718814UJ3	Appendix B - City of Phoenix - Financial Data-	B-1
			718814TY2 718814UK0	Valuations	
			718814UT1 718814UL8	Basis of Property Assessments	
			718814TZ9 718814UM6	Full Cash Value History	
			718814UA2 718814UN4	Secondary Assessed Valuation History	
			718814UB0 718814UP9	Comparative Secondary Assessed Valuation by Classification, City of Phoenix	
			718814UC8 718814UQ7	Primary Assessed Valuation History (City of Phoenix only)	
			718814UD6	Tax Data (Collections)	
				Statement of Bonded Indebtedness	
				Annual Debt Service Requirements (General Obligation Bonded Debt Outstanding)	
				Direct General Obligation Bonded Debt Outstanding	
				Debt Limitation	
				Net Direct and Overlapping General Obligation Bonded Debt and Debt Ratios (Direct Only)	
				Other Long-Term Obligations	
				Short-Term Debt	
				Summary of Authorized, Issued and Unissued Bonds	
				2003-08 Capital Improvement Program Summary	
				Summary of 2003-08 Capital Improvement Program (All Sources of Funds)	
				Combined Schedules of Revenues, Expenditures and Encumbrances, Fund Balances and Transfers (All Operating Funds-Non-GAAP Budgetary Basis)	
				Fund Balances (All Operating Funds-Non-GAAP Budgetary Basis)	
				Transfers (All Operating Funds-Non-GAAP Budgetary Basis)	
				Appendix D - State Expenditure Limitation	D-1
				Appendix E - Retirement and Pension Plans	E-1

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Issue Amount	Issue Description	Date of Final Official Statement	CUSIP No. of the Bonds		Captions Being Updated	Page No.
\$ 278,015,000	City of Phoenix General Obligation Refunding Bonds, Series 2014	06/04/14	718814M52	718814N77	Appendix A - City of Phoenix, Arizona - Description-	
			718814M60	718814X43	Phoenix City Government (Fourth paragraph only)	A-17
			718814M86	718814X84	Value of Building Permits (City of Phoenix)	A-40
			718814M94	718814N93	New Housing Starts (City of Phoenix only)	A-40
			718814M78	718814X50	Appendix B - City of Phoenix - Financial Data-	B-1
			718814N36	718814X92	Valuations	
			718814N28	718814P34	Basis of Property Assessments	
			718814N51	718814X68	Full Cash Value History	
			718814N44	718814Y26	Secondary Assessed Valuation History	
				718814X76	Net Secondary Assessed Valuation by Classification, City of Phoenix	
				718814Y34	Primary Assessed Valuation History (City of Phoenix only)	
				718814P59	Tax Data (Collections)	
				718814P67	Statement of Bonded Indebtedness	
					Annual Debt Service Requirements (General Obligation Bonded Debt Outstanding)	
					Direct General Obligation Bonded Debt Outstanding	
					Debt Limitation	
					Net Direct and Overlapping General Obligation Bonded Debt and Debt Ratios (Direct Only)	
					Other Long-Term Obligations	
					Short-Term Debt	
					Summary of Authorized, Issued and Unissued Bonds	
					2013-18 Capital Improvement Program Summary	
					Summary of 2013-18 Capital Improvement Program (All Sources of Funds)	
					Combined Schedules of Revenues, Expenditures and Encumbrances, Fund Balances and Transfers (All Operating Funds-Non-GAAP Budgetary Basis)	
					Fund Balances (All Operating Funds-Non-GAAP Budgetary Basis)	
					Transfers (All Operating Funds-Non-GAAP Budgetary Basis)	
					Appendix D - State Expenditure Limitation	D-1
					Appendix E - Retirement and Pension Plans	E-1
					Appendix F - Health Care Benefits for Retired Employees	F-1

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Issue Amount	Issue Description	Date of Final Official Statement	CUSIP No. of the Bonds	Captions Being Updated	Page No.
\$ 68,305,000	City of Phoenix General Obligation Refunding Bonds, Series 2017	06/05/17	718814U20 718814U38 718814U46 718814U53 718814U61 718814U79 718814U87 718814U95 718814V29 718814V37	Appendix A - City of Phoenix, Arizona - Description- Phoenix City Government (Fourth paragraph only) Value of Building Permits New Housing Starts (City of Phoenix only) Appendix B - City of Phoenix - Financial Data- Valuations Basis of Property Assessments Full Cash Value History (City of Phoenix only) Limited Net Assessed Valuation History (City of Phoenix only) Limited Net Assessed Valuation by Classification Full Cash Net Assessed Valuation History (City of Phoenix only) Major Taxpayers Tax Data (Collections) Statement of Bonded Indebtedness Annual Debt Service Requirements (General Obligation Bonded Debt Outstanding) Direct General Obligation Bonded Debt Outstanding Debt Limitation Net Direct and Overlapping General Obligation Bonded Debt and Debt Ratios (Direct Only) Summary of Authorized, Issued and Unissued General Obligation Bonds Other Long-Term Obligations Short-Term Debt 2016-21 Capital Improvement Program Summary Summary of 2016-21 Capital Improvement Program (All Sources of Funds) Combined Schedules of Revenues, Expenditures and Encumbrances, Fund Balances and Transfers (All Operating Funds - Non-GAAP Budgetary Basis) Fund Balances (All Operating Funds Non-GAAP Budgetary Basis) Transfers (All Operating Funds - Non-GAAP Budgetary Basis) Appendix D - State Expenditure Limitation Appendix E - Retirement and Pension Plans Appendix F - Health Care Benefits for Retired Employees	A-19 A-44 A-44 B-1

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PHOENIX CITY GOVERNMENT

The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's 36 Departments/Functions, 19 Initiative/Projects and 15,646 employees include police, Municipal Court, fire protection, parks, recreation, libraries, sanitation, water, sewer, transportation (including streets and public transit), airports, building safety, public works, neighborhood improvement and housing, community and economic development and convention and cultural services. These services are being provided in fiscal year 2022-23 through an adopted operating budget of \$5,977.8 million. Of this, the general purpose funds budget totals \$1,731.3 million, which is for general municipal services and excludes enterprise activities such as water, sewer, refuse and airports and special revenue funds such as grants, secondary property taxes, Arizona Highway User Revenues, impact fees and voter-approved dedicated sales taxes.

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

Year	Residential	Commercial	Industrial	Other	Total
2022	\$ 802,660	\$ 2,926,484	\$ 1,974,967	\$ 3,111,992	\$ 8,816,103
2021	1,496,932	1,256,911	527,677	4,658,188	7,939,708
2020	1,379,302	1,481,012	234,211	3,169,478	6,264,003
2019	1,217,854	1,583,252	207,162	2,049,625	5,057,893
2018	1,125,341	1,158,984	334,010	1,818,854	4,437,189
2017	945,802	1,081,797	211,361	1,747,075	3,986,035
2016	862,071	1,062,657	225,377	1,588,603	3,738,708
2015	824,633	1,130,212	133,785	1,464,853	3,553,483
2014	635,000	1,040,100	206,052	1,270,957	3,152,109
2013	578,547	374,888	208,293	1,348,127	2,509,855

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

NEW HOUSING STARTS (1)

<u>Year</u>	<u>City of Phoenix</u>
2022 (2)	12,556
2021	11,492
2020	11,647
2019	9,474
2018	7,262
2017	6,806
2016	6,972
2015	4,611
2014	5,138
2013	3,131
2012	4,434

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

(2) Data through November 2022.

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

APPENDIX B

City of Phoenix, Arizona — Financial Data

VALUATIONS

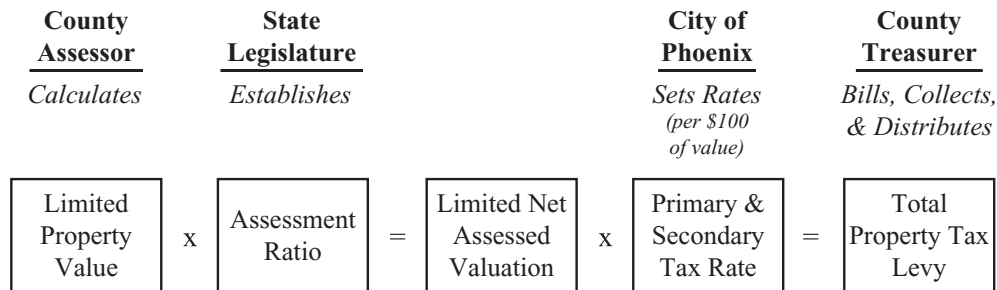
2022-23 Fiscal Year

Limited Net Assessed Valuation	\$ 15,490,531,936(1)
Total Property Tax Levy	327,314,939
Full Cash Value	232,423,574,149(2)

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

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

Arizona Property Tax System



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

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

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

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

Basis of Property Assessments (1)

Tax Year	Class 1 Mining, Utility, Commercial and Industrial(2)(3)(5)	Class 2 Vacant Land and Agricultural(3)(5)	Class 3 Primary Residential (Owner Occupied)	Class 4 Non-Primary Residential (includes Leased and Rented)	Class 5 Private Railroad Car Companies and Airline Flight Property(4)
2022	17.5%	15.0%	10.0%	10.0%	15.0%
2021	18.0	15.0	10.0	10.0	15.0
2020	18.0	15.0	10.0	10.0	15.0
2019	18.0	15.0	10.0	10.0	15.0
2018	18.0	15.0	10.0	10.0	14.0
2017	18.0	15.0	10.0	10.0	15.0
2016	18.0	15.0	10.0	10.0	14.0
2015	18.5	16.0	10.0	10.0	15.0
2014	19.0	16.0	10.0	10.0	16.0
2013	19.5	16.0	10.0	10.0	15.0

- (1) Additional classes of property exist, but do not amount to a significant portion of total valuation for the City of Phoenix. These classes consist of historic property; aerospace manufacturing property in a reuse zone; property in a foreign trade zone; environmental technology property for the first twenty years from the date placed in service and leasehold or other possessory interest in certain public property.
- (2) The assessment ratio for this property classification will decrease to 17.5% for tax year 2022, 17% for tax year 2023, 16.5% for tax year 2024, 16% for tax year 2025. Pursuant to Arizona Laws 2022, Fifty-Fifth Legislature, Second Session, Chapter 171 (Senate Bill 1093) (the “*SB1093 Legislation*”), Section 2, which was signed by the Governor of Arizona on April 22, 2022. The assessment ratios for this property classification will decrease to 15.5% for tax year 2026 and 15% for each tax year thereafter.
- (3) Legislation authorized by an amendment to the Constitution of Arizona by vote at the November 5, 1996 general election provided for a reduced assessment factor on commercial, industrial and agricultural personal property by granting exemptions. The exemption amount is adjusted annually for inflation by the Arizona Department of Revenue. The maximum exempt amounts for tax years, 2021 and 2022 are \$195,878 and \$207,366, respectively. Any portion of the full cash value in excess of those amounts will be assessed at the applicable assessment factor.
- (4) This percentage is determined annually pursuant to Arizona Revised Statutes Section 42-15005.
- (5) In addition, Arizona Laws 2022, Fifty-Fifth Legislature, Second Session, Chapter 103 (House Bill 2822) (the “*HB2822 Legislation*”), which was signed by the Governor of Arizona on March 30, 2022, updates the method of assessment valuation of certain types of property within this class for personal property that is acquired or initially classified during or after tax year 2022 by changing the valuation factor to two and one-half percent (2.5%) rather than the depreciation schedule currently used for such valuation.

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

Property Tax Procedures

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

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

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

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

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

Delinquent Tax Procedures

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

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

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

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

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

VALUATION HISTORY

Full Cash Value History

<u>Fiscal Year</u>	<u>City of Phoenix</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2022-23	\$232,423,574,149	\$717,773,815,395	\$1,019,590,781,744
2021-22	215,741,892,809	663,161,039,191	945,109,071,965
2020-21	198,012,408,578	607,928,072,929	875,031,115,207
2019-20	179,418,109,860	552,974,238,023	800,497,344,608
2018-19	164,275,190,973	508,477,424,166	739,955,361,749
2017-18	152,048,146,858	475,077,339,532	695,772,327,425
2016-17	140,141,257,980	443,207,234,847	656,511,478,502
2015-16	127,280,069,634	403,013,954,546	604,197,687,777
2014-15	106,487,248,298	339,536,632,619	526,147,191,080
2013-14	98,192,505,929	310,300,014,896	496,834,618,484

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

Limited Net Assessed Valuation History

<u>Fiscal Year</u>	<u>City of Phoenix</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2022-23	\$15,490,531,936	\$51,575,018,185	\$78,405,598,978
2021-22	14,800,877,416	48,724,126,672	74,200,233,397
2020-21	13,923,185,918	45,704,969,813	69,914,521,042
2019-20	13,223,017,360	43,194,326,395	66,154,632,834
2018-19	12,399,776,105	40,423,232,423	62,328,357,186
2017-18	11,721,385,399	38,251,891,249	59,404,007,785
2016-17	10,982,150,871	36,135,494,474	56,573,588,295
2015-16	10,577,031,720	34,623,670,323	54,840,074,052
2014-15	10,298,185,184	33,519,795,354	53,549,091,433
2013-14	9,889,798,785	31,996,204,979	52,141,911,206

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

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

<u>Fiscal Year</u>	<u>Commercial/ Utilities/ Industrial</u>	<u>Residential</u>	<u>Rural & Other</u>	<u>Total</u>
2022-23	\$6,105,702,694	\$9,053,200,045	\$331,629,197	\$15,490,531,936
2021-22	5,971,431,974	8,464,971,050	364,474,392	14,800,877,416
2020-21	5,650,658,475	7,965,352,886	307,174,557	13,923,185,918
2019-20	5,459,355,615	7,444,157,108	319,504,637	13,223,017,360
2018-19	5,159,913,759	6,938,818,656	301,043,690	12,399,776,105
2017-18	4,922,316,144	6,491,721,411	307,347,844	11,721,385,399
2016-17	4,642,739,507	6,062,572,209	276,839,155	10,982,150,871
2015-16	4,579,069,622	5,701,785,501	296,176,597	10,577,031,720
2014-15	4,700,793,219	5,788,310,977	329,529,990	10,818,634,186
2013-14	4,662,456,790	4,979,086,325	333,170,056	9,974,713,171

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

Source: Maricopa County Finance Department

Beginning in fiscal year 2015-16 (tax year 2015), primary and secondary levies are based on a single valuation, the limited net assessed valuation. Although no longer the basis for calculating secondary property tax levies, full cash net assessed valuations (previously referred to as secondary net assessed valuations) are the basis for calculating the City's debt limitation. See page B-11 for more detail on the debt limitation. The table set forth below presents historical full cash net assessed valuations.

