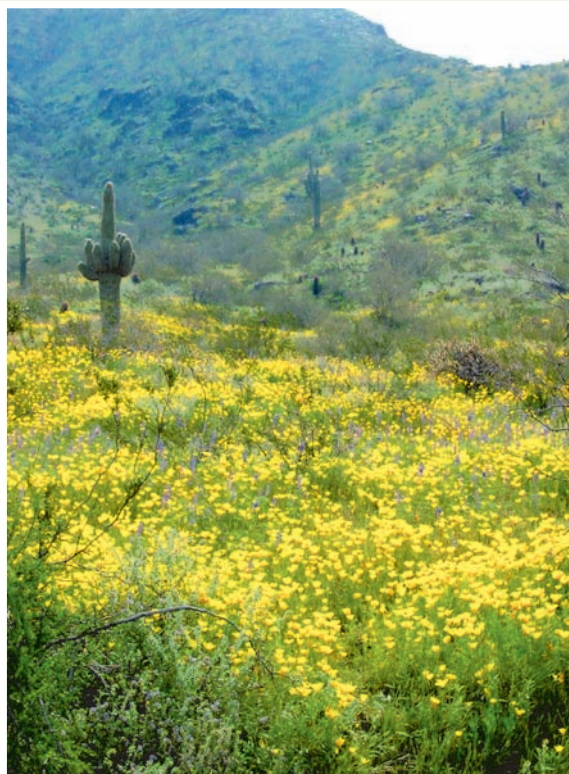


# City of Phoenix, Arizona Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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## Phoenix, Arizona: A Sustainable City

.....





## Phoenix Leads the Way in Sustainability Efforts

The city of Phoenix works diligently to provide our residents with the efficient and quality services they have come to expect. We know that they depend on us to be resourceful and forward thinking even in difficult economic times. Now more than ever it is vital for us to manage our resources with care. We are continuously looking for new and creative ways to provide programs and services while maintaining sound financial controls as well as the highest environmental standards.

Phoenix demonstrates its commitment to environmental stewardship through sustainability programs that have helped us to thrive in our unique and beautiful desert environment. Phoenix has long been recognized as an environmental leader in the state and is now gaining national attention as a sustainability champion with its many award-winning and innovative programs. We are committed to reducing air pollution and greenhouse gases, conserving energy and water resources, providing recreational opportunities, preserving open space and wildlife, and restoring blighted land and riparian habitat.

As an early pioneer in water, energy and natural resource conservation programs, Phoenix has long used sustainability as a guiding principal, believing that sustainable living is critical to ensure that the actions we take today do not compromise the ability of future generations to meet their needs. Phoenix's sustainability motto, "Living Like it Matters!" reaffirms the sustainability creed that guides its current programs and future plans.

In 1962, Phoenix pioneered the technology to recycle tires and turn them into rubberized asphalt. Since 1988, the city has completed 1,700 miles of rubberized asphalt roads, using an estimated eight million recycled tires.

Phoenix's Water Conservation Program, which began in 1986, has resulted in a 20 percent per capita reduction in water usage during the last 20 years.

In 1990, the city launched Phoenix Recycles, an award-winning residential curbside recycling program, which now reaches 340,000 households and annually diverts 126,000 tons of trash.

In 2002, Phoenix voters approved an enhanced general plan that was expanded to focus on the environment and protect natural resources. This comprehensive document serves as the blueprint for sustainability and responsible growth.

Phoenix residents have been an integral part of championing new initiatives and supporting sustainability efforts through bond issues and dedicated taxes including parks preservation and construction of the light rail system.

Working together, we can ensure that the city's programs continue to protect the environment today for a healthier tomorrow.





**City of Phoenix  
Arizona**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009**

**City Council**

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

**Administrative Staff**

Frank Fairbanks, City Manager  
Ruth Osuna, Deputy City Manager

**Prepared By**

Finance Department  
Jeff DeWitt, Interim Finance Director





**City of Phoenix**

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## **Introductory Section**

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







## City of Phoenix

FINANCE DEPARTMENT  
FINANCIAL ACCOUNTING AND REPORTING DIVISION

Phoenix 2009



December 19, 2009

Honorable Mayor, City Council and City Manager:

In accordance with the requirements of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Phoenix, Arizona (the City), for the fiscal year ended June 30, 2009. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Management's Discussion and Analysis (MD&A) beginning on page 3 provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

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### ***Independent Audits***

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The City Charter requires an annual audit by independent certified public accountants. The City's Audit Committee has selected the independent audit firm of Clifton Gunderson LLP to perform the audit of the City's CAFR for fiscal year 2008-2009. The Independent Auditor's Report on the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining funds is included in the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Clifton Gunderson LLP was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Single Audit Act of 1996 and related OMB Circular A-133. Due to the size and complexity of the City's financial systems, the single audit report is issued separately from this CAFR. Copies are available upon request from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5<sup>th</sup> floor of 251 W. Washington Street, Phoenix, Arizona, 85003, or on the City's internet site: <http://phoenix.gov/menu/cityfinfinance.html>.

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## ***City Profile***

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

Phoenix is the fifth most populous city in the United States, the state capital of Arizona, and the center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Goodyear, Tolleson, El Mirage, Surprise, Litchfield Park and Avondale; the towns of Buckeye and Gilbert; and all unincorporated areas of the County. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is widely known for its mild, sunny winters and hot summers and receives average rainfall of 7.66 inches a year.

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

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99<sup>th</sup> among American cities. The 1990 census recorded Phoenix's population at 983,403 and the 2005 census recorded Phoenix's population at 1,475,834. As of June 30, 2009, the City encompassed 518.83 square miles, with the City of Phoenix Planning Department estimating the City's population at 1,665,320.

Major employers of the Phoenix metropolitan area include the State of Arizona, Wal-Mart Stores, Inc., Banner Health Arizona, City of Phoenix, Maricopa County, Wells Fargo, Arizona State University, Honeywell International, Inc. (aerospace manufacturing), United States Postal Services, Bashas' Inc., Intel Corporation, USAirways, JP Morgan Chase, Luke Air Force Base, Freeport-McMoran Copper & Gold, Inc., Fry's Food and Drug Stores, Home Depot, Apollo Group and Safeway Inc.

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## ***Budgeting Systems and Controls***

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

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

a previous fiscal year. This law necessitates an additional appropriation ordinance to re-budget funds for contracts not completed by June 30.

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## ***Economic Condition and Outlook***

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Phoenix continues to be an attractive place to live and work and it is expected to continue to grow at a rate greater than the U.S. as a whole. The National Bureau of Economic Research (NBER) maintains the chronology of the national business cycles and identifies the dates of expansion and recessions. During the November 2001 to December 2007 expansion, employment in the Greater Phoenix area was increased 21.3% versus an increase of 5.3% nationally. Then in December 2007, the NBER declared that the nation was in a recession. According to Elliott D. Pollack & Company, a real estate and economic consulting firm, the Greater Phoenix employment growth turned negative due mainly to a slower rate of growth in the U.S. as a whole and the ripple effects from a decline in the housing market and tight credit conditions. The Greater Phoenix area employment has decreased 9.9% since December 2007 through May 2009. Employment growth will continue to be under pressure until a trough is reached in the local housing market, credits markets stabilize, and the national economy begins to recover.

According to the Greater Phoenix Blue Chip Economic Forecast, retail sales, which increased 0.1% in 2007 and declined 10.3% in 2008, are projected to decrease by 3.1% in 2009. In addition, it is estimated that personal income increased 3.0% in 2008, 1.2% in 2009 and is expected to increase by 2.7% in 2010. In light of continued weakness in the overall economy, it is likely that these forecasts will be revised downward.

As of the first quarter 2009, median housing prices for both new and resales declined 13.8% from fourth quarter 2008 according to data released by Arizona State University. According to the National Association of Realtors, as of the first quarter of 2009, the U.S. median sales price for an existing single-family home was \$169,000 and the median sales price for a similar home in Greater Phoenix was \$129,200. The recent drop in home prices has made Phoenix housing very affordable compared to most other western cities such as Los Angeles, San Diego, Las Vegas, Denver, Dallas, Houston, Albuquerque and Seattle. While the decrease in home values has negative repercussions, affordable housing is expected to be a key reason why Phoenix will emerge from the recent recession stronger than many other areas of the country.

Following several years of robust growth, the City's property tax base was flat in 2009-10 due to the recent recession being experienced in the national and local real estate markets. The 2009-10 total secondary assessed valuation is \$18.9 billion and includes \$557 million in new construction being added to the rolls. This represents zero percent growth over 2008-09 values. The City's total property tax rate (primary and secondary) for 2009-10 will remain at \$1.82 per \$100 of assessed valuation.

The City's Excise Tax Fund, primarily the City sales taxes, began declining in 2007 and has continued to decline throughout 2008-09. As a result, The City Council approved budget reductions for 2008-09 and 2009-10 of \$212.1 million and approximately 1,092 positions. The City cut non-public safety general fund departments by 27.3%, the Police and Fire departments by 7.5%, the Municipal Court by 7.9% and the Law Department by 15.0%. The Budget reductions were effective March 2, 2009.

Overall, 2008-2009 has been a difficult year for both the national and Greater Phoenix economies. However, new economic stimulus programs by the federal government, though not expected to change the underlying dynamics of the national economy, are expected to add an additional boost to the economy. As of December 1, 2009, the City has been awarded more than \$309.1 million in federal stimulus funding with the majority of the funds earmarked for capital projects through the City. Many economic forecasters are predicting an economic recovery in three to four years and Phoenix is poised to take advantage of the turnaround. The long term outlook remains good for the metropolitan Phoenix area due to expectations that strong population and employment growth will resume, and are expected to continue through the next two decades.

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

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The City's financial planning process is primarily driven by the budget process. This process includes the annual operating budget which is prepared on a modified zero-base budgeting process. This includes an annual base budget for each City department that is subjected to a detailed technical review and is adjusted for base reductions or supplementals (budget additions) based on revenue and expenditure forecasts. City departments are required to review their budget after the third month of the year (3+9) and information is updated after the seventh month of the year (7+5). Input from the departments, the City Manager's Office, City Council and citizens, including numerous community budget hearings, are conducted as part of this process. The City Council formally adopts the budget for the following year in mid-June. Budget reductions will likely occur in 2009-10 and 2010-11 as City sales tax continues to decline.

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

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

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

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

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In June 2009, the City of Phoenix was the recipient of the National Civic League's All-America City award for its collaborative projects that involve the community and address critical issues. The City highlighted the newly developed urban education campuses (Arizona State University Downtown Phoenix Campus and Phoenix Biomedical Campus), the Phoenix Parks and Preserve initiative and the innovative library teen spaces. Phoenix previously won the All-America City Award in 1950, 1958, 1980 and 1989. It is the country's most prestigious community recognition award, honoring communities of all sizes for collaborative projects addressing critical issues.

In April 2009, the City completed construction on the Civic Space Park. The 2.77-acre park in the heart of Downtown Phoenix, bounded by First and Central Avenues and Van Buren and Fillmore streets, offers residents, workers, students and visitors a unique urban design. The park includes interactive water and light features, green spaces and a beautiful 100-foot aerial art sculpture. The historic 1926 A.E. England Building is located inside Civic Space Park and hosts an auditorium as well as office, meeting and retail space.

The fully expanded Phoenix Convention Center, which welcomed its first convention in January 2009, now offers approximately 900,000 square feet of rentable convention space and is one of the top 20 facilities in the country in terms of size. The four-level North Building features amenities such as a 46,000 square foot street-level ballroom, 56 meeting rooms, over 300,000 square feet of exhibition hall space on the lower level, 190,000 square feet of exhibition hall space on the upper level and a food court with six themed eateries. In June 2008, the Phoenix Convention Center's West Building received the U.S. Green Building Council's LEEDS Silver Certification for its use of the Leadership in Energy and Environmental Design (LEED) rating system. The West Building was designed to achieve LEED certification for energy use, lighting, water and material use as well as incorporating a variety of other sustainable strategies.

In December 2008, the METRO light rail system opened for operations and includes a 20-mile light rail starter segment connecting north central Phoenix with Tempe and Mesa. The project was funded with Federal grant funds and City sales tax revenues approved by City of Phoenix voters on March 14, 2000. Ridership has increased since the grand opening and reached 1.1 million in the month of October 2009.

In November 2008, Standard & Poor's Ratings Services raised its ratings on the City's water and wastewater revenue bonds to AAA from AA. The upgraded ratings were based on the City's large, diverse and expanding economic base; sufficient water supply; ample treatment capacity; large but reasonable five-year capital improvement plans and low combined water and wastewater rates. The upgrade was also based on the City's water system's low cost water supply, revenue raising flexibility and strong historical financial operations.

The Downtown Phoenix Hotel officially opened October 1 2008. It is the first hotel to be built downtown since 1976. With 31 stories, it is the tallest hotel in Arizona. In December 2005, \$350 million of revenue bonds were issued through the Downtown Phoenix Hotel Corporation to finance the planning, design, engineering, construction, equipping, furnishing and opening of a 1,000-room, full-service, first-class, downtown hotel one block north of the Phoenix Convention Center.

CityScape is a 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and will include restaurants, a grocery store, offices, condominiums, and outdoor event space. The project encompasses three blocks in downtown Phoenix and is adjacent to the US Airways Center and within two blocks of Chase Field. Construction on CityScape began in the fall of 2007 with the first phase expected to open in spring 2010. The project will be built out over several years based on market demand, with the majority of construction planned to be completed by 2011.

The first phase of the Arizona State University (ASU) Downtown Phoenix campus opened in August 2006 to 6,000 registered students and 600 faculty and staff. Construction was completed on the new Walter Cronkite School of Journalism and Mass Communications facility, and its grand opening was celebrated in November 2008. In addition, a student housing tower, which is 13 stories high and accommodates 750 beds, opened in fall 2008. The second tower, with an additional 550 beds, opened in August 2009.

As part of the second phase of the ASU Downtown Phoenix campus expansion, construction was completed on the 82,000 square foot ASU College of Nursing and Healthcare Innovation facility. The innovative design creates a sense of arrival for the northeast corner of the campus and downtown. With over a third of the materials utilized for this project containing recycled content, the new facility is on track to achieve the Leadership in Energy and Environmental Design (LEED) certified Silver or Gold status.

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

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and the applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received this award continuously since 1976. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The component unit financial report for COPERS for the year ended June 30, 2008 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

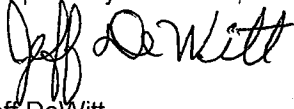
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## **Acknowledgements**

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

Respectfully submitted,



Jeff DeWitt  
Interim Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Phoenix  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

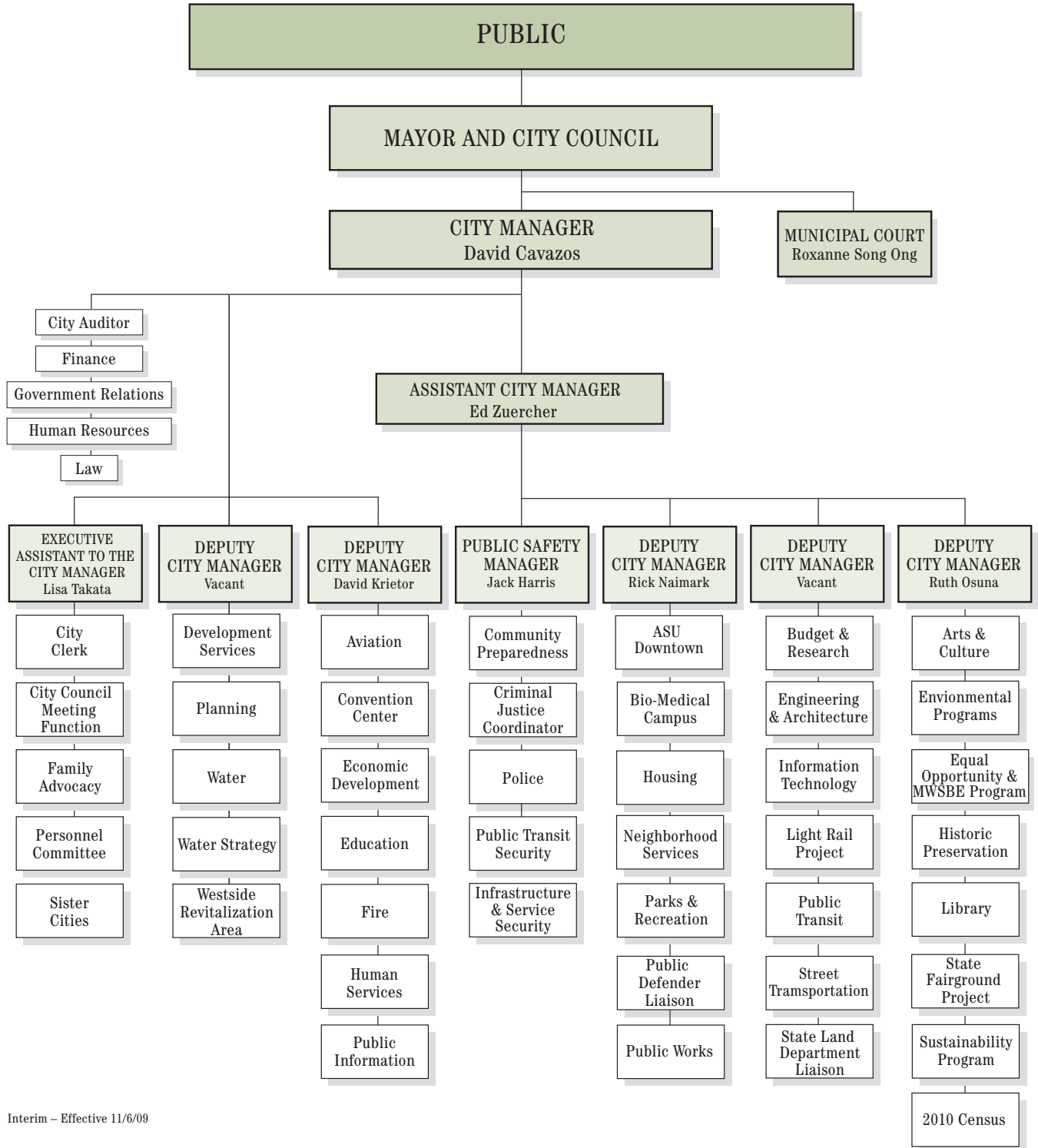
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Phoenix Organizational Chart



# City of Phoenix Council members and district boundaries



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



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



**Peggy Neely**  
602-262-7445  
council.district.2  
@phoenix.gov



**Bill Gates**  
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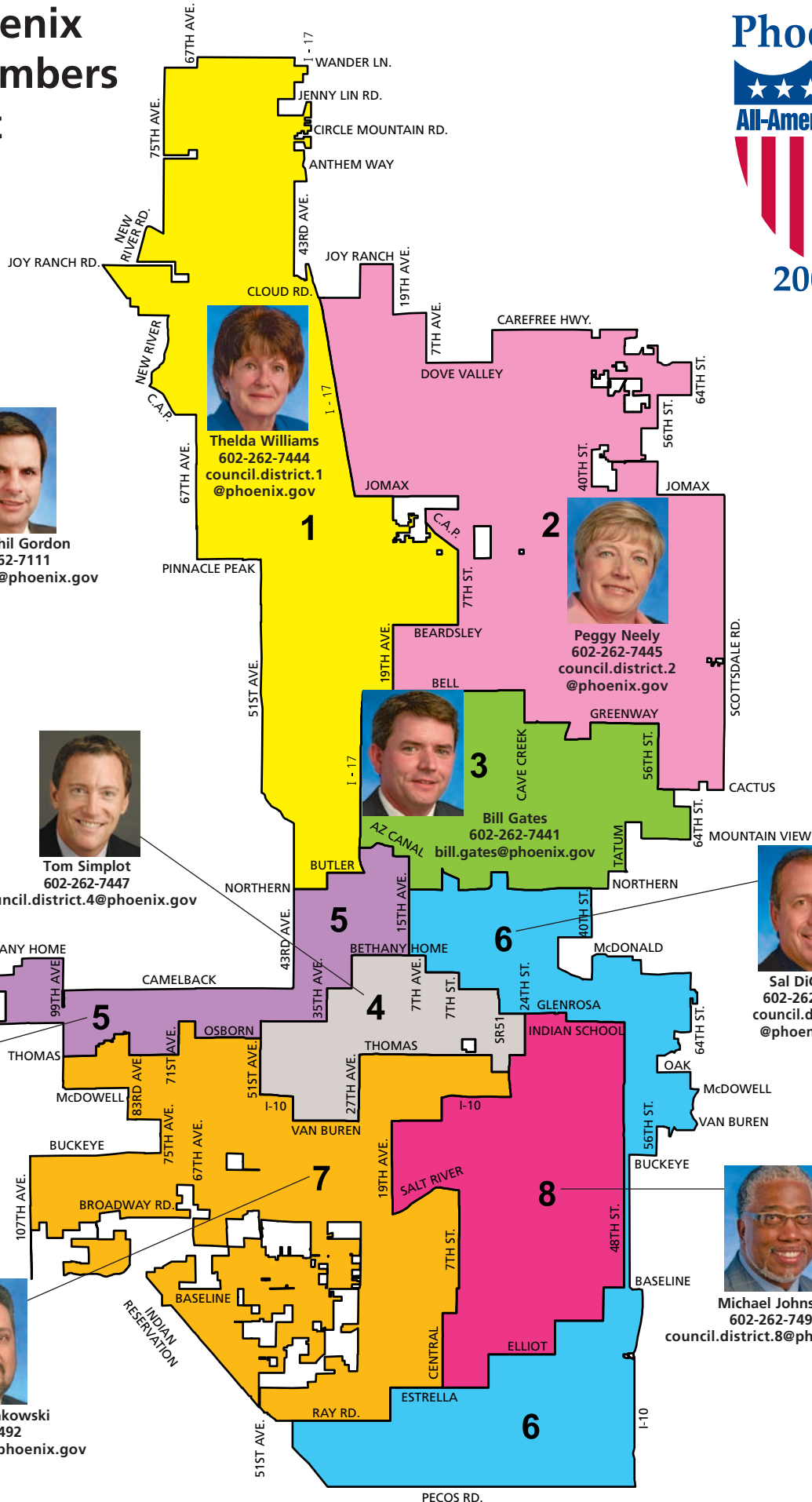
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**City of Phoenix**



## **Financial Section**

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





## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the financial section of the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison statements for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 20 to the basic financial statements, the City adopted the provisions of Statement of Governmental Accounting Standards No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective July 1, 2008, which resulted in the recording of a prior period adjustment. Note 20 also discusses the recording of a correction of an error by the City, effective July 1, 2008.

The management's discussion and analysis and the schedule of funding progress included in required supplementary information to the basic financial statements on pages 3 through 11, and 87, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the City's basic financial statements. The non-major governmental funds, other supplementary information through and including other supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Clifton Gunderson LLP*

Phoenix, Arizona  
December 19, 2009





Financial Section

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





## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Phoenix, Arizona, we offer the following narrative overview and analysis of the financial activities of the City of Phoenix, Arizona (the City) for the fiscal year ended June 30, 2009. Readers are encouraged to consider the overview and analysis in combination with the traditional transmittal letter that can be found on pages I – V of this report.

### **FINANCIAL HIGHLIGHTS**

- The total assets of the City exceeded its total liabilities at the close of the fiscal year by \$8.4 billion (net assets). Of this amount, \$1.9 billion (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$198.0 million.
- As of the close of the fiscal year, the City's Governmental Funds reported combined ending fund balances of \$1.3 billion, a decrease of \$276.0 million from last fiscal year. Approximately 47.7 percent of this amount, or \$612.5 million, is available for spending at the City's discretion (*unreserved fund balance*).
- At the close of the fiscal year, unreserved fund balance for the general fund was \$190.3 million, or 72.5 percent of the total general fund balance of \$262.6 million.

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

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

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

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 13 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 4 and 7.

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

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

Both the Statement of Net Assets and the Statement of Activities divide the functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, convention center, water, wastewater, solid waste disposal and golf course activities. In addition, financial information is also presented for the City's discretely presented component units, Phoenix Housing Finance Corporation and the Downtown Phoenix Hotel Corporation. See Note 1 on page 33 for further discussion on the financial reporting entity.

## Government-Wide Financial Statement Analysis

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2009.

**Net Assets.** As noted above, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets, the amount by which assets exceeded liabilities, were \$8.4 billion at the close of the fiscal year.

The largest portion of the City's net assets (\$5.7 billion or 67.7 percent) reflects its investments in capital assets, e.g., land, buildings, improvements, machinery and equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The following table summarizes Exhibit A-1, the detailed Statement of Net Assets.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 2,449,174	\$ 2,651,618	\$ 2,255,660	\$ 2,176,621	\$ 4,704,834	\$ 4,828,239
Capital assets	4,567,593	4,330,958	6,569,281	6,236,863	11,136,874	10,567,821
Total assets	<u>7,016,767</u>	<u>6,982,576</u>	<u>8,824,941</u>	<u>8,413,484</u>	<u>15,841,708</u>	<u>15,396,060</u>
Other Liabilities	110,039	156,663	197,509	239,935	307,548	396,598
Long-term liabilities outstanding	2,522,787	2,603,352	4,591,628	4,174,307	7,114,415	6,777,659
Total liabilities	<u>2,632,826</u>	<u>2,760,015</u>	<u>4,789,137</u>	<u>4,414,242</u>	<u>7,421,963</u>	<u>7,174,257</u>
Net assets:						
Invested in capital assets, net of related debt	2,441,889	2,857,041	3,260,962	3,127,559	5,702,851	5,984,600
Restricted	620,582	832,814	163,387	153,980	783,969	986,794
Unrestricted	1,321,470	532,706	611,455	717,703	1,932,925	1,250,409
Total net assets	<u>\$ 4,383,941</u>	<u>\$ 4,222,561</u>	<u>\$ 4,035,804</u>	<u>\$ 3,999,242</u>	<u>\$ 8,419,745</u>	<u>\$ 8,221,803</u>

The *restricted* portion of the City's net assets (\$783.9 million) represents resources that are subject to external restrictions on how they may be used. Such restrictions include debt service payments, development impact fees restricted to growth-related projects, other capital projects and required reserves. The remaining balance, or the *unrestricted net assets* (\$1.9 billion), may be used to meet the City's ongoing obligations to citizens and creditors.

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

**Capital Assets.** The City's investment in capital assets for the fiscal year ended June 30, 2009, was \$11.1 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$569.0 million, an increase of \$236.6 million for Governmental Activities and \$332.4 million for Business-Type Activities.

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

- Various street and storm sewer projects throughout the City valued at \$132.6 million.
- Acquisition of Parks and Preserve land valued at \$107.6 million.
- New and replacement water and sewer mains throughout the City valued at \$93.6 million.
- Construction related to the Convention Center expansion valued at \$87.8 million.
- Design and construction of the Sky Harbor Airport Sky Train valued at \$59.8 million.
- Design and construction at the various water treatment plants valued at \$57.1 million.
- Land acquisition by the Aviation Department valued at \$49.3 million.
- Construction and Design of Aviation Terminal 3 Improvements valued at \$35.8 million.
- Construction of an In-Line Baggage Explosive Detection System for Sky Harbor International Airport valued at \$31.8 million.
- Design and Construction of the ASU College of Nursing valued at \$23.2 million.

The following table provides a listing of the capital assets.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Buildings	\$ 880,522	\$ 776,188	\$ 1,588,237	\$ 1,190,139	\$ 2,468,759	\$ 1,966,327
Improvements	232,614	219,548	1,704,927	1,720,861	1,937,541	1,940,409
Equipment	282,555	290,234	389,074	332,872	671,629	623,106
Artwork	10,481	10,131	6,174	6,106	16,655	16,237
Land	1,052,756	854,849	724,560	683,907	1,777,316	1,538,756
Infrastructure	1,710,589	1,599,821	1,072,329	1,032,994	2,782,918	2,632,815
Intangible Assets	12,802	14,287	123,598	118,455	136,400	132,742
Construction-in-Progress	385,274	565,900	960,382	1,151,529	1,345,656	1,717,429
<b>Total</b>	<b>\$ 4,567,593</b>	<b>\$ 4,330,958</b>	<b>\$ 6,569,281</b>	<b>\$ 6,236,863</b>	<b>\$ 11,136,874</b>	<b>\$ 10,567,821</b>

Additional information regarding the City's capital assets can be found in Note 8 to the financial statements.

**Long-term Liabilities.** The City had total long-term liabilities or obligations of \$7.1 billion (which is comprised primarily of bonded debt) at the end of the fiscal year. Of this amount, general obligation bonds that are backed by the full faith and credit of the City comprise \$1.3 billion, while municipal corporation obligations account for \$4.8 billion and Certificates of Participation account for \$31.0 million of the total. Revenue bonds total \$68.0 million and an additional \$.3 million are special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to satisfy the debt payments.

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

The City's available debt margin at June 30, 2009 was \$1.1 billion in the 6% capacity and \$2.7 billion in the 20% capacity. Additional information regarding the debt limitations and capacities can be found in Note 11 to the financial statements and also in Table 15 in the statistical section.

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 1,191,716	\$ 1,222,854	\$ 145,455	\$ 171,284	\$ 1,337,171	\$ 1,394,138
Revenue bonds	68,041	94,289	-	-	68,041	94,289
Certificates of Participation	30,973	32,151	-	-	30,973	32,151
Municipal Corporation						
Obligations	780,701	816,567	3,993,127	3,609,901	4,773,828	4,426,468
Special assessment bonds	260	593	-	-	260	593
Insurance claims payable	89,399	94,431	-	-	89,399	94,431
Compensated absences	136,896	138,012	19,730	20,197	156,626	158,209
Landfill Closure/Post-closure costs	-	-	67,710	58,857	67,710	58,857
Pollution Remediation	22,500	-	20,877	-	43,377	-
Other	202,301	204,455	344,729	314,068	547,030	518,523
<b>Total</b>	<b>\$ 2,522,787</b>	<b>\$ 2,603,352</b>	<b>\$ 4,591,628</b>	<b>\$ 4,174,307</b>	<b>\$ 7,114,415</b>	<b>\$ 6,777,659</b>

The City's total long-term obligations increased by \$336.8 million during the fiscal year just ended, which represents an increase of 5.0 percent. During the fiscal year, the Civic Improvement Corporation issued \$133.4 million Wastewater System Revenue Refunding Bonds, proceeds of which were used to refund the Corporation's Wastewater System Variable Rate Demand Revenue Refunding Bonds, and \$540.3 million Water System Revenue Bonds, proceeds of which were used to defease certain outstanding debt and to fund various improvements to the City's water system.

In September 2009, Moody's Investors Service revised the outlook on the City's general obligation debt to negative from stable, while affirming the City's Aa1 general obligation rating. In its report dated September 29, 2009, they stated, "Despite City management's strong efforts to maintain fiscal stability during the current recession, the negative outlook reflects Moody's expectation that City finances will remain pressured for the foreseeable future given continuing economic underperformance and uncertain timing and character of the region's next economic expansion". Standard & Poor's (S&P) affirmed its AAA/Stable rating on the City's GO bonds. In its report dated September 29, 2009, S&P stated that the rating was a reflection of the City's "very broad and diverse economy at the center of the larger metropolitan region; maintenance of strong fund balances over many years and continued good operating performance, even in light of recent revenue stress; continued maintenance of strong financial policies and procedures; and moderate debt levels and projected debt needs".

Further detail pertaining to the City's long-term obligations is available in Note 9 to the financial statements.

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

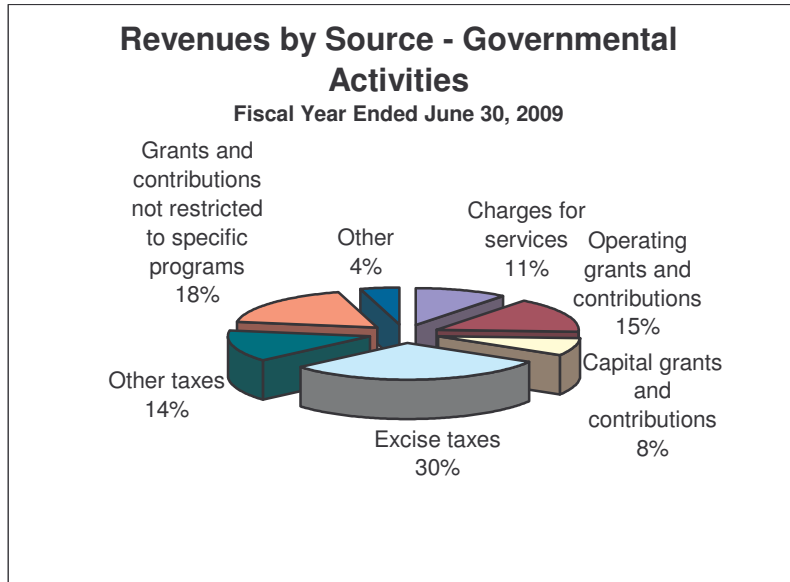
**City of Phoenix  
Changes in Net Assets  
For the year ended June 30  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 239,369	\$ 196,664	\$ 932,142	\$ 912,054	\$ 1,171,511	\$ 1,108,718
Grants and contributions						
Operating	340,756	368,938	-	-	340,756	368,938
Capital	174,302	216,788	178,800	300,575	353,102	517,363
General revenues						
Excise taxes	670,678	745,044	-	-	670,678	745,044
Other taxes	312,068	269,059	-	-	312,068	269,059
Grants/contributions not restricted to specific programs	407,156	410,945	-	-	407,156	410,945
Other	98,085	143,061	31,970	52,024	130,055	195,085
<b>Total revenues</b>	<b>2,242,414</b>	<b>2,350,499</b>	<b>1,142,912</b>	<b>1,264,653</b>	<b>3,385,326</b>	<b>3,615,152</b>
<b>Expenses</b>						
General government	92,403	97,369	-	-	92,403	97,369
Criminal justice	39,477	40,258	-	-	39,477	40,258
Public safety	869,389	795,839	-	-	869,389	795,839
Transportation	385,240	182,769	-	-	385,240	182,769
Environmental services	47,320	38,585	-	-	47,320	38,585
Community enrichment	264,615	278,649	-	-	264,615	278,649
Community development	210,645	205,934	-	-	210,645	205,934
Interest on long-term debt	96,631	103,035	-	-	96,631	103,035
Aviation	-	-	389,460	378,104	389,460	378,104
Phoenix Convention Center	-	-	86,942	70,170	86,942	70,170
Water services	-	-	326,775	327,544	326,775	327,544
Wastewater services	-	-	186,565	160,008	186,565	160,008
Solid waste	-	-	141,693	147,096	141,693	147,096
Golf courses	-	-	9,716	9,572	9,716	9,572
<b>Total expenses</b>	<b>2,005,720</b>	<b>1,742,438</b>	<b>1,141,151</b>	<b>1,092,494</b>	<b>3,146,871</b>	<b>2,834,932</b>
Increase in net assets before transfers	236,694	608,061	1,761	172,159	238,455	780,220
Transfers	(52,649)	(52,010)	52,649	52,010	-	-
<b>Increase in net assets</b>	<b>184,045</b>	<b>556,051</b>	<b>54,410</b>	<b>224,169</b>	<b>238,455</b>	<b>780,220</b>
<b>Net Assets - July 1</b>	<b>4,222,561</b>	<b>3,803,922</b>	<b>4,175,764</b>	<b>3,910,063</b>	<b>8,398,325</b>	<b>7,713,985</b>
Prior Period Adjustments	(22,665)	(137,412)	(194,370)	(134,990)	(217,035)	(272,402)
<b>Net Assets - July 1, as restated</b>	<b>4,199,896</b>	<b>3,666,510</b>	<b>3,981,394</b>	<b>3,775,073</b>	<b>8,181,290</b>	<b>7,441,583</b>
<b>Net Assets - June 30</b>	<b>\$ 4,383,941</b>	<b>\$ 4,222,561</b>	<b>\$ 4,035,804</b>	<b>\$ 3,999,242</b>	<b>\$ 8,419,745</b>	<b>\$ 8,221,803</b>

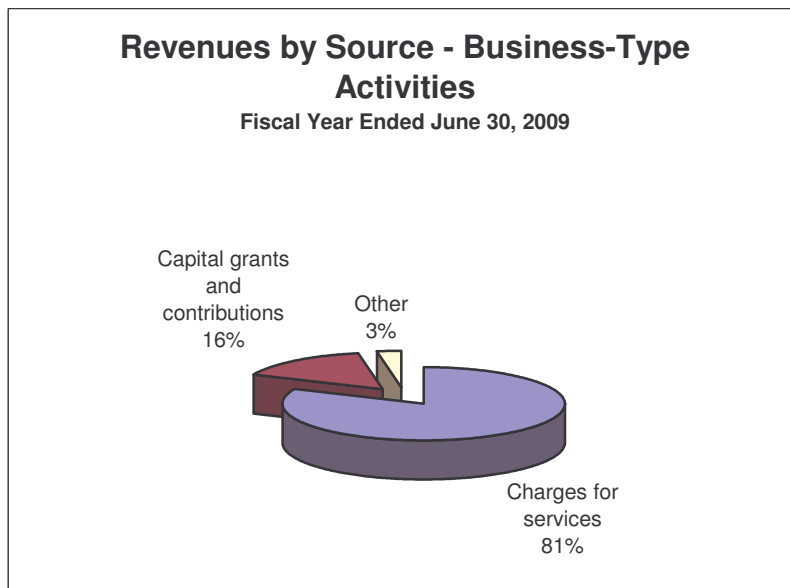
As can be seen above, Governmental Activities increased the City's net assets by \$184.0 million, thereby accounting for 77.2 percent of the total fiscal year growth in the net assets of the City. Business-Type Activities increased the City's net assets by \$54.4 million, or 22.8 percent of the total fiscal year growth in net assets. In addition, beginning net assets of the City were decreased \$22.7 million in the Governmental Activities and \$194.4 million in the Business-Type Activities, due primarily to the new pollution remediation requirements and the correction of classification of capital assets in the Aviation enterprise fund. See Note 20 on page 85 for further discussion of the restatement of beginning fund balances.

During fiscal year 2008-2009, excise tax revenues declined due to the condition of the local economy. A variety of factors have contributed to this decline in economic growth including weakness in the residential and commercial real estate markets, increased unemployment, declines in personal income growth, and increased oil and food prices. Public Safety expenditures increased during the fiscal year due to increases in employee compensation and benefits. Also, the public safety department budgets were reduced less than other departmental budgets in order to prevent impact to first responders and other critical public safety functions. Public Transit expenditures also increased during fiscal year 2008-2009. This was due to the commencement of light rail operations in December 2008.

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



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



As can be seen in this chart, charges for services account for the majority of the Business-Type Activities revenues, which is to be expected for this fund type.



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

The Fund Financial Statements are presented in Exhibits B-1 through B-11 beginning on page 18 of this report. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All of the funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-6), Enterprise Funds (Exhibits B-7 through B-9) and Fiduciary Funds (Exhibits B-10 and B-11).

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

The City maintains twenty-eight individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Excise Tax Special Revenue Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under GASB 34. Data from the other twenty-five Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major Governmental Funds is provided in the form of *combining statements* later in this report.

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

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

Enterprise Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Enterprise Fund Financial Statements (Exhibits B-7 through B-9 on pages 24-28) provide separate information for each of the six Enterprise Funds noted above as all are considered to be major funds of the City.

### ***Fund Financial Statement Analysis***

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

**Governmental Funds.** The focus of the Governmental Fund Financial Statements (Exhibits B-1 through B-6 on pages 18-23) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the nonmajor funds can be found in Exhibits C-1 and C-2. The following table summarizes information found in Exhibits B-1 and B-3.

**City of Phoenix**  
**Changes in Governmental Fund Balances**  
**Fiscal Year Ended June 30, 2009**  
(in thousands)

	Fund Balances July 1, 2008	Net Change in Fund Balances	Fund Balances June 30, 2009
General Fund			
Reserved	\$ 83,379	\$ (11,047)	\$ 72,332
Unreserved	205,286	(15,008)	190,278
G.O./Secondary Property Tax			
Reserved	197,470	75,572	273,042
Unreserved	451	1,275	1,726
Nonmajor Governmental			
Reserved	365,582	(40,366)	325,216
Unreserved	706,928	(286,386)	420,542
Total	<u>\$ 1,559,096</u>	<u>\$ (275,960)</u>	<u>\$ 1,283,136</u>
Total Reserved	\$ 646,431	\$ 24,159	\$ 670,590
Total Unreserved	912,665	(300,119)	612,546
Total Governmental Balances	<u>\$ 1,559,096</u>	<u>\$ (275,960)</u>	<u>\$ 1,283,136</u>

As shown in the above table, at the end of the fiscal year, the City's Governmental Funds reported combined ending fund balances of \$1.3 billion, a decrease of \$276.0 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 47.7 percent of this amount, or \$612.5 million, constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of the combined fund balance is *reserved*: This indicates that it is not available for new spending because it has already been committed 1) to liquidate contract and purchase orders for the prior year (\$191.1 million), 2) to pay debt service (\$346.9 million), 3) to pay for supply inventories (\$17.9 million), 4) for prepaid items (\$4.9 million), and 5) for notes receivable (\$109.7 million).

The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government including general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. As presented in the table above, the General Fund balance decreased by \$26.1 million. This decrease in fund balance was due primarily to a decrease in excise tax transfers in and increased public safety expenditures. The Excise Tax Special Revenue Fund, another major fund, is used to account for City sales and franchise taxes. The balance of the Excise Tax Special Revenue Fund at the end of each fiscal year is transferred to other funds resulting in an ending fund balance of zero. The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund increased by \$76.8 million. This increase was due to strong secondary property tax revenues which are used for general obligation debt service. The nonmajor Governmental funds, consisting of the special revenue, capital projects and debt service funds, had a combined decrease in fund balance of \$326.8 million, primarily due to decreased earmarked excise taxes in the special revenue funds, and significant use of capital project funds in advance of a large General Obligation (GO) bond sale in October 2009. See Note 21 to the financial statements for further information regarding the GO bond sale which is disclosed as a subsequent event.

Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the Fund Financial Statements within the Basic Financial Statements, or as required supplementary information after the Notes to the Financial Statements. The City has chosen to present these budgetary statements as part of the Basic Financial Statements (Exhibits B-5 and B-6). Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 18 to the financial statements.

The total expenditures in the General Fund were less than the final amended budget by \$145.5 million. The final amended general fund budget projected fiscal year expenditures of \$1.2 billion. The actual general fund expenditures for the fiscal year ended June 30, 2009, were \$1.0 billion (see Exhibit B-5).

**Enterprise Funds.** The Enterprise Fund Financial Statements (Exhibits B-7 through B-9) are prepared and presented using the same accounting basis and measurement focus as the Government-Wide Financial Statements, but in more detail. The following table summarizes Exhibits B-7 and B-8.

**City of Phoenix**  
**Changes in Enterprise Fund Net Assets**  
**Fiscal Year Ended June 30, 2009**  
(in thousands)

	Net Assets July 1, 2008	Change in Net Assets	Net Assets June 30, 2009
Aviation	\$ 1,702,549	\$ 25,289	\$ 1,727,838
Phoenix Convention Center	275,919	(9,272)	266,647
Water System	1,238,967	17,207	1,256,174
Wastewater	748,795	14,953	763,748
Solid Waste	17,339	(966)	16,373
Golf Courses	(2,175)	7,199	5,024
<b>Total</b>	<b>\$ 3,981,394</b>	<b>\$ 54,410</b>	<b>\$ 4,035,804</b>

As shown in the table, Net Assets for the Enterprise Funds increased in total by \$54.4 million during the fiscal year. The Aviation and Water System comprised the majority of this total with increases of \$25.3 million and \$17.2 million, respectively. However, both of these funds have less of an increase in net assets than in the prior year due to the sluggish economy. The Phoenix Convention Center is also feeling the effects of the economy with a decrease in net assets of \$9.3 million due to a decrease in the amount of excise tax transfers it received during the fiscal year. The Aviation and Water System Funds comprise 73.9 percent (\$1.7 billion and \$1.3 billion, respectively) of the total Enterprise Fund Net Assets at June 30, 2009.

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

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the basic financial statements can be found beginning on page 33 of this report.

**ECONOMIC FACTORS**

- The greater Phoenix area employment has decreased 9.9% from December 2007 through May 2009. Employment growth will continue to be under pressure until a trough is reached in the local housing market, credits markets stabilize, and the national economy begins to recover.
- Following several years of robust growth, the City's property tax base was flat in 2009 due to the recent downturn in the national and local real estate markets. The 2009 total secondary assessed valuation is \$18.9 billion, which represents zero percent growth over 2008 values.
- New economic stimulus programs by the federal government, though not expected to change the underlying dynamics of the national economy, are expected to add an additional boost to the economy. As of December 1, 2009, the City has been awarded more than \$309.1 million in federal stimulus funding with the majority of the funds earmarked for capital projects through the City.

