

FOR FISCAL YEAR ENDED JUNE 30, 2019

CITY OF PHOENIX, ARIZONA
***COMPREHENSIVE
ANNUAL FINANCIAL
REPORT***

Investing in People & Programs for a Stronger Phoenix



City of Phoenix, Arizona



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

City Council

Kate Gallego, Mayor
Thelda Williams, District 1
Jim Waring, Vice Mayor, District 2
Debra Stark, District 3
Laura Pastor, District 4
Betty Guardado, District 5
Sal DiCiccio, District 6
Michael Nowakowski, District 7
Carlos Garcia, District 8

Administrative Staff

Ed Zuercher, City Manager

Prepared By

Finance Department
Denise M. Olson, Chief Financial Officer



City of Phoenix

Comprehensive Annual Financial Report

Table of Contents

For the Fiscal Year Ended June 30, 2019

	<u>Exhibit</u>	<u>Page</u>
<u>Introductory Section</u>		
Letter of Transmittal		I
Certificate of Achievement for Excellence in Financial Reporting		VII
Organizational Chart		VIII
Council Members and District Boundaries		IX
<u>Financial Section</u>		
Independent Auditor's Report		1
Management's Discussion and Analysis (required supplementary information)		5
Basic Financial Statements		
<u>Government-Wide Financial Statements</u>		
Statement of Net Position	A-1	16
Statement of Activities	A-2	18
<u>Fund Financial Statements</u>		
Governmental Fund Financial Statements		
Balance Sheet	B-1	22
Reconciliation of the Balance Sheet to the Statement of Net Position	B-2	23
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the	B-4	25
Budgetary Comparison Statement - General Fund	B-5	26
Budgetary Comparison Statements - Transit Special Revenue Fund		
Transit 2000	B-6	27
Transit Other Agency	B-7	28
Transit - Federal Transit Grants	B-8	29
Transportation Tax 2050	B-9	30
Enterprise Fund Financial Statements		
Statement of Net Position	B-10	32
Statement of Revenues, Expenses and Changes in Net Position	B-11	34
Statement of Cash Flows	B-12	36
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	B-13	38
Statement of Changes in Fiduciary Net Position	B-14	39
<u>Notes to the Financial Statements</u>		41
<u>Required Supplementary Information</u>		
Schedule of Changes in Net Pension Liability and Related Ratios - COPERS		115
Schedule of Employer Contributions - COPERS		116
Schedule of Changes in Net Pension Liability and Related Ratios for Reporting Date Ended June 30 - PSPRS - Police		117
Schedule of Changes in Net Pension Liability and Related Ratios for Reporting Date Ended June 30 - PSPRS - Fire		118
Schedule of Contributions for Measurement Date Ended June 30 - PSPRS - Police & Fire		119
Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios - LTD		120
Schedule of Employer OPEB Contributions - LTD		121
Schedule of Changes in Net OPEB Liability and Related Ratios - MERP		122
Schedule of Employer OPEB Contributions - MERP		123
Schedule of Changes in Net OPEB Liability and Related Ratios for Reporting Date Ended June 30 - PSPRS - Police & Fire		124
Schedule of Contributions for Measurement Date Ended June 30 - PSPRS - Police & Fire		125

Table of Contents

For the Fiscal Year Ended June 30, 2019

(Continued)

	<u>Table</u>	<u>Page</u>
Other Supplementary Information		
<u>Nonmajor Governmental Funds - Combining Fund Financial Statements</u>		
Fund Descriptions		127
Combining Balance Sheet	C-1	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	134
<u>Nonmajor Governmental Funds - Budgetary Comparison Schedules</u>		
General Fund Schedule of Expenditures and Encumbrances	D-1	139
Excise Tax Special Revenue Fund	D-2	140
Highway User Revenue Special Revenue Fund	D-3	141
Municipal Court Awards Special Revenue Fund	D-4	142
Development Services Special Revenue Fund	D-5	143
Community Reinvestment Special Revenue Fund	D-6	144
Federal Operating Trust Grants Special Revenue Fund	D-7	145
Community Development Grants Special Revenue Fund	D-8	146
Human Services Grants Special Revenue Fund	D-9	147
Public Housing Special Revenue Fund	D-10	148
Public Housing Neighborhood Transformation Grant Special Revenue Fund	D-11	149
Sports Facilities Special Revenue Fund	D-12	150
Capital Construction Special Revenue Fund	D-13	151
Parks and Preserves Special Revenue Fund	D-14	152
Other Restricted Special Revenue Funds	D-15	153
Neighborhood Protection Special Revenue Fund	D-16	154
Public Safety Enhancement Special Revenue Fund	D-17	155
Public Safety Expansion Special Revenue Fund	D-18	156
Golf Courses Special Revenue Fund	D-19	157
Regional Wireless Cooperative	D-20	158
Secondary Property Tax Debt Service Fund	D-21	159
City Improvement Debt Service Fund	D-22	160
<u>Enterprise Funds - Comparative Statements and Schedules</u>		
Aviation Enterprise Fund		
Comparative Statements of Net Position	E-1	162
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-2	164
Comparative Statements of Cash Flows	E-3	165
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Aviation	E-4	166
Phoenix Convention Center Enterprise Fund		
Comparative Statements of Net Position	E-5	168
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-6	170
Comparative Statements of Cash Flows	E-7	171
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-8	172

Table of Contents

For the Fiscal Year Ended June 30, 2019

(Continued)

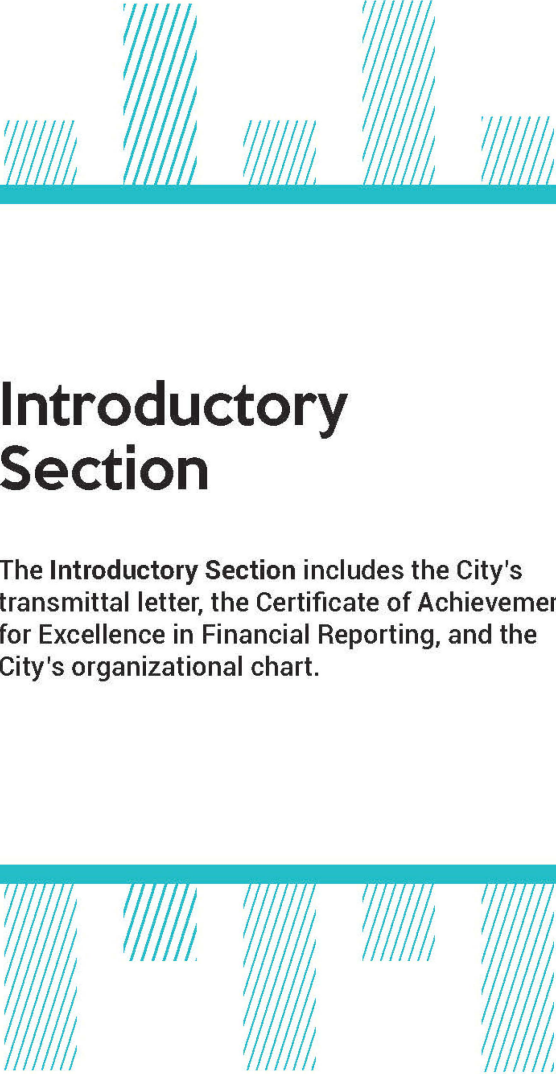
	<u>Table</u>	<u>Page</u>
Water System Enterprise Fund		
Comparative Statements of Net Position	E-9	174
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-10	176
Comparative Statements of Cash Flows	E-11	177
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Water	E-12	178
Water - Val Vista	E-13	179
Wastewater Enterprise Fund		
Comparative Statements of Net Position	E-14	180
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-15	182
Comparative Statements of Cash Flows	E-16	183
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Wastewater	E-17	184
Wastewater - SROG	E-18	185
Solid Waste Enterprise Fund		
Comparative Statements of Net Position	E-19	186
Comparative Statements of Revenues, Expenses and Changes in Net Position	E-20	188
Comparative Statements of Cash Flows	E-21	189
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-22	190
<u>Fiduciary Funds</u>		
Combining Statement of Fiduciary Net Position	F-1	192
Combining Statement of Changes in Fiduciary Net Position	F-2	196
Agency Fund - Combining Statement of Changes in Assets and Liabilities	F-3	198
<u>Component Units</u>		
Phoenix Housing Financing Corporations		
Combining Statement of Net Position	G-1	202
Combining Statement of Revenues, Expenses and Changes in Net Position	G-2	204
<u>Other Supporting Schedules</u>		
Summary of Operating Funds - Budget Basis	H-1	208
Summary of Capital Project Funds - Budget Basis	H-2	210
Capital Improvement Program - Expenditures and Encumbrances	H-3	214
Transfers To/From Other Funds	H-4	215
Budgetary Transfers - Budget Basis	H-5	216
Bonds and Other Debt Payable	H-6	218
Debt Service Requirements		
General Obligation Bonds		
Limited to Six Percent of Assessed Valuation	H-7	219
Limited to Twenty Percent of Assessed Valuation	H-8	220
By Type of Security to Bondholders	H-9	222
By General Purpose of Assets Acquired	H-10	223
Bond Ratings	H-11	224

Table of Contents

For the Fiscal Year Ended June 30, 2019

(Continued)

	<u>Table</u>	<u>Page</u>
<u>Statistical Section (Unaudited)</u>		
Financial Trends		
Net Position by Component	1	226
Changes in Net Position	2	228
Fund Balances of Governmental Funds	3	234
Changes in Fund Balances of Governmental Funds	4	236
Tax Revenues by Source - Governmental Funds	5	240
Intergovernmental Revenues by Source - Governmental Funds	6	242
Revenue Capacity		
City Transaction Privilege Taxes by Category	7	246
Direct and Overlapping Sales Tax Rates	8	248
City Transaction Privilege Taxpayers by Category	9	250
City Property Tax Levies and Collections	10	253
Property Tax Rates and Levies - Direct and Overlapping Governments	11	254
Property Tax Levies Applicable to Phoenix Property Owners	12	256
Primary Net Assessed Valuation and Estimated True Valuation	13	258
Principal Property Taxpayers	14	260
Debt Capacity		
Legal Debt Margin - General Obligation Bonds	15	262
Ratio of Debt Service Expenditures for General Bonded Debt to General Governmental Operating Expenditures - Budget Basis	16	264
Pledged - Revenue Bond Coverage	17	265
Ratio of Outstanding Debt by Type	18	267
Governmental Activities Direct Bonded Debt per Capita	19	268
Direct and Overlapping Bonded Debt	20	269
Economic and Demographic Information		
Demographic Statistics	21	271
Principal Employers	22	272
Operating Information		
Statistical Profile	23	274



Introductory Section

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



City of Phoenix
FINANCE DEPARTMENT
FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 13, 2019

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, 2019. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Independent Audits

The City Charter requires an annual audit by independent certified public accountants. The City's Audit Committee has selected the independent audit firm of BKD, LLP to perform the audit of the City's CAFR for fiscal year 2018-2019. 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 Amendments Act of 1996 and U.S. Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which superseded OMB Circular A-133 and other related documents. BKD, 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 Amendments Act of 1996 and related OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Due to the size and complexity of the City's financial systems, the single audit report is issued separately from this CAFR. Copies are available upon request from the City's Finance Department, through the Financial Accounting and Reporting Division on the 9th floor of 251 W. Washington Street, Phoenix, Arizona, 85003, or on the City's internet site: <https://www.phoenix.gov/financesite/Pages/singleauditindex.aspx>.

The Report

The CAFR is presented in three sections 1) Introductory Section, 2) Financial Section and 3) the Statistical Section.

The Introductory Section includes the letter of transmittal, the City's organizational chart, and certificate of achievement.

The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the governmental, enterprise and fiduciary fund financial statements. The Financial Section also includes the combining and comparative fund financial statements. Required Supplementary information reports on financial position of pension funds and Other Postemployment Benefits (OPEB). Budgetary comparison schedules are also included in the Financial Section for all funds.

The Statistical Section is the last section of the CAFR and includes financial trends, revenue capacity, debt capacity, economic and demographic information, and operating information.

The Letter of Transmittal and the MD&A section of the CAFR is to provide information on the financial position of the city and provide explanations of financial trends and significant differences in fund financial statements.

City Profile

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

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

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

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,447,128. As of June 30, 2019, the City encompassed 519.7 square miles, with the City of Phoenix estimating the City's population at 1,606,815 making it the fifth most populous city in the United States.

Major employers of the Phoenix metropolitan area include the State of Arizona, Banner Health, Wal-Mart Stores Inc., Wells Fargo, City of Phoenix, Arizona State University, Raytheon Missile Systems, HonorHealth, Dignity Health Arizona and University of Arizona.

Budgeting Systems and Controls

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

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

Economic Condition and Outlook

Phoenix continues to be an attractive place to live and work and has been one of the most rapidly growing metropolitan areas in the country in recent decades. The City has shown steady growth in terms of population, employment, housing starts, affordable housing, personal income, and retail sales in recent years. The City continues to implement policies and standards to remain structurally balanced, maintain or improve current service levels, and attract wealth generating companies.

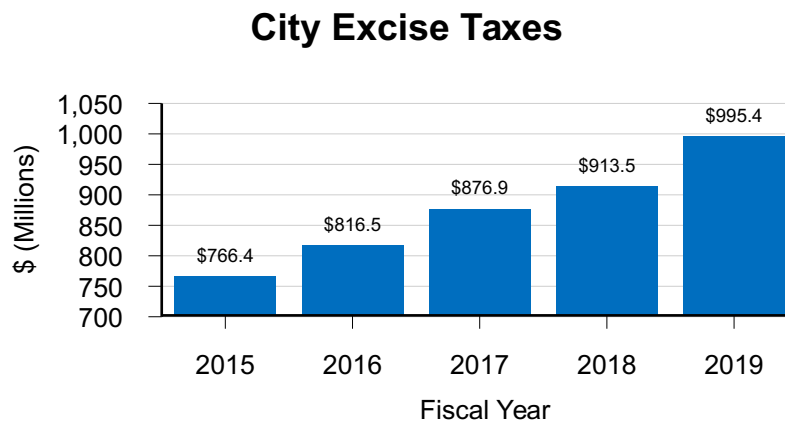
Phoenix continues to be among the fastest growing cities in the country. During the period of 2010 to 2018, population growth was an estimated 14.9% in Phoenix as compared to 6.0% for the U.S. In that same time frame, employment in the Phoenix area has grown 24.9% while employment in the U.S. has grown 14.4%. As of June 2019, the non-seasonally adjusted unemployment rate for the Phoenix area and the U.S. was 4.6% and 3.8%, respectively. The Phoenix area has a mix of industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (55.9%); trade, transportation, and utilities (19.2%); government (10.1%); manufacturing (6.3%); construction (6.5%); information (1.8%); and natural resources and mining (0.2%).

The housing market in the Phoenix area is growing as building permits associated with single-family homes increased 5.7% from 2017 to 2018 to the highest level since 2007. Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 22.7% from 2016 to the second quarter of 2019 as compared to a 18.7% increase nationwide for the same time period. Housing remains affordable despite the strong recovery in home prices in the Phoenix area. The U.S. median sales price for an existing single-family home in 2018 was \$261,600 and the median sales price for a similar home in Greater Phoenix was \$269,800. The median price of existing single-family homes in Greater Phoenix continue to remain low relative to most major western cities including Los Angeles, San Diego, Denver, Seattle, Portland, and Salt Lake.

According to the Greater Phoenix Blue Chip Economic Forecast, retail sales in the Phoenix area which declined 0.7% in 2010, grew by an average of 6.7% per year from 2011 through 2017, and grew 7.0% in 2018. This growth was supported by gains in personal income averaging 5.3% from 2011 through 2018. The Greater Phoenix Blue Chip Economic Forecast estimates increases in retail sales of 5.6% in 2019 and 5.2% in 2020.

For fiscal year 2015-16, the primary assessed valuation and the secondary assessed valuation were combined into a single valuation of \$10.6 billion. The fiscal years 2016-17 and 2017-18 assessed valuation increased 3.8% to \$11.0 billion and 6.7% to \$11.7 billion, respectively. The assessed valuation increased 5.8% to \$12.4 billion for fiscal year 2018-19 and another 6.6% to \$13.2 billion for fiscal year 2019-20. On July 5, 2018 the Phoenix City Council voted to decrease the City total property tax rate (primary and secondary) to \$2.14 from \$2.16 per \$100 assessed valuation.

The City Excise Taxes, consisting primarily of City sales taxes, increased from \$913.5 million in fiscal year 2017-18 to \$995.4 million in fiscal year 2018-19. This is an increase of \$81.9 million or 9.0% resulting from growth.



Finally, the City of Phoenix along with the Greater Phoenix Economic Council, are working together to attract wealth generating companies from outside the region to Phoenix and to encourage expansion of existing companies. A large part of this strategy has been to emphasize Phoenix as a tech industry hub. Phoenix has experienced rapid growth of its tech industry and has seen 12,650 tech jobs added from 2012 to 2017. According to Eller Economic and Business Research Center (EBRC) at the University of Arizona, the long-term outlook remains positive for the metropolitan Phoenix area due to expectations that population, employment and income growth will continue to out-pace the nation through the next three decades.

Long-Term Financial Planning

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

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

The enterprise departments routinely update their long-range capital and financial plans. This process has been very valuable in determining the rates necessary to support the enterprise funds and their capital programs and in identifying industry trends. The process has allowed the enterprise departments to adjust their capital spending and operations accordingly.

Major Initiatives and Awards

The Federal Aviation Administration requires airports to maintain up-to-date short and long-range plans to ensure efficient asset investment and management over time. Phoenix Sky Harbor International Airport has developed a Comprehensive Asset Management Plan (CAMP) to meet this requirement. In late 2018, construction was completed and operational readiness activities began on the new South Concourse and the east end of the processor in Terminal 3. The newest portion of the terminal opened to the public in January 2019, with more than a dozen new shops and

restaurants, most of which are popular local, regional and national brands. In early 2020, the renovated North Concourse with additional shops and restaurants will open with the airlines currently located in Terminal 2.

The Phoenix City Council took action in December 2018 to accelerate the City's pavement maintenance program, unanimously approving the first steps to implement a plan that advances \$200 million in pavement maintenance projects on arterial and major streets. The Council's approval follows action taken in October to advance pavement maintenance efforts through the financing of Transportation 2050 street program revenue. The budget boost will significantly improve both the condition of the City's arterial and major collector streets, and the City's local and minor collector streets beginning this fiscal year and over the next five years.

In 2019, City Council authorized a \$230 million renovation of Talking Stick Resort Arena. For nearly 30 years, the City-owned arena has been a cornerstone of downtown revitalization, having hosted more than 40 million visitors from around the world. Anchored by the Phoenix Suns, the arena delivers a direct economic impact of \$182 million annually and creates 1,140 jobs. The deal requires the Suns to:

- Contribute no less than \$80 million to renovating the City facility;
- Donate \$10 million to a community benefits program in 2019, which includes \$2.6 million for Head Start;
- Remain in Phoenix through at least 2037, with an option to 2042;
- Build a \$25 to \$50 million practice facility in the City limits;
- Pay for all arena renovation cost overruns as well as all operations and maintenance expenses, plus millions of dollars in rent annually to the City.
- City funds will only pay for public infrastructure expenses, which are paid from tourism taxes, about 90% of which are paid by non-Arizona residents.

The Milwaukee Brewers invested over \$60 million into an 80,000-square-foot expansion and renovation of Maryvale Baseball Park. The project is complete and opened for Spring Training 2019. The improvements contributed to a 31% increase in Spring Training attendance this year. The renovation comes as part of a 25-year agreement between the team and the City that keeps the Brewers in Maryvale through at least the year 2042. Further, the City's public-private partnership with the Brewers to renovate the stadium earned the Alliance for Innovation's 2019 Outstanding Achievement in Local Government Innovation Award; and the City was honored at the Transforming Local Government (TLG) Conference in April 2019.

The transformation of Park Central Mall is an astounding redevelopment and adaptive use. Park Central Mall will be the location for the new Creighton University School of Medicine, offices, retail, and hospitality development. In May 2019, public infrastructure improvements, including a \$2 million reimbursement to Park Central Mall, was completed which connects a pedestrian corridor between 3rd Avenue and Central Avenue through the heart of the mall. Also approved by City Council in 2019, a community facilities district called Park Central Community Facilities District ("PCCFD") was established to construct a parking garage, which was funded with \$30.0 million of Special Assessment Revenue Bonds, Taxable Series 2019, issued by PCCFD. The parking garage will facilitate the ongoing redevelopment efforts and meet parking needs in the area.

The City of Phoenix earned a perfect score from the Human Rights Campaign for the fifth year in a row for its ongoing efforts to ensure equal treatment of members of the lesbian, gay, bisexual and transgender community. Phoenix was one of a record 78 cities to earn a perfect score out of the 506 cities evaluated in the 2018 Municipal Equality Index. Phoenix has maintained a perfect score since the passage of the City's anti-discrimination ordinance in 2012. The ordinance makes it unlawful to discriminate against someone based on sexual orientation, gender, identity or disability for the purpose of employment, public accommodations, housing, and government contracts.

Arizona State University broke ground on two projects in Spring 2019 to continue the creation of new educational and research projects in Phoenix. On the Phoenix Biomedical Campus (PBC) in downtown, ASU partnered with Wexford Science & Technology to construct their first building on the PBC which is a \$75 million research and anchor building expected to be completed by 2021. On state land within the Arizona Biomedical Corridor in North Phoenix, ASU broke ground in May 2019, on the Arizona Health Future Campus next to Mayo Clinic. The 180,000-square-foot building, with \$8.8 million in public infrastructure assistance from the City, will be completed in 2021.

The Phoenix City Council took action in May 2019 to formally adopt a pension funding policy, which is applicable to both the City of Phoenix Employee Retirement System (COPERS) and the Public Safety Personnel Retirement System (PSPRS). The policy includes continuing to pay the annual required contributions for each plan, as determined through

annual actuarial valuations. The policy also includes the use of advanced enterprise funds to pay down the pension liability, annually evaluate prior year budgets compared to actual expenditures to determine if additional payments can be made towards the pension liability, and to evaluate any potential new revenue sources for the purpose of paying down the pension liability.

The Information Security and Privacy Office team accepted the CSO50 2019 award which honors the top 50 organizations' Computer Security Offices in the country for their security project or initiative that demonstrates outstanding business values and thought leadership. The award recognized the team's project to implement a Vulnerability Management Program.

The City continues to maintain its high quality credit ratings on General Obligation, Excise Tax, Water Revenue, Sewer Revenue and General Airport Revenue Bonds. These high quality credit ratings provided an opportunity to favorably issue General Airport Revenue Bonds in fiscal year 2018-19 and will provide additional opportunities in the future. The City also provides critical information about City finances on an investor website at www.phoenix.gov/finance/investor. This site provides historical and investment information about the City's various credits. To see a listing of all Bond Ratings for the City of Phoenix, please refer to page 224.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received this award continuously since 1976. The CAFR for fiscal year ended June 30, 2019 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements.

Further, the GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018. The Outstanding Achievement award is a prestigious national award recognizing conformance with the highest standards for preparation of local government popular reports. PAFR content have to conform to program standards of creativity, presentation, understanding and reader appeal.

The component unit financial report for COPERS for the year ended June 30, 2018 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

Acknowledgments

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

Respectfully submitted,



Denise M. Olson

Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Phoenix
Arizona**

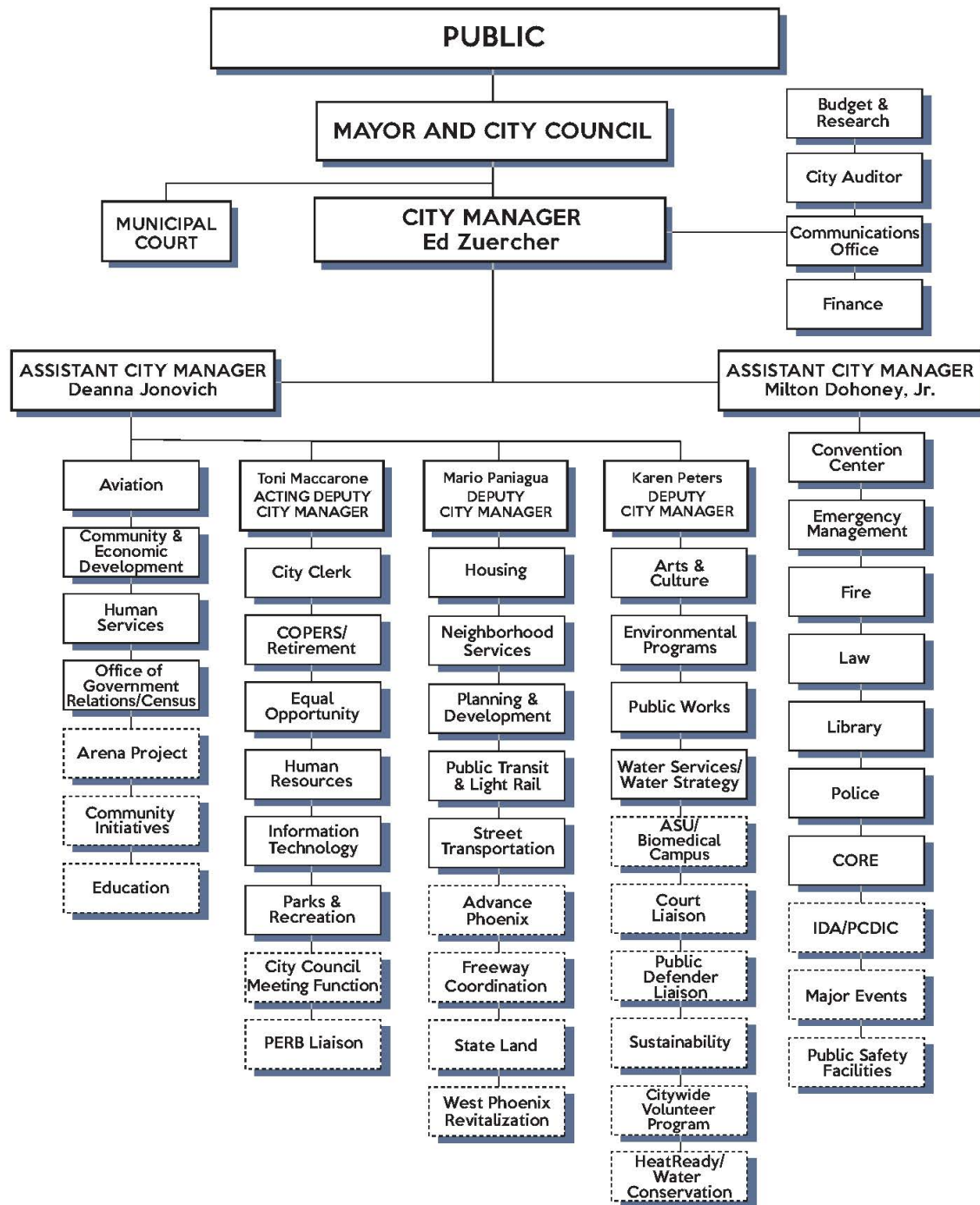
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF PHOENIX ORGANIZATIONAL CHART



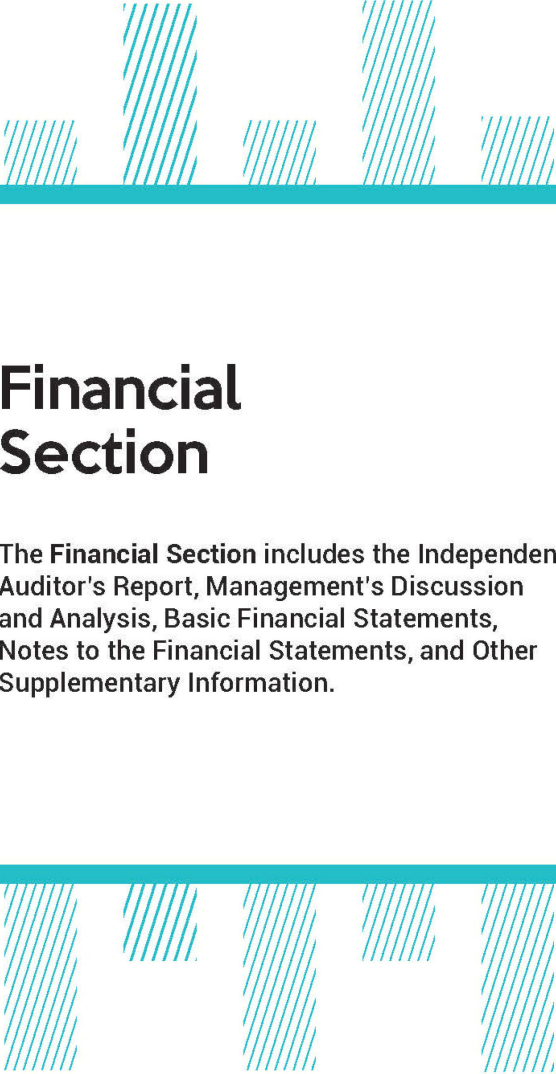


**City of Phoenix
Council Members
and District Boundaries**





City of Phoenix



Financial Section

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Notes to the Financial Statements, and Other Supplementary Information.

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Phoenix Industrial Development Authority (IDA), a discretely presented component unit, which represents 32 percent, 62 percent, and 27 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Multi-City Subregional Operating Group (SROG), a joint use agreement of the City, which represents approximately 3 percent of total assets, 8 percent of net position, and approximately 92 percent of the total nonoperating revenues (expenses) of the enterprise funds of the City. We also did not audit the financial statements of the Valley Metro Rail, Inc. or Regional Wireless Cooperative, joint use agreements of the City, which represents approximately 11 percent of the assets and 62 percent of net position of the governmental activities of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for IDA and the joint use activities related to SROG, Valley Metro Rail, Inc., and Regional Wireless Cooperative is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Regional Wireless Cooperative, a joint use agreement included as a blended component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the transit special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, nonmajor governmental combining fund financial statements, nonmajor governmental funds budgetary comparison schedules, enterprise funds comparative statements, enterprise funds budget and actual schedules, fiduciary funds and component units combining statements, other supporting schedules, and statistical section 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.

The nonmajor governmental combining fund financial statements, enterprise funds comparative statements and fiduciary funds and component units combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the nonmajor governmental combining fund financial statements, enterprise funds comparative statements and fiduciary funds and component units combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole. We also have previously audited, 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, the City's basic financial statements as of and for the year ended June 30, 2018, which are not presented with the accompanying financial statements. In our report dated December 14, 2018, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

The introductory section, nonmajor governmental funds budgetary comparison schedules, enterprise funds budget and actual schedules, other supporting schedules, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

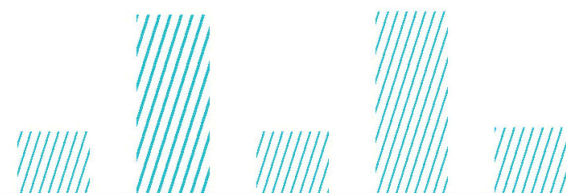
In accordance with *Government Auditing Standards*, we also have issued our report dated December 13, 2019, except as it relates to finding 2019-001 and related response to finding, as to which the date is November 17, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
December 13, 2019, except for the *Other Reporting Required by Government Auditing Standards* Section, as to which the date is November 17, 2020



City of Phoenix

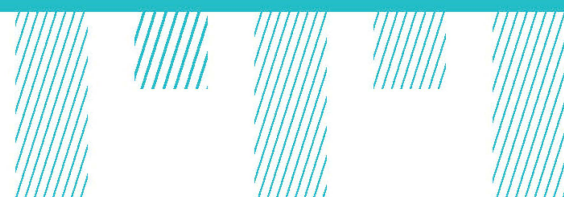


Financial Section



Management's Discussion and Analysis

**(required supplementary
information)**



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

(Unaudited)

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, 2019. Readers are encouraged to consider this overview and analysis in combination with the traditional letter of transmittal that can be found on pages I - VI of this report.

FINANCIAL HIGHLIGHTS

- On the Government-Wide Financial Statements, total assets plus deferred outflows of resources of the City exceeded its total liabilities plus deferred inflows of resources at the close of the fiscal year by \$5.7 billion (net position), which represents an increase of \$448.7 million, or 8.6%, as compared to fiscal year 2017-18. The increase was primarily attributed to the \$265.0 million in proceeds from the Downtown Phoenix Hotel Corporation (DPHC) to the Governmental Activities as a result of the sale of the City-owned Sheraton Grand Hotel. The proceeds and other available funds were used to partially prepay the \$305.9 million loan with DNT Asset Trust.
- On the Government-Wide Financial Statements, the City's total cash and investments of \$2.4 billion at June 30, 2019 may be used to meet the City's ongoing obligations to citizens and creditors.
- The Park Central Community Facilities District ("PCCFD") was formed on August 29, 2018, by the Mayor and Council of the City in order to provide public infrastructure within the boundaries of PCCFD for development of a multi-use residential, commercial and retail project known as "*Park Central*." In June 2019, PCCFD issued \$30.0 million of Special Assessment Revenue Bonds, Taxable Series 2019. Proceeds of the bonds are for the construction of a parking garage.
- Excise and other tax revenues increased by \$96.1 million, or 8.2%. A majority of the increase stems from transaction privilege taxes collected on higher levels of taxable retail sales, construction contracting, and rental activities in the City during fiscal year 2018-19.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.4 billion, an increase of \$54.4 million from last fiscal year. Approximately 39.1% of the total governmental fund balance amount, or \$565.1 million, is designated by the City as committed, assigned and unassigned. The remaining 60.9% or \$880.2 million is designated as non-spendable or restricted. See Note 3 on page 54 for a detailed description of fund balance classifications per GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1) Basic Financial Statements - Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 16 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 6 and 9.

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

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

and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, Phoenix convention center, water services, wastewater services and solid waste. In addition, financial information is also presented for the City's discretely presented component units, which are the Phoenix Housing Finance Corporations, and the Phoenix Industrial Development Authority. See Note 1 on page 41 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, 2019.

Net Position. As noted above, net position may serve over time as a useful indicator of a government's financial position. The City's net position, the amount by which assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources, was \$5.7 billion at the close of the fiscal year.

The largest portion of the City's net position, \$6.7 billion, reflects its net investment in capital assets, e.g., land, buildings, improvements, equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following table summarizes Exhibit A-1, the detailed Statement of Net Position.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018*	2019	2018*	2019	2018*
Current and other assets	\$ 2,850,704	\$ 2,733,151	\$ 2,568,335	\$ 2,426,099	\$ 5,419,039	\$ 5,159,250
Capital assets	5,007,097	4,950,110	7,296,382	7,015,791	12,303,479	11,965,901
Total assets	<u>7,857,801</u>	<u>7,683,261</u>	<u>9,864,717</u>	<u>9,441,890</u>	<u>17,722,518</u>	<u>17,125,151</u>
Deferred outflows of resources	532,398	628,023	80,173	91,792	612,571	719,815
Other liabilities	372,283	348,616	779,929	546,006	1,152,212	894,622
Long-term liabilities outstanding	6,347,934	6,571,662	5,018,772	4,970,325	11,366,706	11,541,987
Total liabilities	<u>6,720,217</u>	<u>6,920,278</u>	<u>5,798,701</u>	<u>5,516,331</u>	<u>12,518,918</u>	<u>12,436,609</u>
Deferred inflows of resources	114,112	142,665	22,950	35,242	137,062	177,907
Net position:						
Net investment in capital assets	3,242,655	3,084,874	3,488,654	3,288,066	6,731,309	6,372,940
Restricted	1,079,339	1,047,298	519,638	524,637	1,598,977	1,571,935
Unrestricted	(2,766,124)	(2,883,831)	114,947	169,406	(2,651,177)	(2,714,425)
Total net position	<u>\$ 1,555,870</u>	<u>\$ 1,248,341</u>	<u>\$ 4,123,239</u>	<u>\$ 3,982,109</u>	<u>\$ 5,679,109</u>	<u>\$ 5,230,450</u>

*Note: The 2018 amounts have been revised to record the Net OPEB asset in the noncurrent asset section (previously netted with the Net OPEB liability) and reclassify unrestricted net position to restricted net position. The revisions had no impact on the previously reported change in net position.

The *restricted* portion of the City's net position, \$1.6 billion, represents resources that are subject to external restrictions on how they may be used. Such restrictions include debt service payments, development impact fees restricted to growth-related projects, other capital projects and required reserves. The long-term liability associated with pensions and OPEB (\$5.0 billion) are included in the remaining balance, or the *unrestricted net position*, resulting in a deficit of \$2.7 billion. The City's balance of \$2.4 billion in cash and investments, as shown on Exhibit A-1, may be used to meet current and ongoing obligations.

At the end of the fiscal year, the City had positive balances in all three categories of net position (1-net investment in capital assets, 2-restricted and 3-unrestricted), for Business-Type Activities, but both the government as a whole and Governmental-Type Activities had a deficit balance in unrestricted.

Capital Assets. The City's capital assets for the fiscal year ended June 30, 2019, totaled \$12.3 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$337.6 million, an increase of \$57.0 million for Governmental Activities and an increase of \$280.6 million for Business-Type Activities. Major additions to capital assets during the fiscal year included the following:

- Design and construction related to the PHX Sky Train at Sky Harbor International Airport valued at \$165.1 million.
- Various street and storm sewer projects throughout the City valued at \$160.2 million.
- Aviation terminal 3 modernization project valued at \$98.3 million.
- New and replacement water and sewer mains throughout the City valued at \$93.5 million.
- Water and wastewater distribution and collection facilities projects valued at \$89.6 million.
- Various water and wastewater treatment plant projects valued at \$42.3 million.
- Aviation terminal 4 improvements valued at \$27.8 million.
- Transit bus purchases valued at \$26.7 million.

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,279,878	\$ 1,287,147	\$ 705,967	\$ 703,878	\$ 1,985,845	\$ 1,991,025
Artwork	7,044	7,044	12,104	10,749	19,148	17,793
Construction-in-Progress	237,374	218,227	997,605	934,364	1,234,979	1,152,591
Buildings	763,804	797,334	1,793,193	1,683,628	2,556,997	2,480,962
Improvements	282,509	288,870	1,897,481	1,881,083	2,179,990	2,169,953
Infrastructure	2,071,216	1,991,410	1,230,414	1,170,329	3,301,630	3,161,739
Equipment	345,419	338,435	557,408	538,393	902,827	876,828
Intangible Assets	19,853	21,643	102,210	93,367	122,063	115,010
Total	<u>\$ 5,007,097</u>	<u>\$ 4,950,110</u>	<u>\$ 7,296,382</u>	<u>\$ 7,015,791</u>	<u>\$ 12,303,479</u>	<u>\$ 11,965,901</u>

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

Long-Term Liabilities. The City's total long-term obligations decreased by \$175.3 million, or 1.5%. This was primarily due to the fiscal year 2019 partial prepayment on the \$305.9 million loan with DNT Asset Trust. The total payment of \$266.7 million included principal of \$265.0 million plus \$1.7 million of accrued interest. The prepayment was funded with proceeds from the sale of the City-owned Sheraton Grand Hotel and other available funds.

General obligation bonds are backed by the full faith and credit of the City. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's full cash net assessed valuation. The general obligation bonds long-term balance was \$1.2 billion net of discounts/premiums and the City's available debt margin at June 30, 2019 was \$931.0 million 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 12 to the financial statements and also in Table 15 in the statistical section.

The City 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 which resulted in \$4.8 billion of municipal corporation obligations net of discounts/premiums. Under the terms of these agreements, the CIC issued bonds to finance the facilities and equipment, and the City agreed to make lease and purchase payments sufficient to pay principal and interest on the outstanding obligations. The City also pays all expenses of operating and maintaining the facilities and equipment.

In fiscal year 2019, the Civic Improvement Corporation issued \$226.2 million in new debt. Proceeds of the bonds refunded \$100.0 million outstanding under the Revolving Credit Agreement with remaining proceeds applied to the terminal 3 modernization at Sky Harbor International Airport.

The Park Central Community Facilities District ("PCCFD") was formed on August 29, 2018, by the Mayor and Council of the City in order to provide public infrastructure within the boundaries of PCCFD for development of a multi-use residential, commercial and retail project known as *"Park Central."* In June 2019, PCCFD issued \$30.0 million of Special Assessment Revenue Bonds, Taxable Series 2019. The bonds issued by the PCCFD are payable solely from amounts collected pursuant to the special assessments and are not an obligation of the City. Proceeds of the bonds are for the construction of a parking garage.

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	
	2019	2018*	2019	2018*	2019	2018*
General obligation bonds, net	\$ 1,140,231	\$ 1,210,924	\$ 13,603	\$ 21,189	\$ 1,153,834	\$ 1,232,113
Loans from direct borrowings	40,940	305,940	14,991	13,014	55,931	318,954
Municipal corporation obligations, net	432,438	539,241	4,318,852	4,286,008	4,751,290	4,825,249
Special assessment bonds	60	77	—	—	60	77
Community facilities districts, net	29,977	—	—	—	29,977	—
Insurance claims payable	181,178	169,629	—	—	181,178	169,629
Compensated absences	137,329	142,732	19,023	20,450	156,352	163,182
Landfill closure/Post-closure costs	—	—	47,661	56,895	47,661	56,895
Pollution remediation	5,448	7,325	5,600	2,100	11,048	9,425
Utility/Water contractual agreements	2,301	2,301	—	—	2,301	2,301
Capital lease	3,424	4,517	—	—	3,424	4,517
Net pension liability	4,223,215	4,035,879	553,858	524,861	4,777,073	4,560,740
Net OPEB liability	151,393	153,097	45,184	45,808	196,577	198,905
Total	<u>\$ 6,347,934</u>	<u>\$ 6,571,662</u>	<u>\$ 5,018,772</u>	<u>\$ 4,970,325</u>	<u>\$ 11,366,706</u>	<u>\$ 11,541,987</u>

*Note: The 2018 amounts have been revised to record the Net OPEB asset in the noncurrent asset section (previously netted with the Net OPEB liability) and reclassify unrestricted net position to restricted net position. The revisions had no impact on the previously reported change in net position.

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

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

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

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 261,093	\$ 234,970	\$ 1,309,390	\$ 1,321,764	\$ 1,570,483	\$ 1,556,734
Grants and contributions						
Operating	407,132	407,429	—	—	407,132	407,429
Capital	134,985	177,863	99,914	95,356	234,899	273,219
General revenues						
Excise taxes	995,387	913,491	—	—	995,387	913,491
Other taxes	266,082	251,924	—	—	266,082	251,924
Grants/contributions not restricted to specific programs	437,427	434,985	—	—	437,427	434,985
Other	118,197	127,810	48,815	9,062	167,012	136,872
Total revenues	<u>2,620,303</u>	<u>2,548,472</u>	<u>1,458,119</u>	<u>1,426,182</u>	<u>4,078,422</u>	<u>3,974,654</u>
Expenses						
General government	88,160	100,307	—	—	88,160	100,307
Criminal justice	38,297	35,040	—	—	38,297	35,040
Public safety	1,278,856	1,200,523	—	—	1,278,856	1,200,523
Transportation	540,551	523,946	—	—	540,551	523,946
Community enrichment	307,406	289,183	—	—	307,406	289,183
Community development	211,547	225,386	—	—	211,547	225,386
Environmental services	22,362	39,113	—	—	22,362	39,113
Interest on long-term debt	57,014	67,523	—	—	57,014	67,523
Aviation	—	—	518,462	514,271	518,462	514,271
Phoenix convention center	—	—	103,138	105,703	103,138	105,703
Water services	—	—	410,636	406,501	410,636	406,501
Wastewater services	—	—	170,273	172,461	170,273	172,461
Solid waste	—	—	148,061	146,589	148,061	146,589
Total expenses	<u>2,544,193</u>	<u>2,481,021</u>	<u>1,350,570</u>	<u>1,345,525</u>	<u>3,894,763</u>	<u>3,826,546</u>
Increase in net position before transfers	76,110	67,451	107,549	80,657	183,659	148,108
Sale proceeds to City from DPHC for debt repayment	265,000	—	—	—	265,000	—
Transfers - internal activities	(33,581)	(25,547)	33,581	25,547	—	—
Increase in net position	<u>307,529</u>	<u>41,904</u>	<u>141,130</u>	<u>106,204</u>	<u>448,659</u>	<u>148,108</u>
Net Position - July 1	<u>1,248,341</u>	<u>1,321,458</u>	<u>3,982,109</u>	<u>3,917,594</u>	<u>5,230,450</u>	<u>5,239,052</u>
Restatement of beginning net position	—	(115,021)	—	(41,689)	—	(156,710)
Net Position - July 1, as restated	<u>1,248,341</u>	<u>1,206,437</u>	<u>3,982,109</u>	<u>3,875,905</u>	<u>5,230,450</u>	<u>5,082,342</u>
Net Position - June 30	<u>\$ 1,555,870</u>	<u>\$ 1,248,341</u>	<u>\$ 4,123,239</u>	<u>\$ 3,982,109</u>	<u>\$ 5,679,109</u>	<u>\$ 5,230,450</u>

During fiscal year 2018, the City implemented GASB 75, which resulted in a restatement of beginning net position.