Full Cash Net Assessed Valuation History

<u>Fiscal Year</u>	<u>City of Phoenix</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2022-23	\$23,045,115,141	\$72,238,314,892	\$103,872,223,919
2021-22	21,780,880,732	67,535,008,138	97,282,221,465
2020-21	19,889,713,798	61,824,712,434	90,007,317,461
2019-20	18,193,680,624	56,588,192,576	82,730,928,616
2018-19	16,665,875,186	51,944,549,129	76,437,036,352
2017-18	15,366,353,843	48,351,864,363	71,673,967,461
2016-17	14,008,918,676	44,850,741,762	67,264,430,756
2015-16	12,783,575,022	41,124,639,380	62,635,586,917
2014-15	10,818,634,186	35,079,646,593	55,353,879,728
2013-14	9,974,713,171	32,229,006,810	52,598,341,678

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

**City of Phoenix, Arizona
Major Property Taxpayers
2021-22**

<u>Taxpayer</u>	<u>2021-22 Limited Net Assessed Valuation</u>	<u>As % of City Total Limited Net Assessed Valuation</u>
Arizona Public Service Company	\$ 509,708,593	3.44%
Southwest Gas Corporation	115,929,161	0.78
CenturyLink (Qwest Communications)	43,051,530	0.29
Host Kierland LP	36,605,542	0.25
Esplanade Owner LP	34,167,288	0.23
Host Camelback I LLC	31,032,546	0.21
Phoenix Plaza PT LLC	27,968,232	0.19
Target Corporation	24,591,449	0.17
United Services Automobile Association	23,841,118	0.16
Bre Iconic ABR Owner LLC	21,339,843	0.14
Biltmore Center Owner LLC	20,196,513	0.14
Epic Apollo LLC	19,650,184	0.13
Kierland Greenway LLC	17,216,194	0.12
Verizon Wireless	17,040,774	0.12
Viola Lordsmeer LP	15,893,253	0.11
Arizona Grand Resort LLC	15,832,964	0.11
AGP Arizona Center Owner LLC	15,552,901	0.11
Biltmore Shopping Center Partners	15,038,143	0.10
Safeway Inc	14,820,721	0.10
Aligned Data Centers Phoenix Propco LLC	14,803,396	0.10
Total	<u>\$1,034,280,345</u>	<u>6.99%</u>

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

TAX DATA

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

<u>Fiscal Year</u>	<u>City's Primary Tax Rate Per \$100 Assessed</u>	<u>City's Secondary Tax Rate Per \$100 Assessed</u>	<u>City's Total Tax Rate Per \$100 Assessed</u>
2022-23	\$1.30	\$0.81	\$2.11
2021-22	1.31	0.81	2.12
2020-21	1.31	0.82	2.13
2019-20	1.31	0.82	2.13
2018-19	1.32	0.82	2.14
2017-18	1.34	0.82	2.16
2016-17	1.34	0.83	2.17
2015-16	1.34	0.48	1.82
2014-15	1.35	0.47	1.82
2013-14	1.47	0.35	1.82

Maricopa County assesses and collects all City property taxes. Property taxes are payable in two installments. The first installment is due on the first business day of October and becomes delinquent on the first business day of November. The second installment is due on the first business day of March and becomes delinquent on the first business day of May. Interest at the rate of 16% per annum attaches on first and second installments following delinquent dates. The following table sets forth the City's tax levy and the tax collection record for fiscal year 2022-23 and for the past nine fiscal years. It should be noted that the total collection figures for each fiscal year reflect amounts collected on such year's levy and amounts collected during such year on prior years' levies, but do not include penalties for delinquent payments.

<u>Fiscal Year</u>	<u>Tax Rate Per \$100 Assessed</u>	<u>Tax Levy</u>	<u>Current Collection(1)</u>		<u>Total Collection(2)</u>	
			<u>Amount</u>	<u>% of Levy</u>	<u>Amount</u>	<u>% of Levy</u>
2022-23	\$2.11	\$327,314,939	\$183,784,650	56.2%	\$186,724,643	57.1%
2021-22	2.12	313,719,398	304,788,851	97.2	308,458,724	98.3
2020-21	2.13	296,508,167	292,524,970	98.7	297,345,416	100.3
2019-20	2.13	281,597,378	273,728,062	97.2	277,286,090	98.5
2018-19	2.14	265,404,808	260,407,895	98.1	263,688,880	99.4
2017-18	2.16	253,181,925	248,097,481	98.0	249,999,942	98.7
2016-17	2.17	238,312,673	234,999,427	98.6	237,091,724	99.5
2015-16	1.82	192,501,977	189,460,339	98.4	191,769,813	99.6
2014-15	1.82	189,851,743	185,764,231	97.8	187,935,914	99.0
2013-14	1.82	180,294,595	176,225,784	97.7	179,288,375	99.4

(1) Reflects amounts collected on each year's levy through June 30, the end of the fiscal year, and the current fiscal year through December 2022.

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

Source: Maricopa County Treasurer's Office

**Total Direct And Overlapping Tax Rates
Per \$100 Assessed Valuation (1)
For Fiscal Year 2022-23**

<u>Overlapping Municipality</u>	<u>Total Tax Rate Inside City of Phoenix</u>
Inside Agua Fria Union High School District No. 216	
Inside Litchfield Elementary School District No. 79 (3)	\$ 11.7360
Inside Glendale Union High School District No. 205	
Inside Washington Elementary School District No. 6 (3)	13.4479
Inside Phoenix Union High School District No. 210	
Inside Phoenix Elementary School District No. 1	14.7860
Inside Riverside Elementary School District No. 2	13.1801
Inside Isaac Elementary School District No. 5	17.6394
Inside Wilson Elementary School District No. 7	14.2908
Inside Osborn Elementary School District No. 8	13.9557
Inside Creighton Elementary School District No. 14	14.2921
Inside Murphy Elementary School District No. 21	13.3217
Inside Balsz Elementary School District No. 31	13.2756
Inside Madison Elementary School District No. 38	13.5757
Inside Laveen Elementary School District No. 59	17.0297
Inside Roosevelt Elementary School District No. 66	16.1895
Inside Alhambra Elementary School District No. 68	16.4513
Inside Cartwright Elementary School District No. 83 (3)	18.9965
Inside Tempe Union High School District No. 213	
Inside Tempe Elementary School District No. 3 (2)	12.0239
Inside Kyrene Elementary School District No. 28 (2)	11.1186
Inside Tolleson Union High School District No. 214	
Inside Tolleson Elementary School District No. 17 (3)	15.0335
Inside Fowler Elementary School District No. 45 (3)	14.1203
Inside Union Elementary School District No. 62 (3)	15.2643
Inside Littleton Elementary School District No. 65 (3)	15.8552
Inside Pendergast Elementary School District No. 92 (3)	16.4105
Inside Scottsdale Unified School District No. 48 (2)	8.5511
Inside Paradise Valley Unified School District No. 69 (3)	11.1685
Inside Cave Creek Unified School District No. 93	6.7857
Inside Deer Valley Unified School District No. 97 (3)	11.1455

(1) Included in the computation for each of the overlapping municipalities is the City of Phoenix tax rate of \$2.1130, the Maricopa County tax rate of \$1.2473, the Maricopa County Flood Control District tax rate of \$0.1592, the Central Arizona Water Conservation District tax rate of \$0.1400, the Maricopa County Library District tax rate of \$0.0505, the Volunteer Fire District Assistance tax rate of \$0.0082, the Maricopa Special Health Care District tax rate of \$0.2488 and the Maricopa County Community College District tax rate of \$1.1894.

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

(3) Includes the West Maricopa Education Center tax rate of \$0.1538

Source: Maricopa County Treasurer's Office

STATEMENT OF BONDED INDEBTEDNESS

Direct General Obligation Bonded Debt Outstanding

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Bonds Outstanding As of 1-1-23</u>
03-01-04	\$ 200,000,000	Various Improvements	7-1-10/28	\$ 14,720,000
10-27-09	280,955,000	Various Improvements (Taxable)	7-1-20/34	237,495,000(1)
10-27-09	117,195,000	Refunding	7-1-11/23	3,615,000
06-12-12	16,640,000	Various Improvements (Taxable)	7-1-21/23	2,895,000
06-24-14	278,015,000	Refunding	7-1-19/27	115,165,000
09-13-16	226,215,000	Refunding	7-1-18/27	206,415,000
06-21-17	68,305,000	Refunding	7-1-13/27	14,185,000
05-25-22	146,400,000	Refunding	7-1-23/34	146,400,000
Net Direct General Obligation Bonded Debt Outstanding				<u>\$740,890,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 92,990,000	\$ 36,577,549	\$129,567,549
2023-24	102,280,000	31,711,483	133,991,483
2024-25	99,430,000	27,012,585	126,442,585
2025-26	108,085,000	22,279,728	130,364,728
2026-27	108,600,000	17,013,069	125,613,069
2027-28	42,000,000	11,584,431	53,584,431
2028-29	28,340,000	9,726,833	38,066,833
2029-30	29,445,000	8,256,060	37,701,060
2030-31	30,590,000	6,728,194	37,318,194
2031-32	31,785,000	5,141,169	36,926,169
2032-33	33,025,000	3,492,429	36,517,429
2033-34	34,320,000	1,779,646	36,099,646
	<u>\$740,890,000</u>	<u>\$181,303,176</u>	<u>\$922,193,176</u>

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

Prior to the pandemic, the City Council appointed a Citizen-based Fiscal Capacity Committee to determine the City's capacity for implementing a new general obligation bond program (the "2023 GO Bond Program"). On June 7, 2022, City Council approved moving forward with a \$500 million 2023 GO Bond Program, as recommended by the Fiscal Capacity Committee. On June 1, 2022, the City Council appointed a citizen-based 2023 GO Bond Program Executive Committee as well as eight program area subcommittees to analyze and prioritize the City's unfunded capital needs. On December 13, 2022, City Council approved the \$500 million of projects recommended by the 2023 GO Bond Program Executive Committee. The City anticipates the proposed 2023 GO Bond Program will be on the November 2023 ballot to be approved by voters.

DEBT LIMITATION

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. The full cash net assessed valuation for 2022-23 is \$23,045,115,140. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's full cash net assessed valuation. Unused borrowing capacity as of January 1, 2023 is shown below.

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

20% Constitutional Limitation	\$4,609,023,028
Less: Direct General Obligation Bonds Outstanding	664,065,000(1)
Debt Limit Reduction from Refunding(2)	47,631,872
Unused 20% Limitation Borrowing Capacity	<u>\$3,897,326,156</u>

All Other General Obligation Bonds

6% Constitutional Limitation	\$1,382,706,908
Less: Direct General Obligation Bonds Outstanding	76,825,000(1)
Debt Limit Reduction from Refunding(2)	14,779,763
Unused 6% Limitation Borrowing Capacity	<u>\$1,291,102,145</u>

- (1) Represents general obligation bonds outstanding as of January 1, 2023.
- (2) Per A.R.S. Section 35-473.01.I, refunding bonds issued on or after August 6, 2016 may cause a reduction in available debt limits based on the nature of the refunded bonds (each, a "Debt Limit Reduction from Refunding"). If the principal amount of the refunded bonds is greater than the principal amount of the bonds that are refunding them and net premium is used to fund the escrow, then the difference in principal amounts will constitute a Debt Limit Reduction from Refunding.

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

	As of January 1, 2023(1)
City of Phoenix	\$ 740,890,000
Maricopa County Community College District	75,095,000
Maricopa County Special Health Care District	196,190,000
Various Elementary School Districts	672,825,000
Various High School Districts	503,436,000
Various Unified School Districts	363,343,000
Total Direct and Overlapping General Obligation Bonded Debt	<u>\$2,511,779,000</u>

- (1) The total direct debt of the City of Phoenix is as of January 1, 2023. The direct debt for the other districts is as of July 1, 2022, the latest available data.

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

The CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the District and to assist in repayment of the Central Arizona Project capital costs to the United States. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of Central Arizona Project water) and a tax levy against all taxable property in the District. Currently, the tax levy is limited by Arizona Revised Statutes to \$0.14 per \$100 of assessed valuation. There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. The CAWCD has levied a tax of \$0.14 per \$100 of assessed valuation for the 2022-23 fiscal year.

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

		As Percent of City's 2022-23	
	Per Capita Debt (Pop. Est. 1,648,257) (2)	Limited Net Assessed Valuation	Full Cash Valuation
Direct General Obligation Bonded Debt Outstanding	\$ 449.50	4.78%	0.32%
Direct and Overlapping General Obligation Bonded Debt Outstanding	1,548.17	16.47	1.10

- (1) Represents direct debt and overlapping general obligation bonds outstanding as of January 1, 2023.
- (2) The City of Phoenix population is as of July 1, 2021, the most recently available figure from the U.S. 2020 decennial Census.

Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
As of July 1, 2022
(in thousands)

<u>Overlapping Municipality</u>	<u>2022-23 Limited Net Assessed Valuation</u>	<u>Net Bonded Debt</u>	<u>Approximate Applicable Percent</u>	<u>Net Overlapping Bonded Debt</u>	<u>2022-23 Tax Rate Per \$100 Assessed</u>
State of Arizona	\$ 78,405,599	\$ —	19.76%	\$ —	\$ —
Maricopa County	51,575,018	—	30.03	—	—
Maricopa County Community College District	51,575,018	250,065	30.03	75,095	—
Maricopa County Special Health Care District	51,932,898	657,695	29.83	196,190	—
Elementary School Districts:					
Phoenix Elementary School District No. 1	859,063	47,360	100.00	47,360	5.0235
Riverside Elementary School District No. 2	460,796	37,750	97.88	36,950	3.4176
Tempe Elementary School District No. 3	1,883,101	125,565	14.00	17,579	4.4733
Isaac Elementary School District No. 5	175,650	—	100.00	—	7.8769
Washington Elementary School District No. 6	1,545,562	104,015	97.39	101,300	4.4530
Wilson Elementary School District No. 7	137,692	3,010	100.00	3,010	4.5283
Osborn Elementary School District No. 8	525,072	48,415	99.95	48,391	4.1932
Creighton Elementary School District No. 14	536,741	42,595	87.22	37,151	4.5296
Tolleson Elementary School District No. 17	257,911	22,705	17.67	4,012	4.3092
Murphy Elementary School District No. 21	126,168	—	100.00	—	3.5592
Kyrene Elementary School District No. 28	2,524,452	182,955	39.88	72,962	3.5680
Balsz Elementary School District No. 31	380,659	26,445	93.98	24,853	3.5131
Madison Elementary School District No. 38	1,239,316	93,875	100.00	93,875	3.8132
Glendale Elementary School District No. 40	364,273	40,180	—	—	5.5154
Fowler Elementary School District No. 45	459,857	—	88.42	—	3.3960
Laveen Elementary School District No. 59	298,016	21,895	85.48	18,716	7.2672
Union Elementary School District No. 62	95,817	7,135	96.73	6,902	4.5400
Littleton Elementary School District No. 65	348,508	22,695	16.62	3,772	5.1309
Roosevelt Elementary School District No. 66	778,704	73,485	98.90	72,677	6.4270
Alhambra Elementary School District No. 68	369,432	38,980	80.50	31,379	6.6888
Litchfield Elementary School District No. 79	1,226,791	43,385	0.03	13	3.3035
Cartwright Elementary School District No. 83	306,967	32,895	100.00	32,895	9.0802
Pendergast Elementary School District No. 92	445,258	47,180	40.33	19,028	5.6862
High School Districts:					
Glendale Union High School District No. 205	1,909,834	135,580	78.82	106,864	3.6847
Phoenix Union High School District No. 210	6,194,276	388,570	96.36	374,426	4.6061
Tempe Union High School District No. 213	4,407,553	76,755	28.82	22,121	2.3442
Tolleson Union High School District No. 214	1,607,351	—	48.67	—	5.4141
Agua Fria Union High School District No. 216	1,825,896	123,255	0.02	25	3.1223
Unified School Districts:					
Scottsdale Unified School District No. 48	6,406,818	302,834	13.85	41,943	3.3447
Paradise Valley Unified School District No. 69	4,251,312	326,641	69.28	226,297	5.8583
Cave Creek Unified School District No. 93	2,439,936	27,205	13.77	3,746	1.6293
Deer Valley Unified School District No. 97	3,234,501	164,875	55.41	91,357	5.8353
Total Overlapping General Obligation Bonded Debt . . .				<u>\$ 1,810,889</u>	

Source: Maricopa County Finance Department

**Authorized and Unissued Bonds of Overlapping Jurisdictions
As of January 1, 2023**

<u>Jurisdictions</u>	<u>Authorized and Unissued Bonds</u>
Balsz Elementary School District No. 31	\$ 10,500,000
Cartwright Elementary School District No. 83	30,000,000
Deer Valley Unified School District No. 97	95,385,000
Fowler Elementary School District No. 45	30,000,000
Kyrene Elementary School District No. 28	19,450,000
Laveen Elementary School District No. 59	19,470,000
Madison Elementary School District No. 38	55,000,000
Maricopa County Community College District	3,000
Murphy Elementary School District No. 21	2,015,000
Pendergast Elementary School District No. 92	44,090,000
Phoenix Elementary School District No. 1	97,000,000
Riverside Elementary School District No. 2	47,393,971
Roosevelt Elementary School District No. 66	60,000,000
Tempe Elementary School District No. 3	216,500,000
Tempe Union High School District No. 213	100,000,000
Tolleson Union High School District No. 214	82,800,000
Union Elementary School District No. 62	25,000,000
Washington Elementary School District No. 6	135,000,000

SUMMARY OF AUTHORIZED, ISSUED AND UNISSUED GENERAL OBLIGATION BONDS

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

(1) This is the original authorization of those 1988, 2001 and 2006 authorizations which still have a portion unissued.

OTHER LONG-TERM OBLIGATIONS

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

Under the terms of these agreements, the City has agreed to make lease and purchase payments in amounts sufficient to pay principal and interest on bonds issued by the Corporation to finance the facilities, and has pledged its excise tax collections for these payments. The City’s excise tax collections in 2017-18 totaled \$925.9 million, in 2018-19 totaled \$977.0 million, in 2019-20 totaled \$1,001.3 million, in 2020-21 totaled \$1,112.3 million, and in 2021-22 totaled \$1,252.2 million.

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

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

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

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

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

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

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

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

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

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

On October 1, 2021, the City executed and delivered \$60 million in subordinated excise tax obligations. The City redeemed those obligations on July 1, 2022.

As of January 1, 2023 there are no Senior Obligations outstanding, but the senior lien priority remains available for future use if necessary.

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
06-21-12	\$ 17,510,000	Municipal Facilities Refunding	7-1-14/25	4.62%	\$ 220,000
05-12-15	319,305,000	Municipal Facilities Refunding(1)	7-1-17/41	4.98	275,365,000
05-12-15	60,895,000	Municipal Facilities Refunding (Taxable)	7-1-16/35	3.34	36,925,000
06-01-17	116,835,000	Municipal Facilities	7-1-18/32	4.39	66,865,000
06-01-17	101,895,000	Municipal Facilities Refunding(2)	7-1-19/29	4.64	53,670,000
08-25-20	131,595,000	Municipal Facilities(3)	7-1-21/45	4.68	129,025,000
08-25-20	150,000,000	Municipal Facilities-Arena (Taxable)	7-1-21/45	2.36	140,675,000
08-25-20	116,685,000	Municipal Facilities Refunding (Taxable)	7-1-23/36	1.50	116,685,000
08-03-22	131,650,000	Municipal Facilities	7-1-25/47	5.00	131,650,000
Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Bonded Debt					<u><u>\$951,080,000</u></u>

- (1) Debt service requirements on \$22,825,000 of these obligations are supported by solid waste revenues.
- (2) Debt service requirements on \$5,340,000 of these obligations are supported by solid waste revenues.
- (3) Debt service requirements on \$30,000,000 of these obligations are supported by solid waste revenues.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 60,995,000	\$ 37,138,120	\$ 98,133,120
2023-24	61,825,000	35,589,419	97,414,419
2024-25	60,805,000	33,483,832	94,288,832
2025-26	62,830,000	31,196,692	94,026,692
2026-27	56,190,000	28,771,203	84,961,203
2027-28	53,135,000	26,699,794	79,834,794
2028-29	49,590,000	24,866,684	74,456,684
2029-30	40,295,000	23,171,224	63,466,224
2030-31	41,855,000	21,616,525	63,471,525
2031-32	42,875,000	19,967,865	62,842,865
2032-33	40,235,000	18,244,693	58,479,693
2033-34	39,305,000	16,565,747	55,870,747
2034-35	41,010,000	14,856,623	55,866,623
2035-36	39,740,000	13,064,300	52,804,300
2036-37	30,955,000	11,287,533	42,242,533
2037-38	32,325,000	9,916,926	42,241,926
2038-39	33,755,000	8,482,738	42,237,738
2039-40	35,260,000	6,981,969	42,241,969
2040-41	36,825,000	5,411,091	42,236,091
2041-42	17,250,000	3,757,406	21,007,406
2042-43	17,915,000	3,087,932	21,002,932
2043-44	18,615,000	2,390,786	21,005,786
2044-45	19,345,000	1,664,383	21,009,383
2045-46	8,855,000	907,500	9,762,500
2046-47	9,295,000	464,750	9,759,750
	<u><u>\$951,080,000</u></u>	<u><u>\$399,585,735</u></u>	<u><u>\$1,350,665,735</u></u>

The City entered into a Revolving Credit Agreement dated June 4, 2020 (the “*Transportation Excise Tax Revolving Credit Agreement*”) with Bank of America, N.A. (the “*Transportation Excise Tax Credit Agreement Provider*”) which extended an initial loan of \$200,000,000 to finance transportation improvements.

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

<u>Loan Issue Date</u>	<u>Loan Amount</u>	<u>Purpose</u>	<u>Loans Outstanding As of 1-1-23</u>
06-04-2020	\$200,000,000	Transportation Improvements	\$200,000,000

The Transportation Excise Revolving Credit Agreement remains in effect and provides for a three-year loan period, ending on June 2, 2023 (the “*Credit Commitment Period*”), during which the City may borrow, repay and re-borrow amounts, but not exceeding \$200,000,000 outstanding in the aggregate at any one time (each a “Loan”). Loans made under the Transportation Excise Tax Revolving Credit Agreement will be payable solely from the Transit Sales Tax. For more information on the Transit Sales Tax see, “*Other Long-Term Obligations*”. If the City elects to borrow additional amounts under the Transportation Excise Revolving Credit Agreement that are outstanding at the end of the Credit Commitment Period, the City can, subject to certain conditions, convert the borrowing to a three-year term loan payable in twelve equal quarterly principal installments ending on June 2, 2026.

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

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

The 2003 Legislation also requires the State Auditor General to conduct or contract for an economic and fiscal impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under an amendment to the 2003 Legislation, beginning in 2014 and each year thereafter, if the Auditor General determines that the State has paid more in cumulative distributions than has been received in incremental revenue to the State general fund as a result of the Convention Center Project, the State can withhold State-Shared Sales Taxes from the next regularly scheduled distribution in an amount necessary to remedy the cumulative deficiency. The 2022 Economic and Fiscal Impact Analysis Update report released by the State Auditor General stated that from calendar year 2009 through calendar year 2021, the Phoenix Convention Center generated \$12.8 million more in incremental revenue to the State general fund than had been paid out in cumulative distributions. Assuming moderate levels of event demand and inflationary growth of visitor spending, the report projects the Phoenix Convention Center would continue to have a net positive impact on the State general fund, but the City is unable to predict at this time whether the State may pay more in cumulative distributions than it receives in incremental revenue as a result of the Convention Center Project or to what extent State-Shared Revenues may be withheld or what defenses the City may have to such action. A debt service schedule for the State Distribution Bonds is set forth on the following page.

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
10-06-05	\$275,362,351.75	Convention Center Expansion	7-1-12/44	4.72%	\$248,145,547.95
Total State of Arizona Distribution Revenue Bonded Debt					<u>\$248,145,547.95</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Compounded Interest</u>	<u>Total Debt Service</u>
2022-23	\$ 3,882,660.70	\$ 19,529,400.00	\$ 1,587,339.30	\$ 24,999,400.00
2023-24	4,443,799.80	19,228,550.00	1,826,200.20	25,498,550.00
2024-25	5,027,387.85	18,883,700.00	2,087,612.15	25,998,700.00
2025-26	5,639,202.30	18,492,375.00	2,365,797.70	26,497,375.00
2026-27	6,287,082.70	18,052,100.00	2,657,917.30	26,997,100.00
2027-28	6,972,383.00	17,560,125.00	2,962,617.00	27,495,125.00
2028-29	7,697,628.90	17,013,700.00	3,287,371.10	27,998,700.00
2029-30	8,465,538.90	16,409,525.00	3,624,461.10	28,499,525.00
2030-31	9,274,258.40	15,744,575.00	3,980,741.60	28,999,575.00
2031-32	10,123,692.00	15,015,550.00	4,356,308.00	29,495,550.00
2032-33	11,032,587.00	14,219,150.00	4,747,413.00	29,999,150.00
2033-34	11,637,351.75	13,351,250.00	5,007,648.25	29,996,250.00
2034-35	12,267,767.20	12,435,775.00	5,292,232.80	29,995,775.00
2035-36	12,935,793.00	11,469,975.00	5,594,207.00	29,999,975.00
2036-37	13,634,005.65	10,450,825.00	5,910,994.35	29,995,825.00
2037-38	14,372,964.80	9,375,850.00	6,247,035.20	29,995,850.00
2038-39	15,164,105.20	8,241,750.00	6,590,894.80	29,996,750.00
2039-40	15,997,068.00	7,045,225.00	6,952,932.00	29,995,225.00
2040-41	16,878,823.60	5,782,975.00	7,336,176.40	29,997,975.00
2041-42	17,805,886.80	4,451,150.00	7,739,113.20	29,996,150.00
2042-43	18,785,228.00	3,046,175.00	8,164,772.00	29,996,175.00
2043-44	19,820,332.40	1,563,925.00	8,614,667.60	29,998,925.00
Total	<u>\$248,145,547.95</u>	<u>\$277,363,625.00</u>	<u>\$106,934,452.05</u>	<u>\$632,443,625.00</u>