**REQUESTS FOR FINANCIAL INFORMATION**

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



**City of Phoenix**



Financial Section

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





**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Net Assets**

**Exhibit A-1**

June 30, 2009  
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporation
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 172,661	\$ 59,310	\$ 231,971	\$ 2,575	\$ -
Cash Deposits	1,121	458	1,579		
Cash and Securities with Fiscal Agents/Trustees	148,319	-	148,319		
Investments	785,383	199,603	984,986		
Internal Balances	6,455	(6,455)	-		
Receivables, Net of Allowances	445,832	93,076	538,908	2,289	4,904
Prepaid Items	4,948	3,859	8,807	355	
Inventories	17,934	10,307	28,241	243	
Restricted Assets	-	1,263,196	1,263,196	73,915	
Capital Assets, at Cost					
Non-depreciable	1,896,265	1,697,131	3,593,396	-	
Depreciable (net)	2,671,328	4,872,150	7,543,478	272,835	
Other Noncurrent Assets	-	-	-	98	
Investment in Joint Use Agreement	846,038	627,483	1,473,521		
Other Postemployment Benefits Asset	20,483	4,823	25,306		
Total Assets	<u>7,016,767</u>	<u>8,824,941</u>	<u>15,841,708</u>	<u>352,310</u>	<u>4,904</u>
<b>LIABILITIES</b>					
Accounts Payable	56,954	39,950	96,904	4,358	190
Trust Liabilities and Deposits	53,085	500	53,585	666	
Unearned Revenue	-	8,859	8,859		
Liabilities Payable from Restricted Assets	-	137,997	137,997	19,619	
Utility/Water Contractual Agreements	-	10,203	10,203		
Noncurrent Liabilities					
Due Within One Year					
Current Portion of Insurance Claims Payable	33,749	-	33,749		
Current Portion of Accrued Compensated Absences	18,537	2,825	21,362		
Current Portion of Pollution Remediation	250	3,559	3,809		
Current Portion of Accrued Landfill Closure and Postclosure Care Costs	-	2,444	2,444		
Matured Bonds and Certificates Payable	96,346	95,729	192,075		
Interest Payable	51,942	88,732	140,674		
Current Portion of General Obligation Bonds	47,163	26,938	74,101		
Current Portion of Revenue Bonds	28,285	-	28,285		
Current Portion of Certificates of Participation	1,175	-	1,175		
Current Portion of Municipal Corporation Obligations	39,630	96,700	136,330		
Current Portion of Special Assessment Bonds	87	-	87		
Due in More Than One Year					
Insurance Claims Payable	55,650	-	55,650		
Accrued Compensated Absences	118,359	16,905	135,264		
General Obligation Bonds	1,144,553	118,517	1,263,070		
Revenue Bonds	39,756	-	39,756	350,000	
Certificates of Participation	29,798	-	29,798		
Municipal Corporation Obligations	741,071	3,896,427	4,637,498		
Special Assessment Bonds	173	-	173		
Unamortized Premium/(Discount)/(Issue Costs)	54,013	152,784	206,797	(12,442)	
Pollution Remediation	22,250	17,318	39,568		
Utility/Water Contractual Agreements	-	4,829	4,829		
Rebatable Arbitrage	-	2,655	2,655		
Accrued Landfill Closure and Postclosure Care Costs	-	65,266	65,266		
Total Liabilities	<u>2,632,826</u>	<u>4,789,137</u>	<u>7,421,963</u>	<u>362,201</u>	<u>190</u>
<b>NET ASSETS (DEFICIT)</b>					
Invested in Capital Assets, Net of Related Debt	2,441,889	3,260,962	5,702,851	(5,237)	
Restricted For:					
Capital Projects	160,476	2,952	163,428	23,772	
Debt Service	346,917	34,740	381,657	32,048	
Customer Facility Charges (CFC) Reserves	-	21,232	21,232		
Development Impact Fees	113,189	104,463	217,652		
Unrestricted	1,321,470	611,455	1,932,925	(60,474)	4,714
Total Net Assets (Deficit)	<u>\$ 4,383,941</u>	<u>\$ 4,035,804</u>	<u>\$ 8,419,745</u>	<u>\$ (9,891)</u>	<u>\$ 4,714</u>

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

**City of Phoenix, Arizona**  
**Government-Wide Financial Statements**  
**Statement of Activities**

**Exhibit A-2**

For the Year Ended June 30, 2009  
(in thousands)

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Governmental Activities</b>				
General Government	\$ 92,403	\$ 19,360	\$ 6,341	\$ 916
Criminal Justice	39,477	29,808	-	-
Public Safety	869,389	56,763	20,107	137
Transportation	385,240	63,758	174,412	140,839
Community Enrichment	264,615	6,366	38,811	29,317
Community Development	210,645	62,845	100,823	3,093
Environmental Services	47,320	469	262	-
Interest on Long-Term Debt	96,631	-	-	-
Total Governmental Activities	<u>2,005,720</u>	<u>239,369</u>	<u>340,756</u>	<u>174,302</u>
<b>Business-Type Activities</b>				
Aviation	389,460	273,079	-	132,712
Phoenix Convention Center	86,942	28,407	-	710
Water Services	326,775	307,752	-	28,324
Wastewater Services	186,565	181,764	-	16,861
Solid Waste	141,693	134,957	-	151
Golf Courses	9,716	6,183	-	42
Total Business-Type Activities	<u>1,141,151</u>	<u>932,142</u>	<u>-</u>	<u>178,800</u>
Total Primary Government	<u>\$ 3,146,871</u>	<u>\$ 1,171,511</u>	<u>\$ 340,756</u>	<u>\$ 353,102</u>
<b>Component Units:</b>				
Downtown Phoenix Hotel Corp.	\$ 48,415	36,693	-	-
Phoenix Housing Finance Corp.	\$ -	-	-	25
<b>General Revenues (Expenses)</b>				
Taxes				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues (Expenses) and Transfers				
Change in Net Assets				
<b>Net Assets - July 1</b>				
Prior Period Adjustment				
<b>Net Assets - July 1, as restated (Note 20)</b>				
<b>Net Assets - June 30</b>				

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



**Net (Expense) Revenue and  
Changes in Net Assets**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporation
\$ (65,786)	\$ -	\$ (65,786)		
(9,669)	-	(9,669)		
(792,382)	-	(792,382)		
(6,231)	-	(6,231)		
(190,121)	-	(190,121)		
(43,884)	-	(43,884)		
(46,589)	-	(46,589)		
(96,631)	-	(96,631)		
(1,251,293)	-	(1,251,293)		
-	16,331	16,331		
-	(57,825)	(57,825)		
-	9,301	9,301		
-	12,060	12,060		
-	(6,585)	(6,585)		
-	(3,491)	(3,491)		
-	(30,209)	(30,209)		
(1,251,293)	(30,209)	(1,281,502)		
			\$ (11,722)	
				\$ 25
670,678	-	670,678		
113,830	-	113,830		
198,238	-	198,238		
407,156	-	407,156		
43,558	31,970	75,528	1,508	
54,527	-	54,527	19	
(52,649)	52,649	-		
1,435,338	84,619	1,519,957	1,527	-
184,045	54,410	238,455	(10,195)	25
4,222,561	4,175,764	8,398,325	304	4,689
(22,665)	(194,370)	(217,035)	-	-
4,199,896	3,981,394	8,181,290	304	4,689
\$ 4,383,941	\$ 4,035,804	\$ 8,419,745	\$ (9,891)	\$ 4,714



**City of Phoenix**



Financial Section

# Basic Financial Statements – Fund Financial Statements







**City of Phoenix**

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

**Exhibit B-1**

June 30, 2009  
(in thousands)

	General	Excise Tax	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,780	\$ -	\$ 66,090	\$ 103,791	\$ 172,661
Cash Deposits	1,092	-	-	29	1,121
Cash and Securities with Fiscal Agents/Trustees	-	-	60,466	87,853	148,319
Investments	80,874	-	203,486	501,023	785,383
Due from Other Funds	169,661	-	-	8,047	177,708
Receivables, Net of Allowance					
Accounts Receivable	16,850	-	-	15,638	32,488
Taxes Receivable	2,131	70,154	3,884	3	76,172
Delinquent Taxes Receivable	3,736	-	6,445	-	10,181
Intergovernmental	5,895	20,721	-	189,157	215,773
Accrued Interest	16	-	1,308	185	1,509
Notes Receivable	-	-	-	109,709	109,709
Prepaid Items	-	-	-	4,948	4,948
Inventories	14,712	-	-	3,222	17,934
Total Assets	<u>\$ 297,747</u>	<u>\$ 90,875</u>	<u>\$ 341,679</u>	<u>\$ 1,023,605</u>	<u>\$ 1,753,906</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds	\$ -	\$ 90,875	\$ -	\$ 80,378	\$ 171,253
Accounts Payable	14,074	-	-	42,880	56,954
Insurance Claims Payable	979	-	-	19	998
Trust Liabilities and Deposits	13,570	-	-	39,515	53,085
Matured Bonds Payable	-	-	32,165	64,181	96,346
Interest Payable	-	-	28,301	23,641	51,942
Deferred Revenue	6,514	-	6,445	27,233	40,192
Total Liabilities	<u>35,137</u>	<u>90,875</u>	<u>66,911</u>	<u>277,847</u>	<u>470,770</u>
Fund Balances					
Reserved for					
Encumbrances	12,312	-	-	178,770	191,082
Debt Service	45,308	-	273,042	28,567	346,917
Inventories	14,712	-	-	3,222	17,934
Prepaid Items	-	-	-	4,948	4,948
Notes Receivable	-	-	-	109,709	109,709
Unreserved					
Designated for Insurance Claims, reported in:					
General Fund	92,921	-	-	-	92,921
Special Revenue Funds	-	-	-	2,004	2,004
Designated for Unrealized Gain on Investments, reported in:					
General Fund	6,833	-	-	-	6,833
Special Revenue Funds	-	-	-	2,546	2,546
Capital Projects Funds	-	-	-	341	341
Debt Service Funds	-	-	1,726	427	2,153
Undesignated, reported in:					
General Fund	90,524	-	-	-	90,524
Special Revenue Funds	-	-	-	407,109	407,109
Capital Projects Funds	-	-	-	8,115	8,115
Total Fund Balances	<u>262,610</u>	<u>-</u>	<u>274,768</u>	<u>745,758</u>	<u>1,283,136</u>
Total Liabilities and Fund Balances	<u>\$ 297,747</u>	<u>\$ 90,875</u>	<u>\$ 341,679</u>	<u>\$ 1,023,605</u>	<u>\$ 1,753,906</u>

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

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

**Exhibit B-2**

June 30, 2009  
(in thousands)

Fund balances - total governmental funds balance sheet \$ 1,283,136

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

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

Governmental capital assets	5,955,178	
Accumulated depreciation	<u>(1,387,585)</u>	
		4,567,593

The equity in joint venture is not a financial resource and, therefore, is not reported in the funds. 846,038

The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds. 20,483

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 40,192

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

Governmental bonds payable	(2,125,704)	
Pollution Remediation	(22,500)	
Compensated absences	(136,896)	
Insurance claims payable	<u>(88,401)</u>	
		(2,373,501)

Net assets of governmental activities - statement of net assets \$ 4,383,941

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

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

**Exhibit B-3**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	General	Excise Tax	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
City Taxes	\$ 111,319	\$ 670,678	\$ 196,568	\$ 1,836	\$ 980,401
Licenses and Permits	16,224	2,684	-	18	18,926
Intergovernmental	59,065	337,081	-	516,758	912,904
Charges for Services	57,673	-	-	90,643	148,316
Fines and Forfeitures	18,861	-	-	-	18,861
Parks and Recreation	-	-	-	3,004	3,004
Special Assessments	-	-	-	372	372
Investment Income					
Net Change in Fair Value of Investments	322	-	694	3,482	4,498
Interest	17,659	-	3,474	17,927	39,060
Dwelling Rentals	-	-	-	9,806	9,806
Other	19,662	-	-	34,891	54,553
Total Revenues	300,785	1,010,443	200,736	678,737	2,190,701
<b>EXPENDITURES</b>					
Current Operating					
General Government	67,192	-	-	2,668	69,860
Criminal Justice	36,491	-	-	1,226	37,717
Public Safety	679,222	-	-	133,566	812,788
Transportation	51,172	-	-	203,248	254,420
Community Enrichment	162,467	-	-	49,384	211,851
Community Development	25,553	-	-	163,792	189,345
Environmental Services	23,520	-	-	509	24,029
Capital Outlay	11,330	-	-	599,693	611,023
Debt Service					
Principal	-	-	32,165	64,841	97,006
Interest	-	-	56,603	47,306	103,909
Bond Issuance Costs	-	-	2,053	2	2,055
Arbitrage Rebate and Fiscal Agent Fees	-	-	8	23	31
Total Expenditures	1,056,947	-	90,829	1,266,258	2,414,034
Excess (Deficiency) of Revenues Over Expenditures	(756,162)	1,010,443	109,907	(587,521)	(223,333)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From Other Funds	732,154	-	-	365,894	1,098,048
Transfers to Other Funds	(2,047)	(1,010,443)	(33,060)	(105,147)	(1,150,697)
Issuance of Debt					
Special Assessment Bonds	-	-	-	22	22
Total Other Financing Sources and (Uses)	730,107	(1,010,443)	(33,060)	260,769	(52,627)
Net Change in Fund Balances	(26,055)	-	76,847	(326,752)	(275,960)
<b>FUND BALANCES, JULY 1 as previously reported</b>	288,665	-	197,921	1,072,425	1,559,011
Prior Period Adjustment (Note 20)	-	-	-	85	85
<b>FUND BALANCES, JULY 1 as restated</b>	288,665	-	197,921	1,072,510	1,559,096
<b>FUND BALANCES, JUNE 30</b>	\$ 262,610	\$ -	\$ 274,768	\$ 745,758	\$ 1,283,136

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



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

**Exhibit B-4**

For the Year Ended June 30, 2009  
(in thousands)

Net change in fund balances - total governmental funds \$ (275,960)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital acquisitions (\$388,298) plus the increase in the equity share of the joint venture (\$87,903) exceeded depreciation (\$148,716) and loss on disposals of capital assets (\$2,947) in the current period. 324,538

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 17,918

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

Bond principal payments	94,763
Amortization of bond premium	8,249

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Compensated absences	1,116
Insurance claims	4,974
Rebatable arbitrage	3,336
Other Postemployment Benefit (OPEB) Asset	4,861
Pollution Remediation	250

Change in net assets of governmental activities - statement of activities \$ 184,045

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

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

**Exhibit B-5**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 112,558	\$ 112,558	\$ 111,319	\$ (1,239)
Licenses and Permits	13,304	13,304	16,224	2,920
Intergovernmental	66,289	66,289	55,682	(10,607)
Charges for Services	56,914	56,914	59,809	2,895
Fines and Forfeitures	19,936	19,936	17,347	(2,589)
Interest	1,550	1,550	2,698	1,148
Miscellaneous	14,759	14,759	15,764	1,005
Total Revenues	<u>285,310</u>	<u>285,310</u>	<u>278,843</u>	<u>(6,467)</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	96,187	96,187	83,604	12,583
Criminal Justice	39,243	39,243	36,154	3,089
Public Safety	726,973	726,973	668,059	58,914
Transportation	50,326	50,326	44,372	5,954
Community Enrichment	177,351	177,351	160,594	16,757
Community Development	30,395	30,395	24,554	5,841
Environmental Services	25,349	25,349	19,945	5,404
Capital	6,124	5,924	948	4,976
Lease-Purchase Payments	39	39	-	39
Contingency	31,900	31,900	-	31,900
Total Expenditures and Encumbrances	<u>1,183,887</u>	<u>1,183,687</u>	<u>1,038,230</u>	<u>145,457</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(898,577)	(898,377)	(759,387)	138,990
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Staff and Administrative	27,808	27,808	25,771	(2,037)
In-Lieu Property Taxes	19,199	19,199	19,310	111
Excise Taxes and Other	838,321	838,321	737,996	(100,325)
Transfers to Other Funds				
Miscellaneous	(2,152)	(2,152)	(19,131)	(16,979)
Recovery of Prior Years Expenditures	850	850	1,891	1,041
Total Other Financing Sources and (Uses)	<u>884,026</u>	<u>884,026</u>	<u>765,837</u>	<u>(118,189)</u>
Net Change in Fund Balance	<u>\$ (14,551)</u>	<u>\$ (14,351)</u>	<u>6,450</u>	<u>\$ 20,801</u>
Fund Balance, July 1			<u>39,130</u>	
Fund Balance, June 30			<u>\$ 45,580</u>	

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Budgetary Comparison Statement**  
**Excise Tax Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit B-6**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
City Taxes	\$ 858,810	\$ 858,810	\$ 693,354	\$ (165,456)
Licenses and Permits	2,625	2,625	2,684	59
Intergovernmental	370,852	370,852	343,399	(27,453)
Total Revenues	<u>1,232,287</u>	<u>1,232,287</u>	<u>1,039,437</u>	<u>(192,850)</u>
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds				
General Fund	(809,512)	(809,512)	(712,703)	96,809
Transit 2000	(131,445)	(131,445)	(97,324)	34,121
Parks and Preserves	(32,861)	(32,861)	(24,335)	8,526
Sports Facilities	(18,238)	(18,238)	(14,203)	4,035
Capital Construction	(21,216)	(21,216)	(19,803)	1,413
Police Neighborhood Protection	(23,003)	(23,003)	(17,034)	5,969
Block Watch Neighborhood Protection	(1,643)	(1,643)	(1,216)	427
Fire Neighborhood Protection	(8,215)	(8,215)	(6,084)	2,131
Police Public Safety Enhancement	(16,955)	(16,955)	(15,104)	1,851
Fire Public Safety Enhancement	(10,392)	(10,392)	(9,257)	1,135
Police Public Safety Expansion	(52,578)	(52,578)	(37,263)	15,315
Fire Public Safety Expansion	(13,145)	(13,145)	(9,316)	3,829
City Improvement	(28,462)	(28,462)	(28,378)	84
Phoenix Convention Center	(64,622)	(64,622)	(47,417)	17,205
Total Other Financing Uses	<u>(1,232,287)</u>	<u>(1,232,287)</u>	<u>(1,039,437)</u>	<u>192,850</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, July 1			<u>-</u>	
Fund Balance, June 30			<u>\$ -</u>	

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

**City of Phoenix, Arizona**  
**Fund Financial Statements**  
**Enterprise Funds**  
**Statement of Net Assets**  
June 30, 2009  
(in thousands)

**Exhibit B-7**

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 22,911	\$ 8,413
Investments	17,454	38,839
Receivables, Net of Allowances	6,136	233
Prepaid Items	340	-
Cash Deposits	458	-
Inventories, at Average Cost	1,329	146
Total Unrestricted Current Assets	<u>48,628</u>	<u>47,631</u>
Restricted Assets		
Cash and Cash Equivalents	104,183	26,748
Cash Deposits	-	2,272
Cash and Securities with Fiscal Agents/Trustees	125,443	10,145
Investments	241,756	10,061
Receivables, Net of Allowances	25,183	1
Total Restricted Current Assets	<u>496,565</u>	<u>49,227</u>
Total Current Assets	<u>545,193</u>	<u>96,858</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,336,551	890,995
Investment in Joint Use Agreement	-	-
OPEB Asset	1,303	321
Total Noncurrent Assets	<u>2,337,854</u>	<u>891,316</u>
Total Assets	<u>2,883,047</u>	<u>988,174</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	11,330	1,153
Due to Other Funds	-	-
Trust Liabilities and Deposits	486	-
Utility/Water Contractual Agreements	-	-
Deferred Revenue	8,702	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Pollution Remediation	3,559	-
Current Portion of Accrued Compensated Absences	811	245
Total Current Liabilities Payable from Current Assets	<u>24,888</u>	<u>1,398</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	18,774	3,168
Trust Liabilities and Deposits	-	2,272
Bond Anticipation Notes Payable	80,000	-
Matured Bonds and Certificates Payable	26,815	1,705
Interest Payable	25,963	8,440
Current Portion of General Obligation Bonds	845	-
Current Portion of Municipal Corporation Obligations	25,890	1,795
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	<u>178,287</u>	<u>17,380</u>
Total Current Liabilities	<u>203,175</u>	<u>18,778</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment	10,427	-
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment	913,262	657,109
Unamortized Premium (Discount)	6,146	41,567
Pollution Remediation	17,318	-
Utility/Water Contractual Agreements	-	-
Rebatable Arbitrage	-	2,655
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	4,881	1,418
Total Noncurrent Liabilities	<u>952,034</u>	<u>702,749</u>
Total Liabilities	<u>1,155,209</u>	<u>721,527</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	1,493,939	215,111
Restricted for Capital Projects	-	-
Restricted for Debt Service	30,787	3,953
Restricted for CFC Transportation O&M / Improvement Reserves	21,232	-
Restricted for Development Impact Fees	-	-
Unrestricted	181,880	47,583
Total Net Assets	<u>\$ 1,727,838</u>	<u>\$ 266,647</u>

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

**Exhibit B-7**

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 6,555	\$ 14,622	\$ 6,781	\$ 28	\$ 59,310
44,373	66,018	32,919	-	199,603
61,624	18,138	6,945	-	93,076
3,519	-	-	-	3,859
-	-	-	-	458
7,534	1,088	-	210	10,307
123,605	99,866	46,645	238	366,613
64,231	19,210	8,550	-	222,922
3,937	186	124	-	6,519
54,681	45,464	16,157	-	251,890
362,916	85,691	55,179	-	755,603
1,061	-	17	-	26,262
486,826	150,551	80,027	-	1,263,196
610,431	250,417	126,672	238	1,629,809
2,174,406	1,009,295	146,219	11,815	6,569,281
160,930	466,553	-	-	627,483
1,652	577	838	132	4,823
2,336,988	1,476,425	147,057	11,947	7,201,587
2,947,419	1,726,842	273,729	12,185	8,831,396
15,167	9,097	3,161	42	39,950
-	-	-	6,455	6,455
-	-	-	14	500
10,203	-	-	-	10,203
59	-	-	98	8,859
-	-	2,444	-	2,444
-	-	-	-	3,559
1,006	318	365	80	2,825
26,435	9,415	5,970	6,689	74,795
12,518	13,218	1,866	-	49,544
4,602	186	124	-	7,184
-	-	-	-	80,000
30,996	24,146	12,067	-	95,729
26,572	23,667	4,090	-	88,732
11,483	10,825	3,785	-	26,938
37,960	24,945	6,110	-	96,700
-	-	1,269	-	1,269
124,131	96,987	29,311	-	446,096
150,566	106,402	35,281	6,689	520,891
58,015	34,883	15,192	-	118,517
1,400,926	789,696	135,434	-	3,896,427
70,810	30,174	4,087	-	152,784
-	-	-	-	17,318
4,829	-	-	-	4,829
-	-	-	-	2,655
-	-	65,266	-	65,266
6,099	1,939	2,096	472	16,905
1,540,679	856,692	222,075	472	4,274,701
1,691,245	963,094	257,356	7,161	4,795,592
967,451	557,073	15,573	11,815	3,260,962
2,952	-	-	-	2,952
-	-	-	-	34,740
-	-	-	-	21,232
63,615	38,428	2,420	-	104,463
222,156	168,247	(1,620)	(6,791)	611,455
\$ 1,256,174	\$ 763,748	\$ 16,373	\$ 5,024	\$ 4,035,804

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

**Exhibit B-8**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Landing and Terminals Fees	\$ 140,944	\$ -
Sales	-	-
Rentals	108,985	4,096
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Golf Fees	-	-
Concessions	-	10,167
Other	23,150	14,144
Total Operating Revenues	<u>273,079</u>	<u>28,407</u>
Operating Expenses		
Administration and Engineering	-	33,421
Operation and Maintenance	230,350	14,770
Promotion	-	2,953
Depreciation and Amortization	110,067	16,746
Staff and Administrative	5,943	2,556
Other	-	2,465
Total Operating Expenses	<u>346,360</u>	<u>72,911</u>
Operating Income (Loss)	<u>(73,281)</u>	<u>(44,504)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	310	514
Interest on Investments	8,648	3,600
Interest on Capital Debt	(43,076)	(13,967)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	(24)	(64)
Total Non-Operating Revenues (Expenses)	<u>(34,142)</u>	<u>(9,917)</u>
Income (Loss) Before Contributions and Transfers	<u>(107,423)</u>	<u>(54,421)</u>
Capital Contributions	132,712	710
Transfers from Other Funds	-	45,380
Transfers to Other Funds	-	(941)
Change in Net Assets	<u>25,289</u>	<u>(9,272)</u>
Net Assets, July 1	1,896,919	275,919
Prior Period Adjustment (Note 20)	(194,370)	-
Net Assets, July 1, as restated	<u>1,702,549</u>	<u>275,919</u>
Net Assets, June 30	<u>\$ 1,727,838</u>	<u>\$ 266,647</u>

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

## Exhibit B-8

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ -	\$ -	\$ -	\$ -	\$ 140,944
253,679	-	-	-	253,679
-	-	-	-	113,081
-	144,144	-	-	144,144
-	-	123,352	-	123,352
-	-	-	4,322	4,322
-	-	-	1,632	11,799
54,073	37,620	11,283	229	140,499
307,752	181,764	134,635	6,183	931,820
33,959	11,208	18,239	615	97,442
145,053	69,590	91,615	6,429	557,807
-	-	-	-	2,953
85,563	41,648	12,549	754	267,327
5,787	1,150	4,786	279	20,501
-	-	7,128	10	9,603
270,362	123,596	134,317	8,087	955,633
37,390	58,168	318	(1,904)	(23,813)
780	1,046	582	3	3,235
8,381	5,497	2,597	12	28,735
(50,409)	(48,947)	(7,376)	(1,621)	(165,396)
(5,809)	(13,843)	-	-	(19,652)
(195)	(179)	322	(8)	(148)
(47,252)	(56,426)	(3,875)	(1,614)	(153,226)
(9,862)	1,742	(3,557)	(3,518)	(177,039)
28,324	16,861	151	42	178,800
18,333	7,735	6,992	10,675	89,115
(19,588)	(11,385)	(4,552)	-	(36,466)
17,207	14,953	(966)	7,199	54,410
1,238,967	748,795	17,339	(2,175)	4,175,764
-	-	-	-	(194,370)
1,238,967	748,795	17,339	(2,175)	3,981,394
\$ 1,256,174	\$ 763,748	\$ 16,373	\$ 5,024	\$ 4,035,804

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

**Exhibit B-9**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 273,056	\$ 28,563
Payments to Suppliers	(164,902)	(34,142)
Payments to Employees	(63,994)	(19,196)
Payment of Staff and Administrative Expenses	(5,943)	(2,556)
Net Cash Provided (Used) by Operating Activities	<u>38,217</u>	<u>(27,331)</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	-	45,380
Transfers to Other Funds	-	(941)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>44,439</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	80,000	-
Principal Paid on Capital Debt	(24,664)	(985)
Interest Paid on Capital Debt	(47,191)	(16,906)
Loans from Other Funds	-	-
Acquisition and Construction of Capital Assets	(233,810)	(102,001)
Proceeds from Sales of Capital Assets	212	25
Capital Contributions	136,063	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(89,390)</u>	<u>(119,867)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(2,868,770)	(725,003)
Proceeds from Sale and Maturities of Investment Securities	2,808,015	832,410
Net Activity for Short-Term Investments	14,793	(29,418)
Interest on Investments	8,399	2,769
Net Cash Provided (Used) by Investing Activities	<u>(37,563)</u>	<u>80,758</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(88,736)</u>	<u>(22,001)</u>
Cash and Cash Equivalents, July 1	341,273	69,579
Cash and Cash Equivalents, June 30	<u>\$ 252,537</u>	<u>\$ 47,578</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (73,281)	\$ (44,504)
Adjustments		
Depreciation and Amortization	110,067	16,746
(Increase) Decrease in Assets		
Deposits	-	-
Receivables	431	(24)
Allowance for Doubtful Accounts	(653)	-
Prepaid Items	170	-
Inventories	(104)	(8)
OPEB Asset	(271)	(76)
Increase (Decrease) in Liabilities		
Accounts Payable	(1,339)	170
Trust Liabilities and Deposits	-	180
Deferred Revenue	199	-
Pollution Remediation	3,028	-
Accrued Compensated Absences	(30)	185
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 38,217</u>	<u>\$ (27,331)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 704
Bond Capital Appreciation	-	14,624
Refunding Issuance in Excess of Bond Retirement	698	62
Increase (Decrease) in Fair Value of Investments	(526)	(13)
Total Noncash Transactions Affecting Financial Position	<u>\$ 172</u>	<u>\$ 15,377</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 22,911	\$ 8,413
Restricted		
Cash and Cash Equivalents	104,183	26,748
Cash with Fiscal Agents/Trustees	125,443	10,145
Customer and Other Deposits	-	2,272
	<u>229,626</u>	<u>39,165</u>
	<u>\$ 252,537</u>	<u>\$ 47,578</u>

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



**Exhibit B-9**

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 302,579	\$ 182,085	\$ 135,586	\$ 6,176	\$ 928,045
(99,962)	(59,413)	(73,015)	(2,221)	(433,655)
(81,452)	(21,066)	(37,438)	(5,225)	(228,371)
(5,787)	(1,150)	(4,786)	(279)	(20,501)
115,378	100,456	20,347	(1,549)	245,518
18,333	7,735	6,992	10,675	89,115
(19,588)	(11,385)	(4,552)	-	(36,466)
(1,255)	(3,650)	2,440	10,675	52,649
373,426	9,327	-	-	462,753
(24,203)	(21,530)	(11,476)	(9,992)	(92,850)
(61,720)	(55,524)	(8,452)	(1,490)	(191,283)
-	-	-	2,264	2,264
(197,710)	(139,943)	(19,637)	(673)	(693,774)
202	(69)	1,193	6	1,569
10,731	4,523	57	-	151,374
100,726	(203,216)	(38,315)	(9,885)	(359,947)
(541,325)	(505,219)	(423,782)	(1,807)	(5,065,906)
319,298	627,006	437,334	1,951	5,026,014
7,230	(101,560)	(37,594)	(144)	(146,693)
8,106	6,546	2,586	15	28,421
(206,691)	26,773	(21,456)	15	(158,164)
8,158	(79,637)	(36,984)	(744)	(219,944)
121,246	159,119	68,596	772	760,585
\$ 129,404	\$ 79,482	\$ 31,612	\$ 28	\$ 540,641
\$ 37,390	\$ 58,168	\$ 318	\$ (1,904)	\$ (23,813)
85,563	41,648	12,549	754	267,327
(2)	-	-	-	(2)
(5,755)	143	695	5	(4,505)
113	201	198	-	(141)
296	-	-	-	466
(1,888)	(210)	-	83	(2,127)
(357)	(122)	(218)	(30)	(1,074)
(326)	762	(1,207)	(16)	(1,956)
469	(23)	58	1	685
-	-	-	(13)	186
-	-	-	-	3,028
(125)	(111)	43	(429)	(467)
-	-	7,911	-	7,911
\$ 115,378	\$ 100,456	\$ 20,347	\$ (1,549)	\$ 245,518
\$ 17,593	\$ 12,338	\$ (94)	\$ 42	\$ 30,583
211	-	-	-	14,835
810	2,513	11	-	4,094
(199)	(224)	53	-	(909)
\$ 18,415	\$ 14,627	\$ (30)	\$ 42	\$ 48,603
\$ 6,555	\$ 14,622	\$ 6,781	\$ 28	\$ 59,310
64,231	19,210	8,550	-	222,922
54,681	45,464	16,157	-	251,890
3,937	186	124	-	6,519
122,849	64,860	24,831	-	481,331
\$ 129,404	\$ 79,482	\$ 31,612	\$ 28	\$ 540,641

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

**Exhibit B-10**

June 30, 2009  
(in thousands)

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 88,894	\$ 12,637
Investments		
Treasurer's Pooled Investments	97,896	53,874
Temporary Investments	216,738	-
Fixed Income	463,895	-
Domestic Equities	526,590	-
International Equities	469,363	-
Receivables		
Accounts Receivable	66,333	-
Contributions Receivable	4,579	-
Interest and Dividends	3,859	-
Prepaid Items	5,150	-
Total Assets	<u>1,943,297</u>	<u>66,511</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	307,798	-
Accrued Payroll Payable	-	66,511
Claims Payable	23,890	-
Total Liabilities	<u>331,688</u>	<u>66,511</u>
<b><u>NET ASSETS</u></b>		
Held in trust for pension and other employee benefits	<u>\$ 1,611,609</u>	<u>\$ -</u>

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

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

**Exhibit B-11**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>
<b><u>ADDITIONS</u></b>	
Contributions	
City of Phoenix	\$ 246,288
Employees	87,774
Inter-System Transfers	11,863
Other	3,820
Total Contributions	<u>349,745</u>
Investment Income (Loss)	
From Investing Activities	
Net Decrease in Fair Value of Investments	(411,962)
Interest	23,544
Dividends	24,736
Other	384
Investment Income (Loss)	<u>(363,298)</u>
Less: Investment Expense	5,878
Net Investment Income (Loss)	
from Investing Activities	<u>(369,176)</u>
Security Lending Activity Gross Income	5,508
Security Lending Expenses	<u>(3,272)</u>
Total Net Investment Income (Loss)	<u>(366,940)</u>
Total Additions (Loss)	<u>(17,195)</u>
<b><u>DEDUCTIONS</u></b>	
Benefit Payments	323,858
Refunds of Contributions	2,824
Inter-System Transfers	10,970
Other	10,843
Total Deductions	<u>348,495</u>
Net Decrease	(365,690)
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	1,977,299
End of Year, June 30	<u>\$ 1,611,609</u>

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



**City of Phoenix**



## Financial Section

# Notes to the Financial Statements

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

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





**City of Phoenix, Arizona**  
**Notes to the Financial Statements**  
As of and for the Fiscal Year Ended June 30, 2009

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

**1. Summary of Significant Accounting Policies**

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

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

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

**a. Reporting Entity**

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

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

All full-time general employees participate in COPERS, which is governed by a nine-member Retirement Board (the “Board”). Four statutory Board members are members of City management. Three Board members are elected from and by the COPERS’ active members. One Board member is a citizen and one is a retiree. Employees contribute 5% of their covered compensation, with the City funding all remaining costs based on actuarial valuations. COPERS is reported in the accompanying financial statements as an employee pension trust fiduciary fund. Separate financial statements for COPERS can be obtained through COPERS’ administrative office at 101 S. Central Avenue, Suite 600, Phoenix, Arizona, 85004.

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

The CIC was organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The corporation is governed by a self-perpetuating board of directors, who are responsible for approving the corporation’s bond sales. Bond sales must also be ratified by the Mayor and City Council. Although the CIC is legally separate from the City, the corporation is reported as if it were part of the primary government, using the blending method, because its sole purpose is to finance and construct public facilities for the City. Separate financial statements for the CIC can be obtained from the City’s Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

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

The PHFC was incorporated as a nonprofit corporation under the laws of the State of Arizona. The corporation was created to act as an instrumentality of the City to aid in the development and financing of housing for low income persons. The corporation is governed by a self-perpetuating Board of Directors consisting of at least three persons who are appointed by and consist of City management. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to

## Notes to the Financial Statements

(Continued)

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be reported as a discretely presented component unit of the City for financial reporting purposes because of the City's accountability via the appointment of the board members. Separate financial statements for the corporation can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

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

The DPHC is a nonprofit public benefit corporation established in January, 2005, to facilitate the financing, development, construction, and operation of a full-service convention center hotel in downtown Phoenix. The City Council of the City of Phoenix appoints the corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the corporation. Separate financial statements for the corporation can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

## **b. Jointly Governed Organizations**

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

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

### **Arizona Municipal Water Users Association ("AMWUA")**

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

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

WGAA is a nonprofit corporation established and funded by the City of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become WGAA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City of Phoenix contributed \$1.4 million this fiscal year (life to date \$8.8 million) to the WGAA operating and capital budget.

## **c. Basic Financial Statements**

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

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

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type



## Notes to the Financial Statements

(Continued)

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activities are shown in the government-wide financial statements. The City does not utilize any internal service funds.

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

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

Reservations or designations of net assets imposed by the reporting government, whether by administrative policy or legislative actions of the reporting government, are not shown on the government-wide financial statements.

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

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

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

The proprietary (enterprise) fund and fiduciary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial

## Notes to the Financial Statements

(Continued)

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statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements but is included in the fund columns in the proprietary fund financial statements.

### d. Fund Accounting

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

#### Governmental Funds

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

The City reports the following major governmental funds:

##### **General Fund**

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

##### **Excise Tax Special Revenue Fund**

The Excise Tax Fund is the only special revenue fund that is presented as a major fund in the basic financial statements. Revenues received for various sales and franchise taxes are recorded in the Excise Tax Fund and then subsequently transferred to the specific fund that has been budgeted to utilize the taxes.

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

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

The City reports the following nonmajor governmental funds:

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

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

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

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

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

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

**Proprietary Funds**

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

**Enterprise Funds**

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

**Fiduciary Funds**

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

**Pension and Other Employee Benefit Trust Funds**

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

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

**Agency Funds**

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

**e. Basis of Accounting**

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

Enterprise funds and pension trust funds are accounted for on a flow of economic resources measurement focus whereby all assets and liabilities associated with the operation of these funds are included on the statement of net assets. Statements of revenues, expenditures and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

## Notes to the Financial Statements

(Continued)

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

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

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

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

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

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

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

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

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

Unexpended appropriations, including those encumbered, lapse at fiscal year end. Since all expenditures must be covered by an appropriation, the City reappropriates outstanding encumbrances. For 2008-09, the reappropriation budget was \$2,045,100,000.

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

**Expenditure Limitation**

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City’s actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2008-09 expenditure limit supplied by the Economic Estimates Commission was \$1,286,467,284. The City increased this limit to \$7,385,889,000 to adjust for additional voter-approved modifications, as follows:

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

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

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

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

**Budget Calendar**

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

<b>Action</b>	<b>City Charter</b>	<b>State Statutes</b>
City Manager’s proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June	No provision
Publish general summary of budget and notice of public hearing	Publish in newspaper of general circulation at least two weeks prior to first public hearing	No provision
Public hearing and tentative budget adoption	On or before the last day of June	On or before the third Monday in July
Publish budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption
Public hearing and final budget adoption	No provision	No later than the second Monday in August
Property tax levy adoption	No later than the last regular Council meeting in July	No sooner than fourteen days following final budget adoption and no later than the third Monday in August

## Notes to the Financial Statements

(Continued)

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

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

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

### **h. Reservations and Designations**

In the governmental fund financial statements, reservations and designations of fund balance are recorded to signify that a portion of fund balance is not appropriable for expenditure, or is legally segregated or earmarked by management for specific future use.

### **i. Pooled Cash and Investments**

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

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

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

### **j. Inventories**

Inventories consist of expendable supplies held for consumption. Inventories in governmental funds are stated at average cost. Enterprise fund inventories are stated at the lower of average cost or market. Inventories are primarily accounted for on the consumption method. The reserve for inventories in the governmental funds is equal to the amount of inventories to indicate that a portion of the fund balance is not available for future expenditure.

### **k. Capital Assets**

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

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

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



## Notes to the Financial Statements

(Continued)

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Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for the enterprise funds. See Note 8 for presentation of capital additions and interest costs capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

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

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

### **I. Compensated Absences**

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

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

### **m. Long-Term Obligations**

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

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

### **n. Fund Deficits**

Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. At June 30, 2009, the following capital project funds reported fund deficits: Police and Fire Protection \$30,997,000, Storm Sewers \$1,903,000, Parks Recreation and Libraries \$5,374,000, Public Housing \$6,937,000, and Sports and Cultural Facilities \$13,918,000. In addition, the Neighborhood Protection Special Revenue Fund had a fund deficit of \$4,751,000 which will be resolved through operations in the following fiscal year.

**o. Interfund Transactions**

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

**p. Statements of Cash Flows**

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

**q. New Accounting Pronouncements**

In November 2006, GASB issued Statement No. 49, ***Accounting and Financial Reporting for Pollution Remediation Obligations***. The statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is effective for the City's financial statements for periods beginning after December 15, 2007. The City has implemented GASB No. 49, and Pollution Remediation Liabilities have been recorded in both the Governmental Activities and in the Enterprise Activities for the Aviation Enterprise Fund. The implementation resulted in the recording of a prior period adjustment; see Note 20 for further discussion.

In June 2007, GASB issued Statement No. 51, ***Accounting and Reporting for Intangible Assets***. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. This statement is effective for the City's financial statements for periods beginning after June 15, 2009. The requirements of GASB No. 51 have been implemented and are reflected as a reclassification within capital assets in the City's government-wide financial statements as of June 30, 2009.

In February 2009, GASB issued Statement No. 54, ***Fund Balance Reporting and Governmental Fund Type Definitions***. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. This statement is effective for the City's financial statements for periods beginning after June 15, 2010. The City is in the process of reviewing and evaluating this statement. Therefore, the potential impact of this new accounting pronouncement on the financial statements cannot be determined at this time.



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

**2. Budget Basis of Accounting**

The City's budget is adopted on a basis other than GAAP. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the General and major Special Revenue Funds (Exhibits B-5 and B-6) are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP bases are:

	<b>Budget</b>	<b>GAAP</b>
Encumbrances	The equivalent of expenditures	A reservation of fund balance
Grant Revenues	Recognized on a modified cash basis	Recognized on the accrual basis
Investment Income	Unrealized gain or loss on investments not recognized	Unrealized gain or loss on investments recognized
Reservations of Fund Balance	Not recognized	Recognized
Designation of Fund Balance for Unrealized Gains on Investments	Not recognized	Recognized
In-Lieu Property Taxes	Interfund Transfers	Revenues and expenses
Staff and Administrative Costs	Interfund Transfers	Reimbursable expenses

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

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2009 on the budget basis to the GAAP basis are as follows (in thousands):

	<b>Excess of Sources of Financial Resources Over Uses of Financial Resources</b>	
	<b>General</b>	<b>Excise Tax Special Revenue</b>
Budget basis	\$ 6,450	\$ -
Entity differences - amounts not budgeted	1,612	-
Transfers not recognized for budget purposes	(35,512)	(26,378)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	760	26,378
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	6,249	-
Unrealized gain or loss on investments	(549)	-
Encumbrances at June 30 recognized as expenditures for budget purposes	(5,065)	-
GAAP basis	<u>\$ (26,055)</u>	<u>\$ -</u>

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

Adjustments necessary to convert the fund balances at June 30, 2009 on the budget basis to the GAAP basis are as follows (in thousands):

	<b>Fund Balances at June 30</b>	
	<b>General</b>	<b>Excise Tax Special Revenue</b>
Budget basis	\$ 45,580	\$ -
Entity differences - amounts not budgeted	155,148	-
Transfers not recognized for budget purposes	(8,606)	(26,378)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	635	26,378
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	435	-
Unrealized gain or loss on investments	56,195	-
Encumbrances at June 30 recognized as expenditures for budget purposes	13,223	-
GAAP basis	<u>\$ 262,610</u>	<u>\$ -</u>

**3. Property Tax**

**Levy, Assessment and Collection**

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

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

Specific provisions are made under each system for determining the full cash and limited values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the limited value of locally-assessed real property (residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on the annual increase in full cash value of any property. Primary levies are limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. In addition, levies may be increased by an amount equal to payments made during the year by the City pursuant to involuntary tort judgements. Secondary tax levies do not have a limitation. City of Phoenix assessed valuations for tax year 2009 are: primary \$16,061,683,146 and secondary \$18,861,238,355.

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

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

Property Taxes Receivable for the year were as follows (in thousands):

	2008 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 9,641	\$ 9,641
Current Tax Levy	111,568	199,724	311,292	-	311,292
Adjustments by County Assessor	(491)	(974)	(1,465)	(830)	(2,295)
	111,077	198,750	309,827	8,811	318,638
Less: Collections	(107,064)	(191,287)	(298,351)	(7,363)	(305,714)
Taxes Receivable, June 30	\$ 4,013	\$ 7,463	\$ 11,476	\$ 1,448	\$ 12,924

In fiscal 2008-09, current property tax collections were \$298,351,000, or 95.8% of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days was recognized as revenue and recorded as a receivable for the governmental funds. As delinquent payments are received in 2009-10, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied.

The year end fund balance in the Secondary Property Tax Debt Service Fund must remain in that fund and be used for future debt service payments. Any year that total primary tax collections, excluding delinquent collections, exceed the primary tax levy, the excess amount must be deducted from the maximum levy of the following year.

**Taxes Due and Payable**

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

**Delinquent Taxes - Sales and Redemption**

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

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

**Unsecured Personal Property**

The foregoing is applicable to real property, improvements thereon and secured personal property (personal property attached to real property), utilities and other centrally assessed property. During fiscal 2008-09, 0.01% of the total property tax collections represented taxes on unsecured personal property, which are assessed on a monthly basis using different procedures than those applicable to secured property.

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

**4. Cash and Investments**

Cash and cash equivalents at June 30, 2009, was comprised of the following (in thousands):

	<u>Total</u>
Cash in Bank	\$ 5,308
Cash on Hand	199
Short-Term Pooled Investments	213,340
Short-Term Non-Pooled Investments	388,022
Cash with Fiscal Agent (1)	<u>12,736</u>
Total Cash and Cash Equivalents	<u>\$ 619,605</u>

- (1) Represents cash advanced by the City to fiscal agents on June 30, 2009 for debt service payments on refunded/defeased bonds due to bondholders on July 1, 2009. The City was reimbursed on July 1, 2009, from proceeds of investments maturing in escrow accounts held by the respective fiscal/escrow agents.

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

Primary Government	
Unrestricted	
General Fund	\$ 2,780
General Obligation/Secondary Property Tax	66,090
Non-Major Governmental Funds	103,791
Enterprise Funds	
Aviation	22,911
Phoenix Convention Center	8,413
Water System	6,555
Wastewater	14,622
Solid Waste	6,781
Golf Courses	<u>28</u>
Total Unrestricted	231,971
Restricted	
Enterprise Funds	
Aviation	104,183
Phoenix Civic Plaza	26,748
Water System	64,231
Wastewater	19,210
Solid Waste	<u>8,550</u>
Total Restricted	<u>222,922</u>
Total Primary Government	454,893
Component Unit - DPHC	
Unrestricted	2,575
Restricted	60,606
Fiduciary Funds	
Employee Pension Trust	66,777
Employee Benefit Trust	22,117
Payroll Agency	<u>12,637</u>
Total Reporting Entity	<u>\$ 619,605</u>

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

**Deposits**

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits during the year and at fiscal year end were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The carrying amount of the City's deposits at June 30, 2009 was \$5,308,000 and the bank ledger balance was \$20,364,000.

Cash with fiscal agents and trustees are subject to custodial risk. The City's contracts with the fiscal agents and trustees call for these deposits to be fully covered by collateral held in the fiscal agents' and trustees' trust departments but not in the City's name. Each trust department pledges a pool of collateral against all trust deposits it holds. The carrying amount of the City's cash with fiscal agents and trustees and the bank ledger balance at June 30, 2009 was \$326,894,000. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount of the City's securities with fiscal agents and trustees at June 30, 2009 was \$73,316,000 and the bank ledger balance was \$73,503,000.

**Investments**

The City Charter and ordinances authorize the City to invest in U.S. Treasury securities, securities guaranteed, insured or backed by the full faith and credit of the U.S. Government, U.S. Government agency securities, repurchase agreements, commercial paper, money market accounts, certificates of deposit, the State Treasurer's Local Government Investment Pool "LGIP", highly rated securities issued or guaranteed by any state or political subdivision thereof rated in the highest short-term or second highest long-term category and investment grade corporate bonds, debentures, notes and other evidence of indebtedness issued or guaranteed by a solvent U.S. corporation which are not in default as to principal or interest. Investments are carried at fair value. It is the City's policy generally to hold investments until maturity. In addition to the types of investments described above, COPERS is also authorized to invest in certain types of investment grade domestic preferred and common stocks, and real property. The City Charter allows COPERS to invest up to 60% in common stocks.

Total investments at June 30, 2009, stated at fair value, were \$3,581,961,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

	<b>Credit Quality Rating</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
Component Unit Investments			
Downtown Phoenix Hotel Corporation			
U.S. Government Agency Securities			
FHLMC Notes	AAA	\$ 13,016	1.575

(continued)

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

	<b>Credit Quality Rating</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
City Investments			
Pooled Investments			
Short-Term Investment Funds	AAA	\$ 25,029	0.003
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	59,715	0.004
U.S. Treasury Securities	N/A (1)	427,092	1.186
Repurchase Agreements collateralized by U.S. Government Agency Securities	Not Rated	43,653	0.003
U.S. Government Agency Securities			
FNMA Notes	AAA	71,684	1.759
FHLMC Notes	AAA	63,488	1.923
FHLB Notes	AAA	219,705	0.788
FFCB Notes	AAA	39,789	3.846
HUD	N/A (1)	13,699	0.086
Total U.S. Government Agency Securities		<u>408,365</u>	1.409
FDIC Commercial Paper	A1+	20,113	0.503
Municipal Securities	AA+	17,322	1.434
FDIC Corporate Notes	AAA	140,239	2.547
Mortgage Backed Securities			
GNMA	N/A (1)	100,128	2.972
FNMA Notes	AAA	4,970	1.342
FHLMC Notes	AAA	34,966	1.117
Total Mortgage Backed Securities		<u>140,064</u>	2.451
Collateralized Mortgage Obligations			
FNMA Notes	AAA	29,083	1.686
FHLMC Notes	AAA	45,866	1.050
Total Collateralized Mortgage Obligations		<u>74,949</u>	1.297
Total Pooled Investments		<u>1,356,541</u>	1.412
Less: SROG Pooled Investments		(37,477)	
Less: Val Vista Pooled Investments		(5,712)	
Less: Short-Term Pooled Investments		(249,230)	
Net Pooled Investments		<u>1,064,122</u>	
Non-Pooled Investments			
Short-Term Investment Funds	AAA	50,623	0.003
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	486	0.003
U.S. Treasury Securities	N/A (1)	652,810	0.506
Repurchase Agreements collateralized by U.S. Government Agency Securities	Not Rated	3,347	0.003
U.S. Government Agency Securities			
FNMA Notes	AAA	39,330	0.160
FHLMC Notes	AAA	42,508	0.576
FHLB Notes	AAA	178,331	0.411
FFCB Notes	AAA	33,085	0.672
HUD	N/A (1)	10,015	0.086
Total U.S. Government Agency Securities		<u>303,269</u>	0.419
FDIC Commercial Paper	A1+	64,613	0.151
Municipal Securities	AA+	3,344	0.738
FDIC Corporate Notes	AAA	5,525	2.919
		<u>1,084,017</u>	0.437
Less: Short-Term Non-Pooled Investments		(258,732)	
Total Non-Pooled Investments		<u>825,285</u>	
Mutual Funds	Not Rated	98,947	
Arizona State Treasurer's LGIP	Not Rated	2,952	0.114
Total City Investments		<u>1,991,306</u>	

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

	Credit Quality Rating	Fair Value	Remaining Maturity (Years)					
			0-5	6-10	11-15	16-20	21-25	Over 25
COPERS Investments								
Fixed Income Investments								
Options	Not Rated	\$ (80)	\$ (80)	\$ -	\$ -	\$ -	\$ -	\$ -
Swaps	Not Rated	1,321	931	35	-	-	-	355
U.S. Treasury	Not Rated	12,445	12,445	-	-	-	-	-
U.S. Treasury	AAA	82,500	23,407	8,508	862	20,681	21,525	7,517
Total U.S. Treasury		94,945	35,852	8,508	862	20,681	21,525	7,517
U.S. Govt. Agency Securities	AAA	1,364	650	239	283	-	-	192
U.S. Govt. Agency Securities	BBB	8	-	8	-	-	-	-
Total U.S. Govt. Agency Securities		1,372	650	247	283	-	-	192
Mortgage Backed Securities	Not Rated	11,338	-	-	-	-	-	11,338
Mortgage Backed Securities	AAA	160,060	-	10,122	25,011	2,316	17,122	105,489
Mortgage Backed Securities	AA	2,709	-	-	-	-	-	2,709
Mortgage Backed Securities	A	927	-	-	-	-	-	927
Mortgage Backed Securities	BBB	2,486	-	-	-	-	-	2,486
Mortgage Backed Securities	BB	1,180	-	-	-	-	-	1,180
Mortgage Backed Securities	B	841	-	-	-	-	-	841
Mortgage Backed Securities	CCC	1,498	-	-	-	-	-	1,498
Total Mortgage Backed Securities		181,039	-	10,122	25,011	2,316	17,122	126,468
Asset Backed Securities	Not Rated	1,006	-	488	-	-	-	518
Asset Backed Securities	AAA	8,978	1,409	4,412	590	808	559	1,200
Asset Backed Securities	AA	1,210	1,079	-	-	-	-	131
Asset Backed Securities	A	3,278	592	-	-	-	-	2,686
Asset Backed Securities	BBB	2,639	304	-	701	10	-	1,624
Asset Backed Securities	BB	37	-	16	-	-	-	21
Asset Backed Securities	B	499	-	-	-	-	-	499
Asset Backed Securities	CCC	441	-	-	-	-	-	441
Total Asset Backed Securities		18,088	3,384	4,916	1,291	818	559	7,120
Corporate Bonds	Not Rated	1,840	17	1,331	-	-	-	492
Corporate Bonds	AAA	1,757	1,066	455	-	-	-	236
Corporate Bonds	AA	2,935	1,119	406	-	-	-	1,410
Corporate Bonds	A	28,824	12,466	10,316	-	414	-	5,628
Corporate Bonds	BBB	31,400	11,791	11,879	424	895	1,971	4,440
Corporate Bonds	BB	5,528	846	2,253	963	-	524	942
Corporate Bonds	B	445	-	-	178	-	-	267
Corporate Bonds	CCC	1,431	1,216	51	15	-	-	149
Corporate Bonds	CC	217	197	20	-	-	-	-
Corporate Bonds	D	32	-	-	-	32	-	-
Total Corporate Bonds		74,409	28,718	26,711	1,580	1,341	2,495	13,564
International Bonds	Not Rated	14	14	-	-	-	-	-
International Bonds	AAA	158	72	86	-	-	-	-
International Bonds	AA	1,654	1,134	320	-	-	-	200
International Bonds	A	6,644	2,865	3,077	-	215	-	487
International Bonds	BBB	9,058	2,460	5,128	396	-	-	1,074
International Bonds	BB	825	-	825	-	-	-	-
International Bonds	D	59	59	-	-	-	-	-
Total International Bonds		18,412	6,604	9,436	396	215	-	1,761
Total Fixed Income Investments		389,506	\$ 76,059	\$ 59,975	\$ 29,423	\$ 25,371	\$ 41,701	\$ 156,977
Temporary Investments from Securities Lending Collateral		216,738						
Domestic Equities								
Common Stocks		353,429						
Commodities Exchange Traded Fund		10,023						
Real Estate		142,485						
Total Domestic Equities		505,937						
International Equities		465,458						
Total COPERS Investments		1,577,639						
Total Investments		\$ 3,581,961						

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

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

Primary Government	
Unrestricted	
General Fund	\$ 80,874
Transit Capital Projects	115,580
General Obligation/Secondary Property Tax	203,486
Non-Major Governmental Funds	385,443
Enterprise Funds	
Aviation	17,454
Phoenix Convention Center	38,839
Water System	44,373
Wastewater	66,018
Solid Waste	32,919
Total Unrestricted	<u>984,986</u>
Restricted	
Enterprise Funds	
Aviation	241,756
Phoenix Convention Center	10,061
Water System	362,916
Wastewater	85,691
Solid Waste	55,179
Total Restricted	<u>755,603</u>
Total Primary Government	1,740,589
Component Unit - DPHC - Restricted	13,016
Fiduciary Funds	
Employee Pension Trust	1,578,040
Employee Benefit Trust	196,442
Payroll Agency	53,874
Total Reporting Entity	<u>\$ 3,581,961</u>

**Interest Rate Risk**

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

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

For Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO), the maximum weighted average life using current Public Securities Association (PSA) prepayment assumptions shall be 12 years at the time of purchase for MBS and 5 years at the time of purchase for CMO.

The decision making responsibility for COPERS' investment activity has been delegated from the COPERS Board to professional fund managers in order to diversify the composition of the fund's investments and to allow for more active management of the portfolio. COPERS' investment service agreement with Wells Capital Management requires they maintain duration within 10% of the Barclays Capital U.S. Aggregate Index with duration not below 90% and not higher than 110% of the index. COPERS' investment services agreement with Western Asset Management Company directs them to maintain an average weighted duration of portfolio security holdings, including futures and options positions, within  $\pm$  20% of the Barclays Capital U.S. Aggregate Index.



## Notes to the Financial Statements

(Continued)

### **Credit Risk**

The City's investment policy limits its investments to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's "S&P" and Moody's Investors Service "Moody's". The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which carry long-term AAA ratings from both rating organizations. Repurchase agreements are collateralized by U.S. Treasuries at 102%. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. The rating requirements do not apply to obligations issued by the City of Phoenix. Money market mutual funds must have a current minimum money market rating of AAAM by S&P and Aaa by Moody's. For commercial paper, an Issuer's program must have a minimum rating of "A1" by S&P and "P1" by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of "A+" by S&P and "A1" by Moody's. Programs rated by only one of the agencies are ineligible.

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

The State Treasurer's LGIP is not registered with the Securities and Exchange Commission. The activity and performance of the LGIP is reviewed monthly by the State Board of Investment in accordance with A.R.S. section 35-311. The City's investment in LGIP is stated at fair value, which also approximates the value of the investment upon withdrawal.

The City's investment in mutual funds did not receive a credit quality rating from a national rating agency and can be withdrawn at any time.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. COPERS' investment policy permits purchasing any security that is included in the Barclays Capital U.S. Aggregate Index and relies on the methodology used by Barclays Capital to determine if a security is investment grade. COPERS' currently has two managers responsible for fixed income investments. Wells Capital Management and Western Asset Management Company are active bond managers.