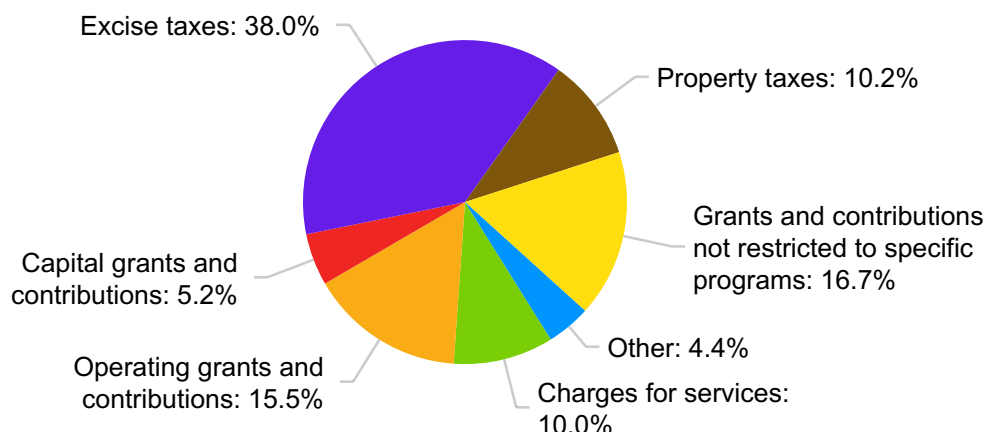
As shown above, Total Government net position increased by \$448.7 million, or 8.6%, as compared to fiscal year 2017-18. Governmental Activities accounted for \$307.6 million, or 68.6%, of the increase and Business-Type Activities accounted for \$141.1 million, or 31.4%. The increase in Governmental Activities is primarily attributed to the \$265.0 million in proceeds from the Downtown Phoenix Hotel Corporation to the Governmental Activities as a result of the sale of the City-owned Sheraton Grand Hotel. The proceeds and other available funds were used to partially prepay the \$305.9 million loan with DNT Asset Trust.

Excise and other tax revenues increased by \$96.1 million, or 8.2%. A majority of the increase stems from transaction privilege taxes collected on higher levels of taxable retail sales, construction contracting, and rental activities in the City during fiscal year 2018-19.

Other revenues increased by \$30.1 million, or 22.0%, due to an increase in investment earnings from favorable market conditions on City investments. Public safety expenses increased \$78.3 million, or 6.5%, due primarily to an increase in pension expense.

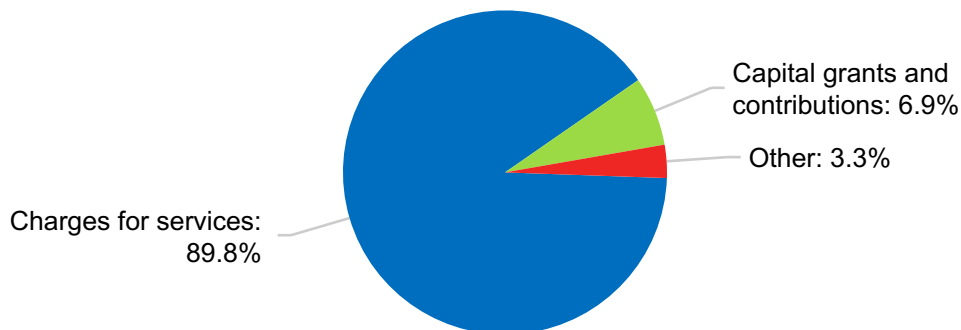
The sources of the revenues shown previously are portrayed in the following charts by percentage for the Governmental Activities and then the Business-Type Activities.

Revenues by Source - Governmental Activities Fiscal Year Ended June 30, 2019



As shown above, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising 38.0% of the total. Additional information about tax revenues is presented in Table 5 of the Statistical Section.

Revenues by Source - Business Type Activities Fiscal Year Ended June 30, 2019



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

Basic Financial Statements - Fund Financial Statements

The Fund Financial Statements are presented in Exhibits B-1 through B-14 beginning on page 22 of this report. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific

activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-9), Enterprise Funds (Exhibits B-10 through B-12) and Fiduciary Funds (Exhibits B-13 and B-14).

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

The City maintains twenty-five individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Transit Special Revenue Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under Governmental Accounting Standards Board (GASB) Statement No. 34. Data from the other twenty-two Governmental Funds are combined into a single, aggregated presentation as Non-major Governmental Funds. Individual fund data for each of these non-major Governmental Funds is found in Exhibits C-1 and C-2.

The City adopts an annual appropriated budget for all City funds. A Budgetary Comparison Statement has been provided for the General Fund (Exhibit B-5) and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-9) to demonstrate compliance with this budget.

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

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-10 through B-12 beginning on page 32) provide separate information for each of the five Enterprise Funds noted above as all are considered to be major funds of the City.

Fund Financial Statement Analysis

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

Governmental Funds. The focus of the Governmental Fund Financial Statements (Exhibits B-1 through B-9 beginning on page 22) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented separately on these financial statements, while the non-major funds are combined into a single column. Combining statements for the nonmajor funds can be found in Exhibits C-1 and C-2.

The following table summarizes information found in Exhibits B-1 and B-3.

City of Phoenix
Changes in Governmental Fund Balances
Fiscal Year Ended June 30, 2019
(in thousands)

	Fund Balances June 30, 2018	Net Change in Fund Balances	Fund Balances June 30, 2019
General Fund	\$ 359,665	\$ 47,391	\$ 407,056
Transit Special Revenue Fund	230,969	(52,757)	178,212
G.O./Secondary Property Tax	80,712	1,114	81,826
Nonmajor Governmental	719,560	58,620	778,180
Total	<u>\$ 1,390,906</u>	<u>\$ 54,368</u>	<u>\$ 1,445,274</u>
Total Nonspendable	17,129	806	17,935
Spendable - Restricted	860,634	1,594	862,228
Spendable - Committed, Assigned, Unassigned	513,143	51,968	565,111
Total Governmental Fund Balances	<u>\$ 1,390,906</u>	<u>\$ 54,368</u>	<u>\$ 1,445,274</u>

Note: See Exhibit B-1 on page 22 and Note 3 on page 54 for detailed information on fund balances.

As shown in the above table, at the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$1.4 billion, an increase of \$54.4 million, or 3.9% from last fiscal year. Of the total governmental funds combined ending balances, approximately 98.8% of this amount, or \$1.4 billion, constitutes *total spendable balance*. Of the spendable amount, there is \$565.1 million available at the City's discretion and has been categorized as committed, assigned or unassigned. The remaining \$880.2 million, or 60.9%, is designated as non-spendable or restricted. Examples of fund balance restrictions include: Public Transit Operations, Debt Service and Road Maintenance and Construction. Non-spendable funds include inventory and prepaid items.

The General Fund is the main operating fund of the City and accounts for many of the major functions of the government including general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. As presented in the table above, General Fund balance increased by \$47.4 million, or 13.2%. This increase in fund balance was primarily due to increases in vehicle license, property, and excise taxes.

The Transit Special Revenue Fund accounts for the voter approved excise taxes dedicated to the construction, operation and maintenance of the public transit system. In fiscal year 2019, the fund balance decreased by \$52.8 million, or 22.8%, as a result of capital outlay expenditures related to the light rail extension projects and replacement bus purchases.

The fund balance for the nonmajor governmental funds increased by \$58.6 million, or 8.1%, in fiscal year 2018-19. The Development Services fund had an increase of \$25.6 million, or 18.1%, due to higher impact, permit and plan review fee revenues. The Street Improvements fund decreased primarily due to capital outlay expenditures for the LED conversion and pavement maintenance projects. Additionally, the newly formed PCCFD in fiscal year 2019 led to a fund balance of \$34.5 million, primarily due to the issuance of debt with proceeds going towards the construction of a parking garage.

Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the Fund Financial Statements within the Basic Financial Statements, or as required supplementary information (RSI) after the Notes to the Financial Statements. The City has chosen to present the General Fund budgetary statement (Exhibit B-5), and the budgetary components of the Transit Special Revenue Fund (Exhibits B-6 through B-9) in the Basic Financial Statements.

The following table summarizes Exhibit B-5.

**City of Phoenix
General Fund
Budgetary Comparison Statement
Fiscal Year Ended June 30, 2019
(in thousands)**

	Final Amended Budget	Actuals	Variance Positive (Negative)
Revenues	\$ 357,468	\$ 366,307	\$ 8,839
Expenditures and Encumbrances	1,312,618	1,214,362	98,256
Deficiency of Revenues Under Expenditures and Encumbrances	(955,150)	(848,055)	107,095
Other Financing Sources	836,530	847,015	10,485
Net Change in Fund Balance	<u>\$ (118,620)</u>	<u>(1,040)</u>	<u>\$ 117,580</u>
Fund Balance July 1		134,620	
Fund Balance June 30		<u>\$ 133,580</u>	

The total revenues in the General Fund were within 2.5% of the final amended budget and total expenditures were less than the final amended budget. The final amended general fund budget projected fiscal year expenditures of \$1.3 billion includes \$61.6 million of contingency. The actual general fund budgetary expenditures for the fiscal year ended June 30, 2019, were \$1.2 billion which is \$98.3 million less than the amended budget (see Exhibit B-5). The actual general fund expenditures reflect department efficiencies, service cuts and controlling costs during the fiscal year.

Enterprise Funds. The Enterprise Fund Financial Statements (Exhibits B-10 through B-12) 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-10 and B-11.

**City of Phoenix
Changes in Enterprise Fund Net Position
Fiscal Year Ended June 30, 2019
(in thousands)**

	Net Position (Deficit) July 1, 2018	Change in Net Position (Deficit)	Net Position (Deficit) June 30, 2019
Aviation	\$ 1,673,173	\$ 52,423	\$ 1,725,596
Phoenix Convention Center	(52,825)	7,408	(45,417)
Water System	1,409,508	5,940	1,415,448
Wastewater	967,610	73,713	1,041,323
Solid Waste	(15,357)	1,646	(13,711)
Total	<u>\$ 3,982,109</u>	<u>\$ 141,130</u>	<u>\$ 4,123,239</u>

As shown in the table, Net Position for the Enterprise Funds increased in total by \$141.1 million during the fiscal year. The increases were due to increased revenues and capital assets. The deficit for the Phoenix Convention Center decreased by \$7.4 million, or 14.0%, due to an increase in excise tax transfers from the General Fund. The deficit is driven by the timing difference between depreciation expense on the north and west building expansion, principal payments for the related debt, and pension expense. As the City increases the principal payments in accordance with the debt service schedules and the depreciation remains constant, the deficit balance will be eliminated in the Phoenix Convention Center. The Phoenix Convention Center currently has a positive cash flow and is expected to generate enough cash to meet future debt service payments and operating requirements.

2) Basic Financial Statements - Notes to the Financial Statements

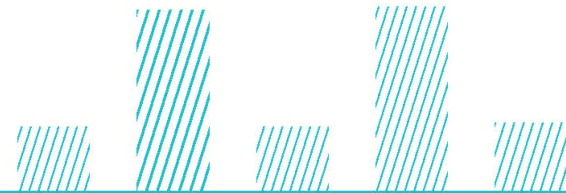
The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found beginning on page 41 of this report. Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 20 to the financial statements and as required supplemental information.

ECONOMIC FACTORS

- During the period of 2010 to 2018, population growth was an estimated 14.9% in Phoenix as compared to 6.0% for the U.S. As of June 30, 2019, the City encompasses 519.7 square miles and has an estimated population of 1,606,815.
- As of June 2019, the non-seasonally adjusted unemployment rate for the Phoenix area and the U.S. was 4.6% and 3.8%, respectively.
- The fiscal year 2019-20 assessed valuation increased 6.6% to \$13.2 billion. On July 5, 2018 the Phoenix City Council voted to decrease the City total property tax rate (primary and secondary) to \$2.14 from \$2.16 per \$100 assessed valuation.
- Data produced by the National Association of Realtors indicates that the median sales price for an existing single-family home in Greater Phoenix increased 22.7% from 2016 to the second quarter of 2019 as compared to a 18.7% increase nationwide for the same time period.
- According to the Greater Phoenix Blue Chip Economic Forecast, retail sales in the Phoenix area which declined 0.7% in 2010, grew by an average of 6.7% per year from 2011 through 2017, and grew 7.0% in 2018. This growth was supported by gains in personal income averaging 5.3% from 2011 through 2018. The Greater Phoenix Blue Chip Economic Forecast estimates increases in retail sales of 5.6% in 2019 and 5.2% in 2020.

REQUESTS FOR FINANCIAL INFORMATION

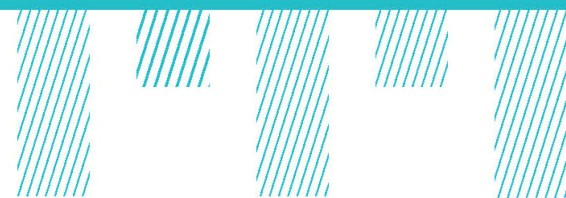
This financial report is designed to provide a general overview of the City of Phoenix' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, City of Phoenix, Calvin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



Financial Section



Basic Financial Statements - Government-Wide Financial Statements





City of Phoenix

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
ASSETS						
Cash and Cash Equivalents	\$ 193,377	\$ 144,992	\$ 338,369	\$ —	\$ 6,608	\$ 9,104
Cash Deposits	1,121	326	1,447	—	2,696	4
Cash and Securities with Fiscal Agents/Trustees	241,957	—	241,957	—	3,842	—
Investments	1,089,703	693,305	1,783,008	—	—	8,558
Receivables, Net of Allowances	283,087	125,054	408,141	—	10,397	384
Prepaid Items	528	4,315	4,843	—	191	34
Inventories	17,407	21,197	38,604	—	—	—
Restricted Assets	—	899,096	899,096	—	—	—
Investment in Joint Use Agreements	962,268	534,284	1,496,552	—	—	—
Net OPEB Asset	61,256	6,604	67,860	—	—	—
Other Noncurrent Assets	—	139,162	139,162	—	—	10,285
Capital Assets						
Non-depreciable	2,065,816	1,715,676	3,781,492	—	27,866	950
Depreciable, net	2,941,281	5,580,706	8,521,987	—	13,487	1,154
Total Assets	7,857,801	9,864,717	17,722,518	—	65,087	30,473
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Refunding	18,636	58,100	76,736	—	—	—
Pension Related	509,857	21,000	530,857	—	—	—
OPEB Related	3,905	1,073	4,978	—	—	—
Total Deferred Outflows of Resources	532,398	80,173	612,571	—	—	—

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

City of Phoenix, Arizona
Government-Wide Financial Statements
Statement of Net Position
 June 30, 2019
 (in thousands)

Exhibit A-1
 (Continued)

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
LIABILITIES						
Accounts Payable	123,501	79,337	202,838	—	283	298
Reimbursement Agreement to City	—	—	—	—	2,775	—
Trust Liabilities and Deposits	39,693	354	40,047	—	211	—
Advance Payments	16,314	14,013	30,327	—	59	—
Liabilities Payable from Restricted Assets	—	406,793	406,793	—	112	—
Matured Bonds and Certificates Payable	155,885	176,957	332,842	—	—	—
Interest Payable	36,890	102,475	139,365	—	2,048	—
Noncurrent Liabilities						
Due Within One Year						
Insurance Claims Payable	46,620	—	46,620	—	—	—
Accrued Compensated Absences	17,940	2,758	20,698	—	—	—
Pollution Remediation	153	4,175	4,328	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	2,151	2,151	—	—	—
General Obligation Bonds	68,825	12,350	81,175	—	—	—
Loans from Direct Borrowings	—	1,503	1,503	—	—	—
Municipal Corporation Obligations	104,360	183,464	287,824	—	—	—
Special Assessment Bonds	16	—	16	—	—	—
Capital Lease	1,117	—	1,117	—	—	—
Due in More Than One Year						
Insurance Claims Payable	134,558	—	134,558	—	—	—
Accrued Compensated Absences	119,389	16,265	135,654	—	—	—
Pollution Remediation	5,295	1,425	6,720	—	—	—
Accrued Landfill Closure and Postclosure Care Costs	—	45,510	45,510	—	—	—
General Obligation Bonds, net	1,071,406	1,253	1,072,659	—	—	—
Loans from Direct Borrowings, net	40,940	13,488	54,428	—	—	—
Municipal Corporation Obligations, net	328,078	4,135,388	4,463,466	—	—	—
Special Assessment Bonds, net	44	—	44	—	—	—
Community Facilities Districts, net	29,977	—	29,977	—	—	—
Notes Payable	—	—	—	—	40,798	—
Utility/Water Contractual Agreements	2,301	—	2,301	—	—	—
Capital Lease	2,307	—	2,307	—	—	—
Net Pension Liability	4,223,215	553,858	4,777,073	—	—	—
Net OPEB Liability	151,393	45,184	196,577	—	—	—
Total Liabilities	6,720,217	5,798,701	12,518,918	—	46,286	298
DEFERRED INFLOWS OF RESOURCES						
Deferred Gain on Refunding	8,218	3,688	11,906	—	—	—
Service Concession Arrangement	24,714	—	24,714	—	—	—
Pension Related	67,103	17,469	84,572	—	—	—
OPEB Related	14,077	1,793	15,870	—	—	—
Total Deferred Inflows of Resources	114,112	22,950	137,062	—	—	—
NET POSITION						
Net Investment in Capital Assets	3,242,655	3,488,654	6,731,309	—	(1,147)	2,104
Restricted For:						
Capital Projects	146,471	—	146,471	—	—	—
Debt Service	276,505	220,796	497,301	—	—	—
Passenger Facility Charges	—	45,079	45,079	—	—	—
Customer Facility Charges	—	106,548	106,548	—	—	—
Public Transit Operations	177,411	—	177,411	—	—	—
OPEB	61,256	6,604	67,860	—	—	—
Other	417,696	140,611	558,307	—	—	—
Unrestricted (Deficit)	(2,766,124)	114,947	(2,651,177)	—	19,948	28,071
Total Net Position	\$ 1,555,870	\$ 4,123,239	\$ 5,679,109	\$ —	\$ 18,801	\$ 30,175

Government-Wide Financial Statements
Statement of Activities

For the Fiscal Year Ended June 30, 2019

(in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 88,160	\$ 22,012	\$ 1,653	\$ 1,249
Criminal Justice	38,297	22,232	—	—
Public Safety	1,278,856	70,377	23,439	120
Transportation	540,551	39,226	219,157	130,918
Community Enrichment	307,406	11,208	62,432	664
Community Development	211,547	95,974	99,221	1,360
Environmental Services	22,362	64	1,230	674
Interest on Long-Term Debt	57,014	—	—	—
Total Governmental Activities	2,544,193	261,093	407,132	134,985
Business-Type Activities				
Aviation	518,462	520,951	—	28,291
Phoenix Convention Center	103,138	47,381	—	—
Water Services	410,636	382,915	—	39,928
Wastewater Services	170,273	209,415	—	31,695
Solid Waste	148,061	148,728	—	—
Total Business-Type Activities	1,350,570	1,309,390	—	99,914
Total Primary Government	\$ 3,894,763	\$ 1,570,483	\$ 407,132	\$ 234,899
Component Units:				
Downtown Phoenix Hotel Corporation	\$ 11,748	\$ —	\$ —	\$ —
Phoenix Housing Finance Corporations	\$ 8,457	\$ 7,182	\$ —	\$ —
Phoenix Industrial Development Authority	\$ 3,227	\$ 1,999	\$ —	\$ —
General Revenues				
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				
Sale Proceeds to City from DPHC for Debt Repayment				
Transfers - Internal Activities				
Total General Revenues and Transfers				
Change in Net Position (Deficit)				
Net Position - July 1				
Restatement of Beginning Net Position				
Net Position - July 1, as restated				
Net Position - June 30				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporations	Phoenix Industrial Development Authority
\$ (63,246)	\$ —	\$ (63,246)			
(16,065)	—	(16,065)			
(1,184,920)	—	(1,184,920)			
(151,250)	—	(151,250)			
(233,102)	—	(233,102)			
(14,992)	—	(14,992)			
(20,394)	—	(20,394)			
(57,014)	—	(57,014)			
(1,740,983)	—	(1,740,983)			
—	30,780	30,780			
—	(55,757)	(55,757)			
—	12,207	12,207			
—	70,837	70,837			
—	667	667			
—	58,734	58,734			
(1,740,983)	58,734	(1,682,249)			
			\$ (11,748)		
				\$ (1,275)	
					\$ (1,228)
995,387	—	995,387	—	—	—
164,332	—	164,332	—	—	—
101,750	—	101,750	—	—	—
437,427	—	437,427	—	—	—
41,942	48,815	90,757	—	154	480
76,255	—	76,255	—	—	188
265,000	—	265,000	(265,000)	—	—
(33,581)	33,581	—	—	—	—
2,048,512	82,396	2,130,908	(265,000)	154	668
307,529	141,130	448,659	(276,748)	(1,121)	(560)
1,248,341	3,982,109	5,230,450	276,748	18,379	30,735
—	—	—	—	1,543	—
1,248,341	3,982,109	5,230,450	276,748	19,922	30,735
\$ 1,555,870	\$ 4,123,239	\$ 5,679,109	\$ —	\$ 18,801	\$ 30,175



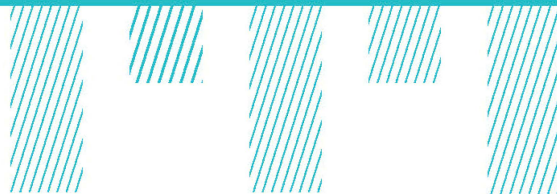
City of Phoenix



Financial Section



Basic Financial Statements – Fund Financial Statements





City of Phoenix

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

Exhibit B-1

June 30, 2019

(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 33,387	\$ 32,884	\$ —	\$ 127,106	\$ 193,377
Cash Deposits	1,092	—	—	29	1,121
Cash and Securities with Fiscal Agents/Trustees	7,261	—	82,383	152,313	241,957
Investments	178,631	164,450	80,256	666,366	1,089,703
Due from Other Funds	—	13,207	—	13,797	27,004
Receivables, Net of Allowance					
Accounts Receivable	52,755	2,904	—	5,213	60,872
Taxes Receivable	135,072	—	1,278	51	136,401
Delinquent Taxes Receivable	2,738	—	1,954	—	4,692
Intergovernmental	22,068	11,440	—	37,370	70,878
Accrued Interest	79	—	291	291	661
Notes Receivable	—	—	—	9,583	9,583
Prepaid Items	—	528	—	—	528
Inventories	17,134	273	—	—	17,407
Total Assets	<u>\$ 450,217</u>	<u>\$ 225,686</u>	<u>\$ 166,162</u>	<u>\$ 1,012,119</u>	<u>\$ 1,854,184</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	—	—	—	—
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 27,004	\$ 27,004
Accounts Payable	26,781	47,438	—	49,282	123,501
Insurance Claims Payable	585	—	—	—	585
Trust Liabilities and Deposits	7,115	36	—	32,542	39,693
Matured Bonds Payable	—	—	57,460	98,425	155,885
Interest Payable	—	—	24,922	11,968	36,890
Advance Payments	5,942	—	—	14,718	20,660
Total Liabilities	<u>40,423</u>	<u>47,474</u>	<u>82,382</u>	<u>233,939</u>	<u>404,218</u>
DEFERRED OUTFLOWS OF RESOURCES					
Delinquent Property Taxes	2,738	—	1,954	—	4,692
Total Deferred Inflows of Resources	<u>2,738</u>	<u>—</u>	<u>1,954</u>	<u>—</u>	<u>4,692</u>
Fund Balances					
Non-Spendable					
Inventories	17,134	273	—	—	17,407
Prepaid Items	—	528	—	—	528
Restricted	48,920	177,411	81,826	554,071	862,228
Committed	—	—	—	81,575	81,575
Assigned	97,461	—	—	157,235	254,696
Unassigned	243,541	—	—	(14,701)	228,840
Total Fund Balances	<u>407,056</u>	<u>178,212</u>	<u>81,826</u>	<u>778,180</u>	<u>1,445,274</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 450,217</u>	<u>\$ 225,686</u>	<u>\$ 166,162</u>	<u>\$ 1,012,119</u>	<u>\$ 1,854,184</u>

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

City of Phoenix, Arizona

Exhibit B-2

Fund Financial Statements

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

(in thousands)

Fund balances - total governmental funds balance sheet	\$	1,445,274
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	7,507,429	
Accumulated depreciation	<u>(2,500,332)</u>	
		5,007,097
The investment in joint use agreements are not a financial resource and, therefore, are not reported in the funds.		
Valley Metro Rail Inc.	913,129	
Regional Wireless Cooperative	<u>49,139</u>	
		962,268
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Net OPEB asset		61,256
A portion of advance payments and delinquent property taxes receivable reported in governmental activities are not available to pay for current period expenditures and, therefore, are not recognized in the funds.		
		9,038
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are excluded from the funds.		
Deferred outflows of resources from the refunding of bonds.	18,636	
Deferred outflows of resources from pensions.	509,857	
Deferred outflows of resources from OPEB.	<u>3,905</u>	
		532,398
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	(1,643,646)	
Pollution remediation	(5,448)	
Compensated absences	(137,329)	
Insurance claims payable	(180,593)	
Water repayment agreements	(2,301)	
Capital lease	(3,424)	
Net pension liability	(4,223,215)	
Net OPEB liability	<u>(151,393)</u>	
		(6,347,349)
Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the funds.		
Deferred inflows of resources from the refunding of bonds.	(8,218)	
Deferred inflows of resources from service concession arrangement.	(24,714)	
Deferred inflows of resources from pensions.	(67,103)	
Deferred inflows of resources from OPEB.	<u>(14,077)</u>	
		(114,112)
Net position of governmental activities - statement of net position	<u>\$</u>	<u>1,555,870</u>

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

City of Phoenix, Arizona

Exhibit B-3

Fund Financial Statements

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2019

(in thousands)

	General	Transit Special Revenue	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
City Taxes	\$ 715,608	\$ 239,418	\$ 101,652	\$ 204,486	\$ 1,261,164
Licenses and Permits	20,140	—	—	1,731	21,871
Intergovernmental	433,747	80,263	4,772	429,961	948,743
Charges for Services	74,929	36,102	—	97,553	208,584
Fines and Forfeitures	19,005	—	—	82	19,087
Parks and Recreation	—	—	—	1,815	1,815
Special Assessments	—	—	—	9	9
Investment Income					
Net Change in Fair Value of Investments	6,212	3,482	1,404	9,856	20,954
Interest	6,565	3,925	591	9,907	20,988
Dwelling Rentals	—	—	—	8,720	8,720
Other	7,714	14,636	—	53,968	76,318
Total Revenues	1,283,920	377,826	108,419	818,088	2,588,253
EXPENDITURES					
Current					
General Government	66,591	—	—	3,102	69,693
Criminal Justice	33,679	—	—	2,083	35,762
Public Safety	831,864	—	—	164,901	996,765
Transportation	21,692	251,447	—	94,447	367,586
Community Enrichment	152,583	—	—	71,743	224,326
Community Development	20,639	—	—	172,127	192,766
Environmental Services	9,702	—	—	2,548	12,250
Capital Outlay	8,469	108,730	—	282,019	399,218
Debt Service					
Principal	—	—	57,460	98,442	155,902
Interest	—	—	49,845	23,901	73,746
Bond Issuance Costs	—	—	—	1,062	1,062
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	13	13
Capital Lease	1,192	—	—	—	1,192
Total Expenditures	1,146,411	360,177	107,305	916,388	2,530,281
Excess (Deficiency) of Revenues Over Expenditures	137,509	17,649	1,114	(98,300)	57,972
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	31,362	—	—	144,920	176,282
Transfers to Other Funds	(121,480)	(70,406)	—	(17,977)	(209,863)
Issuance of Debt					
Special Assessment Bonds	—	—	—	29,977	29,977
Total Other Financing Sources and (Uses)	(90,118)	(70,406)	—	156,920	(3,604)
Net Change in Fund Balances	47,391	(52,757)	1,114	58,620	54,368
FUND BALANCES, JULY 1	359,665	230,969	80,712	719,560	1,390,906
FUND BALANCES, JUNE 30	\$ 407,056	\$ 178,212	\$ 81,826	\$ 778,180	\$ 1,445,274

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

Fund Financial Statements

Governmental Funds

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

For the Fiscal Year Ended June 30, 2019

(in thousands)

Net change in fund balances - total governmental funds	\$ 54,368

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 (\$272,361) plus the increase in the equity share of the joint venture (\$30,269) exceeded depreciation (\$197,470) and loss on disposals of capital assets (\$64,404) in the current period.	40,756

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	32,048

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

Bond activity including refundings, net	125,925

Amortization of bond premium/discount and deferred gain/loss on refundings	17,906

DPHC paid debt on behalf of the City	265,000

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	5,403

Insurance claims	(11,140)

Capital lease	1,093

Pollution remediation	1,877

Pensions	(232,008)

OPEB	6,301

Change in net position of governmental activities - statement of activities	\$ 307,529

City of Phoenix, Arizona
Fund Financial Statements
General Fund
Budgetary Comparison Statement
For the Fiscal Year Ended June 30, 2019
(in thousands)

Exhibit B-5

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
City Taxes	\$ 163,816	\$ 163,816	\$ 164,125	\$ 309
Contributions/Donations	—	—	1	1
Licenses and Permits	16,153	16,153	17,171	1,018
Intergovernmental	72,325	72,325	71,763	(562)
Charges for Services	71,031	71,031	74,200	3,169
Fines and Forfeitures	11,660	11,660	11,878	218
Rentals	3,515	3,515	3,196	(319)
Interest	6,420	6,420	9,884	3,464
Miscellaneous	12,548	12,548	14,089	1,541
Total Revenues	357,468	357,468	366,307	8,839
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	124,659	124,159	114,392	9,767
Criminal Justice	34,747	34,747	33,387	1,360
Public Safety	854,889	854,889	841,467	13,422
Transportation	18,926	18,926	18,337	589
Community Enrichment	160,985	162,685	156,552	6,133
Community Development	23,088	22,788	21,238	1,550
Environmental Services	17,809	19,009	16,886	2,123
Capital Outlay	13,396	13,796	12,103	1,693
Contingency	61,619	61,619	—	61,619
Total Expenditures and Encumbrances	1,310,118	1,312,618	1,214,362	98,256
Deficiency of Revenues Over Expenditures and Encumbrances	(952,650)	(955,150)	(848,055)	107,095
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Staff and Administrative	39,179	39,179	39,187	8
In-Lieu Property Taxes	26,987	26,987	25,672	(1,315)
Excise Taxes and Other	830,768	830,768	814,901	(15,867)
Enterprise Funds	776	776	776	—
Transfers to Other Funds				
City Improvement Debt Service Fund	(42,741)	(42,741)	(115)	42,626
Other Restricted Special Revenue Fund	(17,000)	(17,000)	(17,145)	(145)
Infrastructure Repayment Agreement Trust	(1,189)	(1,189)	(553)	636
Miscellaneous	(250)	(250)	(17,565)	(17,315)
Recovery of Prior Years Expenditures	—	—	1,857	1,857
Total Other Financing Sources (Uses)	836,530	836,530	847,015	10,485
Net Change in Fund Balance	<u>\$ (116,120)</u>	<u>\$ (118,620)</u>	<u>(1,040)</u>	<u>\$ 117,580</u>
Fund Balance, July 1			134,620	
Fund Balance, June 30			<u>\$ 133,580</u>	

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

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

Exhibit B-6

For the Fiscal Year Ended June 30, 2019
(in thousands)

	Budgeted Amounts		Actual Amounts		Variance with
	Original	Final	Budgetary Basis		Final Budget Positive (Negative)
REVENUES					
Charges for Services	\$ —	\$ —	\$ (20)	\$	(20)
Miscellaneous	—	—	28		28
Total Revenues	—	—	8		8
OTHER FINANCING SOURCES (USES)					
Transfers to Other Funds					
Transportation Tax 2050 Special Revenue Fund	—	—	(2,603)		(2,603)
Other Restricted Funds Special Revenue Fund	—	—	(1,568)		(1,568)
Recovery of Prior Years Expenditures	—	—	1,316		1,316
Total Other Financing Sources (Uses)	—	—	(2,855)		(2,855)
Net Change in Fund Balance	\$ —	\$ —	(2,847)	\$	(2,847)
Fund Balance, July 1			2,148		
Fund Balance, June 30			\$ (699)		

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

City of Phoenix, Arizona

Exhibit B-7

**Budgetary Comparison Statement
Transit - Other Agency Special Revenue Fund**

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 37,283	\$ 37,283	\$ 41,366	\$ 4,083
Interest	(75)	(75)	(144)	(69)
Total Revenues	37,208	37,208	41,222	4,014
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	32,632	32,632	32,632	—
Capital	19,150	19,150	6,658	12,492
Total Expenditures and Encumbrances	51,782	51,782	39,290	12,492
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(14,574)	(14,574)	1,932	16,506
OTHER FINANCING SOURCES				
Recovery of Prior Years Expenditures	—	—	235	235
Total Other Financing Sources	—	—	235	235
Net Change in Fund Balance	\$ (14,574)	\$ (14,574)	2,167	\$ 16,741
Fund Balance, July 1			(9,696)	
Fund Balance, June 30			\$ (7,529)	

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

Budgetary Comparison Statement
Transit - Federal Transit Grants Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts		Variance with
	Original	Final	Budgetary Basis		Final Budget Positive (Negative)
REVENUES					
Intergovernmental	\$ 116,715	\$ 116,715	\$ 57,110	\$	(59,605)
Total Revenues	116,715	116,715	57,110		(59,605)
EXPENDITURES AND ENCUMBRANCES					
Current Operating					
Transportation	14,604	17,104	16,902		202
Capital	102,111	73,411	38,207		35,204
Total Expenditures and Encumbrances	116,715	90,515	55,109		35,406
Excess of Revenues Over Expenditures and Encumbrances	—	26,200	2,001		(24,199)
OTHER FINANCING USES					
Transfers to Other Funds					
Transportation Tax 2050 Special Revenue Fund	—	—	(1,774)		(1,774)
Recovery of Prior Years Expenditures	—	—	(462)		(462)
Total Other Financing Uses	—	—	(2,236)		(2,236)
Net Change in Fund Balance	\$ —	\$ 26,200	(235)	\$	(26,435)
Fund Balance, July 1			235		
Fund Balance, June 30			\$ —		

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

**Budgetary Comparison Statement
Transportation Tax 2050 Special Revenue Fund**

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 42,824	\$ 42,824	\$ 42,306	\$ (518)
Rentals	31	31	(50)	(81)
Interest	3,524	3,524	4,015	491
Miscellaneous	2,404	2,404	5,856	3,452
Total Revenues	48,783	48,783	52,127	3,344
EXPENDITURES AND ENCUMBRANCES				
Current Operating Transportation	206,081	206,081	198,089	7,992
Capital	97,655	97,655	86,558	11,097
Contingency	10,000	10,000	—	10,000
Total Expenditures and Encumbrances	313,736	313,736	284,647	29,089
Deficiency of Revenues Over Expenditures and Encumbrances	(264,953)	(264,953)	(232,520)	32,433
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	220,854	220,854	239,179	18,325
Transit 2000 Special Revenue Fund	—	—	2,603	2,603
Transit - Federal Transit Grants Special Revenue Fund	—	—	1,774	1,774
Enterprise Funds	239	239	239	—
Transfers to Other Funds				
General Fund				
Staff and Administrative	(945)	(945)	(894)	51
City Improvement Debt Service Fund	(67,296)	(67,296)	(67,289)	7
Infrastructure Repayment Agreement Trust	(1,106)	(1,106)	(1,549)	(443)
Recovery of Prior Years Expenditures	—	—	3,038	3,038
Total Other Financing Sources (Uses)	151,746	151,746	177,101	25,355
Net Change in Fund Balance	<u>\$ (113,207)</u>	<u>\$ (113,207)</u>	<u>(55,419)</u>	<u>\$ 57,788</u>
Fund Balance, July 1			214,336	
Fund Balance, June 30			<u>\$ 158,917</u>	

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



City of Phoenix

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

Exhibit B-10

June 30, 2019

(in thousands)

	Aviation	Phoenix Convention Center
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 76,258	\$ 10,548
Investments	357,407	49,350
Receivables, Net of Allowances	11,904	316
Prepaid Items	—	—
Cash Deposits	326	—
Inventories, at Average Cost	3,068	201
Total Unrestricted Current Assets	448,963	60,415
Restricted Assets		
Cash and Cash Equivalents	6,241	965
Cash Deposits	—	4,349
Cash and Securities with Fiscal Agents/Trustees	187,166	26,573
Investments	98,153	14,347
Receivables, Net of Allowances	22,850	33
Total Restricted Current Assets	314,410	46,267
Total Current Assets	763,373	106,682
Noncurrent Assets		
Debt Service, Cash with Fiscal Agent/Trustee	139,162	—
Capital Assets, Net of Accumulated Depreciation	3,041,937	612,910
Investment in Joint Use Agreement	—	—
Net OPEB Asset	1,944	422
Total Noncurrent Assets	3,183,043	613,332
Total Assets	3,946,416	720,014
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding Bonds	26,546	4,561
Pension Related	7,000	1,519
OPEB Related	309	68
Total Deferred Outflows of Resources	33,855	6,148
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	30,011	3,495
Trust Liabilities and Deposits	354	—
Advance Payments	13,999	—
Accrued Landfill Postclosure Care Costs	—	—
Current Portion of Pollution Remediation	75	—
Current Portion of Accrued Compensated Absences	950	193
Total Current Liabilities Payable from Current Assets	45,389	3,688
Current Liabilities Payable from Restricted Assets		
Accounts Payable	64,067	—
Trust Liabilities and Deposits	—	4,132
Short-Term Obligations	100,000	—
Matured Bonds Payable	55,100	8,335
Interest Payable	40,479	17,666
Current Portion of General Obligation Bonds	3,345	—
Current Portion of Loans from Direct Borrowings	—	—
Current Portion of Municipal Corporation Obligations	61,025	9,024
Accrued Landfill Closure Costs	—	—
Total Current Liabilities Payable from Restricted Assets	324,016	39,157
Total Current Liabilities	369,405	42,845
Noncurrent Liabilities		
General Obligation Bonds, net	31	—
Loans from Direct Borrowings	—	—
Municipal Corporation Obligations, net	1,673,679	683,333
Pollution Remediation	1,425	—
Accrued Landfill Closure and Postclosure Care Costs	—	—
Accrued Compensated Absences	5,640	1,136
Net Pension Liability	184,619	40,059
Net OPEB Liability	12,892	2,828
Total Noncurrent Liabilities	1,878,286	727,356
Total Liabilities	2,247,691	770,201
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding Bonds	633	—
Pension Related	5,823	1,263
OPEB Related	528	115
Total Deferred Inflows of Resources	6,984	1,378
NET POSITION		
Net Investment in Capital Assets	1,296,340	(83,223)
Restricted for Debt Service	98,939	8,335
Restricted from Passenger Facility Charges	45,079	—
Restricted from Customer Facility Charges	106,548	—
Restricted from Enabling Legislation for Capital Projects	—	—
Restricted for OPEB	1,944	422
Unrestricted (Deficit)	176,746	29,049
Total Net Position (Deficit)	\$ 1,725,596	\$ (45,417)

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

Water System	Wastewater	Solid Waste	Total
\$ 32,276	\$ 18,248	\$ 7,662	\$ 144,992
161,476	83,916	41,156	693,305
48,639	50,583	13,612	125,054
4,315	—	—	4,315
—	—	—	326
13,397	3,471	1,060	21,197
260,103	156,218	63,490	989,189
72,876	18,695	3,445	102,222
8,504	112	15	12,980
85,661	58,424	12,551	370,375
60,038	202,400	15,696	390,634
2	—	—	22,885
227,081	279,631	31,707	899,096
487,184	435,849	95,197	1,888,285
—	—	—	139,162
2,479,353	1,014,650	147,532	7,296,382
194,672	339,612	—	534,284
2,378	707	1,153	6,604
2,676,403	1,354,969	148,685	7,976,432
3,163,587	1,790,818	243,882	9,864,717
24,025	2,378	590	58,100
8,453	—	4,028	21,000
376	121	199	1,073
32,854	2,499	4,817	80,173
23,059	13,551	9,221	79,337
—	—	—	354
12	2	—	14,013
—	—	2,151	2,151
4,100	—	—	4,175
919	207	489	2,758
28,090	13,760	11,861	102,788
20,808	8,445	208	93,528
8,604	113	113	12,962
200,000	—	—	300,000
58,678	44,059	10,785	176,957
27,261	15,303	1,766	102,475
6,735	1,350	920	12,350
240	813	450	1,503
61,785	41,965	9,665	183,464
—	—	303	303
384,111	112,048	24,210	883,542
412,201	125,808	36,071	986,330
79	403	740	1,253
2,500	8,438	2,550	13,488
1,114,437	608,559	55,380	4,135,388
—	—	—	1,425
—	—	45,510	45,510
5,447	1,236	2,806	16,265
222,937	—	106,243	553,858
15,715	5,212	8,537	45,184
1,361,115	623,848	221,766	4,812,371
1,773,316	749,656	257,837	5,798,701
—	2,146	909	3,688
7,032	—	3,351	17,469
645	192	313	1,793
7,677	2,338	4,573	22,950
1,418,638	787,385	69,514	3,488,654
58,678	44,059	10,785	220,796
—	—	—	45,079
—	—	—	106,548
75,130	65,481	—	140,611
2,378	707	1,153	6,604
(139,376)	143,691	(95,163)	114,947
\$ 1,415,448	\$ 1,041,323	\$ (13,711)	\$ 4,123,239

Fund Financial Statements

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Aeronautical Fees	\$ 169,017	\$ —
Sales	—	—
Rentals	110,697	11,791
Sewer Service Charges	—	—
Sanitation and Landfill Fees	—	—
Concessions	—	14,868
Other	104,686	20,722
Total Operating Revenues	384,400	47,381
Operating Expenses		
Administration and Engineering	—	27,114
Operation and Maintenance	261,620	14,492
Promotion	—	2,770
Depreciation and Amortization	170,274	23,556
Staff and Administrative	9,412	2,767
Other	—	1,862
Total Operating Expenses	441,306	72,561
Operating Income (Loss)	(56,906)	(25,180)
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	86,091	—
Rental Car Customer Facility Charges	50,460	—
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	9,728	1,243
Interest on Investments	12,579	1,610
Interest	(65,739)	(30,577)
Equity Interest in Joint Use Agreement Operating Loss	—	—
Gain (Loss) on Disposal of Capital Assets	(11,417)	—
Total Non-Operating Revenues (Expenses)	81,702	(27,724)
Income (Loss) Before Contributions and Transfers	24,796	(52,904)
Capital Contributions	28,291	—
Transfers from Other Funds	284	61,199
Transfers to Other Funds	(948)	(887)
Change in Net Position	52,423	7,408
Net Position (Deficit), July 1	1,673,173	(52,825)
Net Position (Deficit), June 30	\$ 1,725,596	\$ (45,417)

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

Exhibit B-11
(Continued)

Water System	Wastewater	Solid Waste	Total
\$ —	\$ —	\$ —	169,017
328,182	—	—	328,182
—	—	—	122,488
—	167,748	—	167,748
—	—	140,034	140,034
—	—	—	14,868
54,733	41,667	8,694	230,502
382,915	209,415	148,728	1,172,839
53,245	16,773	33,942	131,074
181,028	62,889	84,866	604,895
—	—	—	2,770
107,253	41,083	14,623	356,789
8,273	4,060	6,365	30,877
—	—	6,973	8,835
349,799	124,805	146,769	1,135,240
33,116	84,610	1,959	37,599
—	—	—	86,091
—	—	—	50,460
4,044	6,122	1,385	22,522
4,640	5,948	1,516	26,293
(41,541)	(20,613)	(1,267)	(159,737)
(13,734)	(24,659)	—	(38,393)
(5,562)	(196)	(25)	(17,200)
(52,153)	(33,398)	1,609	(29,964)
(19,037)	51,212	3,568	7,635
39,928	31,695	—	99,914
—	—	—	61,483
(14,951)	(9,194)	(1,922)	(27,902)
5,940	73,713	1,646	141,130
1,409,508	967,610	(15,357)	3,982,109
\$ 1,415,448	\$ 1,041,323	\$ (13,711)	\$ 4,123,239

City of Phoenix, Arizona
Fund Financial Statements
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019
(in thousands)

Exhibit B-12

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 385,406	\$ 47,487
Payments to Suppliers	(168,179)	(28,039)
Payments to Employees	(85,637)	(19,624)
Payment of Staff and Administrative Expenses	(9,412)	(2,767)
Net Cash Provided (Used) by Operating Activities	122,178	(2,943)
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	284	61,199
Transfers to Other Funds	(948)	(887)
Net Cash Provided (Used) by Noncapital Financing Activities	(664)	60,312
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	246,603	—
Principal Paid on Capital Debt	(67,810)	(7,709)
Interest Paid on Capital Debt	(74,303)	(34,551)
Acquisition and Construction of Capital Assets	(352,607)	(3,517)
Proceeds from Sales of Capital Assets	181	461
Passenger Facility Charges	85,842	—
Customer Facility Charges	50,851	—
Capital Contributions	33,031	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(78,212)	(45,316)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(702,187)	(13,970)
Proceeds from Sale and Maturities of Investment Securities	660,394	13,756
Net Activity for Short-Term Investments	(1,913)	(8,913)
Interest on Investments	22,232	2,823
Net Cash Provided (Used) by Investing Activities	(21,474)	(6,304)
Net Increase (Decrease) in Cash and Cash Equivalents	21,828	5,749
Cash and Cash Equivalents, July 1	387,325	36,686
Cash and Cash Equivalents, June 30	\$ 409,153	\$ 42,435
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating		
Operating Income (Loss)	\$ (56,906)	\$ (25,180)
Adjustments		
Depreciation	170,274	23,556
Deferred Outflows - Pension and OPEB	2,549	646
Deferred Inflows - Pension and OPEB	(4,138)	(997)
Change in Assets and Liabilities		
Receivables	2,267	60
Allowance for Doubtful Accounts	—	—
Prepaid Items	—	—
Inventories	(115)	8
Accounts Payable	3,703	(657)
Net OPEB Asset	(570)	(120)
Trust Liabilities and Deposits	—	46
Advance Payments	(1,261)	—
Pollution Remediation	(600)	—
Accrued Compensated Absences	(437)	(97)
Accrued Landfill Closure and Postclosure Care Costs	—	—
Net Pension Liability	7,437	(58)
Net OPEB Liability	(25)	(150)
Net Cash Provided (Used) by Operating Activities	\$ 122,178	\$ (2,943)
Noncash Capital and Financing Activities		
Contributions of Capital Assets	\$ —	\$ —
Bond Capital Appreciation	—	(745)
Amortization of Deferred Gains/Losses of Bond Refundings	1,351	273
Unrealized Gain (Losses) on Investments	7,693	1,092
Accounts Payable Related to Capital Asset Additions	\$ 64,067	\$ —
Total Noncash Capital and Financing Activities	\$ 73,111	\$ 620
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 76,258	\$ 10,548
Cash Deposits	326	—
Total Unrestricted	76,584	10,548
Restricted		
Cash and Cash Equivalents	6,241	965
Cash and Securities with Fiscal Agents/Trustees	326,328	26,573
Cash Deposits	—	4,349
Total Restricted	332,569	31,887
	\$ 409,153	\$ 42,435