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

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
03-05-13	\$196,600,000	Airport Improvements Refunding	7-1-14/32	4.99%	\$125,455,000
11-21-17	190,930,000	Airport Improvements	7-1-18/47	5.00	176,045,000
11-21-17	173,440,000	Airport Improvements Refunding	7-1-21/38	5.00	162,340,000
11-28-18	226,180,000	Airport Improvements	7-1-19/48	4.87	213,505,000
Total Senior Lien Airport Revenue Bonded Debt					<u><u>\$677,345,000</u></u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 24,455,000	\$ 33,667,250	\$ 58,122,250
2023-24	25,690,000	32,444,500	58,134,500
2024-25	26,970,000	31,160,000	58,130,000
2025-26	28,325,000	29,811,500	58,136,500
2026-27	29,735,000	28,395,250	58,130,250
2027-28	31,225,000	26,908,500	58,133,500
2028-29	32,780,000	25,347,250	58,127,250
2029-30	34,425,000	23,708,250	58,133,250
2030-31	36,145,000	21,987,000	58,132,000
2031-32	37,955,000	20,179,750	58,134,750
2032-33	23,600,000	18,282,000	41,882,000
2033-34	24,785,000	17,102,000	41,887,000
2034-35	26,025,000	15,862,750	41,887,750
2035-36	27,325,000	14,561,500	41,886,500
2036-37	28,685,000	13,195,250	41,880,250
2037-38	30,120,000	11,761,000	41,881,000
2038-39	16,650,000	10,255,000	26,905,000
2039-40	17,480,000	9,422,500	26,902,500
2040-41	18,355,000	8,548,500	26,903,500
2041-42	19,275,000	7,630,750	26,905,750
2042-43	20,240,000	6,667,000	26,907,000
2043-44	21,250,000	5,655,000	26,905,000
2044-45	22,280,000	4,622,500	26,902,500
2045-46	23,365,000	3,538,500	26,903,500
2046-47	24,505,000	2,400,250	26,905,250
2047-48	25,700,000	1,205,000	26,905,000
	<u><u>\$677,345,000</u></u>	<u><u>\$424,318,750</u></u>	<u><u>\$1,101,663,750</u></u>

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

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
09-01-10	\$ 21,345,000	Airport Improvements	7-1-40	6.60%	\$ 21,345,000(1)(2)
12-15-15	95,785,000	Airport Improvements	7-1-16/45	4.87	84,515,000(3)
12-15-15	18,655,000	Airport Refunding	7-1-34	5.00	18,655,000(1)
12-21-17	474,725,000	Airport Refunding	7-1-21/40	4.67	442,590,000(1)
12-11-19	341,095,000	Airport Improvements	7-1-41/49	4.48	341,095,000(4)
12-11-19	392,005,000	Airport Improvements	7-1-20/49	4.63	388,895,000
12-11-19	29,435,000	Airport Refunding	7-1-23/25	2.29	29,435,000
Total Junior Lien Airport Revenue Bonded Debt					<u>\$1,326,530,000</u>

- (1) 100% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport. The passenger facility charge is currently imposed at the rate of \$4.50 per qualifying enplaned passenger, and is required to be remitted to the City less any accrued interest and an \$0.11 per passenger facility charge airline collection fee.
- (2) Represents bonds issued as Recovery Zone Economic Development Bonds ("RZEDB") for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. Subject to the City's compliance with certain requirements of the Code, the City expects to receive semiannual cash subsidy payments rebating a portion of the interest on these bonds from the United States Treasury in an amount equal to 45% of the interest payable each respective interest payment date. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy payments over the past several years. The reduction is 5.7% for the federal government's fiscal year ending September 30, 2023 (the "Sequester Reductions"). The City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.
- (3) 30% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.
- (4) 93% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 36,215,000	\$ 61,723,903	\$ 97,938,903
2023-24	37,760,000	60,181,812	97,941,812
2024-25	39,380,000	58,563,587	97,943,587
2025-26	30,820,000	56,858,376	87,678,376
2026-27	32,355,000	55,317,377	87,672,377
2027-28	33,980,000	53,699,626	87,679,626
2028-29	35,675,000	52,000,626	87,675,626
2029-30	37,460,000	50,216,876	87,676,876
2030-31	39,325,000	48,343,877	87,668,877
2031-32	41,305,000	46,377,626	87,682,626
2032-33	43,365,000	44,312,376	87,677,376
2033-34	44,190,000	42,144,127	86,334,127
2034-35	47,640,000	40,113,970	87,753,970
2035-36	50,015,000	37,731,970	87,746,970
2036-37	52,500,000	35,249,670	87,749,670
2037-38	54,960,000	32,787,970	87,747,970
2038-39	57,185,000	30,567,170	87,752,170
2039-40	59,490,000	28,256,170	87,746,170
2040-41	52,655,000	25,170,950	77,825,950
2041-42	55,095,000	22,738,600	77,833,600
2042-43	57,630,000	20,194,250	77,824,250
2043-44	60,290,000	17,533,700	77,823,700
2044-45	63,070,000	14,751,250	77,821,250
2045-46	61,750,000	11,885,375	73,635,375
2046-47	64,525,000	9,107,925	73,632,925
2047-48	67,430,000	6,205,200	73,635,200
2048-49	70,465,000	3,171,137	73,636,137
	<u>\$1,326,530,000</u>	<u>\$965,205,496</u>	<u>\$2,291,735,496</u>

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

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

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
12-5-19	\$244,245,000	Rental Car Facility	7-1-28/45	4.71%	\$244,245,000
12-5-19	60,485,000	Rental Car Facility Refunding	7-1-20/28	2.49	42,920,000
Total Rental Car Facility Charge Bonded Debt					<u>\$287,165,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 7,825,000	\$ 12,719,550	\$ 20,544,550
2023-24	7,995,000	12,545,365	20,540,365
2024-25	8,185,000	12,359,401	20,544,401
2025-26	8,385,000	12,156,577	20,541,577
2026-27	8,605,000	11,938,735	20,543,735
2027-28	8,835,000	11,705,023	20,540,023
2028-29	9,235,000	11,305,700	20,540,700
2029-30	9,700,000	10,843,950	20,543,950
2030-31	10,185,000	10,358,950	20,543,950
2031-32	10,695,000	9,849,700	20,544,700
2032-33	11,230,000	9,314,950	20,544,950
2033-34	11,790,000	8,753,450	20,543,450
2034-35	12,380,000	8,163,950	20,543,950
2035-36	12,995,000	7,544,950	20,539,950
2036-37	13,645,000	6,895,200	20,540,200
2037-38	14,330,000	6,212,950	20,542,950
2038-39	15,045,000	5,496,450	20,541,450
2039-40	15,800,000	4,744,200	20,544,200
2040-41	16,515,000	4,028,950	20,543,950
2041-42	17,255,000	3,285,000	20,540,000
2042-43	18,030,000	2,511,450	20,541,450
2043-44	18,835,000	1,706,900	20,541,900
2044-45	19,670,000	870,150	20,540,150
	<u>\$287,165,000</u>	<u>\$185,311,501</u>	<u>\$472,476,501</u>

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

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
08-01-01	\$ 99,980,000	Water System Refunding	7-1-02/24	5.24%	\$ 13,810,000
12-17-14	152,830,000	Water System Improvements	7-1-19/24	4.85	7,455,000
12-17-14	445,085,000	Water System Refunding	7-1-16/29	4.67	295,915,000
01-10-17	375,780,000	Water System Refunding	7-1-17/39	4.99	350,895,000
04-09-20	165,115,000	Water System Improvements	7-1-30/44	5.00	165,115,000
04-09-20	228,015,000	Water System Improvements	7-1-30/44	5.00	228,015,000
06-09-21	250,000,000	Water System Improvements	7-1-26/45	4.77	250,000,000
06-09-21	67,345,000	Water System Refunding	7-1-22/26	5.00	63,385,000
06-09-21	151,280,000	Water System Refunding	7-1-26/44	2.60	151,280,000
Total Junior Lien Water System Revenue Bonded Debt					<u>\$1,525,870,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 71,225,000	\$ 70,958,874	\$ 142,183,874
2023-24	74,830,000	67,364,024	142,194,024
2024-25	71,725,000	63,587,074	135,312,074
2025-26	85,840,000	60,000,824	145,840,824
2026-27	75,980,000	55,904,560	131,884,560
2027-28	79,530,000	52,353,393	131,883,393
2028-29	82,725,000	49,078,352	131,803,352
2029-30	46,075,000	45,655,560	91,730,560
2030-31	48,165,000	43,571,743	91,736,743
2031-32	50,350,000	41,380,386	91,730,386
2032-33	52,660,000	39,075,856	91,735,856
2033-34	55,080,000	36,652,895	91,732,895
2034-35	57,630,000	34,105,805	91,735,805
2035-36	60,300,000	31,428,130	91,728,130
2036-37	63,120,000	28,613,622	91,733,622
2037-38	66,070,000	25,656,130	91,726,130
2038-39	69,175,000	22,552,037	91,727,037
2039-40	72,435,000	19,293,715	91,728,715
2040-41	75,705,000	16,024,188	91,729,188
2041-42	79,135,000	12,598,085	91,733,085
2042-43	82,730,000	8,999,132	91,729,132
2043-44	86,670,000	5,063,003	91,733,003
2044-45	18,715,000	935,750	19,650,750
	<u>\$1,525,870,000</u>	<u>\$830,853,138</u>	<u>\$2,356,723,138</u>

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

City of Phoenix
Junior Lien Water System Revenue Bonded Debt Outstanding

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Amount Outstanding As of 1-1-23</u>
04-12-11	\$2,093,435	Water System Improvements	7-1-16/24	2.97%	\$ 501,344
09-14-11	1,496,737	Water System Improvements	7-1-24/29	2.97	1,496,737
Total Junior Lien Water System Revenue Bonded Debt					<u>\$1,998,081</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 262,126	\$ 59,303	\$ 321,429
2023-24	269,906	51,523	321,429
2024-25	277,917	43,512	321,429
2025-26	286,165	35,264	321,429
2026-27	294,659	26,770	321,429
2027-28	303,404	18,025	321,429
2028-29	303,903	9,020	312,923
	<u>\$1,998,081</u>	<u>\$243,417</u>	<u>\$2,241,497</u>

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

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

<u>Issue Date</u>	<u>Loan Amount</u>	<u>Purpose</u>	<u>As of 1-1-23</u>
04-28-2022	\$200,000,000	Water System Improvements	\$200,000,000

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

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

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
06-19-18	\$84,295,000	Wastewater System Refunding	7-1-19/24	5.00%	\$38,790,000
Total Senior Lien Wastewater System Revenue Bonded Debt					<u>\$38,790,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$18,945,000	\$1,939,500	\$20,884,500
2023-24	19,845,000	992,250	20,837,250
	<u>\$38,790,000</u>	<u>\$2,931,750</u>	<u>\$41,721,750</u>

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

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

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Bonds Outstanding As of 1-1-23</u>
12-22-11	\$118,290,000	Wastewater System Refunding	7-1-14/24	4.72%	\$ 21,935,000
04-15-14	127,810,000	Wastewater System Refunding	7-1-15/29	4.84	73,155,000
11-16-16	225,325,000	Wastewater System Refunding	7-1-17/35	5.00	178,505,000
06-19-18	133,270,000	Wastewater System Revenue	7-1-25/43	4.64	133,270,000
Total Junior Lien Wastewater System Revenue Bonded Debt					<u><u>\$406,865,000</u></u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 29,445,000	\$ 19,957,950	\$ 49,402,950
2023-24	30,955,000	18,491,200	49,446,200
2024-25	25,155,000	16,955,950	42,110,950
2025-26	26,470,000	15,698,200	42,168,200
2026-27	27,850,000	14,374,700	42,224,700
2027-28	29,310,000	12,982,200	42,292,200
2028-29	30,835,000	11,516,700	42,351,700
2029-30	19,805,000	9,974,950	29,779,950
2030-31	20,865,000	8,984,700	29,849,700
2031-32	21,980,000	7,941,450	29,921,450
2032-33	23,160,000	6,842,450	30,002,450
2033-34	24,405,000	5,684,450	30,089,450
2034-35	25,715,000	4,464,200	30,179,200
2035-36	7,505,000	3,178,450	10,683,450
2036-37	7,885,000	2,803,200	10,688,200
2037-38	8,275,000	2,408,950	10,683,950
2038-39	8,690,000	1,995,200	10,685,200
2039-40	9,040,000	1,647,600	10,687,600
2040-41	9,365,000	1,321,200	10,686,200
2041-42	9,835,000	852,950	10,687,950
2042-43	10,320,000	361,200	10,681,200
	<u><u>\$406,865,000</u></u>	<u><u>\$168,437,850</u></u>	<u><u>\$575,302,850</u></u>

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

City of Phoenix
Junior Lien Wastewater System Revenue Bonded Debt Outstanding

<u>Issue Date</u>	<u>Original Issuance</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Interest Rate</u>	<u>Amount Outstanding As of 1-1-23</u>
08-03-10	\$6,286,996	Wastewater System Improvements	7-1-18/26	2.97%	\$2,830,128
06-01-11	3,909,270	Wastewater System Improvements	7-1-26/29	2.97	3,909,270
Total Junior Lien Wastewater System Revenue Bonded Debt					<u>\$6,739,398</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 887,406	\$200,025	\$1,087,431
2023-24	913,744	173,687	1,087,431
2024-25	940,864	146,567	1,087,431
2025-26	968,790	118,642	1,087,432
2026-27	997,543	89,889	1,087,432
2027-28	1,027,150	60,282	1,087,432
2028-29	1,003,901	29,796	1,033,697
	<u>\$6,739,398</u>	<u>\$818,888</u>	<u>\$7,558,286</u>

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

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

<u>Issue Date</u>	<u>Loan Amount</u>	<u>Purpose</u>	<u>As of 1-1-23</u>
04-28-2022	\$200,000,000	Wastewater System Improvements	\$200,000,000

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

SHORT-TERM DEBT

Other than the normally occurring accounts payable, accrued payroll and other related expenses, which have current revenues available for their payment, the City has a short-term Transportation Excise Tax Revolving Loan, a Water Revolving Loan, and a Wastewater Revolving Loan. For details on the Transportation Excise Tax Revolving Loan see page B-17, for the Water Revolving Loan see page B-26, and for the Wastewater Revolving Loan see page B-30.