### **Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Fair Value</u>
FNMA	\$ 145,067
FHLMC	186,828
FHLB	398,036
GNMA	100,128

COPERS' investment policy does not allow for an investment in any one issuer that is in excess of five percent of COPERS' total investments, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2009, COPERS did not have any investments with any one issuer in excess of five percent.

### **Foreign Currency Risk**

COPERS' investment policy includes a target of 21% of the COPERS plan's total assets in international investments. The current actual international investment allocation is 18.67% of total COPERS' assets as of June 30, 2009. The fair value of COPERS' international commingled equity funds managed by Pyramis Global Advisors, GMO and AXA/Rosenberg was \$353,429,000 as of June 30, 2009. Dollar denominated holdings accounted for 80.36% of the international investments. Non-dollar denominated holdings amounted to 19.64%.

**Securities Lending**

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions, and COPERS has, via a Securities Lending Authorization Agreement effective March 5, 2002, authorized State Street Bank and Trust Company ("State Street") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. The Agreement was amended effective November 16, 2006 directing State Street Bank and Trust to invest cash collateral in the Funds for Short-Term Investment – Quality D, replacing the requirement to invest in the Quality A Fund.

During 2009, State Street lent, on behalf of COPERS, certain securities held by State Street as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 100% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

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

During 2009, COPERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of June 30, 2009, such investment pool had an average duration of 43 days and an average weighted maturity of 318 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2009, COPERS had no credit risk exposure to borrowers. The collateral held, and the market value of securities on loan for COPERS as of June 30, 2009, was \$216,738,000 and \$211,419,000, respectively.

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

**5. Receivables**

Receivables at June 30, 2009 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	<b>Accounts</b>	<b>Taxes</b>	<b>Interest</b>	<b>Intergov- ernmental (1)</b>	<b>Notes</b>	<b>Total</b>
<b>Unrestricted</b>						
<b>Governmental Activities</b>						
General Fund	\$ 16,850	\$ 5,867	\$ 16	\$ 5,895	\$ -	\$ 28,628
Excise Tax	-	70,154	-	20,721	-	90,875
G.O./Secondary Property Tax	-	10,329	1,308	-	-	11,637
Nonmajor	15,638	3	185	189,157	109,709	314,692
	<u>32,488</u>	<u>86,353</u>	<u>1,509</u>	<u>215,773</u>	<u>109,709</u>	<u>445,832</u>
<b>Business-Type Activities</b>						
Aviation	6,136	-	-	-	-	6,136
Phoenix Convention Center	233	-	-	-	-	233
Water System	59,671	-	-	1,953	-	61,624
Wastewater	16,724	-	-	1,414	-	18,138
Solid Waste	6,940	-	-	5	-	6,945
Golf Courses	-	-	-	-	-	-
	<u>89,704</u>	<u>-</u>	<u>-</u>	<u>3,372</u>	<u>-</u>	<u>93,076</u>
	<u>122,192</u>	<u>86,353</u>	<u>1,509</u>	<u>219,145</u>	<u>109,709</u>	<u>538,908</u>
<b>Restricted</b>						
<b>Business-Type Activities</b>						
Aviation	10,813	-	561	13,809	-	25,183
Phoenix Convention Center	-	-	1	-	-	1
Water System	-	-	1,061	-	-	1,061
Wastewater	-	-	-	-	-	-
Solid Waste	-	-	17	-	-	17
	<u>10,813</u>	<u>-</u>	<u>1,640</u>	<u>13,809</u>	<u>-</u>	<u>26,262</u>
	<u>\$ 133,005</u>	<u>\$ 86,353</u>	<u>\$ 3,149</u>	<u>\$ 232,954</u>	<u>\$ 109,709</u>	<u>\$ 565,170</u>

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

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

The following is a summary of the allowance for doubtful accounts for all funds and the bad debt expense for the enterprise funds at June 30, 2009 (in thousands):

<b>Allowance for Doubtful Accounts</b>			
	<b>Accounts</b>	<b>Taxes</b>	<b>Total</b>
Governmental			
General Fund	\$ 32,661	\$ -	\$ 32,661
Excise Tax	-	15,615	15,615
Nonmajor	395	-	395
Business-Type			
Aviation	597	-	597
Phoenix Convention Center	56	-	56
Water System	2,178	-	2,178
Wastewater	1,177	-	1,177
Solid Waste	1,233	-	1,233
Golf Courses	10	-	10
	<u>\$ 38,307</u>	<u>\$ 15,615</u>	<u>\$ 53,922</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2009, as follows (in thousands):

Aviation	\$ 4,252
Water System	21,787
Wastewater	8,574
Solid Waste	5,423
	<u>\$ 40,036</u>

**Notes Receivable**

The City has entered into a loan agreement with Native American Connections, Inc. "NACI" for the sale of property to NACI. The loan agreement has been recorded as a note receivable in the Municipal Buildings and Service Centers Capital Projects Fund. The note amount is \$996,000, with a maturity date of June 30, 2040, and an interest rate of 5.06%.

The City has also entered into a loan agreement with the Mathew Henson Partnership, LLP, for financing of the Mathew Henson housing project, to include a mix of public housing units and market rate units. The loan has been recorded as a note receivable in the Public Housing Special Revenue Fund. The loan amount as of June 30, 2009, is \$12,243,000. The loan is to be repaid from a portion of the operating proceeds of the housing project and is due in approximately 54 years.

The City has entered into a lease purchase financing agreement with Valley Metro Rail, Inc. "VMRI" for the financing of 14 Light Rail Transit vehicles. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2009, is \$37,898,000. The lease payments to the City will be made in four annual installments commencing on June 1, 2011 and include an annual interest rate of 5.1%.

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

The City has entered into intergovernmental agreements with the Arizona Department of Transportation and the Regional Transportation Plan to accelerate three road construction projects. The intergovernmental agreements have been recorded as Notes Receivable in the Streets Improvement Capital Projects Fund. The receivable amount as of June 30, 2009 is \$42,043,000. The first of these agreements, with a receivable of \$12,529,000 as of June 30, 2009, will be payable to the City in fiscal year 2012. The second and third agreements are payable to the City in fiscal years 2022 and 2023, respectively.

The City has also entered into various loan agreements with third parties related to its public housing programs. These loan agreements have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units. The loans are secured by an interest in the property being acquired and/or improved. The following is a summary of these notes:

Note Amount	Dated	Due	Interest Rate	Monthly Payments		Balance June 30, 2009
				Amount	Commencing	
\$ 250,000	04/10/94	04/01/19	4%	\$ 1,363	09/01/95	\$ 180,272
150,000	04/01/94	08/01/18	4%	883	09/01/95	96,827
248,660	01/01/95	01/01/25	2%	919	02/01/95	147,561
86,000	02/01/95	08/01/19	2%	370	03/01/95	40,835
64,000	02/01/95	08/01/19	2%	276	03/01/95	30,308
250,000	05/01/95	11/01/19	2%	1,076	06/01/95	120,485
52,350	04/01/95	04/01/10	2%	337	05/01/95	4,986
250,000	06/01/95	11/30/24	4%	1,320	07/01/95	186,912
43,521	06/01/95	10/01/16	2%	220	07/01/95	10,324
250,000	12/01/95	12/01/21	4%	1,290	01/01/96	187,198
197,803	01/01/96	01/01/21	2%	838	02/01/96	103,282
91,000	11/01/96	11/01/26	2%	336	12/01/96	59,246
62,030	12/01/96	10/01/16	2%	316	01/01/97	25,803
250,061	03/01/97	09/01/21	2%	1,077	04/01/97	139,337
207,355	11/27/96	04/01/27	2%	766	05/01/97	137,859
225,000	07/01/03	05/01/27	2%	832	08/01/03	163,288
134,000	03/01/98	03/01/28	2%	495	04/01/98	92,866
81,766	05/01/99	05/01/19	2%	414	06/01/99	44,616
250,000	09/01/98	09/01/28	2%	924	10/01/98	175,162
250,000	07/01/99	07/01/29	4%	1,194	08/01/99	251,253
250,000	02/01/00	02/01/30	4%	1,194	03/01/00	205,313
500,000	01/01/02	07/01/40	4%	12,782	07/01/02	541,374
272,594	04/01/00	01/01/23	4%	1,207	06/01/02	267,929
270,786	07/01/01	10/01/36	4%	1,198	02/01/03	314,708
261,053	11/01/01	12/01/32	4%	1,246	01/01/03	231,378
250,000	12/01/02	12/01/32	2%	924	11/01/03	207,774
1,000,000	06/01/01	07/01/52	6%	4,100	07/01/01	1,398,246
9,398,545	various	various	4%	various	various	3,772,141
457,500	01/01/03	06/01/40	4%	6,442	02/01/03	241,278
199,000	08/01/03	08/01/33	4%	950	09/01/03	187,729
530,865	11/01/03	04/01/33	4%	30,617	03/01/05	586,599
250,000	04/01/03	04/01/23	4%	1,530	07/01/03	208,955
250,000	07/01/04	11/01/35	4%	1,210	03/01/05	248,413
321,640	09/01/05	09/01/35	2%	1,189	10/01/05	291,161
250,000	06/01/06	06/01/34	4%	1,238	07/01/06	250,000
1,000,000	02/01/04	02/01/44	2%	37,821	02/01/07	1,000,000
2,500,000	07/01/06	01/01/45	1%	41,786	01/01/09	2,500,000
190,000	04/01/05	04/01/25	0%	335	05/01/05	177,605
1,200,000	05/04/05	07/01/36	2%	54,830	07/01/07	1,200,000
500,000	06/28/05	06/28/26	4%	38,262	06/28/07	500,000
						<u>\$ 16,529,023</u>

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

**6. Interfund Transactions**

Net interfund receivables and payables between governmental activities and business-type activities in the amount of \$6,455,000 are included in the government-wide financial statements at June 30, 2009. The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2009 (in thousands):

	<u>Due To</u>	<u>Due From</u>
Unrestricted		
Governmental Funds		
General Fund	\$ -	\$ 169,661
Excise Tax	90,875	-
Transit Capital Project	-	-
Nonmajor Governmental	80,378	8,047
Total Governmental Funds	<u>171,253</u>	<u>177,708</u>
Enterprise Funds		
Golf Courses	<u>6,455</u>	<u>-</u>
Total Due To/Due From	<u>\$ 177,708</u>	<u>\$ 177,708</u>

Interfund balances at June 30, 2009 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. All interfund balances outstanding at June 30, 2009 are expected to be repaid within one year.

Net transfers of \$52,649,000 from governmental activities to business-type activities on the government-wide statement of activities is primarily the result of the monthly transfer of earmarked excise tax to the Phoenix Convention Center Enterprise fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2009 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 2,047	\$ 732,154
Excise Tax	1,010,443	-
GO Secondary Property Tax	33,060	-
Nonmajor Governmental	105,147	365,894
Total Governmental Funds	<u>1,150,697</u>	<u>1,098,048</u>
Enterprise Funds		
Phoenix Convention Center	941	45,380
Water System	19,588	18,333
Wastewater	11,385	7,735
Solid Waste	4,552	6,992
Golf Courses	-	10,675
Total Enterprise Funds	<u>36,466</u>	<u>89,115</u>
Total Transfers	<u>\$ 1,187,163</u>	<u>\$ 1,187,163</u>

Interfund transfers are primarily used for 1) debt service payments made from a debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted general funds; or 3) transfers to move excise tax revenues from the excise tax fund to the various funds that receive earmarked excise tax revenues and to the general fund.

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

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**7. Restricted Assets and Liabilities Payable from Restricted Assets**

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2009, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 222,922
Cash Deposits	6,519
Cash and Securities with Fiscal Agents/Trustees	251,890
Investments	755,603
Receivables, Net of Allowances	26,262
	<hr/>
Total Restricted Assets	<u>\$ 1,263,196</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 49,544
Trust Liabilities and Deposits	7,184
Bond Anticipation Notes Payable	80,000
Accrued Landfill Closure Costs	1,269
	<hr/>
Subtotal	<u>137,997</u>
Matured Bonds and Certificates Payable	95,729
Interest Payable	88,732
Current Portion of General Obligation Bonds	26,938
Current Portion of Municipal Corporation Obligations	96,700
	<hr/>
Total Liabilities Payable from Restricted Assets	<u>\$ 446,096</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2009, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 60,606
Investments	13,016
Receivables, Net of Allowances	293
	<hr/>
Total Restricted Assets	<u>\$ 73,915</u>
Liabilities Payable from Restricted Assets	
Accounts and Interest Payable	\$ 9,319
Trust Liabilities and Deposits	10,300
	<hr/>
Subtotal	<u>\$ 19,619</u>

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

**8. Capital Assets**

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

	Balances July 1, 2008 (1)	Additions	Deletions	Balances June 30, 2009
<b>Governmental activities:</b>				
Non-depreciable assets:				
Land	\$ 854,849	\$ 202,700	\$ (4,793)	\$ 1,052,756
Infrastructure	422,640	25,114	-	447,754
Artwork	10,131	350	-	10,481
Construction-in-Progress	565,900	146,629	(327,255)	385,274
Total non-depreciable assets	<u>1,853,520</u>	<u>374,793</u>	<u>(332,048)</u>	<u>1,896,265</u>
Depreciable assets:				
Buildings	1,125,373	137,778	(874)	1,262,277
Improvements	369,347	29,777	(844)	398,280
Infrastructure	1,630,553	133,626	(14,262)	1,749,917
Equipment	577,077	43,215	(17,075)	603,217
Intangible assets	43,335	1,956	(69)	45,222
Total depreciable assets	<u>3,745,685</u>	<u>346,352</u>	<u>(33,124)</u>	<u>4,058,913</u>
Less accumulated depreciation for:				
Buildings	(349,185)	(33,273)	703	(381,755)
Improvements	(149,799)	(16,565)	698	(165,666)
Infrastructure	(453,372)	(46,920)	13,210	(487,082)
Equipment	(286,843)	(48,518)	14,699	(320,662)
Intangible assets	(29,048)	(3,440)	68	(32,420)
Total accumulated depreciation	<u>(1,268,247)</u>	<u>(148,716)</u>	<u>29,378</u>	<u>(1,387,585)</u>
Total depreciable assets, net	<u>2,477,438</u>	<u>197,636</u>	<u>(3,746)</u>	<u>2,671,328</u>
Governmental activities, capital assets, at cost, net	<u>\$ 4,330,958</u>	<u>\$ 572,429</u>	<u>\$ (335,794)</u>	<u>\$ 4,567,593</u>
<b>Business-type activities:</b>				
Non-depreciable assets:				
Land	\$ 683,907	\$ 40,653	\$ -	\$ 724,560
Artwork	6,106	68	-	6,174
Intangible assets	-	6,015	-	6,015
Construction-in-Progress	1,151,529	490,515	(681,662)	960,382
Total non-depreciable assets	<u>1,841,542</u>	<u>537,251</u>	<u>(681,662)</u>	<u>1,697,131</u>
Depreciable assets:				
Buildings	1,760,972	464,087	(562)	2,224,497
Improvements	2,787,713	94,064	(6,474)	2,875,303
Infrastructure	1,412,540	74,072	(520)	1,486,092
Equipment	587,902	101,934	(13,990)	675,846
Intangible assets	180,617	12,043	(480)	192,180
Total depreciable assets	<u>6,729,744</u>	<u>746,200</u>	<u>(22,026)</u>	<u>7,453,918</u>
Less accumulated depreciation for:				
Buildings	(570,833)	(65,989)	562	(636,260)
Improvements	(1,066,852)	(109,945)	6,421	(1,170,376)
Infrastructure	(379,546)	(34,572)	355	(413,763)
Equipment	(255,030)	(43,915)	12,173	(286,772)
Intangible assets	(62,162)	(12,906)	471	(74,597)
Total accumulated depreciation	<u>(2,334,423)</u>	<u>(267,327)</u>	<u>19,982</u>	<u>(2,581,768)</u>
Total depreciable assets, net	<u>4,395,321</u>	<u>478,873</u>	<u>(2,044)</u>	<u>4,872,150</u>
Business-type activities, capital assets, at cost, net	<u>\$ 6,236,863</u>	<u>\$ 1,016,124</u>	<u>\$ (683,706)</u>	<u>\$ 6,569,281</u>

(1) The balances as of July 1, 2008 were restated for the Business-type activities to reflect the prior period adjustment for certain Aviation Fund capital projects, as discussed in Note 20 to the financial statements.



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

**Component Unit - Downtown Phoenix Hotel Corporation:**

	<b>Balances</b>		<b>Balances</b>	
	<b>July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2009</b>
Non-depreciable assets:				
Construction-in-Progress	\$ 250,805	\$ -	\$ (250,805)	\$ -
Depreciable assets:				
Buildings	-	276,960	-	276,960
Improvements	-	537	-	537
Equipment	-	575	-	575
Total depreciable assets	-	278,072	-	278,072
Less accumulated depreciation for:				
Buildings	-	(5,182)	-	(5,182)
Improvements	-	(27)	-	(27)
Equipment	-	(28)	-	(28)
Total accumulated depreciation	-	(5,237)	-	(5,237)
Total depreciable assets, net	-	272,835	-	272,835
Component Unit, capital assets, at cost, net	<u>\$ 250,805</u>	<u>\$ 272,835</u>	<u>\$ (250,805)</u>	<u>\$ 272,835</u>

Depreciation expense was charged to governmental functions in the government-wide financial statements for the year ended June 30, 2009, as follows (in thousands):

General Government	\$ 10,236
Criminal Justice	763
Public Safety	22,902
Transportation	74,309
Community Enrichment	21,793
Community Development	8,695
Environmental Services	10,018
	<u>\$ 148,716</u>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2009, was as follows (in thousands):

Aviation	\$ 9,422
Convention Center	15,366
Water System	5,659
Wastewater	5,331
Solid Waste	284
	<u>\$ 36,062</u>

# Notes to the Financial Statements

(Continued)

## 9. Long-Term Obligations

Changes in long-term obligations during fiscal 2008-09 are summarized as follows (in thousands):

	Balances July 1	Additions (1)	Reductions (2)	Balances June 30	Amounts Due Within One Year
<b>Governmental activities</b>					
Bonds and notes payable:					
General Obligation Bonds	\$ 1,232,957	\$ -	\$ 32,165	\$ 1,200,792	\$ 47,163
Revenue Bonds					
Street and Highway User Revenue	97,171	-	27,005	70,166	28,285
Housing Revenue	305	-	305	-	-
Certificates of Participation	31,760	-	1,135	30,625	1,175
Municipal Corporation Obligations	820,061	-	36,041	784,020	39,630
Special Assessment Bonds	593	22	355	260	87
	<u>2,182,847</u>	<u>22</u>	<u>97,006</u>	<u>2,085,863</u>	<u>116,340</u>
Deferred Loss on Refunding	(16,393)	(43)	(2,264)	(14,172)	2,221
Total bonds and notes payable	<u>2,166,454</u>	<u>(21)</u>	<u>94,742</u>	<u>2,071,691</u>	<u>118,561</u>
Other liabilities:					
Insurance Claims Payable	94,431	89,399	94,431	89,399	33,749
Accrued Compensated Absences	138,012	136,896	138,012	136,896	18,537
Pollution Remediation	22,750	-	250	22,500	250
Total other liabilities	<u>255,193</u>	<u>226,295</u>	<u>232,693</u>	<u>248,795</u>	<u>52,536</u>
Total governmental activities	<u>\$ 2,421,647</u>	<u>\$ 226,274</u>	<u>\$ 327,435</u>	<u>\$ 2,320,486</u>	<u>\$ 171,097</u>
<b>Business-type activities</b>					
Bonds and notes payable:					
General Obligation Bonds	\$ 171,999	\$ -	\$ 25,357	\$ 146,642	\$ 26,938
Revenue Bonds	-	-	-	-	-
Municipal Corporation Obligations	3,605,816	673,695	308,539	3,970,972	96,700
	<u>3,777,815</u>	<u>673,695</u>	<u>333,896</u>	<u>4,117,614</u>	<u>123,638</u>
Deferred Loss on Refunding	(36,813)	(10,107)	(14,283)	(32,637)	3,822
Cumulative capital appreciation on general obligation minibonds	3,438	(1,204)	-	2,234	227
Cumulative capital appreciation on State of AZ distrib. revenue bonds	36,746	14,624	-	51,370	15,308
Total bonds and notes payable	<u>3,781,186</u>	<u>677,008</u>	<u>319,613</u>	<u>4,138,581</u>	<u>142,995</u>
Other liabilities:					
Accrued Compensated Absences	20,197	19,730	20,197	19,730	2,825
Rebatable Arbitrage	5,409	2,655	5,409	2,655	-
Accrued Landfill Closure and Postclosure Care Costs	58,857	13,529	4,676	67,710	2,444
Pollution Remediation	17,849	4,395	1,367	20,877	3,559
Total other liabilities	<u>102,312</u>	<u>40,309</u>	<u>31,649</u>	<u>110,972</u>	<u>8,828</u>
Total business-type activities	<u>\$ 3,883,498</u>	<u>\$ 717,317</u>	<u>\$ 351,262</u>	<u>\$ 4,249,553</u>	<u>\$ 151,823</u>
<b>Component Units</b>					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ -

(1) Additions include \$1,204,000 for accrued interest on capital appreciation enterprise general obligation minibonds and \$14,624,000 for accrued interest on capital appreciation State of Arizona distribution revenue bonds. Also included in additions and reductions for bonds and notes payable are new deferred gains and losses and corresponding annual amortizations, as well as new bond issuances and principal payments.

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

## Notes to the Financial Statements

(Continued)

The amounts reported above have been reduced by deposits made with the City's fiscal agent for July 1, 2009 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2009, were as follows (in thousands):

	Principal	Interest	Total
Governmental Funds			
General Obligation Bonds	\$ 32,165	\$ 28,301	\$ 60,466
Street and Highway User Revenue Bonds	27,005	2,118	29,123
Municipal Corporation Obligations	36,041	20,783	56,824
Special Assessment Bonds	-	7	7
	<u>95,211</u>	<u>51,209</u>	<u>146,420</u>
Enterprise Funds			
General Obligation Bonds	23,336	5,276	28,612
Municipal Corporation Obligations	67,962	82,659	150,621
	<u>91,298</u>	<u>87,935</u>	<u>179,233</u>
	<u>\$ 186,509</u>	<u>\$ 139,144</u>	<u>\$ 325,653</u>

Issues of long-term debt, excluding deferred losses of \$46,809 and accumulated appreciation on general obligation mini-bonds (\$2,234) and State of Arizona distribution revenue bonds (\$51,370) were as follows at June 30, 2009 (dollars in thousands):

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>General Obligation Bonds</b>								
12/01/89	Various Improvements	7/1/00-10	7.01	14.7	\$ 12,242	\$ 1,150	\$ 3,728	\$ -
12/06/91	Sanitary Sewer	7/1/95-11	4.56	13.9	30,000	9,776	748	-
04/15/93	Refunding	7/1/95-10	5.45	13.4	335,165	5,500	385	-
12/01/93	Water Improvements	7/1/04-14	4.98	13.8	17,229	2,252	1,422	-
07/01/95	Refunding	7/1/10-17	5.56	19.9	85,000	31,195	11,546	-
01/15/98	Various Improvements	7/1/01-22	4.67	15.9	75,000	24,670	11,524	9
01/15/99	Refunding	7/1/99-20	4.44	12.4	163,820	81,930	17,474	(200)
02/01/99	Various Improvements	7/1/01-23	4.74	15.8	58,000	10,550	6,514	(2)
07/15/00	Various Improvements	7/1/03-10	5.42	16.9	50,000	605	35	-
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	4,306	1,104	-
05/22/02	Various Improvements-Taxable	7/1/10	5.66	7.1	10,000	2,000	115	-
05/22/02	Refunding	7/1/03-18	4.37	8.4	144,495	75,405	11,023	(1,173)
05/22/02	Various Improvements	7/1/15-27	5.11	18.3	89,970	41,465	27,577	(518)
05/22/02	Refunding	7/1/14-15	4.77	12.4	14,680	8,525	2,273	(164)
05/21/03	Refunding	7/1/05-16	3.25	9.1	83,320	78,500	10,556	(1,756)
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	157,230	88,353	(2,713)
03/01/04	Refunding	7/1/11-19	3.74	11.7	50,870	39,165	12,442	(2,309)
07/01/05	Various Improvements	7/1/11-25	4.23	13.9	257,000	231,820	109,896	(3,783)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	342,700	181,838	(4,107)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	146,575	66,688	(5,774)
06/13/07	Various Improvements - Taxable	7/1/08-13	5.44	3.4	77,550	52,115	6,228	2
	Total General Obligation Bonds				<u>2,254,836</u>	<u>1,347,434</u>	<u>571,469</u>	<u>(22,488)</u>
<b>Certificates of Participation</b>								
07/21/04	Amphitheatre Refunding (2) (3b)	8/1/05-19	4.71	13.3	10,900	8,150	2,228	(51)
07/21/04	Amphitheatre, Stadium and Housing (2) (3b)	8/1/05-24	4.71	13.3	9,555	7,465	2,782	(44)
07/21/04	Superblock Refinancing (2) (3b)	8/1/20-24	4.71	13.3	15,010	15,010	9,496	126
	Total Certificates of Participation				<u>35,465</u>	<u>30,625</u>	<u>14,506</u>	<u>31</u>

(Continued)

# Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Revenue Bonds</b>								
03/15/92	Street/Highway Refunding	7/1/93-11	6.72	13.4	117,880	3,465	328	-
12/15/92	Street/Highway Refunding (2)	7/1/94-13	6.33	15.0	58,226	13,391	31,975	-
01/01/99	Street/Highway Refunding	7/1/99-11	4.65	9.1	10,375	3,025	209	-
05/01/02	Street/Highway Refunding (2)	7/1/03-11	3.76	5.3	123,125	28,560	2,173	(434)
06/01/03	Street/Highway Refunding	7/1/05-11	2.56	6.2	47,360	21,725	1,642	(669)
	Total Revenue Bonds				356,966	70,166	36,327	(1,103)
<b>Special Assessment Bonds</b>								
Various	Unredeemed Matured Bonds	-	-	-	44	44	-	-
2000	Various Improvements	1/1/01-10	6.90	10.0	274	27	1	-
2001	Various Improvements	1/1/02-11	6.90	10.0	174	35	2	-
2002	Various Improvements	1/1/03-12	6.90	10.0	268	80	8	-
2003	Various Improvements	1/1/04-13	6.90	10.0	136	54	7	-
2008	Various Improvements	1/1/09-18	6.90	10.0	22	20	7	-
	Total Special Assessment Bonds				918	260	25	-
<b>Municipal Corporation Obligations</b>								
01/15/98	Multipurpose Arena Refunding (2) (3b)	7/1/98-19	6.64	14.1	48,740	32,220	11,688	-
08/01/98	Airport Revenue (5)	7/1/06-25	5.08	18.1	150,000	34,285	25,769	(3)
06/01/99	Phoenix Municipal Courthouse (3a)	7/1/05-10	5.32	20.7	79,000	2,035	107	-
06/01/99	Adams Street Garage (3a)	7/1/05-11	5.31	20.7	15,000	800	60	-
06/01/00	Wastewater System Revenue (2) (6)	7/1/05-10	5.91	16.4	135,000	4,895	281	(3)
08/01/00	Municipal Facilities Revenue (2) (3b)	7/1/01-11	5.35	8.2	65,000	4,710	411	-
07/01/01	Wastewater System Refunding (6)	7/1/02-24	5.02	16.4	166,260	150,005	69,932	(1,426)
08/01/01	Water System Refunding (2) (4)	7/1/02-24	4.68	14.1	99,980	73,250	36,142	(2,701)
04/01/02	Water System Revenue (2) (4)	7/1/07-26	5.08	16.3	220,000	199,385	104,602	(1,420)
05/01/02	Airport Sr. Lien Refunding (2) (5)	7/1/08-13	4.82	9.5	23,225	21,015	3,103	(379)
05/01/02	Airport Sr. Lien Revenue (2) (5)	7/1/14-32	5.53	22.7	231,390	231,390	190,878	1,709
05/01/03	New City Hall Refunding (3a)	7/1/04-29	4.43	15.6	47,600	21,735	9,985	(627)
05/01/03	Solid Waste Improvements (2)(7)	7/1/04-14	4.17	12.3	80,000	17,910	2,774	(328)
05/01/03	Municipal Facilities (2)(3b)	7/1/05-25	4.03	11.8	25,000	19,195	6,673	(431)
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.64	20.8	25,000	24,480	20,698	105
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.66	20.8	10,000	9,795	8,300	52
10/01/03	Water System Refunding (4)	7/1/05-22	4.53	15.6	11,325	10,965	4,862	143
06/01/04	Excise Tax Revenue (2)(3b)	7/1/06-25	4.14	8.4	22,000	13,910	3,400	(555)
06/02/04	Rental Car Facility (Taxable) (2)(8)	7/1/07-29	6.20	16.5	260,000	241,420	184,089	-
07/21/04	Water Rights Land Acq. Ref. (2)(4)	8/1/06-17	4.13	8.3	27,775	21,100	4,155	-
12/10/04	Transit Excise Tax Revenue (2)(9)	7/1/06-20	4.08	10.9	500,000	453,480	161,737	(25,799)
12/16/04	Wastewater System Revenue (2)(6)	7/1/10-29	4.59	16.6	180,000	175,040	106,740	(5,897)
01/11/05	Wastewater System Ref. (10)(11)	7/1/06-15	3.67	10.9	102,020	72,855	13,174	(3,578)
06/01/05	Water System Revenue (2)(4)	7/1/10-29	4.28	16.4	600,000	600,000	363,719	(34,862)
09/13/05	Excise Tax Revenue (2)(3b)	7/1/17-41	4.62	26.3	300,000	300,000	335,406	(15,880)
10/06/05	State Distribution Revenues (2)(12)	7/1/12-44	4.72	28.9	275,362	275,362	576,964	(25,836)
06/01/06	Solid Waste Improvements (2)(7)	7/1/07-26	4.45	12.4	84,265	76,945	37,326	(1,227)
06/01/06	Municipal Facilities (2)(3b)	7/1/07-13	3.89	3.7	28,230	14,790	1,406	(67)
06/01/06	Municipal Facilities (Taxable) (2)(3b)	7/1/07-35	6.10	19.0	41,920	40,645	40,828	(100)
06/01/07	Excise Tax Revenue Refunding (3a)	7/1/09-29	4.51	14.5	103,605	103,340	62,709	(5,374)
06/01/07	Excise Tax Revenue (2)(3b)	7/1/08-27	4.46	12.0	21,115	19,790	10,032	(425)
06/01/07	Excise Tax Revenue Refunding (2)(3b)	7/1/09-23	4.33	10.5	71,820	69,835	29,799	(1,037)
06/01/07	Excise Tax Revenue Ref. (Taxable) (2)(3b)	7/1/08-22	5.81	9.2	35,670	32,980	14,573	148
11/27/07	Wastewater System Revenue (2)(6)	7/1/12-37	4.65	20.0	300,000	300,000	275,297	(12,904)
06/18/08	Airport Revenue (5)	7/1/20-38	5.02	22.5	206,840	206,840	221,713	(639)
06/18/08	Airport Revenue (Taxable) (5)	7/1/12-19	4.68	7.8	43,160	43,160	15,182	(1,422)
06/18/08	Airport Revenue Refunding (5)	7/1/09-22	4.26	8.0	109,850	100,645	36,205	(3,114)
06/18/08	Airport Revenue Refunding (Taxable) (5)	7/1/09-20	4.58	5.6	68,520	61,090	16,459	(1,975)
11/18/08	Wastewater System Revenue Ref. (10)	7/1/16-24	5.02	11.9	133,400	133,400	83,519	(5,868)
06/02/09	Water System Revenue (4)	7/1/14-39	4.63	20.5	450,000	450,000	460,260	(22,845)
06/02/09	Water System Revenue Refunding (4)	7/1/10-19	2.78	6.0	90,295	90,295	24,299	(8,671)
	Total Municipal Corporation Obligations				5,488,367	4,754,992	3,575,256	(183,236)
<b>Total Primary Government Bonds</b>					<b>\$ 8,136,552</b>	<b>\$ 6,203,477</b>	<b>\$ 4,197,583</b>	<b>\$ (206,796)</b>

# Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
<b>Component Units</b>								
12/20/05	Senior Revenue (Hotel) (2)(13)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 156,710	\$ 168,920	\$ (3,952)
12/20/05	Subordinate Revenue (Hotel) (2)(14)	7/1/19-40	5.09	26.2	164,425	164,425	184,386	(2,793)
12/20/05	Subord.Revenue-Taxable (Hotel) (2)(14)	7/1/12-19	5.67	10.2	28,865	28,865	10,099	-
<b>Total Component Unit Bonds</b>					<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 363,405</b>	<b>\$ (6,745)</b>

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Insured by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- (3) The City has pledged excise taxes as security. The taxes pledged are as follows:
  - (a) Senior lien pledge on all outstanding excise tax obligations.
  - (b) Subordinated junior lien pledge on all outstanding excise tax obligations.
- (4) The City has made a junior lien pledge of Water System revenues as security.
- (5) The City has pledged net airport revenues on a senior lien basis as security for these bonds.
- (6) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (7) The City has pledged excise taxes on a subordinated junior lien basis as security; however, debt service requirements on these obligations are paid from Solid Waste revenues.
- (8) The City has made a first priority pledge of a \$4.50 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bonds.
- (9) The City has made a first priority pledge of funds received by the City from a 0.4 percent increment to the City's privilege license (sales) tax, which increment was approved at a special election held in and for the City on March 14, 2000 and subsequently adopted by the City Council of the City pursuant to Ordinance No. G-4254, enacted April 5, 2000.
- (10) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (11) The scheduled payment of principal and interest on the 2004B bonds maturing July 1 2009 through and including July 1, 2015, are guaranteed by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.
- (12) The primary source of revenue for loan payments is State of Arizona distributions the City is to receive pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State. The schedule of State distributions will be sufficient to make loan payments when due.
- (13) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by a senior leasehold interest in the site and the hotel.
- (14) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture, and secured on a basis junior and subordinate to senior bonds. The bonds are further secured by a subordinate leasehold interest in the site and the hotel as well as amounts received from the City under a room block leaseback agreement in the event hotel revenues are insufficient to make debt service payments on the subordinate bonds.

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

### General Obligation Bonds

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

### Revenue Bonds

In addition to general obligation bonds, under Arizona State law the City is authorized to issue voter-approved highway user revenue and utility revenue bonds. The highway user revenue bonds are secured by State-shared gas taxes and other highway user fees and charges, and are also not a general obligation of the City.

### Certificates of Participation

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

## Notes to the Financial Statements

(Continued)

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### **Municipal Corporation Obligations**

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

- In November 2008, the CIC issued \$133,400,000 of Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008. Proceeds of the bonds were used to refund \$130,260,000 aggregate principal amount of the Corporation's Senior Lien Wastewater System Variable Rate Demand Revenue Refunding Bonds, Series 2004A. The bonds have an average life of 11.9 years and were sold at a true interest cost of 5.02%.
- In June 2009, the CIC issued \$450,000,000 of Junior Lien Water System Revenue Bonds, Series 2009A. Proceeds of the bonds were used to refund \$200,000,000 aggregate principal amount of the Corporation's Water System Revenue Bond Anticipation Notes, Series 2007A and 2007B and to pay the cost of various improvements to the City's water system. The bonds have an average life of 20.5 years and were sold at a true interest cost of 4.63%.
- In June 2009, the CIC issued \$90,295,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2009B. Proceeds of the bonds were used to refund outstanding Junior Lien Water System Revenue Refunding Bonds, Series 1998. The bonds have an average life of 6.0 years, were sold at a true interest cost of 2.78% and produced present value debt service savings, net of transaction costs, of \$10,580,180.

### **Special Assessment Bonds**

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

### **Component Units**

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

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

## Notes to the Financial Statements

(Continued)

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

### Debt Service Requirements

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

City of Phoenix Bonds - Governmental Activities								
Fiscal Years	General Obligation		Highway User Revenue		Total Other Obligations (1)		Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2010	\$ 47,162	\$ 56,821	\$ 28,285	\$ 2,961	\$ 40,936	\$ 41,230	\$ 217,395	
2011	58,255	52,825	29,740	1,507	45,539	39,157	227,023	
2012	64,255	50,155	6,266	15,734	47,343	36,858	220,611	
2013	56,690	47,227	5,875	16,125	51,886	34,453	212,256	
2014	48,770	44,603	-	-	54,107	31,866	179,346	
2015-19	360,905	179,276	-	-	337,554	114,499	992,234	
2020-24	370,215	90,139	-	-	148,165	39,410	647,929	
2025-29	194,540	15,527	-	-	65,125	16,857	292,049	
2030-34	-	-	-	-	21,360	4,500	25,860	
2035-39	-	-	-	-	2,890	173	3,063	
	<u>\$ 1,200,792</u>	<u>\$ 536,573</u>	<u>\$ 70,166</u>	<u>\$ 36,327</u>	<u>\$ 814,905</u>	<u>\$ 359,003</u>	<u>\$ 3,017,766</u>	

Authorized	\$ 2,577,680	\$ 356,966
Unissued	\$ 622,357	\$ -
Interest Rates	2.8 - 7.4%	3.3 - 7.6%

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

Fiscal Years	Certificates of Participation		Municipal Corporation Obligations		Special Assessment Bonds		Total Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,175	\$ 1,426	\$ 39,630	\$ 39,792	\$ 131	\$ 12	\$ 40,936	\$ 41,230
2011	1,230	1,382	44,250	37,768	59	7	45,539	39,157
2012	1,275	1,332	46,025	35,523	43	3	47,343	36,858
2013	1,315	1,282	50,555	33,170	16	1	51,886	34,453
2014	1,365	1,229	52,740	30,636	2	1	54,107	31,866
2015-19	6,720	5,251	330,825	109,247	9	1	337,554	114,499
2020-24	17,545	2,604	130,620	36,806	-	-	148,165	39,410
2025-29	-	-	65,125	16,857	-	-	65,125	16,857
2030-34	-	-	21,360	4,500	-	-	21,360	4,500
2035-39	-	-	2,890	173	-	-	2,890	173
	<u>\$ 30,625</u>	<u>\$ 14,506</u>	<u>\$ 784,020</u>	<u>\$ 344,472</u>	<u>\$ 260</u>	<u>\$ 25</u>	<u>\$ 814,905</u>	<u>\$ 359,003</u>



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

City of Phoenix Bonds - Business-Type Activities						Component Units	
Fiscal Years	General Obligation		Total Other Obligations (1)		Debt Service	Downtown Phoenix Hotel Corporation	
	Principal	Interest	Principal	Interest	Total	Principal	Interest
2010	\$ 26,937	\$ 8,749	\$ 96,700	\$ 189,778	\$ 322,164	\$ -	\$ 17,412
2011	27,350	5,521	102,270	182,999	318,140	-	17,412
2012	11,029	4,296	114,235	178,054	307,614	4,565	17,412
2013	11,390	3,805	129,038	177,676	321,909	4,890	17,179
2014	6,619	4,263	128,805	187,071	326,758	5,230	16,930
2015-19	58,448	7,916	743,129	835,345	1,644,838	32,040	80,218
2020-24	4,869	346	923,281	626,197	1,554,693	43,255	71,488
2025-29	-	-	776,829	404,456	1,181,285	58,095	59,254
2030-34	-	-	418,103	245,991	664,094	76,860	43,225
2035-39	-	-	409,805	139,534	549,339	101,295	21,688
2040-44	-	-	128,777	63,683	192,460	23,770	1,188
	<u>\$ 146,642</u>	<u>\$ 34,896</u>	<u>\$ 3,970,972</u>	<u>\$ 3,230,784</u>	<u>\$ 7,383,294</u>	<u>\$ 350,000</u>	<u>\$ 363,406</u>
Authorized	\$ 689,060					\$ 350,000	
Unissued	\$ -					\$ -	
Interest Rates	2.8 - 7.4%					4.0 - 5.3%	

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

Fiscal Years	Municipal Corporation Obligations		Total Other Obligations	
	Principal	Interest	Principal	Interest
2010	\$ 96,700	\$ 189,778	\$ 96,700	\$ 189,778
2011	102,270	182,999	102,270	182,999
2012	114,235	178,054	114,235	178,054
2013	129,038	177,676	129,038	177,676
2014	128,805	187,071	128,805	187,071
2015-19	743,129	835,345	743,129	835,345
2020-24	923,281	626,197	923,281	626,197
2025-29	776,829	404,456	776,829	404,456
2030-34	418,103	245,991	418,103	245,991
2035-39	409,805	139,534	409,805	139,534
2040-44	128,777	63,683	128,777	63,683
	<u>\$ 3,970,972</u>	<u>\$ 3,230,784</u>	<u>\$ 3,970,972</u>	<u>\$ 3,230,784</u>



## Notes to the Financial Statements

(Continued)

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### **Accrued Landfill Closure and Postclosure Care Costs**

The Solid Waste Enterprise Fund ("Solid Waste") currently operates one landfill, the SR-85 Landfill, and monitors five additional closed landfills. Federal and state regulations require that certain postclosure care costs be incurred to maintain and monitor closed landfills for thirty years after closure to mitigate and prevent future environmental damage. In addition, numerous costs are incurred in the process of closing a landfill. These closure costs include the capping of the landfill with soil, installing such items as drainage and monitoring systems, and remediation of any environmental damage caused by the landfill. These costs are estimated based on what it would cost to perform all closure and postclosure care for the landfills at June 30, 2009 and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure care costs for the five closed landfills are currently estimated to be \$137,485,000, including \$72,350,000 that has already been paid out and an estimated \$65,135,000 that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was increased by \$6,988,000 during fiscal 2008-09 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$48,044,000, which will be paid out in future years. \$3,844,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 8.0% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$1,269,000 is included in liabilities payable from restricted assets.

Certain environmental remediation costs associated with one of the closed landfills are recoverable from third parties. The City has recovered a total of \$29,015,000 from third parties. These recoveries are used to reduce remediation expense in the year the recovery is assured. A total of \$10,085,000 (which includes recoveries and applicable interest earnings) has been included in restricted assets on the enterprise fund balance sheet. Any postclosure care costs not recovered from third parties will be funded from revenues of the Solid Waste Enterprise Fund.

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

Future debt service on refunded bonds has been provided through advanced refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

During fiscal year 2008-09, the City issued Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008. These bonds were issued to refund senior lien wastewater system revenue refunding bonds that were issued as variable rate bonds. The City also terminated two interest rate swap agreements originally entered into with respect to the refunded variable rate wastewater bonds. The City also issued Junior Lien Water System Revenue Refunding Bonds, Series 2009B to reduce the present value of future debt service payments. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The effects of the refundings are summarized as follows (in thousands):

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

	<b>Civic Improvement Corporation</b>	
	<b>Senior Lien Wastewater Revenue</b>	<b>Junior Lien Water Revenue</b>
Series	2008	2009 B
Closing Date	11/18/08	6/02/09
Net Interest Rate	4.91%	2.95%
Refunding Bonds Issued	\$ 133,400	\$ 90,295
Premium (Discount)	5,585	8,238
Swap Termination	(8,245)	-
Issuance Costs and Insurance	(475)	(147)
Net Proceeds	<u>\$ 130,265</u>	<u>\$ 98,386</u>
Refunded Amount	\$ 130,260	\$ 98,385
Decrease in Debt Service	N/A	\$ 13,152
Economic Gain	N/A	\$ 10,580
Number of Years Affected	N/A	10

On June 26, 2009, the City of Phoenix defeased \$912,000 of outstanding City of Phoenix Civic Improvement Corporation Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2000, \$1,810,000 of outstanding Subordinated Excise Tax Revenue Bonds, Series 2004, \$5,700,000 of outstanding Subordinated Excise Tax Revenue refunding Bonds, Series 2004 and \$1,100,000 of outstanding Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B.

The deferred and amortized amounts of accounting losses on bond refundings (which are netted against outstanding bond obligations) at June 30, 2009, are summarized as follows (in thousands):

	<b>Deferred Amount July 1</b>	<b>Additions</b>	<b>Reductions due to Refundings</b>	<b>Amortization</b>	<b>Deferred Amount June 30</b>
General Government					
General Obligation	\$ 10,103	\$ -	\$ -	\$ (1,027)	\$ 9,076
Revenue	3,187	-	-	(1,062)	2,125
Certificates of Participation	(391)	-	-	43	(348)
Civic Improvement Corporation	3,494	-	-	(175)	3,319
	<u>\$ 16,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,221)</u>	<u>\$ 14,172</u>
Enterprise Funds					
Aviation					
General Obligation	\$ 1,130	\$ -	\$ -	\$ (207)	\$ 923
Civic Improvement Corporation	2,079	-	-	(491)	1,588
Convention Center					
Civic Improvement Corporation	870	-	-	(62)	808
Water					
General Obligation	1,803	-	-	(347)	1,456
Civic Improvement Corporation	6,256	2,540	(2,224)	(463)	6,109
Wastewater					
General Obligation	765	-	-	(105)	660
Civic Improvement Corporation	23,962	7,506	(7,506)	(2,408)	21,554
Solid Waste					
General Obligation	454	-	-	(71)	383
Civic Improvement Corporation	(904)	-	-	60	(844)
Golf					
Civic Improvement Corporation	398	-	(332)	(66)	-
	<u>\$ 36,813</u>	<u>\$ 10,046</u>	<u>\$ (10,062)</u>	<u>\$ (4,160)</u>	<u>\$ 32,637</u>

## Notes to the Financial Statements

(Continued)

Advanced refunding and defeasance arrangements at June 30, 2009 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds		Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type		
12/16/92	03/15/87 - 02/01/92	Junior Lien Street and Highway User Revenue	\$ 5,000	\$ 5,637
04/27/93	12/01/78 - 12/06/91	General Obligation General Government Water System	\$ 4,868 1,131 \$ 5,999	\$ 10,075
07/10/01	07/01/97 - 06/01/00	Civic Improvement Corporation Wastewater System Revenue	\$ 109,310	\$ 108,590
06/12/02	04/01/91 - 07/15/00	General Obligation General Government Solid Waste	\$ 15,030 3,550 \$ 18,580	\$ 19,623
04/01/04	07/01/95 - 06/01/02	General Obligation General Government	\$ 25,165	\$ 25,805
06/22/04	08/01/00	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 2,190	\$ 2,242
07/19/06	07/01/95 - 7/01/05	General Obligation General Government	\$ 100,215	\$ 101,727
06/13/07	01/15/98 - 06/01/02	General Obligation General Government Solid Waste	\$ 51,680 2,495 \$ 54,175	\$ 55,159
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 18,675	\$ 18,709
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 63,760	\$ 64,658
03/28/08	07/01/01 - 12/01/04	Civic Improvement Corporation Wastewater System Revenue	\$ 12,150	\$ 13,047
06/26/09	08/30/00 - 06/27/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 9,155	\$ 10,041

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

# Notes to the Financial Statements

(Continued)

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## 11. Legal Debt Margin

As discussed in Note 3, secondary property taxes are used to finance bond principal and interest payments. Under Arizona law, general obligation bonds for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and street and transportation facilities may not exceed 20% of a city's secondary assessed valuation. General obligation bonds for all other purposes may not exceed 6% of the secondary assessed valuation. The total debt margin available at July 1, 2009 was as follows (in thousands):

Six Percent Bonds	\$ 1,095,921
Twenty Percent Bonds	<u>2,738,003</u>
	<u>\$ 3,833,924</u>

## 12. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2009, as described below.

### General Fund and Transit Special Revenue Fund

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

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

Workers' Compensation – The City maintained a self-insured retention of \$15,000,000 for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Workers' Compensation for Phoenix Transit employees was self-insured up to \$400,000 and excess workers' compensation insurance was purchased for losses exceeding that amount.

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

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

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

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the government-wide statement of net assets, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. At June 30, 2009, claims payable totaled \$89.4 million. Changes in this liability for the last two fiscal years follow (in thousands):

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

	<b>Year Ended June 30</b>	
	<b>2009</b>	<b>2008</b>
Claims Payable, July 1	\$ 94,431	\$ 86,932
Current Year Claims and Changes in Estimates	27,270	32,593
Claim Payments	<u>(32,302)</u>	<u>(25,094)</u>
Claims Payable, June 30	<u>\$ 89,399</u>	<u>\$ 94,431</u>

Claims that are expected to be paid with expendable available financial resources are accounted for in the General Fund. All other claims are accounted for in the government-wide statement of net assets. These balances were as follows (in thousands):

	<b>June 30</b>	
	<b>2009</b>	<b>2008</b>
Amounts due within one year	\$ 33,749	\$ 35,751
Amounts due in more than one year	55,650	58,680
	<u>\$ 89,399</u>	<u>\$ 94,431</u>

In addition, assets of \$92,920,841 and \$2,004,016 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2009 for purposes of funding the claims liability reported in the government-wide statement of net assets. As a result, \$92,920,841 of the General Fund balance and \$2,004,016 of the Transit Special Revenue Fund balance are designated for payment of claims.

**Fiduciary Funds**

Health and Dental – The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased for individual losses exceeding \$900,000 and aggregate losses exceeding \$215,664,337. Dental coverage was provided through two different plans. A dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust and a dental HMO was provided through commercial insurance accounted for in the General Fund.

Long-Term Disability benefits were self-insured through the City of Phoenix Long-Term Disability Trust fiduciary fund. As a funded other post-employment benefit, no liability is reflected in the Government-Wide Statement of Net Assets. See Note 19 for additional information.

At June 30, 2009, claims payable totaled \$23.9 million. Changes in this liability for the last two fiscal years follow (in thousands):

	<b>Year Ended June 30</b>	
	<b>2009</b>	<b>2008</b>
Claims Payable, July 1	\$ 21,580	\$ 80,210
Current Year Claims and Changes in Estimates	183,526	108,243
Claim Payments	<u>(181,216)</u>	<u>(166,873)</u>
Claims Payable, June 30	<u>\$ 23,890</u>	<u>\$ 21,580</u>

## Notes to the Financial Statements

(Continued)

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

	<b>June 30</b>	
	<b>2009</b>	<b>2008</b>
Amounts due within one year	\$ 23,890	\$ 21,401
Amounts due in more than one year	0	179
	<u>\$ 23,890</u>	<u>\$ 21,580</u>

### 13. Operating Leases

The City's public housing program leases housing facilities that are, in turn, subleased to low income and elderly tenants. These lease obligations are subsidized by the federal government. Total rental expense for these leases was \$44,996,719 for the fiscal year ended June 30, 2009.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2009 were as follows (in thousands):

<b>Years Ending June 30</b>	
2010	\$ 65,058
2011	54,205
2012	45,539
2013	45,126
2014	43,968
2015-2068	<u>266,841</u>
	<u>\$ 520,737</u>

The above amounts do not include contingent rentals, which also may be received under the airport facilities leases, primarily as a percentage of sales in excess of stipulated minimums. Contingent rentals amounted to \$8,056,552 for the fiscal year ended June 30, 2009. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2009 is as follows (in thousands):

Buildings	\$ 1,021,630
Less: Accumulated Depreciation	<u>(417,021)</u>
	<u>\$ 604,609</u>

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

**14. Contractual and Other Commitments**

**Public Transit**

The City provides public transit service through the following private contractors: Veolia Transportation, First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA" and Valley Metro Rail. The services provided by these contractors, the expiration dates of the current agreements and the estimated contract amount to be provided by the City through June 30, 2010 are as follows (in thousands):

<b>Contractor</b>	<b>Type of Service</b>	<b>Expiration Date</b>	<b>Estimated Annual Subsidy</b>
MV Transportation Service	Dial-a-Ride	June 30, 2011	\$ 13,522
First Transit Inc.	Fixed Route Bus Service	June 30, 2010	23,200
Veolia Transportation	Fixed Route Bus Service	June 30, 2010	83,175
Valley Metro Rail	Light Rail Service	June 30, 2010	20,963
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2010	4,592
MV Transportation Service	Fixed Route Bus Service	June 30, 2011	761
			<u>\$ 146,213</u>

Approximately 12.7% of the total net transit costs will be reimbursed to the City by adjacent communities and the RPTA. In addition, the City will apply for funding to support daily operations from the Department of Transportation, Federal Transit Administration. This grant is expected to fund approximately 5.5% of the total transit costs for fiscal 2009-10. The City has been the designated recipient for these grants since 1975.