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

Exhibit B-12
(Continued)

	Water System	Wastewater	Solid Waste	Total
\$	389,504 \$	207,056 \$	149,099 \$	1,178,552
	(120,081)	(59,043)	(73,642)	(448,984)
	(101,539)	(20,776)	(50,599)	(278,175)
	(8,273)	(4,060)	(6,365)	(30,877)
	159,611	123,177	18,493	420,516
	—	—	—	61,483
	(14,951)	(9,194)	(1,922)	(27,902)
	(14,951)	(9,194)	(1,922)	33,581
	200,000	—	3,000	449,603
	(52,976)	(42,642)	(5,600)	(176,737)
	(55,789)	(29,122)	(3,649)	(197,414)
	(175,077)	(72,911)	(17,234)	(621,346)
	203	114	394	1,353
	—	—	—	85,842
	—	—	—	50,851
	18,001	31,695	—	82,727
	(65,638)	(112,866)	(23,089)	(325,121)
	(61,985)	(1,197,327)	—	(1,975,469)
	—	1,223,018	—	1,897,168
	49,108	(144,268)	9,540	(96,446)
	8,682	12,071	2,901	48,709
	(4,195)	(106,506)	12,441	(126,038)
	74,827	(105,389)	5,923	2,938
	124,490	200,868	17,750	767,119
\$	199,317 \$	95,479 \$	23,673 \$	770,057
\$	33,116 \$	84,610 \$	1,959 \$	37,599
	107,253	41,083	14,623	356,789
	2,708	14	1,269	7,186
	(4,593)	93	(2,174)	(11,809)
	9,128	(2,515)	244	9,184
	(332)	89	127	(116)
	1,132	—	—	1,132
	1,498	30	(338)	1,083
	(6,064)	1,934	4,551	3,467
	(776)	(146)	(376)	(1,988)
	(2,206)	67	—	(2,093)
	—	—	—	(1,261)
	4,100	—	—	3,500
	(911)	(120)	138	(1,427)
	—	—	(9,103)	(9,103)
	15,667	(1,672)	7,623	28,997
\$	(109) \$	(290) \$	(50)	(624)
\$	159,611 \$	123,177 \$	18,493 \$	420,516
\$	21,927 \$	— \$	— \$	21,927
	—	—	—	(745)
	2,038	421	(132)	3,951
	3,697	4,124	1,286	17,892
	20,808	8,445	209	93,529
\$	48,470 \$	12,990 \$	1,363 \$	136,554
\$	32,276 \$	18,248 \$	7,662 \$	144,992
	—	—	—	326
	32,276	18,248	7,662	145,318
	72,876	18,695	3,445	102,222
	85,661	58,424	12,551	509,537
	8,504	112	15	12,980
	167,041	77,231	16,011	624,739
\$	199,317 \$	95,479 \$	23,673 \$	770,057

City of Phoenix, Arizona
Fund Financial Statements
Fiduciary Funds

Exhibit B-13

Statement of Fiduciary Net Position

June 30, 2019

(in thousands)

	Pension and Other Employee Benefit Trusts	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 92,263	\$ 13,731
Investments		
Treasurer's Pooled Investments	1,245	62,554
Temporary Investments	92,581	—
Fixed Income	653,157	—
Domestic Equities	1,244,149	—
International Equities	446,056	—
Real Return	107,080	—
Absolute Return	110,505	—
Real Estate	386,885	—
Receivables		
Accounts Receivable	23,093	—
Contributions Receivable	8,391	—
Interest and Dividends	3,969	—
Prepaid Items	5,453	—
Total Assets	<u>3,174,827</u>	<u>76,285</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>
<u>LIABILITIES</u>		
Accounts Payable	143,856	—
Accrued Payroll Payable	—	76,285
Claims Payable	22,907	—
Total Liabilities	<u>166,763</u>	<u>76,285</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>
<u>NET POSITION</u>		
Restricted for pension and other employee benefits	<u>\$ 3,008,064</u>	<u>\$ —</u>

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

City of Phoenix, Arizona
Fund Financial Statements
Fiduciary Funds

Exhibit B-14

Statement of Changes in Fiduciary Net Position

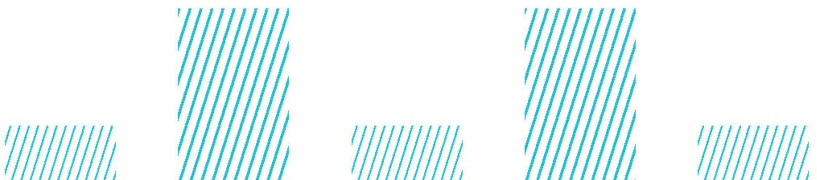
For the Fiscal Year Ended June 30, 2019
(in thousands)

	Pension and Other Employee Benefit Trusts
<u>ADDITIONS</u>	
Contributions	
City of Phoenix	\$ 343,170
Employees	89,671
Inter-System Transfers	375
Other	10,861
Total Contributions	<u>444,077</u>
Investment Income	
Net Increase in Fair Value of Investments	120,429
Interest	24,437
Dividends	24,343
Other	5,219
Investment Income	<u>174,428</u>
Less: Investment Expense	<u>15,275</u>
Total Net Investment Income	<u>159,153</u>
Total Additions	<u>603,230</u>
<u>DEDUCTIONS</u>	
Benefit Payments	462,368
Refunds of Contributions	3,012
Inter-System Transfers	451
Other	17,248
Total Deductions	<u>483,079</u>
Net Increase	120,151
Net Position Restricted for Pension and Other Employee Benefits	
Beginning of Year, July 1	\$ 2,887,913
End of Year, June 30	<u>\$ 3,008,064</u>

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



City of Phoenix



Financial Section

Notes to the Financial Statements

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

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



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

1. Summary of Significant Accounting Policies

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

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

a. Reporting Entity

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

Fiduciary Component Unit

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. Tier 1 employees contribute 5%, Tier 2 and Tier 3 employees contribute a maximum 11% of their covered compensation, with the City funding all remaining costs based on actuarial valuations. COPERS is reported in the accompanying financial statements as an employee pension trust fiduciary fund. Separate financial statements for COPERS can be obtained through COPERS' administrative office at 200 W. Washington Street, 10th Floor, Phoenix, Arizona, 85003 or on-line at <https://www.phoenix.gov/copers/pension-plan-reports>.

Component Units - Blended

City of Phoenix Civic Improvement Corporation ("CIC")

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

Park Central Community Facilities District ("PCCFD")

The PCCFD was formed by petition to the City Council in August 2018. Its purpose is to provide public infrastructure within its boundaries in the Phoenix midtown area for development of a multi-use residential, commercial and retail project known as "Park Central." PCCFD is governed by a Board of Directors consisting of the Mayor and City Council of the City of Phoenix, plus two members designated by the largest landowner within the PCCFD. The Board of Directors may issue bonds and levy special assessments upon property within the PCCFD to repay the bonds. Any bonds issued by the PCCFD are payable solely from amounts collected pursuant to the special assessments and are not an obligation of the City. For financial reporting purposes, transactions are blended as part of the operations for the City's governmental funds.

Component Units - Discrete

Phoenix Housing Finance Corporations (“PHFC”)

The PHFC are individual nonprofit corporations which were incorporated under the laws of the State of Arizona. The corporations were created to act as instrumentalities of the City to aid in the development and financing of various housing projects for low income persons. City management appoints the non-self-perpetuating Board of Directors and approves amendments to the Articles of Incorporation and Bylaws. Although the corporations are legally separate from the City, governmental accounting standards require the corporations to be reported as a discretely presented component unit of the City for financial reporting purposes because of the City's accountability via the appointment of the board members. Separate financial statements for the corporations can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division at 251 W. Washington Street, 9th floor, Phoenix, Arizona, 85003.

Downtown Phoenix Hotel Corporation (“DPHC”)

The DPHC is an Arizona nonprofit corporation duly organized and existing under the laws of the State of Arizona. The Corporation was formed in January, 2005, for the sole purpose of owning, acquiring, constructing, equipping, financing and taking any other actions that an Arizona nonprofit corporation may take with respect to a full-service downtown hotel. The City Council of the City of Phoenix appoints the corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the corporation. In June 2018, the Hotel was sold to the Sheraton Grand Phoenix, LLC.

Phoenix Industrial Development Authority (“Phoenix IDA”)

The Phoenix IDA is a nonprofit corporation designated a political subdivision of the State of Arizona. The Phoenix IDA was established on July 7, 1981 in order to exercise its broad statutory powers, including the power to issue conduit revenue bonds to finance “projects” as such term is defined by the Arizona Revised Statutes, §35-701(7). All bonds issued by Phoenix IDA are special, limited obligations of the Phoenix IDA, payable solely from revenues generated by the project being financed, and do not constitute debt of, a loan of, or credit by, the Phoenix IDA. The Phoenix IDA charges administration fees to bond applicants and uses such fees to cover its administration costs and to support its ongoing community and economic development programs in Arizona. The Phoenix IDA is a special-purpose governmental entity engaged in business type activities. The City Council of the City of Phoenix elects the board of directors for Phoenix IDA and may remove a director at any time, with or without cause. Upon future dissolution, all funds held by the Phoenix IDA and title to its property will revert to the City. Although the Phoenix IDA is legally separate from the City, governmental accounting standards require the Phoenix IDA 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 Phoenix IDA. Separate financial statements for the Phoenix IDA can be obtained from the City's Finance Department, through the Phoenix IDA at 3352 E. Camelback Rd., Phoenix, Arizona, 85018.

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.

Notes to the Financial Statements

(Continued)

In addition, AMWUA contracts with the cities jointly using the 91st Avenue Wastewater Treatment Plant to perform certain accounting, administrative and support services.

Phoenix-Mesa Gateway Airport (“PMGA”)

PMGA is a nonprofit corporation established and funded by the City of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become PMGA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City of Phoenix contributed \$1.3 million this fiscal year (life to date \$22.1 million) to the PMGA operating and capital budget.

c. Basic Financial Statements

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

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

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

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

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functions and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt

Notes to the Financial Statements

(Continued)

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

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

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

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

d. Fund Accounting

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

Notes to the Financial Statements

(Continued)

The City reports the following major governmental funds:

General Fund

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

Transit Special Revenue Fund

The Transit Fund is the only special revenue fund that is presented as a major fund in the basic financial statements. It is used to account for federal grant operating funds, regional Public Transportation Assistance funds, Transit 2000 and Transportation 2050 excise tax revenues and the City's local matching funds. Expenditures are for the administrative and operating costs of the public transit system.

General Obligation/Secondary Property Tax Debt Service Fund

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

The City has the following nonmajor governmental funds:

Special Revenue Funds

Eight 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 restricted or committed expenditures for specified purposes.

Capital Projects Funds

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

Debt Service Funds

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

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 operating income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of operating income, changes in net position, financial position and cash flows.

Enterprise Funds

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

Fiduciary Funds

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

Pension and Other Employee Benefit Trust Funds

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

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

Agency Funds

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

e. Basis of Accounting

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

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

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

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

Revenues susceptible to accrual include property tax, transaction privilege tax, highway user tax, state shared sales tax, vehicle license tax, and interest earned on investments. Licenses and permits, charges

Notes to the Financial Statements

(Continued)

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, Transportation Tax 2050 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 2018-19, the reappropriation budget was \$1.9 billion.

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 2018-19 expenditure limit supplied by the Economic Estimates Commission was \$1.5 billion. The City increased this limit to \$7.4 billion 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

Notes to the Financial Statements

(Continued)

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 2015 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option will be in effect through 2019-20. Previously established exclusions for pay-as-you-go capital projects continue to apply.

Notes to the Financial Statements

(Continued)

Budget Calendar

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

Action	City Charter	State Statutes
Post notice on the official city website if there will be an increase in either the primary or the secondary property levy	No requirement	60 days prior to Tax Levy Adoption
City Manager's proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June or a date designated by Council	No provision
Publish general summary of budget and notice of public hearing	Publish in newspaper of general circulation at least two weeks prior to first public hearing	No provision
Public hearing and tentative budget adoption	On or before the last day of June	On or before the third Monday in July
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required)	No requirement	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing
Publish budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption
Post a complete copy of the tentatively adopted budget on the city's website and provide copies to libraries and City Clerk	No requirement	No later than 7 business days after the estimates of Revenue and Expenses are initially presented before the City Council
Public hearing on budget plus tax levy or truth-in-taxation hearing (when required) and final budget adoption	No provision	Public hearing on or before the 14th day before the tax levy is adopted and no later than the first Monday in August
Post a complete copy of the adopted final budget on the city's website	No requirement	No later than seven days after adoption
Public hearing and property tax levy adoption	No later than the last regular Council meeting in July	No sooner than fourteen days following initial public hearing and no later than the third Monday in August

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

g. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions

Notes to the Financial Statements

(Continued)

that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

h. Pooled Cash and Investments

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

The City's cash and cash equivalents are considered to be cash in bank, cash on hand, and short-term investments with original maturities of 90 days or less from the date of acquisition.

The City's investments are stated at fair value. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

i. Inventories

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

j. Capital Assets

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

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

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

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Capital leases are classified as capital assets in amounts equal to the lesser of fair market value or the present value of net minimum lease payments at the inception of the lease.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. See Note 9 for presentation of capital additions 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

Notes to the Financial Statements

(Continued)

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).

k. Compensated Absences

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

Sick leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' retirement. Unused sick leave hours not eligible for such cash payment is treated as additional service time in the calculation of postemployment benefits. For the government-wide financial statements, as well as the enterprise fund financial statements, outstanding compensated absences are recorded as a liability.

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans as described in Note 20 and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

m. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the City's defined other postemployment benefit plans, as described in Note 21, and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n. Long-Term Obligations

In the government-wide financial statements, and in the enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

Notes to the Financial Statements

(Continued)

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

o. Fund Deficits

Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. The Phoenix Convention Center Enterprise fund reported a deficit of \$45.4 million. The deficit is primarily in the Net Investment in Capital Assets resulting from the timing difference between depreciation on the Phoenix Convention Center north and west building expansion and the principal payments for the related debt. As the City increases the principal payments in accordance with the debt service schedules and the depreciation remains constant, the deficit balance will be eliminated. Due to the implementation of GASB Statements No. 68 and No. 75, the Solid Waste Enterprise Fund reported a deficit of \$13.7 million. The City is in the process of evaluating revenues and expenses over a five-year financial plan to eliminate the deficit.

p. Interfund Transactions

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

q. Statements of Cash Flows

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

r. New Accounting Pronouncements

New Accounting Pronouncements Adopted in 2019:

GASB Statement No. 83, ***Certain Asset Retirement Obligations***, requires the measurement of an asset retirement obligation (ARO) to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City has determined there is no impact to the financial statements as a result of this Statement.

GASB Statement No. 88, ***Certain Disclosures Related to Debt, including Borrowings and Direct Placements***, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences,

Notes to the Financial Statements

(Continued)

significant termination events with finance-related consequences, and significant subjective acceleration clauses. Also, this Statement requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City has implemented this Statement in fiscal year 2019.

Pronouncements Issued But Not Yet Effective:

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. The City has not fully determined the effect these pronouncements will have on the City's financial statements:

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
90	<i>Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2021

2. Budget Basis of Accounting

The City's budget is adopted on a basis other than GAAP. The Budgetary Comparison Statements for the General Fund (Exhibit B-5) and the Transit Special Revenue Funds (Exhibits B6 through B-9) 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:

	Budget	GAAP
Encumbrances	The equivalent of expenditures	Not recognized
Grant Revenues	Recognized on a modified cash basis	Recognized on the modified accrual basis
Investment Income	Unrealized gain or loss on investments not recognized	Unrealized gain or loss on investments recognized
Staff and Administrative Costs	Interfund transfers	Reimbursable expenses

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

Notes to the Financial Statements

(Continued)

Adjustments necessary to convert the change in fund balance for the fiscal year ended June 30, 2019 on the budget basis to the GAAP basis are as follows (in thousands):

Excess (Deficiency) of Sources of Financial Resources Over (Under) Uses of Financial Resources		
	General Fund	Transit Special Revenue Fund
Budget basis	\$ (1,040)	\$ (56,334)
Entity differences - amounts not budgeted	8,618	(111)
Transfers not recognized for budget purposes	(785)	—
Advance payments not recognized for budget purposes (net of reversals of prior year accruals)	6,344	(15,611)
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	21,018	(25,430)
Unrealized gain or loss on investments	(769)	3,536
Encumbrances at June 30 recognized as expenditures for budget purposes	14,005	41,193
GAAP basis	<u>\$ 47,391</u>	<u>\$ (52,757)</u>

Adjustments necessary to convert the fund balances at June 30, 2019 on the budget basis to the GAAP basis are as follows (in thousands):

Fund Balances at June 30		
	General Fund	Transit Special Revenue Fund
Budget basis	\$ 133,580	\$ 150,689
Entity differences - amounts not budgeted	183,325	(249)
Transfers not recognized for budget purposes	136	—
Advance payments not recognized for budget purposes	17,043	(15,611)
Accrued expenditures not recognized for budget purposes	(22,624)	(41,789)
Unrealized gain or loss on investments	38,222	(14,884)
Encumbrances at June 30 recognized as expenditures for budget purposes	57,374	100,056
GAAP basis	<u>\$ 407,056</u>	<u>\$ 178,212</u>

3. Fund Balances

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

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

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

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

Notes to the Financial Statements

(Continued)

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

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

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

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

	General	Transit Special Revenue	General Obligation/ Secondary Property Taxes	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances (in thousands):					
Nonspendable:					
Inventory / Prepaid	\$ 17,134	\$ 801	\$ —	\$ —	\$ 17,935
Spendable:					
Restricted for:					
Capital Construction	—	—	—	141,852	141,852
Debt Service	—	—	81,826	38,824	120,650
Public Transit Operations	—	175,827	—	1,416	177,243
Road Maintenance and Construction	—	—	—	111,573	111,573
Public Parks and Preserves	—	—	—	79,961	79,961
Insurance Claims	48,920	1,584	—	—	50,504
Low Income Housing Programs	—	—	—	30,230	30,230
Court Operations	—	—	—	6,207	6,207
Police and Fire Personnel	—	—	—	88,483	88,483
Other	—	—	—	55,525	55,525
Committed to:					
Debt Service	—	—	—	55,711	55,711
Capital Construction	—	—	—	22,938	22,938
Court Operations	—	—	—	2,926	2,926
Assigned to:					
Capital Construction	—	—	—	40,990	40,990
Insurance	54,496	—	—	—	54,496
Development Services	—	—	—	85,729	85,729
Low Income Housing Programs	—	—	—	5,896	5,896
Pension Reserve	35,000	—	—	—	35,000
Other	7,965	—	—	24,620	32,585
Unassigned	243,541	—	—	(14,701)	228,840
Total fund balances	\$ 407,056	\$ 178,212	\$ 81,826	\$ 778,180	\$ 1,445,274

Notes to the Financial Statements

(Continued)

4. Property Tax

Levy, Assessment and Collection

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

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

Prior to fiscal year 2015-16, Arizona had a dual valuation property tax system. Specific provisions were made under each system to determine the full cash and limited values of the property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Primary property taxes were levied against the limited property value (LPV), and secondary property taxes were levied against the full cash value (FCV) of the property. Under the primary system, the LPV could generally only increase by 10% annually, while the FCV had no limitation on the annual increase.

In 2012, voters approved Proposition 117, which replaced Arizona's dual valuation tax system. Also known as the Property Tax Assessed Valuation Amendment, Proposition 117 amended the Arizona Constitution by limiting the annual increase in the LPV and by eliminating the use of FCV to calculate secondary property taxes. Beginning in fiscal year 2015-16, the amendment caps the primary tax value at no greater than 5% above the previous year, plus new construction, and establishes a single LPV for both the primary and secondary systems. The LPV is used to calculate primary net assessed valuations (PNAV) also referred to as limited net assessed valuation (LNAV), which is used to calculate both the primary and secondary levies. Both primary and secondary property taxes are levied against the LPV of locally-assessed real property, including residential, commercial, industrial, agricultural and unimproved property. The amendment did not change the methodology used by county assessors to calculate primary values and property owners may still appeal valuations to their county assessor. The amendment did not impose limits on the rate at which primary property taxes may be assessed and does not materially adversely affect the City's ability to levy and collect property taxes. The City of Phoenix PNAV for tax year 2019 (fiscal year 2019-20) is \$13.2 billion.

Separate tax rates are set for both primary and secondary levies. The total amount of primary property taxes that the City can levy is 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 judgments. Secondary property tax levies are limited to annual general obligation debt service plus a reasonable delinquency factor and may also include new money issuances and defeasances.

The City Council adopts the annual primary and secondary tax levies 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 LPV as determined by the Maricopa County Assessor. For locally assessed property, the LPV 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 LPV 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):

	2018 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Property Taxes Receivable, July 1	\$ —	\$ —	\$ —	\$ 5,437	\$ 5,437
Current Tax Levy	163,218	102,187	265,405	—	265,405
Adjustment by County Assessor	(573)	(288)	(861)	(458)	(1,319)
	162,645	101,899	264,544	4,979	269,523
Less: Collections, net	(160,089)	(100,319)	(260,408)	(3,281)	(263,689)
Property Taxes Receivable, June 30	\$ 2,556	\$ 1,580	\$ 4,136	\$ 1,698	\$ 5,834

In fiscal year 2018-19, current property tax collections were \$260.4 million, or 98.1%, 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 fiscal year 2019-20, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied. The year end balance in the General Obligation/Secondary Property Tax Debt Service Fund must be used for future debt service payments. Any year that total primary tax collections, excluding delinquent collections, exceed the primary tax levy, the excess amount must be deducted from the maximum levy of the following year.

Taxes Due and Payable

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

Delinquent Taxes - Sales and Redemption

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

5. Cash and Investments

Cash and cash equivalents at June 30, 2019, was comprised of the following (in thousands):

	Total
Cash in Bank	\$ 6,022
Cash on Hand	169
Short-Term Pooled Investments	397,639
Short-Term Non-Pooled Investments	158,467
Total Cash and Cash Equivalents	<u>\$ 562,297</u>

Notes to the Financial Statements

(Continued)

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

Primary Government		
Unrestricted		
General Fund	\$	33,387
Transit Special Revenue Fund		32,884
Non-Major Governmental Funds		127,106
Enterprise Funds		
Aviation		76,258
Phoenix Convention Center		10,548
Water System		32,276
Wastewater		18,248
Solid Waste		7,662
Total Unrestricted		<u>338,369</u>
Restricted		
Enterprise Funds		
Aviation		6,241
Phoenix Convention Center		965
Water System		72,876
Wastewater		18,695
Solid Waste		3,445
Total Restricted		<u>102,222</u>
Total Primary Government		<u>440,591</u>
Component Unit - PHFC		6,608
Component Unit - Phoenix IDA		9,104
Fiduciary Funds		
Employee Pension Trust		46,835
Employee Benefit Trust		45,428
Payroll Agency		13,731
Total Reporting Entity	\$	<u><u>562,297</u></u>

Deposits

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name at fiscal year end. There were three days during fiscal year 2019 that had undercollateralized deposit liabilities. The carrying amount of the City's deposits at June 30, 2019 was \$43.2 million and the bank ledger balance was \$31.4 million.

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, 2019 was \$755.3 million. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount of the City's securities with fiscal agents and trustees and the bank ledger balance at June 30, 2019 were \$21.3 million.

Investments

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

In addition to the types of investments described above, the LTD and MERP Trusts' assets are invested in separate, externally managed portfolios, mutual funds and commingled funds. These externally managed portfolios and

Notes to the Financial Statements

(Continued)

funds consist of investments in U.S. equities, non-U.S. equities, core fixed income, real return securities, marketable alternatives, and real estate.

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

Rebates

Senate bill 1306 requires local governments to disclose the amount of any reward, discount, incentive or other financial consideration received as a result of credit card payments made to a vendor for goods or services. In fiscal year 2019, the City has recorded approximately \$0.5 million in rebates related to its single use account program.

Notes to the Financial Statements

(Continued)

Total investments at June 30, 2019, stated at fair value, were \$5.3 billion. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
City Investments			
Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	\$ 278,344	0.005
U.S. Treasury Securities	AA+	821,019	1.541
U.S. Government Agency Securities			
Housing and Urban Development	AA+	4,886	0.951
FFCB Notes	AA+	233,178	1.919
FNMA Notes	AA+	120,840	0.887
FAMCA Notes	AA+	30,121	0.755
FHLMC Notes	AA+	119,338	0.913
FHLB Notes	AA+	217,904	1.941
Total U.S. Government Agency Securities		726,267	1.650
Pre-Refunded Municipal Securities	N/A (1)	122,769	1.144
Certificates of Deposit	N/A (2)	117,268	0.191
Commercial Paper	A-1	36,465	0.105
Mortgage Backed Securities			
GNMA	AA+	96,275	2.471
FHLMC Notes	AA+	13,660	5.225
Total Mortgage Backed Securities		109,935	2.813
Total Pooled Investments		2,212,067	1.292
Less: Joint Venture Pooled Investments		(44,832)	
Less: Short-Term Pooled Investments		(397,639)	
Net Pooled Investments		1,769,596	
Non-Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	62,019	0.003
U.S. Treasury Securities	AA+	518,023	0.399
U.S. Treasury Securities Money Market Mutual Funds	AAA _m	117	0.003
U.S. Government Agency Securities			
FFCB Notes	AA+	4,981	1.883
FHLMC Notes	AA+	1,992	1.533
FHLB Notes	AA+	64,264	0.558
Total U.S. Government Agency Securities		71,237	
Pre-Refunded Municipal Securities	N/A (1)	16	
Investment in Land	N/A	872	
Total Non-Pooled Investments		652,284	
Less: Short-Term Non-Pooled Investments		(111,869)	
Net Non-Pooled Investments		540,415	
Total City Investments		\$ 2,310,011	

- (1) Pre-Refunded Municipal Securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Government Securities.
- (2) All Certificates of Deposit are insured by the FDIC.

Notes to the Financial Statements

(Continued)

	Credit Quality Rating	Fair Value	Weighted Average Maturity
COPERS Investments			
Fixed Income Investments			
Derivatives	Not Rated	\$ (366)	19.942
Total Derivatives		(366)	
U. S. Treasury Securities	Not Rated	476	5.923
U. S. Treasury Securities	AAA	26,382	15.280
U. S. Treasury Securities	AA	812	29.148
U. S. Treasury Securities	A	1,800	11.610
U. S. Treasury Securities	B	3,137	10.290
Total U. S. Treasury Securities		32,607	
Total U.S. Government Agency Securities	Note Rated	602	7.668
Total U.S. Government Agency Securities	AAA	707	2.670
Total U.S. Government Agency Securities	AA	704	1.875
		2,013	
Mortgage Backed Securities	Not Rated	61,514	26.878
Mortgage Backed Securities	AAA	7,805	21.042
Mortgage Backed Securities	AA	3,837	20.552
Mortgage Backed Securities	A	1,427	21.424
Mortgage Backed Securities	BBB	1,137	16.720
Mortgage Backed Securities	B	36	15.042
Mortgage Backed Securities	CCC	348	18.638
Mortgage Backed Securities	CC	440	17.915
Mortgage Backed Securities	C	54	16.582
Total Mortgage Backed Securities		76,598	
Asset Backed Securities	Not Rated	9,458	0.258
Asset Backed Securities	AAA	6,021	5.783
Asset Backed Securities	AA	276	14.682
Asset Backed Securities	A	1,201	13.517
Asset Backed Securities	BBB	1,411	28.026
Asset Backed Securities	B	258	10.301
Total Asset Backed Securities		18,625	
Domestic Equity	Not Rated	51	5.000
Municipal Bonds	Not Rated	96	7.448
Municipal Bonds	AAA	1,396	16.534
Municipal Bonds	AA	2,045	14.427
Municipal Bonds	A	1,752	14.063
Municipal Bonds	BBB	634	21.438
Municipal Bonds	B	475	19.133
Municipal Bonds	C	399	10.513
		6,797	
Corporate Bonds	Not Rated	95,894	4.990
Corporate Bonds	AAA	7,040	6.523
Corporate Bonds	AA	6,514	12.024
Corporate Bonds	A	18,476	9.884
Corporate Bonds	BBB	32,847	10.831
Corporate Bonds	BB	17,495	8.271
Corporate Bonds	B	48,456	5.888
Corporate Bonds	CCC	2,768	5.898
Corporate Bonds	CC	1,735	3.166
Corporate Bonds	C	38,880	4.874
Corporate Bonds	D	777	0.792
Total Corporate Bonds		270,882	
International Bonds	Not Rated	220	
International Bonds	AAA	761	
International Bonds	AA	475	
International Bonds	A	1,101	
International Bonds	BBB	6,972	
International Bonds	B	224	
International Bonds	CCC	334	
Total International Bonds		10,087	
Total Foreign Commingled	Not Rated	107,062	11.250
Total Fixed Income Investments		524,356	
Temporary Investments from Securities Lending		92,581	
Domestic Equities:			
Common Stocks		1,011,832	
Commingled Equity Index Fund		142,943	
Real Estate		373,565	
Total Domestic Equities		1,528,340	
Global Commingled		391,061	
International Equities		70,530	
Hedged Funds		110,369	
Total COPERS Investments		\$ 2,717,237	

Notes to the Financial Statements

(Continued)

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
Fiduciary Fund External Investments			
Employee Benefit Trust			
Bond Mutual Funds			
Doubleline Core Total Return	Not Rated	\$ 13,503	6.500
PIMCO Total Return	Not Rated	13,595	4.900
Vanguard Total Bond Market Index	Not Rated	29,135	8.200
Total Bond Mutual Funds		56,233	
Stock Mutual Funds	Not Rated	194,163	
Pacific Hedged Strategies Funds	Not Rated	211	
Total Fiduciary Fund External Investments		<u>\$ 250,607</u>	
Phoenix Industrial Development Authority			
Investments	AA+	\$ 8,558	0.300
Investment in Land	N/A	3,389	
External Investment	N/A	1,922	
Asset Held for Future Investment	N/A	2,800	
Total PIDA Investments		<u>\$ 16,669</u>	

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

Primary Government		
Unrestricted		
General Fund		\$ 178,631
Transit Special Revenue Fund		164,450
General Obligation/Secondary Property Tax		80,256
Non-Major Governmental Funds		666,366
Enterprise Funds		
Aviation		357,407
Phoenix Convention Center		49,350
Water System		161,476
Wastewater		83,916
Solid Waste		41,156
Total Unrestricted		<u>1,783,008</u>
Restricted		
Enterprise Funds		
Aviation		98,153
Phoenix Convention Center		14,347
Water System		60,038
Wastewater		202,400
Solid Waste		15,696
Total Restricted		<u>390,634</u>
Total Primary Government		<u>2,173,642</u>
Component Unit - PIDA		16,669
Fiduciary Funds		
Employee Pension Trust		2,717,951
Employee Benefit Trust		323,707
Payroll Agency		62,554
Total Reporting Entity		<u>\$ 5,294,523</u>

Notes to the Financial Statements

(Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using			
	6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	\$ 1,693,000	\$ 15,994	\$ 1,677,006	\$ —
U.S. Government agency obligations	805,788	—	805,788	—
U.S. Government agency MBS/CMO	101,665	—	101,665	—
Municipal bonds	122,769	—	122,769	—
Commercial paper	36,465	—	36,465	—
Investment in land	872	—	—	872
Total investments, including those classified as, cash equivalents by fair value level	<u>\$ 2,760,559</u>	<u>\$ 15,994</u>	<u>\$ 2,743,693</u>	<u>\$ 872</u>

U.S. Government securities totaling \$16.0 million in fiscal year 2019 are classified in Level 1 of the fair value hierarchy and are valued using quoted prices in active markets.

U.S. Government securities totaling \$1.7 billion, U.S. government agency obligations totaling \$805.8 million, U.S. government agency MBS/CMO totaling \$101.7 million, municipal bonds totaling \$122.8 million and commercial paper totaling \$36.5 million in fiscal year 2019 are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These prices are obtained from a pricing source.

Investment in land totaling \$872 thousand in fiscal year 2019, classified in Level 3 of the fair value hierarchy is valued by appraisal using valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow model and similar techniques not on market, exchange, dealer or broker-traded transactions.

For the LTD and MERP Trusts, Bond Mutual Funds totaling \$56.2 million and Stock Mutual Funds totaling \$194.2 million classified in Level 1 of the fair value hierarchy in fiscal year 2019 are valued using quoted prices in active markets. Pacific Hedged Strategies Funds totaling \$211 thousand in fiscal year 2019, classified in Level 3 of the fair value hierarchy is valued by appraisal using valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow model and similar techniques not on market, exchange, dealer or broker-traded transactions.

Notes to the Financial Statements

(Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of COPERS as of June 30, 2019 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using			
	6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equities	\$ 1,011,832	\$ 461,140	\$ —	\$ 550,692
International Equities Commingled	70,530	—	—	70,530
Fixed Income				
Derivatives	(366)	574	(940)	—
US government and agency securities	34,620	32,607	2,013	—
Mortgage backed securities - residential	76,599	—	76,599	—
Asset backed securities	18,624	—	18,624	—
Municipal bonds	6,797	—	6,797	—
Corporate bonds	270,933	51	160,409	110,473
Corporate bonds commingled	—	—	—	—
Foreign	10,087	—	10,087	—
Foreign commingled	107,062	—	—	107,062
Total fixed income securities	524,356	33,232	273,589	217,535
Temporary Investments from Securities Lending	31,316	—	31,316	—
Subtotal	1,638,034	494,372	304,905	838,757
Investments measured at the net asset value (NAV)				
Private Equity	142,943			
Hedge Funds	110,369			
Global Commingled	391,061			
Real Estate Funds	373,565			
Investments at net asset value	1,017,938			
Cash Equivalents in Securities Lending	61,265			
Total investments and cash equivalents by fair value level	\$ 2,717,237	\$ 494,372	\$ 304,905	\$ 838,757

Notes to the Financial Statements

(Continued)

Certain investments are reported at the net asset values calculated by the investment manager. These investments at June 30, 2019, detailed in the following table, are subject to capital calls and specific redemption terms:

	June 30, 2019 (in thousands)	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	\$ 110,369	\$ —	Quarterly	90 Days
Global Commingled	391,061	—	Monthly	30 Days
Private Equity	142,943	356,205	Quarterly	0-90 Days
Real Estate Funds	373,565	141,014	Quarterly	0-90 Days

Alternative investments measured at NAV include hedge funds, real estate, opportunistic and global fixed income. Below is a description of the various investment strategies:

- COPERS invests in three direct hedge funds which all have a global macro strategy.
- COPERS' portfolio consists of one commingled fixed income fund and two fixed income separate accounts. These accounts have a core-plus strategy.
- COPERS has two global commingled funds. One fund which has a global large cap growth mandate and the second fund which has a large cap value mandate.
- COPERS' real estate investments consists of two core real estate funds and 15 non-core real estate partnerships. The core funds permit redemptions with a 90-day notice, the non-core fund investments have a limited liquidity and redemptions are restricted.

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those debts and securities. Debt and equity securities categorized as Level 2 are valued using matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the relationship to benchmark quoted prices. Investment derivative instruments categorized as Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates. Mortgage-backed securities categorized as Level 2 are valued using discounted cash flow techniques. Debt and equity securities categorized as Level 3 are debt and securities whose stated market price is unobservable by the market place, many of these securities are priced by the issuers or industry groups for these securities. Collateralized debt obligations categorized as Level 3 are valued using consensus pricing. The fair value of international equity funds and related short-term investments classified as Level 3 represent the value of unit positions in funds that are not publicly traded on an exchange. Fair value of these securities can be impacted by redemption restrictions imposed by the fund managers.

Interest Rate Risk

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

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

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

For the LTD and MERP Trusts, investment activity has been delegated from the Trust funds' Boards to professionally managed mutual funds to diversify the composition of the Trusts' assets. The bond funds, as of June 30, 2019, have weighted average maturities ranging from 4.9 to 8.2 years.

Notes to the Financial Statements

(Continued)

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' contract with Western directs them to maintain an average weighted duration of portfolio security holdings including futures and options positions within +/- 20% of the Barclays Capital US Aggregate Index. COPERs' contract with Longfellow specifies a weighted average duration of +/- 20% of the Barclays Capital US Aggregate Index. The contracts with Brigade and DDJ Capital Management require a weighted average duration of +/- two years of the Barclays Capital US Aggregate Index. The contract with MFS specifies a weighted average duration of +/- seven years of the JPMorgan Emerging Markets Bond Index.

Credit Risk

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

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

COPERs currently has three managers responsible for fixed income investments. Longfellow Investment Management, MFS Heritage Trust Company (MFS) and Western Asset Management Company (Western) are active bond managers. As part of their portfolio, Longfellow and Western may enter into futures, options, and swaps contracts for hedging purposes and/or as a part of the overall portfolio strategy and will be incidental to its securities trading activities for the account.

Concentration of Credit Risk

Investments in any one issuer, excluding U.S. governments that represent 5% or more of total City investments are as follows (in thousands):

Issuer	Fair Value
FHLB	\$ 282,167
FFCB	238,158

The LTD and MERP Trusts have allocated 24% of their total assets to core fixed income mutual funds which have mandates to be well diversified over a broad range of various issuers.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment or a deposit. COPERs' investment in foreign fixed income is managed by PIMCO and Western Asset. Both managers' report dollar and non-dollar denominated holdings and provide for direct ownership of the underlying security. Dollar and non-dollar denominated holdings accounted for 99.66% and 0.34%, respectively, of the foreign fixed income investments at June 30, 2019.

Notes to the Financial Statements

(Continued)

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 May 6, 2015, authorized Bank of New York Mellon ("BNY") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement.

During 2019, BNY lent, on behalf of COPERs, certain securities held by BNY 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. BNY 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, 102% of the fair 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 fair value of the loaned securities.

During 2019, 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 liquidity pool and a duration pool. As of June 30, 2019, the collateral pool had a weighted average maturity (WAM) of 21 days and a weighted average life (WAL) of 114 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral.

6. Receivables

Receivables at June 30, 2019 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	Accounts	Taxes	Interest	Intergovernmental (1)	Notes	Total
Unrestricted						
Governmental Activities						
General Fund	\$ 52,755	\$ 137,810	\$ 79	\$ 22,068	\$ —	\$ 212,712
Transit Special Revenue	2,904	—	—	11,440	—	14,344
G.O./Secondary Property Tax	—	3,232	291	—	—	3,523
Nonmajor	5,213	51	291	37,370	9,583	52,508
	60,872	141,093	661	70,878	9,583	283,087
Business-Type Activities						
Aviation	11,785	—	—	119	—	11,904
Phoenix Convention Center	316	—	—	—	—	316
Water System	48,097	—	—	542	—	48,639
Wastewater	21,626	—	—	4,794	24,163	50,583
Solid Waste	13,605	—	—	7	—	13,612
	95,429	—	—	5,462	24,163	125,054
Subtotal	156,301	141,093	661	76,340	33,746	408,141
Restricted						
Business-Type Activities						
Aviation	14,939	—	150	7,761	—	22,850
Phoenix Convention Center	—	—	33	—	—	33
Water System	—	—	2	—	—	2
	14,939	—	185	7,761	—	22,885
Total	\$ 171,240	\$ 141,093	\$ 846	\$ 84,101	\$ 33,746	\$ 431,026

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

Notes to the Financial Statements

(Continued)

The following is a summary of the allowance for doubtful accounts for all funds at June 30, 2019 (in thousands):

	Allowance for Doubtful Accounts		
	Accounts	Taxes	Total
Governmental			
General Fund	\$ 16,826	\$ 21,033	\$ 37,859
Transit Special Revenue Fund	218	—	218
Nonmajor	5,335	—	5,335
Business-Type			
Phoenix Convention Center	5	—	5
Water System	2,074	—	2,074
Wastewater	1,235	—	1,235
Solid Waste	1,490	—	1,490
	<u>\$ 22,384</u>	<u>\$ 21,033</u>	<u>\$ 43,417</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2019, as follows (in thousands):

Aviation	\$ 8,972
Water System	23,329
Wastewater	8,276
Solid Waste	5,167
	<u>\$ 45,744</u>

Notes Receivable

The City has entered into loan agreements with the Matthew Henson Partnership, LP; Krohn West, LP; Phoenix Central City Revitalization Corp & LLC; PERC Frank Luke Addition LLC; PGHC Pine Crest, LLC; PSMHTC Summit LLC; PIBHC Marcos De Niza LLC; PERC II Frank Luke Addition LLC; PERC III Frank Luke Addition LLC; and Phoenix Starfish Place Corporation for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. Payments on these loans are only required to be made from the project's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$78.7 million.

The City has entered into various loan agreements with third parties related to its affordable housing programs. The purpose of these loans is to establish, preserve and rehabilitate public housing and the terms of these loans are more generous (soft) as compared to regular loan agreements. Payments on these loans are only required to be made from the property's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record all payments as revenue at the time of receipt. The amount of these notes outstanding is \$88.9 million as of June 30, 2019.

The City has also entered into various loan agreements with third parties related to its affordable housing programs that have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. The loans are secured by an interest in the property being acquired and/or improved. Interest rates range from 0% to 5% with amortization periods up to 40 years. Maturities on the loans are as early as fiscal year ending 2020 and as late as fiscal year ending 2056. As of June 30, 2019 the total amount of the notes outstanding is \$9.6 million. The payments received from these loans are restricted by the Federal Government for affordable housing programs. Therefore the City records a trust liability within the Public Housing Special Revenue Fund for the outstanding balance of the notes.

The City has entered into a loan agreement with Ninety-First Avenue Renewable Biogas, LLC to provide secured financing for the construction of a digester gas (biogas) treatment facility at the 91st Avenue Wastewater Treatment

Notes to the Financial Statements

(Continued)

Plant. The agreement has been recorded as a notes receivable in the Wastewater Enterprise Fund. After completion of the Biogas Facility and continuing to the maturity date, the City will be repaid the capital costs over a maximum of ten years with 4.5% annual interest. The amount of the note outstanding is \$24.2 million as of June 30, 2019.

7. *Interfund Transactions*

The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2019 (in thousands):

	Payable Funds
	Governmental Funds
Receivable Funds	
Governmental Funds	
Transit Special Revenue	\$ 13,207
Nonmajor Governmental	13,797
Total Governmental Funds	<u>\$ 27,004</u>

Interfund balances at June 30, 2019 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements.

Net transfers of \$33.6 million 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, 2019 (in thousands):

	Transfers Out	Transfers In
Governmental Funds		
General Fund	\$ 121,480	\$ 31,362
Transit Special Revenue Fund	70,406	—
Nonmajor Governmental	17,977	144,920
Total Governmental Funds	209,863	176,282
Enterprise Funds		
Aviation	948	284
Phoenix Convention Center	887	61,199
Water System	14,951	—
Wastewater	9,194	—
Solid Waste	1,922	—
Total Enterprise Funds	27,902	61,483
Total Transfers	<u>\$ 237,765</u>	<u>\$ 237,765</u>

Interfund transfers are primarily used for 1) debt service payments made from a debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted general funds; or 3) transfers to move excise tax revenues from the general fund to the Phoenix Convention Center Enterprise Fund.