CONTRACTUAL COMMITMENTS

The City provides public transit service through contracts with TransDev Transportation Inc., MV Transportation, First Transit Inc., Regional Public Transportation Authority and Valley Metro Rail Inc. (“Metro”). Metro began providing dedicated light rail transit service on December 27, 2008. The actual annual costs for all contracts through June 30, 2022 were \$172,792,901, of which 3.1% was reimbursed by other local governmental entities that have contracted for service. The estimated liability for all contracts for 2022-23 is \$209,683,386, of which approximately 18.7% is to be reimbursed by other local governmental entities that have contracted for service. The expected 2022-23 reimbursement from local governmental entities is significantly higher than the prior year due to the receipt of American Rescue Plan Act (“ARPA”) and Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) funds from the Federal Transit Administration (“FTA”) signed into law as a result of the COVID-19 pandemic. The City received \$148.5 million from the FTA to help offset the cost of transit operations, reducing the City’s and other local governmental entities’ share of transit operations costs in 2021-22.

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

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

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

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

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

2022-27 CAPITAL IMPROVEMENT PROGRAM SUMMARY

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

Formal City Council adoption of the Capital Improvement Program indicates the City’s commitment to the five-year plan, but does not in itself authorize expenditures. The necessary funding mechanisms must be adopted each year to pay for the improvements. The City Council authorized two sets of appropriations for the 2022-23 capital budget, which is the first year of the CIP: (1) authorization for the 2022-23 capital projects financed with bonds and bond-related funds; and (2) authorization for all 2022-23 pay-as-you-go projects financed with operating funds.

The 2022-27 CIP, which is summarized on pages B-34 and B-35, totals \$8.537 billion, and will be funded primarily with operating funds, Federal aid and other long-term financings. The CIP was adopted by the City Council in June of 2022.

**Summary of 2022-27 Capital Improvement Program
By Program
(in thousands)**

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>Total 5-Year</u>
Arts and Cultural Facilities . . .	\$ 902	\$ —	\$ —	\$ —	\$ —	\$ 902
Aviation	384,139	401,952	276,283	239,056	54,693	1,356,123
Economic Development	7,860	8,028	6,755	6,755	6,755	36,153
Environmental Programs	250	250	250	250	250	1,250
Facilities Management	33,095	22,931	16,975	16,975	16,975	106,951
Fire Protection	22,688	—	—	—	—	22,688
Historic Preservation & Planning	12,503	—	—	—	—	12,053
Housing	52,217	14,517	9,750	9,750	8,365	94,599
Human Services	600	—	—	—	—	600
Information Technology	31,082	34,386	26,748	26,748	26,748	145,712
Libraries	7,424	1,140	1,140	955	955	11,614
Neighborhood Services	1,379	1,575	450	—	—	3,404
Non-Departmental Capital . . .	101,367	102,818	103,325	103,824	104,320	515,654
Parks, Recreation & Mountain Preserves	67,461	43,270	33,550	34,731	45,244	224,256
Phoenix Convention Center . .	154,899	3,557	6,705	3,066	2,203	170,430
Police Protection	19,822	7,000	7,000	7,000	8,500	49,322
Public Art Program	6,423	3,555	1,463	203	—	11,644
Public Transit	354,378	214,698	294,985	215,580	300,767	1,380,408
Regional Wireless Cooperative	6,001	6,001	6,001	6,001	6,001	30,005
Solid Waste Disposal	14,980	18,632	14,269	5,507	3,396	56,784
Street Transportation & Drainage	253,035	161,400	148,926	150,811	133,171	847,343
Wastewater	388,986	373,279	341,735	205,450	238,281	1,547,731
Water	225,333	517,328	448,303	378,122	341,434	1,910,520
Total CIP Costs	<u>\$2,146,824</u>	<u>\$1,936,317</u>	<u>\$1,744,613</u>	<u>\$1,410,784</u>	<u>\$1,298,058</u>	<u>\$8,536,596</u>

**Summary of 2022-27 Capital Improvement Program
By Sources of Funds
(in thousands)**

Sources of Funds	2022-23	2023-24	2024-25	2025-26	2026-27	5-Year Total
Operating Funds:						
General	\$ 45,393	\$ 38,657	\$ 43,763	\$ 43,657	\$ 43,203	\$ 214,673
General - Library	955	955	955	955	955	4,775
Arizona Highway User						
Revenue	71,657	81,968	68,524	80,422	72,520	375,091
Capital Construction	12,561	6,238	8,226	8,226	8,226	43,477
Community Reinvestment	3,809	4,687	3,415	3,415	3,415	18,741
Development Services	12,692	2,243	140	140	140	15,355
Golf	2,000	—	—	—	—	2,000
Grants	118,927	55,033	53,337	65,958	88,988	382,243
Other Restricted Funds	15,994	2,540	2,791	2,740	2,740	26,805
Parks and Preserves	45,438	43,300	33,580	34,762	45,244	202,324
Regional Transit	12,226	4,752	4,374	6,181	6,204	33,737
Sports Facilities	4,112	2,100	2,100	2,100	2,100	12,512
Transportation 2050	231,361	107,415	211,448	101,787	174,222	826,233
Enterprise Funds:						
Aviation	97,624	70,915	41,040	17,853	12,047	239,479
Convention Center	4,976	4,043	6,670	3,137	2,127	20,953
Solid Waste	15,125	7,504	14,307	5,540	4,975	47,451
Wastewater	90,382	70,081	77,795	99,476	94,587	432,321
Water	124,274	104,229	58,698	86,536	88,012	461,749
Total Operating Funds	\$ 909,506	\$ 606,660	\$ 631,163	\$ 562,885	\$ 649,705	\$3,359,919
Bond Funds:						
Property Tax Supported:						
2001 General Obligation ...	\$ 902	\$ —	\$ —	\$ —	\$ —	\$ 902
2006 General Obligation ...	600	—	—	—	—	600
Nonprofit Corporation Bonds:						
Aviation	29,147	84,000	75,000	86,994	—	275,141
Other	178,067	6,156	—	—	—	184,223
Solid Waste	2,025	11,060	60	—	—	13,145
Transportation 2050	109,037	101,336	75,410	88,573	67,972	442,328
Wastewater	244,187	279,849	217,992	76,881	118,044	936,953
Water	70,975	397,927	366,391	290,715	246,367	1,372,375
Total Bond Funds	\$ 634,940	\$ 880,328	\$ 734,853	\$ 543,163	\$ 432,383	\$3,225,667
Other Capital Sources:						
Capital Grants	\$ 217,042	\$ 226,335	\$ 129,733	\$ 106,219	\$ 44,656	\$ 723,985
Capital Reserves	11,000	7,000	7,000	7,000	8,500	40,500
Customer Facility Charges ...	20,563	20,558	20,562	20,560	20,562	102,805
Federal, State and Other						
Participation	84,264	56,260	52,609	46,924	47,201	287,258
Impact Fees	128,013	12,876	1,750	—	—	142,639
Other Capital	49	—	—	—	—	49
Other Cities' Share in Joint						
Ventures	35,670	38,682	77,018	36,621	37,639	225,630
Passenger Facility Charge	105,405	87,261	89,564	87,046	57,041	426,317
Solid Waste Remediation	372	357	361	366	371	1,827
Total Other Capital Sources ..	602,378	449,329	378,597	304,736	215,970	1,951,010
TOTAL CIP SOURCES	\$2,146,824	\$1,936,317	\$1,744,613	\$1,410,784	\$1,298,058	\$8,536,596

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-37 through B-48 present the revenues, expenditures and encumbrances, fund balances and transfers of all City operating funds on a non-GAAP budgetary basis. The schedules reflect actual results for fiscal years 2019-20 through 2021-22 and adopted budget amounts for fiscal year 2022-23. The schedules are presented on a budgetary basis to provide a meaningful comparison of actual results with the City's budget for all City operating funds.

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

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
REVENUES				
City Taxes				
Sales, Use and Franchise	\$ 1,004,391	\$ 1,108,384	\$ 1,327,822	\$ 1,285,696
Property-Primary-Operating	170,209	182,043	192,215	199,194
Property-Secondary-Debt Service	107,555	115,069	119,973	124,847
Other City Taxes	4,938	5,126	5,060	2,203
Other				
Licenses and Permits	18,271	16,926	20,746	11,872
Charges for Services	210,305	185,308	233,854	210,847
Fines and Forfeitures	10,374	8,957	7,877	9,101
Parks, Recreation and Library	5,960	3,522	5,008	15,683
Dwelling Rentals	4,746	3,763	3,581	3,067
Interest	21,025	10,379	7,687	17,938
Regional Transit	43,286	20,727	7,249	45,670
Other	66,136	45,059	33,038	63,625
State-Shared Revenues				
Highway User Tax	135,998	146,188	155,465	154,499
State Sales Tax	171,926	204,104	240,387	227,155
State Income Tax	214,697	240,237	213,294	310,387
Vehicle License Tax	119,018	79,769	78,719	83,100
Local Transportation Assistance	4,220	4,220	4,711	—
Grant and Federal Revenues				
Human Resources Federal Trust	56,588	72,046	133,406	76,011
Federal Transit Administration	59,807	137,512	168,794	96,562
Community Development	15,375	17,124	17,004	54,729
Public Housing Grants	82,602	95,432	94,475	134,606
Other Grants and Participation	82,190	283,477	165,507	405,710
Federal Administrative Cost Recovery	—	500	82	—
Enterprise Funds				
Aviation	368,898	304,431	505,112	508,516
Phoenix Convention Center	21,155	3,592	21,361	17,802
Water System and Val Vista	454,115	492,162	492,275	525,269
Wastewater and SROG	252,665	254,743	266,859	268,890
Solid Waste	154,730	186,310	199,650	196,668
Total Revenues	3,861,180	4,227,110	4,721,211	5,049,647
RECOVERIES				
Prior Year Expenditures	44,662	31,851	51,743	8,655
TRANSFERS (TO) FROM OTHER FUNDS				
Capital Projects Funds	107,886	49,092	86,304	8,713
General Obligation Reserve Fund	5,107	3,843	4,251	—
Infrastructure Repayment Agreement Trust	(1,854)	(3,621)	(4,003)	—
Phoenix Housing Instrumentalities	2,800	—	—	—
Community Facilities Districts	792	—	(50)	—
MERP Trust Fund	—	(8,250)	—	—
SIR Trust Fund	—	(8,500)	—	—
Aerial Fleet Capital Reserve Fund	—	(5,000)	(7,000)	—
City Improvement Debt Service	—	(17)	74	—
Trust and Gift Funds	—	189	(16,500)	61,511
Deposit to PSPRS Pension Stabilization Reserve	(5,500)	(1,000)	—	—
Proceeds from Loans	—	—	—	—
Worker's Compensation Trust	—	(8,250)	—	—
FUND BALANCES, BEGINNING OF YEAR	1,288,756	1,507,695	1,728,717	1,902,925
Total Resources Available for Expenditures	\$ 5,303,829	\$ 5,785,142	\$ 6,564,747	\$ 7,031,451

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

	2020	Actual 2021	Actual 2022	Adopted Budget 2023
EXPENDITURES AND ENCUMBRANCES				
Operating Expenditures				
General Government	\$ 141,663	\$ 190,746	\$ 207,381	\$ 196,520
Criminal Justice	37,703	38,277	41,977	68,914
Public Safety	1,103,625	1,122,127	1,228,308	1,345,683
Transportation				
Streets and Traffic	100,586	97,644	106,220	124,589
Transit	251,762	216,727	236,076	293,260
Community and Economic Development				
Planning and Development Services	65,842	67,149	73,355	90,299
Neighborhood Services and Housing	143,156	168,119	143,175	198,741
Other Economic Development	13,534	15,312	15,765	18,230
Community Enrichment				
Parks and Recreation	116,420	107,948	119,186	137,593
Libraries	37,758	38,838	41,683	49,254
Other Community Enrichment	7,775	7,832	8,810	7,092
Human Services	75,769	158,560	185,690	195,248
Environmental Services	22,836	28,673	51,300	44,446
Contingencies	—	—	—	137,788
Coronavirus Relief Fund	—	—	—	132,576
Total Governmental Expenditures	2,118,429	2,257,952	2,458,926	3,040,233
Enterprise Funds				
Aviation	259,866	342,138	348,986	326,447
Phoenix Convention Center	51,449	44,751	43,366	62,551
Water System and Val Vista	218,304	223,350	233,934	291,773
Wastewater and SROG	119,745	107,714	111,153	140,847
Solid Waste	141,591	152,622	158,151	166,624
Total Operating Expenditures	2,909,384	3,128,527	3,354,516	4,028,475
Capital Improvement Program				
Governmental Funds				
General Government	2,342	5,182	14,436	23,195
Public Safety	—	4,147	1,950	11,060
Transportation	150,133	280,880	277,279	588,068
Public Works	12,805	14,028	11,899	23,256
Community and Economic Development	39,329	31,682	40,663	124,818
Community Enrichment	31,640	28,227	13,381	106,350
Enterprise Funds				
Aviation	20,339	26,881	18,398	188,444
Phoenix Convention Center	6,428	5,744	9,281	10,943
Water System and Val Vista	65,245	61,862	96,389	155,240
Wastewater and SROG	7,575	32,881	66,084	88,233
Solid Waste	4,243	7,726	13,877	17,839
Total Capital Improvement Program	\$ 340,079	\$ 499,240	\$ 563,637	\$1,337,446