**Plan Six Funding Agreements**

The Plan Six Funding Agreement provides for a cost sharing arrangement to ensure timely completion of the Plan Six facilities of the Central Arizona Project. These facilities include the new Waddell Dam on the Agua Fria River and modifications of the Roosevelt and Stewart Mountain dams on the Salt River. The parties to this agreement include the United States Government, the State of Arizona, the Central Arizona Water Conservation District, Maricopa County Flood Control District, the Salt River Project, and the cities of Phoenix, Chandler, Glendale, Mesa, Scottsdale, Tempe and Tucson. The Plan Six Funding Agreement does not constitute a joint venture as cost sharing projects are not considered joint ventures as the participating governments do not retain an on-going financial interest or responsibility in the project, in accordance with GASB Statement No. 14, "The Financial Reporting Entity".

Deposited funds from prior fiscal years are held in the Arizona State Treasurer's Local Government Investment Pool "LGIP" for Plan Six and, as disbursements are made from this fund, the City records an asset (water rights). Upon completion, the City will amortize this asset over a 40-year life. No further contributions are required.

# Notes to the Financial Statements

(Continued)

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## **Other Contracts**

The City's enterprise funds have entered into various construction contracts and these commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements. The following funds have remaining commitments at June 30, 2009, as follows (in thousands):

Aviation	\$ 196,583
Phoenix Convention Center	13,029
Water System	174,285
Wastewater	129,267
Solid Waste	22,472
	<hr/>
	\$ 535,636
	<hr/>

## **15. Contingent Liabilities**

### **Pending Litigation**

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. As discussed in Note 12, the City is primarily self-insured, and has accrued a liability for estimated claims outstanding. As with any risk retention program, however, the City is contingently liable in respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the City's financial position, results of operations or liquidity at June 30, 2009.

### **Public Housing Notes Payable**

Excluded from the City's long-term obligations in the accompanying financial statements are Public Housing Notes Payable. These obligations were incurred in connection with the City's public housing activities, but are entirely supported by the federal government. The City would be obligated to pay the debt service on these bonds only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2009 were \$689,005.

### **Sick Leave**

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

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

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

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



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

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

Sick leave is accrued as a liability as it is earned by the employees only if the leave is attributable to past service and it is probable that the employees will be compensated through cash payments conditioned on the employees' termination or retirement. In accordance with these criteria, a portion of the sick leave accumulated by police, firefighters, and general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2009, actuarial valuation of the sick leave liability was based on the termination method, with the liability pro-rated based on the current service of a participant. The projected sick leave benefit payment under the termination method is calculated as the maximum sick leave hours eligible for payment multiplied by the probability of an individual employee reaching retirement multiplied by the employee's projected salary at first eligibility for retirement pro-rated based on the employee's current service to date over the projected service to retirement increased by the cost of salary-related fringe benefits.

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

	<u>2009</u>
General	\$ 167,573
Police	128,392
Fire	<u>48,697</u>
	344,662
Less: Amounts Accrued as a Liability	<u>(72,789)</u>
	<u>\$ 271,873</u>

**Liabilities Under Grants**

The City participates in a number of federal and state-assisted grant programs. The audits of these programs for earlier years and the year ended June 30, 2009 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although City management believes any such claims would be immaterial to the City's financial position at June 30, 2009.

The City has accepted grant funds from the Federal Aviation Administration (the "FAA") to purchase land near Phoenix Sky Harbor International Airport (the "Airport") for noise compatibility purposes. After the City purchased the land, it was developed and leased to private corporations. The FAA gave the City written approval to use the proceeds of these leases for the operation and maintenance of the Airport. On January 13, 2006, the FAA notified the City that based on the Department of Transportation's Office of Inspector General's audit of eleven airports, including the Airport, the FAA determined that leasing the land the City purchased for noise compatibility purposes constituted disposal of the property purchased with FAA grant funds. The FAA has contacted the City claiming it is entitled to its fair share of the proceeds of the leases under Federal law. According to the FAA, the City has been authorized to receive approximately \$89,000,000 in grants from the FAA for noise compatibility purposes. Further investigation is necessary by both the City and the FAA to determine: (i) if the City will be required to reimburse the FAA for some of the grants; (ii) whether the leases can be treated as an exchange of land rather than a disposal of land; or (iii) whether other grant eligible projects may be used by the City to offset any monies the City owes the FAA. The City intends to pursue all avenues with the FAA to establish that the City is not liable to reimburse the FAA.

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

**16. Joint Use Agreements**

**Valley Metro Rail, Inc. “VMRI”**

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

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project less any Federal reimbursements and operating fares. The City’s share of costs is determined based on the number of rail mileage located within each City, plus dedicated local costs. The equity interest for the City at June 30, 2009, was \$846,038,473.

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

**Wastewater**

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

The City of Phoenix holds title to the land comprising the plant site and rights of way. The City’s investment under the joint use agreement was \$466,552,939 at June 30, 2009, and is included in the Wastewater Enterprise Fund financial statements as part of the total wastewater system. The SROG members participate in each facility at varying rates depending on their needs at the time each facility was constructed. The system has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal years ended June 30, 2009 is provided below (in thousands).

	<u>2009</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 37,478
Receivables	25,627
Inventories, at average cost	537
Capital Assets, Net of Accumulated Depreciation	<u>900,813</u>
Total Assets	964,455
Liabilities	<u>(53,259)</u>
Net Assets	<u>\$ 911,196</u>
Total Revenues	\$ 173,417
Total Expenses	<u>(67,878)</u>
Increase in Net Assets	<u>\$ 105,539</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the AMWUA office at 4041 N. Central Avenue, Phoenix, Arizona 85012.

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

**Water**

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

The City's investment under the joint use agreement was \$160,930,256 at June 30, 2009, and is included in the Water Enterprise Fund financial statements as part of the total water system. The plant has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal years ended June 30, 2009 is provided below (in thousands).

	<u>2009</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 7,674
Receivables	7,385
Inventories, at average cost	277
Capital Assets, Net of Accumulated Depreciation	<u>230,288</u>
Total Assets	245,624
Liabilities	<u>(10,588)</u>
Net Assets	<u>\$ 235,036</u>
Total Revenues	\$ 72,205
Total Expenses	<u>(24,388)</u>
Decrease in Net Assets	<u>\$ 47,817</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the City of Phoenix, Finance Department, Utilities Accounting Division, 305 W. Washington Street, Phoenix, Arizona 85003.

**17. Deferred Compensation Plan (DCP)**

The City provides eligible employees with two voluntary investment options designed to supplement income at retirement. These programs allow an employee to defer income from peak earning years to provide additional income upon retirement. The City offers a 457 Deferred Compensation Plan (the "457 Plan") that has numerous investment options, and allows enrollment or changes on an ongoing basis. The second, a 401(a) Defined Contribution Plan (the "401(a) Plan"), has more restrictions for participation, but has higher contribution limits.

A governing board makes decisions about the fund options available under these Plans. For full-time and job-share employees, the City contributes a percentage of salary to DCP. Due to the tax-deferred nature of the Plans, generally speaking, the funds cannot be withdrawn while still employed by the City, unless a severe financial hardship exists. IRS regulations provide guidance regarding hardship withdrawals. Nationwide Investment Services Corporation is currently the plan administrator for both Plans.

The 457 Plan was created in accordance with Internal Revenue Code Section 457. The 457 Plan permits employees to defer a portion of their salaries until future years. The amount deferred is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees may choose to defer the lesser of 100% of includable income for 457 deferrals, or \$16,500 during calendar year 2009. A 1996 federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No.S-25613 that amended the Plan to comply with the 1996 federal law. The Ordinance established a trust into which all assets of the Plan were transferred December 4, 1998.

## Notes to the Financial Statements

(Continued)

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The City's newest retirement savings plan, the 401(a) Plan, provides employees with an additional option for tax-deferred retirement savings. Eligible employees may make personal contributions to the City 401(a) Plan by electing to defer a designated percentage of their salary to the Plan. 401(a) personal contribution elections are irrevocable. For active employees, the 2009 annual maximum is \$49,000. The City also contributes to the 401(a) on the eligible employee's behalf an amount equal to a percentage of employee's base annual salary.

### 18. Pension Plans

#### Plan Descriptions

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

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

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

The Plan is authorized by and administered in accordance with Chapter XXIV of the Charter of the City of Phoenix. Authority to make amendments to the plan rests with City voters. The Plan is administered by a nine-member Retirement Board. COPERS has been included as part of the City's reporting entity as a pension trust fund. Copies of the separately issued COPERS financial report, which includes financial statements and required supplemental information, may be obtained from COPERS, Barrister Place, 101 South Central Avenue, Suite 600, Phoenix, Arizona 85004.

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

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

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

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

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

Copies of the publicly available financial reports for the APSPRS and EORPA may be obtained from Arizona Public Safety Personnel Retirement System, 1020 East Missouri, Phoenix, Arizona 85014-2613.

**Funding Policy and Annual Pension Cost**

The City contributes an actuarially determined amount to COPERS to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over an open period of 20 years from July 1, 2009. The employee contribution rate is 5% of compensation.

In addition to funding the plan for benefits, the City pays the administrative costs of the plan as a City expense. Investment expenses are paid by the plan from investment earnings.

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

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

	<b>Contributions Required and Contributions Made</b>			
	<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>General City Employees</b>	6/30/09	\$ 67,152,987	100 %	N/A
	6/30/08	64,198,136	100	N/A
	6/30/07	58,151,324	100	N/A
<b>APSPRS Employees (1):</b>				
Police Pension	6/30/09	\$ 62,230,340	100 %	N/A
Police Health	6/30/09	1,529,001	100	N/A
Police Pension	6/30/08	43,393,713	100	N/A
Police Health	6/30/08	2,393,040	100	N/A
Police Pension/Health	6/30/07	32,180,647	100	N/A
Fire Pension	6/30/09	\$ 31,503,211	100 %	N/A
Fire Health	6/30/09	650,583	100	N/A
Fire Pension	6/30/08	22,864,601	100	N/A
Fire Health	6/30/08	1,334,123	100	N/A
Fire Pension/Health	6/30/07	16,399,283	100	N/A

(1) Beginning in fiscal year ended June 30, 2008, the pension and health insurance premium subsidy for Police and Fire are presented separately. The health insurance premium subsidy, annual pension cost, and contributions made were estimated based on the actuarially determined rate provided.

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

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

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

	<b>Contributions Required and Contributions Made</b>			
	<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>Elected Officials</b>				
Pension	6/30/09	\$ 150,915	100 %	N/A
Health	6/30/09	5,070	100	N/A
Pension	6/30/08	120,374	100	N/A
Health	6/30/08	1,277	100	N/A
Pension/Health	6/30/07	107,735	100	N/A

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

	<b>COPERS</b>	<b>APSPRS</b>		<b>EORPA (1) Pension/Health</b>
		<b>Police (1) Pension/Health</b>	<b>Fire (1) Pension/Health</b>	
Contribution Rates:				
City	11.78%	24.96%/0.60%	25.18%/0.52%	27.09%/0.91%
Plan Members	5.00%	7.65%	7.65%	7.00%
Annual Pension Cost	\$ 67,153	\$62,230/\$1,529	\$31,503/\$651	\$151/\$5
Contributions Made	\$ 67,153	\$62,230/\$1,529	\$31,503/\$651	\$151/\$5
Actuarial Valuation Date	6/30/09	6/30/08	6/30/08	6/30/08
Actuarial Cost Method	Entry Age, Normal Cost	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years	28 years	28 years	28 years
Asset Valuation Method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return	8.0%	8.5%	8.5%	8.5%
Projected Salary Increases *	5.0 - 9.0%	5.5 - 8.5%	5.5 - 8.5%	5.0%
* Includes Inflation at	4.5%	5.0%	5.0%	5.0%
Cost-of-Living Adjustments	-	-	-	-

- (1) Beginning in fiscal year ended June 30, 2009, the pension and health insurance premium subsidy for Police, Fire, and Elected Officials are presented separately. The health insurance premium subsidy, annual pension cost, and contributions made were estimated based on the actuarially determined rate provided.
- (2) A fire premium tax levied by the State is credited toward the City's contribution for firefighters employed by the City of Phoenix. The amount reported above is before the fire insurance premium tax credit allowance of \$3,383,000.
- (3) COPERS' amount includes \$770,000 allocated to the Excess Benefit Arrangement.

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

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

Schedule of Funding Progress (in thousands)							
Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)	
<b>General City</b>							
<b>Employees</b>	6/30/09	\$ 1,895,148	\$ 2,518,094	\$ 622,946	75.3 %	\$ 539,468	115.5 %
<b>APSPRS (1)</b>							
Police - Pension	6/30/08	\$ 1,089,018	\$ 1,595,363	\$ 506,345	68.3 %	\$ 238,513	212.3 %
Police - Health	6/30/08	0	53,039	53,039	0.0	238,513	22.2
<b>APSPRS (1)</b>							
Fire - Pension	6/30/08	\$ 636,120	\$ 896,842	\$ 260,722	70.9 %	\$ 117,583	221.7 %
Fire - Health	6/30/08	0	30,488	30,488	0.0	117,583	25.9

(1) Most recent year available.

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

**19. Other Postemployment Benefits (OPEB)**

In accordance with the compensation plan adopted by the City Council each fiscal year, the City offers continuation of group medical and conversion of group life insurance to retirees or to those eligible for long-term disability benefits. If converted, the life insurance premium must be paid in full by the retiree, but the City continues to contribute toward the medical insurance premium for a certain period of time. Continuation of the City's contribution towards retiree medical coverage is dependent on the annual budget authorization by the City Council.

**Postemployment Healthcare**

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

**Medical Expense Reimbursement Plan**

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

The monthly subsidy reimburses retirees for qualified medical expenses, including hospital, doctor and prescription drug charges. The City's contribution varies with length of service or bargaining unit, from \$117 to \$202 per month. Retirees may be eligible for additional City contributions depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program. Current and future retirees who are eligible to receive the MERP and choose to purchase health insurance through the City's plan during retirement, will receive an additional City contribution to minimize the impact of unblending health insurance rates for active and retired employees.



## Notes to the Financial Statements

(Continued)

The City has 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 the MERP. The City has delegated responsibility for fiduciary oversight of the MERP Trust to the five-member Board of Trustees, subject to oversight of the City Council. The MERP issues a separate report that can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5<sup>th</sup> Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

The number of participants as of August 1, 2006, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	General City Employees	Public Safety Employees	Total
Active employees	6,199	3,730	9,929
Retired employees	3,327	1,605	4,932
Spouses of retired employees	605	587	1,192
Surviving spouses	65	18	83
Total	10,196	5,940	16,136

The City has implemented GASB Statement No. 45, **Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions**, effective June 30, 2008, and is implementing these requirements prospectively. The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

Annual required contribution	\$ 39,000
Interest on OPEB Asset	1,033
Contributions from the City	43,579
Increase in net OPEB asset	5,612
Net OPEB asset, beginning of year	14,758
Net OPEB asset, end of year	<u>\$ 20,370</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2009, were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2009	\$37,967	\$43,579	114.8%	\$20,370
6/30/2008	\$39,000	\$53,758	137.8%	\$14,758

As of August 1, 2006, the most recent actuarial valuation date, the MERP was unfunded. The actuarial accrued liability for benefits was \$345,579,125 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$345,579,125. The covered payroll (annual payroll of active employees covered by the plan) was \$563,569,606, and the ratio of the UAAL to the covered payroll was 61.3 percent.



## Notes to the Financial Statements

(Continued)

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 as of the latest actuarial valuation follows:

Valuation date	08/01/06
Actuarial cost method	Projected unit credit method
Amortization method	Level dollar, open
Remaining amortization period	28 years
Asset valuation method	no assets at valuation date
Actuarial assumptions:	
Investment rate of return	7%
Inflation Rate	2.75%
Projected salary increase	4%

### 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). The current administrator of the City's PEHP is Nationwide Retirement Solutions.

### Long-Term Disability Program

Long-term disability (LTD) benefits are available to all regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. Coverage for benefit eligible employees provides income protection of 66 2/3 percent of an employee's monthly base salary following a continuous three-month waiting period from the last day worked; provided all leave accruals have been exhausted, continuing to age 80. Employees receiving long-term disability benefits are entitled to continuation of group medical, dental and life insurance for a specified period. Contributions to the LTD Trust by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City pays 100 percent of the cost for this benefit.

The City has established the City of Phoenix Long-Term Disability Trust to fund all or a portion of the City's liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.323 City of Phoenix Long-Term Disability Program. The City has delegated responsibility for administering the LTD trust to the five-member Board of Trustees, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained from the City's Finance Department, through the Risk Management Division on the 8<sup>th</sup> Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

The number of participants as of July 1, 2007, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number or category of employees covered since that date.

	Fire Employees	Police Employees	General City Employees	Total
Current Active Employees	1,511	2,795	8,631	12,937
Currently Disabled Employees	6	7	329	342
Total Covered Participants	1,517	2,802	8,960	13,279

## Notes to the Financial Statements

(Continued)

The City has implemented GASB 45 effective July 1, 2007, and has calculated the beginning OPEB asset in accordance with the parameters of GASB 45. The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an actuarially determined amount in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset (in thousands):

Annual required contribution	\$ 0
Interest of Net OPEB Asset	323
Contributions made	0
Increase in OPEB Asset	<u>323</u>
Net OPEB asset, beginning of year	<u>4,613</u>
Net OPEB asset, end of year	<u>\$ 4,936</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2009 were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2009	\$ (323)	\$ 0	N/A	\$4,936
6/30/2008	\$ 0	\$ 0	N/A	\$4,613

As of July 1, 2007, the most recent actuarial valuation date, the LTD was 107.6 percent funded. The actuarial accrued liability for benefits was \$60,343,875, and the actuarial value of assets was \$64,956,403, resulting in an actuarial accrued liability (AAL) surplus of \$4,612,528. The covered payroll (annual payroll of active employees covered by the plan) was \$856,509,964, and the ratio of the AAL to the covered payroll was (.54) percent. Prior year actuarial valuations were not performed in accordance with GASB Statement 45. Therefore, prior year trend information is not presented.

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 as of the latest actuarial valuation follows:

Valuation date	07/01/07
Actuarial cost method	Projected unit credit method
Amortization method	Level percentage of pay
Amortization period	5 years, closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Inflation Rate	2.75%
Projected salary increase	6.5%

## Notes to the Financial Statements

(Continued)

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### **Actuarial Valuations**

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

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

## **20. Prior Period Adjustments**

### **Governmental Activities**

#### Pollution Remediation

During fiscal year 2008-2009, the City implemented the requirements of GASB No. 49, which addresses the accounting and financial reporting standards for pollution remediation obligations. As a result of this effort, it was determined that the City's Public Works Department had identified and reported a fuel leak at the Glenrosa Service Center in 1986. Over the last 23 years, the City has been monitoring and remediating the contamination at this site. The liability as of June 30, 2009 is reported in the Governmental Activities column of the Government-Wide Statement of Net Assets.

An additional effect of this implementation is that the beginning net assets of the governmental activities have been restated. The beginning net assets were reduced by \$22,750,000 due to this new reporting requirement.

#### Special Assessments Debt Service Fund

Fiscal year 2007-2008 deferred revenue included the prepayment of special assessments, overstating deferred revenue by \$85,635 in the Special Assessments Debt Service Fund. An adjustment to deferred revenue has been recorded in fiscal year 2008-2009, to reduce deferred revenue and increase fund balance in the Special Assessments Debt Service Fund. Deferred revenue in 2008-2009 equals outstanding principal and interest, and the prepayment of special assessments is recorded in fund balance.

### **Business Type Activities - Aviation Enterprise Fund**

#### Pollution Remediation

During fiscal year 2008-2009, the Aviation Department also implemented the requirements of GASB No. 49. As a result of this effort, it was determined that a pollution remediation obligation existed due to leaking underground fuel storage tanks at the airport. The liability as of June 30, 2009 is reported in the Business Type Activities column of the Government-Wide Statement of Net Assets.

An additional effect of this implementation is that the beginning net assets of the business type activities have been restated. The net assets of the Aviation Enterprise Fund as of July 1, 2008 were reduced by \$17,849,000 due to this new reporting requirement.

## Notes to the Financial Statements

(Continued)

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### Capitalization of Outstanding Projects

In prior years, the Aviation Enterprise Fund had been reporting certain capital projects as Construction in Progress after the project construction was completed. An extensive effort was launched during fiscal year 2008-2009 to remedy this situation, in which all completed airport projects were reviewed and were either expensed or capitalized, as appropriate. As a result of this review process, the beginning net assets of the Aviation Enterprise Fund were restated by \$176,521,000 due to projects that should have been expensed in prior years, depreciation on projects that should have been capitalized in prior years, and depreciation on capitalized interest for projects that should have been capitalized in prior years. Aviation Management has put fiscal controls in place to ensure that capital projects are reviewed and adjusted in a timely manner.

## 21. Subsequent Events

### Debt Issuances

On July 2, 2009 the City of Phoenix Civic Improvement Corporation issued \$100,000,000 of Wastewater System Revenue Bond Anticipation Notes. The notes were issued as commercial paper in varying maturities up to 270 days and at various interest rates.

On October 2, 2009, the City of Phoenix Civic Improvement Corporation issued an additional \$30,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008A and \$30,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008B for a total of \$60,000,000 in additional notes. The notes were issued as commercial paper in varying maturities up to 270 days and at various interest rates.

On October 6, 2009, the City of Phoenix Civic Improvement Corporation issued an additional \$30,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008A and \$30,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008B for a total of \$60,000,000 in additional notes. The notes were issued as commercial paper in varying maturities up to 270 days and at various interest rates. There is currently a total of \$200,000,000 in Airport Revenue Bond Anticipation Notes outstanding.

On October 7, 2009, the City of Phoenix issued \$280,955,000 Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds). The bonds are designated as "Qualified Build America Bonds (Direct Pay)." The City has elected to receive subsidy payments, in the amount of 35% of each interest payment on the bonds, paid directly to the City by the United States of America. The bonds were issued at an all-in true interest cost, net of the subsidy, of 3.38% and were delivered on October 27, 2009.

On October 7, 2009, the City of Phoenix issued \$69,045,000 Various Purpose General Obligation Bonds, Taxable Series 2009B. The bonds were issued at an all-in true interest cost of 3.97% and were delivered on October 27, 2009.

On October 7, 2009, the City of Phoenix issued \$117,195,000 General Obligation Refunding Bonds, Series 2009C. The bonds were issued at an all-in true interest cost of 2.70% and were delivered on October 27, 2009. Total present value savings on the refunding was \$11,495,881.

### City Manager

City Manager Frank Fairbanks retired on November 5, 2009, ending a 37 year career with the City of Phoenix. He served as City Manager for 19 years, longer than any previous manager, and was the recipient of numerous awards for innovative leadership. To lead the City into the next decade, Mayor Phil Gordon and the Phoenix City Council have appointed David Cavazos as the new City Manager. David Cavazos joined the City in 1987 and has held several management positions, most recently serving as a deputy city manager.



Financial Section

# Required Supplementary Information





**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress (in thousands)**

<b>Actuarial Valuation Date</b>	<b>Funding Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Percent Funded (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b - a)/(c)</b>	
<b>PENSION PLANS:</b>							
<b>General City Employees</b>							
6/30/09	\$ 1,895,148	\$ 2,518,094	\$ 622,946	75.3 %	\$ 539,468	115.5 %	
6/30/08	1,908,414	2,413,365	504,951	79.1	566,512	89.1	
6/30/07	1,816,508	2,166,119	349,611	83.9	535,079	65.3	
<b>APSPRS - Police Pension (1) (2)</b>							
6/30/08	\$ 1,089,018	\$ 1,595,363	\$ 506,345	68.3 %	\$ 238,513	212.3 %	
6/30/07	1,046,953	1,569,290	522,337	66.7	211,112	247.4	
6/30/06	1,113,932	1,437,105	323,173	77.5	187,484	172.4	
<b>APSPRS - Police Health (1) (2)</b>							
6/30/08	\$ -	\$ 53,039	\$ 53,039	0.0 %	\$ 238,513	22.2 %	
6/30/07	-	53,017	53,017	0.0	211,112	25.1	
6/30/06	-	50,232	50,232	0.0	187,484	26.8	
<b>APSPRS - Fire Pension (1) (2)</b>							
6/30/08	\$ 636,120	\$ 896,842	\$ 260,722	70.9 %	\$ 117,583	221.7 %	
6/30/07	613,892	894,775	280,883	68.6	104,118	269.8	
6/30/06	654,121	837,732	183,611	78.1	95,677	191.9	
<b>APSPRS - Fire Health (1) (2)</b>							
6/30/08	\$ -	\$ 30,488	\$ 30,488	0.0 %	\$ 117,583	25.9 %	
6/30/07	-	30,799	30,799	0.0	104,118	29.6	
6/30/06	-	30,011	30,011	0.0	95,677	31.4	
<b>MERP</b>	8/01/06	\$ 0	\$ 345,579	\$ 345,579	0.0 %	\$ 563,570	61.3 %
<b>LTD</b>	7/01/07	\$ 74,072	\$ 60,344	\$ (13,728)	122.7 %	\$ 856,510	(1.60) %

(1) Amounts from fiscal year ended June 30, 2008 were the most recent available for Public Safety employees - Police and Fire. Beginning in fiscal year ended June 30, 2008, the pension and health insurance premium subsidy for Police and Fire are presented separately.

(2) Public Safety covered payroll does not include that of members participating in the Deferred Retirement Option Plan (DROP). Actual dollar amounts for fiscal years after June 30, 2008 will depend on the actual covered payroll for the period.



**City of Phoenix**





Financial Section

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





## Fund Descriptions - Special Revenue Funds

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

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

**Local Transportation Assistance** - to account for the City's share of Arizona State Lottery proceeds. This money is used for mass transit operating and capital purposes. Up to 10% may be used for cultural, educational, historical, recreational or scientific facilities or programs.

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

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

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

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

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

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

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

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

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

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

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

## Fund Descriptions - Capital Projects Funds

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

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

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

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

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

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

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

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

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

## Debt Service Funds

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

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

**Public Housing** - to account for debt service on housing revenue bonds. Funding is provided by transfers from the Public Housing Special Revenue Fund and by contributions from the federal government (HUD).

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

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



**City of Phoenix**

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

**Exhibit C-1**

June 30, 2009  
(in thousands)

	<b>Special Revenue Funds</b>				
	<b>Highway User Revenue</b>	<b>Local Trans- portation Assistance</b>	<b>Transit</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,738	\$ -	\$ 11,966	\$ 2,269	\$ 23,777
Cash Deposits	29	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	29,788	-	60,916	10,771	104,327
Due from Other Funds	-	-	8,047	-	-
Receivables, Net of Allowance					
Accounts Receivable	57	-	2,100	-	410
Taxes Receivable	-	-	-	-	-
Delinquent Taxes Receivable	-	-	-	-	-
Intergovernmental	9,898	-	126,111	-	17
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	37,898	-	-
Prepaid Items	-	-	1,113	-	-
Inventories	-	-	3,222	-	-
Total Assets	<u>\$ 46,510</u>	<u>\$ -</u>	<u>\$ 251,373</u>	<u>\$ 13,040</u>	<u>\$ 128,531</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	3,426	-	11,734	462	851
Insurance Claims Payable	-	-	19	-	-
Trust Liabilities and Deposits	1,691	-	28	1,779	11,501
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	2,990
Total Liabilities	<u>5,117</u>	<u>-</u>	<u>11,781</u>	<u>2,241</u>	<u>15,342</u>
<b>Fund Balances</b>					
<b>Reserved</b>					
Encumbrances	18,763	-	9,350	434	14,214
Debt Service	-	-	9,204	-	-
Inventories	-	-	3,222	-	-
Prepaid Items	-	-	1,113	-	-
Notes Receivable	-	-	37,898	-	-
<b>Unreserved</b>					
Designated for Insurance Claims	-	-	2,004	-	-
Designated for Unrealized					
Gain on Investments	347	-	540	82	900
Undesignated	22,283	-	176,261	10,283	98,075
Total Fund Balances	<u>41,393</u>	<u>-</u>	<u>239,592</u>	<u>10,799</u>	<u>113,189</u>
Total Liabilities and Fund Balances	<u>\$ 46,510</u>	<u>\$ -</u>	<u>\$ 251,373</u>	<u>\$ 13,040</u>	<u>\$ 128,531</u>

Special Revenue Funds

Grants	Public Housing	Sports Facilities	Capital Construction	Parks and Preserves	Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total
\$ 761	\$ 12,767	\$ 5,268	\$ 2,992	\$ 8,376	\$ 4,426	\$ 234	\$ 3,885	\$ 83,459
-	-	-	-	-	-	-	-	29
-	1,899	-	-	-	-	-	-	1,899
-	17,459	22,459	13,640	35,949	18,253	-	16,754	330,316
-	-	-	-	-	-	-	-	8,047
1,570	256	3,181	-	-	513	-	-	8,087
-	-	-	-	-	3	-	-	3
-	-	-	-	-	-	-	-	-
30,827	9,072	-	-	-	2,229	-	-	178,154
-	-	-	-	-	-	-	-	-
-	28,772	-	-	-	-	-	-	66,670
-	3,835	-	-	-	-	-	-	4,948
-	-	-	-	-	-	-	-	3,222
<b>\$ 33,158</b>	<b>\$ 74,060</b>	<b>\$ 30,908</b>	<b>\$ 16,632</b>	<b>\$ 44,325</b>	<b>\$ 25,424</b>	<b>\$ 234</b>	<b>\$ 20,639</b>	<b>\$ 684,834</b>
\$ 10,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,949	\$ -	\$ 14,347
4,580	616	93	1,880	560	259	-	1,359	25,820
-	-	-	-	-	-	-	-	19
2,414	20,170	-	-	-	471	1,036	-	39,090
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,766	7,194	-	-	-	-	-	-	25,950
<b>33,158</b>	<b>27,980</b>	<b>93</b>	<b>1,880</b>	<b>560</b>	<b>730</b>	<b>4,985</b>	<b>1,359</b>	<b>105,226</b>
11,844	711	182	5,331	3,213	4,214	1	1,532	69,789
-	-	1,096	1,767	2,302	-	2,302	6,649	23,320
-	-	-	-	-	-	-	-	3,222
-	3,835	-	-	-	-	-	-	4,948
-	28,772	-	-	-	-	-	-	66,670
-	-	-	-	-	-	-	-	2,004
-	-	191	107	55	173	-	151	2,546
(11,844)	12,762	29,346	7,547	38,195	20,307	(7,054)	10,948	407,109
-	46,080	30,815	14,752	43,765	24,694	(4,751)	19,280	579,608
<b>\$ 33,158</b>	<b>\$ 74,060</b>	<b>\$ 30,908</b>	<b>\$ 16,632</b>	<b>\$ 44,325</b>	<b>\$ 25,424</b>	<b>\$ 234</b>	<b>\$ 20,639</b>	<b>\$ 684,834</b>

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

**Exhibit C-1**  
(Continued)

June 30, 2009  
(in thousands)

	Capital Projects Funds					
	Street Improve- ments	Police and Fire Protection	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 392	\$ -	\$ -	\$ -	\$ 16,892
Cash Deposits	-	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-	-
Investments	28,454	-	-	-	-	21,288
Due from Other Funds	-	-	-	-	-	-
Receivables, Net of Allowance						
Accounts Receivable	145	-	-	-	-	7,148
Taxes Receivable	-	-	-	-	-	-
Delinquent Taxes Receivable	-	-	-	-	-	-
Intergovernmental	9,037	-	-	-	-	-
Accrued Interest	11	-	-	-	-	135
Notes Receivable	42,043	-	-	-	-	996
Prepaid Items	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	<u>\$ 79,690</u>	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,459</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Due to Other Funds	\$ 5,559	\$ 24,861	\$ 1,239	\$ 3,900	\$ 6,329	\$ 2,618
Accounts Payable	1,421	6,528	664	1,051	606	316
Insurance Claims Payable	-	-	-	-	-	-
Trust Liabilities and Deposits	-	-	-	423	2	-
Matured Bonds Payable	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	996
Total Liabilities	<u>6,980</u>	<u>31,389</u>	<u>1,903</u>	<u>5,374</u>	<u>6,937</u>	<u>3,930</u>
Fund Balances						
Reserved						
Encumbrances	16,093	35,341	4,823	5,029	3,923	7,973
Debt Service	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Notes Receivable	42,043	-	-	-	-	996
Unreserved						
Designated for Insurance Claims	-	-	-	-	-	-
Designated for Unrealized						
Gain on Investments	6	-	-	-	-	260
Undesignated	14,568	(66,338)	(6,726)	(10,403)	(10,860)	33,300
Total Fund Balances	<u>72,710</u>	<u>(30,997)</u>	<u>(1,903)</u>	<u>(5,374)</u>	<u>(6,937)</u>	<u>42,529</u>
Total Liabilities and Fund Balances	<u>\$ 79,690</u>	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,459</u>



**Exhibit C-1**  
(Continued)

Capital Projects Funds			Debt Service Funds					Total Non-Major Governmental Funds
Transit	Sports and Cultural Facilities	Total	Streets and Highways	Public Housing	City Improve- ment	Special Assess- ment	Total	
\$ -	\$ 815	\$ 18,099	\$ -	\$ -	\$ 2,159	\$ 74	\$ 2,233	\$ 103,791
-	-	-	-	-	-	-	-	29
-	-	-	29,123	-	56,824	7	85,954	87,853
115,580	-	165,322	-	-	4,973	412	5,385	501,023
-	-	-	-	-	-	-	-	8,047
52	-	7,345	-	-	-	206	206	15,638
-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	-	-
1,966	-	11,003	-	-	-	-	-	189,157
34	-	180	-	-	-	5	5	185
-	-	43,039	-	-	-	-	-	109,709
-	-	-	-	-	-	-	-	4,948
-	-	-	-	-	-	-	-	3,222
<u>\$ 117,632</u>	<u>\$ 815</u>	<u>\$ 244,988</u>	<u>\$ 29,123</u>	<u>\$ -</u>	<u>\$ 63,956</u>	<u>\$ 704</u>	<u>\$ 93,783</u>	<u>\$ 1,023,605</u>
\$ 10,443	\$ 11,082	\$ 66,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,378
2,823	3,651	17,060	-	-	-	-	-	42,880
-	-	-	-	-	-	-	-	19
-	-	425	-	-	-	-	-	39,515
-	-	-	27,005	-	37,176	-	64,181	64,181
-	-	-	2,118	-	21,516	7	23,641	23,641
-	-	996	-	-	-	287	287	27,233
<u>13,266</u>	<u>14,733</u>	<u>84,512</u>	<u>29,123</u>	<u>-</u>	<u>58,692</u>	<u>294</u>	<u>88,109</u>	<u>277,847</u>
23,403	12,396	108,981	-	-	-	-	-	178,770
-	-	-	-	-	4,837	410	5,247	28,567
-	-	-	-	-	-	-	-	3,222
-	-	-	-	-	-	-	-	4,948
-	-	43,039	-	-	-	-	-	109,709
-	-	-	-	-	-	-	-	2,004
75	-	341	-	-	427	-	427	3,314
80,888	(26,314)	8,115	-	-	-	-	-	415,224
104,366	(13,918)	160,476	-	-	5,264	410	5,674	745,758
<u>\$ 117,632</u>	<u>\$ 815</u>	<u>\$ 244,988</u>	<u>\$ 29,123</u>	<u>\$ -</u>	<u>\$ 63,956</u>	<u>\$ 704</u>	<u>\$ 93,783</u>	<u>\$ 1,023,605</u>

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

**Exhibit C-2**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<b>Special Revenue Funds</b>				
	<b>Highway User Revenue</b>	<b>Local Trans- portation Assistance</b>	<b>Transit</b>	<b>Municipal Court</b>	<b>Develop- ment Services</b>
<b>REVENUES</b>					
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	110,074	6,506	57,817	-	100
Charges for Services	124	-	28,386	8,422	44,399
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	73	-	263	12	272
Interest	1,655	-	3,118	251	3,979
Dwelling Rentals	-	-	-	-	-
Other	365	-	22,382	-	(39)
<b>Total Revenues</b>	<b>112,291</b>	<b>6,506</b>	<b>111,966</b>	<b>8,685</b>	<b>48,711</b>
<b>EXPENDITURES</b>					
Current Operating					
General Government	-	-	-	238	-
Criminal Justice	-	-	-	1,226	-
Public Safety	-	-	-	4,589	2,429
Transportation	39,544	6,400	157,288	-	-
Community Enrichment	-	106	156	-	-
Community Development	-	-	-	-	41,060
Environmental Services	-	-	-	-	-
Capital Outlay	59,526	-	23,442	1,573	32,837
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
<b>Total Expenditures</b>	<b>99,070</b>	<b>6,506</b>	<b>180,886</b>	<b>7,626</b>	<b>76,326</b>
Excess (Deficiency) of Revenues Over Expenditures	13,221	-	(68,920)	1,059	(27,615)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	-	-	97,324	-	-
Transfers to Other Funds	(31,240)	-	(42,233)	-	(4,937)
Issuance of Debt					
General Obligation and Revenue Bonds	-	-	-	-	-
Premium/(Discount) on General Obligation and Revenue Bonds	-	-	-	-	-
Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Premium/(Discount) on Certificates of Participation and Muni Corp Obligations	-	-	-	-	-
Special Assessment Bonds	22	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(31,218)</b>	<b>-</b>	<b>55,091</b>	<b>-</b>	<b>(4,937)</b>
<b>Net Change in Fund Balances</b>	<b>(17,997)</b>	<b>-</b>	<b>(13,829)</b>	<b>1,059</b>	<b>(32,552)</b>
<b>FUND BALANCES,</b>					
<b>JULY 1 as previously reported</b>	<b>59,390</b>	<b>-</b>	<b>253,421</b>	<b>9,740</b>	<b>145,741</b>
Prior Period Adjustment	-	-	-	-	-
<b>FUND BALANCES, JULY 1 as restated</b>	<b>59,390</b>	<b>-</b>	<b>253,421</b>	<b>9,740</b>	<b>145,741</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 41,393</b>	<b>\$ -</b>	<b>\$ 239,592</b>	<b>\$ 10,799</b>	<b>\$ 113,189</b>

Special Revenue Funds

Grants	Public Housing	Sports Facilities	Capital Construction	Parks and Preserves	Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,836	\$ -	\$ -	\$ 1,836
-	-	-	-	-	18	-	-	18
95,713	66,330	-	-	-	5,916	-	-	342,456
267	47	-	2	-	8,996	-	-	90,643
-	-	-	-	-	3,004	-	-	3,004
-	-	-	-	-	-	-	-	-
36	(98)	33	21	300	66	(1)	21	998
663	473	713	476	1,470	865	19	507	14,189
-	9,648	-	-	-	158	-	-	9,806
536	2,243	372	154	-	6,549	164	-	32,726
97,215	78,643	1,118	653	1,770	27,408	182	528	495,676
974	-	110	-	-	1,346	-	-	2,668
-	-	-	-	-	-	-	-	1,226
17,458	-	1,023	-	-	8,143	33,060	66,864	133,566
16	-	-	-	-	-	-	-	203,248
40,635	-	737	-	269	7,481	-	-	49,384
32,052	87,121	357	-	-	3,202	-	-	163,792
260	-	-	68	-	181	-	-	509
5,820	(4,816)	-	20,139	32,476	1,741	-	2,050	174,788
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
97,215	82,305	2,227	20,207	32,745	22,094	33,060	68,914	729,181
-	(3,662)	(1,109)	(19,554)	(30,975)	5,314	(32,878)	(68,386)	(233,505)
-	-	13,624	19,803	24,335	-	24,335	70,939	250,360
-	(704)	(10,231)	-	(5,822)	(949)	(157)	(167)	(96,440)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	22
-	-	-	-	-	-	-	-	-
-	(704)	3,393	19,803	18,513	(949)	24,178	70,772	153,942
-	(4,366)	2,284	249	(12,462)	4,365	(8,700)	2,386	(79,563)
-	50,446	28,531	14,503	56,227	20,329	3,949	16,894	659,171
-	-	-	-	-	-	-	-	-
-	50,446	28,531	14,503	56,227	20,329	3,949	16,894	659,171
\$ -	\$ 46,080	\$ 30,815	\$ 14,752	\$ 43,765	\$ 24,694	\$ (4,751)	\$ 19,280	\$ 579,608

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

**Exhibit C-2**

(Continued)

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<b>Capital Projects Funds</b>					
	<b>Street Improve- ments</b>	<b>Police and Fire Protection</b>	<b>Storm Sewers</b>	<b>Parks, Recreation and Libraries</b>	<b>Public Housing</b>	<b>Municipal Buildings and Service Centers</b>
<b>REVENUES</b>						
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	4,469	137	-	29,317	3,093	916
Charges for Services	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Investment Income						
Net Change in Fair Value of Investments	424	91	38	227	64	448
Interest	249	58	91	1,270	25	334
Dwelling Rentals	-	-	-	-	-	-
Other	158	4	7	37	12	1,388
<b>Total Revenues</b>	<b>5,300</b>	<b>290</b>	<b>136</b>	<b>30,851</b>	<b>3,194</b>	<b>3,086</b>
<b>EXPENDITURES</b>						
Current Operating						
General Government	-	-	-	-	-	-
Criminal Justice	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Community Enrichment	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-
Capital Outlay	22,869	33,081	9,960	85,659	20,124	28,632
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>22,869</b>	<b>33,081</b>	<b>9,960</b>	<b>85,659</b>	<b>20,124</b>	<b>28,632</b>
Excess (Deficiency) of Revenues Over Expenditures	(17,569)	(32,791)	(9,824)	(54,808)	(16,930)	(25,546)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from Other Funds	-	-	-	-	-	-
Transfers to Other Funds	-	-	-	(14)	-	(7,800)
Issuance of Debt						
General Obligation and Revenue Bonds	-	-	-	-	-	-
Premium/(Discount) on General Obligation and Revenue Bonds	-	-	-	-	-	-
Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-	-
Premium/(Discount) on Certificates of Participation and Muni Corp Obligations	-	-	-	-	-	-
Special Assessment Bonds	-	-	-	-	-	-
Refunding Bonds	-	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>(7,800)</b>
<b>Net Change in Fund Balances</b>	<b>(17,569)</b>	<b>(32,791)</b>	<b>(9,824)</b>	<b>(54,822)</b>	<b>(16,930)</b>	<b>(33,346)</b>
<b>FUND BALANCES,</b>						
<b>JULY 1 as previously reported</b>	<b>90,279</b>	<b>1,794</b>	<b>7,921</b>	<b>49,448</b>	<b>9,993</b>	<b>75,875</b>
Prior Period Adjustment	-	-	-	-	-	-
<b>FUND BALANCES, JULY 1 as restated</b>	<b>90,279</b>	<b>1,794</b>	<b>7,921</b>	<b>49,448</b>	<b>9,993</b>	<b>75,875</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 72,710</b>	<b>\$ (30,997)</b>	<b>\$ (1,903)</b>	<b>\$ (5,374)</b>	<b>\$ (6,937)</b>	<b>\$ 42,529</b>

**Exhibit C-2**

(Continued)

Capital Projects Funds			Debt Service Funds					Total Non-Major Governmental Funds
Transit	Sports and Cultural Facilities	Total	Streets and Highways	Public Housing	City Improve- ment	Special Assess- ment	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,836
-	-	-	-	-	-	-	-	18
136,370	-	174,302	-	-	-	-	-	516,758
-	-	-	-	-	-	-	-	90,643
-	-	-	-	-	-	-	-	3,004
-	-	-	-	-	-	372	372	372
970	134	2,396	-	-	89	(1)	88	3,482
719	62	2,808	-	-	919	11	930	17,927
-	-	-	-	-	-	-	-	9,806
35	521	2,162	-	-	-	3	3	34,891
138,094	717	181,668	-	-	1,008	385	1,393	678,737
-	-	-	-	-	-	-	-	2,668
-	-	-	-	-	-	-	-	1,226
-	-	-	-	-	-	-	-	133,566
-	-	-	-	-	-	-	-	203,248
-	-	-	-	-	-	-	-	49,384
-	-	-	-	-	-	-	-	163,792
-	-	-	-	-	-	-	-	509
193,604	30,976	424,905	-	-	-	-	-	599,693
-	-	-	27,005	305	37,176	355	64,841	64,841
-	-	-	4,235	14	43,032	25	47,306	47,306
-	-	-	-	-	2	-	2	2
-	-	-	-	-	23	-	23	23
193,604	30,976	424,905	31,240	319	80,233	380	112,172	1,266,258
(55,510)	(30,259)	(243,237)	(31,240)	(319)	(79,225)	5	(110,779)	(587,521)
-	2,996	2,996	31,240	319	80,979	-	112,538	365,894
(748)	-	(8,562)	-	-	-	(145)	(145)	(105,147)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	22
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(748)	2,996	(5,566)	31,240	319	80,979	(145)	112,393	260,769
(56,258)	(27,263)	(248,803)	-	-	1,754	(140)	1,614	(326,752)
160,624	13,345	409,279	-	-	3,510	465	3,975	1,072,425
-	-	-	-	-	-	85	85	85
160,624	13,345	409,279	-	-	3,510	550	4,060	1,072,510
\$ 104,366	\$ (13,918)	\$ 160,476	\$ -	\$ -	\$ 5,264	\$ 410	\$ 5,674	\$ 745,758



**City of Phoenix**



Financial Section

## **Other Supplementary Information**

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







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

**Exhibit D-1**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expend- itures	Encum- brances	Total	
General Government							
Mayor	\$ 2,074	\$ -	\$ 2,074	\$ 1,909	\$ (8)	\$ 1,901	\$ 173
City Council	4,578	-	4,578	4,041	21	4,062	516
City Manager	1,201	-	1,201	1,013	-	1,013	188
Deputy City Managers	1,516	-	1,516	1,364	(2)	1,362	154
City Auditor	3,082	-	3,082	2,686	94	2,780	302
Information Technology	4,759	-	4,759	621	1,918	2,539	2,220
Equal Opportunity	3,253	-	3,253	2,882	(8)	2,874	379
City Clerk	5,873	-	5,873	4,630	89	4,719	1,154
Elections	646	-	646	552	1	553	93
Personnel	14,290	-	14,290	14,928	(20)	14,908	(618)
Law	22,274	-	22,274	19,807	162	19,969	2,305
Budget and Research	3,762	-	3,762	2,769	12	2,781	981
Finance	23,157	-	23,157	20,247	394	20,641	2,516
Engineering & Architectural Services	(471)	-	(471)	(2,535)	298	(2,237)	1,766
Other	1,679	-	1,679	1,433	39	1,472	207
Total General Government	91,673	-	91,673	76,347	2,990	79,337	12,336
Criminal Justice							
Municipal Court	34,306	-	34,306	31,032	438	31,470	2,836
Public Defender	4,937	-	4,937	4,669	15	4,684	253
Total Criminal Justice	39,243	-	39,243	35,701	453	36,154	3,089
Public Safety							
Police	467,597	-	467,597	441,271	2,987	444,258	23,339
Fire	257,088	-	257,088	218,247	3,580	221,827	35,261
Other	2,288	-	2,288	1,953	21	1,974	314
Total Public Safety	726,973	-	726,973	661,471	6,588	668,059	58,914
Transportation							
Street Transportation	25,196	-	25,196	20,060	156	20,216	4,980
Public Transit	24,348	-	24,348	23,200	-	23,200	1,148
Total Transportation	49,544	-	49,544	43,260	156	43,416	6,128
Community Enrichment							
Parks & Recreation	105,223	-	105,223	98,436	(303)	98,133	7,090
Library	38,440	-	38,440	32,801	1,744	34,545	3,895
Human Services	28,200	-	28,200	22,856	524	23,380	4,820
Other	5,329	-	5,329	4,388	35	4,423	906
Total Community Enrichment	177,192	-	177,192	158,481	2,000	160,481	16,711
Community Development							
Planning	6,745	-	6,745	5,951	(20)	5,931	814
Economic Development	3,734	-	3,734	3,679	65	3,744	(10)
Neighborhood Services	15,353	-	15,353	13,006	(8)	12,998	2,355
Other	4,563	-	4,563	1,918	(37)	1,881	2,682
Total Community Development	30,395	-	30,395	24,554	-	24,554	5,841
Environmental Services							
Public Works	23,951	-	23,951	15,764	2,983	18,747	5,204
Other	1,398	-	1,398	1,195	3	1,198	200
Total Environmental Services	25,349	-	25,349	16,959	2,986	19,945	5,404
Cable							
General Government	4,553	-	4,553	4,266	1	4,267	286
Transportation	782	-	782	956	-	956	(174)
Community Enrichment	159	-	159	117	(4)	113	46
Total Cable	5,494	-	5,494	5,339	(3)	5,336	158
Capital							
Community Enrichment	510	(200)	310	(7)	17	10	300
Community Development	-	-	-	-	80	80	(80)
Public Safety	-	-	-	227	-	227	(227)
Environmental Services	5,614	-	5,614	22	609	631	4,983
Total Capital	6,124	(200)	5,924	242	706	948	4,976
Contingency	31,900	-	31,900	-	-	-	31,900
Totals	\$ 1,183,887	\$ (200)	\$ 1,183,687	\$ 1,022,354	\$ 15,876	\$ 1,038,230	\$ 145,457

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

**Exhibit D-2**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Highway User	\$ 129,746	\$ 129,746	\$ 109,620	\$ (20,126)
State Government	-	-	454	454
Interest	2,500	2,500	1,511	(989)
Miscellaneous	700	700	489	(211)
Total Revenues	132,946	132,946	112,074	(20,872)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	38,900	40,700	39,544	1,156
Capital	73,716	71,916	49,244	22,672
Debt Service				
Principal	27,005	27,005	27,005	-
Interest	4,236	4,236	4,235	1
Total Expenditures and Encumbrances	143,857	143,857	120,028	23,829
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(10,911)	(10,911)	(7,954)	2,957
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
Impact Fees Capital Fund	-	-	65	65
Streets Capital Fund	-	-	86	86
Water Services Enterprise Fund	-	-	10	10
Street and Highway Debt Service	-	-	22	22
Recovery of Prior Years Expenditures	800	800	1,690	890
Total Other Financing Sources and Uses	800	800	1,873	1,073
Net Change in Fund Balance	\$ (10,111)	\$ (10,111)	(6,081)	\$ 4,030
Fund Balance, July 1			16,984	
Fund Balance, June 30			\$ 10,903	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Local Transportation Assistance Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-3**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 6,850	\$ 6,850	\$ 6,506	\$ (344)
Total Revenues	6,850	6,850	6,506	(344)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	6,744	6,744	6,400	344
Community Enrichment	106	106	106	-
Total Expenditures and Encumbrances	6,850	6,850	6,506	344
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-4**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 39,132	\$ 39,132	\$ 39,555	\$ 423
Interest	5,438	5,438	4,107	(1,331)
Miscellaneous	231	231	11,185	10,954
Total Revenues	44,801	44,801	54,847	10,046
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	144,982	144,982	128,647	16,335
Community Enrichment	156	156	156	-
Capital	50,320	50,320	14,278	36,042
Contingency	21,000	21,000	-	21,000
Total Expenditures and Encumbrances	216,458	216,458	143,081	73,377
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(171,657)	(171,657)	(88,234)	83,423
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Fund	131,445	131,445	97,324	(34,121)
Aviation Enterprise Fund	-	-	394	394
Capital Construction Special Revenue	2,550	2,550	-	(2,550)
RTP Transit Special Revenue	34,396	34,396	34,505	109
Capital Projects Fund	-	-	57	57
Self-Insurance Reserve	-	-	1,531	1,531
Transfers to Other Funds				
City Improvement Debt Service Fund	(41,900)	(41,900)	(41,898)	2
Infrastructure Repayment Agreement Trust	(420)	(420)	(335)	85
Recovery of Prior Years Expenditures	500	500	2,971	2,471
Total Other Financing Sources and Uses	126,571	126,571	94,549	(32,022)
Net Change in Fund Balance	<u>\$ (45,086)</u>	<u>\$ (45,086)</u>	6,315	<u>\$ 51,401</u>
Fund Balance, July 1			229,564	
Fund Balance, June 30			<u>\$ 235,879</u>	