Notes to the Financial Statements

(Continued)

8. Restricted Assets and Liabilities Payable from Restricted Assets

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2019, are summarized as follows (in thousands):

Restricted Assets		
Cash and Cash Equivalents	\$	102,222
Cash Deposits		12,980
Cash and Securities with Fiscal Agents/Trustees		370,375
Investments		390,634
Receivables, Net of Allowances		22,885
Total Restricted Assets	\$	899,096
Liabilities Payable from Restricted Assets		
Accounts Payable	\$	93,528
Trust Liabilities and Deposits		12,962
Short-Term Obligations		300,000
Accrued Landfill Closure Costs		303
Subtotal		406,793
Matured Bonds and Certificates Payable		176,957
Interest Payable		102,475
Current Portion of General Obligation Bonds		12,350
Current Portion of Revenue Bonds		1,503
Current Portion of Municipal Corporation Obligations		183,464
Total Liabilities Payable from Restricted Assets	\$	883,542

Notes to the Financial Statements

(Continued)

9. Capital Assets

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

	Balances July 1, 2018	Additions	Deletions	Transfers	Balances June 30, 2019
Governmental activities:					
Non-depreciable assets:					
Land	\$ 1,287,147	\$ 590	\$ (9,020)	\$ 1,161	\$ 1,279,878
Infrastructure	528,417	8,241	—	4,862	541,520
Artwork	7,044	—	—	—	7,044
Construction-in-Progress	218,227	200,057	(51,299)	(129,611)	237,374
Total non-depreciable assets	2,040,835	208,888	(60,319)	(123,588)	2,065,816
Depreciable assets:					
Buildings	1,523,955	7,238	(11,680)	2,847	1,522,360
Improvements	644,656	2,988	(3,903)	17,966	661,707
Infrastructure	2,221,401	48,976	—	82,848	2,353,225
Equipment	844,074	47,546	(56,066)	26,551	862,105
Intangible Assets	39,938	1,157	—	1,121	42,216
Total depreciable assets	5,274,024	107,905	(71,649)	131,333	5,441,613
Less accumulated depreciation for:					
Buildings	(726,621)	(41,611)	9,747	(71)	(758,556)
Improvements	(355,786)	(26,746)	3,471	(137)	(379,198)
Infrastructure	(758,408)	(65,121)	—	—	(823,529)
Equipment	(505,639)	(59,924)	54,345	(5,468)	(516,686)
Intangible Assets	(18,295)	(4,068)	—	—	(22,363)
Total accumulated depreciation	(2,364,749)	(197,470)	67,563	(5,676)	(2,500,332)
Total depreciable assets, net	2,909,275	(89,565)	(4,086)	125,657	2,941,281
Governmental activities, capital assets, net	\$ 4,950,110	\$ 119,323	\$ (64,405)	\$ 2,069	\$ 5,007,097
Business-type activities:					
Non-depreciable assets:					
Land	\$ 703,878	\$ 2,137	\$ (86)	\$ 38	\$ 705,967
Artwork	10,749	728	—	627	12,104
Construction-in-Progress	934,364	460,639	(24,793)	(372,605)	997,605
Total non-depreciable assets	1,648,991	463,504	(24,879)	(371,940)	1,715,676
Depreciable assets:					
Buildings	3,040,440	61,404	(13,785)	146,979	3,235,038
Improvements	3,928,167	66,053	(7,612)	87,742	4,074,350
Infrastructure	1,816,708	36,332	—	67,625	1,920,665
Equipment	1,319,439	49,309	(42,653)	43,968	1,370,063
Intangible Assets	204,368	1,599	(2,110)	17,973	221,830
Total depreciable assets	10,309,122	214,697	(66,160)	364,287	10,821,946
Less accumulated depreciation for:					
Buildings	(1,356,812)	(90,849)	5,816	—	(1,441,845)
Improvements	(2,047,084)	(135,743)	5,821	137	(2,176,869)
Infrastructure	(646,379)	(43,872)	—	—	(690,251)
Equipment	(781,046)	(76,015)	38,952	5,454	(812,655)
Intangible Assets	(111,001)	(10,310)	1,691	—	(119,620)
Total accumulated depreciation	(4,942,322)	(356,789)	52,280	5,591	(5,241,240)
Total depreciable assets, net	5,366,800	(142,092)	(13,880)	369,878	5,580,706
Business-type activities, capital assets, net	\$ 7,015,791	\$ 321,412	\$ (38,759)	\$ (2,062)	\$ 7,296,382

Notes to the Financial Statements

(Continued)

Phoenix Housing Finance Corporations:

	Balances July 1, 2018	Additions	Deletions	Transfers	Balances June 30, 2019
Non-depreciable assets:					
Land	\$ 6,283	\$ —	\$ —	\$ —	\$ 6,283
Construction in Progress	21,583	—	—	—	21,583
Total non-depreciable assets	27,866	—	—	—	27,866
Depreciable assets:					
Buildings	18,050	—	—	—	18,050
Improvements	52	—	—	—	52
Intangible Assets	1,545	—	—	—	1,545
Total depreciable assets	19,647	—	—	—	19,647
Less accumulated depreciation for:					
Buildings	(5,374)	(658)	—	—	(6,032)
Improvements	(11)	(1)	—	—	(12)
Intangible Assets	(77)	(39)	—	—	(116)
Total accumulated depreciation	(5,462)	(698)	—	—	(6,160)
Total depreciable assets, net	14,185	(698)	—	—	13,487
Component Unit, capital assets, net	\$ 42,051	\$ (698)	\$ —	\$ —	\$ 41,353

Depreciation expense was charged to governmental functions in the government-wide financial statements for the year ended June 30, 2019 as follows (in thousands):

General Government	\$ 9,302
Criminal Justice	140
Public Safety	33,438
Transportation	102,007
Community Enrichment	34,854
Community Development	9,228
Environmental Services	8,501
	<u>\$ 197,470</u>

Closed Facilities

The Cave Creek Water Reclamation Plant was closed temporarily in fiscal year 2010 and is expected to re-open in fiscal year 2025 due to expected demand increases. Therefore, no impairment loss will be recognized. The carrying value of the assets at June 30, 2019 is \$31.9 million.

Notes to the Financial Statements

(Continued)

10. Financial Obligations

Long-Term Obligations

Changes in long-term obligations during fiscal year 2018-19 are summarized as follows (in thousands):

	Balances July 1, Revised (3)	Additions (1)	Reductions (1) (2)	Balances June 30	Amounts Due Within One Year
Governmental Activities					
Bonds, Loans and Notes Payable:					
General Obligation Bonds	\$ 1,129,145	\$ —	\$ 57,460	\$ 1,071,685	\$ 68,825
Loans from Direct Borrowings	305,940	—	265,000	40,940	—
Municipal Corporation Obligations	506,020	—	98,425	407,595	104,360
Special Assessment Bonds	77	—	17	60	16
Community Facilities Districts	—	30,000	—	30,000	—
	1,941,182	30,000	420,902	1,550,280	173,201
Discounts/Premiums	115,000	(23)	21,611	93,366	—
Total Bonds, Loans and Notes Payable	2,056,182	29,977	442,513	1,643,646	173,201
Other Liabilities:					
Insurance Claims Payable	169,629	55,527	43,978	181,178	46,620
Accrued Compensated Absences	142,732	137,329	142,732	137,329	17,940
Utility/Water Contractual Agreements	2,301	—	—	2,301	—
Pollution Remediation	7,325	—	1,877	5,448	153
Capital Lease	4,517	—	1,093	3,424	1,117
Net Pension	4,035,879	1,415,830	1,228,494	4,223,215	—
Net OPEB (3)	153,097	61,213	62,917	151,393	—
Total Other Liabilities	4,515,480	1,669,899	1,481,091	4,704,288	65,830
Total Governmental Activities	\$ 6,571,662	\$ 1,699,876	\$ 1,923,604	\$ 6,347,934	\$ 239,031
Business-Type Activities					
Bonds, Loans and Notes Payable:					
General Obligation Bonds	\$ 20,640	\$ —	\$ 7,275	\$ 13,365	\$ 12,350
Loans from Direct Borrowings	13,014	3,000	1,023	14,991	1,503
Municipal Corporation Obligations	3,732,515	226,180	168,660	3,790,035	183,464
	3,766,169	229,180	176,958	3,818,391	197,317
Discounts/Premiums	442,932	20,423	44,665	418,690	—
Cumulative Capital Appreciation on State of AZ Distrib. Revenue Bonds	111,110	—	745	110,365	—
Total Bonds, Loans and Notes Payable	4,320,211	249,603	222,368	4,347,446	197,317
Other liabilities:					
Accrued Compensated Absences	20,450	19,023	20,450	19,023	2,758
Accrued Landfill Closure and Postclosure Care Costs	56,895	205	9,439	47,661	2,151
Pollution Remediation	2,100	4,700	1,200	5,600	4,175
Net Pension	524,861	213,815	184,818	553,858	—
Net OPEB (3)	45,808	13,582	14,206	45,184	—
Total Other Liabilities	650,114	251,325	230,113	671,326	9,084
Total Business-Type Activities	\$ 4,970,325	\$ 500,928	\$ 452,481	\$ 5,018,772	\$ 206,401
Component Units					
Phoenix Housing Finance Corporations					
Notes Payable	\$ 40,708	\$ 90	\$ —	\$ 40,798	\$ —
Total Component Units	\$ 40,708	\$ 90	\$ —	\$ 40,798	\$ —

(1) Included in additions and reductions for bonds, loans and notes are new bond issuances and principal payments.

(2) For the Governmental Activities, Insurance Claims Payable, Compensated Absences and Pollution Remediation are generally liquidated by the General Fund. Net Pension and OPEB Liabilities are generally liquidated by the Enterprise Funds, General Fund and the following Special Revenue Funds: Transit, Municipal Court, Development Services, Grants, Public Housing, Other Restricted, Neighborhood Protection, Public Safety Enhancement and Parks and Preserves.

(3) Revision made to July 1 balances for Net OPEB Liabilities.

Notes to the Financial Statements

(Continued)

The amounts reported in the previous table have been reduced by deposits made with the City's fiscal agents for July 1, 2019 maturities, a portion of which is included in restricted assets for the governmental and enterprise funds. These deposits at June 30, 2019, were as follows (in thousands):

	Principal	Interest	Total
Governmental Funds			
General Obligation Bonds	\$ 57,460	\$ 24,922	\$ 82,382
Loans from Direct Borrowings	—	566	566
Municipal Corporation Obligations	98,425	11,401	109,826
Special Assessment Bonds	—	1	1
	155,885	36,890	192,775
Enterprise Funds			
General Obligation Bonds	7,275	322	7,597
Municipal Corporation Obligations	168,660	101,959	270,619
	175,935	102,281	278,216
	\$ 331,820	\$ 139,171	\$ 470,991

Issues of long-term debt, excluding deferred gain/losses on refundings, net of \$64.8 million were as follows at June 30, 2019 (dollars in thousands):

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Premium (Discount)
General Obligation Bonds								
03/01/04	Various Improvements (3)	7/1/10-28	4.22	16.3	\$ 200,000	\$ 14,720	\$ 3,974	\$ 47
10/27/09	Various Improv - Taxable 2009A (2)(14)	7/1/20-34	3.42	18.4	280,955	280,955	128,205	—
10/27/09	Various Improvements - Taxable 2009B	7/1/15-20	3.97	7.9	69,045	2,625	114	—
10/27/09	Refunding 2009C	7/1/11-23	2.70	6.7	117,195	31,485	2,566	238
06/12/12	Various Improvements 2012A	7/1/23-34	3.55	17.2	103,360	103,360	39,887	2,597
06/12/12	Various Improvements - Taxable 2012B	7/1/21-23	2.76	9.8	16,640	16,640	1,248	—
06/12/12	Refunding 2012C	7/1/15-27	2.39	9.2	176,465	121,245	18,238	6,334
06/24/14	Refunding	7/1/19-27	2.71	9.5	278,015	273,015	49,280	13,954
09/13/16	Refunding	7/1/18-27	1.74	9.0	226,215	206,415	68,762	41,838
06/21/17	Refunding	7/1/18-27	1.52	3.4	68,305	34,590	5,292	3,775
	Total General Obligation Bonds				1,536,195	1,085,050	317,566	68,783
Loans from Direct Borrowings								
08/03/10	Wastewater WIFA	7/1/18-26	2.97	12.0	6,287	5,342	577	—
04/11/11	Water WIFA	7/1/16-24	2.97	9.4	2,093	1,243	111	—
06/01/11	Wastewater WIFA	7/1/26-29	2.97	16.6	3,909	3,909	992	—
09/14/11	Water WIFA	7/1/24-29	2.97	15.8	1,497	1,497	355	—
08/12/15	DNT Asset Trust (4b)(15)	7/1/21-45	2.84	19.8	305,940	40,940	6,598	—
04/11/19	Closed Loop Fund, LP	10/15/19-24	0.00	5.0	3,000	3,000	—	—
	Total Loans from Direct Borrowings				322,726	55,931	8,633	—

(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 Premium (Discount)
Municipal Corporation Obligations								
08/01/01	Water System Rev Refunding (3)(5)	7/1/02-24	4.68	14.1	99,980	31,945	5,444	407
06/02/04	Rental Car Facility (Taxable) (3a)(9)	7/1/07-29	6.20	16.5	260,000	154,895	57,862	—
10/06/05	State Distribution Revenue 2005B (3)(11)	7/1/12-44	4.72	28.9	275,362	256,725	447,715	16,583
09/01/10	Airport Revenue 2010A (Non-AMT)(3b)(6b)(12)	7/1/13-40	4.69	19.0	642,680	16,025	759	33
09/01/10	Airport Rev 2010B (Tax) (3b)(6b)(12)(13)(14)	7/1/2040	3.67	29.8	21,345	21,345	29,584	—
09/01/10	Airport Revenue Ref 2010C (Non-AMT)(3b)(6b)	7/1/23-25	4.33	13.9	32,080	32,080	8,072	886
06/07/11	Excise Tax Revenue 2011A (4a)	7/1/14-31	2.86	7.6	27,530	7,450	1,533	472
06/07/11	Excise Tax Revenue (Taxable) 2011B (4a)	7/1/15-36	4.86	13.1	59,195	39,175	18,041	—
06/07/11	Excise Tax Revenue Refunding 2011C (4a)	7/1/21-28	3.79	12.6	24,305	24,305	5,332	1,047
06/07/11	Excise Tax Revenue Ref (Taxable) 2011D (4a)	7/1/15-21	3.91	7.6	22,805	6,735	376	—
11/22/11	Water System Revenue Refunding (5)	7/1/14-26	3.12	9.3	167,510	103,635	21,524	6,719
12/22/11	Wastewater System Revenue Ref (7b)	7/1/14-24	2.58	8.4	118,290	68,075	9,400	3,956
06/21/12	Excise Tax Revenue Refunding 2012 (4a)	7/1/14-29	2.97	9.7	15,205	8,500	3,059	993
06/21/12	Excise Tax Revenue Refunding 2012A (4b)	7/1/14-25	2.30	6.7	17,510	6,730	1,049	511
06/21/12	Excise Tax Revenue Ref 2012B (Taxable) (4b)	7/1/16-33	4.01	13.7	33,095	27,870	9,548	—
03/05/13	Airport Revenue Ref (AMT)(3c)(6a)	7/1/14-32	3.28	11.8	196,600	152,620	58,595	16,877
07/16/13	Transit Excise Tax Refunding (10)	7/1/14-20	2.01	4.6	328,920	67,275	3,264	1,837
04/15/14	Wastewater System Refunding (7b)	7/1/15-29	3.00	9.4	127,810	97,815	28,614	9,853
12/17/14	Water System Revenue 2014A (5)	7/1/19-44	3.76	19.7	152,830	149,660	112,526	17,901
12/17/14	Water System Rev Refunding 2014B (5)	7/1/16-29	2.64	9.7	445,085	400,595	107,348	41,804
05/12/15	Excise Tax Rev Refunding 2015A (4b)(8)	7/1/17-41	3.56	16.2	319,305	299,455	193,375	39,628
05/12/15	Excise Tax Rev Ref 2015B (Taxable) (4b)	7/1/16-35	3.35	10.2	60,895	50,920	13,611	—
12/15/15	Airport Revenue 2015A (Non-AMT)(3d)(6b)(12)	7/1/16-45	3.99	18.6	95,785	90,125	70,692	9,433
12/15/15	Airport Rev Ref 2015B (Non-AMT)(3e)(6b)(12)	7/1/2034	4.08	18.5	18,655	18,655	13,991	1,980
11/16/16	Wastewater System Rev Refunding (7b)	7/1/17-35	2.89	11.3	225,325	204,815	98,576	35,567
01/10/17	Water System Rev Refunding 2016 (5)	7/1/17-39	3.59	15.1	375,780	372,185	236,447	51,372
06/01/17	Excise Tax Revenue 2017A (4b)	7/1/18-32	2.16	6.8	116,835	101,590	23,687	11,469
06/01/17	Excise Tax Rev Refunding 2017B (4b) (8)	7/1/19-29	2.02	6.3	101,895	90,130	19,780	10,507
06/01/17	Excise Tax Rev Ref (Taxable) 2017C (4b)	7/1/18-22	2.04	3.1	15,680	9,570	386	—
11/21/17	Airport Revenue 2017A (AMT)(3f)(6a)	7/1/18-47	3.84	18.7	190,930	186,095	163,657	26,910
11/21/17	Airport Rev Ref 2017B (Non-AMT)(3f)(6a)	7/1/21-38	3.23	13.5	173,440	173,440	103,192	29,847
11/21/17	Airport Rev Ref (Taxable) 2017C (3f)(6a)	7/1/18-21	2.23	2.2	35,745	21,190	539	—
12/21/17	Airport Rev Ref 2017D (Non-AMT)(3d)(6b)(12)	7/1/21-40	3.36	14.2	474,725	474,725	279,252	63,521
06/19/18	Wastewater System Revenue 2018A (7b)	7/1/25-43	3.66	17.4	133,270	133,270	101,233	16,645
06/19/18	Wastewater System Rev Ref 2018B (7a)	7/1/19-24	2.26	4.0	84,295	73,780	12,301	6,746
11/28/18	Airport Revenue 2018 (AMT) (3f) (6a)	7/1/19-48	4.22	19.3	226,180	224,230	206,264	19,792
Total Municipal Corporation Obligations					5,716,877	4,197,630	2,466,628	443,296
Special Assessment Bonds								
Various	Unredeemed Matured Bonds	—	—	—	44	44	—	—
2010	Various Improvements	1/1/11-20	6.90	10.0	163	16	1	—
Total Special Assessment Bonds					207	60	1	—
Community Facilities Districts								
06/27/19	Park Cntrl CFD Spec Assess Rev Bonds (3g)	7/1/21-44	5.73	16.0	30,000	30,000	25,586	(23)
Total Community Facilities Districts					30,000	30,000	25,586	(23)
Total Primary Government Bonds					\$7,606,005	\$ 5,368,671	\$ 2,818,414	\$ 512,056

- (1) Pledged revenues on all outstanding bonds are at least equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Represents bonds issued as "Qualified Build America Bonds (Direct Pay)" (BABs) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 35% of the interest payable each respective interest payment date.

Notes to the Financial Statements

(Continued)

- (3) Enhanced by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund. The debt service reserve balances were as follows as of June 30, 2019 (in thousands):
- | | |
|---|----------|
| (a) Airport Rental Car Bonds Taxable Series 2004 | \$21,278 |
| (b) Junior Lien Airport Debt Service Reserve for Series 2010A, 2010B, 2010C | 8,855 |
| (c) Airport Revenue Refunding Bonds, Series 2013 (AMT) Reserve | 16,251 |
| (d) Junior Lien Airport Parity Reserve for Series 2015A and 2017D | 43,673 |
| (e) Airport Revenue Refunding Bonds, Series 2015B (Non-AMT) Reserve | 1,866 |
| (f) Senior Lien Airport Parity Reserve for Series 2017A, 2017B, 2017C, 2018 | 47,239 |
| (g) Park Central CFD Special Assessment Bonds Taxable Series 2019 Reserve | 2,252 |
- (4) The City has pledged excise taxes as security. The taxes pledged are as follows:
- (a) Senior lien pledge on all outstanding excise tax obligations.
 - (b) Subordinated junior lien pledge on all outstanding excise tax obligations.
- (5) The City has made a junior lien pledge of Water System revenues as security.
- (6) The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:
- (a) Senior lien pledge on all outstanding airport obligations.
 - (b) Junior lien pledge on all outstanding airport obligations.
- (7) The City has pledged Wastewater System revenues as security for these bonds. The revenues pledged are as follows:
- (a) Senior lien pledge on all outstanding Wastewater System obligations.
 - (b) Junior lien pledge on all outstanding Wastewater System obligations.
- (8) The City has pledged excise taxes on a subordinated junior lien basis as security; however, a portion of debt service requirements on these obligations are paid from Solid Waste revenues.
- (9) The City has made a first priority pledge of a \$4.50 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bonds.
- (10) The City has made a first priority pledge of funds received by the City from a 0.4% increase to the City's privilege license (sales) tax, which was approved at a special election held on March 14, 2000. On August 21, 2015, voters approved a 0.3% increase to the tax for a total of 0.7%. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds.
- (11) 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.
- (12) The City has further pledged an irrevocable commitment of 100% of net proceeds of a passenger facility charge for the debt service due on or before July 1, 2026 on these bonds, with the exception of the Series 2015A bonds. The Series 2015A bonds have a pledge equivalent to 30% of the principal and interest requirement for debt service due on or before July 1, 2026. The Passenger Facility Charge is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- (13) Represents bonds issued as "Recovery Zone Economic Development Bonds" (RZEDB) for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The City expects to receive semiannual cash subsidy payments in an amount equal to 45% of the interest payable each respective interest payment date.
- (14) On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, which has resulted in a reduction of the federal subsidy by 6.2% (the "Sequester Reductions") in FY 2019. However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on the BABs and the RZEDB bonds.
- (15) Assumes the City will retire or refinance the loan before July 1, 2025.

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.

Default Provisions

In the event of non-payment of general obligation bond principal and interest, the remedy is specific performance. Specific performance is when a bondholder has the right to ask a judge to order the City to raise secondary property taxes in an amount needed to pay any past or current amounts due. General obligation bonds are not subject to acceleration. Additionally, state statute provides that all general obligation bonds are secured by a lien on all revenues received pursuant to the tax levy. The lien arises automatically without the need for any action or authorization by the City.

Notes to the Financial Statements

(Continued)

Revenue Bonds

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

Loans from Direct Borrowings

Water and Wastewater WIFA

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

If an event of default occurs, WIFA has the right to take any action permitted in the agreement to collect the amounts then due and thereafter to become due on their scheduled payments dates. There are no acceleration provisions in this agreement. Events of default include, but are not limited to, failure to pay any principal and interest amounts due to WIFA when due and failure to perform certain covenants contained in the agreement.

DNT Asset Trust

In August 2015, the City entered into a loan agreement with DNT Asset Trust, a subsidiary of JP Morgan Chase Bank, N.A., (the "Loan") for \$305.9 million. The City made a partial prepayment of the Loan in the principal amount of \$265.0 million plus accrued interest with respect to the principal payment on September 25, 2018, with proceeds from the sale of the City-owned Sheraton Grand Hotel. The Loan is payable from and secured by a subordinated lien on the City's excise tax revenues on parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. It is assumed the City will retire or refinance the loan before July 1, 2025. If the loan is not retired or refinanced before July 1, 2025, any unpaid principal remaining at that time will convert to a variable rate loan, at 9.2% per annum for a 180-day period and, thereafter, a variable rate with a maximum rate of 15% per annum. Additionally, principal payments on or after July 1, 2025 will become due semi-annually until the final maturity of July 1, 2045, as long as no event of default has occurred.

If an event of default occurs, the City shall pay DNT Asset Trust on each January 1st and July 1st an amount equal to the unpaid principal amount of the Loan as of the date of the event of default, divided by thirty. However, if any unpaid principal amount of the Loan on the last semi-annual principal payment date exceeds the semi-annual principal payment amount, the City shall pay the unpaid principal amount on such last date. Events of default include, but are not limited to, failure to pay any principal and interest amounts to DNT Asset Trust when due and failure to perform certain covenants contained in the Loan. There is no acceleration on this Loan in terms of full payment due upon default.

Closed Loop Fund, LP

The City entered into an agreement with Closed Loop Fund, LP on April 11, 2019, for \$3.0 million at 0% interest for the acquisition and fabrication of property, and payment of costs of installation of said property at the City's single stream municipal recycling facility located at the North Gateway Transfer Station. Upon event of default under the agreement, Closed Loop Fund, LP may take possession of said property. Under default, interest would begin accruing at a rate of 2% per annum on the difference between the net income derived from possession of the property and remaining amount owed. Events of default include, but are not limited to, failure to pay amounts to Closed Loop Fund, LP by the applicable grace period, abandonment or ceasing to operate the property, failure to maintain insurance on the property, and failure to perform certain covenants contained in the agreement. There is no acceleration on this agreement.

Municipal Corporation Obligations

The City has entered into certain agreements with the City of Phoenix Civic Improvement Corporation (the "CIC") an affiliated nonprofit corporation, for the construction and acquisition of certain facilities and equipment. Under the terms of these agreements, the CIC issued bonds to finance the facilities and equipment, and the

Notes to the Financial Statements

(Continued)

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.

New Issuance

Senior Lien Airport Revenue Bonds, Series 2018 (AMT)

In November 2018, the CIC issued \$226.2 million of Senior Lien Airport Revenue Bonds, Series 2018 (AMT). Proceeds of the bonds refunded \$100.0 million outstanding under a Revolving Credit Agreement with remaining proceeds applied to the Terminal 3 Modernization Project. The bonds have an average life of 19.3 years and were sold at an all-in true interest cost of 4.22%.

Default Provisions

In the event of non-payment of CIC bond principal and interest, the remedy is specific performance. Specific performance is when a bondholder has the right to ask a judge to order the City to raise applicable revenue sources for the defaulted bond in an amount needed to pay any past or current amounts due. CIC bonds are not subject to acceleration.

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.

Community Facilities Districts

Park Central Community Facilities District Special Assessment Revenue Bonds, Taxable Series 2019

The Park Central Community Facilities District ("PCCFD") was formed on August 29, 2018, by the Mayor and Council of the City in order to provide public infrastructure within the boundaries of PCCFD for development of a multi-use residential, commercial and retail project known as "*Park Central*." In June 2019, PCCFD issued \$30.0 million of Special Assessment Revenue Bonds, Taxable Series 2019. Proceeds of the bonds are for the construction of a parking garage. The bonds have an average life of 16.0 years and were sold at an all-in true interest cost of 5.73%.

Default Provisions

In the event of non-payment of principal and interest, the trustee, US Bank, N.A., is entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the District to make such payment. The Park Central bonds are not subject to acceleration.

Component Units

Various Phoenix Housing Finance Corporations have entered into loan agreements with the City for the purpose of financing housing projects. These projects include a mix of affordable housing and market rate units. The outstanding balance on these loans at June 30, 2019 is \$40.8 million.

Notes to the Financial Statements

(Continued)

Debt Service Requirements

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

City of Phoenix Bonds - Governmental Activities												
Fiscal Years	General Obligation		Loans from Direct Borrowings (1)		Municipal Corporation Obligations		Special Assessment Bonds		Community Facilities Districts		Debt Service Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2020	\$ 68,825	\$ 47,385	\$ —	\$ 1,142	\$ 104,360	\$ 18,369	\$ 60	\$ 1	\$ —	\$ 1,603	\$	241,745
2021	84,285	44,561	890	1,142	34,985	13,501	—	—	665	1,586		181,615
2022	87,845	41,219	920	1,118	33,800	11,951	—	—	695	1,557		179,105
2023	97,845	37,654	940	1,098	34,360	10,425	—	—	725	1,526		184,573
2024	108,720	33,492	970	1,060	35,145	8,849	—	—	755	1,494		190,485
2025-29	463,145	89,217	37,220	1,038	109,225	25,278	—	—	4,335	6,914		736,372
2030-34	161,020	23,555	—	—	47,525	7,473	—	—	5,655	5,592		250,820
2035-39	—	—	—	—	8,195	559	—	—	7,505	3,740		19,999
2040-44	—	—	—	—	—	—	—	—	9,665	1,574		11,239
	<u>\$1,071,685</u>	<u>\$317,083</u>	<u>\$ 40,940</u>	<u>\$ 6,598</u>	<u>\$ 407,595</u>	<u>\$ 96,405</u>	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ 30,000</u>	<u>\$ 25,586</u>	<u>\$</u>	<u>1,995,953</u>

Authorized \$2,790,760

Unissued \$ 152,355

Interest Rates 2.0 - 5.5%

City of Phoenix Bonds - Business-Type Activities												
Fiscal Years	General Obligation		Loans from Direct Borrowings		Municipal Corporation Obligations		Special Assessment Bonds		Community Facilities Districts		Debt Service Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2020	\$ 12,350	\$ 419	\$ 1,503	\$ 356	\$ 183,464	\$ 195,646	\$ —	\$ —	\$ —	\$ —	\$	393,738
2021	685	47	1,684	325	182,442	187,370	—	—	—	—		372,553
2022	330	17	1,716	292	191,688	178,655	—	—	—	—		372,698
2023	—	—	1,750	259	205,638	169,201	—	—	—	—		376,848
2024	—	—	1,784	225	210,919	158,860	—	—	—	—		371,788
2025-29	—	—	6,554	578	968,593	644,284	—	—	—	—		1,620,009
2030-34	—	—	—	—	668,494	437,311	—	—	—	—		1,105,805
2035-39	—	—	—	—	703,230	266,826	—	—	—	—		970,056
2040-44	—	—	—	—	373,827	120,009	—	—	—	—		493,836
2045-48	—	—	—	—	101,740	12,061	—	—	—	—		113,801
	<u>\$ 13,365</u>	<u>\$ 483</u>	<u>\$ 14,991</u>	<u>\$ 2,035</u>	<u>\$3,790,035</u>	<u>\$2,370,223</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$</u>	<u>6,191,132</u>

Authorized \$ 248,399

Interest Rates 2.0 - 5.5%

Total	<u>\$1,085,050</u>	<u>\$317,566</u>	<u>\$ 55,931</u>	<u>\$ 8,633</u>	<u>\$4,197,630</u>	<u>\$2,466,628</u>	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ 30,000</u>	<u>\$ 25,586</u>	<u>\$</u>	<u>8,187,085</u>

(1) Assumes the City will retire or refinance the loan before July 1, 2025.

Notes to the Financial Statements

(Continued)

Short-Term Obligations

Changes in short-term obligations during fiscal year 2018-19 are summarized as follows (in thousands):

	Balance, July 1	Additions (1)	Reductions (1)	Balance, June 30
Business-Type Activities				
Revolving Credit Facilities				
Airport Revolving Credit Facility	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Water Revolving Credit Facility	—	200,000	—	200,000
Total Business-Type Activities	\$ 100,000	\$ 300,000	\$ 100,000	\$ 300,000

(1) Included in additions and reductions are new borrowings and repayments.

Issues of short-term debt were as follows at June 30, 2019 (dollars in thousands):

Purpose	Issuing Bank	Expiration Date	Line of Credit	Amount Outstanding	Unused Line of Credit
Airport Revolving Credit Facility	Bank of America, N.A.	9/18/2020	\$ 200,000	\$ 100,000	\$ 100,000
Water Revolving Credit Facility	Wells Fargo Bank, N.A.	6/27/2022	200,000	200,000	—
Total Revolving Credit Facilities			\$ 400,000	\$ 300,000	\$ 100,000

A brief description of the City's short-term obligations follows:

Airport Revolving Credit Facility

The revolving Credit Agreement provides for the three-year loan period with Bank of America, N.A., ending on September 18, 2020, during which the City may borrow, repay and re-borrow amounts, but not exceeding \$200.0 million outstanding in the aggregate at any one time (each a "Loan"). Loans made under the Revolving Credit Agreement (such loans, together with any obligation on a parity therewith, the "Junior Subordinate Lien Obligations") are payable from designated revenues, junior and subordinate to the Junior Lien Obligations ("Junior Subordinate Lien Revenues"). If any loans under the Revolving Credit Agreement are outstanding on September 18, 2020, the City can, subject to certain conditions, convert the borrowing to a three-year term loan payable in twelve equal quarterly principal installments ending on September 18, 2023.

Upon an event of default under the Revolving Credit Agreement, Bank of America, N.A. may declare all amounts due (collectively, "Payment Obligations") immediately due and payable. Events of default include, but are not limited to, failure to pay amounts to Bank of America, N.A. by the applicable grace period, failure to perform certain covenants such as issuance of obligation in violation of additional bonds tests, sale of the Airport property in violation of the Airport Revenue Bond Ordinance, acceleration of other obligations payable from Airport revenues on any basis of lien in an amount of at least \$5.0 million, certain litigation, bankruptcy and insolvency events related to the Airport and certain downgrades of Senior Lien Obligations. There is no acceleration on this Revolving Credit Agreement.

Water Revolving Credit Facility

The Revolving Credit Agreement provides for the three-year loan period with Wells Fargo, N.A., ending on June 27, 2022, during which the City may borrow, repay and re-borrow amounts, but not exceeding \$200.0 million outstanding in the aggregate at any one time (each a "Loan"). Loans made under the Revolving Credit Agreement (such loans, together with any obligations on a parity therewith, the "Junior Subordinate Lien Obligations") are payable from water system revenues pledged to the City of Phoenix Civic Improvement Corporation Junior Lien Water System Revenue Bonds ("Junior Lien Obligations"), but are junior and subordinate to the Junior Lien Obligations. If any loans under the Revolving Credit Agreement are outstanding on June 27, 2022, the City can, subject to certain conditions, convert the borrowing to a three-year term loan payable in twelve equal quarterly principal installments ending on June 27, 2025.

Upon an event of default under the Revolving Credit Agreement, Wells Fargo Bank, N.A. may declare all amounts due (collectively, "Payment Obligations") immediately due and payable. Events of default include, but are not limited to, failure to pay amounts to Wells Fargo, N.A. by the applicable grace period, failure to perform certain covenants such as issuance of obligations in violation of additional bonds test, sale of the City's water system

Notes to the Financial Statements

(Continued)

(the "System") property in violation of applicable covenants, acceleration of other obligations payable from System revenues on any lien in an amount of at least \$5.0 million, certain litigation, bankruptcy and insolvency events related to the System and certain downgrades of Junior Lien Obligations. There is no acceleration on this Revolving Credit Agreement.

Other Financial Obligations

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, 2019 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 \$134.4 million, including \$96.1 million that has already been paid out and an estimated \$38.3 million that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was decreased by \$9.1 million during fiscal 2018-19 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$47.1 million, including \$3.1 million that has already been paid out and an estimated \$44.0 million that will be paid out in future years. \$9.7 million of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 22.0% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$303 thousand 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 \$29.0 million from third parties. These recoveries are used to reduce remediation expense in the year the recovery is assured. A total of \$6.6 million (which includes recoveries and applicable interest earnings) has been included in restricted assets on the enterprise fund balance sheet. Any postclosure care costs not recovered from third parties will be funded from revenues of the Solid Waste Enterprise Fund.

Pollution Remediation

The City has recorded pollution remediation liabilities in both the Governmental and Business-Type Activities. The liability in the Governmental Activities pertains to a leaking underground storage tank at the Glenrosa Service Center. The situation was identified by the City Public Works Department in 1986. The City created and has been implementing a corrective action plan which was approved by the Arizona Department of Environmental Quality (ADEQ), to ensure the contamination does not spread. As of June 30, 2019, the total remaining liability is \$5.4 million and it is estimated that the remediation will be completed in 80 years.

The liabilities in the Business-Type Activities are a result of two ongoing activities: leaking underground storage tanks at the City airports and the restoration of the surrounding land of the closed Verde Water Treatment Plant (VWTP). The tanks at Sky Harbor International Airport were discovered to be leaking in 1988 and the City is implementing a corrective action plan which was approved by the ADEQ to ensure the contamination does not spread. The remediation of a fuel release at Phoenix Goodyear Airport discovered in the 1980's is being implemented as approved by the United States Environmental Protection Agency (US EPA). The activities at VWTP, which was closed in 2011, are related to restoring the land to its native state. The soil remediation work will involve removal of impacted soil and disposing of it in a certified landfill. This project is expected to be completed in 2020. The total remaining liability for all remediation activities at the City airports and water treatment plants as of June 30, 2019 are \$1.5 million, which is recorded in the Aviation Enterprise Fund, and \$4.1 million, which is recorded in the Water Enterprise Fund, respectively.

Notes to the Financial Statements

(Continued)

11. Refunded, Refinanced and Defeased Obligations

Bonds are refunded to retire all or a portion of an outstanding bond issue. Most typically, refundings are done to refinance at a lower interest rate to reduce overall debt service. Prior to January 2018, certain issues of bonds could have been refunded prior to the call date, known as an advanced refunding. The Tax Cuts and Jobs Act of 2017 prohibits refunding tax-exempt bonds before their call date, unless the bonds are refunded with taxable bonds. In most cases an advanced refunding of tax-exempt bonds with taxable bonds would not be financially beneficial. However, there may be circumstances when the benefits of the advanced refunding outweigh the disadvantages of issuing taxable bonds.

Future principal and interest payments on refunded bonds have 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, when available. When U.S. government securities are not available, conventional treasury securities will be purchased. 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.

Defeasances / Extinguishment of Debt

On June 26, 2018, the City sold the City-owned Downtown Phoenix Sheraton Hotel. On September 25, 2018, the City made a partial prepayment of the Hotel Bank Loan in the principal amount of \$265.0 million plus accrued interest to DNT Asset Trust from the proceeds of the hotel sale.

The deferred and amortized amounts of accounting gains/losses on bond refundings (which are deferred outflows/ inflows of resources) at June 30, 2019, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions (Gains)/Losses	Reductions due to Refundings	Amortization Gains/(Losses)	Deferred Amount June 30
General Government					
General Obligation	\$ 12,614	\$ —	\$ —	\$ (2,637)	\$ 9,977
Civic Improvement Corporation	1,510	—	—	(1,069)	441
	<u>\$ 14,124</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,706)</u>	<u>\$ 10,418</u>
Enterprise Funds					
Aviation					
Civic Improvement Corporation	27,264	—	—	(1,351)	25,913
Convention Center					
Civic Improvement Corporation	4,834	—	—	(273)	4,561
Water					
General Obligation	90	—	—	(90)	—
Civic Improvement Corporation	25,972	—	—	(1,947)	24,025
Wastewater					
General Obligation	125	—	—	(139)	(14)
Civic Improvement Corporation	529	—	—	(283)	246
Solid Waste					
General Obligation	(51)	—	—	13	(38)
Civic Improvement Corporation	(401)	—	—	120	(281)
	<u>\$ 58,362</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,950)</u>	<u>\$ 54,412</u>

Notes to the Financial Statements

(Continued)

Advanced refunding and defeasance arrangements at June 30, 2019 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds			Balance Outstanding	Assets Held in Trust (1)
	Call Date	Issue Dates	Type		
12/21/17	07/01/20	09/01/10	Civic Improvement Corporation Junior Lien Airport Revenue Bonds (Non-AMT)	\$ 512,925	\$ 528,889

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

12. Legal Debt Margin

As discussed in Note 4, secondary property tax revenues are used to pay principal and interest on general obligation bonded indebtedness. Also discussed in Note 4 are the changes from Proposition 117 that established the use of a single limited property valuation for determining the primary net assessed valuation (PNAV), also referred to as limited net assessed valuation. PNAV is now used to calculate both the primary and secondary property tax levies. Changes from Proposition 117 were effective in fiscal year 2015-16. For that one year, the City's debt limitation was also calculated using the PNAV.

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is once again based on the full cash net assessed valuation (FCNAV) instead of the PNAV. The FCNAV for tax year 2019 (fiscal year 2019-20) is \$18.2 billion.

Under Arizona law, outstanding general obligation bonded debt for combined water, sewer, light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's FCNAV. Outstanding general obligation bonded debt for all other purposes may not exceed 6% of a city's FCNAV. The total debt margin available at July 1, 2019 was as follows (in thousands):

Six Percent Bonds	\$	930,969
Twenty Percent Bonds		2,665,066
Total Debt Margin Available	\$	<u>3,596,035</u>

13. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2019, as described below.

General Fund and Transit Special Revenue Fund

Liability - The City maintained a self-insured retention of \$7.5 million for most public entity liability exposures and a self-insured retention of \$5.0 million 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 \$10.0 million for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Since July 1, 2010, contracted transit operators have been required to provide first-dollar liability and workers' compensation coverage. The City's exposure to Phoenix Transit's workers' compensation liability is in the run-off phase.

Notes to the Financial Statements

(Continued)

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 and a "Cyber" insurance 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 Position, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. Settlements have not exceeded coverages for each of the last three fiscal years. At June 30, 2019, claims payable totaled \$181.2 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2019	2018
Claims Payable, July 1	\$ 169,629	\$ 154,208
Current Year Claims and Changes in Estimates	55,527	53,105
Claim Payments	(43,978)	(37,684)
Claims Payable, June 30	<u>\$ 181,178</u>	<u>\$ 169,629</u>

Claims that are expected to be paid with expendable available financial resources are accounted for in the General Fund (\$585 thousand). All other claims are accounted for in the Government-Wide Statement of Net Position. Balances in the Government-Wide Statement of Net Position were as follows (in thousands):

	June 30	
	2019	2018
Amounts due within one year	\$ 46,620	\$ 49,648
Amounts due in more than one year	134,558	119,981
	<u>\$ 181,178</u>	<u>\$ 169,629</u>

Of the General Fund Balance, \$48.9 million is restricted, \$40.4 million is assigned for payment of claims, \$14.1 million is assigned for payment of insurance premiums and \$1.6 million of the Transit Special Revenue Fund Balance is restricted, as reported in the Government-Wide Statement of Net Position.

Fiduciary Funds

Health and Dental - The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased for individual losses exceeding \$1.0 million and aggregate losses exceeding \$248.2 million. Dental coverage was provided through two plans. Active dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust. Active dental HMO and retiree dental HMO and PPO were provided through commercial insurance accounted for in the General Fund.

Long-Term Disability benefits were self-insured through the City of Phoenix Long-Term Disability Trust fiduciary fund. See Note 20 for additional information.

Notes to the Financial Statements

(Continued)

At June 30, 2019, claims payable totaled \$22.9 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2019	2018
Claims Payable, July 1	\$ 24,223	\$ 22,762
Current Year Claims and Changes in Estimates	199,375	201,951
Claim Payments	(200,691)	(200,490)
Claims Payable, June 30	<u>\$ 22,907</u>	<u>\$ 24,223</u>

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

	June 30	
	2019	2018
Amounts due within one year	<u>\$ 22,907</u>	<u>\$ 24,223</u>

14. Leases

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 \$58.8 million for the fiscal year ended June 30, 2019.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2019 were as follows (in thousands):

Years Ending	
June 30	
2020	\$ 83,032
2021	76,814
2022	74,959
2023	70,515
2024	50,912
2025-2063	337,983
	<u>\$ 694,215</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 \$18.8 million for the fiscal year ended June 30, 2019. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2019 is as follows (in thousands):

Buildings	\$ 1,318,237
Less: Accumulated Depreciation	(688,626)
	<u>\$ 629,611</u>

Notes to the Financial Statements

(Continued)

Capital Leases

In fiscal year 2016, the City entered into a capital lease for the purchase of fourteen fire trucks. Capital lease payments are recorded as expenditures when payable. The present value of future minimum payments is as follows (in thousands):

Years Ending	
June 30	
2020	\$ 1,117
2021	1,142
2022	1,165
	<u>\$ 3,424</u>

Service Concession Arrangements

On July 18, 2014, the City entered into a lease agreement with Arizona State University (ASU) to manage and collect revenues from the City's Papago Golf Course. The service concession arrangement is for 30 years and in exchange, ASU made significant course improvements for a total of \$15.7 million. The City will retain ownership of all assets at the end of the lease. As of June 30, 2019, the City has recorded \$15.1 million as a deferred inflows of resources on the financial statements. The deferred inflows of resources will be amortized and recognized as revenue over the term of the contract.

On November 24, 2014, the City entered into a lease agreement with Grand Canyon University (GCU) to manage and collect revenues from the City's Maryvale Golf Course. The service concession arrangement is for 30 years and in exchange, GCU invested a total of \$11.4 million in course and clubhouse improvements. The City will retain ownership of all assets at the end of the lease. As of June 30, 2019, the City has recorded \$9.6 million as a deferred inflows of resources on the financial statements. The deferred inflows of resources will be amortized and recognized as revenue over the term of the contract.

15. Contractual and Other Commitments

Public Transit

The City provides public transit service through the following private contractors: Transdev Services, Inc., First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA" and light rail service from Valley Metro Rail "VMRI." 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, 2019 are as follows (in thousands):

Contractor	Type of Service	Expiration Date	Estimated Annual Subsidy
MV Transportation Service	Dial-a-Ride	June 30, 2024	\$ 16,316
First Transit Inc.	Fixed Route Bus Service	June 30, 2023	38,766
Transdev Services, Inc.	Fixed Route Bus Service	June 30, 2020	96,254
Valley Metro Rail	Light Rail Service	June 30, 2020	32,533
Regional Public Transportation Authority	Fixed Route Bus Service	June 30, 2020	7,814
			<u>\$ 191,683</u>

Approximately 15.6% of the total net transit costs, excluding light rail service, will be reimbursed to the City by adjacent communities and the RPTA. In addition, the City will apply for funding to support daily operations from the Department of Transportation, Federal Transit Administration. This grant is expected to fund approximately 4.5% of the total transit costs for fiscal 2019-20. The City has been the designated recipient for these grants since 1975.

Notes to the Financial Statements

(Continued)

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, 2019, as follows (in thousands):

Aviation	\$ 641,907
Phoenix Convention Center	8,176
Water System	272,644
Wastewater	152,576
Solid Waste	13,677
	<u>\$ 1,088,980</u>

Encumbrances

Governmental fund encumbrances at June 30, 2019, were as follows (in thousands):

General Fund	\$ 63,334
Transit Special Revenue Fund	100,076
Non-Major Funds	190,280
	<u>\$ 353,690</u>

16. Contingent Liabilities

Pending Litigation

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. As discussed in Note 13, the City is primarily self-insured, and has accrued a liability for estimated claims outstanding. As with any risk retention program, however, the City is contingently liable with respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the City's financial position, results of operations or liquidity at June 30, 2019.

Sick Leave

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

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

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

Supervisory and Professional, Confidential Office and Clerical, Field Unit 1, Field Unit 2, and Field Unit 3 employees who have accumulated 750 qualifying hours or more of unused sick leave at the time of normal service retirement are eligible to receive a payment equal to their base hourly rate for 25% of the hours in excess of 250 hours. Middle management and Executive General City employees who have accumulated 750 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement are eligible to receive a payment up to 20% of their base hourly rate. Sworn Police and Fire Middle Managers and Executives who have accumulated 1,000 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement (1,400 for 56-hour employees) are eligible to receive a payment up to 40% of their base hourly rate of hours in excess of 500

Notes to the Financial Statements

(Continued)

hours (700 for 56-hour employees). Payment percentage is increased by 1% for each full year of service in excess of 20 years to a maximum of 50%.

Sick leave is accrued as a liability as it is earned by the employees if it is probable that the employees will be compensated through cash payments at retirement. Accordingly, a portion of the sick leave accumulated by police, firefighters, and general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2019, actuarial valuation of the sick leave liability was based on the termination payment method and includes other amounts that are directly and incrementally related to those payments such as the City's share of social security, as applicable.