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
EXPENDITURES AND ENCUMBRANCES (Continued)				
Debt Service				
General Obligation Bonds				
Various Purpose				
Principal	\$ 68,825	\$ 84,285	\$ 147,845	\$ 157,345
Interest	47,385	44,561	41,362	37,651
Arbitrage Rebate and Other	843	1,357	1,293	1,065
Airport				
Principal	3,345	—	—	—
Interest	83	—	—	—
Water				
Principal	6,735	—	—	—
Interest	197	—	—	—
Solid Waste				
Principal	920	310	930	—
Interest	78	32	16	—
Sanitary Sewer				
Principal	1,350	375	—	—
Interest	62	15	—	—
Lease-Purchase				
Airport				
Principal	30,071	6,020	—	43,390
Interest	38,210	2,448	3,035	57,773
Other	—	—	—	29
Solid Waste				
Principal	—	—	—	11,665
Interest	—	—	—	2,908
Other	—	—	—	601
Convention Center				
Principal	—	—	—	4,085
Interest	—	—	—	13,375
Other	—	—	—	5
Water				
Principal	62,025	64,972	58,020	71,487
Interest	58,736	68,851	73,733	62,018
Other	—	—	—	4,014
Sanitary Sewer				
Principal	42,778	44,827	47,007	49,277
Interest	28,597	26,547	24,362	22,097
Other	—	—	—	3,021
Lease-Purchase Excise Tax Bonds	156,431	84,058	71,275	70,114
Total Debt Service Expenditures	546,671	428,658	468,878	611,920
Total Expenditures	3,796,134	4,056,425	4,387,031	5,977,841
FUND BALANCES, END OF YEAR	\$1,507,695	\$1,728,717	\$2,177,716	\$1,053,610

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

	Actual			Adopted Budget
	2020	2021	2022	2023
GENERAL FUND	\$ 169,119	\$ 283,000	\$ 224,446	\$ —
SPECIAL REVENUE FUNDS				
Highway User Revenue	44,484	48,043	69,581	20,586
Parks and Preserves	66,092	86,295	99,459	57,041
Golf Courses	2,036	1,441	3,025	2,363
Planning & Development	58,722	52,169	64,623	21,895
Community Reinvestment	15,173	18,103	20,134	19,178
Grants	2,860	3,658	3,288	33,519
Transit (1)	(5,480)	(9,162)	(12,338)	(5,518)
Transportation 2050	161,597	195,255	328,239	39,285
Public Housing	25,249	34,048	43,462	—
Court Awards (1)	(1,058)	(2,914)	(66)	—
Sports Facilities	60,780	56,765	68,708	66,670
Capital Construction	20,705	24,408	25,176	3,880
Regional Wireless Cooperative	1,798	2,154	2,501	1,762
Other Restricted	101,692	98,833	139,116	114,417
Neighborhood Protection	22,535	26,609	27,920	21,472
Public Safety Enhancement	21,566	22,158	21,148	10,330
Public Safety Expansion	32,869	42,758	43,522	25,211
DEBT SERVICE FUNDS				
Secondary Property Tax	100	100	100	101
ENTERPRISE FUNDS				
Aviation	381,755	366,290	509,729	339,734
Phoenix Convention Center	56,548	43,124	75,795	71,667
Water System and Val Vista	113,424	146,643	167,395	59,842
Wastewater and SROG	130,202	158,651	213,040	144,224
Solid Waste	24,927	30,288	39,713	5,950
Total Operating Funds	<u>\$1,507,695</u>	<u>\$1,728,717</u>	<u>\$2,177,716</u>	<u>\$1,053,609</u>

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

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

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

	Actual			Adopted Budget
	2020	2021	2022	2023
GENERAL FUND				
<i>Transfers From</i>				
Excise Tax	\$ 847,905	\$ 973,468	\$1,018,277	\$1,126,093
Library	—	—	—	2,931
Development Services	4,322	4,440	5,261	5,261
Public Housing	279	171	153	—
Neighborhood Protection	396	561	519	519
Sports Facilities	253	227	103	103
Public Safety Enhancement	356	416	419	419
Public Safety Expansion	871	1,037	1,148	1,148
Other Restricted	2,093	503	287	860
Transportation 2050	985	1,063	1,048	1,048
Community Reinvestment	2,065	2,064	2,065	2,066
Aviation	9,736	10,117	10,233	10,233
Phoenix Convention Center	2,944	3,044	2,721	2,721
Water System and Val Vista	24,096	26,381	27,302	28,242
Wastewater and SROG	15,253	16,510	17,147	17,662
Solid Waste	7,464	8,208	10,167	10,242
Grants	—	—	—	200
Cable Communications	—	—	—	5,580
Total	919,018	1,048,210	1,096,850	1,215,328
<i>Transfers To</i>				
City Improvement Debt Service	115	112	39	—
Capital Projects/Reserve Fund	—	—	3,731	7,000
Library	—	—	—	2,123
Parks and Recreation	—	—	—	99,272
Infrastructure Repayment Agreement Trust.	574	1,275	1,369	—
MERP Trust Fund	—	8,250	—	—
SIR Trust Fund	—	8,500	—	—
Aerial Fleet Capital Reserve Fund	—	5,000	7,000	—
Trust and Gift Funds	—	—	16,500	3,281
Other Restricted	18,418	18,184	59,798	19,620
Worker's Compensation Trust	—	8,250	—	—
PSPRS Pension Reserve Trust Fund	5,500	1,000	—	—
Aviation	248	—	189	100
Total	24,855	50,571	88,626	131,396
EXCISE TAX				
<i>Transfers To</i>				
General Fund	847,905	973,468	1,018,277	1,126,093
Parks and Preserves	36,233	40,940	49,173	47,845
Transportation 2050	247,593	279,348	335,609	326,455
Sports Facilities	17,449	13,990	27,040	24,577
Capital Construction	8,548	7,030	6,210	6,179
Other Restricted	5,651	8,696	18,618	18,325
Neighborhood Protection	36,232	40,940	49,173	47,843
Public Safety Enhancement	23,977	24,474	26,537	25,821
Public Safety Expansion	72,464	81,881	98,347	95,686
City Improvement Debt Service	42,509	30,321	77,755	46,581
Phoenix Convention Center	55,266	54,331	77,786	73,883
Total	1,393,827	1,555,419	1,784,525	1,839,288

	Actual			Adopted Budget
	2020	2021	2022	2023
HIGHWAY USER REVENUE				
<i>Transfers From</i>				
Capital Projects/Reserve Fund	\$ —	\$ —	\$ 3,741	\$ —
Total	—	—	3,741	—
<i>Transfers To</i>				
City Improvement Debt Service	—	7	—	—
City Improvement Debt Service	3,893	3,793	161	3,952
Streets and Highways Debt Service	—	—	10	—
Total	3,893	3,800	171	3,952
LIBRARY				
<i>Transfers From</i>				
General	—	—	—	3,843
<i>Transfers To</i>				
General	—	—	—	2,931
City Improvement Debt Service	—	—	—	116
Total	—	—	—	3,047
CABLE COMMUNICATIONS				
<i>Transfers To</i>				
General	—	—	—	5,580
PARKS AND PRESERVES				
<i>Transfers From</i>				
Excise Tax	36,233	40,940	49,173	47,845
General Fund	—	—	—	99,272
Capital Projects/Reserve Fund	2,085	—	—	—
Golf Courses	—	653	—	—
Other Restricted	15	5,670	—	—
Total	38,333	47,263	49,173	147,117
<i>Transfers To</i>				
Infrastructure Repayment Agreement Trust	81	155	173	—
Other Restricted	—	27	7	51
Trust and Gift Funds	—	—	—	155
Community Development Grants SRF	1	—	—	—
Community Facilities District	28	—	—	—
Total	110	182	180	206
GOLF COURSES				
<i>Transfers To</i>				
Parks and Preserves	—	653	—	—
DEVELOPMENT SERVICES				
<i>Transfers To</i>				
General Fund	4,322	4,440	5,261	5,261

	Actual			Adopted Budget
	2020	2021	2022	2023
TRANSPORTATION 2050				
<i>Transfers From</i>				
Excise Tax	\$247,593	\$279,348	\$335,609	\$326,455
Transit 2000	235	3	—	—
Capital Projects/Reserve Fund	—	—	11,274	—
Other Restricted	256	—	—	—
Total	248,084	279,351	346,883	326,455
<i>Transfers To</i>				
Infrastructure Repayment Agreement Trust	564	1,089	1,212	—
General Fund	985	1,063	1,048	1,048
City Improvement Debt Service	70,740	1,350	1,523	2,705
Transit 2000	235	3	50	—
Other Restricted	195	190	—	355
Trust and Gift Funds	—	—	—	1,081
Total	72,719	3,695	3,833	5,189
COMMUNITY REINVESTMENT				
<i>Transfers From</i>				
Other Restricted	—	—	—	4,845
<i>Transfers To</i>				
General Fund	2,065	2,064	2,065	2,066
Parks and Preserves	—	—	—	—
Total	2,065	2,064	2,065	2,066
PUBLIC HOUSING				
<i>Transfers To</i>				
General Fund	279	171	153	—
City Improvement Debt Service	71	70	74	—
Total	350	241	227	—
FEDERAL TRUST GRANTS				
<i>Transfers From</i>				
Parks and Preserves	1	—	—	—
Other Restricted	—	10,225	—	—
Total	1	10,225	—	—
SPORTS FACILITIES				
<i>Transfers From</i>				
Excise Tax	17,449	13,990	27,040	24,577
Other Restricted	—	—	—	—
City Improvement Debt Service	1,027	1,028	1,026	1,026
Total	18,476	15,018	28,066	25,603
<i>Transfers To</i>				
General Fund	253	227	103	103
City Improvement Debt Service	5,985	13,782	15,116	15,564
Infrastructure Repayment Agreement Trust	—	16	5	—
Trust and Gift Funds	—	—	—	7
Capital Projects	—	622	—	—
Total	6,238	14,647	15,224	15,674

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
CAPITAL CONSTRUCTION				
<i>Transfers From</i>				
Excise Tax	\$ 8,548	\$ 7,030	\$ 6,210	\$ 6,179
Capital Projects	—	30	—	—
Total	8,548	7,060	6,210	6,179
OTHER RESTRICTED				
<i>Transfers From</i>				
General Fund	18,418	18,184	59,798	19,620
Parks and Preserves	—	27	7	51
Excise Tax	5,651	8,696	18,618	18,325
Capital Projects/Reserve Fund	—	—	40	—
Transportation 2050	195	190	—	355
Phoenix Convention Center	132	128	35	218
Public Safety Expansion SRF	—	58	16	101
Public Safety Protection SRF	—	27	7	52
Phoenix Housing Instrumentalities	2,800	—	—	—
Community Facilities Districts	792	—	—	—
Total	27,988	27,310	78,521	38,722
<i>Transfers To</i>				
General Fund	2,093	371	287	860
Community Reinvestment	—	—	—	4,845
Parks and Preserves	15	5,670	—	—
Water System and Val Vista	—	—	—	2,225
Library	—	—	—	1,720
Transportation 2050	256	—	—	—
Trust and Gift fund	—	26	—	—
Federal Transit Grants	—	10,225	—	—
Wastewater and SROG	8	—	—	—
Total	2,372	16,292	287	9,650
NEIGHBORHOOD PROTECTION				
<i>Transfers From</i>				
Excise Tax	36,232	40,940	49,173	47,843
Total	36,232	40,940	49,173	47,843
<i>Transfers To</i>				
Infrastructure Repayment Agreement Trust	81	155	173	—
General Fund	396	561	519	519
Trust and Gift Funds	—	—	—	153
Other Restricted	—	27	7	52
Community Facilities Districts	28	—	—	—
Total	505	743	699	724
PUBLIC SAFETY ENHANCEMENT				
<i>Transfers From</i>				
Excise Tax	23,977	24,474	26,537	25,821
<i>Transfers To</i>				
General Fund	356	416	419	419

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
PUBLIC SAFETY EXPANSION				
<i>Transfers From</i>				
Excise Tax	\$ 72,464	\$81,881	\$98,347	\$95,686
Total	72,464	81,881	98,347	95,686
<i>Transfers To</i>				
Infrastructure Repayment Agreement Trust	161	310	346	—
General Fund	871	1,037	1,148	1,148
Community Facilities District	60	—	—	—
Trust and Gift Funds	—	—	—	309
Other Restricted	—	58	16	101
Total	1,092	1,405	1,510	1,558
CITY IMPROVEMENT DEBT SERVICE				
<i>Transfers From</i>				
General Fund	115	112	39	116
Sports Facilities	5,985	13,782	15,116	15,564
Aviation	949	919	173	959
Excise Tax	42,509	30,321	77,755	46,581
Transportation 2050	70,740	1,350	1,523	2,705
Public Housing	71	70	74	73
Water	—	85	100	202
Solid Waste	624	656	176	752
Wastewater and SROG	—	60	70	141
Phoenix Convention Center	94	91	27	94
Capital Reserve Funds	—	149	3,817	—
Highway User	3,893	3,793	161	3,952
Total	124,980	51,388	99,031	71,139
<i>Transfers To</i>				
Sports Facilities	1,027	1,028	1,026	1,026
SECONDARY PROPERTY TAX				
<i>Transfers From</i>				
City Improvement Debt Service	—	—	—	67,085
Capital Projects/Reserve Fund	—	5,306	—	—
General Obligation Reserve Fund	5,107	3,843	4,251	—
Total	5,107	9,149	4,251	67,085
AVIATION				
<i>Transfers From</i>				
General Fund	248	—	189	100
Capital Projects	101,396	63,146	12,500	16,963
Total	101,644	63,146	12,689	17,063
<i>Transfers To</i>				
General Fund	9,736	10,117	10,233	10,233
City Improvement Debt Service	949	919	173	959
Total	10,685	11,036	10,406	11,192