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

**Exhibit D-5**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 59,846	\$ 59,846	\$ 45,243	\$ (14,603)
Charges for Services	70	70	66	(4)
Interest	-	-	202	202
Miscellaneous	-	-	39	39
Total Revenues	59,916	59,916	45,550	(14,366)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	17,379	17,379	17,107	272
Capital	10,957	10,957	1,128	9,829
Total Expenditures and Encumbrances	28,336	28,336	18,235	10,101
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	31,580	31,580	27,315	(4,265)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
Streets Capital Projects Fund	-	-	(38)	(38)
Transit 2000 Special Revenue	(34,396)	(34,396)	(34,505)	(109)
Recovery of Prior Years Expenditures	-	-	14	14
Total Other Financing Sources and Uses	(34,396)	(34,396)	(34,529)	(133)
Net Change in Fund Balance	<u>\$ (2,816)</u>	<u>\$ (2,816)</u>	(7,214)	<u>\$ (4,398)</u>
Fund Balance, July 1			14,705	
Fund Balance, June 30			<u>\$ 7,491</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Transit - Federal Transit Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-6**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 9,742	\$ 9,742	\$ 10,804	\$ 1,062
Interest	-	-	81	81
Total Revenues	9,742	9,742	10,885	1,143
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	4,822	13,447	12,959	488
Capital	3,000	875	1	874
Lease-Purchase Payments	1,920	1,920	-	1,920
Total Expenditures and Encumbrances	9,742	16,242	12,960	3,282
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(6,500)	(2,075)	4,425
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	1	1
Total Other Financing Sources and Uses	-	-	1	1
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (6,500)</u>	(2,074)	<u>\$ 4,426</u>
Fund Balance, July 1			2,087	
Fund Balance, June 30			<u>\$ 13</u>	

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

**Exhibit D-7**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 6,250	\$ 6,250	\$ 7,117	\$ 867
Total Revenues	6,250	6,250	7,117	867
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	207	207	241	(34)
Public Safety	6,198	6,198	6,164	34
Total Expenditures and Encumbrances	6,405	6,405	6,405	-
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(155)	(155)	712	867
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	4	4
Total Other Financing Sources and Uses	-	-	4	4
Net Change in Fund Balance	<u>\$ (155)</u>	<u>\$ (155)</u>	716	<u>\$ 871</u>
Fund Balance, July 1			547	
Fund Balance, June 30			<u>\$ 1,263</u>	

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

**Exhibit D-8**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 34,065	\$ 34,065	\$ 35,300	\$ 1,235
Miscellaneous	(65)	(65)	(54)	11
Total Revenues	34,000	34,000	35,246	1,246
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	2,643	2,643	2,429	214
Community Development	44,634	44,634	37,438	7,196
Capital	89	89	1	88
Total Expenditures and Encumbrances	47,366	47,366	39,868	7,498
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(13,366)	(13,366)	(4,622)	8,744
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
SIR Trust Fund	-	-	119	119
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,908)	(3,908)	(3,500)	408
Recovery of Prior Years Expenditures	-	-	(1)	(1)
Total Other Financing Sources and Uses	(3,908)	(3,908)	(3,382)	526
Net Change in Fund Balance	<u>\$ (17,274)</u>	<u>\$ (17,274)</u>	<u>(8,004)</u>	<u>\$ 9,270</u>
Fund Balance, July 1			21,730	
Fund Balance, June 30			<u>\$ 13,726</u>	



**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Community Reinvestment Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-9**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 100	\$ 100
Charges for Services	2,506	2,506	3,294	788
Rentals	-	-	6	6
Interest	275	275	401	126
Miscellaneous	-	-	9	9
Total Revenues	2,781	2,781	3,810	1,029
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	80	180	90	90
Capital	1,465	1,365	455	910
Total Expenditures and Encumbrances	1,545	1,545	545	1,000
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	1,236	1,236	3,265	2,029
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	27	27
Total Other Financing Sources and Uses	-	-	27	27
Net Change in Fund Balance	\$ 1,236	\$ 1,236	3,292	\$ 2,056
Fund Balance, July 1			10,849	
Fund Balance, June 30			\$ 14,141	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Federal Operating Trust Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-10**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 38,784	\$ 38,784	\$ 44,567	\$ 5,783
Interest	71	71	129	58
Miscellaneous	176	176	109	(67)
Total Revenues	39,031	39,031	44,805	5,774
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	514	514	797	(283)
Public Safety	10,173	17,270	20,185	(2,915)
Transportation	31	32	15	17
Community Enrichment	1,774	2,310	1,451	859
Community Development	13,695	17,961	12,018	5,943
Environmental Services	45	45	251	(206)
Capital	12,799	12,799	10,190	2,609
Total Expenditures and Encumbrances	39,031	50,931	44,907	6,024
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(11,900)	(102)	11,798
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	102	102
Total Other Financing Sources and Uses	-	-	102	102
Net Change in Fund Balance	\$ -	\$ (11,900)	-	\$ 11,900
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-11**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 34,026	\$ 34,026	\$ 22,319	\$ (11,707)
Charges for Services	29	29	267	238
Interest	94	94	36	(58)
Miscellaneous	51	51	62	11
Total Revenues	34,200	34,200	22,684	(11,516)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	207	207	204	3
Community Enrichment	1,079	1,079	1,178	(99)
Community Development	29,306	21,044	18,681	2,363
Capital	3,358	6,220	1,978	4,242
Debt Service				
Principal	212	212	714	(502)
Interest	38	38	29	9
Total Expenditures and Encumbrances	34,200	28,800	22,784	6,016
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	5,400	(100)	(5,500)
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	100	100
Total Other Financing Sources and Uses	-	-	100	100
Net Change in Fund Balance	\$ -	\$ 5,400	-	\$ (5,400)
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Human Services Grants Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-12**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 33,726	\$ 33,726	\$ 37,255	\$ 3,529
Interest	6	6	8	2
Miscellaneous	292	292	327	35
Total Revenues	34,024	34,024	37,590	3,566
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	20	20	-	20
Community Enrichment	34,004	39,404	37,595	1,809
Total Expenditures and Encumbrances	34,024	39,424	37,595	1,829
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(5,400)	(5)	5,395
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	5	5
Total Other Financing Sources and Uses	-	-	5	5
Net Change in Fund Balance	\$ -	\$ (5,400)	-	\$ 5,400
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

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

**Exhibit D-13**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 58,893	\$ 58,893	\$ 64,209	\$ 5,316
Interest	1,368	1,368	244	(1,124)
Dwelling Rentals	6,155	6,155	7,528	1,373
Miscellaneous	1,933	1,933	1,438	(495)
Total Revenues	68,349	68,349	73,419	5,070
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	(75)	(75)	-	(75)
Community Development	81,442	74,292	73,070	1,222
Capital	2,867	12,217	4,058	8,159
Debt Service				
Principal	305	305	305	-
Interest	14	14	14	-
Total Expenditures and Encumbrances	84,553	86,753	77,447	9,306
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(16,204)	(18,404)	(4,028)	14,376
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from SIR Trust Fund	-	-	18	18
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	-	-	(314)	(314)
City Improvement	-	-	(69)	(69)
Recovery of Prior Years Expenditures	-	-	3,155	3,155
Total Other Financing Sources and Uses	-	-	2,790	2,790
Net Change in Fund Balance	<u>\$ (16,204)</u>	<u>\$ (18,404)</u>	<u>(1,238)</u>	<u>\$ 17,166</u>
Fund Balance, July 1			20,895	
Fund Balance, June 30			<u>\$ 19,657</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Housing Hope VI Grant Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-14**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 535	\$ 535	\$ 1,407	\$ 872
Interest	-	-	13	13
Miscellaneous	-	-	1,151	1,151
Total Revenues	535	535	2,571	2,036
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Development	-	300	304	(4)
Capital	535	1,535	1,530	5
Total Expenditures and Encumbrances	535	1,835	1,834	1
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(1,300)	737	2,037
Net Change in Fund Balance	\$ -	\$ (1,300)	737	\$ 2,037
Fund Balance, July 1			1,806	
Fund Balance, June 30			\$ 2,543	

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

**Exhibit D-15**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 1,000	\$ 1,000	\$ 1,004	\$ 4
Miscellaneous	550	550	372	(178)
Total Revenues	1,550	1,550	1,376	(174)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	60	460	110	350
Public Safety	1,022	1,022	1,022	-
Community Enrichment	503	503	504	(1)
Community Development	154	154	133	21
Lease-Purchase Payments	9,867	9,867	9,867	-
Total Expenditures and Encumbrances	11,606	12,006	11,636	370
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(10,056)	(10,456)	(10,260)	196
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	18,238	18,238	14,203	(4,035)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(106)	(106)	(106)	-
Other	(80)	(80)	(78)	2
Infrastructure Repayment Agreement Trust	(360)	(360)	(360)	-
Total Other Financing Sources and Uses	17,692	17,692	13,659	(4,033)
Net Change in Fund Balance	<u>\$ 7,636</u>	<u>\$ 7,236</u>	3,399	<u>\$ (3,837)</u>
Fund Balance, July 1			29,264	
Fund Balance, June 30			<u>\$ 32,663</u>	

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

**Exhibit D-16**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ 2	\$ 2
Interest	550	550	481	(69)
Miscellaneous	-	-	154	154
Total Revenues	550	550	637	87
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Transportation	-	100	43	57
Environmental Services	87	87	26	61
Capital	28,479	28,379	23,668	4,711
Total Expenditures and Encumbrances	28,566	28,566	23,737	4,829
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(28,016)	(28,016)	(23,100)	4,916
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds				
Excise Tax Fund	21,216	21,216	19,803	(1,413)
Streets Capital Projects	-	-	30	30
Transfers to Other Funds				
Transit 2000 Special Revenue	(2,550)	(2,550)	-	2,550
Recovery of Prior Years Expenditures	-	-	724	724
Total Other Financing Sources and Uses	18,666	18,666	20,557	1,891
Net Change in Fund Balance	<u>\$ (9,350)</u>	<u>\$ (9,350)</u>	<u>(2,543)</u>	<u>\$ 6,807</u>
Fund Balance, July 1			9,652	
Fund Balance, June 30			<u>\$ 7,109</u>	



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

**Exhibit D-17**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 2,311	\$ 2,311	\$ 1,815	\$ (496)
Total Revenues	2,311	2,311	1,815	(496)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Community Enrichment	193	993	302	691
Capital	107,624	95,324	53,165	42,159
Total Expenditures and Encumbrances	107,817	96,317	53,467	42,850
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(105,506)	(94,006)	(51,652)	42,354
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	32,861	32,861	24,335	(8,526)
Transfers to Other Funds				
Golf Courses	-	-	(5,738)	(5,738)
Infrastructure Repayment Agreement Trust	(105)	(105)	(84)	21
Recovery of Prior Years Expenditures	100	100	311	211
Total Other Financing Sources and Uses	32,856	32,856	18,824	(14,032)
Net Change in Fund Balance	<u>\$ (72,650)</u>	<u>\$ (61,150)</u>	<u>(32,828)</u>	<u>\$ 28,322</u>
Fund Balance, July 1			74,375	
Fund Balance, June 30			<u>\$ 41,547</u>	

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

**Exhibit D-18**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions/Donations	\$ 1,309	\$ 1,309	\$ 1,422	\$ 113
Licenses and Permits	6	6	18	12
City Taxes	-	-	1,836	1,836
Intergovernmental	-	-	5,916	5,916
Charges for Services	9,646	9,646	13,391	3,745
Fines and Forfeitures	-	-	69	69
Parks and Recreation	3,031	3,031	3,278	247
Rentals	3,576	3,576	4,748	1,172
Interest	827	827	862	35
Miscellaneous	906	906	1,679	773
Total Revenues	19,301	19,301	33,219	13,918
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
General Government	993	993	612	381
Criminal Justice	2,699	2,699	1,154	1,545
Public Safety	6,594	6,927	8,068	(1,141)
Transportation	67	67	-	67
Community Enrichment	4,622	4,622	4,930	(308)
Community Development	5,317	8,984	7,366	1,618
Environmental Services	1,358	1,358	181	1,177
Capital	4,056	8,456	7,647	809
Total Expenditures and Encumbrances	25,706	34,106	29,958	4,148
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(6,405)	(14,805)	3,261	18,066
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
Sports & Cultural Facilities Capital Projects	-	-	(949)	(949)
Recovery of Prior Years Expenditures	-	-	385	385
Total Other Financing Sources and Uses	-	-	(564)	(564)
Net Change in Fund Balance	<u>\$ (6,405)</u>	<u>\$ (14,805)</u>	2,697	<u>\$ 17,502</u>
Fund Balance, July 1			32,671	
Fund Balance, June 30			<u>\$ 35,368</u>	

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

**Exhibit D-19**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 104	\$ 104	\$ (17)	\$ (121)
Miscellaneous	246	246	165	(81)
Total Revenues	350	350	148	(202)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	33,505	34,505	31,996	2,509
Total Expenditures and Encumbrances	33,505	34,505	31,996	2,509
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(33,155)	(34,155)	(31,848)	2,307
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	32,861	32,861	24,334	(8,527)
SIR Trust Fund	-	-	367	367
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(179)	(179)	(157)	22
Recovery of Prior Years Expenditures	-	-	(1)	(1)
Total Other Financing Sources and Uses	32,682	32,682	24,543	(8,139)
Net Change in Fund Balance	<u>\$ (473)</u>	<u>\$ (1,473)</u>	(7,305)	<u>\$ (5,832)</u>
Fund Balance, July 1			2,274	
Fund Balance, June 30			<u>\$ (5,031)</u>	

**City of Phoenix, Arizona**  
**Budgetary Comparison Schedule**  
**Public Safety Enhancement Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit D-20**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	\$ 31,702	\$ 31,702	\$ 31,659	\$ 43
Total Expenditures and Encumbrances	31,702	31,702	31,659	43
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(31,702)	(31,702)	(31,659)	43
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Excise Tax Fund	27,347	27,347	24,361	(2,986)
Transfers from Self Insurance Reserve	-	-	273	273
Total Other Financing Sources and Uses	27,347	27,347	24,634	(2,713)
Net Change in Fund Balance	<u>\$ (4,355)</u>	<u>\$ (4,355)</u>	(7,025)	<u>\$ (2,670)</u>
Fund Balance, July 1			2,873	
Fund Balance, June 30			<u>\$ (4,152)</u>	

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

**Exhibit D-21**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 950	\$ 950	\$ 653	\$ (297)
Total Revenues	950	950	653	(297)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current Operating				
Public Safety	53,372	53,372	38,007	15,365
Total Expenditures and Encumbrances	53,372	53,372	38,007	15,365
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(52,422)	(52,422)	(37,354)	15,068
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Excise Tax Fund	65,723	65,723	46,579	(19,144)
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(211)	(211)	(168)	43
Recovery of Prior Years Expenditures	-	-	(1)	(1)
Total Other Financing Sources and Uses	65,512	65,512	46,410	(19,102)
Net Change in Fund Balance	<u>\$ 13,090</u>	<u>\$ 13,090</u>	9,056	<u>\$ (4,034)</u>
Fund Balance, July 1			13,127	
Fund Balance, June 30			<u>\$ 22,183</u>	

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

**Exhibit D-22**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 199,724	\$ 199,724	\$ 196,568	\$ (3,156)
Interest	1,300	1,300	1,288	(12)
Total Revenues	201,024	201,024	197,856	(3,168)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Obligation Bond Debt Service				
Principal	35,570	35,570	56,137	(20,567)
Interest	61,783	61,783	65,690	(3,907)
Early Redemption	103,664	103,664	73,967	29,697
Arbitrage Rebate and Fiscal Agent Fees	7	7	9	(2)
Other Debt Service Costs	-	2,100	2,053	47
Total Expenditures and Encumbrances	201,024	203,124	197,856	5,268
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(2,100)	-	2,100
Net Change in Fund Balance	\$ -	\$ (2,100)	-	\$ 2,100
Fund Balance, July 1			100	
Fund Balance, June 30			\$ 100	

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

**Exhibit D-23**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 3	\$ 3
Total Revenues	-	-	3	3
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Lease-Purchase Payments	70,342	71,842	70,342	1,500
Fiscal Agent Fees	20	20	19	1
Other Debt Service Costs	-	-	2	(2)
Total Expenditures and Encumbrances	70,362	71,862	70,363	1,499
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(70,362)	(71,862)	(70,360)	1,502
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	28,462	28,462	28,378	(84)
Transit 2000 Special Revenue Fund	41,900	41,900	41,898	(2)
Public Housing Special Revenue Fund	-	-	69	69
Capital Projects Fund	-	-	15	15
Total Other Financing Sources and Uses	70,362	70,362	70,360	(2)
Net Change in Fund Balance	\$ -	\$ (1,500)	-	\$ 1,500
Fund Balance, July 1			701	
Fund Balance, June 30			\$ 701	



**City of Phoenix**





## Financial Section

# Other Supplementary Information

## Enterprise Funds – Comparative Statements and Schedules

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

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

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

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

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

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

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







**City of Phoenix**

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

**Exhibit E-1**

June 30, 2009 and 2008  
(in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 22,911	\$ 25,569
Investments	17,454	15,478
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2009, \$597 and 2008, \$1,250)	6,136	5,914
Deposits in Escrow	458	458
Prepaid Items	340	510
Inventories, at Average Cost	1,329	1,225
Total Unrestricted Current Assets	<u>48,628</u>	<u>49,154</u>
Restricted Assets		
Debt Service		
Cash and Cash Equivalents	-	597
Cash with Fiscal Agent/Trustee	52,786	44,786
Revenue Bond Reserve		
Cash and Cash Equivalents	5,982	-
Investments	9,754	16,772
Accrued Interest Receivable	561	2
Airport Improvement Reserve		
Cash and Cash Equivalents	33,359	38,228
Investments	142,214	127,979
Passenger Facility Charge		
Cash and Cash Equivalents	227	8,942
Investments	966	31,969
Accounts Receivable	8,290	7,087
Customer Facility Charge		
Cash and Cash Equivalents	10,002	-
Accounts Receivable	2,523	2,605
Investments	11,230	21,050
Cash with Fiscal Agent/Trustee	72,657	69,005
Capital Projects		
Cash and Cash Equivalents	54,613	154,146
Investments	77,592	-
Receivables		
Intergovernmental	13,809	18,282
Total Restricted Current Assets	<u>496,565</u>	<u>541,450</u>
Total Current Assets	<u>545,193</u>	<u>590,604</u>
Noncurrent Assets		
Capital Assets		
Land	537,801	498,399
Buildings	1,021,630	1,018,594
Improvements Other Than Buildings	1,136,783	1,086,032
Equipment	223,376	158,505
Intangibles	5,707	5,514
Construction in Progress	401,660	328,791
Less: Accumulated Depreciation	(990,406)	(892,779)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,336,551</u>	<u>2,203,056</u>
OPEB Asset	1,303	1,032
Total Noncurrent Assets	<u>2,337,854</u>	<u>2,204,088</u>
Total Assets	<u>2,883,047</u>	<u>2,794,692</u>

<u>LIABILITIES</u>	<u>2009</u>	<u>2008</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	11,330	12,669
Trust Liabilities and Deposits	486	486
Deferred Revenue	8,702	8,503
Capital Leases	-	109
Current Portion of Pollution Remediation	3,559	-
Current Portion of Accrued Compensated Absences	811	776
Total Current Liabilities Payable from Current Assets	24,888	22,543
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	80,000	-
Matured Bonds Payable	26,815	24,555
Interest Payable	25,963	20,114
Current Portion of General Obligation Bonds	845	1,385
Current Portion of Rental Car Facility Revenue Bonds	6,735	6,440
Current Portion of Municipal Corporation Obligations	19,155	18,990
Capital Projects		
Accounts Payable	18,774	18,209
Total Current Liabilities Payable from Restricted Assets	178,287	89,693
Total Current Liabilities	203,175	112,236
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2009, \$923 and 2008, \$1,130)	10,427	11,065
Rental Car Facility Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2009, \$0 and 2008, \$0)	234,685	241,420
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2009, \$1,588 and 2008, \$2,079)	678,577	697,241
Unamortized Premium (Discount)	6,146	7,387
Pollution Remediation	17,318	-
Accrued Compensated Absences	4,881	4,946
Total Noncurrent Liabilities	952,034	962,059
Total Liabilities	1,155,209	1,074,295
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,493,939	1,372,370
Restricted for Bond Reserve	30,787	30,787
Restricted for CFC Transportation O&M / Improvement Reserves	21,232	21,050
Unrestricted	181,880	296,190
Total Net Assets	\$ 1,727,838	\$ 1,720,397

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

**Exhibit E-2**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Landing and Terminals Fees	\$ 140,944	\$ 136,211
Parking and Car Rentals	108,985	128,116
Other	23,150	19,967
Total Operating Revenues	<u>273,079</u>	<u>284,294</u>
Operating Expenses		
Operation and Maintenance	230,350	242,243
Depreciation	110,067	96,628
Staff and Administrative	5,943	6,388
Total Operating Expenses	<u>346,360</u>	<u>345,259</u>
Operating Loss	(73,281)	(60,965)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	310	4,600
Interest	8,648	9,542
Interest on Capital Debt	(43,076)	(32,845)
Gain (Loss) on Disposal of Capital Assets	(24)	2,692
Total Non-Operating Revenues (Expenses)	<u>(34,142)</u>	<u>(16,011)</u>
Net Loss Before Contributions	(107,423)	(76,976)
Capital Contributions	132,712	161,932
Transfers to Capital Projects Funds	-	(1,267)
Change in Net Assets	<u>25,289</u>	<u>83,689</u>
Net Assets, July 1	1,896,919	1,771,698
Prior Period Adjustment	(194,370)	(134,990)
Net Assets, July 1, as restated	<u>1,702,549</u>	<u>1,636,708</u>
Net Assets, June 30	<u>\$ 1,727,838</u>	<u>\$ 1,720,397</u>

**City of Phoenix, Arizona**  
**Aviation Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

**Exhibit E-3**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 273,056	\$ 286,945
Payments to Suppliers	(164,902)	(178,550)
Payments to Employees	(63,994)	(60,735)
Payment of Staff and Administrative Expenses	(5,943)	(6,388)
Net Cash Provided by Operating Activities	<u>38,217</u>	<u>41,272</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	-	(1,267)
	<u>-</u>	<u>(1,267)</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Short Term Debt	80,000	(4,000)
Principal Paid on Capital Debt	(24,664)	221,886
Interest Paid on Capital Debt	(47,191)	(34,873)
Acquisition and Construction of Capital Assets	(233,810)	(178,192)
Proceeds from Sales of Capital Assets	212	2,865
Capital Contributions	136,063	158,211
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(89,390)</u>	<u>165,897</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(2,868,770)	(561,390)
Proceeds from Sale and Maturities of Investment Securities	2,808,015	566,039
Net Activity for Short-Term Investments	14,793	(7,044)
Interest on Investments	8,399	14,584
Net Cash Provided (Used) by Investing Activities	<u>(37,563)</u>	<u>12,189</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(88,736)</u>	<u>218,091</u>
Cash and Cash Equivalents, July 1	<u>341,273</u>	<u>123,182</u>
Cash and Cash Equivalents, June 30	<u>\$ 252,537</u>	<u>\$ 341,273</u>
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	\$ (73,281)	\$ (60,965)
Adjustments		
Depreciation	110,067	96,628
(Increase) Decrease in Assets		
Receivables	431	1,261
Allowance for Doubtful Accounts	(653)	685
Prepaid Items	170	170
Inventories	(104)	150
OPEB Asset	(271)	(1,032)
Increase (Decrease) in Liabilities		
Accounts Payable	(1,339)	2,951
Deferred Revenue	199	705
Polution Remediation	3,028	-
Accrued Compensated Absences	(30)	719
Net Cash Provided by Operating Activities	<u>\$ 38,217</u>	<u>\$ 41,272</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 698	\$ (446)
Increase (Decrease) in Fair Value of Investments	(526)	(34)
Total Noncash Transactions Affecting Financial Position	<u>\$ 172</u>	<u>\$ (480)</u>

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

**Exhibit E-4**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Landing Area	\$ 33,144	\$ 33,144	\$ 37,213	\$ 4,069
Terminal Area	103,344	103,344	103,320	(24)
Ground Transportation	137,159	137,159	103,225	(33,934)
Hangar Area	3,629	3,629	3,854	225
Business and Commercial Area	15,127	15,127	15,008	(119)
Interest on Investments	7,800	7,800	8,358	558
Other	8,375	8,375	11,899	3,524
Total Revenues	308,578	308,578	282,877	(25,701)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance				
Administration	27,105	27,105	28,126	(1,021)
Sky Harbor				
Operations	41,831	41,831	34,049	7,782
Maintenance	60,317	60,317	61,552	(1,235)
Technology	19,472	19,472	14,068	5,404
Security Services	34,820	34,820	34,204	616
Custodial Services	12,787	12,787	11,452	1,335
Contingency	14,000	14,000	-	14,000
Phoenix - Deer Valley	1,810	1,810	1,892	(82)
Phoenix - Goodyear	1,264	1,264	1,351	(87)
Total Operating Expenditures	213,406	213,406	186,694	26,712
Net Revenue Available for Revenue Bond Debt Service	95,172	95,172	96,183	1,011
Revenue Bond Debt Service				
Principal	16,767	16,767	19,049	(2,282)
Interest	22,606	22,606	37,285	(14,679)
Total Revenue Bond Debt Service	39,373	39,373	56,334	(16,961)
Net Revenue Available After Revenue Bond Debt Service	55,799	55,799	39,849	(15,950)
Other Expenditures				
Capital Improvement Program	86,605	86,605	25,129	61,476
General Obligation Bond Debt Service	1,948	1,948	1,948	-
Lease-Purchase Payments	29,572	29,572	26	29,546
Total Other Expenditures	118,125	118,125	27,103	91,022
Total Expenditures and Encumbrances	370,904	370,904	270,131	100,773
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(62,326)	(62,326)	12,746	75,072
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	12,082	12,082
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,452)	(6,452)	(5,897)	555
Transit 2000 Special Revenue Fund	-	-	(394)	(394)
Transfers from Other Funds				
Self Insurance Reserve Trust Fund	-	-	136	136
Aviation Capital Fund	-	-	15,592	15,592
Total Other Financing Sources (Uses)	(6,452)	(6,452)	21,519	27,971
Net Increase (Decrease) in Fund Balance	\$ (68,778)	\$ (68,778)	34,265	\$ 103,043
<b>FUND BALANCE, JULY 1</b>			96,366	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 130,631</u>	



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

**Exhibit E-5**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Customer Facility Charge	\$ 34,500	\$ 34,500	\$ 33,656	\$ (844)
Interest on Investments	-	-	519	519
Total Revenues	34,500	34,500	34,175	(325)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance				
Rental Car Center				
Operations	11,897	11,897	6,558	5,339
Maintenance	3,106	3,106	250	2,856
Total Operating Expenditures	15,003	15,003	6,808	8,195
Net Revenue Available for Revenue Bond Debt Service	19,497	19,497	27,367	7,870
Revenue Bond Debt Service				
Principal	6,468	6,468	6,490	(22)
Interest	14,838	14,838	14,838	-
Total Revenue Bond Debt Service	21,306	21,306	21,328	(22)
Net Revenue Available After Revenue Bond Debt Service	(1,809)	(1,809)	6,039	7,848
Total Expenditures and Encumbrances	36,309	36,309	28,136	8,173
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(1,809)	(1,809)	6,039	7,848
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers to Other Funds				
Aviation Capital Fund	-	-	(1,196)	(1,196)
Total Other Financing Sources (Uses)	-	-	(1,196)	(1,196)
Net Increase (Decrease) in Fund Balance	\$ (1,809)	\$ (1,809)	4,843	\$ 6,652
<b>FUND BALANCE, JULY 1</b>			38,152	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 42,995</u>	

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

**Exhibit E-6**

June 30, 2009 and 2008  
(in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 8,413	\$ 9,442
Investments	38,839	32,800
Accounts Receivable, Net of Allowance for Doubtful Accounts (2009, \$56 and 2008, \$21)	233	209
Inventories, at Average Cost	146	138
Total Unrestricted Current Assets	<u>47,631</u>	<u>42,589</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	10,145	9,451
Capital Projects		
Cash and Cash Equivalents	26,748	48,594
Investments	10,061	94,090
Receivables		
Accrued Interest	1	1
Customer and Other Deposits	2,272	2,092
Total Restricted Current Assets	<u>49,227</u>	<u>154,228</u>
Total Current Assets	<u>96,858</u>	<u>196,817</u>
Noncurrent Assets		
Capital Assets		
Land	59,874	59,874
Buildings	848,903	395,646
Improvements Other Than Buildings	14,200	14,141
Equipment	10,704	7,633
Intangible Assets	352	110
Construction in Progress	89,714	464,965
Less: Accumulated Depreciation	(132,752)	(116,312)
Total Capital Assets, Net of Accumulated Depreciation	<u>890,995</u>	<u>826,057</u>
OPEB Asset	321	245
Total Noncurrent Assets	<u>891,316</u>	<u>826,302</u>
Total Assets	<u>988,174</u>	<u>1,023,119</u>

<u>LIABILITIES</u>	<u>2009</u>	<u>2008</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	1,153	983
Current Portion of Accrued Compensated Absences	245	206
Total Current Liabilities Payable from Current Assets	1,398	1,189
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	1,705	985
Interest Payable	8,440	8,466
Current Portion of Municipal Corporation Obligations	1,795	1,705
Capital Projects		
Accounts Payable	3,168	39,468
Customer Deposits	2,272	2,092
Total Current Liabilities Payable from Restricted Assets	17,380	52,716
Total Current Liabilities	18,778	53,905
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2009, \$808 and 2008, \$870)	657,109	644,218
Unamortized Premium (Discount)	41,567	42,973
Rebatable Arbitrage	2,655	4,832
Accrued Compensated Absences	1,418	1,272
Total Noncurrent Liabilities	702,749	693,295
Total Liabilities	721,527	747,200
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	215,111	278,693
Restricted for Debt Service	3,953	4,878
Unrestricted	47,583	(7,652)
Total Net Assets	\$ 266,647	\$ 275,919

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

**Exhibit E-7**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 4,096	\$ 2,964
Concessions	10,167	7,539
Box Office Services	222	244
Other	13,922	1,333
Total Operating Revenues	<u>28,407</u>	<u>12,080</u>
Operating Expenses		
Administration	33,421	24,742
Operation and Maintenance	14,770	13,169
Promotion	2,953	2,253
Depreciation	16,746	13,621
Staff and Administrative	2,556	2,331
Security	2,465	2,115
Total Operating Expenses	<u>72,911</u>	<u>58,231</u>
Operating Loss	(44,504)	(46,151)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	514	4,822
Interest	3,600	-
Interest on Capital Debt	(13,967)	(11,501)
Loss on Disposal of Capital Assets	(64)	(438)
Total Non-Operating Revenues (Expenses)	<u>(9,917)</u>	<u>(7,117)</u>
Loss Before Contributions and Transfers	(54,421)	(53,268)
Capital Contributions - Municipalities	710	1,330
Transfers from Excise Tax Fund	45,380	58,126
Transfers to Capital Projects	-	(644)
Transfers to Infrastructure Repayment Agreement Trust Fund	(941)	(1,226)
Change in Net Assets	<u>(9,272)</u>	<u>4,318</u>
Net Assets, July 1	275,919	271,601
Net Assets, June 30	<u>\$ 266,647</u>	<u>\$ 275,919</u>

**City of Phoenix, Arizona**  
**Phoenix Convention Center Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

**Exhibit E-8**

	<b>2009</b>	<b>2008</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 28,563	\$ 13,224
Payments to Suppliers	(34,142)	(27,069)
Payments to Employees	(19,196)	(15,530)
Payment of Staff and Administrative Expenses	(2,556)	(2,331)
Net Cash Used by Operating Activities	<u>(27,331)</u>	<u>(31,706)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	45,380	58,126
Operating Transfers to Other Funds	(941)	(1,870)
Net Cash Provided by Noncapital Financing Activities	<u>44,439</u>	<u>56,256</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(985)	(1,340)
Interest Paid on Capital Debt	(16,906)	(17,257)
Acquisition and Construction of Capital Assets	(102,001)	(192,205)
Proceeds from Sales of Capital Assets	25	38
Net Cash Used by Capital and Related Financing Activities	<u>(119,867)</u>	<u>(210,764)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(725,003)	(2,698,755)
Proceeds from Sale and Maturities of Investment Securities	832,410	2,897,936
Net Activity for Short-Term Investments	(29,418)	(60,011)
Interest on Investments	2,769	15,120
Proceeds from Collections of Long-Term Receivable	-	-
Net Cash Provided by Investing Activities	<u>80,758</u>	<u>154,290</u>
Net Decrease in Cash and Cash Equivalents	<u>(22,001)</u>	<u>(31,924)</u>
Cash and Cash Equivalents, July 1	69,579	101,503
Cash and Cash Equivalents, June 30	<u>\$ 47,578</u>	<u>\$ 69,579</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (44,504)	\$ (46,151)
Adjustments		
Depreciation and Amortization	16,746	13,621
(Increase) Decrease in Assets		
Accounts Receivable	(24)	41
Inventories	(8)	9
OPEB Asset	(76)	(245)
Increase (Decrease) in Liabilities		
Accounts Payable	170	(249)
Customer Deposits	180	1,103
Accrued Compensated Absences	185	165
Net Cash Used by Operating Activities	<u>\$ (27,331)</u>	<u>\$ (31,706)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 704	\$ 1,329
Bond Capital Appreciation	14,624	13,966
Refunding Issuance in Excess of Bond Retirement	62	62
Increase (Decrease) in Fair Value of Investments	(13)	(1,608)
Total Noncash Transactions Affecting Financial Position	<u>\$ 15,377</u>	<u>\$ 13,749</u>

City of Phoenix, Arizona  
**Phoenix Convention Center Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

Exhibit E-9

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Rental of Facilities and Equipment	\$ 3,756	\$ 3,756	\$ 3,991	\$ 235
Concessions	9,441	9,441	11,016	1,575
Box Office Services	124	124	222	98
Interest	1,500	1,500	1,322	(178)
Other	975	975	13,244	12,269
Total Revenues	15,796	15,796	29,795	13,999
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Operations	67,506	67,506	52,943	14,563
Capital Improvement Program	3,764	3,764	(3,621)	7,385
Lease-Purchase Payments	18,585	18,585	18,584	1
Total Expenditures and Encumbrances	89,855	89,855	67,906	21,949
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(74,059)	(74,059)	(38,111)	35,948
<b>OTHER FINANCING SOURCES (USES)</b>				
Recovery of Prior Years Expenditures	-	-	2,948	2,948
Transfers from Other Funds				
Excise Tax Fund	64,622	64,622	47,417	(17,205)
Self Insurance Reserve Trust Fund	-	-	34	34
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,354)	(2,354)	(2,556)	(202)
Infrastructure Repayment Agreement Trust Fund	(974)	(974)	(941)	33
Total Other Financing Sources (Uses)	61,294	61,294	46,902	(14,392)
Net Increase (Decrease) in Fund Balance	\$ (12,765)	\$ (12,765)	8,791	\$ 21,556
<b>FUND BALANCE, JULY 1</b>			42,009	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 50,800</u>	



**City of Phoenix**

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

**Exhibit E-10**

June 30, 2009 and 2008  
(in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 6,555	\$ 15,372
Investments	44,373	61,273
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2009, \$2178 and 2008, \$2065)	59,671	52,347
Intergovernmental	1,953	3,635
Prepaid Items	3,519	3,815
Inventories, at Average Cost	7,534	5,646
Total Unrestricted Current Assets	<u>123,605</u>	<u>142,088</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	54,681	64,688
Capital Projects		
Cash and Cash Equivalents	64,231	37,531
Investment in L.G.I.P. for Plan Six	2,952	2,950
Investments	359,964	128,265
Receivables		
Accrued Interest	1,061	6
Customer and Other Deposits	3,937	3,655
Total Restricted Current Assets	<u>486,826</u>	<u>237,095</u>
Total Current Assets	<u>610,431</u>	<u>379,183</u>
Noncurrent Assets		
Capital Assets		
Land	88,604	87,353
Buildings	214,653	213,262
Improvements Other Than Buildings	556,035	548,193
Equipment	227,538	218,657
Mains, Hydrants, Meters and Service Connections	1,486,092	1,412,540
Intangibles	147,758	135,344
Construction in Progress	296,978	227,456
Less: Accumulated Depreciation	<u>(843,252)</u>	<u>(759,876)</u>
Total Capital Assets, Net of Accumulated Depreciation	2,174,406	2,082,929
Other Assets		
Investment in Val Vista Treatment Plant Joint Use Agreement	160,930	121,584
OPEB Asset	1,652	1,295
Total Other Assets	<u>162,582</u>	<u>122,879</u>
Total Noncurrent Assets	<u>2,336,988</u>	<u>2,205,808</u>
Total Assets	<u>2,947,419</u>	<u>2,584,991</u>



<b>LIABILITIES</b>	<b>2009</b>	<b>2008</b>
Current Liabilities Payable from Current Assets		
Accounts Payable	15,167	15,493
Utility/Water Contractual Agreements	10,203	-
Deferred Revenue	59	59
Current Portion of Accrued Compensated Absences	1,006	977
Total Current Liabilities Payable from Current Assets	<u>26,435</u>	<u>16,529</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	-	100,000
Matured Bonds Payable	30,996	39,235
Interest Payable	26,572	28,517
Current Portion of General Obligation Bonds	11,483	12,686
Current Portion of Municipal Corporation Obligations	37,960	18,310
Capital Projects		
Accounts Payable	12,518	10,888
Customer and Other Deposits	4,602	4,133
Total Current Liabilities Payable from Restricted Assets	<u>124,131</u>	<u>213,769</u>
Total Current Liabilities	<u>150,566</u>	<u>230,298</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2009, \$1456 and 2008, \$1803)	58,015	70,354
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2009, \$6109 and 2008, \$6,256)	1,400,926	996,829
Unamortized Premium (Discount)	70,810	42,290
Utility/Water Contractual Agreements	4,829	-
Accrued Compensated Absences	6,099	6,253
Total Noncurrent Liabilities	<u>1,540,679</u>	<u>1,115,726</u>
Total Liabilities	<u>1,691,245</u>	<u>1,346,024</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	967,451	909,199
Restricted for Plan Six	2,952	2,950
Restricted for Enabling Legislation	63,615	71,467
Unrestricted	222,156	255,351
Total Net Assets	<u>\$ 1,256,174</u>	<u>\$ 1,238,967</u>

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

**Exhibit E-11**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<b>2009</b>	<b>2008</b>
Operating Revenues		
Water Sales	\$ 253,679	\$ 248,991
Environmental Charges	41,014	35,978
Other	13,059	14,599
Total Operating Revenues	<u>307,752</u>	<u>299,568</u>
Operating Expenses		
Administration and Engineering	33,959	22,522
Operation and Maintenance		
Customer Service	20,018	18,613
Production and Treatment	73,887	77,094
Distribution and Centralized Functions	51,148	67,021
Depreciation and Amortization	85,563	82,032
Staff and Administrative	5,787	6,578
Total Operating Expenses	<u>270,362</u>	<u>273,860</u>
Operating Income	37,390	25,708
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	780	5,793
Interest	8,381	11,178
Interest on Capital Debt	(50,409)	(45,243)
Equity Interest in Joint Use Agreement Operating Loss	(5,809)	(4,949)
Loss on Disposal of Capital Assets	(195)	(3,492)
Total Non-Operating Revenues (Expenses)	<u>(47,252)</u>	<u>(36,713)</u>
Net Loss Before Contributions and Transfers	(9,862)	(11,005)
Capital Contributions	28,324	78,017
Transfers from Debt Service Fund	18,333	22,249
Transfers to General Fund - In Lieu Property Taxes	(10,422)	(9,085)
Transfers to General Fund - Reserve	(9,166)	(11,125)
Change in Net Assets	<u>17,207</u>	<u>69,051</u>
Net Assets, July 1	1,238,967	1,169,916
Net Assets, June 30	<u>\$ 1,256,174</u>	<u>\$ 1,238,967</u>

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

**Exhibit E-12**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<b>2009</b>	<b>2008</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 302,579	\$ 296,166
Payments to Suppliers	(99,962)	(109,108)
Payments to Employees	(81,452)	(77,372)
Payment of Staff and Administrative Expenses	(5,787)	(6,578)
Net Cash Provided by Operating Activities	<u>115,378</u>	<u>103,108</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	18,333	22,249
Operating Transfers to Other Funds	(19,588)	(20,210)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,255)</u>	<u>2,039</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	373,426	-
Principal Paid on Capital Debt	(24,203)	(26,790)
Interest Paid on Capital Debt	(61,720)	(60,862)
Acquisition and Construction of Capital Assets	(197,710)	(162,467)
Proceeds from Sales of Capital Assets	202	158
Capital Contributions	10,731	21,287
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>100,726</u>	<u>(228,674)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(541,325)	(494,119)
Proceeds from Sales and Maturities of Investment Securities	319,298	582,226
Net Activity for Short-Term Investments	7,230	28,072
Interest on Investments	8,106	16,983
Net Cash Provided (Used) by Investing Activities	<u>(206,691)</u>	<u>133,162</u>
Net Increase in Cash and Cash Equivalents	<u>8,158</u>	<u>9,635</u>
Cash and Cash Equivalents, July 1	121,246	111,611
Cash and Cash Equivalents, June 30	<u>\$ 129,404</u>	<u>\$ 121,246</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 37,390	\$ 25,708
Adjustments		
Depreciation and Amortization	85,563	82,032
(Increase) Decrease in Assets		
Deposits for Plan Six	(2)	(133)
Receivables	(5,755)	(5,460)
Allowance for Doubtful Accounts	113	801
Prepaid Expenses	296	(645)
Inventories	(1,888)	(1,540)
OPEB Asset	(357)	(1,295)
Increase (Decrease) in Liabilities		
Accounts Payable	(326)	1,568
Customer and Other Deposits	469	1,257
Accrued Compensated Absences	(125)	815
Net Cash Provided by Operating Activities	<u>\$ 115,378</u>	<u>\$ 103,108</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 17,593	\$ 56,730
Bond Capital Appreciation	211	333
Refunding Issuance in Excess of Bond Retirement	810	810
Increase (Decrease) in Fair Value of Investments	(199)	1,320
Total Noncash Transactions Affecting Financial Position	<u>\$ 18,415</u>	<u>\$ 59,193</u>

**City of Phoenix, Arizona**  
**Water System Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
**(In Expense Priority Established by Bond Ordinance)**  
For the Fiscal Year Ended June 30, 2009  
(in thousands)

**Exhibit E-13**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Water Sales	\$ 273,572	\$ 273,572	\$ 253,686	\$ (19,886)
Environmental Charges	42,686	42,686	41,015	(1,671)
Development Occupational Fees	5,500	5,500	1,859	(3,641)
Water Service Fees	5,355	5,355	6,670	1,315
Distribution	8,282	8,282	3,157	(5,125)
Interest	6,847	6,847	8,348	1,501
Other	6,375	6,375	6,350	(25)
<b>Total Revenues</b>	<b>348,617</b>	<b>348,617</b>	<b>321,085</b>	<b>(27,532)</b>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	181,335	182,704	147,355	35,349
Operation and Maintenance - Val Vista	14,992	14,992	7,871	7,121
<b>Total Operating Expenditures and Encumbrances</b>	<b>196,327</b>	<b>197,696</b>	<b>155,226</b>	<b>42,470</b>
Net Revenue Available for Revenue Bond Debt Service	152,290	150,921	165,859	14,938
Junior Lien Revenue Bond Debt Service				
Principal	18,310	18,310	18,310	-
Interest	50,817	50,817	50,600	217
<b>Total Junior Lien Revenue Bond Debt Service</b>	<b>69,127</b>	<b>69,127</b>	<b>68,910</b>	<b>217</b>
Net Revenue Available After Junior Lien Revenue Bond Debt Service	83,163	81,794	96,949	15,155
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	6,000	6,000	3,527	2,473
Operating Capital Outlay	3,324	2,140	1,500	640
Capital Improvement Program	102,860	97,675	86,009	11,666
General Obligation Bond Debt Service				
Principal	12,686	2,686	-	2,686
Interest	5,647	5,647	-	5,647
<b>Total Other Expenditures and Encumbrances</b>	<b>130,517</b>	<b>114,148</b>	<b>91,036</b>	<b>23,112</b>
<b>Total Expenditures and Encumbrances</b>	<b>395,971</b>	<b>380,971</b>	<b>315,172</b>	<b>65,799</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(47,354)	(32,354)	5,913	38,267
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	3,663	3,663
Transfers from Other Funds	-	-	-	-
Water Impact Fees Capital Projects Fund	-	-	12,000	12,000
Self Insurance Reserve Trust Fund	-	-	1,009	1,009
Transfers to Other Funds				
General Fund - Staff and Administrative	(6,711)	(6,711)	(5,787)	924
General Fund - In-Lieu Property Taxes	(10,042)	(10,042)	(10,422)	(380)
General Fund - Reserve	-	-	(9,166)	(9,166)
Highway User Special Revenue Fund	-	-	(10)	(10)
Streets Improvement Capital Projects Fund	-	-	(1)	(1)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,753)</b>	<b>(16,753)</b>	<b>(8,714)</b>	<b>8,039</b>
Net Decrease in Fund Balance	\$ (64,107)	\$ (49,107)	(2,801)	\$ 46,306
<b>FUND BALANCE, JULY 1</b>			144,727	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 141,926</b>	

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

Exhibit E-14

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Val Vista Water System	\$ 8,069	\$ 8,069	\$ 6,920	\$ (1,149)
Operating Revenue - Water	14,992	14,992	7,871	(7,121)
Interest	131	131	116	(15)
Other	-	-	58	58
Total Revenues	<u>23,192</u>	<u>23,192</u>	<u>14,965</u>	<u>(8,227)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	21,106	21,106	13,459	7,647
Capital Outlay				
Operating	233	233	37	196
Capital Improvement Program	940	940	820	120
Total Expenditures and Encumbrances	<u>22,279</u>	<u>22,279</u>	<u>14,316</u>	<u>7,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>913</u>	<u>913</u>	<u>649</u>	<u>(264)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	19	19
Transfers to Other Funds				
General Fund - Staff and Administrative	(782)	(782)	(761)	21
Total Other Financing Sources (Uses)	<u>(782)</u>	<u>(782)</u>	<u>(742)</u>	<u>40</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 131</u>	<u>\$ 131</u>	<u>(93)</u>	<u>\$ (224)</u>
<b>FUND BALANCE, JULY 1</b>			<u>3,531</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>3,438</u>	
Members' Contributed Operating Reserve			2,142	
Members' Contributed Replacement Reserve			1,842	
<b>FUND DEFICIT, UNRESERVED</b>			<u>\$ (546)</u>	

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

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

**Exhibit E-15**

June 30, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 14,622	\$ 14,350
Investments	66,018	51,322
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2009, \$1177 and 2008, \$976)	16,724	17,294
Intergovernmental	1,414	1,171
Inventories, at Average Cost	1,088	878
Total Unrestricted Current Assets	<u>99,866</u>	<u>85,015</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	45,464	41,073
Capital Projects		
Cash and Cash Equivalents	19,210	103,487
Investments	85,691	120,616
Receivables		
Intergovernmental	-	14
Accrued Interest	-	3
Customer Deposits and Other Trust Liabilities	186	209
Total Restricted Current Assets	<u>150,551</u>	<u>265,402</u>
Total Current Assets	<u>250,417</u>	<u>350,417</u>
Noncurrent Assets		
Capital Assets		
Land	19,744	19,744
Buildings	70,171	64,149
Improvements Other Than Buildings	1,122,103	1,093,166
Equipment	116,298	113,722
Intangibles	44,276	39,547
Construction in Progress	155,527	123,483
Less: Accumulated Depreciation	(518,824)	(478,628)
Total Capital Assets, Net of Accumulated Depreciation	<u>1,009,295</u>	<u>975,183</u>
Other Assets		
Investment in SROG Joint Use Agreement	466,553	396,899
OPEB Asset	577	455
Total Noncurrent Assets	<u>1,476,425</u>	<u>1,372,537</u>
Total Assets	<u>1,726,842</u>	<u>1,722,954</u>

	<b>2009</b>	<b>2008</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	9,097	8,335
Current Portion of Accrued Compensated Absences	318	318
Total Current Liabilities Payable from Current Assets	9,415	8,653
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	24,146	21,530
Interest Payable	23,667	24,523
Current Portion of General Obligation Bonds	10,825	5,506
Current Portion of Municipal Corporation Obligations	24,945	18,640
Capital Projects		
Accounts Payable	13,218	11,462
Customer Deposits and Other Trust Liabilities	186	209
Total Current Liabilities Payable from Restricted Assets	96,987	81,870
Total Current Liabilities	106,402	90,523
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment (2009, \$660 and 2008, \$765)	34,883	45,602
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2009, \$21554 and 2008, \$23962)	789,696	809,093
Unamortized Premium (Discount)	30,174	26,891
Accrued Compensated Absences	1,939	2,050
Total Noncurrent Liabilities	856,692	883,636
Total Liabilities	963,094	974,159
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	557,073	631,178
Restricted for Enabling Legislation	38,428	34,529
Unrestricted	168,247	83,088
Total Net Assets	\$ 763,748	\$ 748,795

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

**Exhibit E-16**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Sewer Service Charges	\$ 144,144	\$ 134,265
Environmental Charges	32,834	33,752
Other	4,786	5,004
Total Operating Revenues	<u>181,764</u>	<u>173,021</u>
Operating Expenses		
Administration	11,208	11,196
Operation and Maintenance		
Wastewater Treatment Plants	37,889	30,103
Sewer Maintenance and Collections	26,605	24,639
Industrial Waste/Pre-Treatment	5,096	5,207
Depreciation	41,648	39,081
Staff and Administrative	1,150	1,581
Total Operating Expenses	<u>123,596</u>	<u>111,807</u>
Operating Income	58,168	61,214
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	1,046	3,768
Interest	5,497	7,772
Interest on Capital Debt	(48,947)	(32,708)
Equity Interest in Joint Use Agreement Operating Loss	(13,843)	(15,413)
Loss on Disposal of Capital Assets	(179)	(80)
Total Non-Operating Revenues (Expenses)	<u>(56,426)</u>	<u>(36,661)</u>
Net Income Before Contributions and Transfers	1,742	24,553
Capital Contributions	16,861	59,205
Transfers from Debt Service Fund	7,735	6,444
Transfers to General Fund - In Lieu Property Taxes	(7,518)	(7,171)
Transfers to General Fund - Reserve	(3,867)	(3,222)
Change in Net Assets	<u>14,953</u>	<u>79,809</u>
Net Assets, July 1	748,795	668,986
Net Assets, June 30	<u>\$ 763,748</u>	<u>\$ 748,795</u>