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

	2019
General	\$ 155,484
Police	100,988
Fire	40,780
	<u>297,252</u>
Less: Amounts Accrued as a Liability	(71,551)
	<u><u>\$ 225,701</u></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, 2019 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. City management believes any such claims would be immaterial to the City's financial position at June 30, 2019.

Verde Water Treatment Plant

In December 2011, Verde Water Treatment Plant (VWTP) closed. The VWTP had a total treatment capacity of 50 mgd. The Salt River Pima Maricopa Indian Community land lease for the VWTP expired on December 31, 2014 and will not be renewed. According to the lease agreement, the City is responsible to restore the land to its native state. Sampling of soils at site indicated slightly elevated arsenic concentration near the river bed area and percolation pond. The soil remediation work will involve removal of impacted soil and disposing off in a certified landfill. The estimated cost of arsenic removal is \$4.1 million, which is recorded in the water enterprise fund as a pollution remediation liability. The project is expected to be completed by April 2020.

17. Tax Abatements

GASB Statement No. 77 defines a tax abatement and requires disclosure about reporting a government's own tax abatement agreements and those agreements entered into by other governments that reduce the reporting government's tax revenues.

As of June 30, 2019, the City of Phoenix provides tax incentives through Government Property Lease Excise Tax (GPLET) authority. Pursuant to Arizona Revised Statutes 42-6201, the State of Arizona established the GPLET as a redevelopment tool by reducing a project's operating costs by replacing the real property tax with an excise tax. Under the state statute, an excise tax is established for the building type of use and is calculated on the gross square footage of the building. The excise tax rate can be abated for the first eight years after a certificate of occupancy on the building is issued as long as the property is located within a Central Business District and Redevelopment Area, and increases the value of the property by more than 100%. Pursuant to change adopted in 2010, the use of the excise tax is limited to a maximum of 25 years and requires the land and improvements conveyed to a government entity and leased back for private use. Another program of the City also reimburses certain transaction privilege taxes as a redevelopment tool to initiate economic development.

Notes to the Financial Statements

(Continued)

Below is information relevant to the disclosure of those programs for the year ended June 30, 2019:

City of Phoenix Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board		Required Disclosure	
1)	Name of Program	Government Property Lease Excise Tax (GPLET)	Transaction Privilege Tax Reimbursement
2)	Purpose of Program	Redevelopment tool to initiate development by reducing a project's operating costs by replacing the real property tax with an excise tax.	Redevelopment tool to initiate development by reducing a project's public infrastructure development costs by reimbursing the project for a percentage of transaction privilege taxes generated by the project after the revenue is generated and the infrastructure has been constructed and accepted by the City.
3)	Tax Being Abated	Real Property Tax	Transaction Privilege Taxes
4)	Authority under which abatement agreements are entered into	Arizona Revised Statutes (ARS) Title 42, Chapter 6, Article 6, Sections 42-6201, 42-6203, 42-6208, and 42-6209.	City Council approval of development agreements.
5)	Criteria to be eligible to receive abatement	1) Taxes may be abated for a limited period beginning at the time the certificate of occupancy is issued and ending eight years after the certificate of occupancy is issued on a government property improvement. 2) The improvement is located in a single central business district in the city or town and is subject to a lease or development agreement. 3) The government property improvement resulted or will result in an increase in property value of at least 100%.	1) Provide significant new job creation, and capital investment with the development, including the construction of public infrastructure if necessary, that would otherwise not occur.
6)	How recipients' taxes are reduced	Real Property Tax is replaced by an Excise Tax.	Transaction privilege taxes that are generated by the project are reimbursed to the project based on performance requirements.
7)	How amount of abatement is determined	100% Excise Tax Reduction.	The percentage of taxes reimbursed is determined in the development agreement by the scale of development and/or job creation and the public infrastructure needed.
8)	Provisions for recapturing abated taxes	N/A	N/A
9)	Types of commitments made by the City other than to reduce taxes	N/A	N/A
10)	Gross Dollar Amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	2019 (in thousands)	
		\$5,031	\$2,116

18. Joint Use Agreements

Valley Metro Rail, Inc. "VMRI"

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

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project less any Federal reimbursements and operating fares. The City's share of costs is determined based on the number of rail mileage located within each City, plus dedicated local costs. The equity interest for the City at June 30, 2019, was \$913.1 million.

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

Notes to the Financial Statements

(Continued)

Regional Wireless Cooperative “RWC”

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

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2019, was \$49.1 million.

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

Wastewater

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

The City of Phoenix holds title to the land comprising the plant site and rights of way. The City's investment under the joint use agreement was \$339.6 million at June 30, 2019, and is included in the Wastewater Enterprise Fund financial statements as part of the total wastewater system. The SROG members participate in each facility at varying rates depending on their needs at the time each facility was constructed. The system has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal year ended June 30, 2019 is provided below (in thousands).

	2019
Assets	
Pooled Investments	\$ 36,723
Receivables	14,952
Inventories, at average cost	5,717
Capital Assets, Net of Accumulated Depreciation	640,429
Total Assets	<u>697,821</u>
Liabilities	<u>(41,687)</u>
Net Position	<u>\$ 656,134</u>
Total Revenues	\$ 66,519
Total Expenses	(94,211)
Decrease in Net Position	<u>\$ (27,692)</u>

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

Water

Phoenix participates with the City of Mesa in the Val Vista Water Treatment Plant and Transmission Line agreement for the construction, operation and maintenance of the jointly used facilities. As lead agency, the City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the Plant. Phoenix provides all management personnel and financing arrangements. The City of Mesa pays for costs of operation and

Notes to the Financial Statements

(Continued)

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 \$194.7 million at June 30, 2019, and is included in the Water Enterprise Fund financial statements as part of the total water system. The plant has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal year ended June 30, 2019 is provided below (in thousands).

	2019
Assets	
Pooled Investments	\$ 6,776
Receivables	6,295
Inventories, at average cost	2,208
Capital Assets, Net of Accumulated Depreciation	238,642
Total Assets	253,921
Liabilities	(11,887)
Net Position	\$ 242,034
Total Revenues	\$ 25,386
Total Expenses	(36,737)
Capital Contributions	(7)
Decrease in Net Position	\$ (11,358)

Separate financial statements for the activity under the joint use agreement can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona 85003.

19. Deferred Compensation and Defined Contribution Plans (DCP)

The City offers eligible employees a Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457, which is entirely funded by employee contributions, and a Defined Contribution Plan created in accordance with Internal Revenue Code 401(a), which is funded by both employee and employer contributions. The Plans provide employees with a means to supplement retirement income.

Under Section 457 of the Internal Revenue Code, the Deferred Compensation Plan allows employees to defer up to \$19,000 of their salaries during calendar year 2019. Enrollment and deferral charges are allowed on an ongoing basis. Compensation deferred under this Plan is generally not available to participants until termination, retirement or a qualified unforeseeable emergency.

Under Section 401(a) of the Internal Revenue Code, the Defined Contribution Plan allows employees to make contributions to the Plan by irrevocably electing to defer a percentage of their salary to the Plan. The 2019 annual contribution limit is \$56 thousand. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of base annual salary. The City contributed \$33.2 million for the year ended June 30, 2019. Compensation deferred under this Plan is generally not available to participants until termination, retirement or a qualified unforeseeable emergency.

A governing board makes decisions about investment options available within each Plan. All assets and income earned thereon are held in trust for the exclusive benefit of Plan participants. The Plans are administered by Nationwide Investment Services.

20. Pension Plans

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

Notes to the Financial Statements

(Continued)

A summary of pension related items as of and for the year ended June 30, 2019, is presented below (in thousands).

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Income)
COPERS				
Governmental Activities	\$ 1,187,834	\$ 45,038	\$ 37,465	\$ 148,628
Business-Type Activities	553,858	21,000	17,469	69,301
PSPRS - Police	1,988,458	259,011	4,908	280,624
PSPRS - Fire	1,043,233	205,445	22,360	143,367
EORP	3,690	363	2,370	(2,368)
Total	\$ 4,777,073	\$ 530,857	\$ 84,572	\$ 639,552

City of Phoenix Employees' Retirement System

a. Plan Description

The *City of Phoenix Employees' Retirement System* ("COPERS") is a single-employer defined benefit pension plan established by the Phoenix City Charter. Its purpose is to provide retirement, disability retirement and survivor benefits to its members, who are generally full-time civil service employees and appointed officials. The plan can be amended or repealed by a vote of the people.

The general administration, management and operation of COPERS is vested in a nine-member Retirement Board consisting of three elected employee members, four statutory members, a citizen member and a retiree member. The Retirement Board appoints the Retirement Program Administrator and contracts investment counsel and other services necessary to properly administer the Plan.

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

	June 30	
	2019	2018
Active Members		
Tier 1	5,197	5,638
Tier 2	657	737
Tier 3	2,087	1,602
Total	7,941	7,977
Deferred Vested Member Counts	1,008	943
In Pay Members		
Service Retirees	6,013	5,813
Beneficiaries	1,110	1,076
Disabled Retirees	245	249
Total	7,368	7,138
Total Members	16,317	16,058

b. Plan Benefits

Benefits are calculated on the basis of a given rate, final average compensation and service credit.

Notes to the Financial Statements

(Continued)

Tier 1 Pension Benefits: Employees hired prior to July 1, 2013 are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years with 10 or more years of credited service.
2. Age 62 years with 5 or more years of credited service.
3. Any age which added to years of credited service equals 80.

The pension benefit for Tier 1 employees is based on 2% of final average compensation multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 years to 35.5 years, and 0.5% thereafter. Tier 2 and 3 Pension Benefits: Employees hired on or after July 1, 2013 for Tier 2 and January 1, 2016 for Tier 3 are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years with 10 or more years of credited service.
2. Age 62 years with 5 or more years of credited service.
3. Any age which added to years of credited service equals 87.

The pension benefit for Tier 2 employees is based on 2.1% of final average compensation multiplied by years of service credit for those with less than 20 years, 2.15% for 20-24.9 years, 2.2% for 25-29.9 years and 2.3% thereafter.

The pension benefit for Tier 3 employees is based on 1.85% of final average compensation multiplied by years of service credit for those with less than 10 years, 1.9% for 10-19.9 years, 2% for 20-29.9 years and 2.1% thereafter.

A deferred pension is available at age 62 for terminated members with five or more years of service credit who leave their accumulated contributions in the Plan.

A member who becomes permanently disabled for the performance of duty is eligible for a disability benefit if the disability is 1) due to personal injury or disease and the member has ten or more years of service credit or 2) due to injuries sustained on the job, regardless of service credit.

Dependents of deceased members may qualify for survivor benefits if the deceased member had ten or more years of service credit or if the member's death was in the line of duty with the City and compensable under the Workman's Compensation Act of the State of Arizona. Chapter XXIV, Section 25 of the City Charter, specifies the conditions for eligibility of survivor benefits.

A supplemental post-retirement payment and permanent benefit increase (under the Pension Equalization Program) may be provided to Tier 1 and Tier 2 retirees if sufficient reserves are available at the end of the fiscal year. The reserve is funded if the five-year average investment return exceeds 8%.

c. Contributions and Funding Policy

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 19 year period. For the fiscal year ended June 30, 2019, the total contribution rate was 37.98% of compensation. Tier 1 employees contributed 5% of compensation, and beginning January 1, 2016, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder, \$165.8 million for the fiscal year.

Notes to the Financial Statements

(Continued)

d. Net Pension Liability

The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net pension liability:

Change in Net Pension Liability

(in thousands)

	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	(a)	(b)	(a)-(b)
Balances at 6/30/2018	\$ 4,226,046	\$ 2,554,514	\$ 1,671,532
Changes for the year:			
Service cost	73,255	—	73,255
Interest on the total pension liability	300,543	—	300,543
Changes of benefit terms	—	—	—
Difference between expected and actual experience of the total pension liability	39,370	—	39,370
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(237,389)	(237,389)	—
Contributions - employer	—	165,796	(165,796)
Contributions - employee	—	35,042	(35,042)
Net investment income	—	142,963	(142,963)
Pension plan administrative expense	—	(793)	793
Net changes	175,779	105,619	70,160
Balances at 6/30/2019	\$ 4,401,825	\$ 2,660,133	\$ 1,741,692

COPERS is reflected as a pension trust fund of the City. Detailed information about the plan's fiduciary net position is available in the separately issued COPERS Comprehensive Annual Financial Report available online at www.phoenix.gov/copers.

e. Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2019 valuation were based on the results of the actuarial experience study covering the period from July 1, 2009 through June 30, 2014. Those assumptions, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.25%
Inflation	2.50%
Salary increase rate	Individual salary increases are composed of a price inflation component, a real wage growth component, and a merit or longevity component that varies by age. Total salary increases range from 9.60% at age 20 to 3.00% for members age 65 and older.
COLA (cost of living adjustments)	1.25%
Administrative expenses	Assumed to be equal to the prior year's amount, increased by 3.00%.

Mortality rates were based on CalPERS Employee Mortality and CalPERS Healthy Annuitant tables both without Scale BB Projection, and also the RP2014 Disabled Retiree Mortality table without MP-2014 Projection. The

Notes to the Financial Statements

(Continued)

member contribution crediting rate was updated for the June 30, 2019 actuarial valuation to reflect the provisions of the ballot measure that passed in August, 2015.

Based on the assumption that employee and City contributions to COPERS will continue to follow the established contribution policy and the sufficiency of the Fiduciary Net Position, the long-term expected rate of return on COPERS investments, 7.25%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

A Single Discount Rate of 7.25% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	FY 2019 Target Allocation	FY 2019 Actual Allocation	Expected Real Rate of Return (Arithmetic)
U.S. Equity	16.0 %	19.8 %	7.8 %
Developed Market Equity	9.0 %	16.5 %	10.4 %
Emerging Market Equity	8.0 %	— %	13.4 %
Private Equity	9.0 %	5.7 %	10.9 %
Investment Grade Bonds	15.0 %	15.6 %	3.4 %
TIPS	7.0 %	5.1 %	3.4 %
High Yield Bonds	5.0 %	5.0 %	6.6 %
Bank Loans	3.0 %	3.0 %	6.6 %
Emerging Market Bonds	3.0 %	4.0 %	5.5 %
Real Estate	12.0 %	— %	7.6 %
Infrastructure	4.0 %	— %	7.1 %
Natural Resources	4.0 %	4.1 %	11.8 %
Hedge Funds	5.0 %	13.4 %	4.7 %
GTAA	— %	6.5 %	5.1 %
Cash Equivalents	— %	1.3 %	2.5 %

f. Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

The table below presents the net pension liability of the City calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower (6.25%) or 1.0% higher (8.25%) than the current rate at June 30, 2019:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

(in thousands)

	1.0% Decrease (6.25%)	Current Single Discount Rate Assumption (7.25%)	1.0% Increase (8.25%)
Net Pension Liability	\$2,274,601	\$1,741,692	\$1,297,006

Notes to the Financial Statements

(Continued)

g. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$217.9 million. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Deferred Inflows and Outflows of Resources

(in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,667	\$ 41,050
Changes in assumptions	968	13,884
Net difference between projected and actual earnings on pension plan investments	33,403	—
Total	\$ 66,038	\$ 54,934

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Measurement year ended June 30:

2020	\$ (5,983)
2021	(7,535)
2022	8,567
2023	16,055
2024	—
Thereafter	—
Total	\$ 11,104

Public Safety Personnel Retirement System

a. Plan Description

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

The City's PSPRS membership data is as follows:

	June 30, 2018	
	Police	Fire
Retirees and Beneficiaries	2,374	1,102
Inactive, Non-Retired Members	768	253
Active Members	2,501	1,426
Total	5,643	2,781
Covered Valuation Payroll (in thousands)	\$ 221,105	\$ 132,503

Notes to the Financial Statements

(Continued)

b. Plan Benefits

For employees who became a member of the PSPRS on or before December 31, 2011, retirement benefits will commence the first day of month following termination of employment and based upon the following:

Age	Service	Calculation
62	15 years	Average monthly benefit compensation x 50% for the first 20 years of credited service. The benefit is reduced by 4% for each year of credited service under 20 years. A.R.S. §§ 38-842(7 and 32) and 38-845(A)(1).
Not required	20 years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service. A.R.S. §§ 38-842(7) and 38-845(A).
Not required	20 years of service with less than 20 years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service. The benefit is reduced by 4% for each year of credited service under 20 years. A.R.S. §§ 38-842(7 and 32) and 38-845(A)(1).
Not required	20 to 24.99 years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service plus 2% of the average monthly benefit compensation for each year of credited service between 20 and 24.99. A.R.S. §§ 38-842(7) and 38-845(A)(2).
Not required	25 or more years of credited service	Average monthly benefit compensation x 50% for the first 20 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 20 years up to a maximum of 80% of the average monthly benefit compensation. A.R.S. §§ 38-842(7) and 38-845(A)(2).

For employees who became a member of the PSPRS on or after January 1, 2012 through June 30, 2017, retirement benefits will commence the first day of month following termination of employment and based upon the following:

Age	Service	Calculation
52.5	15 years of service	Effective August 9, 2017 pursuant to Senate Bill 1115: Average monthly benefit compensation x credited service x multiplier (below). A.R.S. §§ 38-842(7 and 32) and 38-845(G).
52.5	25 or more years of service	Average monthly benefit compensation x 62.5% for the first 25 years of credited service plus 2.5% of the average monthly benefit compensation for each year over 25 years of credited service years up to a maximum of 80% of the average monthly benefit compensation. The benefit is reduced by 4% for each year of credited service under 25 years with a pro-rata reduction for any fractional years. A.R.S. §§ 38-842(7 and 32) and 38-845(G).

Credited Service	Multiplier
15 to 16.99	1.50%
17 to 18.99	1.75%
19 to 21.99	2.00%
22 to 24.99	2.25%
25 or more	2.50%

Permanent benefit increases, as well as death and disability benefits are available in accordance with the Arizona Revised Statutes that govern the System. Inactive members that have at least 10 years of credited service may elect to receive a Deferred Annuity at the age of 62. This lifetime annuity, which is not a retirement benefit, is actuarially equivalent to the member's accumulated contributions in the System plus an equal amount paid by the employer. The Deferred Annuity option is only available to inactive employees who became PSPRS members on or before December 31, 2011.

c. Contributions and Funding Policy

The System, for both police and fire personnel, is funded via member contributions of 7.65% of compensation for employees whose membership date was prior to July 20, 2011, and 11.65% of compensation for employees whose

Notes to the Financial Statements

(Continued)

membership date began on or after July 20, 2011. Employees whose membership date was on or after January 1, 2012 have the option of participating in the hybrid plan for non-social security positions with contributions of 14.65%, of which 3% goes toward a defined contribution plan and is matched by the employer. Employer rates are set by an actuarial valuation and expressed as a percent of compensation. For fiscal year ended June 30, 2019, the required employer contribution rates were as follows:

	Police	Fire
Tier 1	59.76%	57.48%
Tier 2	59.76%	57.48%
Tier 3	10.15%	10.15%
Tier 3 Legacy	44.41%	41.57%

However, for fiscal year ended June 30, 2019, the City chose to contribute \$151.9 million and \$84.8 million for Police and Fire, respectively and were based on the following contribution rates:

	Police	Fire
Tier 1	65.00%	62.39%
Tier 2	65.00%	62.39%
Tier 3	10.15%	10.15%
Tier 3 Legacy	49.65%	46.48%

Notes to the Financial Statements

(Continued)

d. Net Pension Liability

The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net pension liability as of the actuary report dated June 30, 2019 (in thousands):

Change in Net Pension Liability

	POLICE			FIRE		
	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	(a)	(b)	(a)-(b)	(a)	(b)	(a)-(b)
Balances at 6/30/2018	\$ 3,192,300	\$ 1,291,612	\$ 1,900,688	\$ 1,692,224	\$ 710,511	\$ 981,713
Changes for the Year:						
Service cost	49,601	—	49,601	30,634	—	30,634
Interest on the total pension liability	231,824	—	231,824	123,038	—	123,038
Differences between expected and actual experience	(906)	—	(906)	21,387	—	21,387
Contributions - employer	—	124,618	(124,618)	—	73,288	(73,288)
Contributions - employee	—	22,728	(22,728)	—	13,413	(13,413)
Net investment income	—	89,411	(89,411)	—	49,178	(49,178)
Benefit payments, including refunds of employee contributions	(168,682)	(168,682)	—	(89,735)	(89,735)	—
Hall/Parker Settlement	—	(42,201)	42,201	—	(21,840)	21,840
Administrative expense	—	(1,364)	1,364	—	(751)	751
Other	—	(443)	443	—	251	(251)
Net changes	111,837	24,067	87,770	85,324	23,804	61,520
Balances at 6/30/2019	\$ 3,304,137	\$ 1,315,679	\$ 1,988,458	\$ 1,777,548	\$ 734,315	\$ 1,043,233

Detailed information about the pension plan's fiduciary net position is available in the separately issued Public Safety Personnel Retirement System Comprehensive Annual Financial Report available online at www.psprs.com.

Notes to the Financial Statements

(Continued)

e. Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2018 actuarial valuation were based on the results of the actuarial experience study covering the period from July 1, 2011 through June 30, 2016. Those assumptions, applied to all periods included in the measurement, are as follows:

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Payroll Growth	3.50%
Price Inflation	2.50%
Salary Increases	3.50% to 7.50% including inflation
Tier 1/2 Investment Rate of Return	7.40%, net of investment and administrative expenses
Tier 3 Investment Rate of Return	7.00%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period July 1, 2011 - June 30, 2016.
Mortality	RP-2014 mortality tables projected backwards 1 year to 2013 with MP-2014 (110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016.

Other Information:

Assumed Future Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.

A Single Discount Rate of 7.40% for Tier 1/2 members and 7.00% for Tier 3 members were used to measure the total pension liability. These Single Discount Rates were based on the expected rate of return on pension plan investments of 7.40% for Tier 1/2 members and 7.00% for Tier 3 members. The projection of cash flows used to determine these Single Discount Rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equity	16.00 %	7.60 %
Non-U.S. Equity	14.00 %	8.70 %
Private Equity	12.00 %	5.83 %
Fixed Income	5.00 %	1.25 %
Private Credit	16.00 %	6.75 %
GTS	12.00 %	3.96 %
Real Assets	9.00 %	4.52 %
Real Estate	10.00 %	3.75 %
Risk Parity	4.00 %	5.00 %
Short Term Inv	2.00 %	0.25 %
Total	100.00 %	

*Geometric Real Rate of Return. Based on inflation assumption of 2.75%.

Notes to the Financial Statements

(Continued)

f. Sensitivity of the Net Position Liability to Changes in the Discount Rate

The table below presents the net pension liability of both Police and Fire calculated using the discount rate of 7.40% for Tier 1/2 members and 7.00% for Tier 3 members, as well as what the net pension liability would be if it were calculated using the discount rate that is 1.0% lower or 1.0% higher (in thousands):

POLICE			
	1% Decrease (6.40%/6.00%)	Current Discount Rate (7.40%/7.00%)	1% Increase (8.40%/8.00%)
Net Pension Liability	\$ 2,415,209	\$ 1,988,458	\$ 1,639,147

FIRE			
	1% Decrease (6.40%/6.00%)	Current Single Discount Rate (7.40%/7.00%)	1% Increase (8.40%/8.00%)
Net Pension Liability	\$ 1,269,145	\$ 1,043,233	\$ 857,468

g. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, pension expense of \$280.6 million and \$143.4 million were recognized for Police and Fire, respectively. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported (in thousands):

	POLICE		FIRE	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,967	\$ 4,908	\$ 22,045	\$ 22,360
Changes in assumptions	89,216	—	88,758	—
Net difference between projected and actual earnings on pension plan investments	15,909	—	9,852	—
Contributions made subsequent to the measurement date	151,919	—	84,790	—
Total	\$ 259,011	\$ 4,908	\$ 205,445	\$ 22,360

Notes to the Financial Statements

(Continued)

Contributions made subsequent to the measurement date are reported as deferred outflows of resources in the Governmental Activities of the Government-Wide Statement of Net Position (Exhibit A-1) and will decrease net pension liability in fiscal year 2020. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

POLICE			FIRE		
Year Ending June 30		Net Deferred Outflows of Resources	Year Ending June 30		Net Deferred Outflows of Resources
2020	\$	61,601	2020	\$	39,214
2021		37,787	2021		21,915
2022		2,154	2022		12,255
2023		642	2023		15,562
2024		—	2024		8,916
Thereafter		—	Thereafter		433
Total	\$	102,184	Total	\$	98,295

Elected Officials' Retirement Plan

The *Elected Officials' Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan that provides retirement, death and disability benefits. The EORP was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes and is administered by the Board of Trustees of PSPRS. At June 30, 2019, the City had 8 covered officials participating in the plan. Covered payroll for the year then ended was \$200 thousand (of \$561.9 million general City covered payroll). Net pension liability for EORP was \$3.7 million as of June 30, 2019 and is reported in the Governmental Activities of the Government-Wide Statement of Net Position (Exhibit A-1). No additional disclosures regarding EORP are provided due to the immateriality to the City's finances as a whole. EORP financial statements are available online at www.psprs.com.

21. Other Postemployment Benefits (OPEB)

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

A summary of OPEB related items as of and for the year ended June 30, 2019, is presented below (in thousands).

Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Income)
LTD				
Governmental Activities	\$ (29,245)	\$ 1,275	\$ 7,941	\$ 1,388
Business-Type Activities	(6,604)	288	1,793	313
MERP				
Governmental Activities	151,393	2,629	—	15,032
Business-Type Activities	45,184	785	—	4,490
PSPRS - Police	(18,833)	—	4,313	(2,081)
PSPRS - Fire	(13,085)	—	1,813	(1,031)
EORP	(93)	1	10	(5)
Total	\$ 128,717	\$ 4,978	\$ 15,870	\$ 18,106

Notes to the Financial Statements

(Continued)

Long-Term Disability Program

a. Plan Description

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

b. Plan Benefits

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

The number of participants as of June 30, 2018, the effective date of the biennial OPEB valuation, follows:

	Police	Fire	General City	Total
Current Active Employees	3,038	1,685	7,910	12,633
Currently Disabled Employees	19	5	264	288
Total Covered Participants	3,057	1,690	8,174	12,921

c. Contributions

Contributions by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended June 30, 2019, the City contributed \$1.8 million. Employees are not required to contribute to the LTD program.

d. Net OPEB Liability/(Asset)

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

A single discount rate of 7.00% was used to measure the total OPEB liability/(asset) as of June 30, 2019. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

Notes to the Financial Statements

(Continued)

The schedule below indicates changes in net OPEB liability/(asset):

Change in Net OPEB Liability/(Asset)

(in thousands)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances at 6/30/2018	\$ 51,854	\$ 78,930	\$ (27,076)
Changes for the year:			
Service cost	3,679	—	3,679
Interest on the total OPEB liability	3,614	—	3,614
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(2,778)	—	(2,778)
Changes of assumptions	(8,013)	—	(8,013)
Benefit payments, including refunds of employee contributions	(4,126)	(4,126)	—
Employer contributions	—	1,758	(1,758)
Employee contributions	—	—	—
OPEB plan net investment income	—	3,983	(3,983)
OPEB plan administrative expense	—	(380)	380
Other	—	(86)	86
Net change in plan fiduciary net position	(7,624)	1,149	(8,773)
Balances at 6/30/2019	\$ 44,230	\$ 80,079	\$ (35,849)

e. Actuarial Assumptions

The following table summarizes the more significant actuarial methods and assumptions used to calculate total OPEB liability.

Valuation date	6/30/19
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.00%
Projected payroll increases	3.50%
Inflation	3.00%

Mortality rates are based on the sex-distinct employee and annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. Half of active member deaths are assumed to be duty related.

Notes to the Financial Statements

(Continued)

The long-term expected rate of return on LTD investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Broad US Equity	28.00 %
International Equity	28.00 %
Fixed Income	21.00 %
Marketable Alternatives	18.00 %
Real Estate	5.00 %
Total	100.00 %

f. Sensitivity of the Net OPEB Liability/(Asset) to the Single Discount Rate Assumption

Below is a table providing the sensitivity of the net OPEB liability/(asset) to changes in the discount rate as of June 30, 2019. In particular, the table presents the plan's net OPEB liability/(asset) if it were calculated using a Single Discount Rate that is one-percentage-point lower or one-percentage-point higher than the current Single Discount Rate:

Sensitivity of Net OPEB Liability/(Asset) to the Single Discount Rate Assumption

(in thousands)

	1% Decrease (6.00%)	Current Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset):	\$(32,950)	\$(35,849)	\$(38,465)

g. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of approximately \$1.7 million. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows of Resources

(in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 2,506
Assumption changes	—	7,228
Net difference between projected and actual earnings on OPEB plan investments	1,563	—
Total	\$ 1,563	\$ 9,734

Notes to the Financial Statements

(Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Measurement year ended June 30:

2020	\$	(633)
2021		(633)
2022		(633)
2023		(769)
2024		(1,058)
Thereafter		(4,445)
Total	\$	(8,171)

Medical Expense Reimbursement Plan

a. Plan Description

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

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

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

b. Plan Benefits

The MERP benefit provides an offset to out of pocket healthcare expenses such as premiums, deductibles and co-pays, whether the retiree or survivor elects to purchase coverage through city sponsored retiree plans or other sources. City sponsored health plans are provided to eligible non-Medicare retirees and dependents. There are currently three plans to choose from: Savers Choice Plan (HDHP), Cigna HMO, and BCBSAZ PPO. The City also sponsors a retiree exchange through Willis Towers Watson to offer individual health plan coverage to non-Medicare and Medicare retirees and dependents.

The employees covered by MERP at June 30, 2019 are:

	2019
Plan Members Currently Receiving Benefits	9,352
Active Plan Members	3,527
Total Plan Members	12,879

c. Contributions

Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based

Notes to the Financial Statements

(Continued)

on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, the City contributed \$24.1 million. Employees are not required to contribute to the MERP.

d. Net OPEB Liability

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

A single discount rate of 7.00% was used to measure the total OPEB liability as of June 30, 2019. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The schedule below indicates changes in net OPEB liability:

Change in Net OPEB Liability

(in thousands)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2018	\$ 369,774	\$ 170,869	\$ 198,905
Changes for the year:			
Service cost	4,282	—	4,282
Interest on the total OPEB liability	25,141	—	25,141
Changes of benefit terms	19,835	—	19,835
Difference between expected and actual experience	(18,132)	—	(18,132)
Changes of assumptions	(637)	—	(637)
Benefit payments, including refunds of employee contributions	(25,520)	(25,520)	—
Employer contributions	—	24,100	(24,100)
Employee contributions	—	—	—
OPEB plan net investment income	—	8,734	(8,734)
OPEB plan administrative expense	—	—	—
Other	—	(17)	17
Net change in plan fiduciary net position	4,969	7,297	(2,328)
Balances at 6/30/2019	\$ 374,743	\$ 178,166	\$ 196,577

Notes to the Financial Statements

(Continued)

e. Actuarial Assumptions

The following table summarizes the more significant actuarial methods and assumptions used to calculate the total OPEB liability.

Valuation date	6/30/19
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increase	3.50%

Mortality rates are based on the sex-distinct employee and annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. 1% of pre-retirement deaths for general employees are assumed to be duty-related and 12% of pre-retirement deaths for safety employees are assumed to be duty-related.

The long-term expected rate of return on the MERP investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Broad US Equity	28.00 %
International Equity	28.00 %
Fixed Income	21.00 %
Marketable Alternatives	18.00 %
Real Estate	5.00 %
Total	100.00 %

f. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

Below is a table providing the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2019. In particular, the table presents the plan's net OPEB liability if it were calculated using a Single Discount Rate that is one-percentage-point lower or one-percentage-point higher than the current Single Discount Rate:

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

(in thousands)

	1% Decrease (6.00%)	Current Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$233,645	\$196,577	\$166,466

Notes to the Financial Statements

(Continued)

g. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

Below is a table providing the sensitivity of the net OPEB liability to changes in the healthcare cost trend rate as of June 30, 2019. In particular, the table presents the plan's net OPEB liability if it were calculated using a Healthcare Cost Trend Rate that is one-percentage-point lower or one-percentage-point higher than the current Healthcare Cost Trend Rate:

Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

(in thousands)

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$196,494	\$196,577	\$196,664

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$19.5 million. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows of Resources

(in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 3,414	\$ —
Total	\$ 3,414	\$ —

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Measurement year ended June 30:

2020	\$ 926
2021	926
2022	926
2023	636
2024	—
Thereafter	—
Total	\$ 3,414

PSPRS - OPEB

a. Plan Description

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

Notes to the Financial Statements

(Continued)

The City's PSPRS membership data is as follows:

	June 30, 2018	
	Police	Fire
Retirees and Beneficiaries	2,374	1,102
Inactive, Non-Retired Members	405	224
Active Members	2,501	1,426
Total	5,280	2,752

b. Plan Benefits

A post-retirement health insurance subsidy is payable on behalf of retired members and survivors who elect coverage provided by the state or participating employer. The monthly amounts cannot exceed:

Member Only		With Dependents		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One with Medicare
\$ 150	\$ 100	\$ 260	\$ 170	\$ 215

c. Contributions

The System has the authority to establish and amend the contribution requirements of the City and active employees. The System establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. For the year ended June 30, 2019, there were no required employer contributions due to the System being in a net asset position. Employees are not required to contribute to the OPEB Plan.

Notes to the Financial Statements

(Continued)

d. Net OPEB Liability/(Asset)

The City's net OPEB liability/(asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of the same date. The schedule below indicates changes in net OPEB liability/(asset) as of the actuary report dated June 30, 2019 (in thousands):

Change in Net OPEB Liability (Asset)

	POLICE			FIRE		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)	(a)	(b)	(a)-(b)
Balances at 6/30/2018	<u>\$ 47,791</u>	<u>\$ 65,659</u>	<u>\$ (17,868)</u>	<u>\$ 24,430</u>	<u>\$ 37,001</u>	<u>\$ (12,571)</u>
Changes for the Year:						
Service cost	647	—	647	338	—	338
Interest on the total OPEB liability	3,440	—	3,440	1,755	—	1,755
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience of the total OPEB liability	(632)	—	(632)	(116)	—	(116)
Changes of assumptions	—	—	—	—	—	—
Contributions - employer	—	—	—	—	—	—
Contributions - employee	—	5	(5)	—	1	(1)
Net investment income	—	4,483	(4,483)	—	2,529	(2,529)
Benefit payments, including refunds of employee contributions	(3,253)	(3,253)	—	(1,766)	(1,766)	—
OPEB plan administrative expense	—	(68)	68	—	(39)	39
Other	—	—	—	—	—	—
Net changes	<u>202</u>	<u>1,167</u>	<u>(965)</u>	<u>211</u>	<u>725</u>	<u>(514)</u>
Balances at 6/30/2019	<u>\$ 47,993</u>	<u>\$ 66,826</u>	<u>\$ (18,833)</u>	<u>\$ 24,641</u>	<u>\$ 37,726</u>	<u>\$ (13,085)</u>

Notes to the Financial Statements

(Continued)

e. Actuarial Assumptions

The following table summarizes the more significant actuarial methods and assumptions used to calculate the the total OPEB liability/(asset).

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Payroll Growth	3.50%
Price Inflation	2.50%
Salary Increases	3.50% to 7.50% including inflation
Tier 1/2 Investment Rate of Return	7.40%, net of investment and administrative expenses
Tier 3 Investment Rate of Return	7.00%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period July 1, 2011 - June 30, 2016.
Mortality	RP-2014 mortality tables projected backwards 1 year to 2013 with MP-2014 (110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016.
Health Care Trend Rates:	None
Other Information:	
Notes	There were no benefit changes during the year. The latest experience study was conducted as of June 30, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the OPEB plan's target asset allocation as of June 30, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equity	16.00 %	7.60 %
Non-U.S. Equity	14.00 %	8.70 %
Private Equity	12.00 %	5.83 %
Fixed Income	5.00 %	1.25 %
Private Credit	16.00 %	6.75 %
GTS	12.00 %	3.96 %
Real Assets	9.00 %	4.52 %
Real Estate	10.00 %	3.75 %
Risk Parity	4.00 %	5.00 %
Short Term Investments	2.00 %	0.25 %
Total	100.00 %	

* Geometric Real Rate of Return. Based on inflation assumption of 2.75%

Notes to the Financial Statements

(Continued)

f. Sensitivity of the Net OPEB Liability/(Asset) to the Single Discount Rate Assumption

The table below presents the net OPEB liability/(asset) of both Police and Fire calculated using the discount rate of 7.40%, as well as what the net OPEB liability/(asset) would be if it were calculated using the discount rate that is 1.0% lower or 1.0% higher than the current rate (in thousands):

POLICE			
	1% Decrease (6.40%/6.00%)	Current Discount Rate (7.40%/7.00%)	1% Increase (8.40%/8.00%)
Net OPEB Liability/(Asset)	\$ (13,205)	\$ (18,833)	\$ (23,530)
FIRE			
	1% Decrease (6.40%/6.00%)	Current Single Discount Rate (7.40%/7.00%)	1% Increase (8.40%/8.00%)
Net OPEB Liability/(Asset)	\$ (10,212)	\$ (13,085)	\$ (15,484)

g. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized a credit to OPEB expense of \$3.1 million. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	POLICE		FIRE	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 2,015	\$ —	\$ 512
Changes in assumptions	—	946	—	539
Net difference between projected and actual earnings on OPEB plan investments	—	1,352	—	762
Total	\$ —	\$ 4,313	\$ —	\$ 1,813

Notes to the Financial Statements

(Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

POLICE			FIRE		
Year Ending June 30	Net Deferred Outflows and Inflows of Resources		Year Ending June 30	Net Deferred Outflows and Inflows of Resources	
2020	\$	(1,495)	2020	\$	(490)
2021		(1,495)	2021		(490)
2022		(1,268)	2022		(490)
2023		(55)	2023		(198)
2024		—	2024		(142)
Thereafter		—	Thereafter		(3)
Total	\$	(4,313)	Total	\$	(1,813)

Elected Officials' Retirement Plan - OPEB

The *Elected Officials' Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan that provides retirement, death and disability benefits. The EORP was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes and is administered by the Board of Trustees of PSPRS. Certain retirees are eligible to receive an insurance subsidy. At June 30, 2019, the City had 8 covered officials participating in the plan. Net OPEB asset for EORP was \$93 thousand as of June 30, 2019 and is reported in the Governmental Activities of the Government-Wide Statement of Net Position (Exhibit A-1). No additional disclosures regarding EORP are provided due to the immateriality to the City's finances as a whole. EORP financial statements are available online at www.psprs.com.

Post Employment Health Plan

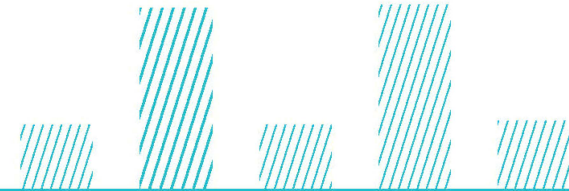
Employees eligible to retire in more than 15 years from August 1, 2007 who have payroll deductions for City medical insurance coverage are entitled to a \$150 monthly contribution to the employee's Post Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a single-employer defined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

22. Subsequent Events

Debt Issuances

On November 6, 2019, the City of Phoenix Civic Improvement Corporation issued \$244.2 million of Rental Car Facility Charge Revenue Bonds, Series 2019A (Non-AMT) and \$60.5 million of Rental Car Facility Charge Revenue Refunding Bonds, Taxable Series 2019B. The bonds were issued at an all-in true interest cost of 3.33% and 2.60%, respectively, and were dated and delivered December 5, 2019.

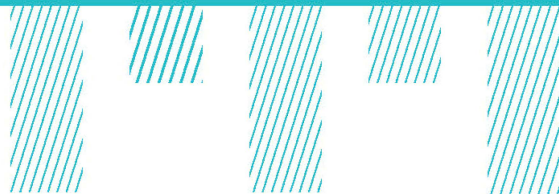
On November 6, 2019, the City of Phoenix Civic Improvement Corporation issued \$341.1 million of Junior Lien Airport Revenue Bonds, Series 2019A (Non-AMT), \$392.0 million of Junior Lien Airport Revenue Bonds, Series 2019B (AMT), and \$29.4 million of Junior Lien Airport Revenue Refunding Bonds, Taxable Series 2019C. The bonds were issued at an all-in true interest cost of 3.61%, 3.44%, and 2.38%, respectively, and were dated and delivered December 11, 2019.



Financial Section



Required Supplementary Information



COPERS

Schedule of Changes in Net Pension Liability and Related Ratios

(in thousands)

	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<u>Total Pension Liability</u>						
Service cost	\$ 73,255	\$ 73,072	\$ 72,876	\$ 80,757	\$ 75,310	\$ 78,331
Interest on the total pension liability	300,543	293,883	293,258	293,206	266,355	257,219
Changes of benefit terms	—	—	—	(3,229)	—	—
Differences between expected and actual experience of the total pension liability	39,370	(42,785)	429	(76,891)	(31,009)	(20,336)
Changes of assumptions	—	—	2,420	(69,420)	254,870	—
Benefit payments, including refunds of employee contributions	(237,389)	(227,576)	(223,668)	(216,193)	(204,403)	(179,877)
Net change in total pension liability	\$ 175,779	\$ 96,594	\$ 145,315	\$ 8,230	\$ 361,123	135,337
Total pension liability - beginning	4,226,046	4,129,452	3,984,137	3,975,907	3,614,784	3,479,447
Total pension liability - ending	<u>\$4,401,825</u>	<u>\$4,226,046</u>	<u>\$4,129,452</u>	<u>\$3,984,137</u>	<u>\$3,975,907</u>	<u>\$3,614,784</u>
<u>Plan Fiduciary Net Position</u>						
Contributions - employer	\$ 165,796	\$ 229,006	\$ 152,153	\$ 119,844	\$ 117,092	\$ 110,629
Contributions - employee	35,042	33,340	30,870	29,523	27,861	27,760
Net investment income	142,963	166,514	243,211	9,171	47,148	298,736
Benefit payments, including refunds of employee contributions	(237,389)	(227,576)	(223,668)	(216,409)	(204,403)	(179,877)
Pension plan administrative expense	(793)	(377)	(380)	(234)	(414)	(628)
Net change in plan fiduciary net position	\$ 105,619	\$ 200,907	\$ 202,186	\$ (58,105)	\$ (12,716)	256,620
Plan fiduciary net position - beginning	2,554,514	2,353,607	2,151,421	2,209,526	2,222,242	1,965,622
Plan fiduciary net position - ending	<u>\$2,660,133</u>	<u>\$2,554,514</u>	<u>\$2,353,607</u>	<u>\$2,151,421</u>	<u>\$2,209,526</u>	<u>\$2,222,242</u>
Net pension liability	<u>\$1,741,692</u>	<u>\$1,671,532</u>	<u>\$1,775,845</u>	<u>\$1,832,716</u>	<u>\$1,766,381</u>	<u>\$1,392,542</u>
Plan fiduciary net position as a percentage of the total pension liability	60.43%	60.45%	57.00%	54.00%	55.57%	61.48%
Covered payroll	\$ 561,938	\$ 526,667	\$ 521,295	\$ 473,974	\$ 484,309	\$ 518,746
Net pension liability as a percentage of covered payroll	309.94%	317.38%	340.66%	386.67%	364.72%	268.44%

The information in this schedule has been determined as of the measurement date 6/30/19 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

City of Phoenix
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

COPERS Schedule of Employer Contributions

(in thousands)

Fiscal Year	Actuarially		Contribution		Actual Contribution
Ended	Determined	Actual	Deficiency	Covered	as a Percentage of
June 30,	Contribution	Contribution	(Excess)	Payroll	Covered Payroll
2019	\$ 165,796	\$ 165,796	\$ —	\$ 561,938	29.50%
2018	159,006	229,006	(70,000) *	526,667	43.48%
2017	152,153	152,153	—	521,295	29.19%
2016	119,844	119,844	—	473,974	25.28%
2015	117,092	117,092	—	484,309	24.18%
2014	110,629	110,629	—	518,746	21.33%
2013	115,244	115,244	—	524,648	21.97%
2012	114,709	114,709	—	540,792	21.21%
2011	105,682	105,682	—	541,388	19.52%
2010	90,965	90,965	—	578,327	15.73%

*City made an additional \$70.0 million contribution in fiscal year 2018.

NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation date: June 30, 2017. Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the current measurement period. The rates for FYE June 30, 2019 were determined based on the June 30, 2017 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	The UAL as of June 30, 2013 is amortized as a level percentage of payroll over a closed 25-year period. The impact of the September 2013 assumption changes is amortized over a closed 25-year period with a four-year phase-in. The impact of the August 2015 assumption changes is amortized over a closed 25-year period with a four-year phase-in. Future gains and losses are amortized over closed 20-year periods. However, future gains will not be amortized over a shorter period than the remaining period on the amortization of the 2013 UAL.
Asset valuation method	4-Year smoothed market; 25% corridor
Salary increases	3.00% plus merit component based on age ranging from 6.60% at age 20 to 0.00% for members age 65 and older.
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2009 - 2014.
Mortality	CalPERS mortality tables with adjustment factors, projected with MP-2015
Cost-of-living adjustment	1.25%
Other:	None

PSPRS - Pension

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

	POLICE				
	2019	2018	2017	2016	2015
<u>Total Pension Liability</u>					
Service Cost	\$ 49,601	\$ 58,148	\$ 47,232	\$ 47,490	\$ 50,173
Interest on the Total Pension Liability	231,824	217,244	199,120	195,645	170,560
Changes of benefit terms	—	22,618	171,696	—	38,647
Difference between expected and actual experience of the Total Pension Liability	(906)	1,601	3,644	(42,065)	(13,758)
Changes of assumptions	—	107,195	100,323	—	211,118
Benefit payments, including refunds of employee contributions	(168,682)	(164,031)	(170,877)	(142,444)	(129,266)
Net change in total pension liability	\$ 111,837	\$ 242,775	\$ 351,138	\$ 58,626	\$ 327,474
Total pension liability - beginning	3,192,300	2,949,525	2,598,387	2,539,761	2,212,287
Total pension liability - ending	<u>\$3,304,137</u>	<u>\$3,192,300</u>	<u>\$2,949,525</u>	<u>\$2,598,387</u>	<u>\$2,539,761</u>
<u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 124,618	\$ 113,645	\$ 92,298	\$ 80,311	\$ 78,428
Contributions - employee	22,728	31,289	31,061	28,941	27,931
Net investment income	89,411	139,676	7,019	43,559	146,354
Benefit payments, including refunds of employee contributions	(168,682)	(164,031)	(170,877)	(142,444)	(129,266)
Hall/Parker Settlement	(42,201)	—	—	—	—
Pension Plan Administrative Expense	(1,364)	(1,236)	(1,010)	(1,063)	—
Other*	(443)	652	411	(842)	(53,122)
Net change in Plan Fiduciary Net Position	\$ 24,067	\$ 119,995	\$ (41,098)	\$ 8,462	\$ 70,325
Plan Fiduciary Net Position - Beginning	1,291,612	1,171,617	1,212,715	1,204,253	1,133,928
Plan Fiduciary Net Position - Ending	<u>\$1,315,679</u>	<u>\$1,291,612</u>	<u>\$1,171,617</u>	<u>\$1,212,715</u>	<u>\$1,204,253</u>
Net Pension Liability	\$1,988,458	\$1,900,688	\$1,777,908	\$1,385,672	\$1,335,508
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.82%	40.46%	39.72%	46.67%	47.42%
Covered Payroll	\$ 221,105	\$ 231,023	\$ 225,236	\$ 215,928	\$ 229,987
Net Pension Liability as a Percentage of Covered Valuation Payroll	899.33%	822.73%	789.35%	641.73%	580.69%

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

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

City of Phoenix
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

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

(in thousands)

	FIRE				
	2019	2018	2017	2016	2015
<u>Total Pension Liability</u>					
Service Cost	\$ 30,634	\$ 31,155	\$ 25,101	\$ 25,159	\$ 25,964
Interest on the Total Pension Liability	123,038	114,721	107,388	106,101	93,775
Changes of benefit terms	—	9,098	95,865	—	18,125
Difference between expected and actual experience of the Total Pension Liability	21,387	5,985	(22,672)	(24,035)	(9,814)
Changes of assumptions	—	61,290	51,468	—	100,149
Benefit payments, including refunds of employee contributions	(89,735)	(88,133)	(108,988)	(72,612)	(68,945)
Net change in total pension liability	\$ 85,324	\$ 134,116	\$ 148,162	\$ 34,613	\$ 159,254
Total pension liability - Beginning	1,692,224	1,558,108	1,409,946	1,375,333	1,216,079
Total pension liability - Ending	<u>\$1,777,548</u>	<u>\$1,692,224</u>	<u>\$1,558,108</u>	<u>\$1,409,946</u>	<u>\$1,375,333</u>
<u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 73,288	\$ 56,671	\$ 49,932	\$ 43,076	\$ 42,900
Contributions - employee	13,413	16,694	16,039	14,250	14,152
Net investment income	49,178	76,651	3,927	24,513	82,575
Benefit payments, including refunds of employee contributions	(89,735)	(88,133)	(108,988)	(72,612)	(68,945)
Hall/Parker Settlement	(21,840)	—	—	—	—
Pension Plan Administrative Expense	(751)	(679)	(565)	(599)	—
Other*	251	11	1,050	(536)	(30,298)
Net change in Plan Fiduciary Net Position	\$ 23,804	\$ 61,215	\$ (38,605)	\$ 8,092	\$ 40,384
Plan Fiduciary Net Position - Beginning	710,511	649,296	687,901	679,809	639,425
Plan Fiduciary Net Position - Ending	<u>\$ 734,315</u>	<u>\$ 710,511</u>	<u>\$ 649,296</u>	<u>\$ 687,901</u>	<u>\$ 679,809</u>
Net Pension Liability	\$1,043,233	\$ 981,713	\$ 908,812	\$ 722,045	\$ 695,524
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.31%	41.99%	41.67%	48.79%	49.43%
Covered Payroll	\$ 132,503	\$ 127,530	\$ 124,322	\$ 121,291	\$ 125,639
Net Pension Liability as a Percentage of Covered Valuation Payroll	787.33%	769.79%	731.02%	595.30%	553.59%

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

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

City of Phoenix
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Contributions for Measurement Date Ended June 30 - PSPRS						
(in thousands)		Actuarially		Contribution		Actual Contribution
Year Ended		Determined	Actual	Deficiency	Covered	as a % of Covered
June 30,		Contribution	Contribution **	(Excess)	Payroll	Valuation Payroll
Police	2019	\$ —	\$ 151,919	\$ —	\$ —	—%
	2018	124,618	124,618	—	221,105	56.36
	2017	113,645	113,645	—	231,023	49.19
	2016	92,298	92,298	—	225,236	40.98
	2015	80,311	80,311	—	215,928	37.19
	2014	78,428	78,428	—	229,987	34.10
Fire	2019	\$ —	\$ 84,790	\$ —	\$ —	—%
	2018	73,288	73,288	—	132,503	55.31
	2017	56,671	56,671	—	127,530	44.44
	2016	49,932	49,932	—	124,322	40.16
	2015	43,076	43,076	—	121,291	35.51
	2014	42,900	42,900	—	125,639	34.15

** Actual contributions are based on covered payroll at the time of contribution. It is the actuary's understanding that the Employer's practice is to contribute the percent-of-payroll employer contribution rate (or flat dollar amount if there are no active employees) shown in the actuarial valuation report. Because of this understanding, the Actuarially Determined Contributions shown in the Schedule of Employer contributions are the actual contributions made by the Employer in the fiscal year. Actual contributions include any additional contributions made by the Employer as well as Arizona Fire Insurance Premium Tax received by the Employer. In fiscal year 2019, the City chose to contribute more than the actuarially determined amount. Fiscal year 2019 actual contributions represent contributions made subsequent to the measurement date.

NOTES TO SCHEDULE OF CONTRIBUTIONS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE*

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Fiscal Year 2018 Contribution Rates:

Actuarial Cost Method

Individual Entry Age Normal

Tier 1/2:

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.

Asset Valuation Method

7-Year smoothed market; 20% corridor

Investment Rate of Return

7.50%, net of investment and administrative expenses

Tier 3:

Amortization Method

Level Dollar, Layered

Remaining Amortization Period

10 years

Asset Valuation Method

5-Year smoothed market; 20% corridor

Investment Rate of Return

7.00%, net of investment and administrative expenses

Wage Inflation

4.00%

Price Inflation

3.00%; No explicit price inflation assumption is used in this valuation.

Salary Increases

4.00% to 8.00% including inflation

Retirement Age

Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.

Mortality

RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

Other Information:

Assumed Future Permanent Benefit Increases

The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.

* Based on Valuation Assumptions used in the June 30, 2016 actuarial valuation

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

LTD

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

(in thousands)

	FYE 2019	FYE 2018	FYE 2017
<u>Total OPEB liability/(asset)</u>			
Service cost	\$ 3,679	\$ 3,554	\$ 3,434
Interest on the total OPEB liability/(asset)	3,614	3,407	3,226
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(2,778)	—	—
Changes of assumptions	(8,013)	—	—
Benefit payments, including refunds of employee contributions	(4,126)	(3,993)	(4,289)
Net change in total OPEB liability/(asset)	(7,624)	2,968	2,371
Total OPEB liability/(asset) - beginning	51,854	48,886	46,515
Total OPEB liability/(asset) - ending	<u>\$ 44,230</u>	<u>\$ 51,854</u>	<u>\$ 48,886</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 1,758	\$ 1,643	\$ 1,381
Employee contributions	—	—	—
OPEB plan net investment income	3,983	4,611	8,488
Benefit payments, including refunds of employee contributions	(4,126)	(3,993)	(4,290)
OPEB plan administrative expense	(380)	(409)	(276)
Other	(86)	167	129
Net change in plan fiduciary net position	1,149	2,019	5,432
Plan fiduciary net position - beginning	78,930	76,911	71,479
Plan fiduciary net position - ending	<u>\$ 80,079</u>	<u>\$ 78,930</u>	<u>\$ 76,911</u>
Net OPEB liability/(asset) - ending	<u>\$ (35,849)</u>	<u>\$ (27,076)</u>	<u>\$ (28,025)</u>
 Plan fiduciary net position as a percentage of total OPEB liability/(asset)	 181.05 %	 152.23 %	 157.33 %
Covered payroll	\$ 831,706	\$ 832,952	\$ 804,784
Net OPEB liability/(asset) as a percentage of covered payroll	(4.31)%	(3.25)%	(3.48)%

Notes to Schedule:

- Service Cost determined under the Entry Age Normal Method

The information in this schedule has been determined as of the measurement date 6/30/19 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

City of Phoenix
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Employer OPEB Contributions - LTD

(in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2019	\$ 1,772	\$ 1,758	\$ 14	\$ 831,706	0.21%
2018	1,772	1,643	129	832,952	0.20
2017	1,514	1,381	133	804,784	0.17

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Inflation	3.00%
Projected payroll increases	3.50%
Investment rate of return	7.00%
Health care trend rates	Due to nature of the benefit, health care trend rates are not applicable to the calculation of contribution rates.
Expenses	Investment expenses are paid from investment returns.

Other information:

Notes: There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date 6/30/19 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

MERP

Schedule of Changes in Net OPEB Liability and Related Ratios

(in thousands)

	FYE 2019	FYE 2018	FYE 2017
<u>Total OPEB Liability</u>			
Service cost	\$ 4,282	\$ 4,690	\$ 4,531
Interest on the total OPEB liability	25,141	24,826	24,472
Changes of benefit terms	19,835	—	—
Differences between expected and actual experience	(18,132)	—	—
Changes of assumptions	(637)	—	—
Benefit payments, including refunds of employee contributions	(25,520)	(24,107)	(23,936)
Net change in total OPEB liability	4,969	5,409	5,067
Total OPEB liability - beginning	369,774	364,365	359,298
Total OPEB liability - ending	<u>\$ 374,743</u>	<u>\$ 369,774</u>	<u>\$ 364,365</u>
<u>Plan Fiduciary Net Position</u>			
Employer contributions	\$ 24,100	\$ 25,881	\$ 27,863
Employee contributions	—	—	—
OPEB plan net investment income	8,734	9,761	17,188
Benefit payments, including refunds of employee contributions	(25,520)	(24,107)	(23,936)
OPEB plan administrative expense	—	—	—
Other	(17)	6	—
Net change in plan fiduciary net position	7,297	11,541	21,115
Plan fiduciary net position - beginning	170,869	159,328	138,213
Plan fiduciary net position - ending	<u>\$ 178,166</u>	<u>\$ 170,869</u>	<u>\$ 159,328</u>
Net OPEB liability - ending	<u>\$ 196,577</u>	<u>\$ 198,905</u>	<u>\$ 205,037</u>
Plan fiduciary net position as a percentage of total OPEB liability	47.54%	46.21%	43.73%
Covered payroll	\$ 270,600	\$ 329,982	\$ 318,823
Net OPEB liability as a percentage of covered payroll	72.64%	60.28%	64.31%

Notes to Schedule:

- Service Cost determined under the Entry Age Normal Method

The information in this schedule has been determined as of the measurement date 6/30/19 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

City of Phoenix
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Employer OPEB Contributions - MERP

(in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2019	\$ 22,465	\$ 24,100	\$ (1,635)	\$ 270,600	8.91%
2018	22,465	25,881	(3,416)	329,982	7.84
2017	27,860	27,863	(3)	318,823	8.74

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	Market
Projected payroll increases	3.50%
Investment rate of return	7.00%
Health care trend rates	Applies only to Duty Related Death Benefits: Rates starting at 7.5% in 2020 grading down to 4.5% in 2034.
Expenses	Investment expenses are paid from investment returns.

Other information:

Notes Since the prior valuation, demographic assumptions for Public Safety members have been updated to reflect the assumptions used in the Arizona Public Safety Personnel Retirement System Actuarial Valuation as of June 30, 2018, and the Qualified City Contribution MERP benefit for Medicare eligible retirees has been reinstated.

The information in this schedule has been determined as of the measurement date 6/30/19 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

PSPRS - OPEB

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

	2019		2018	
	<u>Police</u>	<u>Fire</u>	<u>Police</u>	<u>Fire</u>
<u>Total OPEB Liability</u>				
Service Cost	\$ 647	\$ 338	\$ 762	\$ 357
Interest on the Total OPEB Liability	3,440	1,755	3,708	1,846
Changes of benefit terms	—	—	26	28
Difference between expected and actual experience of the Total OPEB Liability	(632)	(116)	(2,617)	(595)
Changes of assumptions	—	—	(1,636)	(774)
Benefit payments, including refunds of employee contributions	(3,253)	(1,766)	(3,014)	(1,735)
Net change in total OPEB liability	\$ 202	\$ 211	\$ (2,771)	\$ (873)
Total pension liability - beginning	47,791	24,430	50,562	25,303
Total pension liability - ending	<u>\$ 47,993</u>	<u>\$ 24,641</u>	<u>\$ 47,791</u>	<u>\$ 24,430</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ —	\$ —	\$ —	\$ —
Contributions - employee	5	1	—	—
Net investment income	4,483	2,529	7,098	4,002
Benefit payments, including refunds of employee contributions	(3,253)	(1,766)	(3,014)	(1,735)
OPEB Plan Administrative Expense	(68)	(39)	(63)	(36)
Other	—	—	—	—
Net change in Plan Fiduciary Net Position	\$ 1,167	\$ 725	\$ 4,021	\$ 2,231
Plan Fiduciary Net Position - Beginning	65,659	37,001	61,638	34,770
Plan Fiduciary Net Position - Ending	<u>\$ 66,826</u>	<u>\$ 37,726</u>	<u>\$ 65,659</u>	<u>\$ 37,001</u>
Net OPEB Liability/(Asset)	\$ (18,833)	(13,085)	\$ (17,868)	(12,571)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	139.24 %	153.10 %	137.39 %	151.46 %
Covered Payroll	221,105	132,503	\$ 231,023	\$ 127,530
Net OPEB Liability (Asset) as a Percentage of Covered Valuation Payroll	(8.52)%	(9.88)%	(7.73)%	(9.86)%

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

City of Phoenix
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

		Schedule of Contributions for Measurement Date Ended June 30,					
(in thousands)		Actuarially		Contribution		Actual Contribution	
	Year Ended	Determined	Actual	Deficiency	Covered	as a % of Covered	
	June 30,	Contribution**	Contribution	(Excess)	Payroll	Valuation Payroll	
Police	2018	\$ —	\$ —	\$ —	\$ 221,105	—%	
	2017	—	—	—	231,023	—	
Fire	2018	\$ —	\$ —	\$ —	\$ 132,503	—%	
	2017	—	—	—	127,530	—	

** Actual contributions are based on covered payroll at the time of contribution. It is the actuary's understanding that the Employer's practice is to contribute the percent-of-payroll employer contribution rate (or flat dollar amount if there are no active employees) shown in the actuarial valuation report. Because of this understanding, the Actuarially Determined Contributions shown in the Schedule of Employer contributions are the actual contributions made by the Employer in the fiscal year.

NOTES TO SCHEDULE OF CONTRIBUTIONS

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE***

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Fiscal Year 2018 Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Tier 1/2:	
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset Valuation Method	7-Year smoothed market; 20% corridor
Investment Rate of Return	7.50%, net of investment and administrative expenses
Tier 3:	
Amortization Method	Level Dollar, Layered
Remaining Amortization Period	10 years
Asset Valuation Method	5-Year smoothed market, 20% corridor
Investment Rate of Return	7.00%, net of investment and administrative expenses
Wage Inflation	4.00%
Price Inflation	3.00%; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.00% to 8.00% including inflation
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).
Health Care Trend Rates:	None

Other Information:

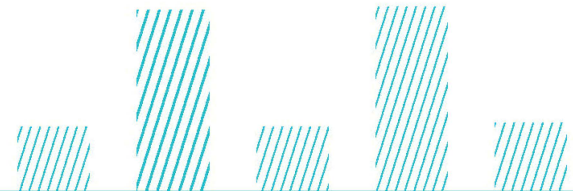
Notes There were no benefit changes during the year. The latest experience study was conducted as of June 30, 2011.

* Based on Valuation Assumptions used in the June 30, 2016 actuarial valuation

The information in this schedule has been determined as of the measurement date 6/30/18 of the City's net OPEB liability/(asset) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.



City of Phoenix



Financial Section

Other Supplementary Information

Nonmajor Governmental Funds - Combining Fund Financial Statements



Fund Descriptions - Special Revenue Funds

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

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

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

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

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

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

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

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

Public Safety Enhancement - to account for the Fire, Police, and Emergency Management share of a 2.0% increment of the 2.7% privilege license tax on utilities with franchise agreements which became effective May 2005, and the 0.2% public safety expansion sales tax which was implemented in December 2007.

Capital Projects Funds

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

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

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

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

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

Fund Descriptions

(continued)

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

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

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

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

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

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

Debt Service Funds

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

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

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.

Community Facilities Districts - to account for debt service on special assessment revenue bonds issued by community facilities districts. Although these bonds are not obligations of the City, generally accepted accounting principles indicate that the bonds should be disclosed herein.



City of Phoenix

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019
(in thousands)

Exhibit C-1

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
ASSETS					
Cash and Cash Equivalents	\$ 19,911	\$ 2,279	\$ 32,979	\$ —	\$ 7,200
Cash Deposits	29	—	—	—	—
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	7,371
Investments	95,495	10,456	151,983	—	32,003
Due from Other Funds	—	—	—	—	—
Receivables, Net of Allowance					
Accounts Receivable	28	—	863	1,702	417
Taxes Receivable	—	—	—	—	—
Intergovernmental	12,492	61	58	21,715	206
Accrued Interest	—	—	—	—	106
Notes Receivable	—	—	—	—	9,583
Total Assets	<u>\$ 127,955</u>	<u>\$ 12,796</u>	<u>\$ 185,883</u>	<u>\$ 23,417</u>	<u>\$ 56,886</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ 13,154	\$ —
Accounts Payable	16,501	391	2,078	5,738	3,505
Trust Liabilities and Deposits	4,302	3,272	8,897	15	15,154
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Advance Payments	—	—	8,000	4,510	2,101
Total Liabilities	<u>20,803</u>	<u>3,663</u>	<u>18,975</u>	<u>23,417</u>	<u>20,760</u>
Deferred Inflows of Resources					
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances					
Spendable					
Restricted	107,152	6,207	81,179	—	30,230
Committed	—	2,926	—	—	—
Assigned	—	—	85,729	—	5,896
Unassigned	—	—	—	—	—
Total Fund Balances	<u>107,152</u>	<u>9,133</u>	<u>166,908</u>	<u>—</u>	<u>36,126</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 127,955</u>	<u>\$ 12,796</u>	<u>\$ 185,883</u>	<u>\$ 23,417</u>	<u>\$ 56,886</u>

Exhibit C-1

(Continued)

Special Revenue Funds					Capital Projects Funds				
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total		Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection	
\$ 13,993	\$ 3,828	\$ 11,239	\$ 91,429	\$ 4,415	\$ 14,768	\$ 1,200	\$ —		
—	—	—	29	—	—	—	—		
—	—	—	7,371	—	—	—	—		
65,043	22,592	51,271	428,843	21,325	67,393	19,269	—		
—	—	—	—	—	—	13,797	—		
228	—	—	3,238	5	—	1,941	—		
51	—	—	51	—	—	—	—		
38	—	—	34,570	—	—	1,226	—		
—	—	—	106	—	—	113	—		
—	—	—	9,583	—	—	—	—		
<u>\$ 79,353</u>	<u>\$ 26,420</u>	<u>\$ 62,510</u>	<u>\$ 575,220</u>	<u>\$ 25,745</u>	<u>\$ 82,161</u>	<u>\$ 37,546</u>	<u>\$ —</u>		
—	—	—	—	—	—	—	—		
\$ —	\$ —	\$ —	\$ 13,154	\$ —	\$ —	\$ —	\$ 13,797		
1,409	57	219	29,898	2,807	2,200	11,636	888		
307	171	—	32,118	—	—	—	—		
—	—	—	—	—	—	—	—		
—	—	—	—	—	—	—	—		
—	—	—	14,611	—	—	—	—		
<u>1,716</u>	<u>228</u>	<u>219</u>	<u>89,781</u>	<u>2,807</u>	<u>2,200</u>	<u>11,636</u>	<u>14,685</u>		
—	—	—	—	—	—	—	—		
55,525	26,192	62,291	368,776	—	79,961	4,421	—		
—	—	—	2,926	22,938	—	—	—		
22,112	—	—	113,737	—	—	21,489	—		
—	—	—	—	—	—	—	(14,685)		
<u>77,637</u>	<u>26,192</u>	<u>62,291</u>	<u>485,439</u>	<u>22,938</u>	<u>79,961</u>	<u>25,910</u>	<u>(14,685)</u>		
<u>\$ 79,353</u>	<u>\$ 26,420</u>	<u>\$ 62,510</u>	<u>\$ 575,220</u>	<u>\$ 25,745</u>	<u>\$ 82,161</u>	<u>\$ 37,546</u>	<u>\$ —</u>		

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds

Exhibit C-1

June 30, 2019

(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
ASSETS					
Cash and Cash Equivalents	\$ 143	\$ 2,045	\$ 1,437	\$ 296	\$ —
Cash Deposits	—	—	—	—	—
Cash and Securities with Fiscal Agents/Trustees	—	—	—	—	—
Investments	654	9,315	5,133	42,485	104
Due from Other Funds	—	—	—	—	—
Receivables, Net of Allowance					
Accounts Receivable	—	4	—	—	—
Taxes Receivable	—	—	—	—	—
Intergovernmental	—	—	—	—	1,574
Accrued Interest	—	—	—	72	—
Notes Receivable	—	—	—	—	—
Total Assets	<u>\$ 797</u>	<u>\$ 11,364</u>	<u>\$ 6,570</u>	<u>\$ 42,853</u>	<u>\$ 1,678</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ —	\$ —	\$ —	\$ —	\$ 53
Accounts Payable	—	—	511	820	208
Trust Liabilities and Deposits	—	423	—	—	1
Matured Bonds Payable	—	—	—	—	—
Interest Payable	—	—	—	—	—
Advance Payments	—	—	—	—	—
Total Liabilities	<u>—</u>	<u>423</u>	<u>511</u>	<u>820</u>	<u>262</u>
Deferred Inflows of Resources					
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances					
Spendable					
Restricted	797	8,433	6,059	42,049	1,416
Committed	—	—	—	—	—
Assigned	—	2,508	—	—	—
Unassigned	—	—	—	(16)	—
Total Fund Balances	<u>797</u>	<u>10,941</u>	<u>6,059</u>	<u>42,033</u>	<u>1,416</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 797</u>	<u>\$ 11,364</u>	<u>\$ 6,570</u>	<u>\$ 42,853</u>	<u>\$ 1,678</u>

Exhibit C-1

(Continued)

Capital Projects Funds		Debt Service Funds					Total Non-Major Governmental Funds
Sports and Cultural Facilities	Total	Sports Facilities	City Improvement	Special Assessment	Community Facilities Districts	Total	
\$ 600	\$ 24,904	\$ 9,922	\$ 770	\$ 81	\$ —	\$ 10,773	\$ 127,106
—	—	—	—	—	—	—	29
—	—	—	110,393	1	34,548	144,942	152,313
22,237	187,915	46,102	3,506	—	—	49,608	666,366
—	13,797	—	—	—	—	—	13,797
—	1,950	—	—	25	—	25	5,213
—	—	—	—	—	—	—	51
—	2,800	—	—	—	—	—	37,370
—	185	—	—	—	—	—	291
—	—	—	—	—	—	—	9,583
<u>\$ 22,837</u>	<u>\$ 231,551</u>	<u>\$ 56,024</u>	<u>\$ 114,669</u>	<u>\$ 107</u>	<u>\$ 34,548</u>	<u>\$ 205,348</u>	<u>\$ 1,012,119</u>
—	—	—	—	—	—	—	—
\$ —	\$ 13,850	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 27,004
1	19,071	313	—	—	—	313	49,282
—	424	—	—	—	—	—	32,542
—	—	—	98,425	—	—	98,425	98,425
—	—	—	11,968	—	—	11,968	11,968
—	—	—	—	107	—	107	14,718
1	33,345	313	110,393	107	—	110,813	233,939
—	—	—	—	—	—	—	—
3,335	146,471	—	4,276	—	34,548	38,824	554,071
—	22,938	55,711	—	—	—	55,711	81,575
19,501	43,498	—	—	—	—	—	157,235
—	(14,701)	—	—	—	—	—	(14,701)
<u>22,836</u>	<u>198,206</u>	<u>55,711</u>	<u>4,276</u>	<u>—</u>	<u>34,548</u>	<u>94,535</u>	<u>778,180</u>
<u>\$ 22,837</u>	<u>\$ 231,551</u>	<u>\$ 56,024</u>	<u>\$ 114,669</u>	<u>\$ 107</u>	<u>\$ 34,548</u>	<u>\$ 205,348</u>	<u>\$ 1,012,119</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Municipal Court	Develop- ment Services	Grants	Public Housing
REVENUES					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	14	—	—	—	—
Intergovernmental	138,864	—	—	104,596	81,518
Charges for Services	5	5,117	84,532	214	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	1,879	170	1,474	34	570
Interest	1,955	187	1,567	41	649
Dwelling Rentals	—	—	—	—	8,720
Other	178	—	4,411	7,543	3,902
Total Revenues	142,895	5,474	91,984	112,428	95,359
EXPENDITURES					
Current Operating					
General Government	—	122	—	1,488	—
Criminal Justice	—	2,083	—	—	—
Public Safety	—	3,651	—	21,448	—
Transportation	90,769	—	—	28	—
Community Enrichment	—	—	—	62,473	102
Community Development	—	—	55,391	24,986	87,716
Environmental Services	—	—	—	511	—
Capital Outlay	43,667	495	9,634	1,526	5,061
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Total Expenditures	134,436	6,351	65,025	112,460	92,879
Excess (Deficiency) of Revenues Over Expenditures	8,459	(877)	26,959	(32)	2,480
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	—	—	676	32	46
Transfers to Other Funds	(1,259)	—	(2,063)	—	(302)
Proceeds from Special Assessment Bonds	—	—	—	—	—
Total Other Financing Sources (Uses)	(1,259)	—	(1,387)	32	(256)
Net Change in Fund Balances	7,200	(877)	25,572	—	2,224
FUND BALANCES, JULY 1	99,952	10,010	141,336	—	33,902
FUND BALANCES, JUNE 30	\$ 107,152	\$ 9,133	\$ 166,908	\$ —	\$ 36,126

Exhibit C-2

(Continued)

Special Revenue Funds				Capital Projects Funds			
Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total	Capital Construction	Parks and Preserves	Street Improvements	Police and Fire Protection
\$ 8,625	\$ 35,073	\$ 96,171	\$139,869	\$ 8,812	\$ 35,073	\$ —	\$ —
1,717	—	—	1,731	—	—	—	—
799	—	—	325,777	—	—	12,164	—
7,675	—	—	97,543	10	—	—	—
82	—	—	82	—	—	—	—
1,815	—	—	1,815	—	—	—	—
—	—	—	—	—	—	—	—
600	350	368	5,445	359	1,252	681	—
648	370	431	5,848	373	1,312	749	—
—	—	—	8,720	—	—	—	—
8,418	172	—	24,624	15	1,859	3,045	—
30,379	35,965	96,970	611,454	9,569	39,496	16,639	—
1,111	—	—	2,721	—	—	—	—
—	—	—	2,083	—	—	—	—
26,308	31,625	80,414	163,446	—	—	—	—
3,553	—	—	94,350	97	—	—	—
3,336	—	—	65,911	—	5,467	—	—
3,633	—	—	171,726	—	—	—	—
1,992	—	—	2,503	45	—	—	—
1,749	1,158	6,245	69,535	6,956	17,418	56,980	4,035
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
41,682	32,783	86,659	572,275	7,098	22,885	56,980	4,035
(11,303)	3,182	10,311	39,179	2,471	16,611	(40,341)	(4,035)
18,748	—	—	19,502	—	—	—	—
(1,630)	(28)	(56)	(5,338)	—	(221)	—	—
—	—	—	—	—	—	—	—
17,118	(28)	(56)	14,164	—	(221)	—	—
5,815	3,154	10,255	53,343	2,471	16,390	(40,341)	(4,035)
71,822	23,038	52,036	432,096	20,467	63,571	66,251	(10,650)
\$ 77,637	\$ 26,192	\$ 62,291	\$485,439	\$ 22,938	\$ 79,961	\$ 25,910	\$ (14,685)

City of Phoenix, Arizona

Exhibit C-2

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

(Continued)

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Capital Projects Funds				
	Storm Sewers	Parks, Recreation and Libraries	Public Housing	Municipal Buildings and Service Centers	Transit
REVENUES					
City Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Intergovernmental	—	—	1,360	—	90,660
Charges for Services	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—
Parks and Recreation	—	—	—	—	—
Special Assessments	—	—	—	—	—
Investment Income					
Net Change in Fair Value of Investments	—	34	75	935	—
Interest	—	38	71	443	—
Dwelling Rentals	—	—	—	—	—
Other	—	—	1,963	26	321
Total Revenues	—	72	3,469	1,404	90,981
EXPENDITURES					
Current Operating					
General Government	—	—	—	—	—
Criminal Justice	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Community Enrichment	—	—	—	—	—
Community Development	—	—	—	—	—
Environmental Services	—	—	—	—	—
Capital Outlay	—	37	4,538	17,065	94,437
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Arbitrage Rebate and Fiscal Agent Fees	—	—	—	—	—
Total Expenditures	—	37	4,538	17,065	94,437
Excess (Deficiency) of Revenues Over Expenditures	—	35	(1,069)	(15,661)	(3,456)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	—	—	—	1,028	—
Transfers to Other Funds	—	—	(5)	(1,028)	—
Proceeds from Special Assessment Bonds	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	(5)	—	—
Net Change in Fund Balances	—	35	(1,074)	(15,661)	(3,456)
FUND BALANCES, JULY 1	797	10,906	7,133	57,694	4,872
FUND BALANCES, JUNE 30	\$ 797	\$ 10,941	\$ 6,059	\$ 42,033	\$ 1,416

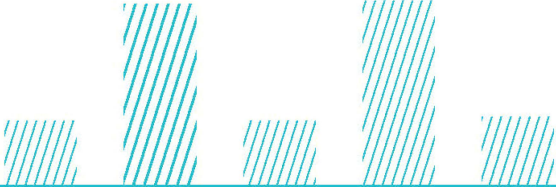
Exhibit C-2

(Continued)

Capital Projects Funds		Debt Service Funds						
Sports and Cultural Facilities	Total	Sports Facilities	City Improvement	Special Assessment	Community Facilities Districts	Total	Total Non-Major Governmental Funds	
\$ —	\$ 43,885	\$ 20,732	\$ —	\$ —	\$ —	\$ 20,732	\$ 204,486	
—	—	—	—	—	—	—	1,731	
—	104,184	—	—	—	—	—	429,961	
—	10	—	—	—	—	—	97,553	
—	—	—	—	—	—	—	82	
—	—	—	—	—	—	—	1,815	
—	—	—	—	9	—	9	9	
212	3,548	863	—	—	—	863	9,856	
145	3,131	915	13	—	—	928	9,907	
—	—	—	—	—	—	—	8,720	
8,915	16,144	3,691	—	—	9,509	13,200	53,968	
9,272	170,902	26,201	13	9	9,509	35,732	818,088	
—	—	381	—	—	—	381	3,102	
—	—	—	—	—	—	—	2,083	
—	—	1,455	—	—	—	1,455	164,901	
—	97	—	—	—	—	—	94,447	
—	5,467	365	—	—	—	365	71,743	
—	—	401	—	—	—	401	172,127	
—	45	—	—	—	—	—	2,548	
71	201,537	7,071	—	—	3,876	10,947	282,019	
—	—	—	98,425	17	—	98,442	98,442	
—	—	—	23,899	2	—	23,901	23,901	
—	—	—	—	—	1,062	1,062	1,062	
—	—	—	13	—	—	13	13	
71	207,146	9,673	122,337	19	4,938	136,967	916,388	
9,201	(36,244)	16,528	(122,324)	(10)	4,571	(101,235)	(98,300)	
—	1,028	1,028	123,352	10	—	124,390	144,920	
—	(1,254)	(10,357)	(1,028)	—	—	(11,385)	(17,977)	
—	—	—	—	—	29,977	29,977	29,977	
—	(226)	(9,329)	122,324	10	29,977	142,982	156,920	
9,201	(36,470)	7,199	—	—	34,548	41,747	58,620	
13,635	234,676	48,512	4,276	—	—	52,788	719,560	
\$ 22,836	\$ 198,206	\$ 55,711	\$ 4,276	\$ —	\$ 34,548	\$ 94,535	\$ 778,180	



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, 2019
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers	Final	Expenditures	Encum- brances	Total	
General Government							
Mayor	\$ 1,995	\$ —	\$ 1,995	\$ 1,454	\$ 73	\$ 1,527	\$ 468
City Council	4,409	—	4,409	3,431	94	3,525	884
City Manager	2,624	—	2,624	2,132	22	2,154	470
City Auditor	2,980	—	2,980	2,617	83	2,700	280
Information Technology	37,553	—	37,553	31,245	5,571	36,816	737
Equal Opportunity	2,660	—	2,660	2,146	32	2,178	482
City Clerk	6,693	—	6,693	6,050	190	6,240	453
Human Resources	10,624	—	10,624	10,565	103	10,668	(44)
Office of Sustainability	484	—	484	383	(4)	379	105
Law	24,089	(600)	23,489	19,947	225	20,172	3,317
Budget and Research	3,396	—	3,396	3,067	13	3,080	316
Finance	23,567	—	23,567	20,189	1,264	21,453	2,114
Other	1,382	—	1,382	1,292	52	1,344	38
Total General Government	122,456	(600)	121,856	104,518	7,718	112,236	9,620
Criminal Justice							
Municipal Court	29,719	—	29,719	27,990	394	28,384	1,335
Public Defender	5,028	—	5,028	5,001	2	5,003	25
Total Criminal Justice	34,747	—	34,747	32,991	396	33,387	1,360
Public Safety							
Police	546,207	—	546,207	528,490	11,425	539,915	6,292
Fire	308,591	—	308,591	297,649	3,999	301,648	6,943
Other	91	—	91	(123)	27	(96)	187
Total Public Safety	854,889	—	854,889	826,016	15,451	841,467	13,422
Transportation							
Street Transportation	17,286	—	17,286	18,108	(1,562)	16,546	740
Public Transit	1,640	—	1,640	1,169	622	1,791	(151)
Total Transportation	18,926	—	18,926	19,277	(940)	18,337	589
Community Enrichment							
Parks & Recreation	93,383	1,000	94,383	88,561	2,893	91,454	2,929
Library	37,675	700	38,375	34,983	1,812	36,795	1,580
Human Services	19,245	—	19,245	17,130	1,115	18,245	1,000
Other	10,682	—	10,682	9,445	613	10,058	624
Total Community Enrichment	160,985	1,700	162,685	150,119	6,433	156,552	6,133
Community Development							
Economic Development	5,319	—	5,319	5,119	153	5,272	47
Neighborhood Services	13,565	(300)	13,265	11,943	600	12,543	722
Other	4,204	—	4,204	3,395	28	3,423	781
Total Community Development	23,088	(300)	22,788	20,457	781	21,238	1,550
Environmental Services							
Public Works	17,191	1,200	18,391	(4,366)	20,635	16,269	2,122
Other	618	—	618	595	22	617	1
Total Environmental Services	17,809	1,200	19,009	(3,771)	20,657	16,886	2,123
Cable							
General Government	2,203	100	2,303	2,015	141	2,156	147
Total Cable	2,203	100	2,303	2,015	141	2,156	147
Capital							
Community Enrichment	1,468	700	2,168	743	804	1,547	621
General Government	3,427	(280)	3,147	1,772	1,358	3,130	17
Environmental Services	8,501	(20)	8,481	7,426	—	7,426	1,055
Total Capital	13,396	400	13,796	9,941	2,162	12,103	1,693
Contingency	61,619	—	61,619	—	—	—	61,619
Totals	\$ 1,310,118	\$ 2,500	\$ 1,312,618	\$ 1,161,563	\$ 52,799	\$ 1,214,362	\$ 98,256

City of Phoenix, Arizona
Budgetary Comparison Schedule
Excise Tax Special Revenue Fund

Exhibit D-2

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
City Taxes	\$ 925,688	\$ 925,688	\$ 991,239	\$ 65,551
Licenses and Permits	3,558	3,558	2,969	(589)
Intergovernmental	357,704	357,704	361,984	4,280
Total Revenues	1,286,950	1,286,950	1,356,192	69,242
OTHER FINANCING USES				
Transfers to Other Funds				
General Fund	(783,589)	(783,589)	(811,839)	(28,250)
Transit 2000				—
Transportation Tax 2050	(220,854)	(220,854)	(239,179)	(18,325)
Parks and Preserves	(32,517)	(32,517)	(35,013)	(2,496)
Sports Facilities	(18,287)	(18,287)	(20,732)	(2,445)
Capital Construction	(9,034)	(9,034)	(8,812)	222
Police Neighborhood Protection	(22,761)	(22,761)	(24,509)	(1,748)
Block Watch Neighborhood Protection	(1,626)	(1,626)	(1,751)	(125)
Fire Neighborhood Protection	(8,129)	(8,129)	(8,753)	(624)
Police Public Safety Enhancement	(16,128)	(16,128)	(16,132)	(4)
Fire Public Safety Enhancement	(9,885)	(9,885)	(9,887)	(2)
Police Public Safety Expansion	(52,025)	(52,025)	(56,027)	(4,002)
Fire Public Safety Expansion	(13,006)	(13,006)	(14,006)	(1,000)
City Improvement	(42,626)	(42,626)	(42,621)	5
Phoenix Convention Center	(50,907)	(50,907)	(61,200)	(10,293)
Other Restricted Funds	(5,576)	(5,576)	(5,731)	(155)
Total Other Financing Uses	(1,286,950)	(1,286,950)	(1,356,192)	(69,242)
Net Change in Fund Balance	\$ —	\$ —	—	\$ —
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

Budgetary Comparison Schedule

Highway User Revenue Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Licenses and Permits	\$ —	\$ —	\$ 14	\$ 14
Intergovernmental				
Highway User	135,659	135,659	138,864	3,205
Interest	400	400	1,946	1,546
Miscellaneous	150	150	(30)	(180)
Total Revenues	136,209	136,209	140,794	4,585
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	66,785	66,785	61,791	4,994
Capital	127,095	127,095	103,136	23,959
Total Expenditures and Encumbrances	193,880	193,880	164,927	28,953
Deficiency of Revenues Over Expenditures and Encumbrances	(57,671)	(57,671)	(24,133)	33,538
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds				
City Improvement Debt Service Fund	(1,258)	(1,258)	(1,258)	—
Recovery of Prior Years Expenditures	—	—	3,630	3,630
Total Other Financing Sources (Uses)	(1,258)	(1,258)	2,372	3,630
Net Change in Fund Balance	<u>\$ (58,929)</u>	<u>\$ (58,929)</u>	<u>(21,761)</u>	<u>\$ 37,168</u>
Fund Balance, July 1			63,108	
Fund Balance, June 30			<u>\$ 41,347</u>	

Budgetary Comparison Schedule

Municipal Court Awards Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
REVENUES				
Charges for Services	\$ 4,610	\$ 4,610	\$ 3,848	\$ (762)
Total Revenues	4,610	4,610	3,848	(762)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	183	183	128	55
Public Safety	4,400	5,200	4,280	920
Total Expenditures and Encumbrances	4,583	5,383	4,408	975
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	27	(773)	(560)	213
OTHER FINANCING SOURCES				
Recovery of Prior Years Expenditures	—	—	2	2
Total Other Financing Sources	—	—	2	2
Net Change in Fund Balance	\$ 27	\$ (773)	(558)	\$ 215
Fund Balance, July 1			258	
Fund Balance, June 30			\$ (300)	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Development Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2019
(in thousands)

Exhibit D-5

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 56,003	\$ 56,003	\$ 66,775	\$ 10,772
Miscellaneous	(48)	(48)	(27)	21
Total Revenues	55,955	55,955	66,748	10,793
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	56,389	56,389	52,366	4,023
Capital	14,924	14,924	583	14,341
Contingency	5,000	5,000	—	5,000
Total Expenditures and Encumbrances	76,313	76,313	52,949	23,364
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(20,358)	(20,358)	13,799	34,157
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,494)	(3,494)	(3,414)	80
Recovery of Prior Years Expenditures	—	—	133	133
Total Other Financing Sources (Uses)	(3,494)	(3,494)	(3,281)	213
Net Change in Fund Balance	<u>\$ (23,852)</u>	<u>\$ (23,852)</u>	10,518	<u>\$ 34,370</u>
Fund Balance, July 1			59,849	
Fund Balance, June 30			<u>\$ 70,367</u>	

Budgetary Comparison Schedule

Community Reinvestment Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 125	\$ 125	\$ 145	\$ 20
Rentals	4,945	4,945	3,888	(1,057)
Interest	182	182	237	55
Miscellaneous	—	—	50	50
Total Revenues	5,252	5,252	4,320	(932)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	1,348	1,348	1,350	(2)
Capital	6,446	6,446	2,562	3,884
Total Expenditures and Encumbrances	7,794	7,794	3,912	3,882
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(2,542)	(2,542)	408	2,950
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Other Restricted Special Revenue Fund	3,421	3,421	676	(2,745)
Transfers to Other Funds				
General Fund				
Other	(2,063)	(2,063)	(2,063)	—
Total Other Financing Sources (Uses)	1,358	1,358	(1,387)	(2,745)
Net Change in Fund Balance	<u>\$ (1,184)</u>	<u>\$ (1,184)</u>	<u>(979)</u>	<u>\$ 205</u>
Fund Balance, July 1			14,253	
Fund Balance, June 30			<u>\$ 13,274</u>	

Budgetary Comparison Schedule

Federal Operating Trust Grants Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 39,675	\$ 39,675	\$ 39,112	\$ (563)
Interest	15	15	27	12
Miscellaneous	788	788	7,587	6,799
Total Revenues	40,478	40,478	46,726	6,248
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	1,416	1,416	1,304	112
Criminal Justice	—	—	(10)	10
Public Safety	16,704	27,704	23,893	3,811
Transportation	40	40	27	13
Community Enrichment	1,802	1,802	8,315	(6,513)
Community Development	19,651	19,651	13,310	6,341
Environmental Services	843	843	453	390
Capital	22	22	—	22
Total Expenditures and Encumbrances	40,478	51,478	47,292	4,186
Deficiency of Revenues Over Expenditures and Encumbrances	—	(11,000)	(566)	10,434
OTHER FINANCING SOURCES				
Transfer from Other Funds				
General Fund	—	—	31	31
Recovery of Prior Years Expenditures	—	—	528	528
Total Other Financing Sources	—	—	559	559
Net Change in Fund Balance	\$ —	\$ (11,000)	(7)	\$ 10,993
Fund Balance, July 1			—	
Fund Balance, June 30			\$ (7)	

Budgetary Comparison Schedule

Community Development Grants Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 19,404	\$ 19,404	\$ 11,295	\$ (8,109)
Charges for Services	706	706	215	(491)
Interest	5	5	3	(2)
Miscellaneous	247	247	(44)	(291)
Total Revenues	20,362	20,362	11,469	(8,893)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	252	252	214	38
Community Enrichment	694	694	1,107	(413)
Community Development	17,689	17,689	11,541	6,148
Capital	1,727	1,727	53	1,674
Total Expenditures and Encumbrances	20,362	20,362	12,915	7,447
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	(1,446)	(1,446)
OTHER FINANCING SOURCES				
Recovery of Prior Year Expenditures	—	—	213	\$ 213
Total Other Financing Sources	—	—	213	213
Net Change in Fund Balance	\$ —	\$ —	(1,233)	\$ (1,233)
Fund Balance, July 1			2,882	
Fund Balance, June 30			\$ 1,649	

Budgetary Comparison Schedule

Human Services Grants Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 48,622	\$ 48,622	\$ 55,467	\$ 6,845
Contributions/Donations	32	32	(1)	(33)
Interest	14	14	12	(2)
Total Revenues	48,668	48,668	55,478	6,810
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	48,668	59,168	55,689	3,479
Total Expenditures and Encumbrances	48,668	59,168	55,689	3,479
Deficiency of Revenues Over Expenditures and Encumbrances	—	(10,500)	(211)	10,289
OTHER FINANCING SOURCES				
Recovery of Prior Years Expenditures	—	—	175	175
Total Other Financing Sources	—	—	175	175
Net Change in Fund Balance	\$ —	\$ (10,500)	(36)	\$ 10,464
Fund Balance, July 1			—	
Fund Balance, June 30			\$ (36)	