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
PHOENIX CONVENTION CENTER				
<i>Transfers From</i>				
Excise Tax	\$55,266	\$54,331	\$77,786	\$73,883
Total	55,266	54,331	77,786	73,883
<i>Transfers To</i>				
General Fund	2,944	3,044	2,721	2,721
Infrastructure Repayment Agreement Trust	393	621	725	—
City Improvement Debt Service	94	91	27	94
Trust and Gift Funds	—	—	—	588
Other Restricted	132	128	35	218
Total	3,563	3,884	3,508	3,621
WATER SYSTEM AND VAL VISTA				
<i>Transfers From</i>				
Other Restricted	—	—	—	2,225
Water System and Val Vista	—	—	—	18,746
Capital Projects/Reserve Fund	—	—	14,000	—
City Improvement Debt Service	—	66	84	—
Total	—	66	14,084	20,971
<i>Transfers To</i>				
General Fund	24,096	26,381	27,302	28,242
Capital Projects/Reserve Fund	—	17,591	—	—
Water System and Val Vista	—	—	—	18,746
City Improvement Debt Service	—	85	100	202
Total	24,096	44,057	27,402	47,190
WASTEWATER AND SROG				
<i>Transfers From</i>				
Capital Projects	5,702	—	46,000	—
Wastewater and SROG	—	—	—	28,093
Other Restricted	8	—	—	—
Total	5,710	—	46,000	28,093
<i>Transfers To</i>				
General Fund	15,253	16,510	17,147	17,662
City Improvement Debt Service	—	60	70	141
COPERS	—	—	—	28,093
Total	15,253	16,570	17,217	45,896
SOLID WASTE				
<i>Transfers To</i>				
General Fund	7,464	8,208	10,167	10,242
Capital Projects	1,297	1,319	1,337	1,250
City Improvement Debt Service	624	656	176	752
Total	9,385	10,183	11,680	12,244

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
WORKER'S COMPENSATION TRUST FUND				
Transfers From				
General Fund	\$ —	\$ 8,250	\$ —	\$ —
CAPITAL PROJECTS				
Transfers From				
General Fund	—	7	3,731	7,000
Sports Facilities	—	622	—	—
Water System and Val Vista	—	17,591	—	—
Capital Reserve Fund	—	—	55	—
Solid Waste	1,297	1,319	1,337	1,250
Total	1,297	19,539	5,123	8,250
Transfers To				
Parks and Recreation	2,085	—	—	—
Highway User Revenue	—	—	3,741	—
Transportation 2050	—	—	11,274	—
Other Restricted	—	—	40	—
Secondary Property Tax	—	5,306	—	—
City Improvement Debt Service	—	149	3,817	—
Capital Construction	—	30	—	—
Aviation	101,396	63,146	12,500	16,963
Water System and Val Vista	—	—	14,000	—
Wastewater and SROG	5,702	—	46,000	—
Capital Reserve Fund	—	—	55	—
Total	109,183	68,631	91,427	16,963
GENERAL OBLIGATION RESERVE FUND				
Transfers To				
Secondary Property Tax	5,107	3,843	4,251	—
INFRASTRUCTURE REPAYMENT AGREEMENT TRUST				
Transfers From				
General Fund	574	1,275	1,369	—
Parks and Preserves	81	155	173	—
Transportation 2050	564	1,089	1,212	—
Sports Facilities	—	16	5	—
Neighborhood Protection	81	155	173	—
Public Safety Expansion	161	310	346	—
Phoenix Convention Center	393	621	725	—
Total	1,854	3,621	4,003	—
PSPRS PENSION STABILIZATION RESERVE				
Transfers From				
General Fund	5,500	1,000	—	—
COMMUNITY FACILITIES DISTRICTS				
Transfers From				
Parks & Preserves	28	—	—	—
Transportation 2050	—	—	50	—
Neighborhood Protection	28	—	—	—
Public Safety Expansion	60	—	—	—
Total	116	—	50	—
PHOENIX HOUSING INSTRUMENTALITIES				
Transfers To				
Other Restricted	3,592	—	—	—
MERP TRUST FUND				
Transfers From				
General Fund	—	8,250	—	—
SIR TRUST FUND				
Transfers From				
General Fund	—	8,500	—	—

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

	Actual			Adopted Budget 2023
	2020	2021	2022	
AERIAL FLEET CAPITAL RESERVE FUND				
<i>Transfers From</i>				
General Fund	\$ —	\$ 5,000	\$ 7,000	\$ —
DEBT SERVICE FUND				
<i>Transfers From</i>				
General Fund	—	83	—	—
Highway User Revenue	—	—	10	—
Total	—	83	10	—
<i>Transfers To</i>				
Water System and Val Vista	—	66	84	—
TRUST AND GIFT FUNDS				
<i>Transfers From</i>				
General Fund	—	—	16,500	3,281
Sports Facilities	—	—	—	7
Public Safety Expansion	—	—	—	309
Transportation 2050	—	—	—	1,081
Parks and Preserves	—	—	—	155
Neighborhood Protection	—	—	—	153
Phoenix Convention Center	—	—	—	588
Total	—	—	16,500	5,574
<i>Transfers To</i>				
General Fund	—	189	—	67,085
GRANTS				
<i>Transfers To</i>				
General Fund	—	—	—	273
	—	—	—	273
Total Transfers From	<u>\$1,694,595</u>	<u>\$1,814,055</u>	<u>\$ 2,070,028</u>	<u>\$ 2,229,500</u>
Total Transfers To	<u>\$1,694,595</u>	<u>\$1,814,055</u>	<u>\$ 2,070,028</u>	<u>\$ 2,229,500</u>

APPENDIX D

State Expenditure Limitation

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City's actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2022-23 expenditure limit supplied by the Economic Estimates Commission was \$1,724,887,333. The City increased this limit to \$10,045,077,000 to adjust for additional voter-approved modifications, as described below.

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

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

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

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The home rule option which was approved in 2015 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option was in effect through 2019-20. In 2018, voters approved a proposition that moved regular City candidate elections from the fall of odd-numbered years to November of even-numbered years. State legislation allows the four-year home rule option to be extended in conjunction with the change of election dates. The new expiration date for the most recently approved home rule option was at the end of 2020-21. An additional home rule option was approved on the November 3, 2020 that sets the City's annual budget after public meetings and hearings. The limit will be in effect for four fiscal years from 2021-22 through 2024-25 and will allow Phoenix residents to continue to control local expenditures.

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

APPENDIX E

Retirement and Pension Plans

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

City of Phoenix Employees' Retirement System

The City of Phoenix Employees' Retirement System ("COPERS") is a single-employer defined benefit pension plan established by the Phoenix City Charter. COPERS covers all eligible full-time employees of the City, with the exception of elected officials and sworn City police and fire personnel. COPERS provides retirement, disability retirement and survivor benefits to its members. The plan can be amended or repealed by a vote of the people.

The general administration, management and operation of COPERS is vested in a nine-member Retirement Board consisting of three elected employee members, four statutory members, a citizen member and a retiree member. The Retirement Board appoints the Retirement Program Administrator and contracts investment counsel and other services necessary to properly administer the plan. Additional information regarding the City's financial statements, including reporting of the City's net position and the net pension liability, is available in the City's Annual Comprehensive Financial Report ("ACFR"). The ACFR is available at <http://emma.msrb.org> or www.phoenix.gov under Departments-Finance-Financial Information & Reports or by calling the City at (602) 262-7166. The most recent report of the Actuary and the plan's annual financial reports are available online at <https://phoenix.gov/copers/pension-plan-reports>.

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

	June 30	
	2022	2021
Active Members		
Tier 1	4,110	4,522
Tier 2	541	587
Tier 3	3,287	2,860
Total	<u>7,938</u>	<u>7,969</u>
Deferred Vested Members	<u>1,109</u>	<u>1,053</u>
In Pay Members		
Service Retirees	6,363	6,183
Beneficiaries	1,195	1,171
Disabled Retirees	222	233
Total	<u>7,780</u>	<u>7,587</u>
Total Members	<u><u>16,827</u></u>	<u><u>16,609</u></u>

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 16-year period. For the fiscal year ended June 30, 2022, the total contribution rate was 37.6% of compensation. Tier 1 employees contributed 5% of their compensation, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder, which amounted to \$178.3 million for the fiscal year.

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

Schedule of Employer Contributions (in thousands)						
Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2022	\$167,843	\$178,319	(\$10,476)	107%	\$595,304	29.95%
2021	178,090	357,382	(179,292)	200	580,451	61.57
2020	175,947	175,947	—	100	568,089	30.97

The actuarially determined recommended pension contribution rate is 26.66% for fiscal year 2022-23 and 27.49% for fiscal year 2023-24.

The following schedule shows the funding progress of the plan for the last three fiscal years. The total pension liability increased \$127,685,000 from 2020 to 2021 and \$181,492,000 from 2021 to 2022.

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

	Fiscal Year End 2022	Fiscal Year End 2021	Fiscal Year End 2020
Total Pension Liability			
Service cost	\$ 79,869	\$ 78,643	\$ 81,119
Interest on the total pension liability	311,636	303,102	313,397
Differences between expected and actual experience of the total pension liability	52,647	(4,347)	(77,698)
Changes of assumptions	—	—	(62,386)
Benefit payments, including refunds of employee contributions	(262,660)	(249,713)	(242,143)
Net change in total pension liability	181,492	127,685	12,289
Total pension liability—beginning	4,541,799	4,414,114	4,401,825
Total pension liability—ending	<u>\$4,723,291</u>	<u>\$4,541,799</u>	<u>\$4,414,114</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 178,319	\$ 357,382	\$ 175,947
Employee contributions	53,350	40,561	39,356
Pension plan net investment income (loss)	(161,785)	610,554	50,389
Benefit payments, including refunds of employee contributions	(262,660)	(249,713)	(242,143)
Pension plan administrative expense	(2,564)	(1,930)	(2,509)
Net change in plan fiduciary net position	(195,340)	756,854	21,040
Plan fiduciary net position—beginning	3,438,027	2,681,173	2,660,133
Plan fiduciary net position—ending	<u>\$3,242,687</u>	<u>\$3,438,027</u>	<u>\$2,681,173</u>
Net pension liability	<u>\$1,480,604</u>	<u>\$1,103,772</u>	<u>\$1,732,941</u>
Plan fiduciary net position as a percentage of the total pension liability	68.65%	75.70%	60.74%
Covered payroll	\$ 595,304	\$ 580,451	\$ 568,089
Net pension liability as a percentage of covered payroll	248.71%	190.16%	305.05%

Actuarial assumptions used to determine the total pension liability in the June 30, 2022 valuation were based on the results of the actuarial experience study covering the period from July 1, 2014 through June 30, 2020. Those assumption, applied to all periods included in the measurement, are as follows:

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

Based on the assumption that employee and City contributions to COPERs will continue to follow the established contribution policy and the sufficiency of the Fiduciary Net Position, the long-term expected rate of return on the plan's investments, 7.00%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

City of Phoenix Pension Reform

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

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

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

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

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

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

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

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

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

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

In 2012, when *Piccioli v. City of Phoenix*, CV2012-010330 was filed, the Board of Trustees of COPERS took action, upon advice from their consulting actuary, to not recognize any savings from the leave changes until after the court cases were adjudicated. At that time, the savings of the changes were estimated to equal about 9% of the total fund value. This 9% load has been built in to valuations since 2012. Following the opinions from the Arizona Supreme Court in July 2020, COPERS' consulting actuary had prepared a recommendation to remove 7.5% of that load, holding back 1.5% to account for future negative experience related to certain assumptions. On August 6, 2020, the COPERS Board approved the actuaries recommendation. Based on the June 30, 2019 valuation, this would result in a \$63.7 million decrease to the unfunded actuarial accrued liability and a -3.7% (\$7.7 million) reduction in the actuarially determined contribution for fiscal year 2021-2022. It is estimated that continuing the practices upheld by the Court will result in savings of \$156.9 million over a 20-year period.

Citizen Pension Reform Initiative

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

State of Arizona Public Safety Personnel Retirement System

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

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

The System, for both police and fire personnel, is funded via member contributions of 7.65% of compensation for employees whose membership date was prior to July 20, 2011, and 11.65% of compensation for employees whose membership date began on or after July 20, 2011. Employees whose membership date was on or after January 1, 2012 have the option of participating in the hybrid plan for non-social security positions with contributions of 14.65%, of which 3.0% goes toward a defined contribution plan and is matched by the employer. Employer rates are set by an actuarial valuation and expressed as a percent of compensation. For fiscal year ended June 30, 2022, the required employer contribution rates were as follows:

	<u>Police</u>	<u>Fire</u>
Tier 1	67.32%	63.29%
Tier 2	67.32%	63.29%
Tier 3	10.39%	10.36%
Tier 3 Legacy	53.43%	48.08%

For Fiscal year ended June 30, 2022, the City chose to contribute \$184.5 million and \$106.4 million for Police and Fire, respectively and were based on the following contribution rates:

	<u>Police</u>	<u>Fire</u>
Tier 1	75.10%	70.29%
Tier 2	75.10%	70.29%
Tier 3	10.39%	10.36%
Tier 3 Legacy	61.21%	55.08%

The City's APSPRS membership data is as follows:

	<u>June 30, 2021</u>	
	<u>Police</u>	<u>Fire</u>
Retirees and Beneficiaries	2,702	1,223
Inactive and Non-Retired Members	918	256
Active Members	2,438	1,451
Total	6,058	2,950

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

	POLICE		
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
<u>Total Pension Liability</u>			
Service cost	\$ 51,687	\$ 51,069	\$ 52,681
Interest on the total pension liability	265,180	251,285	241,526
Difference between expected and actual experience of the total pension liability	23,801	91,331	21,415
Changes of assumptions	—	—	58,976
Benefit payments, including refunds of employee contributions	(204,565)	(203,329)	(185,901)
Net change in total pension liability	136,103	190,355	188,697
Total pension liability—beginning	3,683,190	3,492,834	3,304,137
Total pension liability—ending	<u>\$3,819,293</u>	<u>\$3,683,190</u>	<u>\$3,492,834</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 172,800	\$ 167,099	\$ 149,442
Employee contributions	23,096	22,896	18,525
Pension plan net investment income	379,441	17,437	71,707
Benefit payments, including refunds of employee contributions	(204,565)	(203,329)	(185,901)
Pension plan administrative expense	(1,780)	(1,422)	(1,247)
Other(1)	4	(91)	88
Net change in plan fiduciary net position	368,996	2,590	52,614
Plan fiduciary net position—beginning	1,370,878	1,368,288	1,315,679
Adjustment to Beginning of Year	—	—	(5)
Plan fiduciary net position—ending	<u>\$1,739,874</u>	<u>\$1,370,878</u>	<u>\$1,368,288</u>
Net pension liability	<u>\$2,079,419</u>	<u>\$2,312,312</u>	<u>\$2,124,546</u>
Plan fiduciary net position as a percentage of the total pension liability	45.55%	37.22%	39.17%
Covered payroll	\$ 229,875	\$ 233,472	\$ 228,846
Net pension liability as a percentage of covered valuation payroll	904.59%	990.40%	928.37%