**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

**Exhibit E-17**

	<b>2009</b>	<b>2008</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 182,085	\$ 170,323
Payments to Suppliers	(59,413)	(50,857)
Payments to Employees	(21,066)	(19,945)
Payment of Staff and Administrative Expenses	(1,150)	(1,581)
Net Cash Provided by Operating Activities	<u>100,456</u>	<u>97,940</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	7,735	6,444
Operating Transfers to Other Funds	(11,385)	(10,393)
Net Cash Used by Noncapital Financing Activities	<u>(3,650)</u>	<u>(3,949)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	9,327	185,072
Principal Paid on Capital Debt	(21,530)	(18,113)
Interest Paid on Capital Debt	(55,524)	(37,398)
Acquisition and Construction of Capital Assets	(139,943)	(122,287)
Proceeds from Sales of Capital Assets	(69)	161
Capital Contributions	4,523	11,243
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(203,216)</u>	<u>18,678</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(505,219)	(3,404,966)
Proceeds from Sales and Maturities of Investment Securities	627,006	3,294,940
Net Activity for Short-Term Investments	(101,560)	73,319
Interest on Investments	6,546	11,537
Net Cash Provided (Used) by Investing Activities	<u>26,773</u>	<u>(25,170)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(79,637)</u>	<u>87,499</u>
Cash and Cash Equivalents, July 1	159,119	71,620
Cash and Cash Equivalents, June 30	<u>\$ 79,482</u>	<u>\$ 159,119</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 58,168	\$ 61,214
Adjustments		
Depreciation	41,648	39,081
(Increase) Decrease in Assets		
Receivables	143	(2,964)
Allowance for Doubtful Accounts	201	279
Inventories	(210)	20
OPEB Asset	(122)	(455)
Increase (Decrease) in Liabilities		
Accounts Payable	762	520
Customer Deposits	(23)	(13)
Accrued Compensated Absences	(111)	258
Net Cash Provided by Operating Activities	<u>\$ 100,456</u>	<u>\$ 97,940</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 12,338	\$ 47,962
Refunding Issuance in Excess of Bond Retirement	2,513	2,965
Increase (Decrease) in Fair Value of Investments	(224)	149
Total Noncash Transactions Affecting Financial Position	<u>\$ 14,627</u>	<u>\$ 51,076</u>

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

**Exhibit E-18**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Sewer Service Charges	\$ 144,915	\$ 144,915	\$ 144,140	\$ (775)
Environmental Charges	32,887	32,887	32,834	(53)
Development Occupational Fees	5,000	5,000	1,640	(3,360)
Interest	4,145	4,145	6,566	2,421
Other	4,021	4,021	4,716	695
Total Revenues	190,968	190,968	189,896	(1,072)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	58,387	59,274	48,202	11,072
Operation and Maintenance - SROG	32,348	32,348	23,350	8,998
Total Operating Expenditures and Encumbrances	90,735	91,622	71,552	20,070
Net Revenue Available for Revenue Bond Debt Service	100,233	99,346	118,344	18,998
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	10,415	10,415	10,415	-
Interest	11,868	11,868	7,687	4,181
Total Senior Lien Revenue Bond Debt Service	22,283	22,283	18,102	4,181
Net Revenue Available for Junior Lien Revenue Bond Debt Service	77,950	77,063	100,242	23,179
Junior Lien Revenue Bond Debt Service				
Principal	8,225	8,225	8,225	-
Interest	33,479	33,479	36,508	(3,029)
Total Junior Lien Revenue Bond Debt Service	41,704	41,704	44,733	(3,029)
Net Revenue Available After Junior Lien Revenue Bond Debt Service	36,246	35,359	55,509	20,150
Other Expenditures and Encumbrances				
Operating Capital Outlay	2,293	1,406	268	1,138
Capital Improvement Program	77,036	68,936	31,803	37,133
General Obligation Bond Debt Service				
Principal	5,506	5,506	-	5,506
Interest	2,194	2,194	-	2,194
Total Other Expenditures and Encumbrances	87,029	78,042	32,071	45,971
Total Expenditures and Encumbrances	241,751	233,651	166,458	67,193
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(50,783)	(42,683)	23,438	66,121
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	1,031	1,031
Transfers from Other Funds				
Self Insurance Reserve Trust Fund	-	-	164	164
Wastewater Capital Project Funds	-	-	4,944	4,944
Transfers to Other Funds				
General Fund - Staff and Administrative	(1,470)	(1,470)	(1,150)	320
General Fund - In-Lieu Property Taxes	(8,025)	(8,025)	(7,519)	506
General Fund - Reserve	-	-	(3,867)	(3,867)
Total Other Financing Sources (Uses)	(9,495)	(9,495)	(6,397)	3,098
Net Increase (Decrease) in Fund Balance	\$ (60,278)	\$ (52,178)	17,041	\$ 69,219
<b>FUND BALANCE, JULY 1</b>			112,422	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 129,463</u>	

**City of Phoenix, Arizona**  
**Wastewater Enterprise Fund**  
**Sub-Regional Operating Group ("SROG")**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budget Basis**  
 For the Fiscal Year Ended June 30, 2009  
 (in thousands)

Exhibit E-19

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b><u>REVENUES</u></b>				
Multi-City Sewer System	\$ 20,786	\$ 20,786	\$ 15,482	\$ (5,304)
Operating Revenue - Wastewater	32,348	32,348	23,350	(8,998)
Sales of By-Products	1,680	1,680	3,689	2,009
Interest	342	342	262	(80)
Other	47	47	188	141
Total Revenues	55,203	55,203	42,971	(12,232)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operation and Maintenance	49,678	47,643	36,164	11,479
Capital Outlay				
Operating	741	776	410	366
Capital Improvement Program	4,025	6,025	5,811	214
Total Expenditures and Encumbrances	54,444	54,444	42,385	12,059
Excess (Deficiency) of Revenues Over				
(Under) Expenditures and Encumbrances	759	759	586	(173)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	159	159
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,242)	(1,242)	(1,229)	13
Total Other Financing Sources (Uses)	(1,242)	(1,242)	(1,070)	172
Net Decrease in Fund Balance	\$ (483)	\$ (483)	(484)	\$ (1)
<b>FUND BALANCE, JULY 1</b>			7,661	
<b>FUND BALANCE, JUNE 30</b>			7,177	
Members' Contributed Replacement Reserve			6,887	
Members' Contributed Operating Reserve			5,649	
<b>FUND DEFICIT, UNRESERVED</b>			\$ (5,359)	

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

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

**Exhibit E-20**

June 30, 2009 and 2008  
(in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 6,781	\$ 8,003
Investments	32,919	28,350
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2009, \$1,233 and 2008, \$1,035)	6,940	7,834
Intergovernmental	5	4
Total Unrestricted Current Assets	<u>46,645</u>	<u>44,191</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	16,157	15,838
Capital Projects		
Cash and Cash Equivalents	8,550	44,689
Investments	55,179	35,704
Receivables		
Accrued Interest	17	1
Customer Deposits	124	66
Total Restricted Current Assets	<u>80,027</u>	<u>96,298</u>
Total Current Assets	<u>126,672</u>	<u>140,489</u>
Noncurrent Assets		
Capital Assets		
Land	13,553	13,553
Buildings	66,553	66,605
Improvements Other Than Buildings	32,579	32,570
Equipment	100,014	91,640
Intangibles	42	42
Construction in Progress	16,503	6,759
Less: Accumulated Depreciation	<u>(83,025)</u>	<u>(73,399)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>146,219</u>	<u>137,770</u>
OPEB Asset	838	620
Total Noncurrent Assets	<u>147,057</u>	<u>138,390</u>
Total Assets	<u>273,729</u>	<u>278,879</u>

	2009	2008
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Current Assets		
Accounts Payable	3,161	4,368
Accrued Landfill Postclosure Care Costs	2,444	2,303
Current Portion of Accrued Compensated Absences	365	340
Total Current Liabilities Payable from Current Assets	5,970	7,011
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	12,067	11,476
Interest Payable	4,090	4,362
Current Portion of General Obligation Bonds	3,785	5,780
Current Portion of Municipal Corporation Obligations	6,110	6,287
Capital Projects		
Accounts Payable	1,866	10
Accrued Landfill Closure Costs	1,269	2,211
Customer Deposits	124	66
Total Current Liabilities Payable from Restricted Assets	29,311	30,192
Total Current Liabilities	35,281	37,203
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment (2009, \$383 and 2008, \$454)	15,192	18,906
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2009, \$(843) and 2008, \$(904))	135,434	141,604
Unamortized Premium (Discount)	4,087	4,618
Rebatable Arbitrage	-	577
Accrued Landfill Closure and Postclosure Care Costs	65,266	56,554
Accrued Compensated Absences	2,096	2,078
Total Noncurrent Liabilities	222,075	224,337
Total Liabilities	257,356	261,540
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	15,573	9,198
Restricted for Enabling Legislation	2,420	2,334
Unrestricted	(1,620)	5,807
Total Net Assets	\$ 16,373	\$ 17,339

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

**Exhibit E-21**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Solid Waste Service Fees	\$ 116,698	\$ 112,997
Landfill Fees	6,654	6,347
Recycling	10,973	13,167
Other	310	659
Total Operating Revenues	<u>134,635</u>	<u>133,170</u>
Operating Expenses		
Administration	18,239	18,558
Solid Waste Collections	44,946	43,184
Environmental Services	77	-
Landfills		
Operations	31,658	25,050
Closure and Postclosure Care Costs	12,471	25,972
Recycling	2,463	4,230
Depreciation	12,549	11,198
Staff and Administrative	4,786	4,736
Other	7,128	6,343
Total Operating Expenses	<u>134,317</u>	<u>139,271</u>
Operating Income (Loss)	318	(6,101)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value of Investments	582	2,385
Interest	2,597	2,136
Interest on Capital Debt	(7,376)	(7,806)
Gain on Disposal of Capital Assets	322	(19)
Total Non-Operating Revenues (Expenses)	<u>(3,875)</u>	<u>(3,304)</u>
Net Loss Before Contributions and Transfers	(3,557)	(9,405)
Capital Contributions - Municipalities	142	50
Capital Contributions - Subdividers	9	1
Transfers from Debt Service Fund	6,992	-
Transfers to General Fund - In Lieu Property Taxes	(1,056)	(1,062)
Transfers to General Fund - Other	(3,496)	-
Change in Net Assets	<u>(966)</u>	<u>(10,416)</u>
Net Assets, July 1	17,339	27,755
Net Assets, June 30	<u>\$ 16,373</u>	<u>\$ 17,339</u>

**City of Phoenix, Arizona**  
**Solid Waste Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

**Exhibit E-22**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 135,586	\$ 133,603
Payments to Suppliers	(73,015)	(64,010)
Payments to Employees	(37,438)	(35,025)
Payment of Staff and Administrative Expenses	(4,786)	(4,736)
Net Cash Provided by Operating Activities	<u>20,347</u>	<u>29,832</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	6,992	-
Operating Transfers to Other Funds	(4,552)	(1,062)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,440</u>	<u>(1,062)</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(11,476)	(11,197)
Interest Paid on Capital Debt	(8,452)	(9,623)
Acquisition and Construction of Capital Assets	(19,637)	(14,894)
Proceeds from Sales of Capital Assets	1,193	2,014
Capital Contributions	57	51
Net Cash Used by Capital and Related Financing Activities	<u>(38,315)</u>	<u>(33,649)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(423,782)	(1,348,121)
Proceeds from Sales and Maturities of Investment Securities	437,334	1,351,694
Net Activity for Short-Term Investments	(37,594)	(3,679)
Interest on Investments	2,586	5,118
Net Cash Provided (Used) by Investing Activities	<u>(21,456)</u>	<u>5,012</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(36,984)</u>	<u>133</u>
Cash and Cash Equivalents, July 1	68,596	68,463
Cash and Cash Equivalents, June 30	<u>\$ 31,612</u>	<u>\$ 68,596</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 318	\$ (6,101)
Adjustments		
Depreciation and Amortization	12,549	11,198
(Increase) Decrease in Assets		
Receivables	695	137
Allowance for Doubtful Accounts	198	289
OPEB Asset	(218)	(620)
Increase (Decrease) in Liabilities		
Accounts Payable	(1,207)	172
Customer Deposits	58	7
Accrued Compensated Absences	43	157
Accrued Landfill Closure and Postclosure Care	7,911	24,593
Net Cash Provided by Operating Activities	<u>\$ 20,347</u>	<u>\$ 29,832</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ (94)	\$ -
Refunding Issuance in Excess of Bond Retirement	11	11
Increase (Decrease) in Fair Value of Investments	53	(121)
Total Noncash Transactions Affecting Financial Position	<u>\$ (30)</u>	<u>\$ (110)</u>

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

Exhibit E-23

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Solid Waste Service Fees	\$ 128,962	\$ 128,962	\$ 127,710	\$ (1,252)
City Landfill Fees	6,237	6,237	6,655	418
Interest	1,248	1,248	1,344	96
Other	453	453	455	2
Total Revenues	136,900	136,900	136,164	(736)
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	130,894	120,894	100,740	20,154
Capital Improvement Program	3,746	3,746	2,889	857
General Obligation Bond Debt Service				
Principal	5,780	5,780	-	5,780
Interest	1,212	1,212	-	1,212
Lease-Purchase Payments	15,256	15,256	13,255	2,001
Total Expenditures and Encumbrances	156,888	146,888	116,884	30,004
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(19,988)	(9,988)	19,280	29,268
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	2,351	2,351
Transfers from Other Funds				
Self Insurance Reserve Trust	-	-	691	691
Solid Waste Capital Funds	-	-	1,038	1,038
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,783)	(4,783)	(4,786)	(3)
In-Lieu Property Taxes	(1,132)	(1,132)	(1,056)	76
Other	-	-	(3,496)	(3,496)
Solid Waste Capital Reserve	(1,261)	(1,261)	(1,241)	20
Total Other Financing Sources (Uses)	(7,176)	(7,176)	(6,499)	677
Net Increase (Decrease) in Fund Balance	\$ (27,164)	\$ (17,164)	12,781	\$ 29,945
<b>FUND BALANCE, JULY 1</b>			32,232	
<b>FUND BALANCE, JUNE 30</b>			\$ 45,013	





**City of Phoenix**

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

**Exhibit E-24**

June 30, 2009 and 2008  
(in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 28	\$ 35
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2009, \$10 and 2008, \$5)	-	5
Inventories, at Average Cost	210	293
Total Unrestricted Current Assets	<u>238</u>	<u>333</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	-	593
Capital Projects		
Cash and Cash Equivalents	-	144
Total Restricted Current Assets	<u>-</u>	<u>737</u>
Total Current Assets	<u>238</u>	<u>1,070</u>
Noncurrent Assets		
Capital Assets		
Land	4,984	4,984
Buildings	2,587	2,716
Improvements Other Than Buildings	13,603	13,611
Equipment	4,090	3,851
Intangibles	60	60
Construction in Progress	-	75
Less: Accumulated Depreciation	<u>(13,509)</u>	<u>(13,429)</u>
Total Capital Assets, Net of Accumulated Depreciation	11,815	11,868
OPEB Asset	132	102
Total Noncurrent Assets	<u>11,947</u>	<u>11,970</u>
Total Assets	<u>12,185</u>	<u>13,040</u>

<u>LIABILITIES</u>	<u>2009</u>	<u>2008</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	42	58
Current Portion of Accrued Compensated Absences	80	135
Deferred Revenue	98	111
Trust Liabilities and Deposits	14	13
Due to Other Funds	6,455	4,191
Total Current Liabilities Payable from Current Assets	<u>6,689</u>	<u>4,508</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	-	344
Interest Payable	-	249
Current Portion of Municipal Corporation Obligations	-	367
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>960</u>
Total Current Liabilities	<u>6,689</u>	<u>5,468</u>
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2009, \$0 and 2008, \$398)	-	8,757
Unamortized Premium (Discount)	-	144
Accrued Compensated Absences	472	846
Total Noncurrent Liabilities	<u>472</u>	<u>9,747</u>
Total Liabilities	<u>7,161</u>	<u>15,215</u>
 <b><u>NET ASSETS (DEFICIT)</u></b>		
Invested in Capital Assets, Net of Related Debt	11,815	2,519
Unrestricted	(6,791)	(4,694)
Total Net Assets (Deficit)	<u>\$ 5,024</u>	<u>\$ (2,175)</u>

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

**Exhibit E-25**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Fees	\$ 4,322	\$ 4,992
Concessions	1,632	2,067
Coffee Shops	60	64
Other	169	106
Total Operating Revenues	<u>6,183</u>	<u>7,229</u>
Operating Expenses		
Administration	615	718
Operation and Maintenance	6,429	7,302
Depreciation	754	736
Parks Administrative Charges	279	264
Other	10	4
Total Operating Expenses	<u>8,087</u>	<u>9,024</u>
Operating Loss	(1,904)	(1,795)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value of Investments	3	9
Interest	12	19
Interest on Capital Debt	(1,621)	(546)
Loss on Disposal of Capital Assets	(8)	(2)
Total Non-Operating Revenues (Expenses)	<u>(1,614)</u>	<u>(520)</u>
Net Loss Before Contributions and Transfers	(3,518)	(2,315)
Capital Contributions - Municipalities	42	40
Transfers from Impact Fees Special Revenue	4,937	-
Transfers from Parks and Preserves Special Revenue	5,738	-
Transfers to Capital Projects Funds	-	(7)
Change in Net Assets	<u>7,199</u>	<u>(2,282)</u>
Net Assets, July 1	(2,175)	107
Net Assets (Deficit), June 30	<u>\$ 5,024</u>	<u>\$ (2,175)</u>

**City of Phoenix, Arizona**  
**Golf Courses Enterprise Fund**  
**Comparative Statements of Cash Flows**  
For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

**Exhibit E-26**

	<b>2009</b>	<b>2008</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 6,176	\$ 7,239
Payments to Suppliers	(2,221)	(2,979)
Payments to Employees	(5,225)	(5,057)
Payment of Staff and Administrative Expenses	(279)	(264)
Net Cash Used by Operating Activities	<u>(1,549)</u>	<u>(1,061)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	10,675	-
Operating Transfers to Other Funds	-	(7)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,675</u>	<u>(7)</u>
Cash Flows from Capital and Related Financing Activities		
Loans from Other Funds	2,264	1,941
Principal Paid on Capital Debt	(9,992)	(328)
Interest Paid on Capital Debt	(1,490)	(513)
Acquisition and Construction of Capital Assets	(673)	(159)
Proceeds from Sale of Capital Assets	6	2
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,885)</u>	<u>943</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(1,807)	(4,370)
Proceeds from Sales and Maturities of Investment Securities	1,951	4,440
Net Activity for Short-Term Investments	(144)	(69)
Interest on Investments	15	28
Net Cash Provided by Investing Activities	<u>15</u>	<u>29</u>
Net Decrease in Cash and Cash Equivalents	<u>(744)</u>	<u>(96)</u>
Cash and Cash Equivalents, July 1	772	868
Cash and Cash Equivalents, June 30	<u>\$ 28</u>	<u>\$ 772</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities		
Net Operating Loss	\$ (1,904)	\$ (1,795)
Adjustments		
Depreciation and Amortization	754	736
(Increase) Decrease in Assets		
Accounts Receivable	5	2
Inventories	83	27
OPEB Asset	(30)	(102)
Increase (Decrease) in Liabilities		
Accounts Payable	(16)	(29)
Accrued Compensated Absences	(429)	92
Deferred Revenue	(13)	3
Trust Liabilities and Deposits	1	5
Net Cash Used by Operating Activities	<u>\$ (1,549)</u>	<u>\$ (1,061)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 42	\$ 40
	<u>\$ 42</u>	<u>\$ 40</u>

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

**Exhibit E-27**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Fees	\$ 4,163	\$ 4,163	\$ 3,930	\$ (233)
Concessions	2,892	2,892	2,025	(867)
Coffee Shops	70	70	60	(10)
Interest	(302)	(302)	(217)	85
Other	224	224	174	(50)
Total Revenues	<u>7,047</u>	<u>7,047</u>	<u>5,972</u>	<u>(1,075)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>				
Operations	8,805	8,805	7,761	1,044
Lease-Purchase Payments	851	12,351	10,889	1,462
Total Expenditures and Encumbrances	<u>9,656</u>	<u>21,156</u>	<u>18,650</u>	<u>2,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(2,609)</u>	<u>(14,109)</u>	<u>(12,678)</u>	<u>1,431</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Recovery of Prior Years Expenditures	-	-	17	17
Transfers from Other Funds				
Parks and Preserves Special Revenue Fund	-	-	5,738	5,738
Impact Fees Capital Projects Fund	-	-	4,937	4,937
Golf Capital Projects Fund	-	-	4	4
Self Insurance Reserve Trust Fund	-	-	31	31
Transfers to Other Funds				
General Fund	(267)	(267)	(279)	(12)
Total Other Financing Sources (Uses)	<u>(267)</u>	<u>(267)</u>	<u>10,448</u>	<u>10,715</u>
Net Decrease in Fund Balance	<u>\$ (2,876)</u>	<u>\$ (14,376)</u>	<u>(2,230)</u>	<u>\$ 12,146</u>
<b>FUND DEFICIT, JULY 1</b>			<u>(5,115)</u>	
<b>FUND DEFICIT, JUNE 30</b>			<u>\$ (7,345)</u>	



Financial Section

**Other Supplementary  
Information –**

**Fiduciary Funds –  
Combining Fund Financial  
Statements**









**City of Phoenix**

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

**Exhibit F-1**

June 30, 2009  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 66,109	\$ 668
Investments		
Treasurer's Pooled Investments	-	401
Temporary Investments	216,738	-
Fixed Income	389,506	-
Domestic Equities	505,937	-
International Equities	465,458	-
Receivables		
Accounts Receivable	65,437	-
Contributions Receivable	4,031	-
Interest and Dividends	3,287	8
Prepaid Items	-	-
Total Assets	<u>1,716,503</u>	<u>1,077</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	306,945	2
Accrued Payroll Payable	-	-
Claims Payable	-	-
Non-current Claims Payable	-	-
Total Liabilities	<u>306,945</u>	<u>2</u>
<b><u>NET ASSETS</u></b>		
Held in trust for pension and other employee benefits	<u>\$ 1,409,558</u>	<u>\$ 1,075</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 13,899	\$ -	\$ 3,394	\$ 4,824	\$ 88,894
68,182	15,019	14,281	13	97,896
-	-	-	-	216,738
-	-	24,907	49,482	463,895
-	-	13,980	6,673	526,590
-	-	3,905	-	469,363
896	-	-	-	66,333
548	-	-	-	4,579
297	259	-	8	3,859
5,150	-	-	-	5,150
<u>88,972</u>	<u>15,278</u>	<u>- 60,467</u>	<u>61,000</u>	<u>1,943,297</u>
835	-	8	8	307,798
-	-	-	-	-
23,890	-	-	-	23,890
-	-	-	-	-
<u>24,725</u>	<u>-</u>	<u>- 8</u>	<u>8</u>	<u>331,688</u>
<u>\$ 64,247</u>	<u>\$ 15,278</u>	<u>\$ 60,459</u>	<u>\$ 60,992</u>	<u>\$ 1,611,609</u>

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

**Exhibit F-1**  
(continued)

June 30, 2009  
(in thousands)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 12,637	\$ 12,637
Investments				
Treasurer's Pooled Investments	-	-	53,874	53,874
Temporary Investments	-	-	-	-
Fixed Income	-	-	-	-
Domestic Equities	-	-	-	-
International Equities	-	-	-	-
Receivables				
Accounts Receivable	-	-	-	-
Contributions Receivable	-	-	-	-
Interest and Dividends	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>66,511</u>	<u>66,511</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	-	-	-	-
Accrued Payroll Payable	-	-	66,511	66,511
Claims Payable	-	-	-	-
Non-current Claims Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>66,511</u>	<u>66,511</u>
<b><u>NET ASSETS</u></b>				
Held in trust for pension and other employee benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Phoenix**

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

**Exhibit F-2**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<b><u>ADDITIONS</u></b>		
Contributions		
City of Phoenix	\$ 66,383	\$ 380
Employees	31,774	-
Inter-System Transfers	2,411	-
Other	-	-
Total Contributions	<u>100,568</u>	<u>380</u>
Investment Income (Loss)		
From Investing Activities		
Net Increase in Fair Value of Investments	(416,560)	(2)
Interest	21,134	13
Dividends	23,278	-
Other	384	-
Investment Income (Loss)	<u>(371,764)</u>	<u>11</u>
Less: Investment Expense	5,860	-
Net Investment Income (Loss) from Investing Activities	<u>(377,624)</u>	<u>11</u>
Security Lending Activity Gross Income	5,508	-
Security Lending Expenses	<u>(3,272)</u>	<u>-</u>
Total Net Investment Income (Loss)	<u>(375,388)</u>	<u>11</u>
Total Additions	<u>(274,820)</u>	<u>391</u>
<b><u>DEDUCTIONS</u></b>		
Benefit Payments	121,484	272
Refunds of Contributions	2,812	-
Inter-System Transfers	1,518	-
Other	477	-
Total Deductions	<u>126,291</u>	<u>272</u>
Net Increase (Decrease)	<u>(401,111)</u>	<u>119</u>
Net Assets Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	1,810,669	956
End of Year, June 30	<u>\$ 1,409,558</u>	<u>\$ 1,075</u>

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**Pension and Other Employee Benefit Trusts**


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<b>Health Care Benefits</b>	<b>Retiree Rate Stabilization</b>	<b>Medical Expense Reimbursement Plan</b>	<b>Long Term Disability</b>	<b>Total</b>
\$ 121,194	\$ 14,752	\$ 43,579	\$ -	\$ 246,288
56,000	-	-	-	87,774
9,452	-	-	-	11,863
3,820	-	-	-	3,820
<u>190,466</u>	<u>14,752</u>	<u>43,579</u>	<u>-</u>	<u>349,745</u>
94	-	2,655	1,851	(411,962)
1,686	285	103	323	23,544
-	-	977	481	24,736
-	-	-	-	384
<u>1,780</u>	<u>285</u>	<u>3,735</u>	<u>2,655</u>	<u>(363,298)</u>
<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,878</u>
1,762	285	3,735	2,655	(369,176)
-	-	-	-	5,508
-	-	-	-	(3,272)
<u>1,762</u>	<u>285</u>	<u>3,735</u>	<u>2,655</u>	<u>(366,940)</u>
<u>192,228</u>	<u>15,037</u>	<u>47,314</u>	<u>2,655</u>	<u>(17,195)</u>
176,676	-	20,886	4,540	323,858
12	-	-	-	2,824
9,452	-	-	-	10,970
10,126	-	119	121	10,843
<u>196,266</u>	<u>-</u>	<u>21,005</u>	<u>4,661</u>	<u>348,495</u>
(4,038)	15,037	26,309	(2,006)	(365,690)
68,285	241	34,150	62,998	1,977,299
<u>\$ 64,247</u>	<u>\$ 15,278</u>	<u>\$ 60,459</u>	<u>\$ 60,992</u>	<u>\$ 1,611,609</u>

City of Phoenix, Arizona  
 Agency Fund  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2009  
 (in thousands)

Exhibit F-3

*Post Employment Health Plan*

	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ 9,452	\$ 9,452	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	\$ -	\$ 9,452	\$ 9,452	\$ -

**LIABILITIES**

Accrued Payroll Payable	\$ -	\$ 9,452	\$ 9,452	\$ -
Total Liabilities	\$ -	\$ 9,452	\$ 9,452	\$ -

*Deferred Compensation Plan*

	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ -	\$ 100,923	\$ 100,923	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	\$ -	\$ 100,923	\$ 100,923	\$ -

**LIABILITIES**

Accrued Payroll Payable	\$ -	\$ 100,923	\$ 100,923	\$ -
Total Liabilities	\$ -	\$ 100,923	\$ 100,923	\$ -



City of Phoenix, Arizona  
 Agency Fund  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2009  
 (in thousands)

Exhibit F-3  
 (continued)

	<i>Accrued Payroll</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 13,621	\$ 389,135	\$ 390,119	\$ 12,637
Treasurer's Pooled Investments	45,601	1,671,412	1,663,139	53,874
Total Assets	<u>\$ 59,222</u>	<u>\$ 2,060,547</u>	<u>\$ 2,053,258</u>	<u>\$ 66,511</u>
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 59,222	\$ 2,060,547	\$ 2,053,258	\$ 66,511
Total Liabilities	<u>\$ 59,222</u>	<u>\$ 2,060,547</u>	<u>\$ 2,053,258</u>	<u>\$ 66,511</u>

	<i>Totals</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 13,621	\$ 499,510	\$ 500,494	\$ 12,637
Treasurer's Pooled Investments	45,601	1,671,412	1,663,139	53,874
Total Assets	<u>\$ 59,222</u>	<u>\$ 2,170,922</u>	<u>\$ 2,163,633</u>	<u>\$ 66,511</u>
<b><u>LIABILITIES</u></b>				
Accrued Payroll Payable	\$ 59,222	\$ 2,170,922	\$ 2,163,633	\$ 66,511
Total Liabilities	<u>\$ 59,222</u>	<u>\$ 2,170,922</u>	<u>\$ 2,163,633</u>	<u>\$ 66,511</u>



**City of Phoenix**



Financial Section

## **Other Supplementary Information –**

## **Other Supporting Schedules**







**City of Phoenix**

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

**Exhibit G-1**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Resources					
	Fund Balances		Recov- eries	Fund Transfers		Total
	July 1	Revenues		From	To	
<b>General Purpose Funds</b>						
General Fund	\$ 39,130	\$ 278,843	\$ 1,891	\$ 783,077	\$ (19,131)	\$ 1,083,810
Excise Tax	-	1,039,437	-	-	(1,039,437)	-
Total General Purpose Funds	39,130	1,318,280	1,891	783,077	(1,058,568)	1,083,810
<b>Federal Funds</b>						
Transit - Federal Grants	2,087	10,885	1	-	-	12,973
Grants						
Human Services	-	37,590	5	-	-	37,595
Community Development	-	22,684	100	-	-	22,784
Federal Operating Trust	-	44,805	102	-	-	44,907
Public Housing Hope VI	1,806	2,571	-	-	-	4,377
Total Federal Funds	3,893	118,535	208	-	-	122,636
<b>Other Special Revenue and Debt</b>						
<b>Service Funds</b>						
Highway User Revenue	16,984	112,074	1,690	183	-	130,931
Local Transportation Assistance	-	6,506	-	-	-	6,506
Transit 2000	229,564	54,847	2,971	133,811	(42,233)	378,960
Transit - Other Agency	14,705	45,550	14	-	(34,543)	25,726
Court Awards	547	7,117	4	-	-	7,668
Parks and Preserves	74,375	1,815	311	24,335	(5,822)	95,014
Development Services	21,730	35,246	(1)	119	(3,500)	53,594
Community Reinvestment	10,849	3,810	27	-	-	14,686
Public Housing	20,895	73,419	3,155	18	(383)	97,104
Sports Facilities	29,264	1,376	-	14,203	(544)	44,299
Capital Construction	9,652	637	724	19,833	-	30,846
Other Restricted	32,671	33,219	385	-	(949)	65,326
Neighborhood Protection	2,274	148	(1)	24,701	(157)	26,965
Public Safety Enhancement	2,873	-	-	24,634	-	27,507
Public Safety Expansion	13,127	653	(1)	46,579	(168)	60,190
Secondary Property Tax Debt Service	100	197,856	-	-	-	197,956
City Improvement	701	3	-	70,360	-	71,064
Total Other Funds	480,311	574,276	9,278	358,776	(88,299)	1,334,342
<b>Enterprise Funds</b>						
Aviation	96,366	282,877	12,082	15,728	(6,291)	400,762
Aviation - Operating (Non-Pledged)	38,152	34,175	-	-	(1,196)	71,131
Phoenix Convention Center	42,009	29,795	2,948	47,451	(3,497)	118,706
Water System	144,727	321,085	3,663	13,009	(25,386)	457,098
Water System - Val Vista	3,531	14,965	19	-	(761)	17,754
Wastewater	112,422	189,896	1,031	5,108	(12,536)	295,921
Wastewater - SROG	7,661	42,971	159	-	(1,229)	49,562
Solid Waste	32,232	136,164	2,351	1,729	(10,579)	161,897
Golf Courses	(5,115)	5,972	17	10,710	(279)	11,305
Total Enterprise Funds	471,985	1,057,900	22,270	93,735	(61,754)	1,584,136
Total Operating Funds	\$ 995,319	\$ 3,068,991	\$ 33,647	1,235,588	(1,208,621)	\$ 4,124,924
Other Transfers - Non-budgeted Funds				24,601	(51,568)	
				\$ 1,260,189	\$ (1,260,189)	

(1) Includes operating capital outlay and utility repayment agreements.

**Exhibit G-1**  
(Continued)

<b>Expenditures and Encumbrances</b>						<b>Fund</b>
<b>Current Operating (1)</b>	<b>Capital Impr. Program</b>	<b>Debt Service</b>	<b>Lease- Purchase</b>	<b>Total</b>	<b>Balances June 30</b>	
\$ 1,037,282	\$ 948	\$ -	\$ -	\$ 1,038,230	\$	45,580
-	-	-	-	-	-	-
1,037,282	948	-	-	1,038,230		45,580
12,959	1	-	-	12,960		13
37,595	-	-	-	37,595		-
20,063	1,978	743	-	22,784		-
34,717	10,190	-	-	44,907		-
304	1,530	-	-	1,834		2,543
105,638	13,699	743	-	120,080		2,556
39,544	49,244	31,240	-	120,028		10,903
6,506	-	-	-	6,506		-
128,803	14,278	-	-	143,081		235,879
17,107	1,128	-	-	18,235		7,491
6,405	-	-	-	6,405		1,263
302	53,165	-	-	53,467		41,547
39,867	1	-	-	39,868		13,726
90	455	-	-	545		14,141
73,070	4,058	319	-	77,447		19,657
1,769	-	-	9,867	11,636		32,663
69	23,668	-	-	23,737		7,109
22,311	7,647	-	-	29,958		35,368
31,996	-	-	-	31,996		(5,031)
31,659	-	-	-	31,659		(4,152)
38,007	-	-	-	38,007		22,183
-	-	197,856	-	197,856		100
-	-	-	70,363	70,363		701
437,505	153,644	229,415	80,230	900,794		433,548
186,694	25,129	58,282	26	270,131		130,631
6,808	-	21,328	-	28,136		42,995
52,943	(3,621)	-	18,584	67,906		50,800
160,253	86,009	68,910	-	315,172		141,926
13,496	820	-	-	14,316		3,438
71,820	31,803	62,835	-	166,458		129,463
36,574	5,811	-	-	42,385		7,177
100,740	2,889	-	13,255	116,884		45,013
7,761	-	-	10,889	18,650		(7,345)
637,089	148,840	211,355	42,754	1,040,038		544,098
\$ 2,217,514	\$ 317,131	\$ 441,513	\$ 122,984	\$ 3,099,142	\$	1,025,782

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

**Exhibit G-2**

For the Fiscal Year Ended June 30, 2009

(in thousands)

	Resources			
	Beginning Balances, July 1	Current Revenue		
		Grants	Interest	Other
<b>General Government</b>				
1984 Bond Program	\$ 261	\$ -	\$ -	\$ -
2001 Bond Program	(1,330)	-	-	-
2006 Bond Program	(285)	-	-	-
2010 Lease Purchase	-	-	-	-
General Gov't Lease Purchase	7,341	-	100	-
Mega IV Lease Purchase	22,947	-	265	11
Mega V Lease Purchase	(2,883)	-	35	338
Trunked Radio System	(736)	915	-	-
	<u>25,315</u>	<u>915</u>	<u>400</u>	<u>349</u>
<b>Public Safety</b>				
CIC Excise Tax Rev Bonds- Police	17,919	-	221	-
1988 Bond Program	36	-	-	-
2001 Bond Program	(8,317)	-	-	-
2006 Bond Program	(1,045)	-	144	4
CAD Equipment-Other Cities	669	-	-	-
Impact Fees	6,277	-	352	940
Other Cities Reimbursement - 800Mhz	(83)	137	-	-
	<u>15,456</u>	<u>137</u>	<u>717</u>	<u>944</u>
<b>Transportation</b>				
1988 Bond Program	1,073	-	-	-
2001 Bond Program	(697)	-	117	2
2004 CIC Transit LRT Revenue Bonds	135,689	-	1,611	-
2006 Bond Program	180	-	14	1
AHUR Capital Reserve	51,933	-	540	-
American Rec. & Reinv. Act of 2009	-	-	-	-
Federal Aid - Street Transportation	-	2,151	-	-
Federal Transportation Administration Grants	(31,711)	12,689	-	-
Impact Fees	30,762	-	1,026	(1,195)
State Aid - Street Transportation	(23)	2,513	-	(41)
	<u>187,206</u>	<u>17,353</u>	<u>3,308</u>	<u>(1,233)</u>
<b>Public Works</b>				
1988 Bond Program	49	-	-	-
2001 Bond Program	(3,481)	-	3	5
2006 Bond Program	3,172	-	10	1
Capital Replacement Fund	3,939	-	104	1,291
Impact Fees	8,447	-	310	936
	<u>12,126</u>	<u>-</u>	<u>427</u>	<u>2,233</u>
<b>Community Enrichment</b>				
1988 Bond Program	568	-	-	-
2001 Bond Program	12,003	-	4	13
2006 Bond Program	16,069	-	1,126	-
Impact Fees	50,982	-	1,638	711
Parks & Rec Grants	454	29,317	-	-
Parks and Rec Dept Capital Gifts	1,099	-	-	20
Parks land sale proceeds	2,325	-	75	4
	<u>83,500</u>	<u>29,317</u>	<u>2,843</u>	<u>748</u>
<b>Community Development</b>				
1988 Bond Program	(0)	-	-	-
1989 Bond Program	333	-	-	-
2001 Bond Program	10,589	63	57	269
2006 Bond Program	2,566	-	163	(0)
830 E Jefferson Remodel	(34)	-	-	-
American Rec. & Reinv. Act of 2009	-	0	-	-
Downtown Education	(10,000)	-	-	-
Federal Modernization Grants	(979)	3,029	-	-
Impact Fees	1,109	-	0	28
	<u>3,584</u>	<u>3,092</u>	<u>220</u>	<u>297</u>



Recovery of Prior Years Expenditures	Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Balances June 30 (1)	Bonds Available for Sale
				Expenditures and Encumbrances			
\$ -	\$ -	\$ -	\$ 261	\$ -	\$ -	\$ 261	\$ -
93	-	-	(1,237)	(2,931)		(4,168)	6,500
-	-	-	(285)	(1,393)		(1,678)	15,200
-	-	-	-	(25,561)		(25,561)	-
-	-	(7,800)	(359)	-		(359)	-
49	-	(8,585)	14,687	-		14,687	-
588	-	341	(1,581)	(2,263)		(3,844)	-
-	-	-	179	-		179	-
730	-	(16,044)	11,665	(32,148)		(20,483)	21,700
-	-	-	18,140	(6,689)		11,451	-
1	-	-	37	(1)		36	-
217	-	-	(8,100)	(5,218)		(13,318)	18,350
17	-	-	(880)	(29,838)		(30,718)	147,825
51	-	-	720	(720)		-	-
-	-	-	7,569	(5,893)		1,676	-
-	-	-	54	-		54	-
286	-	-	17,540	(48,359)		(30,819)	166,175
24	-	-	1,097	(305)		792	1,000
171	-	-	(407)	(447)		(854)	6,200
26	-	4,619	141,945	(41,035)		100,910	-
685	-	-	880	(9,827)		(8,947)	77,000
-	-	-	52,473	(30,000)		22,473	-
-	-	-	-	(1,059)		(1,059)	-
94	-	(138)	2,107	(2,107)		-	-
101	-	(57)	(18,978)	(5,766)		(24,744)	-
914	-	(151)	31,356	(3,863)		27,493	-
167	-	413	3,029	(2,764)		265	-
2,182	-	4,686	213,502	(97,173)		116,329	84,200
-	-	-	49	(49)		-	-
205	-	-	(3,268)	(991)		(4,259)	8,270
96	-	-	3,279	(8,122)		(4,843)	71,284
-	-	-	5,334	(4)		5,330	-
118	-	(276)	9,535	(3,748)		5,787	-
419	-	(276)	14,929	(12,914)		2,015	79,554
0	-	-	568	(3)		565	-
837	-	53	12,910	(11,518)		1,392	14,200
713	-	(53)	17,855	(38,538)		(20,683)	141,691
101	-	(4,937)	48,495	(15,518)		32,977	-
0	-	-	29,771	(29,735)		36	-
-	-	-	1,119	(10)		1,109	-
52	-	-	2,456	(226)		2,230	-
1,703	-	(4,937)	113,174	(95,548)		17,626	155,891
-	-	-	(0)	-		(0)	-
-	-	-	333	(189)		144	-
145	-	589	11,712	(5,530)		6,182	7,730
62	-	-	2,791	(18,843)		(16,052)	107,105
16	-	-	(18)	-		(18)	-
-	-	-	0	(704)		(704)	-
-	-	-	(10,000)	-		(10,000)	-
50	-	-	2,100	(3,560)		(1,460)	-
-	-	-	1,137	-		1,137	-
273	-	589	8,055	(28,826)		(20,771)	114,835

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

**Exhibit G-2**

For the Fiscal Year Ended June 30, 2009

(in thousands)

	Resources			
	Beginning Balances, July 1	Current Revenue		
		Grants	Interest	Other
Aviation				
1998 Airport Rev Bnds Non-AMT (Series A)	3,686	-	-	-
1998 Airport Rev Bonds AMT (Series B)	(3)	-	-	-
2004 CFC Bonds - Construction Fund	8,800	-	243	-
Airport Expansion Bonds	12,462	-	-	-
Airport Facilities Improvement Grants	17,807	12,193	-	-
Airport Rev Bnd Rsrv-Restrict Inv Acct	29,413	-	-	-
American Rec. & Reinv. Act of 2009	-	135	(0)	-
Aviation Commercial Paper Fund	(105,454)	-	(1,769)	-
Aviation Reserve - City Improvement	97,164	-	-	-
CFC Trustee-Improvement Reserves/Surplus	6,945	-	83	-
City Improvement Aviation Bonds	6,373	-	2	-
Future Airport Bonds	-	-	-	-
Junior Lien Airport Revenue Bonds	(50,901)	-	-	-
Passenger Facility Charges	46,845	-	2,636	61,263
RENT-A-CAR CUSTOMER FACILITY CHARGE	(6,137)	-	(159)	-
Senior Lien Airport Revenue Bonds	53,249	-	2,915	21
Transportation Security Admin Grant	21,734	9,439	294	-
	141,983	21,767	4,245	61,284
Phoenix Convention Center				
CC Expansion Series A	8,300	-	293	-
CC Expansion Series B	7,938	-	240	-
CPBC (Capital Trust Fund)	(1)	-	-	-
Phoenix Convention Center East Garage	(39)	-	-	-
	16,198	-	533	-
Water System				
CIC Water Bonds	(241,927)	-	0	115
Impact Fees	60,110	-	2,053	5,715
Plan Six Facilities	2,950	-	40	-
Proceeds/Wtr Asset Sale-Scottsdale	21,422	-	-	-
Special Water Improvement	79,373	-	-	-
Val Vista - Other Agencies' Participation	(3,956)	-	-	11,276
Wtr Imp Dist Proj-Prop Owner Participati	(13)	-	-	-
	(82,041)	-	2,093	17,106
Wastewater				
American Rec. & Reinv. Act of 2009	-	-	-	-
CIC WasteWater Bonds	(68,087)	8	-	12
Impact Fees	34,529	-	1,214	2,864
Sani Swr Imp Dist Projects-Prop Ownr Par	-	-	-	-
Special Wastewater Improvement	40,000	-	-	-
SROG - Other Agencies' Participation	(66,958)	-	-	48,283
	(60,516)	8	1,214	51,159
Solid Waste				
End Use Reserve	12,508	-	424	-
Impact Fees	2,332	-	77	9
Solid - Mega IV	49,873	-	979	-
Solid Waste Disposal CIC Bonds Prin/Int	2,468	-	-	-
Solid Waste Remediation Funds	9,641	-	337	-
	76,822	-	1,817	9
Golf				
Golf CIC Bonds Prin/Int	119	-	-	-
	119	-	-	-
	\$ 419,752	\$ 72,589	\$ 17,817	\$ 132,896

Exhibit G-2

(Continued)

Recovery of Prior Years Expenditures	Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Balances June 30 (1)	Bonds Available for Sale
				Expenditures and Encumbrances			
-	-	(3,686)	-	-	-	-	-
-	-	3	-	-	-	-	-
-	-	(9,038)	5	(5)	0	-	-
7	-	(12,472)	(3)	3	0	-	-
-	-	(22,459)	7,541	(10,813)	(3,272)	-	-
-	-	(29,413)	-	-	-	-	-
-	-	-	135	(143)	(8)	-	-
12,212	-	75,422	(19,589)	1,708	(17,881)	-	-
66	-	78,347	175,577	(4)	175,573	-	-
-	-	(11,200)	(4,172)	(199)	(4,371)	-	-
-	(5,977)	(27)	371	(371)	(0)	-	-
-	-	-	-	(43)	(43)	-	-
4,999	-	45,908	6	(6)	0	-	-
6,257	80,000	(147,500)	49,501	(198,028)	(148,527)	-	-
785	-	5,513	2	(2)	(0)	-	-
27,816	(2,308)	65,251	146,944	(54,761)	92,183	-	-
-	-	(31,047)	420	(17,037)	(16,617)	-	-
52,142	71,715	3,602	356,738	(279,701)	77,037	-	-
84	-	3,009	11,686	(4,390)	7,296	-	-
36	-	-	8,214	535	8,749	-	-
85	-	-	84	(84)	0	-	-
65	-	-	26	(25)	1	-	-
270	-	3,009	20,010	(3,964)	16,046	-	-
7,593	370,492	5,144	141,417	(62,153)	79,264	-	-
88	-	(12,000)	55,966	(3,925)	52,041	-	-
-	-	-	2,990	(38)	2,952	-	-
-	-	-	21,422	-	21,422	-	-
-	-	-	79,373	-	79,373	-	-
85	-	-	7,405	(14,515)	(7,110)	-	-
-	-	-	(13)	-	(13)	-	-
7,766	370,492	(6,856)	308,560	(80,631)	227,929	-	-
-	-	-	-	(18,250)	(18,250)	-	-
5,763	-	(4,944)	(67,248)	(21,300)	(88,548)	-	-
10	-	-	38,617	(190)	38,427	-	-
-	-	-	-	(546)	(546)	-	-
-	-	-	40,000	-	40,000	-	-
668	-	-	(18,007)	(12,968)	(30,975)	-	-
6,441	-	(4,944)	(6,638)	(53,254)	(59,892)	-	-
-	-	1,240	14,172	-	14,172	-	-
2	-	-	2,420	-	2,420	-	-
782	-	-	51,634	(29,456)	22,178	-	-
-	(2,464)	-	4	-	4	-	-
34	-	(1,038)	8,974	(0)	8,974	-	-
818	(2,464)	202	77,204	(29,456)	47,748	-	-
-	(52)	-	67	-	67	-	-
-	(52)	-	67	-	67	-	-
\$ 73,030	\$ 439,691	\$ (20,969)	\$ 1,134,806	\$ (761,974)	\$ 372,832	\$ 622,355	

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

**Exhibit G-3**

For the Fiscal Years Ended June 30, 2009 and 2008  
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2009	2008	2009	2008	2009	2008
General Government						
Information Technology	\$ 14,401	\$ 11,760	\$ 13,338	\$ 10,469	\$ 27,739	\$ 22,229
Public Safety						
Fire Protection	1,700	-	33,197	19,198	34,897	19,198
Police Protection	-	121	26,647	19,605	26,647	19,726
	1,700	121	59,844	38,803	61,544	38,924
Transportation						
Street Transportation and Drainage						
Major Streets	34,482	53,038	38,544	12,252	73,026	65,290
Other	24,559	28,780	4,735	3,196	29,294	31,976
Traffic Improvements	4,309	7,731	3,811	1,804	8,120	9,535
Storm Sewer Improvements	1,192	455	12,275	16,939	13,467	17,394
Freeway Mitigation	-	-	421	496	421	496
Transit	17,959	22,831	47,965	135,015	65,924	157,846
	82,501	112,835	107,751	169,702	190,252	282,537
Public Works						
Energy Conservation	1,194	1,004	-	-	1,194	1,004
Facilities Management	7,247	8,325	6,969	955	14,216	9,280
	8,441	9,329	6,969	955	15,410	10,284
Community Enrichment						
Arts and Cultural Facilities	-	1,271	3,528	3,948	3,528	5,219
Libraries	322	244	10,029	7,635	10,351	7,879
Parks and Mountain Preserves	53,566	50,904	73,744	89,639	127,310	140,543
	53,888	52,419	87,301	101,222	141,189	153,641
Community Development						
Economic/Downtown Development	535	418	11,216	46,154	11,751	46,572
Elderly Service Facilities	-	-	5,452	3,554	5,452	3,554
Historic Preservation	-	100	3,843	2,907	3,843	3,007
HOPE VI	1,530	7,866	420	1,335	1,950	9,201
Public Housing	5,441	(9)	9,771	5,960	15,212	5,951
Neighborhood Development	1,390	879	3,563	5,293	4,953	6,172
	8,896	9,254	34,265	65,203	43,161	74,457
Aviation	25,129	43,478	279,701	202,830	304,830	246,308
Convention Center	(3,612)	13,577	9,816	22,444	6,204	36,021
Water System	86,680	95,371	83,971	213,423	170,651	308,794
Wastewater	37,242	28,679	51,964	271,734	89,206	300,413
Solid Waste	1,865	2,102	27,054	4,079	28,919	6,181
	\$ 317,131	\$ 378,925	\$ 761,974	\$ 1,100,864	\$ 1,079,105	\$ 1,479,789

(1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2008 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 25,129
Convention Center	(3,621)
Water	86,009
Water - Val Vista	820
Wastewater	31,803
Wastewater - SROG	5,811
Solid Waste	2,889
	<u>\$ 148,840</u>