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

Exhibit D-10

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
REVENUES				
Contributions/Donations	\$ 1	\$ 1	\$ —	(1)
Intergovernmental	81,621	81,621	80,045	(1,576)
Charges for Services	5	5	—	(5)
Interest	90	90	378	288
Dwelling Rentals	5,595	5,595	5,660	65
Miscellaneous	7,900	7,900	4,630	(3,270)
Total Revenues	95,212	95,212	90,713	(4,499)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	(1)	(1)	—	(1)
Community Enrichment	167	167	102	65
Community Development	87,491	87,491	82,714	4,777
Capital	13,804	13,804	3,162	10,642
Total Expenditures and Encumbrances	101,461	101,461	85,978	15,483
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(6,249)	(6,249)	4,735	10,984
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Capital Project Fund	—	—	5	5
Interest Alignment Trust	—	—	41	41
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(200)	(200)	(230)	(30)
City Improvement	(72)	(72)	(72)	—
Recovery of Prior Years Expenditures	—	—	234	234
Total Other Financing Sources (Uses)	(272)	(272)	(22)	250
Net Change in Fund Balance	<u>\$ (6,521)</u>	<u>\$ (6,521)</u>	4,713	<u>\$ 11,234</u>
Fund Balance, July 1			20,681	
Fund Balance, June 30			<u>\$ 25,394</u>	

Budgetary Comparison Schedule

Public Housing Neighborhood Transformation Grant Special
Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,700	\$ 1,700	\$ —	\$ (1,700)
Interest	3	3	51	48
Miscellaneous	207	207	132	(75)
Total Revenues	1,910	1,910	183	(1,727)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	1,910	1,910	1,497	413
Capital	—	—	1	(1)
Total Expenditures and Encumbrances	1,910	1,910	1,498	412
Deficiency of Revenues Over Expenditures and Encumbrances	—	—	(1,315)	(1,315)
OTHER FINANCING SOURCES				
Transfers from Other Funds				
South Mountain Housing Corporation	—	—	11	(11)
Recovery of Prior Year Expenditures	—	—	4	4
Total Other Financing Sources	—	—	15	(7)
Net Change in Fund Balance	\$ —	\$ —	(1,300)	\$ (1,322)
Fund Balance, July 1			3,310	
Fund Balance, June 30			\$ 2,010	

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

Exhibit D-12

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Rentals	\$ 3,516	\$ 3,516	\$ 3,617	\$ 101
Interest	460	460	910	450
Miscellaneous	74	74	74	—
Total Revenues	4,050	4,050	4,601	551
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	129	129	367	(238)
Public Safety	1,455	1,455	1,455	—
Community Enrichment	726	726	640	86
Community Development	168	168	171	(3)
Capital	15,358	15,358	9,933	5,425
Debt Service				
Arbitrage Rebate and Fiscal Agent Fees	2	2	—	2
Lease-Purchase Payments	28,752	15,752	—	15,752
Total Expenditures and Encumbrances	46,590	33,590	12,566	21,024
Deficiency of Revenues Over Expenditures and Encumbrances	(42,540)	(29,540)	(7,965)	21,575
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	18,287	18,287	20,732	2,445
Capital Project Fund	1,028	1,028	1,028	—
Transfers to Other Funds				
General Fund				
Staff and Administrative	(186)	(186)	(151)	35
Other	(79)	(79)	(79)	—
City Improvement Debt Service Fund	—	(10,373)	(10,332)	41
Other Restricted Special Revenue Fund	(128)	(128)	—	128
Infrastructure Repayment Agreement Trust	—	—	(25)	(25)
Total Other Financing Sources (Uses)	18,922	8,549	11,173	2,624
Net Change in Fund Balance	<u>\$ (23,618)</u>	<u>\$ (20,991)</u>	<u>3,208</u>	<u>\$ 24,199</u>
Fund Balance, July 1			49,674	
Fund Balance, June 30			<u>\$ 52,882</u>	

Budgetary Comparison Schedule

Capital Construction Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Interest	\$ 120	\$ 120	\$ 371	\$ 251
Miscellaneous	—	—	24	24
Total Revenues	120	120	395	275
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	97	97	97	—
Environmental Services	70	70	45	25
Capital	16,655	16,655	9,173	7,482
Total Expenditures and Encumbrances	16,822	16,822	9,315	7,507
Deficiency of Revenues Over Expenditures and Encumbrances	(16,702)	(16,702)	(8,920)	7,782
OTHER FINANCING SOURCES				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	9,034	9,034	8,812	(222)
Recovery of Prior Years Expenditures	—	—	320	320
Total Other Financing Sources	9,034	9,034	9,132	98
Net Change in Fund Balance	<u>\$ (7,668)</u>	<u>\$ (7,668)</u>	212	<u>\$ 7,880</u>
Fund Balance, July 1			15,780	
Fund Balance, June 30			<u>\$ 15,992</u>	

Budgetary Comparison Schedule

Parks and Preserves Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Rentals	\$ —	\$ —	\$ 1,302	\$ 1,302
Interest	650	650	1,305	655
Miscellaneous	—	—	618	618
Total Revenues	650	650	3,225	2,575
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	5,551	5,551	5,369	182
Capital	59,812	59,812	23,189	36,623
Total Expenditures and Encumbrances	65,363	65,363	28,558	36,805
Deficiency of Revenues Over Expenditures and Encumbrances	(64,713)	(64,713)	(25,333)	39,380
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	32,517	32,517	35,013	2,496
Enterprise Funds	60	60	60	—
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(158)	(158)	(221)	(63)
Recovery of Prior Years Expenditures	—	—	1,722	1,722
Total Other Financing Sources (Uses)	32,419	32,419	36,574	4,155
Net Change in Fund Balance	<u><u>\$ (32,294)</u></u>	<u><u>\$ (32,294)</u></u>	11,241	<u><u>\$ 43,535</u></u>
Fund Balance, July 1			52,363	
Fund Balance, June 30			<u><u>\$ 63,604</u></u>	

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

Exhibit D-15

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions/Donations	\$ 1,094	\$ 1,094	\$ 880	\$ (214)
Licenses and Permits	1,126	1,126	1,717	591
City Taxes	2,953	2,953	2,893	(60)
Intergovernmental	660	660	799	139
Charges for Services	9,200	9,200	8,915	(285)
Fines and Forfeitures	55	55	82	27
Parks and Recreation	2,417	2,417	2,354	(63)
Rentals	2,985	2,985	4,089	1,104
Interest	553	553	1,122	569
Miscellaneous	8,866	8,866	6,455	(2,411)
Total Revenues	29,909	29,909	29,306	(603)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	2,164	2,164	1,158	1,006
Criminal Justice	4,228	4,228	1,985	2,243
Public Safety	26,382	26,382	26,108	274
Transportation	4,027	4,027	3,520	507
Community Enrichment	3,866	3,866	3,345	521
Community Development	9,923	9,923	7,234	2,689
Environmental Services	3,258	3,258	2,198	1,060
Capital	11,980	11,980	1,197	10,783
Total Expenditures and Encumbrances	65,828	65,828	46,745	19,083
Deficiency of Revenues Over Expenditures and Encumbrances	(35,919)	(35,919)	(17,439)	18,480
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	5,576	5,576	5,731	155
General Fund - Other	17,000	17,000	17,145	145
Transit 2000 Special Revenue Fund	—	—	1,568	1,568
Enterprise Funds	538	538	—	(538)
Sports Facilities Special Revenue Fund	128	128	—	(128)
Transfers to Other Funds				
General Fund - Staff and Administrative	(253)	(253)	(355)	(102)
General Fund - Library	—	—	(141)	(141)
General Fund - Other	(2,411)	(2,411)	(779)	1,632
Community Reinvestment Trust	(3,421)	(3,421)	(676)	2,745
Recovery of Prior Years Expenditures	—	—	382	382
Total Other Financing Sources (Uses)	17,157	17,157	22,875	5,718
Net Change in Fund Balance	\$ (18,762)	\$ (18,762)	5,436	\$ 24,198
Fund Balance, July 1			85,296	
Fund Balance, June 30			\$ 90,732	

Budgetary Comparison Schedule

Neighborhood Protection Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Interest	\$ 295	\$ 295	\$ 368	\$ 73
Miscellaneous	295	295	231	(64)
Total Revenues	590	590	599	9
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	40,557	40,657	32,723	7,934
Total Expenditures and Encumbrances	40,557	40,657	32,723	7,934
Deficiency of Revenues Over Expenditures and Encumbrances	(39,967)	(40,067)	(32,124)	7,943
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	32,516	32,516	35,013	2,497
Enterprise Funds	60	60	60	—
Transfers to Other Funds				
General Fund				
Staff and Administrative	(317)	(317)	(347)	(30)
Infrastructure Repayment Agreement Trust	(158)	(158)	(27)	131
Recovery of Prior Years Expenditures	—	—	—	—
Total Other Financing Sources (Uses)	32,101	32,101	34,699	2,598
Net Change in Fund Balance	<u>\$ (7,866)</u>	<u>\$ (7,966)</u>	<u>2,575</u>	<u>\$ 10,541</u>
Fund Balance, July 1			22,378	
Fund Balance, June 30			<u>\$ 24,953</u>	

Budgetary Comparison Schedule

Public Safety Enhancement Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ —	\$ —	\$ 4	\$ 4
Total Revenues	—	—	4	4
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	\$ 28,767	\$ 28,767	\$ 21,318	\$ 7,449
Total Expenditures and Encumbrances	28,767	28,767	21,318	7,449
Deficiency of Revenues Over Expenditures and Encumbrances	(28,767)	(28,767)	(21,314)	7,453
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	26,013	26,013	26,019	6
Transfers to Other Funds				
General Fund				
Staff and Administrative	(199)	(199)	(224)	(25)
Total Other Financing Sources (Uses)	25,814	25,814	25,795	(19)
Net Change in Fund Balance	<u>\$ (2,953)</u>	<u>\$ (2,953)</u>	<u>4,481</u>	<u>\$ 7,434</u>
Fund Balance, July 1			19,595	
Fund Balance, June 30			<u>\$ 24,076</u>	

Budgetary Comparison Schedule

Public Safety Expansion Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Interest	\$ 165	\$ 165	\$ 430	\$ 265
Total Revenues	165	165	430	265
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	73,372	73,872	66,422	7,450
Total Expenditures and Encumbrances	73,372	73,872	66,422	7,450
Deficiency of Revenues Over Expenditures and Encumbrances	(73,207)	(73,707)	(65,992)	7,715
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	65,031	65,031	70,033	5,002
Enterprise Funds	120	120	119	(1)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(466)	(466)	(519)	(53)
Infrastructure Repayment Agreement Trust	(315)	(315)	(56)	259
Total Other Financing Sources (Uses)	64,370	64,370	69,577	5,207
Net Change in Fund Balance	<u>\$ (8,837)</u>	<u>\$ (9,337)</u>	3,585	<u>\$ 12,922</u>
Fund Balance, July 1			32,772	
Fund Balance, June 30			<u>\$ 36,357</u>	

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

Exhibit D-19

For the Fiscal Year Ended June 30, 2019
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 4,894	\$ 4,894	\$ 5,583	\$ 689
Rentals	211	211	72	(139)
Interest	1	1	(11)	(12)
Miscellaneous	160	160	645	485
Total Revenues	5,266	5,266	6,289	1,023
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	5,283	5,683	5,493	190
Total Expenditures and Encumbrances	5,283	5,683	5,493	190
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(17)	(417)	796	1,213
Net Change in Fund Balance	<u>\$ (17)</u>	<u>\$ (417)</u>	<u>796</u>	<u>\$ 1,213</u>
Fund Balance, July 1			—	
Fund Balance, June 30			<u>\$ 796</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Regional Wireless Cooperative

Exhibit D-20

For the Fiscal Year Ended June 30, 2019
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 3,511	\$ 3,511	\$ 3,123	\$ (388)
Interest	47	47	73	26
Miscellaneous	1,300	1,300	1,227	(73)
Total Revenues	4,858	4,858	4,423	(435)
EXPENDITURES AND ENCUMBRANCES				
Operations	4,420	4,820	4,464	356
Total Expenditures and Encumbrances	4,420	4,820	4,464	356
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	438	38	(41)	(79)
OTHER FINANCING SOURCES				
Recovery of Prior Years Expenditures	—	—	39	39
Total Other Financing Sources	—	—	39	39
Net Change in Fund Balance	\$ 438	\$ 38	(2)	\$ (40)
Fund Balance, July 1			1,825	
Fund Balance, June 30			\$ 1,823	

Budgetary Comparison Schedule

Secondary Property Tax Debt Service Fund

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 101,165	\$ 101,165	\$ 101,652	\$ 487
Intergovernmental	4,752	4,752	4,772	20
Total Revenues	105,917	105,917	106,424	507
EXPENDITURES AND ENCUMBRANCES				
General Obligation Bond Debt Service				
Principal	57,460	57,460	57,460	—
Interest	49,845	49,845	49,845	—
Arbitrage Rebate and Fiscal Agent Fees	1	1	—	1
Other Debt Service Costs	650	650	—	650
Total Expenditures and Encumbrances	107,956	107,956	107,305	651
Deficiency of Revenues Over Expenditures and Encumbrances	(2,039)	(2,039)	(881)	1,158
OTHER FINANCING SOURCES				
Proceeds from Refunding Bonds	650	650	—	(650)
Transfers from Other Funds				
Debt Service - General Obligation Reserve Fund	1,390	1,390	881	(509)
Total Other Financing Sources	2,040	2,040	881	(1,159)
Net Change in Fund Balance	\$ 1	\$ 1	—	\$ (1)
Fund Balance, July 1			100	
Fund Balance, June 30			\$ 100	

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

Exhibit D-22

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Interest	\$ —	\$ —	\$ 13	\$ 13
Total Revenues	—	—	13	13
EXPENDITURES AND ENCUMBRANCES				
Lease-Purchase Payments	111,995	124,995	122,325	2,670
Arbitrage Rebate and Fiscal Agent Fees	10	10	13	(3)
Total Expenditures and Encumbrances	112,005	125,005	122,338	2,667
Deficiency of Revenues Over Expenditures and Encumbrances	(112,005)	(125,005)	(122,325)	(2,654)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
General Fund - Library	115	115	115	—
Excise Tax Special Revenue Fund	42,626	42,626	42,621	(5)
Public Housing Special Revenue Fund	72	72	72	—
Enterprise Funds	1,666	1,666	1,666	—
Transportation Tax 2050 Special Revenue Fund	67,296	67,296	67,289	(7)
Arizona Highway User Special Revenue Fund	1,258	1,258	1,258	—
Sports Facilities Special Revenue Fund	—	10,373	10,332	(41)
Transfers to Other Funds				
Capital Projects Fund	(1,028)	(1,028)	(1,028)	—
Total Other Financing Sources (Uses)	112,005	122,378	122,325	(53)
Net Change in Fund Balance	\$ —	\$ (2,627)	—	\$ (2,707)
Fund Balance, July 1			—	
Fund Balance, June 30			\$ —	

Financial Section

Other Supplementary Information

Enterprise Funds – Comparative Statements and Schedules

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

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

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

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

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

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





City of Phoenix

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Net Position
June 30, 2019 and 2018
(in thousands)

Exhibit E-1

	2019	2018
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 76,258	\$ 57,817
Investments	357,407	342,853
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2019, \$0 and 2018, \$0)	11,785	14,052
Intergovernmental	119	162
Deposits in Escrow	326	326
Inventories, at Average Cost	3,068	2,953
Total Unrestricted Current Assets	448,963	418,163
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	95,722	105,256
Customer Facility Charge		
Cash with Fiscal Agent/Trustee	91,444	80,632
Investments	22,758	22,226
Accounts Receivable	3,663	4,054
Capital Projects		
Cash and Cash Equivalents	6,241	21,915
Investments	75,395	46,777
Receivables		
Interest	150	74
Intergovernmental	7,761	12,458
Passenger Facility Charges	11,276	11,027
Total Restricted Current Assets	314,410	304,419
Total Current Assets	763,373	722,582
Noncurrent Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	139,162	121,379
Capital Assets		
Land	576,413	574,238
Buildings	1,935,346	1,744,334
Improvements Other Than Buildings	1,732,444	1,661,086
Equipment	724,528	671,947
Intangibles	28,533	24,355
Construction in Progress	392,583	390,231
Less: Accumulated Depreciation	(2,347,910)	(2,204,971)
Total Capital Assets, Net of Accumulated Depreciation	3,041,937	2,861,220
Net OPEB Asset	1,944	1,374
Total Noncurrent Assets	3,183,043	2,983,973
Total Assets	3,946,416	3,706,555
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Refunding Bonds	26,546	27,940
Pension Related	7,000	9,755
OPEB Related	309	103
Total Deferred Outflows of Resources	33,855	37,798

Exhibit E-1

(Continued)

	2019	2018
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	30,011	26,308
Trust Liabilities and Deposits	354	354
Advance Payments	13,999	15,260
Current Portion of Pollution Remediation	75	100
Current Portion of Accrued Compensated Absences	950	930
Total Current Liabilities Payable from Current Assets	45,389	42,952
Current Liabilities Payable from Restricted Assets		
Debt Service		
Short-Term Obligations	100,000	100,000
Matured Bonds Payable	55,100	67,810
Interest Payable	40,479	37,185
Current Portion of General Obligation Bonds	3,345	4,520
Current Portion of Rental Car Facility Revenue Bonds	11,645	10,990
Current Portion of Municipal Corporation Obligations	49,380	37,640
Capital Projects		
Accounts Payable	64,067	54,085
Total Current Liabilities Payable from Restricted Assets	324,016	312,230
Total Current Liabilities	369,405	355,182
Noncurrent Liabilities		
General Obligation Bonds, net	31	3,450
Rental Car Facility Revenue Bonds, net	143,250	154,895
Municipal Corporation Obligations, net	1,530,429	1,348,292
Pollution Remediation	1,425	2,000
Accrued Compensated Absences	5,640	6,097
Net Pension Liability	184,619	177,182
Net OPEB Liability	12,892	12,917
Total Noncurrent Liabilities	1,878,286	1,704,833
Total Liabilities	2,247,691	2,060,015
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding Bonds	633	676
Pension Related	5,823	10,489
OPEB Related	528	—
Total Deferred Inflows of Resources	6,984	11,165
NET POSITION		
Net Investment in Capital Assets	1,296,340	1,229,519
Restricted for:		
Debt Service	98,939	111,649
Passenger Facility Charges	45,079	87,521
Customer Facility Charges	106,548	95,595
OPEB	1,944	1,374
Unrestricted	176,746	147,515
Total Net Position	\$ 1,725,596	\$ 1,673,173

Note: The 2018 statement of net position for all enterprise funds have been revised to record the Net OPEB asset in the noncurrent asset section (previously netted with the Net OPEB liability) and reclassify unrestricted net position to restricted net position. The revisions had no impact on the previously reported change in net position.

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

Exhibit E-2

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Operating Revenues		
Aeronautical Revenue		
Terminal Fees	\$ 93,027	\$ 89,389
Landing Fees	49,506	50,030
Air Cargo and Hangar Rentals	8,679	8,412
Other	17,805	13,069
Non-Aeronautical Revenue		
Parking	90,878	88,190
Rental Cars	54,840	54,902
Terminal - Food and Beverage	23,081	22,457
Terminal - Retail	12,625	11,210
Rental Revenue	20,151	23,049
Ground Transportation	9,229	8,585
Other	4,579	4,600
Total Operating Revenues	384,400	373,893
Operating Expenses		
Operation and Maintenance		
Personal Services	130,174	134,785
Contractual Services	112,768	117,162
Supplies	11,060	11,731
Equipment/Minor Improvements	7,618	6,375
Depreciation	170,274	166,145
Staff and Administrative	9,412	9,141
Total Operating Expenses	441,306	445,339
Operating Loss	(56,906)	(71,446)
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	86,091	83,885
Rental Car Customer Facility Charges	50,460	49,210
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	9,728	(5,426)
Interest	12,579	10,020
Interest on Capital Debt	(65,739)	(64,403)
Loss on Disposal of Capital Assets	(11,417)	(4,529)
Total Non-Operating Revenues (Expenses)	81,702	68,757
Net Loss Before Contributions and Transfers	24,796	(2,689)
Capital Contributions	28,291	22,569
Transfers from General Fund - Other	284	168
Transfers to Debt Service Fund	(948)	(948)
Change in Net Position	52,423	19,100
Net Position, July 1	1,673,173	1,654,073
Net Position, June 30	\$ 1,725,596	\$ 1,673,173

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Cash Flows

Exhibit E-3

For the Fiscal Years Ended June 30, 2019 and 2018
(in thousands)

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers	\$ 385,406	\$ 374,696
Payments to Suppliers	(168,179)	(170,100)
Payments to Employees	(85,637)	(83,350)
Payment of Staff and Administrative Expenses	(9,412)	(9,141)
Net Cash Provided by Operating Activities	122,178	112,105
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	284	168
Operating Transfers to Other Funds	(948)	(948)
Net Cash Used by Noncapital Financing Activities	(664)	(780)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	246,603	118,778
Principal Paid on Capital Debt	(67,810)	(50,525)
Interest Paid on Capital Debt	(74,303)	(71,852)
Acquisition and Construction of Capital Assets	(352,607)	(280,096)
Proceeds from Sales of Capital Assets	181	198
Passenger Facility Charges	85,842	83,951
Customer Facility Charges	50,851	48,765
Capital Contributions	33,031	21,138
Net Cash Used by Capital and Related Financing Activities	(78,212)	(129,643)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(702,187)	(957,477)
Proceeds from Sale and Maturities of Investment Securities	660,394	935,311
Net Activity for Short-Term Investments	(1,913)	26,940
Interest on Investments	22,232	4,531
Net Cash Provided (Used) by Investing Activities	(21,474)	9,305
Net Increase (Decrease) in Cash and Cash Equivalents	21,828	(9,013)
Cash and Cash Equivalents, July 1	387,325	396,338
Cash and Cash Equivalents, June 30	\$ 409,153	\$ 387,325
Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities		
Operating Loss	(56,906)	(71,446)
Adjustments		
Depreciation	170,274	166,145
Deferred Outflows - Pension and OPEB	2,549	7,300
Deferred Inflows - Pension and OPEB	(4,138)	772
Change in Assets and Liabilities		
Receivables	2,267	2,074
Inventories	(115)	(126)
Net OPEB Asset	(570)	91
Accounts Payable	3,703	3,449
Trust Liabilities and Deposits	—	(3,740)
Advance Payments	(1,261)	2,467
Pollution Remediation	(600)	(100)
Accrued Compensated Absences	(437)	121
Net Pension Liability	7,437	4,944
Net OPEB Liability	(25)	154
Net Cash Provided by Operating Activities	\$ 122,178	\$ 112,105
Noncash Capital and Financing Activities		
Amortization of Deferred Gains/Losses of Bond Refundings	1,351	1,351
Unrealized Gains (Losses) on Investments	7,693	(6,403)
Accounts Payable Related to Capital Asset Additions	64,067	54,085
Total Noncash Capital and Financing Activities	\$ 73,111	\$ 49,033

Aviation Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Landing Area	\$ 51,500	\$ 51,500	\$ 50,149	\$ (1,351)
Terminal Area	145,596	145,596	154,002	8,406
Ground Transportation	137,842	137,842	145,281	7,439
Interest on Investments	4,500	4,500	9,241	4,741
Other	34,357	34,357	36,560	2,203
Total Revenues	373,795	373,795	395,233	21,438
Transfer from Customer Facility Charge Revenues for O&M Expense Reimbursement	—	—	15,142	15,142
Total Revenues and Transfers from CFC	373,795	373,795	410,375	36,580
EXPENDITURES AND ENCUMBRANCES				
Operation and Maintenance				
Personal Services	128,088	128,088	125,184	2,904
Contractual Services	122,640	122,640	116,721	5,919
Supplies	11,279	11,279	11,850	(571)
Equipment/Minor Improvements	3,907	3,907	3,590	317
Contingency	14,000	14,000	—	14,000
Total Operating Expenditures	279,914	279,914	257,345	22,569
Net Revenue Available for Revenue Bond Debt Service	93,881	93,881	153,030	59,149
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	31,770	31,770	22,610	9,160
Interest	49,153	49,153	33,347	15,806
Total Senior Lien Revenue Bond Debt Service	80,923	80,923	55,957	24,966
Net Revenue Available for Junior Lien Revenue Bond Debt Service	12,958	12,958	97,073	84,115
Junior Lien Revenue Bond Debt Service				
Principal	1,187	1,187	1,187	—
Interest	4,748	4,748	4,748	—
Total Junior Lien Revenue Bond Debt Service	5,935	5,935	5,935	—
Net Revenue Available After Junior Lien Revenue Bond Debt Service	7,023	7,023	91,138	84,115
Other Expenditures				
Capital Improvement Program	240,706	240,706	168,013	72,693
General Obligation Bond Debt Service				
Principal	4,520	4,520	4,520	—
Interest	197	197	197	—
Early Defeasance of Bonds	—	—	2,653	(2,653)
Short Term Interest	4,000	4,000	1,176	2,824
Total Other Expenditures	249,423	249,423	176,559	72,864
Total Expenditures and Encumbrances	616,195	616,195	495,796	120,399
Deficiency of Revenues Over Expenditures and Encumbrances	(242,400)	(242,400)	(85,421)	156,979
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Aviation Capital Fund	16,000	16,000	10,251	(5,749)
General Fund - Other	250	250	284	34
Transfers to Other Funds				
General Fund				
Staff and Administrative	(9,141)	(9,141)	(9,412)	(271)
Other	(776)	(776)	(776)	—
Special Revenue Funds	(479)	(479)	(478)	1
Debt Service Fund	(948)	(948)	(948)	—
Recovery of Prior Years Expenditures	—	—	5,117	5,117
Total Other Financing Sources (Uses)	4,906	4,906	4,038	(868)
Net Decrease in Fund Balance	\$ (237,494)	\$ (237,494)	(81,383)	\$ 156,111
FUND BALANCE, JULY 1			354,000	
FUND BALANCE, JUNE 30			\$ 272,617	



City of Phoenix

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

Exhibit E-5

June 30, 2019 and 2018

(in thousands)

	2019	2018
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 10,548	\$ 6,205
Investments	49,350	40,278
Accounts Receivable, Net of Allowance for Doubtful Accounts (2019, \$5 and 2018, \$31)	316	376
Inventories, at Average Cost	201	209
Total Unrestricted Current Assets	60,415	47,068
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	26,573	25,498
Capital Projects		
Cash and Cash Equivalents	965	805
Investments	14,347	14,294
Receivables		
Accrued Interest	33	4
Customer and Other Deposits	4,349	4,178
Total Restricted Current Assets	46,267	44,779
Total Current Assets	106,682	91,847
Noncurrent Assets		
Capital Assets		
Land	29,418	29,418
Buildings	895,212	895,321
Improvements Other Than Buildings	11,143	9,936
Equipment	21,987	23,525
Intangible Assets	50	50
Construction in Progress	4,817	3,579
Less: Accumulated Depreciation	(349,717)	(328,420)
Total Capital Assets, Net of Accumulated Depreciation	612,910	633,409
Net OPEB Asset	422	302
Total Noncurrent Assets	613,332	633,711
Total Assets	720,014	725,558
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Refunding Bonds	4,561	4,834
Pension Related	1,519	2,209
OPEB Related	68	24
Total Deferred Outflows of Resources	6,148	7,067

Exhibit E-5
(Continued)

	2019	2018
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	3,495	4,152
Current Portion of Accrued Compensated Absences	193	191
Total Current Liabilities Payable from Current Assets	3,688	4,343
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	8,335	7,709
Interest Payable	17,666	17,628
Current Portion of Municipal Corporation Obligations	9,024	8,335
Customer Deposits	4,132	4,086
Total Current Liabilities Payable from Restricted Assets	39,157	37,758
Total Current Liabilities	42,845	42,101
Noncurrent Liabilities		
Municipal Corporation Obligations, net	683,333	696,644
Accrued Compensated Absences	1,136	1,235
Net Pension Liability	40,059	40,117
Net OPEB Liability	2,828	2,978
Total Noncurrent Liabilities	727,356	740,974
Total Liabilities	770,201	783,075
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related	1,263	2,375
OPEB Related	115	—
Total Deferred Inflows of Resources	1,378	2,375
<u>NET POSITION</u>		
Net Investment in Capital Assets	(83,223)	(74,445)
Restricted for:		
Debt Service	8,335	7,709
OPEB	422	302
Unrestricted	29,049	13,609
Total Net Position (Deficit)	\$ (45,417)	\$ (52,825)

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

Exhibit E-6

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Operating Revenues		
Rental of Facilities and Equipment	\$ 11,791	\$ 10,558
Concessions	14,868	13,152
Box Office Services	1,104	1,036
Other (1)	19,618	19,997
Total Operating Revenues	47,381	44,743
Operating Expenses		
Administration	27,114	28,910
Operation and Maintenance	14,492	14,948
Promotion	2,770	2,511
Depreciation	23,556	24,046
Staff and Administrative	2,767	2,710
Security	1,862	1,729
Total Operating Expenses	72,561	74,854
Operating Loss	(25,180)	(30,111)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	1,243	(426)
Interest	1,610	786
Interest on Capital Debt	(30,577)	(30,849)
Total Non-Operating Revenues (Expenses)	(27,724)	(30,489)
Loss Before Contributions and Transfers	(52,904)	(60,600)
Transfers from Excise Tax Fund	61,199	52,730
Transfers to Debt Service Fund	(93)	(93)
Transfers to Infrastructure Repayment Agreement Trust Fund	(794)	(58)
Change in Net Position (Deficit)	7,408	(8,021)
Net Position, July 1	(52,825)	(44,804)
Net Position (Deficit), June 30	\$ (45,417)	\$ (52,825)

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

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Cash Flows

Exhibit E-7

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers	\$ 47,487	\$ 45,613
Payments to Suppliers	(28,039)	(26,258)
Payments to Employees	(19,624)	(19,193)
Payment of Staff and Administrative Expenses	(2,767)	(2,710)
Net Cash Used by Operating Activities	(2,943)	(2,548)
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	61,199	52,730
Operating Transfers to Other Funds	(887)	(151)
Net Cash Provided by Noncapital Financing Activities	60,312	52,579
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(7,709)	(5,210)
Interest Paid on Capital Debt	(34,551)	(34,138)
Acquisition and Construction of Capital Assets	(3,517)	(1,834)
Proceeds from Sales of Capital Assets	461	—
Net Cash Used by Capital and Related Financing Activities	(45,316)	(41,182)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(13,970)	(3,635)
Proceeds from Sale and Maturities of Investment Securities	13,756	3,639
Net Activity for Short-Term Investments	(8,913)	(6,961)
Interest on Investments	2,823	360
Net Cash Used by Investing Activities	(6,304)	(6,597)
Net Increase in Cash and Cash Equivalents	5,749	2,252
Cash and Cash Equivalents, July 1	36,686	34,434
Cash and Cash Equivalents, June 30	\$ 42,435	\$ 36,686
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (25,180)	\$ (30,111)
Adjustments		
Depreciation	23,556	24,046
Deferred Outflows - Pension and OPEB	646	1,884
Deferred Inflows - Pension and OPEB	(997)	43
Change in Assets and Liabilities		
Accounts Receivable	60	229
Inventories	8	(18)
Net OPEB Asset	(120)	43
Accounts Payable	(657)	2,002
Customer Deposits	46	639
Accrued Compensated Absences	(97)	65
Net Pension Liability	(58)	(1,215)
Net OPEB Liability	(150)	(155)
Net Cash Used by Operating Activities	(2,943)	(2,548)
Noncash Capital and Financing Activities		
Bond Capital Appreciation	(745)	(566)
Amortization of Deferred Gains/Losses of Bond Refundings	273	273
Unrealized Gains (Losses) on Investments	1,092	(517)
Total Noncash Capital and Financing Activities	\$ 620	\$ (810)

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, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Rental of Facilities and Equipment	\$ 8,265	\$ 8,265	\$ 6,490	\$ (1,775)
Concessions	13,881	13,881	16,204	2,323
Box Office Services	329	329	567	238
Interest	489	489	1,100	611
Other	788	788	1,125	337
Total Revenues	23,752	23,752	25,486	1,734
EXPENDITURES AND ENCUMBRANCES				
Operations	54,637	54,540	47,360	7,180
Capital Improvement Program	13,497	13,594	4,754	8,840
Lease-Purchase Payments	19,928	19,928	19,928	—
Total Expenditures and Encumbrances	88,062	88,062	72,042	16,020
Deficiency of Revenues Over Expenditures and Encumbrances	(64,310)	(64,310)	(46,556)	17,754
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Fund	50,907	50,907	61,200	10,293
Transfers to Other Funds				
Staff and Administrative	(2,710)	(2,710)	(2,767)	(57)
Infrastructure Repayment Agreement Trust Fund	(708)	(708)	(794)	(86)
Debt Service Fund	(94)	(94)	(94)	—
Other Restricted Special Revenue Fund	(538)	(538)	—	538
Recovery of Prior Years Expenditures	—	—	639	639
Total Other Financing Sources (Uses)	46,857	46,857	58,184	11,327
Net Increase (Decrease) in Fund Balance	<u>\$ (17,453)</u>	<u>\$ (17,453)</u>	11,628	<u>\$ 29,081</u>
FUND BALANCE, JULY 1			46,643	
FUND BALANCE, JUNE 30			<u>\$ 58,271</u>	



City of Phoenix

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Net Position
June 30, 2019 and 2018
(in thousands)

Exhibit E-9

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 32,276	\$ 27,235
Investments	161,476	173,748
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2019, \$2,074 and 2018, \$2,406)	48,097	56,669
Intergovernmental	542	766
Prepaid Items	4,315	5,447
Inventories, at Average Cost	13,397	14,895
Total Unrestricted Current Assets	260,103	278,760
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	85,661	81,231
Capital Projects		
Cash and Cash Equivalents	72,876	5,314
Investments	60,038	34,892
Receivables		
Interest	2	—
Customer and Other Deposits	8,504	10,710
Total Restricted Current Assets	227,081	132,147
Total Current Assets	487,184	410,907
Noncurrent Assets		
Capital Assets		
Land	57,627	57,630
Buildings	251,049	247,354
Improvements Other Than Buildings	898,830	868,651
Equipment	345,927	345,130
Mains, Hydrants, Meters and Service Connections	1,920,665	1,816,708
Intangibles	156,917	142,535
Construction in Progress	421,206	388,342
Less: Accumulated Depreciation	(1,572,868)	(1,478,921)
Total Capital Assets, Net of Accumulated Depreciation	2,479,353	2,387,429
Investment in Val Vista Treatment Plant		
Joint Use Agreement	194,672	203,006
Net OPEB Asset	2,378	1,602
Total Other Assets	197,050	204,608
Total Noncurrent Assets	2,676,403	2,592,037
Total Assets	3,163,587	3,002,944
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding Bonds	24,025	26,062
Pension Related	8,453	11,412
OPEB Related	376	125
Total Deferred Outflows of Resources	32,854	37,599

Exhibit E-9

(Continued)

	2019	2018
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	23,059	29,123
Advance Payments	12	12
Current Portion of Pollution Remediation	4,100	—
Current Portion of Accrued Compensated Absences	919	958
Total Current Liabilities Payable from Current Assets	28,090	30,093
Current Liabilities Payable from Restricted Assets		
Debt Service		
Short-Term Obligations	200,000	—
Matured Bonds Payable	58,678	52,976
Interest Payable	27,261	28,529
Current Portion of General Obligation Bonds	6,735	—
Current Portion of Loans from Direct Borrowings	240	233
Current Portion of Municipal Corporation Obligations	61,785	58,445
Capital Projects		
Accounts Payable	20,808	7,472
Customer and Other Deposits	8,604	10,810
Total Current Liabilities Payable from Restricted Assets	384,111	158,465
Total Current Liabilities	412,201	188,558
Noncurrent Liabilities		
General Obligation Bonds, net	79	6,893
Loans from Direct Borrowings, net	2,500	2,740
Municipal Corporation Obligations, net	1,114,437	1,191,161
Accrued Compensated Absences	5,447	6,319
Net Pension Liability	222,937	207,270
Net OPEB Liability	15,715	15,824
Total Noncurrent Liabilities	1,361,115	1,430,207
Total Liabilities	1,773,316	1,618,765
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related	7,032	12,270
OPEB Related	645	—
Total Deferred Inflows of Resources	7,677	12,270
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,418,638	1,296,598
Restricted for:		
Debt Service	58,678	52,976
Restricted from Enabling Legislation	75,130	57,760
OPEB	2,378	1,602
Unrestricted	(139,376)	572
Total Net Position	\$ 1,415,448	\$ 1,409,508

City of Phoenix, Arizona
Exhibit E-10
Water System Enterprise Fund
**Comparative Statements of Revenues, Expenses and
Changes in Net Position**

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Operating Revenues		
Water Sales	\$ 328,182	\$ 367,021
Environmental Charges	42,846	34,427
Other	11,887	11,286
Total Operating Revenues	382,915	412,734
Operating Expenses		
Administration and Engineering	53,245	63,271
Operation and Maintenance		
Customer Service	6,645	6,619
Production and Treatment	123,872	98,771
Distribution and Centralized Functions	50,511	68,310
Depreciation and Amortization	107,253	107,306
Staff and Administrative	8,273	8,024
Total Operating Expenses	349,799	352,301
Operating Income	33,116	60,433
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	4,044	(2,590)
Interest	4,640	4,063
Interest on Capital Debt	(41,541)	(43,451)
Equity Interest in Joint Use Agreement Operating Loss	(13,734)	(10,749)
Gain (Loss) on Disposal of Capital Assets	(5,562)	529
Total Non-Operating Revenues (Expenses)	(52,153)	(52,198)
Net Income Before Contributions and Transfers	(19,037)	8,235
Capital Contributions	39,928	44,424
Transfers to General Fund - In Lieu Property Taxes	(14,951)	(14,730)
Transfers to General Fund - Other	—	(484)
Change in Net Position	5,940	37,445
Net Position, July 1	1,409,508	1,372,063
Net Position, June 30	\$ 1,415,448	\$ 1,409,508

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2019 and 2018
(in thousands)

Exhibit E-11

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers	\$ 389,504	\$ 415,297
Payments to Suppliers	(120,081)	(118,923)
Payments to Employees	(101,539)	(93,962)
Payment of Staff and Administrative Expenses	(8,273)	(8,024)
Net Cash Provided by Operating Activities	159,611	194,388
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(14,951)	(15,214)
Net Cash Used by Noncapital Financing Activities	(14,951)	(15,214)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	200,000	—
Principal Paid on Capital Debt	(52,976)	(53,445)
Interest Paid on Capital Debt	(55,789)	(57,938)
Acquisition and Construction of Capital Assets	(175,077)	(149,634)
Proceeds from Sales of Capital Assets	203	589
Capital Contributions	18,001	43,388
Net Cash Used by Capital and Related Financing Activities	(65,638)	(217,040)
Cash Flows from Investing Activities		
Purchases of Investment Securities	(61,985)	—
Net Activity for Short-Term Investments	49,108	14,501
Interest on Investments	8,682	1,474
Net Cash Provided (Used) by Investing Activities	(4,195)	15,975
Net Increase (Decrease) in Cash and Cash Equivalents	74,827	(21,891)
Cash and Cash Equivalents, July 1	124,490	146,381
Cash and Cash Equivalents, June 30	<u>\$ 199,317</u>	<u>\$ 124,490</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 33,116	\$ 60,433
Adjustments		
Depreciation and Amortization	107,253	107,306
Deferred Outflows - Pension and OPEB	2,708	8,648
Deferred Inflows - Pension and OPEB	(4,593)	838
Change in Asset and Liabilities		
Receivables	9,128	485
Allowance for Doubtful Accounts	(332)	90
Prepaid Expenses	1,132	(759)
Inventories	1,498	7,449
Net OPEB Asset	(776)	118
Accounts Payable	(6,064)	3,271
Pollution Remediation	4,100	—
Customer and Other Deposits	(2,206)	1,989
Accrued Compensated Absences	(911)	123
Net Pension Liability	15,667	4,642
Net OPEB Liability	(109)	(245)
Net Cash Provided by Operating Activities	<u>\$ 159,611</u>	<u>\$ 194,388</u>
Noncash Capital and Financing Activities		
Contributions of Capital Assets	\$ 21,927	\$ 1,035
Accounts Payable Related to Capital Asset Additions	20,808	7,472
Amortization of Deferred Gains/Losses of Bond Refundings	2,038	2,038
Unrealized Gains (Losses) on Investments	3,697	(3,115)
Total Noncash Capital and Financing Activities	<u>\$ 48,470</u>	<u>\$ 7,430</u>

Water System Enterprise Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Water Sales	\$ 361,511	\$ 361,511	\$ 328,198	\$ (33,313)
Environmental Charges	34,036	34,036	42,846	8,810
Development Occupational Fees	3,800	3,800	4,221	421
Water Service Fees	5,400	5,400	5,335	(65)
Distribution	600	600	5,232	4,632
Interest	2,685	2,685	3,844	1,159
Other	10,350	10,350	6,278	(4,072)
Total Revenues	418,382	418,382	395,954	(22,428)
EXPENDITURES AND ENCUMBRANCES				
Operation and Maintenance	204,579	205,679	188,496	17,183
Operation and Maintenance - Val Vista	13,025	13,025	12,879	146
Total Operating Expenditures and Encumbrances	217,604	218,704	201,375	17,329
Net Revenue Available for Revenue Bond Debt Service	200,778	199,678	194,579	(5,099)
Junior Lien Revenue Bond Debt Service				
Principal	58,678	58,678	58,678	—
Interest	58,325	58,325	54,325	4,000
Total Junior Lien Revenue Bond Debt Service	117,003	117,003	113,003	4,000
Net Revenue Available After Junior Lien Revenue Bond Debt Service	83,775	82,675	81,576	(1,099)
Other Expenditures and Encumbrances				
Operating Capital Outlay	3,172	3,172	3,152	20
Capital Improvement Program	116,148	113,508	58,941	54,567
General Obligation Bond Debt Service				
Interest	197	197	197	—
Total Other Expenditures and Encumbrances	119,517	116,877	62,290	54,587
Total Expenditures and Encumbrances	454,124	452,584	376,668	75,916
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(35,742)	(34,202)	19,286	53,488
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(8,236)	(8,236)	(8,273)	(37)
In-Lieu Property Taxes	(15,715)	(15,715)	(14,951)	764
Capital Projects Fund	—	—	—	—
Debt Service Fund	—	—	—	—
Recovery of Prior Years Expenditures	—	—	3,031	3,031
Total Other Financing Sources (Uses)	(23,951)	(23,951)	(20,193)	3,758
Net Decrease in Fund Balance	\$ (59,693)	\$ (58,153)	(907)	\$ 57,246
FUND BALANCE, JULY 1			92,586	
FUND BALANCE, JUNE 30			<u>\$ 91,679</u>	

Water System Enterprise Fund

Val Vista Water Treatment Plant

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Val Vista Water System	\$ 6,263	\$ 6,263	\$ 6,850	\$ 587
Operating Revenue - Water	13,025	13,025	12,879	(146)
Interest	55	55	(16)	(71)
Other	—	—	11	11
Total Revenues	19,343	19,343	19,724	381
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	16,268	16,268	16,784	(516)
Capital Outlay				
Operating	243	243	231	12
Capital Improvement Program	2,495	4,035	4,200	(165)
Total Expenditures and Encumbrances	19,006	20,546	21,215	(669)
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	337	(1,203)	(1,491)	(288)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(338)	(338)	(570)	(232)
Recovery of Prior Years Expenditures	—	—	387	387
Total Other Financing Sources (Uses)	(338)	(338)	(183)	155
Net Decrease in Fund Balance	\$ (1)	\$ (1,541)	(1,674)	\$ (133)
FUND BALANCE, JULY 1			186	
FUND BALANCE, JUNE 30			(1,488)	
Members' Contributed Operating Reserve			2,089	
Members' Contributed Replacement Reserve			677	
FUND DEFICIT, UNRESERVED			\$ (4,254)	

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

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Net Position
June 30, 2019 and 2018
(in thousands)

Exhibit E-14

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 18,248	\$ 10,642
Investments	83,916	62,560
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2019, \$1,235 and 2018, \$1,146)	21,626	21,804
Intergovernmental	4,794	5,298
Notes Receivable	24,163	21,055
Inventories, at Average Cost	3,471	3,501
Total Unrestricted Current Assets	156,218	124,860
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	58,424	55,183
Capital Projects		
Cash and Cash Equivalents	18,695	134,997
Investments	202,400	105,178
Customer Deposits and Other Trust Liabilities	112	46
Total Restricted Current Assets	279,631	295,404
Total Current Assets	435,849	420,264
Noncurrent Assets		
Capital Assets		
Land	29,169	29,252
Buildings	74,724	74,724
Improvements Other Than Buildings	1,370,981	1,348,987
Equipment	144,782	145,817
Intangibles	31,241	32,339
Construction in Progress	166,447	120,105
Less: Accumulated Depreciation	(802,694)	(763,174)
Total Capital Assets, Net of Accumulated Depreciation	1,014,650	988,050
Other Assets		
Investment in SROG Joint Use Agreement	339,612	352,652
Net OPEB Asset	707	561
Total Noncurrent Assets	1,354,969	1,341,263
Total Assets	1,790,818	1,761,527
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding Bonds	2,378	3,008
Pension Related	—	92
OPEB Related	121	43
Total Deferred Outflows of Resources	2,499	3,143

Exhibit E-14

(continued)

	2019	2018
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	13,551	11,617
Advance Payments	2	1
Current Portion of Accrued Compensated Absences	207	206
Total Current Liabilities Payable from Current Assets	13,760	11,824
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	44,059	42,642
Interest Payable	15,303	13,468
Current Portion of General Obligation Bonds	1,350	1,160
Current Portion of Loans from Direct Borrowings	813	790
Current Portion of Municipal Corporation Obligations	41,965	42,110
Capital Projects		
Accounts Payable	8,445	1,744
Customer Deposits and Other Trust Liabilities	113	46
Total Current Liabilities Payable from Restricted Assets	112,048	101,960
Total Current Liabilities	125,808	113,784
Noncurrent Liabilities		
General Obligation Bonds, net	403	1,802
Loans from Direct Borrowings, net	8,438	9,251
Municipal Corporation Obligations, net	608,559	661,239
Accrued Compensated Absences	1,236	1,357
Net Pension Liability	—	1,672
Net OPEB Liability	5,212	5,502
Total Noncurrent Liabilities	623,848	680,823
Total Liabilities	749,656	794,607
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Gain on Refunding Bonds	2,146	2,354
Pension Related	—	99
OPEB Related	192	—
Total Deferred Inflows of Resources	2,338	2,453
<u>NET POSITION</u>		
Net Investment in Capital Assets	787,385	776,935
Restricted for:		
Debt Service	44,059	42,642
Restricted from Enabling Legislation	65,481	58,569
OPEB	707	561
Unrestricted	143,691	88,903
Total Net Position	\$ 1,041,323	\$ 967,610