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

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

	FIRE		
	Fiscal Year End 2022	Fiscal Year End 2021	Fiscal Year End 2020
<u>Total Pension Liability</u>			
Service cost	\$ 32,998	\$ 31,668	\$ 32,749
Interest on the total pension liability	143,726	134,204	130,378
Difference between expected and actual experience of the total pension liability	2,186	74,975	(7,563)
Changes of assumptions	—	—	31,021
Benefit payments, including refunds of employee contributions	(102,431)	(121,050)	(96,862)
Net change in total pension liability	76,479	119,797	89,723
Total pension liability—beginning	1,987,068	1,867,271	1,777,548
Total pension liability—ending	<u>\$2,063,547</u>	<u>\$1,987,068</u>	<u>\$1,867,271</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 106,126	\$ 90,148	\$ 77,142
Employee contributions	13,566	12,598	11,592
Pension plan net investment income	212,684	9,715	39,879
Benefit payments, including refunds of employee contributions	(102,431)	(121,050)	(96,862)
Pension plan administrative expense	(994)	(793)	(695)
Other(1)	12	12	—
Net change in plan fiduciary net position	228,963	(9,370)	31,056
Plan fiduciary net position—beginning	756,000	765,370	734,315
Adjustment to Beginning of Year	—	—	(1)
Plan fiduciary net position—ending	<u>\$ 984,963</u>	<u>\$ 756,000</u>	<u>\$ 765,370</u>
Net pension liability	<u>\$1,078,584</u>	<u>\$1,231,068</u>	<u>\$1,101,901</u>
Plan fiduciary net position as a percentage of the total pension liability	47.73%	38.05%	40.99%
Covered payroll	\$ 148,348	\$ 13,641	\$ 135,273
Net pension liability as a percentage of covered valuation payroll	727.06%	881.60%	814.58%

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

Actuarial assumptions used to determine the total pension liability in the June 30, 2021 actuarial valuation were based on the results of the actuarial experience study covering the period from July 1, 2011 through June 30, 2016. Those assumptions, applied to all periods included in the measurement, are as follows:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Price Inflation	2.50%
Salary Increases	3.50% to 7.50% including inflation
Tier 1 and 2 Investment Rate of Return	7.30%, net of investment and administrative expense
Tier 3 Investment Rate of Return	7.00%, net of investment and administrative expense
Tier 3 Compensation Limit	\$115,868 for 2021. Assumed increases of 2.00% per year.
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period July 1, 2011 – June 30, 2016.
Mortality	RP-2014 mortality tables projected backwards 1 year to 2013 with MP-2014 (110% of female healthy annuitant mortality table.) Future mortality improvements are assumed each year using 75.0% of scale MP-2020.

The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The assumed future permanent benefit increase used for this valuation is 1.75%.

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

	<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution(1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
POLICE	2022	\$ —	\$184,494	\$ —	\$ —	—%
	2021	153,644	172,800	(19,156)	229,875	75.17
	2020	167,099	167,099	—	233,472	71.57
	2019	149,442	149,442	—	228,846	65.30
	2018	124,618	124,618	—	221,105	56.36
	2017	113,645	113,645	—	231,023	49.19
Fire	2022	\$ —	\$106,386	\$ —	\$ —	—%
	2021	89,913	106,126	(16,213)	148,048	71.54
	2020	90,148	90,148	—	139,641	64.56
	2019	77,142	77,142	—	135,273	57.03
	2018	73,288	73,288	—	132,503	55.31
	2017	56,671	56,671	—	127,530	44.44

- (1) Actual contributions are based on covered payroll at the time of contribution. It is the actuary's understanding that the City's practice is to contribute the percent-of-payroll employer contribution rate (or flat dollar amount if there are no active employees) shown in the actuarial valuation report. Because of this

understanding, the Actuarially Determined Contributions shown in the Schedule of Contributions are the actual contributions made by the City in the fiscal year. Fiscal year 2022 actual contributions represent contributions made subsequent to the measurement date.

The actuarially determined recommended pension contribution rates for Police was 64.64% for fiscal year 2019-20, 65.70% for fiscal year 2020-21 and is 67.32% for fiscal year 2021-22. The actuarially determined recommended pension contribution rates for Fire was 58.95% for fiscal year 2019-20, 60.61% for fiscal year 2020-21 and is 63.29% for fiscal year 2021-22.

APSPRS Pension Reform

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

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

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

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

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

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

Elected Officials' Retirement Plan

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

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

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

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

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

No additional disclosures regarding EORP are provided due to the immateriality to the City's finances as a whole. EORP financial statements are available online at www.psprs.com.

Additional Information

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

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

APPENDIX F

Health Care Benefits for Retired Employees

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

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

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

Medical Expense Reimbursement Plan

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

The subsidy provides an offset to out of pocket healthcare expenses such as premiums, deductibles and co-pays, whether the retiree or survivor elects to purchase coverage through city sponsored retiree plans or other sources. City sponsored health plans are provided to eligible non-Medicare retirees and dependents. The subsidy varies with length of service or bargaining unit, from \$117 to \$202 per month. Retirees may be eligible for additional subsidies depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program. Current and future eligible retirees who purchase health insurance through the City's plan will receive an additional subsidy to minimize the impact of unblending health insurance rates for active and retired employees.

In December 2007, the City established the City of Phoenix MERP Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.42 — Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners. A five-member Board of Trustees was delegated fiduciary responsibility for the MERP Trust, subject to oversight of the City Council.

The employees covered by MERP at June 30, 2021 are:

	<u>2021</u>
Plan Members Currently Receiving Benefits	9,772
Active Plan Members	<u>2,690</u>
Total Plan Members	<u>12,462</u>

Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, the City contributed \$27.7 million. Employees are not required to contribute to the MERP.

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

MERP					
Schedule of Employer Contributions					
(in thousands)					
<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2022	\$15,912	\$27,704	\$(11,792)	\$222,257	12.46%
2021	22,753	31,004	(8,251)	214,741	14.44

The City's net OPEB liability for MERP was measured as of June 30, 2021, and the total MERP OPEB liability used to calculate the net OPEB liability for MERP was determined by an actuarial valuation as of June 30, 2021. The net OPEB liability for MERP is measured as the total MERP OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 6.5% was used to measure the total MERP OPEB liability as of June 30, 2022. This single discount rate was based on an expected rate of return on MERP OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the MERP OPEB fiduciary net position and future contributions were projected to be sufficient to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MERP OPEB plan investments was applied to all periods of projected benefit payments to determine the total MERP OPEB liability.

The following schedule shows the funding progress of the plan for the last two fiscal years. The total MERP OPEB liability decreased \$16,478,000 from 2020 to 2021.

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

	MERP	
	Fiscal Year End 2022	Fiscal Year End 2021
<u>Total OPEB Liability</u>		
Service cost	\$ 3,495	\$ 3,629
Interest on the total OPEB liability	24,114	25,249
Differences between expected and actual experience	—	(6,128)
Changes of assumptions	8,185	(12,042)
Benefit payments, including refunds of employee contributions	(27,747)	(27,186)
Net change in total OPEB liability	8,047	(16,478)
Total OPEB liability—beginning	369,367	385,845
Total OPEB liability—ending	<u>\$377,414</u>	<u>\$369,367</u>
<u>Plan Fiduciary Net Position</u>		
Employer contributions	\$ 27,704	\$ 31,004
OPEB plan net investment income	(32,988)	50,174
Benefit payments, including refunds of employee contributions	(27,747)	(27,186)
Other	(640)	(605)
Net change in plan fiduciary net position	(33,671)	53,387
Plan fiduciary net position—beginning	232,924	179,537
Plan fiduciary net position—ending	<u>\$199,253</u>	<u>\$232,924</u>
Net OPEB liability—ending	<u>\$178,161</u>	<u>\$136,443</u>
Plan fiduciary net position as a percentage of total OPEB liability	52.79%	63.06%
Covered payroll	\$222,257	\$214,741
Net OPEB liability as a percentage of covered payroll	80.16%	63.54%

Post Employment Health Plan

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

Long-Term Disability Program

In November 2008, the City established the City of Phoenix Long-Term Disability (“LTD”) Trust to fund all or a portion of the City’s liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.323 — City of Phoenix Long-Term Disability Program. The LTD Trust is a single-employer, defined benefit plan. A five-member Board of Trustees was delegated fiduciary responsibility for the LTD Trust, subject to oversight by the City Council. The LTD Trust issues a separate report that can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

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

The number of participants as of June 30, 2021, the effective date of the biennial OPEB valuation, follows:

	<u>Police</u>	<u>Fire</u>	<u>General City</u>	<u>Total</u>
Active Employees	2,908	1,663	7,914	12,485
Disabled Employees	17	10	271	298
Total Covered Participants	<u>2,925</u>	<u>1,673</u>	<u>8,185</u>	<u>12,783</u>

Contributions by the City (plus earnings thereon) are the sole source of funding for the LTD program. The LTD Trust's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, the City did not contribute. Employees are not required to contribute to the LTD program.

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

LTD Schedule of Employer Contributions (in thousands)					
<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
2022	\$1,343	\$1,401	\$ (58)	\$898,304	0.16%
2021	1,540	—	1,540	872,987	—

The City's net OPEB liability for LTD was measured as of June 30, 2021, and the total LTD OPEB liability used to calculate the net LTD OPEB liability was determined by an actuarial valuation as of June 30, 2019. The net LTD OPEB liability is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the LTD Trust's Board of Trustees adopted assumptions and methods).

A single discount rate of 6.5% was used to measure the total OPEB liability for LTD as of June 30, 2022. This single discount rate was based on an expected rate of return on LTD OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the LTD OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on LTD OPEB plan investments was applied to all periods of projected benefit payments to determine the total LTD OPEB liability.

The following schedule shows the funding progress of the plan for the last two fiscal years. The total LTD OPEB liability increased \$2,984,000 from 2021 to 2022.

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

	LTD	
	Fiscal Year End 2022	Fiscal Year End 2021
Total OPEB liability/(asset)		
Service cost	\$ 3,867	\$ 3,606
Interest on the total OPEB liability/(asset)	3,163	3,193
Differences between expected and actual experience	—	(2,650)
Changes of assumptions	787	(116)
Benefit payments, including refunds of employee contributions	(4,833)	(4,381)
Net change in total OPEB liability/(asset)	2,984	(348)
Total OPEB liability/(asset)—beginning	47,337	47,685
Total OPEB liability/(asset)—ending	<u>\$ 50,321</u>	<u>\$ 47,337</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 1,401	\$ —
OPEB plan net investment income	(13,083)	21,612
Benefit payments, including refunds of employee contributions	(4,833)	(4,381)
OPEB plan administrative expense	(556)	(456)
Other	(13)	29
Net change in plan fiduciary net position	(17,084)	16,804
Plan fiduciary net position—beginning	94,561	77,757
Plan fiduciary net position—ending	<u>\$ 77,477</u>	<u>\$ 94,561</u>
Net OPEB liability/(asset)—ending	<u>\$ (27,156)</u>	<u>\$ (47,224)</u>
Plan fiduciary net position as a percentage of total OPEB liability/(asset)	153.97%	199.76%
Covered payroll	\$898,304	\$872,987
Net OPEB liability/(asset) as a percentage of covered payroll	(3.02)%	(5.41)%

APSPRS—OPEB

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

The City’s APSPRS membership data is as follows:

	June 30, 2021	
	Police	Fire
Retirees and Beneficiaries	2,702	1,223
Inactive, Non-Retired Members	446	221
Active Members	2,438	1,451
Total	<u>5,586</u>	<u>2,895</u>

APSPRS has the authority to establish and amend the contribution requirements of the City and active employees. APSPRS establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability.

For the year ended June 30, 2022, there were no employer contributions. Employees are not required to contribute to the APSPRS OPEB Plan.

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

	<u>Fiscal Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a percentage of Covered Payroll</u>
Police	2021	\$79	\$79	\$—	\$229,875	0.03%
Fire	2021	\$24	\$24	\$—	\$148,348	0.02%

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

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

	APSPRS	
	<u>Police 2022</u>	<u>Fire 2022</u>
<u>Total OPEB Liability</u>		
Service cost	\$ 1,074	\$ 553
Interest on the total OPEB liability	3,530	1,830
Differences between expected and actual experience of the Total OPEB Liability	(2,216)	(54)
Benefit payments, including refunds of employee contributions	(3,485)	(1,943)
Net change in total OPEB liability	(1,097)	386
Total OPEB liability—beginning	49,026	25,488
Total OPEB liability—ending	<u>\$ 47,929</u>	<u>\$ 25,874</u>
<u>Plan Fiduciary Net Position</u>		
Contributions—employer	\$ 79	\$ 24
Contributions—employee	79	24
Net Investment Income	17,507	9,904
Benefit payments, including refunds of employee contributions	(3,485)	(1,943)
OPEB Plan administrative expense	(72)	(42)
Other	—	—
Net change in Plan fiduciary net position	14,108	7,967
Plan fiduciary net position—beginning	64,567	36,524
Plan fiduciary net position—ending	<u>\$ 78,675</u>	<u>\$ 44,491</u>
Net OPEB liability/(asset)	<u>\$ (30,746)</u>	<u>\$ (18,617)</u>
Plan fiduciary net position as a percentage of total OPEB liability	164.15%	171.95%
Covered payroll	\$229,875	\$148,348
Net OPEB liability as a percentage of covered payroll	(13.38)	(12.55)%

Actuarial Valuations

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

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

Additional Information

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