**City of Phoenix**

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

**Exhibit G-4**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Special			
	General Fund	Transit	Neighborhood Protection	Sports Facilities
<b>Transfers From</b>				
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ -
<b>Special Revenue</b>				
Excise Tax	686,325	97,324	24,335	13,624
Highway User Revenue	-	-	-	-
Transit	335	-	-	-
Parks & Preserves	84	-	-	-
Development Services	-	-	-	-
Public Housing	314	-	-	-
Sports Facilities	361	-	-	-
Public Safety Enhancement	167	-	-	-
Neighborhood Protection	157	-	-	-
Other Restricted	-	-	-	-
Total Special Revenue	687,743	97,324	24,335	13,624
<b>Debt Service</b>				
General Obligation/ Secondary Property Tax	-	-	-	-
Special Assessment	145	-	-	-
Total Debt Service	145	-	-	-
<b>Capital Projects</b>				
Parks, Rec and Libraries	-	-	-	-
Municipal Buildings and Service Centers	7,800	-	-	-
Transit	-	-	-	-
Total Capital Projects	7,800	-	-	-
<b>Enterprise</b>				
Phoenix Convention Center	941	-	-	-
Water System	19,588	-	-	-
Wastewater	11,385	-	-	-
Solid Waste	4,552	-	-	-
Total Enterprise	36,466	-	-	-
<b>Totals</b>	<b>\$ 732,154</b>	<b>\$ 97,324</b>	<b>\$ 24,335</b>	<b>\$ 13,624</b>

(1) Capital Construction (\$19,803,000), Park and Preserves (\$24,335,000), and Public Safety Enhancement and Expansion (70,939,000) Special Revenue Funds

(2) Water (\$18,333,000), Wastewater (\$7,735,000), and Solid Waste (\$6,992,000) Enterprise Funds

(3) Golf Courses Enterprise Fund

**Exhibit G-4**

(Continued)

Transfers to						
Revenue						
Other Special Revenue	Debt Service	Capital Projects	Enterprise			
			Convention Center	Other		Totals
\$ -	\$ -	\$ 2,047	\$ -	\$ -		\$ 2,047
115,077 (1)	28,378	-	45,380	-		1,010,443
-	31,240	-	-	-		31,240
-	41,898	-	-	-		42,233
-	-	-	-	5,738 (3)		5,822
-	-	-	-	4,937 (3)		4,937
-	390	-	-	-		704
-	9,870	-	-	-		10,231
-	-	-	-	-		167
-	-	-	-	-		157
-	-	949	-	-		949
115,077	111,776	949	45,380	10,675		1,106,883
-	-	-	-	33,060 (2)		33,060
-	-	-	-	-		145
-	-	-	-	33,060		33,205
-	14	-	-	-		14
-	-	-	-	-		7,800
-	748	-	-	-		748
-	762	-	-	-		8,562
-	-	-	-	-		941
-	-	-	-	-		19,588
-	-	-	-	-		11,385
-	-	-	-	-		4,552
-	-	-	-	-		36,466
\$ 115,077	\$ 112,538	\$ 2,996	\$ 45,380	\$ 43,735		\$ 1,187,163

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

**Exhibit G-5**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Transfers to					
	General Fund			Special		
	Staff and Administrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neighborhood Protection	Transit 2000
<b>Transfers from</b>						
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Special Revenue</b>						
Excise Tax	-	-	712,703	712,703	24,334	97,324
Transit 2000	-	-	-	-	-	-
Transit Other Agency	-	-	-	-	-	34,505
Development Services	3,500	-	-	3,500	-	-
Public Housing	-	314	-	314	-	-
Sports Facilities	106	-	78	184	-	-
Parks and Preserves	-	-	-	-	-	-
Other Restricted	-	-	-	-	-	-
Public Safety Expansion	-	-	-	-	-	-
Neighborhood Protection	-	-	-	-	-	-
Total Special Revenue	3,606	314	712,781	716,701	24,334	131,829
<b>Enterprise</b>						
Aviation	5,897	-	-	5,897	-	394
Aviation (Non-Pledged)	-	-	-	-	-	-
Phoenix Convention Center	2,556	-	-	2,556	-	-
Water System	5,787	10,422	9,166	25,375	-	-
Water System - Val Vista	761	-	-	761	-	-
Wastewater	1,150	7,519	3,867	12,536	-	-
Wastewater - SROG	1,229	-	-	1,229	-	-
Solid Waste	4,786	1,056	3,496	9,338	-	-
Golf Courses	-	-	279	279	-	-
Total Enterprise	22,166	18,997	16,808	57,971	-	394
<b>Other Funds not Budgeted</b>						
Self Insurance Reserve Trust	-	-	605	605	367	1,531
Lease Purchase Reserve Capital Fund	-	-	7,800	7,800	-	-
Impact Fees Capital Fund	-	-	-	-	-	-
Street Improvements Capital Fund	-	-	-	-	-	-
Transit Capital Projects	-	-	-	-	-	57
Parks, Rec and Libraries Capital Projects	-	-	-	-	-	-
Street & Highway Int & Redemption	-	-	-	-	-	-
Aviation Capital Funds	-	-	-	-	-	-
Wastewater Capital Projects	-	-	-	-	-	-
Solid Waste Capital Funds	-	-	-	-	-	-
Golf Capital Funds	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	8,405	8,405	367	1,588
<b>Totals</b>	<b>\$ 25,772</b>	<b>\$ 19,311</b>	<b>\$ 737,994</b>	<b>\$ 783,077</b>	<b>\$ 24,701</b>	<b>\$ 133,811</b>

(1) Capital Construction (\$19,803,000), Sports Facilities (\$14,203,000), Park and Preserves (\$24,335,000), Police and Fire Public Safety Enhancement (\$24,361,000), and Police and Fire Public Safety Expansion (\$46,579,000) Special Revenue Funds

(2) Street Improvements Capital Projects Fund  
(3) Medical Expense Reimbursement Plan Trust Fund

(4) Golf Courses Enterprise Fund  
(5) Aviation Enterprise Fund  
(6) Water (\$12,000,000) and Golf (\$4,937,000) Enterprise Funds  
(7) Solid Waste Enterprise Fund  
(8) Sports and Cultural Facilities Capital Projects Fund  
(9) Aviation Enterprise Capital Projects Fund  
(10) Solid Waste Enterprise Capital Reserve Fund



Revenue		Transfers to				Totals	
Other	Debt Service	Enterprise		Funds Not Budgeted		Totals	
		Phoenix Convention Center	Other	Infrastructure Repayment Agreement	Other		
\$ -	\$ -	\$ -	\$ -	\$ 1,675	\$ 17,456 (3)	\$ 19,131	
129,281 (1)	28,378	47,417	-	-	-	1,039,437	
-	41,898	-	-	335	-	42,233	
-	-	-	-	-	38 (2)	34,543	
-	-	-	-	-	-	3,500	
-	69	-	-	-	-	383	
-	-	-	-	360	-	544	
-	-	-	5,738 (4)	84	-	5,822	
-	-	-	-	-	949 (8)	949	
-	-	-	-	168	-	168	
-	-	-	-	157	-	157	
129,281	70,345	47,417	-	5,738	1,104	987	
-	-	-	-	-	-	6,291	
-	-	-	-	-	1,196 (9)	1,196	
-	-	-	-	941	-	3,497	
10 (14)	-	-	-	-	1 (2)	25,386	
-	-	-	-	-	-	761	
-	-	-	-	-	-	12,536	
-	-	-	-	-	-	1,229	
-	-	-	-	-	1,241 (10)	10,579	
-	-	-	-	-	-	279	
10	-	-	-	941	2,438	61,754	
410 (13)	-	-	2,065 (11)	-	-	4,978	
-	-	-	-	-	-	7,800	
65 (14)	-	-	16,937 (6)	-	-	17,002	
116 (15)	-	-	-	-	-	116	
-	-	-	-	-	-	57	
-	15	-	-	-	-	15	
22 (14)	-	-	-	-	-	22	
-	-	-	15,592 (5)	-	-	15,592	
-	-	-	4,944 (12)	-	-	4,944	
-	-	-	1,038 (7)	-	-	1,038	
-	-	-	4 (4)	-	-	4	
613	15	-	40,580	-	-	51,568	
\$ 129,904	\$ 70,360	\$ 47,417	\$ 46,318	\$ 3,720	\$ 20,881	\$ 1,260,189	

(11) Aviation (\$136,000), Convention Center (\$34,000), Water (\$1,009,000), Wastewater (\$164,000), Solid Waste (\$691,000) and Golf (\$31,000) Enterprise Funds

(12) Wastewater Enterprise Fund

(13) Development Services (\$119,000), Housing (\$18,000), and Public Safety Enhancement (\$273,000) Special Revenue Funds

(14) Highway User Special Revenue Fund

(15) Highway User (\$86,000) and Capital Construction (\$30,000) Special Revenue Funds

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

**Exhibit G-6**

June 30, 2009  
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2008 (1)		
						Total	Payable from	
							General Property Taxes	City Revenues/ Other (2)
<b>General Obligation Bonds</b>								
6% Limitation								
Various Purpose	\$ 619,165	\$ 442,930	\$ 176,235	\$ 151,335	\$ -	\$ 291,595	\$ 291,595	\$ -
Solid Waste	91,150	91,150	-	71,790	-	19,360	-	19,360
20% Limitation								
Various Purpose	1,958,515	1,512,393	446,122	603,196	-	909,197	909,197	-
Airport	30,610	30,610	-	18,415	-	12,195	-	12,195
Sanitary Sewers	169,540	169,540	-	123,173	-	46,367	-	46,367
Water	397,760	397,760	-	329,040	2,234	70,954	-	70,954
Total General Obligation Bonds	3,266,740	2,644,383	622,357	1,296,949	2,234	1,349,668	1,200,792	148,876
<b>Revenue Bonds</b>								
Street and Highway User	356,966	356,966	-	286,800	-	70,166	-	70,166
Total Revenue Bonds	356,966	356,966	-	286,800	-	70,166	-	70,166
Total General Obligation and Revenue Bonds	3,623,706	3,001,349	622,357	1,583,749	2,234	1,419,834	1,200,792	219,042
<b>Certificates of Participation</b>	35,465	35,465	-	4,840	-	30,625	-	30,625
<b>Municipal Corporation Obligations</b>								
General Government	1,031,336	1,031,336	-	247,316	-	784,020	-	784,020
Enterprise	4,702,146	4,702,146	-	731,174	51,370	4,022,342	-	4,022,342
Total Municipal Corp- oration Obligations	5,733,482	5,733,482	-	978,490	51,370	4,806,362	-	4,806,362
<b>Special Assessment Bonds</b>	918	918	-	658	-	260	-	260
Subtotal	9,393,571	8,771,214	622,357	2,567,737	53,604	6,257,081	1,200,792	5,056,289
<b>Downtown Phoenix Hotel Corp. Bonds-Component Unit</b>								
Totals	\$ 9,743,571	\$ 9,121,214	\$ 622,357	\$ 2,567,737	\$ 53,604	\$ 6,607,081	\$ 1,200,792	\$ 5,406,289

(1) Net of July 1, 2009 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in restricted early redemption fund. Restricted early redemption fund balance totaled \$275.2 million at June 30, 2009.

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

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

**Exhibit G-7**

June 30, 2009  
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009-10	\$ 14,250	\$ 14,170	\$ 28,420	\$ 3,785	\$ 930	\$ 4,715	\$ 18,035	\$ 15,100	\$ 33,135
2010-11	19,615	13,436	33,051	3,995	752	4,747	23,610	14,188	37,798
2011-12	7,110	12,483	19,593	1,280	566	1,846	8,390	13,049	21,439
2012-13	13,970	12,174	26,144	1,345	502	1,847	15,315	12,676	27,991
2013-14	21,760	11,544	33,304	925	435	1,360	22,685	11,979	34,664
2014-15	20,235	10,502	30,737	980	388	1,368	21,215	10,890	32,105
2015-16	29,140	9,517	38,657	1,030	342	1,372	30,170	9,859	40,029
2016-17	28,500	8,051	36,551	1,080	292	1,372	29,580	8,343	37,923
2017-18	27,010	6,644	33,654	1,145	239	1,384	28,155	6,883	35,038
2018-19	28,370	5,318	33,688	1,195	183	1,378	29,565	5,501	35,066
2019-20	29,805	3,926	33,731	1,265	123	1,388	31,070	4,049	35,119
2020-21	28,425	2,474	30,899	650	60	710	29,075	2,534	31,609
2021-22	20,010	1,071	21,081	685	31	716	20,695	1,102	21,797
2022-23	1,720	166	1,886	-	-	-	1,720	166	1,886
2023-24	1,025	84	1,109	-	-	-	1,025	84	1,109
2024-25	650	32	682	-	-	-	650	32	682
	<u>\$ 291,595</u>	<u>\$ 111,592</u>	<u>\$ 403,187</u>	<u>\$ 19,360</u>	<u>\$ 4,843</u>	<u>\$ 24,203</u>	<u>\$ 310,955</u>	<u>\$ 116,435</u>	<u>\$ 427,390</u>

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

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

**Exhibit G-8**

June 30, 2009  
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009-10	\$ 32,912	\$ 42,652	\$ 75,564	\$ 845	\$ 498	\$ 1,343
2010-11	38,640	39,389	78,029	850	464	1,314
2011-12	57,145	37,672	94,817	885	430	1,315
2012-13	42,720	35,053	77,773	710	395	1,105
2013-14	27,010	33,058	60,068	505	366	871
2014-15	36,070	31,807	67,877	4,090	347	4,437
2015-16	45,630	30,254	75,884	4,310	183	4,493
2016-17	45,055	27,997	73,052	-	-	-
2017-18	50,580	25,778	76,358	-	-	-
2018-19	50,315	23,408	73,723	-	-	-
2019-20	49,415	21,023	70,438	-	-	-
2020-21	42,380	18,768	61,148	-	-	-
2021-22	54,535	16,899	71,434	-	-	-
2022-23	71,110	14,475	85,585	-	-	-
2023-24	71,790	11,253	83,043	-	-	-
2024-25	75,805	8,008	83,813	-	-	-
2025-26	50,535	4,519	55,054	-	-	-
2026-27	52,830	2,525	55,355	-	-	-
2027-28	14,720	442	15,162	-	-	-
	909,197	424,980	1,334,177	12,195	2,683	14,878
Capital						
Appreciation (2)	-	-	-	-	-	-
	\$ 909,197	\$ 424,980	\$ 1,334,177	\$ 12,195	\$ 2,683	\$ 14,878

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

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

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

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 11,483	\$ 5,357	\$ 16,840	\$ 10,825	\$ 1,964	\$ 12,789	\$ 56,065	\$ 50,471	\$ 106,536
10,330	2,803	13,133	12,175	1,502	13,677	61,995	44,158	106,153
4,685	2,304	6,989	4,178	995	5,173	66,893	41,401	108,294
4,935	2,082	7,017	4,400	826	5,226	52,765	38,356	91,121
4,062	2,816	6,878	1,127	646	1,773	32,704	36,886	69,590
5,265	1,692	6,957	1,195	599	1,794	46,620	34,445	81,065
15,525	1,455	16,980	6,243	551	6,794	71,708	32,443	104,151
5,755	662	6,417	1,251	277	1,528	52,061	28,936	80,997
6,165	302	6,467	1,315	220	1,535	58,060	26,300	84,360
515	25	540	1,389	159	1,548	52,219	23,592	75,811
-	-	-	1,459	98	1,557	50,874	21,121	71,995
-	-	-	810	34	844	43,190	18,802	61,992
-	-	-	-	-	-	54,535	16,899	71,434
-	-	-	-	-	-	71,110	14,475	85,585
-	-	-	-	-	-	71,790	11,253	83,043
-	-	-	-	-	-	75,805	8,008	83,813
-	-	-	-	-	-	50,535	4,519	55,054
-	-	-	-	-	-	52,830	2,525	55,355
-	-	-	-	-	-	14,720	442	15,162
68,720	19,498	88,218	46,367	7,871	54,238	1,036,479	455,032	1,491,511
2,234	(2,234)	-	-	-	-	2,234	(2,234)	-
\$ 70,954	\$ 17,264	\$ 88,218	\$ 46,367	\$ 7,871	\$ 54,238	\$ 1,038,713	\$ 452,798	\$ 1,491,511

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

**Exhibit G-9**

June 30, 2009  
(in thousands)

Fiscal Year	General Obligation			Street and Highway User Revenue		
	Principal	Interest	Total	Principal	Interest	Total
2009-10	\$ 74,100	\$ 65,571	\$ 139,671	\$ 28,285	\$ 2,961	\$ 31,246
2010-11	85,605	58,346	143,951	29,740	1,507	31,247
2011-12	75,283	54,450	129,733	6,266	15,734	22,000
2012-13	68,080	51,032	119,112	5,875	16,125	22,000
2013-14	55,389	48,865	104,254	-	-	-
2014-15	67,835	45,335	113,170	-	-	-
2015-16	101,878	42,302	144,180	-	-	-
2016-17	81,641	37,279	118,920	-	-	-
2017-18	86,215	33,183	119,398	-	-	-
2018-19	81,784	29,093	110,877	-	-	-
2019-20	81,944	25,170	107,114	-	-	-
2020-21	72,265	21,336	93,601	-	-	-
2021-22	75,230	18,001	93,231	-	-	-
2022-23	72,830	14,641	87,471	-	-	-
2023-24	72,815	11,337	84,152	-	-	-
2024-25	76,455	8,040	84,495	-	-	-
2025-26	50,535	4,519	55,054	-	-	-
2026-27	52,830	2,525	55,355	-	-	-
2027-28	14,720	442	15,162	-	-	-
	<u>1,347,434</u>	<u>571,467</u>	<u>1,918,901</u>	<u>70,166</u>	<u>36,327</u>	<u>106,493</u>
Capital Appreciation (1)	2,234	(2,234)	-	-	-	-
	<u>\$ 1,349,668</u>	<u>\$ 569,233</u>	<u>\$ 1,918,901</u>	<u>\$ 70,166</u>	<u>\$ 36,327</u>	<u>\$ 106,493</u>

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

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

**Exhibit G-10**

June 30, 2009  
(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009-10	\$ 75,447	\$ 59,783	\$ 135,230	\$ 26,938	\$ 8,749	\$ 35,687	\$ 102,385	\$ 68,532	\$ 170,917
2010-11	87,995	54,332	142,327	27,350	5,521	32,871	115,345	59,853	175,198
2011-12	70,521	65,889	136,410	11,028	4,295	15,323	81,549	70,184	151,733
2012-13	62,565	63,352	125,917	11,390	3,805	15,195	73,955	67,157	141,112
2013-14	48,770	44,602	93,372	6,619	4,263	10,882	55,389	48,865	104,254
2014-15	56,305	42,309	98,614	11,530	3,026	14,556	67,835	45,335	113,170
2015-16	74,770	39,771	114,541	27,108	2,531	29,639	101,878	42,302	144,180
2016-17	73,555	36,048	109,603	8,086	1,231	9,317	81,641	37,279	118,920
2017-18	77,590	32,422	110,012	8,625	761	9,386	86,215	33,183	119,398
2018-19	78,685	28,726	107,411	3,099	367	3,466	81,784	29,093	110,877
2019-20	79,220	24,949	104,169	2,724	221	2,945	81,944	25,170	107,114
2020-21	70,805	21,242	92,047	1,460	94	1,554	72,265	21,336	93,601
2021-22	74,545	17,970	92,515	685	31	716	75,230	18,001	93,231
2022-23	72,830	14,641	87,471	-	-	-	72,830	14,641	87,471
2023-24	72,815	11,337	84,152	-	-	-	72,815	11,337	84,152
2024-25	76,455	8,040	84,495	-	-	-	76,455	8,040	84,495
2025-26	50,535	4,519	55,054	-	-	-	50,535	4,519	55,054
2026-27	52,830	2,525	55,355	-	-	-	52,830	2,525	55,355
2027-28	14,720	442	15,162	-	-	-	14,720	442	15,162
	<u>1,270,958</u>	<u>572,899</u>	<u>1,843,857</u>	<u>146,642</u>	<u>34,895</u>	<u>181,537</u>	<u>1,417,600</u>	<u>607,794</u>	<u>2,025,394</u>
Capital Appreciation(3)	-	-	-	2,234	(2,234)	-	2,234	(2,234)	-
	<u>\$ 1,270,958</u>	<u>\$ 572,899</u>	<u>\$ 1,843,857</u>	<u>\$ 148,876</u>	<u>\$ 32,661</u>	<u>\$ 181,537</u>	<u>\$ 1,419,834</u>	<u>\$ 605,560</u>	<u>\$ 2,025,394</u>

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

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

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

<u>Description</u>	<u>Rating (1)</u>	
	<u>Moody's</u>	<u>S &amp; P</u>
General Obligation	Aa1	AAA
General Obligation (Variable Rate) (4)	Aa1/VMIG 1	AAA/A-1+
Senior Lien Water Revenue (4)	Aa3	AAA
Junior Lien Water Revenue (2) (5)	Aa3	AAA
Airport Revenue (5)	Aa3	AA-
Senior Lien Airport Revenue (2) (5)	Aa3	AA-
Junior Lien Airport Revenue (2) (4)	A1	A
Senior Lien Street & Highway User Revenue	Aa3	AAA
Junior Lien Street & Highway User Revenue (3)	A1	AA
Senior Lien Excise Tax Revenue (2)	Aa2	AAA
Junior Lien Excise Tax Revenue (4)	Aa3	AA
Subordinated Excise Tax Revenue (2) (5)	Aa3	AA
Senior Lien Wastewater System Revenue (2)	Aa3	AAA
Junior Lien Wastewater System Revenue (2) (5)	Aa3	AA+
Rental Car Facility Charge Revenue Bonds (2) (5)	A3	A-
Transit Excise Tax Revenue Bonds (Light Rail) (2) (5)	Aa3	AA
State of AZ Distribution Revenue Bonds (2) (5)	A1	AA-
Senior Hotel Revenue Bonds (5) (6)	Baa3	BBB-
Subordinate Hotel Revenue Bonds (5) (6)	A2	A-

(1) Represents underlying rating, if insured.

(2) Issued by the Civic Improvement Corporation.

(3) Represents ratings on Series 1992 dated 3-15-92 and Series 1999 dated 1-1-99. Two series, Series 1992A, dated 12-15-92 and Series 2002, dated 5-1-02, are insured by FGIC.

(4) No bonds currently outstanding.

(5) Insured by a municipal bond insurance policy or an irrevocable direct pay letter of credit. The indicated ratings represent the underlying ratings.

(6) Issued by the Downtown Phoenix Hotel Corporation.



**City of Phoenix, Arizona**  
**Comparative Schedule of Governmental Capital Assets**

**Exhibit G-12**

June 30, 2009 and 2008  
(in thousands)

<u>Capital Assets</u>	<u>2009</u>	<u>2008</u>
Land	\$ 1,052,757	\$ 854,849
Buildings	1,262,276	1,125,373
Improvements Other Than Buildings	398,280	369,346
Infrastructure	2,197,671	2,053,193
Equipment	613,698	587,209
Intangible Assets	45,222	43,335
Net Capital Assets in Service	<u>5,569,904</u>	<u>5,033,305</u>
Construction in Progress	385,274	565,900
Total Capital Assets	<u>\$ 5,955,178</u>	<u>\$ 5,599,205</u>

<u>Investment in Capital Assets</u>		
General Obligation Bonds	\$ 1,941,254	\$ 1,838,721
Operating Revenues	2,231,505	2,163,332
Federal Grants	720,579	681,426
Capital Leases	480,669	454,413
Municipal Corporation Obligations	72,921	73,127
Gifts and Contributions	311,946	297,713
Revenue Bonds	173,676	70,784
Certificates of Participation	13,232	13,232
Enterprise Fund Contributions	8,959	6,020
Annexations	437	437
Total Investment in Capital Assets	<u>\$ 5,955,178</u>	<u>\$ 5,599,205</u>

**City of Phoenix, Arizona**  
**Schedule of Governmental Capital Assets**  
**By Function and Activity**

**Exhibit G-13**

June 30, 2009  
(in thousands)

	Land	Buildings	Improvements Other than Buildings	Infrastructure	Equipment	Intangible Assets	Totals
<b>General Government</b>							
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ 20
City Manager	-	-	-	-	14	-	14
Other Management Office Functions	-	12	12	-	2,043	982	3,049
Law	-	-	-	-	242	109	351
City Auditor	-	-	-	-	19	-	19
City Clerk	262	1,030	-	-	3,459	39	4,790
Personnel	250	8,748	3,231	-	353	-	12,582
Budget and Research	-	-	-	-	38	1,165	1,203
Information Technology	-	758	107	-	38,601	2,464	41,930
Finance	13,997	111,594	-	-	1,331	27,163	154,085
Engineering and Architectural Services	-	-	-	-	1,012	12	1,024
Out of Service (Surplus)	-	207	-	-	6,191	-	6,398
<b>Total General Government</b>	<b>14,509</b>	<b>122,349</b>	<b>3,350</b>	<b>-</b>	<b>53,323</b>	<b>31,934</b>	<b>225,465</b>
<b>Criminal Justice</b>							
Municipal Court	-	-	-	-	1,283	6,353	7,636
Public Defender	-	-	-	-	5	-	5
<b>Total Criminal Justice</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,288</b>	<b>6,353</b>	<b>7,641</b>
<b>Public Safety</b>							
Police	10,669	95,612	3,010	-	107,861	1,288	218,440
Family Advocacy Center	7,725	-	-	-	177	-	7,902
Fire	21,072	88,789	10,463	-	94,014	314	214,652
Emergency Management Services	-	-	-	-	36	-	36
<b>Total Public Safety</b>	<b>39,466</b>	<b>184,401</b>	<b>13,473</b>	<b>-</b>	<b>202,088</b>	<b>1,602</b>	<b>441,030</b>
<b>Transportation</b>							
Street Maintenance	176,087	5,072	1,304	2,188,444	35,452	844	2,407,203
Traffic Engineering	1,140	5,568	472	-	8,043	-	15,223
Transit	176,651	84,744	49,213	6,885	225,035	1,824	544,352
<b>Total Transportation</b>	<b>353,878</b>	<b>95,384</b>	<b>50,989</b>	<b>2,195,329</b>	<b>268,530</b>	<b>2,668</b>	<b>2,966,778</b>
<b>Community Enrichment</b>							
Parks and Recreation	453,145	136,629	293,620	2,342	28,308	1,976	916,020
Libraries	14,561	84,263	912	-	3,529	22	103,287
Historic Preservation	248	-	-	-	11	-	259
Education and Youth Programs	-	-	-	-	640	-	640
Phoenix Arts and Culture	8,047	11,244	2,369	-	9,154	-	30,814
Public Parking Facilities	2,985	12,174	-	-	188	-	15,347
Human Services	10,988	28,725	477	-	5,448	19	45,657
<b>Total Community Enrichment</b>	<b>489,974</b>	<b>273,035</b>	<b>297,378</b>	<b>2,342</b>	<b>47,278</b>	<b>2,017</b>	<b>1,112,024</b>
<b>Environmental Services</b>							
Public Works	17,739	282,170	21,525	-	20,163	74	341,671
Environmental Programs	-	-	-	-	53	-	53
<b>Total Environmental Services</b>	<b>17,739</b>	<b>282,170</b>	<b>21,525</b>	<b>-</b>	<b>20,216</b>	<b>74</b>	<b>341,724</b>
<b>Community Development</b>							
Development Services	-	814	-	-	5,184	411	6,409
Housing	18,581	107,760	11,446	-	5,748	148	143,683
HOPE VI	7,136	-	-	-	-	-	7,136
Planning	373	-	-	-	210	-	583
Neighborhood Services	30,207	2,819	119	-	2,573	8	35,726
Downtown Development	-	-	-	-	-	-	-
Economic Development	80,894	193,544	-	-	7,260	7	281,705
<b>Total Community Development</b>	<b>137,191</b>	<b>304,937</b>	<b>11,565</b>	<b>-</b>	<b>20,975</b>	<b>574</b>	<b>475,242</b>
<b>Total Allocated to Functions</b>	<b>\$ 1,052,757</b>	<b>\$ 1,262,276</b>	<b>\$ 398,280</b>	<b>\$ 2,197,671</b>	<b>\$ 613,698</b>	<b>\$ 45,222</b>	<b>5,569,904</b>
<b>Construction in Progress</b>							<b>385,274</b>
<b>Total Capital Assets</b>							<b>\$ 5,955,178</b>

**City of Phoenix, Arizona**  
**Schedule of Changes in Governmental Capital Assets**  
**By Function and Activity**

**Exhibit G-14**

For the Fiscal Year Ended June 30, 2009  
(in thousands)

	Balance July 1	Additions	Retirements	Transfers In/(Out)	Balance June 30
<b>General Government</b>					
Mayor and Council	\$ 34	\$ -	\$ -	\$ (14)	\$ 20
City Manager	11	-	-	3	14
Other Management Office Functions	3,066	18	(6)	(29)	3,049
Law	341	21	-	(11)	351
City Auditor	189	-	(170)	-	19
City Clerk	4,772	-	(67)	85	4,790
Personnel	12,611	-	-	(29)	12,582
Budget and Research	1,237	-	-	(34)	1,203
Information Technology	38,891	2,813	(25)	251	41,930
Finance	153,970	495	(58)	(322)	154,085
Engineering and Architectural Services	1,161	30	(124)	(43)	1,024
Out of Service (Surplus)	5,951	-	(11,757)	12,204	6,398
<b>Total General Government</b>	<b>222,234</b>	<b>3,377</b>	<b>(12,207)</b>	<b>12,061</b>	<b>225,465</b>
<b>Criminal Justice</b>					
Municipal Court	7,421	339	(124)	-	7,636
Public Defender	5	-	-	-	5
<b>Total Criminal Justice</b>	<b>7,426</b>	<b>339</b>	<b>(124)</b>	<b>-</b>	<b>7,641</b>
<b>Public Safety</b>					
Police	209,426	16,458	(2,747)	(4,697)	218,440
Family Advocacy Center	7,800	-	-	102	7,902
Fire	189,460	27,917	(623)	(2,102)	214,652
Emergency Management Services	36	-	-	-	36
<b>Total Public Safety</b>	<b>406,722</b>	<b>44,375</b>	<b>(3,370)</b>	<b>(6,697)</b>	<b>441,030</b>
<b>Transportation</b>					
Street Maintenance	2,254,522	167,981	(14,516)	(784)	2,407,203
Traffic Engineering	15,197	296	(46)	(224)	15,223
Transit	460,999	88,791	(4,511)	(927)	544,352
<b>Total Transportation</b>	<b>2,730,718</b>	<b>257,068</b>	<b>(19,073)</b>	<b>(1,935)</b>	<b>2,966,778</b>
<b>Community Enrichment</b>					
Parks and Recreation	771,433	145,970	(877)	(506)	916,020
Libraries	90,057	13,883	(404)	(249)	103,287
Historic Preservation	259	-	-	-	259
Education and Youth Programs	633	7	-	-	640
Phoenix Arts and Culture	19,461	11,026	-	327	30,814
Public Parking Facilities	15,013	421	(87)	-	15,347
Human Services	41,972	4,858	(213)	(960)	45,657
<b>Total Community Enrichment</b>	<b>938,828</b>	<b>176,165</b>	<b>(1,581)</b>	<b>(1,388)</b>	<b>1,112,024</b>
<b>Environmental Services</b>					
Public Works	341,650	1,838	(1,110)	(707)	341,671
Environmental Programs	53	-	-	-	53
<b>Total Environmental Services</b>	<b>341,703</b>	<b>1,838</b>	<b>(1,110)</b>	<b>(707)</b>	<b>341,724</b>
<b>Community Development</b>					
Development Services	7,737	(3)	(18)	(1,307)	6,409
Housing	143,029	788	(128)	(6)	143,683
HOPE VI	7,136	-	-	-	7,136
Planning	601	-	-	(18)	583
Neighborhood Services	31,116	4,918	(305)	(3)	35,726
Downtown Development	192,476	327	-	(192,803)	-
Economic Development	3,579	85,323	-	192,803	281,705
<b>Total Community Development</b>	<b>385,674</b>	<b>91,353</b>	<b>(451)</b>	<b>(1,334)</b>	<b>475,242</b>
<b>Net Capital Assets in Service</b>	<b>5,033,305</b>	<b>574,515</b>	<b>(37,916)</b>	<b>-</b>	<b>5,569,904</b>
<b>Construction in Progress</b>	<b>565,900</b>	<b>146,629</b>	<b>(327,255)</b>	<b>-</b>	<b>385,274</b>
<b>Total Capital Assets</b>	<b>\$ 5,599,205</b>	<b>\$ 721,144</b>	<b>\$ (365,171)</b>	<b>\$ -</b>	<b>\$ 5,955,178</b>



**City of Phoenix**



Statistical Section

# Financial Trends

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







**City of Phoenix**

**City of Phoenix, Arizona**  
**Net Assets by Component**

**Table 1**

Last Eight Fiscal Years (1)  
 (accrual basis of accounting)  
 (in thousands)

	<b>Fiscal Year</b>	
	<b>2009</b>	<b>2008</b>
<b>GOVERNMENTAL ACTIVITIES</b>		
Invested in Capital Assets, Net of Related Debt	\$ 2,441,889	\$ 2,857,041
Restricted	620,582	832,814
Unrestricted	1,321,470	532,706
Total Governmental Activities Net Assets	<u>\$ 4,383,941</u>	<u>\$ 4,222,561</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Invested in Capital Assets, Net of Related Debt	\$ 3,260,962	\$ 3,304,081
Restricted	163,387	153,980
Unrestricted	611,455	717,703
Total Business-Type Activities Net Assets	<u>\$ 4,035,804</u>	<u>\$ 4,175,764</u>
<b>PRIMARY GOVERNMENT</b>		
Invested in Capital Assets, Net of Related Debt	\$ 5,702,851	\$ 6,161,122
Restricted	783,969	986,794
Unrestricted	1,932,925	1,250,409
Total Primary Government Net Assets	<u>\$ 8,419,745</u>	<u>\$ 8,398,325</u>

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.



**Table 1**  
(Continued)

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

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

**Table 2**

Last Eight Fiscal Years (1)  
 (accrual basis of accounting)  
 (in thousands)

	Fiscal Year	
	2009	2008
<b>Expenses</b>		
Governmental Activities		
General Government	\$ 92,403	\$ 97,369
Criminal Justice	39,477	40,258
Public Safety	869,389	795,839
Transportation	385,240	182,769
Public Works	47,320	38,585
Community Enrichment	264,615	278,649
Community Development	210,645	205,934
Interest on Long-Term Debt	96,631	103,035
Total Governmental Activities Expenses	2,005,720	1,742,438
Business-Type Activities		
Aviation	389,460	336,572
Phoenix Convention Center	86,942	70,170
Water Services	326,775	327,544
Wastewater Services	186,565	160,008
Solid Waste	141,693	147,096
Golf Courses	9,716	9,572
Total Business-Type Activities Expenses	1,141,151	1,050,962
Total Primary Government Expenses	\$ 3,146,871	\$ 2,793,400

**Table 2**  
(Continued)

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

**City of Phoenix, Arizona**

**Changes in Net Assets**

Last Eight Fiscal Years (1)  
 (accrual basis of accounting)  
 (in thousands)

**Table 2**

(Continued)

	Fiscal Year	
	2009	2008
<b>Program Revenue</b>		
Governmental Activities		
Charges for Services:		
General Government	\$ 19,360	\$ 15,672
Criminal Justice	29,808	21,746
Public Safety	56,763	54,702
Transportation	63,758	31,004
Public Works	469	838
Community Enrichment	6,366	4,969
Community Development	62,845	67,733
Operating Grants and Contributions	340,756	368,938
Capital Grants and Contributions	174,302	216,788
Total Governmental Activities Program Revenue	<u>754,427</u>	<u>782,390</u>
Business-Type Activities		
Charges for Services:		
Aviation	273,079	286,986
Phoenix Convention Center	28,407	12,080
Water Services	307,752	299,568
Wastewater Services	181,764	173,021
Solid Waste	134,957	133,170
Golf Courses	6,183	7,229
Capital Grants and Contributions	178,800	300,575
Total Business-Type Activities Program Revenue	<u>1,110,942</u>	<u>1,212,629</u>
Total Primary Government Program Revenue	<u>\$ 1,865,369</u>	<u>\$ 1,995,019</u>
Net (Expense)/Revenue		
Governmental Activities	\$ (1,251,293)	\$ (960,048)
Business-Type Activities	(30,209)	161,667
Total Primary Government Net Expense	<u>\$ (1,281,502)</u>	<u>\$ (798,381)</u>

**Table 2**  
(Continued)

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

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

**Table 2**  
(Continued)

Last Eight Fiscal Years (1)  
(accrual basis of accounting)  
(in thousands)

	Fiscal Year	
	2009	2008
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental Activities		
Taxes	\$ 982,746	\$ 1,014,103
Grants and Contributions Not Restricted	407,156	410,945
Investment Earnings, Net	43,558	91,304
Loss on Disposal of Capital Assets	-	-
Miscellaneous	54,527	51,757
Transfers - Internal Activities	(52,649)	(52,010)
Total Governmental Activities	<u>1,435,338</u>	<u>1,516,099</u>
Business-Type Activities		
Investment Earnings, Net	31,970	52,024
Equity Interest in Joint Use		
Agreement Operating Loss	-	-
Loss on Disposal of Capital Assets	-	-
Transfers	52,649	52,010
Total BusinessType Activities	<u>84,619</u>	<u>104,034</u>
Total Primary Government	1,519,957	1,620,133
<b>Change in Net Assets</b>		
Governmental Activities	184,045	556,051
Business-Type Activities	54,410	265,701
Total Primary Government	<u>\$ 238,455</u>	<u>\$ 821,752</u>

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**Table 2**  
(Continued)

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

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

**Table 3**

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

	Fiscal Year			
	2009	2008	2007	2006
<b>General Fund</b>				
Reserved	\$ 72,332	\$ 83,379	\$ 89,651	\$ 81,275
Unreserved	190,278	205,286	362,943	311,166
Total General Fund	262,610	288,665	452,594	392,441
 <b>All Other Governmental Funds</b>				
Reserved	598,258	562,967	601,198	719,962
Unreserved, reported in				
Special Revenue Funds	411,659	482,721	523,035	483,611
Capital Project Funds	8,456	223,916	420,697	236,346
Debt Service Funds	2,153	742	1,254	1,752
Total All Other Governmental Funds	1,020,526	1,270,346	1,546,184	1,441,671
 <b>Total Fund Balances of Governmental Funds</b>	 \$ 1,283,136	 \$ 1,559,011	 \$ 1,998,778	 \$ 1,834,112



**Table 3**  
(Continued)

<b>Fiscal Year</b>					
<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$ 76,076	\$ 62,992	\$ 57,616	\$ 55,361	\$ 70,535	\$ 69,523
250,217	240,712	276,842	229,419	116,120	136,545
326,293	303,704	334,458	284,780	186,655	206,068
567,202	526,043	416,817	339,581	294,823	231,418
399,595	365,091	289,279	258,033	217,711	130,588
221,159	(77,749)	(9,867)	28,335	57,748	(23,780)
1,125	890	21,079	22,704	22,178	17,449
1,189,081	814,275	717,308	648,653	592,460	355,675
\$ 1,515,374	\$ 1,117,979	\$ 1,051,766	\$ 933,433	\$ 779,115	\$ 561,743

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

**Table 4**

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

	Fiscal Year			
	2009	2008	2007	2006
<b>Revenues</b>				
City Taxes (see Table 5)	\$ 980,401	\$ 1,012,645	\$ 954,761	\$ 896,995
Licenses and Permits	18,926	14,949	15,787	14,206
Intergovernmental (see Table 6)	912,904	995,307	885,478	800,697
Charges for Services	148,316	151,701	177,374	168,646
Fines and Forfeitures	18,861	18,549	19,141	19,932
Parks and Recreation	3,004	2,933	2,838	2,524
In-Lieu Property Taxes	-	-	-	-
Special Assessments	372	643	678	1,233
Investment Income	43,558	91,304	92,700	64,379
Dwelling Rentals	9,806	8,452	8,098	7,818
Other	54,553	51,692	50,484	51,947
Total Revenues	2,190,701	2,348,175	2,207,339	2,028,377
<b>Expenditures</b>				
General Government	69,860	68,686	67,097	59,697
Criminal Justice	37,717	38,539	36,160	33,952
Public Safety	812,788	765,464	665,817	620,215
Transportation	254,420	237,738	244,728	137,817
Community Enrichment	211,851	226,597	211,695	197,445
Community Development	189,345	189,748	185,596	173,710
Environmental Services	24,029	24,432	19,529	17,024
Debt Service:				
Principal	97,006	95,209	279,183	83,768
Interest	103,909	110,184	94,369	101,851
Bond Issuance Costs	2,055	31	1,185	500
Other	31	211	790	77
Capital	611,023	841,681	641,795	618,506
Total Expenditures	2,414,034	2,598,520	2,447,944	2,044,562
Excess (Deficiency) of Revenues Over Expenditures	(223,333)	(250,345)	(240,605)	(16,185)

**Table 4**  
(Continued)

Fiscal Year						
	2005	2004	2003	2002	2001	2000
\$	779,467	\$ 716,952	\$ 670,744	\$ 661,765	\$ 647,475	\$ 539,785
	13,648	13,275	13,088	13,522	12,988	12,310
	711,777	650,515	613,204	622,872	565,501	555,937
	164,283	143,067	128,955	114,848	106,164	64,837
	18,561	16,892	16,779	14,060	15,323	15,292
	2,179	5,976	5,774	6,241	4,004	4,217
	-	-	13,000	11,865	10,703	9,805
	1,544	1,641	1,692	1,835	1,954	2,187
	44,077	3,800	44,245	55,311	78,314	43,298
	6,263	6,488	6,507	6,881	-	-
	45,771	26,155	58,025	21,889	37,502	32,626
	<u>1,787,570</u>	<u>1,584,761</u>	<u>1,572,013</u>	<u>1,531,089</u>	<u>1,479,928</u>	<u>1,280,294</u>
	60,437	59,643	51,786	54,917	56,716	57,757
	32,826	30,187	343,838	287,358	331,284	289,359
	560,964	526,601	164,087	151,446	145,712	136,774
	178,023	176,118	156,859	124,506	133,761	85,764
	201,552	187,531	178,488	168,591	163,247	147,947
	159,453	148,805	139,479	127,411	120,791	103,512
	19,121	21,106	14,426	8,258	17,240	13,496
	63,361	61,325	43,541	41,187	55,524	52,256
	82,811	61,828	58,551	54,933	65,420	65,723
	452	742	1,779	484	-	-
	549	1,961	40	493	41	26
	506,844	446,920	327,199	400,752	223,093	206,182
	<u>1,866,393</u>	<u>1,722,767</u>	<u>1,480,073</u>	<u>1,420,336</u>	<u>1,312,829</u>	<u>1,158,796</u>
	(78,823)	(138,006)	91,940	110,753	167,099	121,498

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

**Table 4**  
(Continued)

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

	Fiscal Year			
	2009	2008	2007	2006
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	\$ 1,098,048	\$ 1,186,183	\$ 1,094,014	\$ 1,104,360
Transfers to Other Funds	(1,150,697)	(1,238,193)	(1,136,939)	(1,145,395)
Issuance of Debt:				
General Obligation and Revenue Bonds	-	-	420,250	300,000
Premium on General Obligation and Revenue Bonds	-	-	11,501	5,246
Certificates of Participation and Municipal Corporation Obligations	-	-	21,115	70,150
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	5,437	562
Special Assessment Bonds	22	-	-	-
Refunding Bonds	-	-	265,995	-
Deposit to Refunding Escrow	-	-	(276,102)	-
Total Other Financing Sources and Uses	<u>(52,627)</u>	<u>(52,010)</u>	<u>405,271</u>	<u>334,923</u>
Net Change in Fund Balances	<u>\$ (275,960)</u>	<u>\$ (302,355)</u>	<u>\$ 164,666</u>	<u>\$ 318,738</u>
Debt Service as a Percentage of Noncapital Expenditures	9.7%	10.8%	19.2%	10.4%

**Table 4**  
(Continued)

		<b>Fiscal Year</b>									
		<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>				
\$	1,018,096	\$	937,041	\$	898,268	\$	876,924	\$	931,617	\$	833,985
	(1,086,108)		(959,250)		(934,163)		(913,354)		(966,003)		(870,850)
	-		200,000		-		99,505		41,730		-
	-		8,599		-		850		-		-
	500,000		20,000		60,000		-		42,655		18,082
	43,667		1,311		611		-		-		-
	-		-		135		443		274		278
	35,465		42,020		157,237		264,674		-		-
	(34,902)		(45,502)		(155,695)		(287,424)		-		-
	476,218		204,219		26,393		41,618		50,273		(18,505)
\$	397,395	\$	66,213	\$	118,333	\$	152,371	\$	217,372	\$	102,993

	8.9%		9.0%		9.0%		9.5%		11.1%		12.4%
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**City of Phoenix, Arizona**  
**Tax Revenues by Source - Governmental Funds (1)**

**Table 5**

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

	Fiscal Year			
	2009	2008	2007	2006
General Property Taxes				
Primary - Operating	\$ 110,085	\$ 103,033	\$ 95,060	\$ 89,721
Secondary - Debt Service	196,568	161,413	117,337	107,763
Total General Property Taxes	306,653	264,446	212,397	197,484
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	256,153	310,120	325,996	311,111
Use Tax	9,009	13,015	13,925	13,096
Utility and Franchise Tax	105,881	96,323	92,745	83,720
Earmarked for:				
Sports Facilities	14,203	16,010	15,992	14,834
Convention Center	47,417	58,126	61,647	56,889
Neighborhood Protection	25,615	28,980	31,105	29,634
Public Safety Enhancement	24,361	24,653	23,656	20,330
Public Safety Expansion	46,578	32,214	-	-
Parks & Preserves	24,335	28,979	31,106	29,633
Capital Construction	19,802	20,710	18,975	18,870
Transit 2000	97,325	115,914	124,432	118,537
Total City Sales and Franchise Taxes	670,679	745,044	739,579	696,654
Special Taxing District	1,835	1,848	1,554	1,595
Salt River Project In-Lieu Taxes	1,234	1,307	1,231	1,262
<b>Total City Taxes</b>	<b>\$ 980,401</b>	<b>\$ 1,012,645</b>	<b>\$ 954,761</b>	<b>\$ 896,995</b>

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

**Table 5**  
(Continued)

Fiscal Year					
2005	2004	2003	2002	2001	2000
\$ 82,547	\$ 76,392	\$ 65,107	\$ 61,818	\$ 59,586	\$ 56,214
100,761	94,263	88,425	81,559	71,342	65,017
183,308	170,655	153,532	143,377	130,928	121,231
270,717	248,049	234,751	212,621	213,654	211,253
10,584	11,439	9,815	9,492	10,353	11,143
77,664	75,653	72,534	94,822	92,303	84,319
13,660	12,577	11,948	11,300	12,679	12,624
48,003	40,322	36,849	37,281	37,547	37,465
25,337	23,051	21,807	22,208	22,145	21,794
3,136	-	-	-	-	-
-	-	-	-	-	-
25,363	23,073	21,808	22,129	21,938	14,297
17,679	17,196	17,966	18,130	18,350	16,447
101,462	92,349	87,092	88,028	85,553	7,089
593,605	543,709	514,570	516,011	514,522	416,431
1,270	1,316	1,480	1,206	1,063	1,029
1,284	1,272	1,162	1,171	962	1,094
\$ 779,467	\$ 716,952	\$ 670,744	\$ 661,765	\$ 647,475	\$ 539,785

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

**Table 6**

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

	Fiscal Year			
	2009	2008	2007	2006
State Shared Revenue				
Highway User Tax	\$ 109,620	\$ 125,288	\$ 130,223	\$ 124,791
State Sales Tax	122,593	135,134	141,466	141,194
State Income Tax	220,806	207,694	167,560	138,313
Vehicle License Tax	53,629	59,244	61,158	63,108
Local Transportation Assistance	6,506	6,910	6,969	7,034
Total State Shared Revenue	<u>513,154</u>	<u>534,270</u>	<u>507,376</u>	<u>474,440</u>
Federal Grants	185,078	194,960	186,665	177,550
Other Intergovernmental Revenue	<u>214,672</u>	<u>266,077</u>	<u>191,437</u>	<u>148,707</u>
Total Intergovernmental Revenues	<u>\$ 912,904</u>	<u>\$ 995,307</u>	<u>\$ 885,478</u>	<u>\$ 800,697</u>

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



**Table 6**  
(Continued)

Fiscal Year					
2005	2004	2003	2002	2001	2000
\$ 117,464	\$ 111,757	\$ 104,597	\$ 100,405	\$ 102,598	\$ 100,348
123,788	111,594	103,408	102,211	105,331	101,708
121,440	119,118	140,600	137,787	133,684	127,374
56,552	53,522	47,757	45,844	43,221	41,243
7,136	7,246	7,343	7,499	7,336	7,483
426,380	403,237	403,705	393,746	392,170	378,156
178,628	160,685	148,421	136,525	137,789	114,167
106,769	86,593	61,078	92,601	35,542	63,614
\$ 711,777	\$ 650,515	\$ 613,204	\$ 622,872	\$ 565,501	\$ 555,937



**City of Phoenix**



Statistical Section

# Revenue Capacity

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







**City of Phoenix**

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

**Table 7**

<b>Category</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Retail	\$ 223,673	\$ 254,949	\$ 268,642	\$ 264,184
Utilities & Telecommunications	120,691	118,051	103,157	100,296
Construction Contracting	64,559	87,306	99,171	89,213
Commercial Rental	60,133	56,395	51,661	47,904
Restaurants & Bars	48,586	49,685	49,067	46,967
Hotel/Motel Lodging	30,423	35,643	35,819	32,643
Tangible Personal Property Rental	22,227	23,276	23,589	20,925
Apartment/Residential Rental	21,580	21,566	21,250	19,949
Motor Vehicle Rental	15,407	17,103	16,878	15,955
Amusements	6,348	7,210	7,260	6,901
Advertising	3,202	4,111	4,657	4,151
Job Printing	2,708	3,146	3,189	3,152
Publishing	426	531	575	552
Transportation	10	7	14	24
Use Tax	19,507	20,037	20,407	18,592
Jet Fuel	2,998	3,224	3,191	3,575
<b>Total</b>	<b>\$ 642,478</b>	<b>\$ 702,240</b>	<b>\$ 708,527</b>	<b>\$ 674,983</b>

Source: City of Phoenix Finance Department-Tax Division

**Table 7**  
(Continued)

<b>Fiscal Year</b>					
<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$ 228,411	\$ 204,956	\$ 192,612	\$ 191,522	\$ 195,648	\$ 143,258
75,193	68,758	66,350	66,353	66,531	61,589
68,760	47,683	42,836	44,464	38,971	32,074
43,894	40,224	39,243	37,798	35,718	25,637
41,800	37,648	35,195	33,881	33,846	24,314
29,231	25,760	23,049	21,419	24,533	21,289
18,865	17,822	19,256	22,416	22,800	16,635
18,123	17,407	17,422	17,530	17,172	12,723
14,572	14,040	13,309	12,550	14,235	12,330
5,840	5,441	5,656	6,139	5,726	4,355
3,682	3,409	3,253	2,958	3,379	3,332
3,312	3,054	3,224	3,294	3,683	2,900
572	571	594	606	660	529
11	5	5	7	11	20
15,778	14,466	13,445	13,127	14,429	11,119
2,981	3,081	3,149	2,975	3,170	3,081
<b>\$ 571,025</b>	<b>\$ 504,325</b>	<b>\$ 478,598</b>	<b>\$ 477,039</b>	<b>\$ 480,512</b>	<b>\$ 375,185</b>

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

**Table 8**

Category (1)	As of June 30			
	2009	2008	2007	2006
<b>City Rates</b>				
Retail	2.00 %	2.00 %	1.80 %	1.80 %
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting	2.00	2.00	1.80	1.80
Commercial Rental	2.10	2.10	1.90	1.90
Restaurants & Bars	2.00	2.00	1.80	1.80
Hotel/Motel Lodging	5.00	5.00	4.80	4.80
Tangible Personal Property Rental	2.00	2.00	1.80	1.80
Apartment/Residential Rental	2.00	2.00	1.80	1.80
Motor Vehicle Rental	4.00	4.00	3.80	3.80
Amusements	2.00	2.00	1.80	1.80
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.00	2.00	1.80	1.80
Publishing	2.00	2.00	1.80	1.80
Transportation	2.00	2.00	1.80	1.80
Use Tax	2.00	2.00	1.80	1.80
Jet Fuel (2)	0.73	0.73	0.73	0.73
<b>County Rates</b>				
Commercial Rental	0.50 %	0.50 %	0.50 %	0.50 %
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

Source: City of Phoenix, Finance Department-Tax Division



**Table 8**  
(Continued)

As of June 30					
2005	2004	2003	2002	2001	2000
1.80 %	1.80 %	1.80 %	1.80 %	1.80 %	1.80 %
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
1.80	1.80	1.80	1.80	1.80	1.80
1.90	1.90	1.90	1.90	1.90	1.90
1.80	1.80	1.80	1.80	1.80	1.80
4.80	4.80	4.80	4.80	4.80	4.80
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
3.80	3.80	3.80	3.80	3.80	3.80
1.80	1.80	1.80	1.80	1.80	1.80
0.50	0.50	0.50	0.50	0.50	0.50
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
1.80	1.80	1.80	1.80	1.80	1.80
0.73	0.73	0.73	0.73	0.73	0.73
0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
1.77	1.77	1.77	1.77	1.77	0.77
0.70	0.70	0.70	0.70	0.70	0.70
0.31	0.31	0.31	0.31	0.31	0.31

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

**Table 9**

<b>Category</b>	<b>2009</b>			
	<b>Average Monthly Taxpayers</b>	<b>Percentage of Total Payers</b>	<b>Sales Tax Paid (thousands)</b>	<b>Percentage of Total Sales Tax</b>
Retail	21,249	39.09 %	\$ 223,673	34.79 %
Utilities & Telecommunications	631	1.16	120,691	18.79
Construction Contracting	11,541	21.22	64,559	10.05
Commercial Rental	7,921	14.57	60,133	9.36
Restaurants & Bars	3,416	6.28	48,586	7.56
Hotel/Motel Lodging	62	0.11	30,423	4.74
Tangible Personal Property Rental	1,497	2.75	22,227	3.46
Apartment/Residential Rental	5,058	9.30	21,580	3.36
Motor Vehicle Rental	34	0.06	15,407	2.40
Amusements	183	0.34	6,348	0.99
Advertising	279	0.51	3,202	0.50
Job Printing	431	0.79	2,708	0.42
Publishing	76	0.14	426	0.07
Transportation	7	0.01	10	0.00
Use Tax	1,977	3.64	19,507	3.04
Jet Fuel	16	0.03	2,998	0.47
<b>Total</b>	<b>54,378</b>	<b>100.00 %</b>	<b>\$ 642,478</b>	<b>100.00 %</b>

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

Source: City of Phoenix Finance Department

**Table 9**  
(Continued)

2005			
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
19,633	40.36 %	\$ 228,411	40.00 %
607	1.25	75,193	13.17
8,692	17.88	68,760	12.04
6,625	13.63	43,894	7.69
2,906	5.98	41,800	7.32
232	0.48	29,231	5.12
1,614	3.32	18,865	3.30
3,781	7.78	18,123	3.17
39	0.08	14,572	2.55
440	0.91	5,840	1.02
192	0.39	3,682	0.64
404	0.83	3,312	0.58
81	0.17	572	0.10
11	0.02	11	0.00
3,326	6.84	15,778	2.76
37	0.08	2,981	0.52
48,620	100.00 %	\$ 571,025	100.00 %



**City of Phoenix**

**City of Phoenix, Arizona**  
**City Property Tax Levies and Collections**  
 Last Ten Fiscal Years  
 (in thousands)

**Table 10**

Fiscal Year Ended June 30,	Tax Levy	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years (1)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2009	\$ 311,292	\$ 298,351	95.84 %	\$ -	\$ 298,351	95.84 %
2008	266,892	258,971	97.03	7,689	266,660	99.91
2007	216,132	211,511	97.86	3,224	214,735	99.35
2006	201,122	195,836	97.37	2,792	198,628	98.76
2005	185,056	180,952	97.78	1,902	182,854	98.81
2004	171,899	167,281	97.31	3,407	170,688	99.30
2003	155,950	151,012	96.83	2,875	153,887	98.68
2002	145,395	140,187	96.42	3,536	143,723	98.85
2001	133,110	129,188	97.05	2,654	131,842	99.05
2000	121,582	118,826	97.73	1,978	120,804	99.36

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

Source: Maricopa County, Arizona Treasurer's Office

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

**Table 11**

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District	Maricopa County Library District
	Primary	Secondary	Total				
<b>Tax Rates per \$100 of Assessed Valuation</b>							
2009-10	\$ 0.77	\$ 1.05	\$ 1.82	\$ 0.99	\$ 0.14	\$ 0.10	\$ 0.04
2008-09	0.76	1.06	1.82	1.03	0.14	0.10	0.04
2007-08	0.80	1.02	1.82	1.10	0.15	0.10	0.04
2006-07	0.85	0.97	1.82	1.18	0.20	0.12	0.05
2005-06	0.86	0.96	1.82	1.63	0.21	0.12	0.05
2004-05	0.85	0.97	1.82	1.67	0.21	0.12	0.05
2003-04	0.85	0.97	1.82	1.75	0.21	0.12	0.05
2002-03	0.80	1.02	1.82	1.78	0.21	0.13	0.04
2001-02	0.82	1.00	1.82	1.77	0.23	0.13	0.04
2000-01	0.86	0.96	1.82	1.79	0.25	0.13	0.04

**Tax Levies**

2009-10	\$ 123,095	\$ 198,722	\$ 321,817	\$ 159,170	\$ 24,395	\$ 18,903	\$ 6,658
2008-09	111,568	199,724	311,292	151,441	24,151	18,860	6,656
2007-08	103,665	163,227	266,892	142,387	22,845	16,132	6,283
2006-07	96,623	119,509	216,132	134,812	22,667	14,724	6,216
2005-06	91,311	109,811	201,122	173,698	21,580	13,691	5,950
2004-05	83,304	101,752	185,056	163,353	19,654	12,599	5,465
2003-04	76,915	94,984	171,899	159,101	18,229	11,764	5,102
2002-03	66,002	89,948	155,950	147,589	16,149	11,448	3,706
2001-02	62,753	82,642	145,395	136,439	16,283	10,702	3,466
2000-01	60,407	72,703	133,110	126,476	16,073	9,845	3,188

(1) Tax rates between the various elementary and high school districts within the City vary. The rates shown on this table are for Phoenix Elementary District No. 1 and Phoenix Union High School District.

Source: Maricopa County Finance Department

**Table 11**  
(Continued)

Volunteer Fire District Assistance	Maricopa Special Health Care District	School Districts					Total
		Education Equalizator	Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (1)	
\$ 0.01	\$ 0.09	\$ 0.33	\$ 0.88	\$ 0.05	\$ 0.05	\$ 6.44	\$ 10.94
0.01	0.09		0.94	0.05	0.05	8.52	12.79
0.01	0.09		0.98	0.05	0.05	8.74	13.13
0.01	0.12		1.06	0.05	0.05	9.84	14.50
0.01	0.12		1.03	0.06	0.05	9.09	14.19
0.01	-		1.04	0.10	-	10.38	15.40
0.01	-		1.08	0.10	-	11.08	16.22
0.01	-		1.11	0.11	-	11.42	16.63
0.01	-		1.11	0.11	-	10.78	16.00
0.01	-		1.12	0.12	-	11.76	17.04
\$ 1,077	\$ 17,239	\$ 53,105	\$ 146,534	\$ 1,233	\$ 4,232	\$ 236,939	\$ 991,302
1,000	16,141		144,491	1,259	4,263	244,653	924,207
855	15,024		130,622	1,136	3,609	234,344	840,129
834	14,517		123,210	816	2,671	232,450	769,049
787	13,759		110,803	905	1,551	217,167	761,013
724	-		102,450	1,537	-	211,283	702,121
686	-		98,614	1,382	-	213,090	679,867
669	-		92,806	1,363	-	209,836	639,516
749	-		86,233	1,285	-	189,620	590,172
727	-		79,453	1,258	-	189,940	560,070

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

**Table 12**

	2009-10 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Percent	Amount		Total	Percent	Amount			
City of Phoenix	\$ 16,061,683	100.0 %	16,061,683	\$ 0.7664	\$ 18,861,238	100.0 %	18,861,238	\$ 1.0536	\$ 321,817	
Maricopa County	49,679,450	32.3	16,061,683	0.9909	57,984,052	32.5	18,861,238	-	159,155	
Education Equalization	49,679,450	32.3	16,061,683	0.3306	-	-	-	-	53,100	
Flood Control	-	-	-	-	54,862,329	32.5	17,845,794	0.1367	24,395	
Central Arizona Water Conservation District	-	-	-	-	58,113,466	32.5	18,903,334	0.1000	18,903	
Maricopa County Library District	-	-	-	-	57,984,052	32.5	18,861,238	0.0353	6,658	
Volunteer Fire District Assistance	-	-	-	-	58,113,466	32.5	18,903,334	0.0057	1,077	
East Valley Institute of Technology	-	-	-	-	24,437,716	10.1	2,466,157	0.0500	1,233	
West Maricopa Education Center	-	-	-	-	20,546,517	41.2	8,463,683	0.0500	4,232	
Maricopa Special Health Care District	-	-	-	-	57,984,052	32.5	18,861,238	0.0914	17,239	
State of Arizona	74,780,095	21.5	16,061,683	-	86,525,273	21.8	18,861,238	-	-	
<b>School Districts</b>										
Maricopa County Community College District	49,679,450	32.3	16,061,683	0.7246	57,984,052	32.5	18,861,238	0.1598	146,523	
<b>High School Districts</b>										
Phoenix Union	6,883,042	95.9	6,602,643	2.2747	8,292,781	95.8	7,946,622	0.6704	203,464	
Glendale Union	2,416,158	76.8	1,855,023	1.8405	2,794,705	76.5	2,137,684	0.7636	50,465	
Tempe High	4,449,933	29.6	1,316,435	1.4772	5,135,147	29.1	1,493,760	0.7439	30,558	
Tolleson Union	1,451,886	48.2	699,683	1.0599	1,697,183	48.2	817,352	1.0364	15,887	
Agua Fria Union	1,344,882	0.4	5,588	2.0410	1,540,297	0.4	6,676	0.6539	158	
Total High School Districts									300,532	
<b>Elementary School Districts</b>										
No. 1 Phoenix	\$ 866,489	100.0 %	866,489	\$ 1.9799	\$ 1,077,675	100.0 %	1,077,675	\$ 1.5143	\$ 33,475	
No. 2 Riverside	391,660	96.8	378,998	0.9644	459,278	96.8	444,705	0.5423	6,067	
No. 3 Tempe	1,952,042	16.3	318,180	2.1407	2,276,858	16.2	369,647	1.1409	11,029	
No. 5 Isaac	233,438	100.0	233,438	5.7050	285,438	100.0	285,438	1.6696	18,083	
No. 6 Washington	1,912,309	97.0	1,854,999	1.6568	2,203,865	97.0	2,137,660	1.4207	61,103	
No. 7 Wilson	146,297	100.0	146,297	2.7070	165,528	100.0	165,528	2.5125	8,119	
No. 8 Osborn	618,671	99.9	618,330	1.8860	771,562	100.0	771,221	1.0780	19,975	
No. 14 Creighton	551,949	88.8	490,398	1.3818	681,971	88.4	603,005	0.8623	11,976	
No. 17 Tolleson	223,987	27.7	62,089	0.9760	275,147	26.7	73,537	2.9335	2,763	
No. 21 Murphy	144,788	100.0	144,756	1.8003	183,164	100.0	183,132	1.6553	5,637	
No. 28 Kyrene	2,497,891	40.0	998,254	1.4261	2,858,289	39.3	1,124,112	1.4804	30,877	
No. 31 Balsz	397,423	94.2	374,436	1.8488	481,944	94.2	453,768	0.9811	11,375	
No. 38 Madison	1,295,052	99.9	1,294,394	1.5186	1,538,312	100.0	1,537,654	1.0520	35,833	
No. 40 Glendale	503,849	0.0	24	1.5392	590,840	0.0	24	2.4468	1	
No. 45 Fowler	321,821	90.0	289,673	1.4328	392,305	89.5	351,023	1.5066	9,439	
No. 48 Scottsdale (Unified)	5,948,673	13.7	817,725	2.4447	7,201,680	13.5	972,398	1.3382	33,004	
No. 59 Laveen	335,778	77.1	258,809	2.0191	387,313	75.5	292,589	1.9554	10,947	
No. 62 Union	85,249	96.2	82,021	1.6417	94,872	96.0	91,040	1.0224	2,277	
No. 65 Littleton	342,339	14.9	51,166	2.5112	389,531	14.7	57,258	1.2606	2,007	
No. 66 Roosevelt	910,754	98.7	898,736	4.5961	1,084,002	98.5	1,068,257	0.5523	47,207	
No. 68 Alhambra	520,598	82.1	427,561	2.6127	620,206	81.8	507,408	2.5816	24,270	
No. 69 Paradise Valley (Unified)	4,056,829	68.7	2,788,310	2.9781	4,783,977	67.4	3,224,160	1.6372	135,825	
No. 79 Litchfield	875,411	0.6	5,588	1.6153	988,321	0.7	6,676	1.0062	157	
No. 83 Cartwright	470,144	100.0	469,999	2.5413	556,386	100.0	556,241	2.2086	24,229	
No. 92 Pendergast	478,491	44.9	214,734	1.7657	545,329	44.8	244,493	3.4367	12,194	
No. 93 Cave Creek (Unified)	2,394,697	10.7	256,797	1.4313	2,880,270	10.0	286,645	0.1661	4,152	
No. 97 Deer Valley (Unified)	3,137,928	54.0	1,693,285	2.8617	3,546,358	54.8	1,943,406	1.6277	80,090	
Total Elementary School Dis									642,111	
Total All School Districts									1,089,166	
Total Levies Applicable to Phoenix									\$ 1,696,975	

Sources: Maricopa County Finance Department and the State of Arizona



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

**Table 12**  
(Continued)

	2008-09 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Percent	Amount		Total	Percent	Amount			
City of Phoenix	\$ 14,664,583	100.0 %	14,664,583	\$ 0.7608	\$ 18,856,072	100.0 %	18,856,072	\$ 1.0592	\$ 311,292	
Maricopa County	44,881,603	32.7	14,664,583	1.0327	58,303,635	32.3	18,856,072	-	151,441	
Education Equalization	44,881,603	32.7	14,664,583	-	-	-	-	-	-	
Flood Control	-	-	-	-	54,626,432	32.3	17,666,822	0.1367	24,151	
Central Arizona Water Conservation District	-	-	-	-	58,315,605	32.3	18,859,943	0.1000	18,860	
Maricopa County Library District	-	-	-	-	58,303,635	32.3	18,856,072	0.0353	6,656	
Volunteer Fire District Assistance	-	-	-	-	58,315,605	32.3	18,859,943	0.0053	1,000	
East Valley Institute of Technology	-	-	-	-	24,064,056	10.5	2,518,087	0.0500	1,259	
West Maricopa Education Center	-	-	-	-	20,557,736	41.5	8,525,707	0.0500	4,263	
Maricopa Special Health Care District	-	-	-	-	58,303,635	32.3	18,856,072	0.0856	16,141	
State of Arizona	67,556,592	21.7	14,664,583	-	86,183,352	21.9	18,856,072	-	-	
<b>School Districts</b>										
Maricopa County Community College District	44,881,603	32.7	14,664,583	0.7752	58,303,635	32.3	18,856,072	0.1634	144,491	
<b>High School Districts</b>										
Phoenix Union	6,360,857	95.6	6,079,654	2.4582	8,137,089	95.4	7,766,633	0.6059	196,508	
Glendale Union	2,218,646	76.9	1,707,148	2.0193	2,865,808	76.1	2,181,003	0.7065	49,881	
Tempe High	4,063,367	29.6	1,204,322	1.7597	5,041,536	30.4	1,531,705	0.5228	29,200	
Tolleson Union	1,253,088	48.1	602,659	1.6001	1,647,278	48.6	800,194	1.0062	17,695	
Agua Fria Union	1,206,472	0.5	5,600	1.8833	1,638,855	0.4	6,573	0.5248	140	
Total High School Districts									293,424	
<b>Elementary School Districts</b>										
No. 1 Phoenix	\$ 819,627	100.0 %	819,627	\$ 3.9167	\$ 1,039,881	100.0 %	1,039,881	\$ 1.5427	\$ 48,145	
No. 2 Riverside	356,687	96.4	343,875	1.1421	408,226	96.3	393,249	0.5420	6,059	
No. 3 Tempe	1,769,843	17.0	300,121	2.4288	2,148,512	16.8	360,495	1.0776	11,174	
No. 5 Isaac	218,200	100.0	218,200	5.0022	276,131	100.0	276,131	1.7773	15,822	
No. 6 Washington	1,760,403	97.0	1,707,123	2.1398	2,252,651	96.8	2,181,003	1.5521	70,380	
No. 7 Wilson	142,751	100.0	142,751	3.1133	158,690	100.0	158,690	2.5853	8,547	
No. 8 Osborn	571,705	100.0	571,449	1.6297	759,901	100.0	759,645	1.1118	17,759	
No. 14 Creighton	501,110	89.0	446,138	2.1484	658,440	88.0	579,465	1.2466	16,808	
No. 17 Tolleson	189,018	26.2	49,580	2.4618	240,867	29.4	70,737	1.6927	2,418	
No. 21 Murphy	132,747	100.0	132,716	2.1698	162,139	100.0	162,108	1.8558	5,888	
No. 28 Kyrene	2,293,524	39.4	904,201	1.5212	2,893,024	40.5	1,171,210	1.3684	29,782	
No. 31 Balsz	365,046	94.7	345,578	1.9629	445,511	94.0	418,925	0.8512	10,349	
No. 38 Madison	1,195,177	99.9	1,194,476	1.8889	1,531,863	100.0	1,531,162	0.9018	36,370	
No. 40 Glendale	458,243	-	24	2.3854	613,157	-	-	1.9206	1	
No. 45 Fowler	274,473	89.1	244,619	1.1488	345,506	89.5	309,284	1.6952	8,053	
No. 48 Scottsdale (Unified)	5,359,073	14.0	749,301	2.8179	7,156,544	13.8	986,382	1.0742	31,710	
No. 59 Laveen	292,371	76.5	223,629	1.8947	410,713	76.3	313,455	1.3329	8,415	
No. 62 Union	77,731	95.8	74,500	2.7007	105,366	96.0	101,160	0.8724	2,895	
No. 65 Littleton	309,815	14.6	45,237	2.3839	408,766	15.1	61,824	1.3941	1,940	
No. 66 Roosevelt	828,264	98.7	817,690	2.9124	1,079,105	98.6	1,063,964	0.4822	28,945	
No. 68 Alhambra	480,259	81.6	391,778	0.9609	606,916	81.7	495,556	2.5471	16,387	
No. 69 Paradise Valley (Unified)	3,628,416	68.5	2,487,187	2.9798	4,708,518	68.8	3,240,522	1.7466	130,712	
No. 79 Litchfield	806,931	0.7	5,600	1.7569	1,111,726	0.6	6,573	0.7732	149	
No. 83 Cartwright	431,928	100.0	431,747	2.5930	574,583	100.0	574,402	2.2617	24,186	
No. 92 Pendergast	402,051	46.9	188,723	1.8991	546,774	47.0	257,189	3.0200	11,351	
No. 93 Cave Creek (Unified)	2,128,128	11.0	234,926	1.5912	2,795,494	11.2	313,302	0.2095	4,395	
No. 97 Deer Valley (Unified)	2,858,612	53.5	1,529,404	3.3266	3,713,049	52.7	1,956,733	1.5933	82,054	
Total Elementary School Districts									630,694	
Total All School Districts									1,068,609	
Total Levies Applicable to Phoenix									\$ 1,603,672	

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

**Table 13**

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

	<b>Secondary Assessed Valuation by Classification (1)</b>				
	<b>Direct Rate</b>	<b>Commercial/ Utilities/ Industrial</b>	<b>Residential</b>	<b>Rural and Other</b>	<b>Total Net Assessed Valuation</b>
2009-10	\$ 1.05	\$ 8,100,846	\$ 9,937,631	\$ 822,761	\$ 18,861,238
2008-09	1.06	7,378,160	10,598,307	879,605	18,856,072
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816
2006-07	0.97	5,902,715	5,770,798	587,621	12,261,134
2005-06	0.96	5,409,748	5,523,958	485,913	11,419,619
2004-05	0.97	5,279,811	4,768,484	441,627	10,489,922
2003-04	0.97	4,818,035	4,617,599	356,554	9,792,188
2002-03	1.02	4,604,780	3,817,332	380,771	8,802,883
2001-02	1.00	4,178,526	3,739,298	314,310	8,232,134
2000-01	0.96	3,868,110	3,392,357	312,744	7,573,211

Source: Maricopa County Finance Department

For further information and explanation of property taxes, see Note 3 to the financial statements.

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

**Table 13**

(Continued)

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Percent Change in Net Valuation	Assessed Valuation Per Capita		Estimated True Valuation
	Actual	Uninflated	
0.03 %	\$ 11,326	\$ 9,237	\$ 169,320,058
17.35	11,566	9,566	167,520,964
31.05	10,073	8,642	140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978
7.13	7,038	6,622	83,439,807
11.24	6,728	6,469	79,124,595
6.93	6,398	6,287	67,638,014
8.70	6,087	6,087	63,269,039
9.50	5,875	6,076	56,520,869

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

**Table 14**

Taxpayer	2008-09			1999-00		
	Secondary Assessed Valuation	Ranking	As a Percent of Total City	Secondary Assessed Valuation	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 398,769	1	2.11 %	\$ 205,532	2	2.97 %
Qwest Communications	184,274	2	0.98	221,700	1	3.21
Southwest Gas Corporation	77,799	3	0.41	48,575	3	0.70
Teachers Insurance & Annuity Assoc. of America	63,861	4	0.34			
LBA Realty Fund II WBP LLC	58,504	5	0.31			
Westcorp Company LP	55,683	6	0.30	34,312	8	0.50
Host Kierland LLC	55,467	7	0.29			
Metropolitan Life Insurance Company	54,665	8	0.29			
Cox Communications	53,055	9	0.28			
Starwood Hotels and Resorts	47,334	10	0.25	40,597	7	0.59
MONY/Pointe Resorts Partnerships				47,211	4	0.68
AT&T Corporation				46,728	5	0.68
Motorola, Inc				43,727	6	0.63
American Express Companies				28,467	9	0.41
Bank One, Arizona				28,338	10	0.41
Total	<u>1,049,411</u>		<u>5.56</u>	<u>745,187</u>		<u>10.78</u>
City Total Secondary Assessed Valuation	<u><u>\$ 18,856,072</u></u>			<u><u>\$ 6,915,960</u></u>		

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



Statistical Section

# Debt Capacity

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







**City of Phoenix**

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

**Table 15**

	Fiscal Year			
	2009	2008	2007	2006
<b>6% Limitation</b>				
Legal Debt Limitation	\$ 1,131,674	\$ 1,131,364	\$ 964,129	\$ 735,668
General Obligation Bonds Outstanding (1)	310,955	329,535	346,240	518,445
Less: Assets held in Restricted Redemption Funds	(275,202)	(199,185)	(146,625)	(286,753)
	35,753	130,350	199,615	231,692
Total Debt Margin Available	<u>\$ 1,095,921</u>	<u>\$ 1,001,014</u>	<u>\$ 764,514</u>	<u>\$ 503,976</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	3.16%	11.52%	20.70%	31.49%
<b>20% Limitation</b>				
Legal Debt Limitation	\$ 3,772,248	\$ 3,771,214	\$ 3,213,763	\$ 2,452,227
General Obligation Bonds Outstanding (1)	1,036,479	1,075,421	1,122,561	780,116
Less: Capital Appreciation (2)	(2,234)	(3,438)	(3,105)	(2,792)
	1,034,245	1,071,983	1,119,456	777,324
Total Debt Margin Available	<u>\$ 2,738,003</u>	<u>\$ 2,699,231</u>	<u>\$ 2,094,307</u>	<u>\$ 1,674,903</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	27.42%	28.43%	34.83%	31.70%
Secondary Assessed Valuation	<u>\$ 18,861,238</u>	<u>\$ 18,856,072</u>	<u>\$ 16,068,816</u>	<u>\$ 12,261,134</u>

(1) Prior to fiscal year 2006-07, under Arizona law, cities could issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, and recreational facilities, up to an amount not exceeding 20% of a city's net secondary assessed valuation. In fiscal year 2006-07, Arizona voters approved an amendment to the Arizona Constitution to allow cities to include debt for the acquisition and development of public safety, law enforcement, fire and emergency facilities and streets and transportation facilities in the 20% debt limit. General obligation bonds for all other purposes may be issued up to an amount not exceeding 6% of secondary assessed valuation.

The General Obligation Bonds Outstanding prior to 2007 have not been adjusted retroactively to apply the effects of the change to the Arizona Constitution approved by voters in fiscal year 2006-07.

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



**Table 15**

(Continued)

		Fiscal Year									
		2005	2004	2003	2002	2001	2000				
\$	685,177	\$	629,395	\$	587,531	\$	528,173	\$	493,928	\$	454,393
	355,230		376,240		270,980		294,075		248,255		263,370
	(259,161)		(275,873)		(243,195)		(220,345)		(190,152)		(149,954)
	96,069		100,367		27,785		73,730		58,103		113,416
\$	589,108	\$	529,028	\$	559,746	\$	454,443	\$	435,825	\$	340,977
	14.02%		15.95%		4.73%		13.96%		11.76%		24.96%
\$	2,283,924	\$	2,097,984	\$	1,958,438	\$	1,760,577	\$	1,646,427	\$	1,514,642
	710,373		746,640		717,435		747,005		742,295		737,286
	(2,496)		(3,386)		(4,140)		(3,637)		(3,163)		(2,714)
	707,877		743,254		713,295		743,368		739,132		734,572
\$	1,576,047	\$	1,354,730	\$	1,245,143	\$	1,017,209	\$	907,295	\$	780,070
	30.99%		35.43%		36.42%		42.22%		44.89%		48.50%
\$	11,419,619	\$	10,489,922	\$	9,792,188	\$	8,802,883	\$	8,232,134	\$	7,573,211

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

Last Ten Fiscal Years  
(in thousands)

	<b>Total Debt Service</b>	<b>Total General Governmental Operating Expenditures (2)</b>	<b>Ratio of Debt Service to General Governmental Operating Expenditures</b>
2008-09	\$ 230,158	\$ 2,059,104	11.2%
2007-08	197,865	2,043,186	9.7%
2006-07	151,292	1,802,039	8.4%
2005-06	144,076	1,703,991	8.5%
2004-05	131,471	1,606,079	8.2%
2003-04	128,276	1,445,759	8.9%
2002-03	107,643	1,405,721	7.7%
2001-02	94,879	1,331,042	7.1%
2000-01	105,832	1,284,478	8.2%
1999-00	102,247	1,119,669	9.1%

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

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

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

Last Ten Fiscal Years  
 (in thousands)

Table 17

Fiscal Year Ended June 30,	Airport Revenue Bonds			Bus Acquisition Special Revenue Bonds (2)								
	Operating Revenues	Less: Operating Expenses	Net Operating Revenues	Principal	Interest	Coverage						
2009	\$ 294,959	\$ 186,694	\$ 108,265	\$ 19,049	\$ 37,285	1.92						
2008	300,858	188,152	112,706	9,697	22,735	3.48						
2007	286,786	179,308	107,478	8,790	23,165	3.36						
2006	258,239	158,194	100,045	8,325	23,633	3.13						
2005	231,626	144,612	87,014	9,170	24,127	2.61						
2004	220,089	134,361	85,728	8,705	24,592	2.57						
2003	216,236	128,481	87,755	8,270	25,030	2.64						
2002	196,858	119,816	77,042	-	14,271	5.40						
2001	199,666	99,928	99,738	15,380	13,101	3.50						
2000	186,705	90,596	96,109	14,460	13,885	3.39						
Fiscal Year Ended June 30,	Excise Tax Revenue Bonds (3)			Highway User Revenue Bonds			Municipal Housing Revenue Bonds (4)					
	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage	Housing Revenues	Principal	Interest	Coverage
2009	\$ 846,865	\$ 28,180	\$ 43,787	11.77	\$ 109,620	\$ 27,005	\$ 4,235	3.51	\$ 1,946	\$ 305	\$ 14	6.10
2008	884,160	27,855	47,280	11.77	125,289	25,840	5,405	4.01	2,065	500	43	3.80
2007	864,381	32,660	49,110	10.57	130,223	24,375	6,867	4.17	1,822	480	74	3.29
2006	801,402	28,360	41,337	11.50	124,791	23,385	7,862	3.99	1,856	440	102	3.42
2005	689,130	24,860	30,738	12.39	117,464	20,540	8,667	4.02	1,865	420	128	3.40
2004	638,598	21,090	30,857	12.29	111,757	21,605	9,526	3.59	1,876	395	151	3.44
2003	630,418	17,360	25,274	14.79	104,597	10,965	10,644	4.84	1,872	370	174	3.44
2002	626,212	17,945	27,222	13.86	100,405	18,615	13,270	3.15	1,869	345	195	3.46
2001	626,416	20,395	28,264	12.87	102,598	17,775	15,223	3.11	1,873	335	215	3.41
2000	604,783	19,654	20,701	14.99	100,348	19,966	16,034	2.79	1,864	310	232	3.44

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

Last Ten Fiscal Years  
(in thousands)

**Table 17**  
(Continued)

Fiscal Year Ended	Rental Car Facility Charge Revenue Bonds (5)				Special Assessment Bonds (6)				Transit Excise Tax Revenue Bonds (7)			
	Customer Facility Charge Revenues	Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues	Principal	Interest	Coverage
2009	\$ 33,534	\$ 6,440	\$ 14,838	1.58	\$ 372	\$ 355	\$ 25	0.98	\$ 97,324	\$ 17,620	\$ 23,623	2.36
2008	34,298	6,180	15,098	1.61	643	664	55	0.89	115,914	14,910	24,369	2.95
2007	34,428	5,960	15,318	1.62	678	628	95	0.94	124,432	12,420	24,990	3.33
2006	32,519	-	15,318	2.12	1,233	1,213	154	0.90	118,537	1,570	25,068	4.45
2005	30,632	-	16,552	1.85	1,544	1,511	244	0.88	101,462	-	13,996	7.25
2004	26,732	-	-	N/A	1,641	1,492	342	0.89	92,349	-	-	N/A
2003	-	-	-	-	1,692	1,434	436	0.90	87,092	-	-	N/A
2002	-	-	-	-	1,835	1,484	524	0.91	88,028	-	-	N/A
2001	-	-	-	-	1,378	1,414	595	0.69	85,553	-	-	N/A
2000	-	-	-	-	1,518	1,421	672	0.73	7,089	-	-	N/A

Fiscal Year Ended	Wastewater Revenue Bonds				Water Revenue Bonds			
	Operating Revenues	Operating Expenses	Net Revenue	Coverage	Operating Revenues	Operating Expenses	Net Revenue	Coverage
2009	\$ 190,927	\$ 71,552	\$ 119,375	1.90	\$ 331,861	\$ 160,814	\$ 171,047	2.36
2008	187,905	68,470	119,435	2.10	333,443	157,596	175,847	2.37
2007	177,471	62,954	114,517	2.59	313,707	142,740	170,967	2.39
2006	158,014	60,070	97,944	2.69	301,137	132,285	168,852	2.66
2005	139,829	54,606	85,223	2.51	256,077	121,627	134,450	3.72
2004	128,436	49,589	78,847	2.29	259,100	114,041	145,059	4.20
2003	116,909	45,974	70,935	2.11	253,244	108,743	144,501	3.52
2002	112,378	46,023	66,355	2.13	236,519	102,310	134,209	3.87
2001	109,782	39,610	70,172	2.20	229,578	96,106	133,472	4.29
2000	101,516	41,588	59,928	2.95	218,225	94,282	123,943	4.13

(1) Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation.  
(2) Payments are payable solely from certain federal grants received from the Federal Transit Administration pursuant to 49 U.S.C. Section 5307 and the Fixed Guideway Modernization Program under 49 U.S.C. Section 5309 ("Federal Grant Funds") as well as local matching funds of the City ("Local Matching Funds"). The City has agreed to make debt service payments from the Federal Grant Funds (83% of each debt service payment) and from the Local Matching Funds (17% of each debt service payment). The City covenants that budget officials will include in the budget presented to the City Council each year sufficient funds to provide Local Matching Funds for such year. Pledged Revenues include all Federal Grant Funds received by the City as well as the amount to be paid from Local Matching Funds (17% of debt service). Starting in 2007, funds from the Guideway Modernization Program were apportioned to other jurisdictions. On July 1, 2008, the outstanding bus acquisition special revenue bonds were paid in full.  
(3) Includes debt service on bonds paid from airport revenues and solid waste revenues.  
(4) Housing bonds are secured primarily by payments received from the U.S. Department of Housing and Urban Development in accordance with contracts entered into pursuant to Sections 8 and 23 of the United States Housing Act of 1937, as amended. In addition, these bonds are also secured by a first lien on and pledge of the gross tenant rental revenues derived from the projects financed with the proceeds of the refunded issues.  
(5) Revenues are derived primarily from daily usage fees paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current Customer Facility Charge (CFC) is \$6.00 per transaction day, effective January 1, 2009. Of the \$6.00 rate, \$4.50 is considered Pledged Revenues and is required to be deposited into the Trustee-held Revenue Fund. Pledged Revenues must be used to fund various accounts established under the Bond Indenture, including the debt service fund. The City may, but is not required to, deposit the CFC receipts generated by the additional \$1.50 into the Trustee-held Revenue Fund. If the additional \$1.50 is deposited into the Trustee-held Revenue Fund, the monies become Pledged Revenues and are subject to the same use restrictions as the \$4.50. In Fiscal Year 2009, the City opted to deposit the entire \$6.00 into the Trustee-held Revenue Fund.  
(6) Coverage ratio is less than 1.0 due to prepayment of assessments that are currently in fund balance.  
(7) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000 to be used for expanded bus service, the construction of a light rail system and other transportation improvements.

Table 18

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Total Debt as a Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Revenue Bonds			
2009	\$ 1,200,792	\$ 70,166	\$ 784,020	\$ 260	\$ 30,625	\$ 148,876	\$ -	\$ 4,022,342	10.7 %	\$ 3,757
2008	1,232,957	97,476	820,061	593	31,760	175,437	-	3,642,562	10.5	3,681
2007	1,262,652	123,816	857,461	1,257	32,870	209,254	28,745	3,123,256	10.3	3,535
2006	1,068,107	148,671	868,560	1,886	33,945	230,454	33,155	3,330,997	11.2	3,663
2005	811,027	172,496	813,180	3,099	34,985	254,576	37,315	2,711,305	10.2	3,172
2004	842,594	190,655	324,169	4,610	35,465	280,286	41,240	2,009,921	8.5	2,502
2003	674,724	209,856	327,129	6,102	20,455	313,691	54,950	1,772,656	8.1	2,322
2002	700,659	220,981	272,708	7,400	21,200	340,421	64,340	1,727,692	8.2	2,362
2001	629,848	239,081	280,370	9,855	21,910	360,702	86,480	1,111,945	7.0	1,978
2000	616,188	254,391	247,100	9,581	22,595	384,468	107,575	1,114,890	7.7	2,041

(1) See Table 21 for personal income and population data.

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

**Table 19**

	Bonded Debt (in thousands)	Per Capita	As a Percent of Valuations	
			Assessed	Estimated True
<b><u>Direct Bonded Debt (1)</u></b>				
2008-09	\$ 1,144,632	\$ 687.33	6.1 %	0.7 %
2007-08	1,306,685	801.48	6.9	0.8
2006-07	1,477,842	926.40	9.2	1.1
2005-06	1,193,634	764.96	9.7	1.2
2004-05	1,016,849	666.61	8.9	1.1
2003-04	1,078,902	723.89	10.3	1.3
2002-03	1,010,026	693.97	10.3	1.3
2001-02	1,106,056	803.87	12.6	1.6
2000-01	1,125,959	836.88	13.7	1.8
1999-00	1,212,668	914.95	16.0	2.1
<b><u>Overlapping Bonded Debt (2)</u></b>				
2008-09	\$ 1,485,707	\$ 892.15	7.9 %	0.9 %
2007-08	1,490,631	914.31	7.9	0.9
2006-07	1,456,850	913.24	9.1	1.0
2005-06	1,304,006	835.70	10.6	1.3
2004-05	1,383,527	906.99	12.1	1.5
2003-04	1,265,978	849.41	12.1	1.5
2002-03	1,264,568	868.86	12.9	1.6
2001-02	1,339,369	973.45	15.2	2.0
2000-01	1,376,478	1,023.08	16.7	2.2
1999-00	1,330,178	1,003.61	17.6	2.4
<b><u>Total Direct and Overlapping Bonded Debt</u></b>				
2008-09	\$ 2,630,339	\$ 1,579.48	14.0 %	1.6 %
2007-08	2,797,316	1,715.79	14.8	1.7
2006-07	2,934,692	1,839.64	18.3	2.1
2005-06	2,497,640	1,600.66	20.4	2.5
2004-05	2,400,376	1,573.60	21.0	2.6
2003-04	2,344,880	1,573.30	22.4	2.8
2002-03	2,274,594	1,562.83	23.2	2.9
2001-02	2,445,425	1,777.32	27.8	3.6
2000-01	2,502,437	1,859.96	30.4	4.0
1999-00	2,542,846	1,918.56	33.6	4.5

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

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

**City of Phoenix, Arizona**  
**Direct and Overlapping Bonded Debt**  
 June 30, 2009  
 (in thousands)

**Table 20**

	<b>Bonded Debt</b>	<b>Less: Self- Supporting Debt</b>	<b>Net Bonded Debt</b>
<b>Direct Debt - City of Phoenix (1)</b>			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 291,595	\$ -	\$ 291,595
Solid Waste	19,360	19,360	-
20% Limitation			
Various Purpose	909,197	-	909,197
Airport	12,195	12,195	-
Water	70,954	70,954	-
Sanitary Sewer	46,367	46,367	-
Total General Obligation Bonds	<u>1,349,668</u>	<u>148,876</u>	<u>1,200,792</u>
Street and Highway User Revenue Bonds	70,166	70,166	-
Total Direct Debt	<u>\$ 1,419,834</u>	<u>\$ 219,042</u>	1,200,792
Less: Assets Held in Restricted Early Redemption Funds			(275,202)
Net Direct Debt			<u>925,590</u>
	<b>Bonded Debt</b>	<b>Valuation Percent to City</b>	
<b>Overlapping Debt (2)</b>			
City Improvement Districts	260	100.0	260
Tatum Ranch Community Facilities District	3,695	100.0	3,695
Maricopa County Community College District	668,945	32.5	217,407
High School Districts			
Phoenix Union	286,790	95.8	274,745
Glendale Union	97,635	76.5	74,691
Tempe High	107,465	29.1	31,272
Tolleson Union	82,015	48.2	39,531
Agua Fria Union	51,475	0.4	206
Elementary School Districts			
No. 1 Phoenix	61,490	100.0	61,490
No. 2 Riverside	13,460	96.8	13,029
No. 3 Tempe	107,840	16.2	17,470
No. 5 Isaac	1,270	100.0	1,270
No. 6 Washington	93,410	97.0	90,608
No. 7 Wilson	5,430	100.0	5,430
No. 8 Osborn	51,025	100.0	51,025
No. 14 Creighton	2,280	88.4	2,016
No. 17 Tolleson	9,755	26.7	2,605
No. 21 Murphy	6,940	100.0	6,940
No. 28 Kyrene	120,945	39.3	47,531
No. 31 Balsz	8,280	94.2	7,800
No. 38 Madison	61,760	100.0	61,760
No. 40 Glendale	19,020	-	-
No. 45 Fowler	15,740	89.5	14,087
No. 48 Scottsdale (Unified)	301,315	13.5	40,678
No. 59 Laveen	21,095	75.5	15,927
No. 62 Union	200	96.0	192
No. 65 Littleton	13,390	14.7	1,968
No. 66 Roosevelt	35,270	98.5	34,741
No. 68 Alhambra	24,395	81.8	19,955
No. 69 Paradise Valley (Unified)	327,650	67.4	220,836
No. 79 Litchfield	35,705	0.7	250
No. 92 Pendergast	23,930	44.8	10,721
No. 93 Cave Creek (Unified)	20,660	10.0	2,066
No. 97 Deer Valley (Unified)	207,125	54.8	113,505
Total Overlapping Debt	<u>\$ 2,887,660</u>		<u>1,485,707</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,411,297</u>

(1) Net of cash with fiscal agent for July 1, 2008 maturities.

(2) Source: Maricopa County Finance Department



**City of Phoenix**





Statistical Section

# Economic and Demographic Information

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





<b>Fiscal Year</b>	<b>Population (June 30)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (2)</b>	<b>Elementary &amp; High School Enrollment</b>	<b>Unemployment Rate (1)</b>
2009	1,665,320	\$ 58,594,284	\$35,185 (3)	33.0	297,205 (4)	4.8%
2008	1,630,340	57,363,513	35,185	33.0	290,962	3.2%
2007	1,595,360	54,585,242	34,215	33.0	280,261	3.5%
2006	1,560,380	50,962,011	32,660	33.0	274,758	4.1%
2005	1,525,400	47,284,349	30,998	33.0	271,603	4.0%
2004	1,490,420	43,675,268	29,304	33.0	261,470	4.9%
2003	1,455,440	41,947,236	28,821	33.0	255,519	5.6%
2002	1,420,460	40,714,645	28,663	33.0	259,495	2.6%
2001	1,385,480	39,282,514	28,353	33.0	251,195	2.6%
2000	1,350,500	35,632,943	26,385	32.0	243,066	2.9%

(1) Calendar Year

(2) For fiscal year 2000, median age is based on the 1990 U.S. Census. For fiscal years 2001 through 2009, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2009; therefore, 2008 calendar year per capita income was used.

(4) Amount not yet available for fiscal year 2009; therefore, 2008 fiscal year data was used for the calculation.

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

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

**Table 22**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	50,936	1	2.41%	63,961	1	4.19%
Wal-Mart	32,814	2	1.55%	11,900	5	0.78%
Banner Health Systems	23,100	3	1.09%	9,000	7	0.59%
City of Phoenix	17,068	4	0.81%	13,300	3	0.87%
Maricopa County	14,014	5	0.66%	12,963	4	0.85%
Wells Fargo	14,000	6	0.66%			
Arizona State University	13,005	7	0.61%			
Honeywell Aerospace	12,600	8	0.60%			
US Postal Service	10,545	9	0.50%	10,772	6	0.71%
Bashas' Inc,	10,460	10	0.49%			
Motorola, Inc.				18,500	2	1.21%
Banc One Corp				9,000	7	0.59%
American Express				9,000	7	0.59%
AlliedSignal				9,000	7	0.59%

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

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



Statistical Section

# Operating Information

These schedules contain service and infrastructure data to show how the City's financial information relates to the services the City provides and the activities it performs.







**City of Phoenix**

**City of Phoenix, Arizona**  
**Statistical Profile**  
 Last Ten Fiscal Years

**Table 23**

	2009	2008	2007	2006
<b>AREA (square miles)</b>	519.1	517.9	517.2	515.9
<b>POPULATION AND DWELLING UNITS (1)</b>				
City of Phoenix	1,665,320	1,630,340	1,595,260	1,560,380
Maricopa County (Metro Phoenix) (2)	3,680,814	3,680,814	3,648,648	3,553,801
Number of Dwelling Units (City)	583,510	576,610	568,127	556,643
<b>CITY EMPLOYEES</b>				
Governmental:				
General Government	1,210	1,339	1,341	1,357
Criminal Justice	345	361	359	354
Public Safety	6,405	6,486	6,069	5,945
Transportation	788	824	810	807
Environmental Services	483	482	474	466
Community Enrichment	1,386	1,613	1,671	1,577
Community Development	785	893	1,005	969
Total Governmental Employees	11,402	11,998	11,729	11,475
Public Enterprise:				
Aviation	775	762	751	716
Phoenix Convention Center	268	197	188	176
Water Services	1,046	1,050	1,008	1,079
Wastewater Services	306	302	298	236
Solid Waste	590	538	528	503
Golf	60	61	64	64
Total Public Enterprise Employees	3,045	2,910	2,837	2,774
Total Full-Time Employees	14,447	14,908	14,566	14,249
Governmental per 1,000 Population	7.2	7.7	7.6	7.6
<b>PUBLIC SAFETY</b>				
<b><u>Police Protection</u></b>				
Police Precincts	6	6	6	6
Police Employees	4,949	4,961	4,378	4,169
Dispatched Calls for Service	760,650	823,497	890,665	899,214
Total Calls for 911/Crimestop	2,091,799	2,435,385	2,650,475	2,575,793
<b><u>Fire Protection</u></b>				
Fire Stations	57	57	52	52
Fire Employees	2,037	2,105	2,002	1,885
Total Calls for Service	145,714	145,279	149,058	153,037
<b>COMMUNITY ENRICHMENT</b>				
<b><u>Libraries</u></b>				
Number	16	15	15	14
Total Stock (in thousands)	1,751	2,165	2,537	1,963
Circulation (in thousands)	14,152	15,835	14,987	12,991
<b><u>Parks And Recreation</u></b>				
Number of Playgrounds	164	164	154	149
City Parks (number of acres)	41,966	37,991	38,059	37,716

(1) Source: City of Phoenix Planning Department

(2) The Maricopa County population amount was not available; therefore, the 2008 number was used.



**Table 23**

(Continued)

2005	2004	2003	2002	2001	2000
515.0	514.8	511.9	484.5	478.8	477.6
1,525,400	1,490,420	1,455,440	1,375,906	1,345,422	1,325,396
3,383,980	3,283,028	3,171,980	3,072,400	2,975,266	2,885,071
544,804	531,481	522,909	513,880	505,005	497,758
1,333	1,341	1,303	1,345	1,262	1,200
349	360	361	369	344	351
5,730	5,574	5,377	5,390	5,079	4,932
778	763	747	745	677	652
458	478	484	496	459	486
1,605	1,596	1,529	1,554	1,536	1,490
884	906	865	896	805	757
<u>11,137</u>	<u>11,018</u>	<u>10,666</u>	<u>10,795</u>	<u>10,162</u>	<u>9,868</u>
710	688	668	664	644	631
172	174	175	181	172	165
1,057	1,043	982	959	846	813
230	228	229	200	235	242
491	435	441	435	398	386
65	64	72	80	80	79
<u>2,725</u>	<u>2,632</u>	<u>2,567</u>	<u>2,519</u>	<u>2,375</u>	<u>2,316</u>
<u>13,862</u>	<u>13,650</u>	<u>13,233</u>	<u>13,314</u>	<u>12,537</u>	<u>12,184</u>
<u>7.6</u>	<u>7.8</u>	<u>7.6</u>	<u>7.8</u>	<u>7.7</u>	<u>7.6</u>
6	6	6	6	6	6
3,999	3,877	3,812	3,717	3,660	3,577
892,092	888,281	868,290	876,227	872,886	861,285
2,650,215	2,563,100	2,569,959	2,513,108	2,333,570	2,076,261
50	49	48	47	46	45
1,873	1,719	1,710	1,663	1,577	1,526
149,553	135,306	129,149	135,708	129,765	127,000
14	13	13	13	13	13
2,179	2,048	2,000	1,974	2,016	1,906
12,264	11,529	11,396	10,802	9,151	8,279
143	139	137	134	125	124
37,599	37,599	35,977	35,345	33,881	33,871

**Table 23**

(Continued)

	2009	2008	2007	2006
<b>TRANSPORTATION</b>				
<b><u>Public Transit</u></b>				
Ridership (in thousands)	44,109	45,543	44,109	45,381
<b><u>Traffic Control And Lighting</u></b>				
Signalized Intersections	1,072	1,012	992	979
Street Lights in Use	89,844	89,632	86,524	82,971
<b><u>Streets</u></b>				
Miles of Streets	4,945	4,799	4,995	4,886
Miles Resurfaced and Sealed:				
Major/Collector Streets	18	22	13	21
Local Streets	109	82	97	122
<b>COMMUNITY DEVELOPMENT</b>				
<b>Construction Permits (3)</b>				
Number of Permits Issued	26,991	33,550	43,894	46,442
Market Value (in thousands)	\$3,347,275	\$3,440,591	\$5,431,181	\$4,474,346
<b>AVIATION</b>				
Scheduled Airlines Served	19	21	22	22
Aircraft Traffic Movements (in thousands)	1,038	1,085	1,130	1,083
Passengers Enplaned/Deplaned (in thousands)	36,320	41,646	41,886	41,673
<b>PHOENIX CONVENTION CENTER</b>				
Number of Conventions	56	54	49	40
<b>WATER SERVICES</b>				
Production (billion gallons)	99.2	106.6	106.0	109.4
Average Daily Production (million gallons)	271.8	291.2	290.4	299.9
Miles of Water Mains	6,945	6,905	6,790	6,630
Number of Accounts	402,926	403,752	401,937	394,155
<b>WASTEWATER SERVICES</b>				
Miles of Sewer Lines	4,965	4,943	4,730	4,696
Number of Accounts	373,588	374,555	373,035	364,555
<b>SOLID WASTE COLLECTION SERVICES</b>				
Residences Served	390,479	386,389	379,047	366,903
City Disposal (tons)	709,812	711,365	732,360	719,438
Total Disposal (tons)	1,039,169	1,054,206	1,150,580	1,114,186
<b>GOLF</b>				
Rounds of Golf Played	255,847	299,000	313,000	326,000
Acres of Golf Courses Maintained	724	922	922	922

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

**Table 23**

(Continued)

2005	2004	2003	2002	2001	2000
43,489	41,459	38,313	35,351	32,289	30,965
963	946	935	919	906	884
79,732	77,302	75,227	72,683	70,692	67,500
4,782	4,606	4,550	4,486	4,158	4,107
38	39	42	38	38	50
147	173	179	181	196	191
41,269	36,717	33,471	31,032	31,465	33,150
\$4,379,205	\$3,284,089	\$2,579,581	\$2,627,213	\$2,962,397	\$2,121,291
25	23	24	23	21	24
1,006	1,040	1,068	1,042	1,069	1,045
40,529	38,253	36,615	34,179	36,699	34,976
49	40	42	50	51	41
102.1	108.1	103.1	111.3	105.1	106.0
279.8	295.5	282.2	305.4	288.9	289.6
6,377	6,230	6,011	5,911	5,771	5,702
383,011	371,708	362,643	355,225	350,367	345,197
4,584	4,376	4,363	4,282	4,174	4,104
353,099	344,400	335,800	331,500	327,487	324,292
355,345	346,854	339,336	332,571	327,953	322,779
711,265	710,199	689,746	644,864	679,308	651,475
1,106,600	1,080,598	1,003,470	982,950	1,030,142	1,055,905
326,000	347,000	395,000	439,000	449,000	446,000
922	922	922	925	925	925



**City of Phoenix**



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