City of Phoenix, Arizona
Exhibit E-15
Wastewater Enterprise Fund
**Comparative Statements of Revenues, Expenses and
Changes in Net Position**

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Operating Revenues		
Sewer Service Charges	\$ 167,748	\$ 166,104
Environmental Charges	35,032	34,474
Other	6,635	7,169
Total Operating Revenues	209,415	207,747
Operating Expenses		
Administration	16,773	18,165
Operation and Maintenance		
Wastewater Treatment Plants	34,721	39,317
Sewer Maintenance and Collections	22,332	21,313
Industrial Waste/Pre-Treatment	5,836	5,837
Depreciation	41,083	40,839
Staff and Administrative	4,060	4,481
Total Operating Expenses	124,805	129,952
Operating Income	84,610	77,795
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	6,122	(1,946)
Interest	5,948	4,132
Interest on Capital Debt	(20,613)	(19,601)
Equity Interest in Joint Use Agreement Operating Loss	(24,659)	(22,899)
Loss on Disposal of Capital Assets	(196)	(9)
Total Non-Operating Revenues (Expenses)	(33,398)	(40,323)
Net Income Before Contributions and Transfers	51,212	37,472
Capital Contributions	31,695	28,350
Transfers to General Fund - In Lieu Property Taxes	(9,194)	(9,098)
Change in Net Position	73,713	56,724
Net Position, July 1	967,610	910,886
Net Position, June 30	\$ 1,041,323	\$ 967,610

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2019 and 2018
(in thousands)

Exhibit E-16

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers	\$ 207,056	\$ 193,989
Payments to Suppliers	(59,043)	(58,137)
Payments to Employees	(20,776)	(93,731)
Payment of Staff and Administrative Expenses	(4,060)	(4,481)
Net Cash Provided by Operating Activities	123,177	37,640
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(9,194)	(9,098)
Net Cash Used by Noncapital Financing Activities	(9,194)	(9,098)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	—	151,520
Principal Paid on Capital Debt	(42,642)	(40,380)
Interest Paid on Capital Debt	(29,122)	(29,614)
Acquisition and Construction of Capital Assets	(72,911)	(68,871)
Proceeds from Sales of Capital Assets	114	25
Capital Contributions	31,695	28,322
Net Cash Provided (Used) by Capital and Related Financing Activities	(112,866)	41,002
Cash Flows from Investing Activities		
Purchases of Investment Securities	(1,197,327)	(256,346)
Proceeds from Sales and Maturities of Investment Securities	1,223,018	114,111
Net Activity for Short-Term Investments	(144,268)	167,745
Interest on Investments	12,071	2,186
Net Cash Provided (Used) by Investing Activities	(106,506)	27,696
Net Increase (Decrease) in Cash and Cash Equivalents	(105,389)	97,240
Cash and Cash Equivalents, July 1	200,868	103,628
Cash and Cash Equivalents, June 30	\$ 95,479	\$ 200,868
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 84,610	\$ 77,795
Adjustments		
Depreciation	41,083	40,839
Deferred Outflows - Pension and OPEB	14	7,202
Deferred Inflows - Pension and OPEB	93	(4,057)
Change in Assets and Liabilities		
Receivables	(2,515)	(13,670)
Allowance for Doubtful Accounts	89	(95)
Inventories	30	950
Net OPEB Asset	(146)	60
Accounts Payable	1,934	818
Customer Deposits	67	8
Accrued Compensated Absences	(120)	1
Net Pension Liability	(1,672)	(71,986)
Net OPEB Liability	(290)	(225)
Net Cash Provided by Operating Activities	\$ 123,177	\$ 37,640
Noncash Capital and Financing Activities		
Contributions of Capital Assets	\$ —	\$ 28
Amortization of Deferred Gains/Losses of Bond Refundings	421	570
Unrealized Gains (Losses) on Investments	4,124	(2,388)
Accounts Payable Related to Capital Asset Additions	8,445	1,744
Total Noncash Capital and Financing Activities	\$ 12,990	\$ (46)

Wastewater Enterprise Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Sewer Service Charges	\$ 163,009	\$ 163,009	\$ 167,748	\$ 4,739
Environmental Charges	35,997	35,997	35,032	(965)
Development Occupational Fees	3,700	3,700	4,048	348
Interest	1,820	1,820	3,984	2,164
Other	5,449	5,449	6,759	1,310
Total Revenues	209,975	209,975	217,571	7,596
EXPENDITURES AND ENCUMBRANCES				
Operation and Maintenance	63,292	63,292	57,142	6,150
Operation and Maintenance - SROG	24,747	24,747	23,689	1,058
Total Operating Expenditures and Encumbrances	88,039	88,039	80,831	7,208
Net Revenue Available for Revenue Bond Debt Service	121,936	121,936	136,740	14,804
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	11,715	11,715	10,515	1,200
Interest	5,100	5,100	4,355	745
Total Senior Lien Revenue Bond Debt Service	16,815	16,815	14,870	1,945
Net Revenue Available for Junior Lien Revenue Bond Debt Service	105,121	105,121	121,870	16,749
Junior Lien Revenue Bond Debt Service				
Principal	32,384	32,384	32,384	—
Interest	25,495	25,495	26,495	(1,000)
Total Junior Lien Revenue Bond Debt Service	57,879	57,879	58,879	(1,000)
Net Revenue Available After Junior Lien Revenue Bond Debt Service	47,242	47,242	62,991	15,749
Other Expenditures and Encumbrances				
Operating Capital Outlay	2,625	2,625	2,436	189
Capital Improvement Program	16,063	16,063	1,161	14,902
General Obligation Bond Debt Service				
Principal	1,160	1,160	1,160	—
Interest	107	107	107	—
Total Other Expenditures and Encumbrances	19,955	19,955	4,864	15,091
Total Expenditures and Encumbrances	182,688	182,688	159,444	23,244
Excess of Revenues Over Expenditures and Encumbrances	27,287	27,287	58,127	30,840
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Wastewater Capital Projects Fund	—	—	69	69
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,819)	(3,819)	(4,060)	(241)
In-Lieu Property Taxes	(9,687)	(9,687)	(9,193)	494
Recovery of Prior Years Expenditures	—	—	1,627	1,627
Total Other Financing Sources (Uses)	(13,506)	(13,506)	(11,557)	1,949
Net Decrease in Fund Balance	\$ 13,781	\$ 13,781	46,570	\$ 32,789
FUND BALANCE, JULY 1			33,431	
FUND BALANCE, JUNE 30			\$ 80,001	

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, 2019

(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Multi-City Sewer System	\$ 18,919	\$ 18,919	\$ 15,219	\$ (3,700)
Operating Revenue - Wastewater	24,747	24,747	23,689	(1,058)
Sales of By-Products	8,684	8,684	9,842	1,158
Interest	52	52	84	32
Other	35	35	243	208
Total Revenues	52,437	52,437	49,077	(3,360)
EXPENDITURES AND ENCUMBRANCES				
Operation and Maintenance	44,444	44,444	42,940	1,504
Capital Outlay				
Operating	531	531	414	117
Capital Improvement Program	5,500	5,500	5,596	(96)
Total Expenditures and Encumbrances	50,475	50,475	48,950	1,525
Excess of Revenues Over Expenditures and Encumbrances	1,962	1,962	127	(1,835)
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,897)	(1,897)	(1,836)	61
Recovery of Prior Years Expenditures			979	979
Total Other Financing Sources (Uses)	(1,897)	(1,897)	(857)	1,040
Net Increase (Decrease) in Fund Balance	\$ 65	\$ 65	(730)	\$ (795)
FUND BALANCE, JULY 1 as reported			5,775	
FUND BALANCE, JUNE 30			5,045	
Members' Contributed Replacement Reserve			7,663	
Members' Contributed Operating Reserve			6,506	
FUND DEFICIT, UNRESERVED			<u>\$ (9,124)</u>	

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

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

Exhibit E-19

June 30, 2019 and 2018

(in thousands)

	2019	2018
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 7,662	\$ 6,296
Investments	41,156	44,531
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2019, \$1,490 and 2018, \$1,363)	13,605	13,978
Intergovernmental	7	5
Inventories	1,060	722
Total Unrestricted Current Assets	63,490	65,532
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	12,551	7,484
Capital Projects		
Cash and Cash Equivalents	3,445	3,858
Investments	15,696	21,860
Customer Deposits	15	112
Total Restricted Current Assets	31,707	33,314
Total Current Assets	95,197	98,846
Noncurrent Assets		
Capital Assets		
Land	13,340	13,340
Buildings	78,707	78,707
Improvements Other Than Buildings	60,952	39,507
Equipment	144,943	143,769
Intangibles	5,089	5,089
Construction in Progress	12,552	32,107
Less: Accumulated Depreciation	(168,051)	(166,836)
Total Capital Assets, Net of Accumulated Depreciation	147,532	145,683
Net OPEB Asset	1,153	777
Total Noncurrent Assets	148,685	146,460
Total Assets	243,882	245,306
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Refunding Bonds	590	689
Pension Related	4,028	5,430
OPEB Related	199	66
Total Deferred Outflows of Resources	4,817	6,185

Exhibit E-19
(Continued)

	2019	2018
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	9,221	4,670
Accrued Landfill Postclosure Care Costs	2,151	2,468
Current Portion of Accrued Compensated Absences	489	426
Total Current Liabilities Payable from Current Assets	11,861	7,564
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	10,785	5,600
Interest Payable	1,766	1,884
Current Portion of Loans from Direct Borrowings	450	—
Current Portion of General Obligation Bonds	920	1,595
Current Portion of Municipal Corporation Obligations	9,665	9,190
Capital Projects		
Accounts Payable	208	551
Accrued Landfill Closure Costs	303	172
Customer Deposits	113	112
Total Current Liabilities Payable from Restricted Assets	24,210	19,104
Total Current Liabilities	36,071	26,668
Noncurrent Liabilities		
Loans from Direct Borrowings	2,550	—
General Obligation Bonds	740	1,769
Municipal Corporation Obligations	55,380	67,067
Accrued Landfill Closure and Postclosure Care Costs	45,510	54,427
Accrued Compensated Absences	2,806	2,731
Net Pension Liability	106,243	98,620
Net OPEB Liability	8,537	8,587
Total Noncurrent Liabilities	221,766	233,201
Total Liabilities	257,837	259,869
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding Bonds	909	1,141
Pension Related	3,351	5,838
OPEB Related	313	—
Total Deferred Inflows of Resources	4,573	6,979
NET POSITION		
Net Investment in Capital Assets	69,514	59,459
Restricted for:		
Debt Service	10,785	5,600
OPEB	1,153	777
Unrestricted (Deficit)	(95,163)	(81,193)
Total Net Position (Deficit)	\$ (13,711)	\$ (15,357)

City of Phoenix, Arizona
Exhibit E-20
Solid Waste Enterprise Fund
**Comparative Statements of Revenues, Expenses and Changes
in Net Position**

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Operating Revenues		
Solid Waste Service Fees	\$ 131,153	\$ 129,636
Landfill Fees	8,881	8,090
Recycling	5,757	9,225
Other	2,937	2,072
Total Operating Revenues	148,728	149,023
Operating Expenses		
Administration	33,942	27,870
Solid Waste Collections	53,494	50,978
Landfills		
Operations	31,282	31,830
Closure and Postclosure Care Costs	(7,313)	(4,098)
Recycling	7,403	8,164
Depreciation	14,623	15,653
Staff and Administrative	6,365	7,178
Other	6,973	7,454
Total Operating Expenses	146,769	145,029
Operating Income	1,959	3,994
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investment	1,385	(704)
Interest	1,516	1,153
Interest on Capital Debt	(1,267)	(1,522)
Gain (Loss) on Disposal of Capital Assets	(25)	(38)
Total Non-Operating Revenues (Expenses)	1,609	(1,111)
Net Income Before Contributions and Transfers	3,568	2,883
Capital Contributions		
Gifts/Public	—	13
Transfers to General Fund - In Lieu Property Taxes	(1,298)	(1,316)
Transfers to Debt Service Fund	(624)	(624)
Change in Net Position (Deficit)	1,646	956
Net Position (Deficit), July 1	(15,357)	(16,313)
Net Position (Deficit), June 30	\$ (13,711)	\$ (15,357)

Solid Waste Enterprise Fund

Comparative Statements of Cash Flows

For the Fiscal Years Ended June 30, 2019 and 2018

(in thousands)

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers	\$ 149,099	\$ 148,662
Payments to Suppliers	(73,642)	(82,252)
Payments to Employees	(50,599)	(48,020)
Payment of Staff and Administrative Expenses	(6,365)	(7,178)
Net Cash Provided by Operating Activities	18,493	11,212
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(1,922)	(1,940)
Net Cash Used by Noncapital Financing Activities	(1,922)	(1,940)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	3,000	—
Principal Paid on Capital Debt	(5,600)	(8,710)
Interest Paid on Capital Debt	(3,649)	(3,279)
Acquisition and Construction of Capital Assets	(17,234)	(5,491)
Proceeds from Sales of Capital Assets	394	135
Net Cash Used by Capital and Related Financing Activities	(23,089)	(17,345)
Cash Flows from Investing Activities		
Purchases of Investment Securities	—	(464)
Proceeds from Sales and Maturities of Investment Securities	—	603
Net Activity for Short-Term Investments	9,540	(1,024)
Interest on Investments	2,901	448
Net Cash Provided (Used) by Investing Activities	12,441	(437)
Net Increase (Decrease) in Cash and Cash Equivalents	5,923	(8,510)
Cash and Cash Equivalents, July 1	17,750	26,260
Cash and Cash Equivalents, June 30	\$ 23,673	\$ 17,750
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 1,959	\$ 3,994
Adjustments		
Depreciation	14,623	15,653
Deferred Outflows - Pension and OPEB	1,269	4,840
Deferred Inflows - Pension and OPEB	(2,174)	(16)
Change in Assets and Liabilities		
Receivables	244	(535)
Allowance for Doubtful Accounts	127	176
Inventories	(338)	101
Net OPEB Asset	(376)	82
Accounts Payable	4,551	(1,663)
Accrued Compensated Absences	138	20
Accrued Landfill Closure and Postclosure Care	(9,103)	(6,118)
Net Pension Liability	7,623	(5,143)
Net OPEB Liability	(50)	(179)
Net Cash Provided by Operating Activities	\$ 18,493	\$ 11,212
Noncash Capital and Financing Activities		
Amortization of Deferred Gains/Losses of Bond Refundings	(132)	(2)
Unrealized Gains (Losses) on Investments	1,286	(855)
Accounts Payable Related to Capital Asset Additions	209	551
Total Noncash Capital and Financing Activities	\$ 1,363	\$ (306)

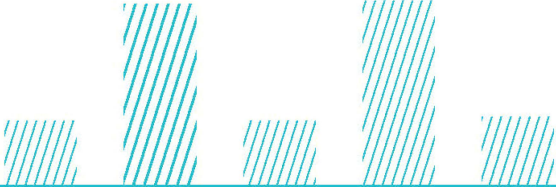
Solid Waste Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Solid Waste Service Fees	\$ 131,870	\$ 131,870	\$ 131,312	\$ (558)
City Landfill Fees	19,024	19,024	14,349	(4,675)
Interest	412	412	1,004	592
Other	2,653	2,653	3,104	451
Total Revenues	153,959	153,959	149,769	(4,190)
EXPENDITURES AND ENCUMBRANCES				
Operations	140,403	140,403	136,191	4,212
Capital Improvement Program	24,661	24,661	7,194	17,467
General Obligation Bond Debt Service				
Principal	1,595	1,595	1,595	—
Interest	144	144	144	—
Lease-Purchase Payments	12,577	12,577	12,577	—
Total Expenditures and Encumbrances	179,380	179,380	157,701	21,679
Deficiency of Revenues Over Expenditures and Encumbrances	(25,421)	(25,421)	(7,932)	17,489
OTHER FINANCING SOURCES (USES)				
Proceeds from Loans	—	—	3,000	3,000
Transfers from Other Funds				
Solid Waste Capital Reserve	—	—	6,775	6,775
Transfers to Other Funds				
General Fund				
Staff and Administrative	(7,178)	(7,178)	(6,365)	813
In-Lieu Property Taxes	(1,385)	(1,385)	(1,298)	87
Solid Waste Capital Reserve	(1,250)	(1,250)	(1,291)	(41)
Debt Service Fund	(624)	(624)	(624)	—
Recovery of Prior Years Expenditures	—	—	3,475	3,475
Total Other Financing Sources (Uses)	(10,437)	(10,437)	3,672	14,109
Net Decrease in Fund Balance	\$ (35,858)	\$ (35,858)	(4,260)	\$ 31,598
FUND BALANCE, JULY 1			37,609	
FUND BALANCE, JUNE 30			\$ 33,349	



Financial Section

**Other Supplementary
Information –**

**Fiduciary Funds –
Combining Fund
Financial Statements**



City of Phoenix

City of Phoenix, Arizona
Fiduciary Funds

Exhibit F-1

Combining Statement of Fiduciary Net Position
June 30, 2019
(in thousands)

	Pension and Other Employee Benefit Trusts	
	City of Phoenix Employee Retirement System (COPERS)	Excess Benefit Arrangement
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 46,600	\$ 235
Investments		
Treasurer's Pooled Investments	—	714
Temporary Investments	92,581	—
Fixed Income	524,356	—
Domestic Equities	1,154,775	—
International Equities	391,061	—
Real Return	70,530	—
Absolute Return	110,369	—
Real Estate	373,565	—
Receivables		
Accounts Receivable	23,038	—
Contributions Receivable	7,529	—
Interest and Dividends	3,711	2
Prepaid Items	—	—
Total Assets	2,798,115	951
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	—	—
<u>LIABILITIES</u>		
Accounts Payable	137,981	—
Claims Payable	—	—
Total Liabilities	137,981	—
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	—	—
<u>NET POSITION</u>		
Restricted for pension and other employee benefits	\$ 2,660,134	\$ 951

Exhibit F-1

(continued)

Pension and Other Employee Benefit Trusts				
Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long-Term Disability	Total
\$ 33,047	\$ 5,249	\$ 6,310	\$ 822	\$ 92,263
—	—	419	112	1,245
—	—	—	—	92,581
72,569	—	38,550	17,682	653,157
—	—	66,830	22,544	1,244,149
—	—	32,105	22,890	446,056
—	—	24,719	11,831	107,080
—	—	136	—	110,505
—	—	9,110	4,210	386,885
55	—	—	—	23,093
862	—	—	—	8,391
254	2	—	—	3,969
5,453	—	—	—	5,453
112,240	5,251	178,179	80,091	3,174,827
—	—	—	—	—
5,843	—	20	12	143,856
22,907	—	—	—	22,907
28,750	—	20	12	166,763
—	—	—	—	—
\$ 83,490	\$ 5,251	\$ 178,159	\$ 80,079	\$ 3,008,064

City of Phoenix, Arizona
Fiduciary Funds
Combining Statement of Fiduciary Net Position
 June 30, 2019
 (in thousands)

Exhibit F-1
 (continued)

	Agency Funds			
	Post Employment Health Plan	Deferred Compensation Plan	Accrued Payroll	Total
ASSETS				
Cash and Cash Equivalents	\$ —	\$ —	\$ 13,731	\$ 13,731
Investments				
Treasurer's Pooled Investments	—	—	62,554	62,554
Total Assets	—	—	76,285	76,285
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	—	—	—	—
LIABILITIES				
Accrued Payroll Payable	—	—	76,285	76,285
Total Liabilities	—	—	76,285	76,285
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	—	—	—	—
NET POSITION				
Restricted for pension and other employee benefits	\$ —	\$ —	\$ —	\$ —



City of Phoenix

City of Phoenix, Arizona
Fund Financial Statements
Fiduciary Funds

Exhibit F-2

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Pension and Other Employee Benefit Trusts	
	City of Phoenix Employee Retirement System (COPERS)	Excess Benefit Arrangement
ADDITIONS		
Contributions		
City of Phoenix	\$ 165,796	\$ 188
Employees	35,042	—
Inter-System Transfers	375	—
Other	—	—
Total Contributions	201,213	188
Investment Income		
From Investing Activities		
Net Increase in Fair Value of Investments	113,265	12
Interest	17,596	15
Dividends	22,271	—
Other	5,107	—
Investment Income	158,239	27
Less: Investment Expense	15,275	—
Total Net Investment Income	142,964	27
Total Additions	344,177	215
DEDUCTIONS		
Benefit Payments	234,301	441
Refunds of Contributions	3,012	—
Inter-System Transfers	451	—
Other	793	—
Total Deductions	238,557	441
Net Increase (Decrease)	105,620	(226)
Net Position Restricted for Pension and Other Employee Benefits		
Beginning of Year, July 1	2,554,514	1,177
End of Year, June 30	\$ 2,660,134	\$ 951

Exhibit F-2

(continued)

Pension and Other Employee Benefit Trusts					
Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long-Term Disability	Total	
\$ 151,328	\$ —	\$ 24,100	\$ 1,758	\$	343,170
54,629	—		—		89,671
—	—		—		375
10,861	—		—		10,861
216,818	—	24,100	1,758		444,077
995	19	4,227	1,911		120,429
2,184	133	4,509	—		24,437
—	—	—	2,072		24,343
—	—	—	112		5,219
3,179	152	8,736	4,095		174,428
—	—	—	—		15,275
3,179	152	8,736	4,095		159,153
219,997	152	32,836	5,853		603,230
196,367	1,919	25,016	4,324		462,368
—	—	—	—		3,012
—	—	—	—		451
15,550	—	525	380		17,248
211,917	1,919	25,541	4,704		483,079
8,080	(1,767)	7,295	1,149		120,151
75,410	7,018	170,864	78,930		2,887,913
\$ 83,490	\$ 5,251	\$ 178,159	\$ 80,079	\$	3,008,064

Agency Fund

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2019

(in thousands)

		<i>Post Employment Health Plan</i>			
		Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>					
Cash and Cash Equivalents	\$	—	\$ 14,430	\$ 14,430	\$ —
Total Assets	\$	—	\$ 14,430	\$ 14,430	\$ —
<u>LIABILITIES</u>					
Accrued Payroll Payable	\$	—	\$ 14,430	\$ 14,430	\$ —
Total Liabilities	\$	—	\$ 14,430	\$ 14,430	\$ —
		<i>Deferred Compensation Plan</i>			
		Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>					
Cash and Cash Equivalents	\$	—	\$ 114,234	\$ 114,234	\$ —
Total Assets	\$	—	\$ 114,234	\$ 114,234	\$ —
<u>LIABILITIES</u>					
Accrued Payroll Payable	\$	—	\$ 114,234	\$ 114,234	\$ —
Total Liabilities	\$	—	\$ 114,234	\$ 114,234	\$ —

City of Phoenix, Arizona

Agency Fund

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2019

(in thousands)

Exhibit F-3

(continued)

<i>Accrued Payroll</i>					
	Balance July 1	Additions	Deductions	Balance June 30	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 8,915	\$ 438,396	\$ 433,580	\$	13,731
Treasurer's Pooled Investments	50,514	1,987,237	1,975,197		62,554
Total Assets	<u>\$ 59,429</u>	<u>\$ 2,425,633</u>	<u>\$ 2,408,777</u>	<u>\$</u>	<u>76,285</u>

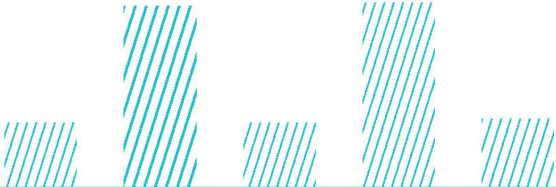
<u>LIABILITIES</u>					
Accrued Payroll Payable	\$ 59,429	\$ 2,425,633	\$ 2,408,777	\$	76,285
Total Liabilities	<u>\$ 59,429</u>	<u>\$ 2,425,633</u>	<u>\$ 2,408,777</u>	<u>\$</u>	<u>76,285</u>

<i>Totals</i>					
	Balance July 1	Additions	Deductions	Balance June 30	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 8,915	\$ 567,060	\$ 562,244	\$	13,731
Treasurer's Pooled Investments	50,514	1,987,237	1,975,197		62,554
Total Assets	<u>\$ 59,429</u>	<u>\$ 2,554,297</u>	<u>\$ 2,537,441</u>	<u>\$</u>	<u>76,285</u>

<u>LIABILITIES</u>					
Accrued Payroll Payable	\$ 59,429	\$ 2,554,297	\$ 2,537,441	\$	76,285
Total Liabilities	<u>\$ 59,429</u>	<u>\$ 2,554,297</u>	<u>\$ 2,537,441</u>	<u>\$</u>	<u>76,285</u>



City of Phoenix



Financial Section



Other Supplementary Information –

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





City of Phoenix

**Phoenix Housing Finance Corporations (Discretely Presented
Component Units)
Combining Statement of Net Position**

June 30, 2019

(in thousands)

	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
ASSETS				
Cash and Cash Equivalents	\$ —	\$ —	\$ 1,854	\$ —
Cash Deposits	—	—	1,633	—
Cash and Securities with Fiscal Agents/Trustees	39	—	—	95
Receivables, Net of Allowances	4,603	13	15	2,783
Prepaid Items	—	—	51	—
Capital Assets, at Cost				
Non-depreciable	—	—	13,205	—
Depreciable (net)	—	—	1,114	—
Total Assets	4,642	13	17,872	2,878
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	—	—	—	—
LIABILITIES				
Accounts Payable	173	—	5	—
Reimbursement Agreement to City	—	—	2,775	—
Trust Liabilities and Deposits	—	—	76	—
Advance Payments	—	—	29	—
Liabilities Payable from Restricted Assets	—	—	—	—
Interest Payable	—	—	980	—
Noncurrent Liabilities				
Due in More Than One Year				
Notes Payable to Instrumentality	—	—	—	—
Notes Payable to City	—	—	15,304	—
Total Liabilities	173	—	19,169	—
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	—	—	—	—
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	—	—	(3,760)	—
Unrestricted	4,469	13	2,463	2,878
Total Net Position (Deficit)	\$ 4,469	\$ 13	\$ (1,297)	\$ 2,878

Exhibit G-1

(continued)

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix East Revitalization Corporation (II)	Phoenix East Revitalization Corporation (III)	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Phoenix Starfish Place Corporation	Total
\$ 975	\$ 968	\$ 1,056	\$ 605	\$ 744	\$ —	\$ 334	\$ 72	\$ 6,608
980	—	—	—	—	—	78	5	2,696
—	—	—	—	—	—	3,708	—	3,842
835	10	—	771	803	559	4	1	10,397
33	—	—	—	—	—	104	3	191
6,189	—	—	—	—	—	7,417	1,055	27,866
3,861	—	—	—	—	—	6,755	1,757	13,487
12,873	978	1,056	1,376	1,547	559	18,400	2,893	65,087
—	—	—	—	—	—	—	—	—
81	—	—	—	—	—	9	15	283
—	—	—	—	—	—	—	—	2,775
46	—	—	—	—	—	84	5	211
4	—	—	—	—	—	26	—	59
—	—	—	—	—	—	112	—	112
—	—	—	—	—	—	1,068	—	2,048
—	—	—	—	—	—	—	240	240
5,532	—	—	—	—	—	16,777	2,945	40,558
5,663	—	—	—	—	—	18,076	3,205	46,286
—	—	—	—	—	—	—	—	—
5,351	—	—	—	—	—	(2,605)	(133)	(1,147)
1,859	978	1,056	1,376	1,547	559	2,929	(179)	19,948
\$ 7,210	\$ 978	\$ 1,056	\$ 1,376	\$ 1,547	\$ 559	\$ 324	\$ (312)	\$ 18,801

**Phoenix Housing Finance Corporations (Discretely Presented
Component Units)**
Combining Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2019

(in thousands)

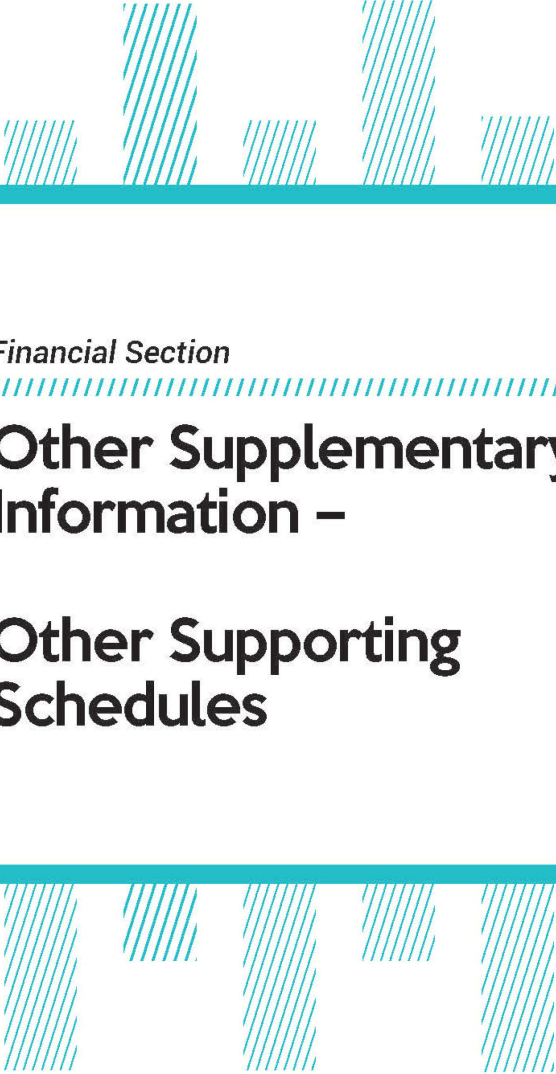
	Phoenix Housing Finance Corporation	City of Phoenix Municipal Housing Corporation	Phoenix Central City Revitalization Corporation & LLC	Phoenix South Mountain Housing Corporation
Revenues				
Rental Income	\$ —	\$ —	\$ 3,220	\$ —
Vending Income	—	—	—	—
Other Income	—	13	143	—
Interest Income	—	—	—	88
Total Revenues	—	13	3,363	88
Operating Expenses				
Salaries	—	—	792	—
Temporary Labor	—	—	33	—
Advertising	—	—	14	—
Maintenance	—	—	801	—
Administrative Costs	—	—	173	—
Utilities	—	—	540	—
Insurance	—	—	48	—
Interest Expense	—	—	103	—
Other	—	—	191	26
Depreciation	—	—	191	—
Total Operating Expenses	—	—	2,886	26
Change in Net Position	—	13	477	62
Net Position, July 1	4,469	—	(1,774)	2,816
Restatement of Beginning Net Position	—	—	—	—
Net Position, July 1, as Restated	4,469	—	(1,774)	2,816
Net Position, June 30	\$ 4,469	\$ 13	\$ (1,297)	\$ 2,878

Exhibit G-2
(continued)

Phoenix South Mountain Housing Transformation Corporation, Summit, LLC	Phoenix Green Housing Corporation	Phoenix East Revitalization Corporation	Phoenix East Revitalization Corporation (II)	Phoenix East Revitalization Corporation (III)	Phoenix Inner Beltway Housing Corporation	Phoenix Residential Investment Development Effort	Phoenix Starfish Place Corporation	Total
\$ 1,248	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,225	\$ 60	\$ 6,753
—	—	—	—	—	—	15	—	15
42	125	—	—	—	—	88	3	414
—	—	—	—	—	—	66	—	154
1,290	125	—	—	—	—	2,394	63	7,336
337	—	—	—	—	—	513	49	1,691
—	—	—	—	—	—	57	—	90
17	—	—	—	—	—	11	1	43
189	—	—	—	—	—	997	42	2,029
72	—	—	—	—	—	137	8	390
251	—	—	—	—	—	490	18	1,299
37	—	—	—	—	—	72	1	158
—	—	—	—	—	—	157	—	260
123	125	—	167	59	913	170	24	1,798
234	—	—	—	—	—	226	48	699
1,260	125	—	167	59	913	2,830	191	8,457
30	—	—	(167)	(59)	(913)	(436)	(128)	(1,121)
7,180	978	1,056	—	1,606	1,472	760	(184)	18,379
—	—	—	1,543	—	—	—	—	1,543
7,180	978	1,056	1,543	1,606	1,472	760	(184)	19,922
\$ 7,210	\$ 978	\$ 1,056	\$ 1,376	\$ 1,547	\$ 559	\$ 324	\$ (312)	\$ 18,801



City of Phoenix



Financial Section

**Other Supplementary
Information –**

**Other Supporting
Schedules**



City of Phoenix

Summary of Operating Funds - Budget Basis

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Resources					
	Fund Balances July 1	Revenues	Recoveries	Fund Transfers		Total
				From	To	
General Purpose Funds						
General Fund	\$ 134,620	\$ 366,307	\$ 1,857	\$ 880,536	\$ (35,378)	\$ 1,347,942
Excise Tax	—	1,356,192	—	—	(1,356,192)	—
Total General Purpose Funds	134,620	1,722,499	1,857	880,536	(1,391,570)	1,347,942
Federal Funds						
Transit - Federal Grants	235	57,110	(462)	—	(1,774)	55,109
Grants						
Human Services	—	55,478	175	—	—	55,653
Community Development	2,882	11,469	213	—	—	14,564
Federal Operating Trust	—	46,726	528	31	—	47,285
Public Housing Neighborhood Transformation	3,310	183	4	11	—	3,508
Total Federal Funds	6,427	170,966	458	42	(1,774)	176,119
Other Special Revenue and Debt Service Funds						
Highway User Revenue	63,108	140,794	3,630	—	(1,258)	206,274
Transit 2000	2,148	8	1,316	—	(4,171)	(699)
Transportation Tax 2050	214,336	52,127	3,038	243,795	(69,732)	443,564
Transit - Other Agency	(9,696)	41,222	235	—	—	31,761
Municipal Court Awards	258	3,848	2	—	—	4,108
Parks and Preserves	52,363	3,225	1,722	35,073	(221)	92,162
Development Services	59,849	66,748	133	—	(3,414)	123,316
Community Reinvestment	14,253	4,320	—	676	(2,063)	17,186
Public Housing	20,681	90,713	234	46	(302)	111,372
Sports Facilities	49,674	4,601	—	21,760	(10,587)	65,448
Capital Construction	15,780	395	320	8,812	—	25,307
Other Restricted	85,296	29,306	382	24,444	(1,951)	137,477
Neighborhood Protection	22,378	599	—	35,073	(374)	57,676
Public Safety Enhancement	19,595	4	—	26,019	(224)	45,394
Public Safety Expansion	32,772	430	—	70,152	(575)	102,779
Golf Courses	—	6,289	—	—	—	6,289
Secondary Property Tax Debt Service	100	106,424	—	881	—	107,405
City Improvement	—	13	—	123,353	(1,028)	122,338
Regional Wireless Cooperative	1,825	4,423	39	—	—	6,287
Total Other Funds	644,720	555,489	11,051	590,084	(95,900)	1,705,444
Enterprise Funds						
Aviation	354,000	410,375	5,117	10,535	(11,615)	768,412
Phoenix Convention Center	46,643	25,486	639	61,200	(3,655)	130,313
Water System	92,586	395,954	3,031	—	(23,224)	468,347
Water System - Val Vista	186	19,724	387	—	(570)	19,727
Wastewater	33,431	217,571	1,627	69	(13,253)	239,445
Wastewater - SROG	5,775	49,077	979	—	(1,836)	53,995
Solid Waste	37,609	149,769	3,475	9,775	(9,578)	191,050
Total Enterprise Funds	570,230	1,267,956	15,255	81,579	(63,731)	1,871,289
Total Operating Funds	<u>\$ 1,355,997</u>	<u>\$ 3,716,910</u>	<u>\$ 28,621</u>	1,552,241	(1,552,975)	<u>\$ 5,100,794</u>
Other Transfers - Non-budgeted Funds				21,767	(18,033)	
Debt Service Adjustment (2)				(3,000)	—	
				<u>\$ 1,571,008</u>	<u>\$ (1,571,008)</u>	

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

(2) Fund Transfers From includes amounts for proceeds from loans. These amounts are adjusted out of the Fund Transfer total to show the actual transfer balances.

Exhibit H-1

(Continued)

Expenditures and Encumbrances						Fund Balances June 30
Current Operating (1)	Capital Impr. Program	Debt Service	Lease- Purchase	Total		
\$ 1,202,259	\$ 12,103	\$ —	\$ —	\$ 1,214,362	\$	133,580
—	—	—	—	—	—	—
1,202,259	12,103	—	—	1,214,362		133,580
16,902	38,207	—	—	55,109		—
55,689	—	—	—	55,689		(36)
12,862	53	—	—	12,915		1,649
47,292	—	—	—	47,292		(7)
1,497	1	—	—	1,498		2,010
134,242	38,261	—	—	172,503		3,616
61,791	103,136	—	—	164,927		41,347
—	—	—	—	—		(699)
198,089	86,558	—	—	284,647		158,917
32,632	6,658	—	—	39,290		(7,529)
4,408	—	—	—	4,408		(300)
5,369	23,189	—	—	28,558		63,604
52,366	583	—	—	52,949		70,367
1,350	2,562	—	—	3,912		13,274
82,816	3,162	—	—	85,978		25,394
2,633	9,933	—	—	12,566		52,882
142	9,173	—	—	9,315		15,992
45,548	1,197	—	—	46,745		90,732
32,723	—	—	—	32,723		24,953
21,318	—	—	—	21,318		24,076
66,422	—	—	—	66,422		36,357
5,493	—	—	—	5,493		796
—	—	107,305	—	107,305		100
—	—	13	122,325	122,338		—
4,464	—	—	—	4,464		1,823
617,564	246,151	107,318	122,325	1,093,358		612,086
257,345	168,013	70,437	—	495,795		272,617
47,360	4,754	—	19,928	72,042		58,271
204,527	58,941	113,200	—	376,668		91,679
17,015	4,200	—	—	21,215		(1,488)
83,267	1,161	75,016	—	159,444		80,001
43,354	5,596	—	—	48,950		5,045
136,191	7,194	1,739	12,577	157,701		33,349
789,059	249,859	260,392	32,505	1,331,815		539,474
\$ 2,743,124	\$ 546,374	\$ 367,710	\$ 154,830	\$ 3,812,038	\$	1,288,756

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

Exhibit H-2

For the Fiscal Year Ended June 30, 2019

(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
General Government					
2001 Bond Program	\$ (51)	\$ —	\$ —	\$ —	—
2006 Bond Program	4,773	—	435	—	—
2010 Lease Purchase	10	—	—	—	—
2013 Lease Purchase	(4,697)	—	—	—	—
General Gov't Lease Purchase	14,513	—	568	27	7
Mega IV Lease Purchase	4,406	—	—	—	—
Mega V Lease Purchase	9,562	—	256	317	—
Regional Wireless	13,135	—	321	713	2
Sports Facilities Capital Reserve	10,565	—	336	8,598	—
Trunked Radio System	179	—	—	—	—
	52,395	—	1,916	9,655	9
Public Safety					
1988 Bond Program	27	—	—	—	—
2001 Bond Program	(1,312)	—	—	—	—
2006 Bond Program	127	—	—	—	45
Impact Fees	9,946	—	218	4,049	—
Other Cities Reimbursement - 800Mhz	289	—	—	—	—
	9,077	—	218	4,049	45
Transportation					
1988 Bond Program	845	—	—	—	—
2001 Bond Program	(457)	—	—	—	—
2004 CIC Transit LRT Revenue Bonds	66	—	—	—	—
2006 Bond Program	6,696	—	—	—	—
AHUR Capital Reserve	39,458	—	763	1,234	—
American Rec. & Reinv. Act of 2009	(1)	—	—	—	—
Federal Aid - Street Transportation	(12,760)	17,233	—	—	15
Federal Transportation Administration Grants	(11,639)	3,898	—	—	—
Impact Fees	14,989	—	318	6,852	—
State Aid - Street Transportation	(3,864)	(5,081)	—	349	28
Streets Developer Reimbursement	46	20	—	1,453	—
T2050 Bonds	—	—	—	—	—
	33,379	16,070	1,081	9,888	43
Public Works					
2001 Bond Program	332	—	—	—	—
2006 Bond Program	(725)	—	—	—	5
Capital Replacement Fund	1,348	—	19	—	4
Impact Fees	5,417	—	119	1,845	—
	6,372	—	138	1,845	9
Community Enrichment					
1988 Bond Program	419	—	—	—	—
2001 Bond Program	2,868	—	—	—	—
2006 Bond Program	3,957	—	—	—	94
Impact Fees	32,146	—	642	5,724	21
Parks & Rec Grants	361	—	—	—	—
Parks and Rec Dept Capital Gifts	31	—	—	—	4
Parks land sale proceeds	2,010	—	36	—	—
	41,792	—	678	5,724	119
Community Development					
1989 Bond Program	2	—	—	—	—
2001 Bond Program	5,730	—	—	—	2
2006 Bond Program	(582)	—	—	—	105
830 E Jefferson Remodel	(13)	—	—	—	—
Federal Modernization Grants	2,480	1,360	70	1,963	9
Impact Fees	863	—	26	(358)	—
	\$ 8,480	\$ 1,360	\$ 96	\$ 1,605	\$ 116

Exhibit H-2
(Continued)

			Uses				
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances		Ending Balances, June 30	Bonds Available for Sale	
\$	— \$	— \$	(51)	\$	— \$	(51) \$	615
—	—	5,208	—	—	5,208	4,790	
—	—	10	—	—	10	—	
—	—	(4,697)	—	—	(4,697)	—	
—	—	15,115	(9,590)	—	5,525	—	
—	—	4,406	—	—	4,406	—	
—	—	10,135	—	—	10,135	—	
—	—	14,171	(5,412)	—	8,759	—	
—	—	19,499	—	—	19,499	—	
—	—	179	—	—	179	—	
—	—	63,975	(15,002)	—	48,973	5,405	
—	—	27	—	—	27	—	
—	—	(1,312)	—	—	(1,312)	1,915	
—	—	172	(4,375)	—	(4,203)	36,700	
—	—	14,213	(2,407)	—	11,806	—	
—	—	289	—	—	289	—	
—	—	13,389	(6,782)	—	6,607	38,615	
—	—	845	—	—	845	1,000	
—	—	(457)	—	—	(457)	2,225	
—	—	66	—	—	66	—	
—	—	6,696	—	—	6,696	23,865	
—	—	41,455	(35,448)	—	6,007	—	
—	—	(1)	—	—	(1)	—	
—	—	4,488	(7,805)	—	(3,317)	—	
—	—	(7,741)	(210)	—	(7,951)	—	
—	—	22,159	(1,943)	—	20,216	—	
—	—	(8,568)	(1,140)	—	(9,708)	—	
—	—	1,519	(3,343)	—	(1,824)	—	
—	—	—	(10,000)	—	(10,000)	—	
—	—	60,461	(59,889)	—	572	27,090	
—	—	332	—	—	332	305	
—	—	(720)	—	—	(720)	9,669	
—	—	1,371	—	—	1,371	—	
—	—	7,381	(1,238)	—	6,143	—	
—	—	8,364	(1,238)	—	7,126	9,974	
—	—	419	—	—	419	—	
—	—	2,868	—	—	2,868	7,400	
—	—	4,051	—	—	4,051	26,056	
—	—	38,533	(3,162)	—	35,371	—	
—	—	361	—	—	361	—	
—	—	35	—	—	35	—	
—	—	2,046	—	—	2,046	—	
—	—	48,313	(3,162)	—	45,151	33,456	
—	—	2	—	—	2	—	
—	—	5,732	(3,205)	—	2,527	3,150	
—	—	(477)	(1,434)	—	(1,911)	34,665	
—	—	(13)	—	—	(13)	—	
—	(5)	5,877	(1,473)	—	4,404	—	
—	—	531	173	—	704	—	
\$	— \$	(5) \$	11,652	\$	(5,939) \$	5,713 \$	37,815

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

Exhibit H-2
(Continued)

For Fiscal Year Ended June 30, 2019

(in thousands)

	Resources				
	Beginning Balances, July 1	Current Revenue			Recovery of Prior Years Expenditures
		Grants	Interest	Other	
Aviation					
2020 CFC Bond	\$ (25,470)	\$ —	\$ —	\$ —	—
Airport Facilities Improvement Grants	(24,120)	29,193	—	—	306
Airport Revenue Bonds	(160,600)	—	1,318	—	14
Aviation Commercial Paper Fund	—	—	—	—	—
CFC City Improvement Reserves/Surplus	23,386	—	525	—	—
CFC Trustee-Improvement Reserves/Surplus	82,520	—	1,567	50,465	—
City Improvement Aviation Bonds	119,821	—	—	—	—
Line of Credit	33,909	—	315	—	—
Passenger Facility Charges	(295,901)	—	934	86,318	377
Transportation Security Admin Grant	464	641	—	—	—
	(245,991)	29,834	4,659	136,783	697
Phoenix Convention Center					
CC Expansion Series B	9,991	22,996	548	—	—
	9,991	22,996	548	—	—
Water System					
CIC Water Bonds	(157,617)	—	—	24	25
Impact Fees	36,407	—	791	14,199	—
Special Water Improvement	100,008	—	—	2	—
Val Vista - Other Agencies' Participation	(252)	—	—	761	—
Water Capital Grants	—	300	—	—	—
	(21,454)	300	791	14,986	25
Wastewater					
CIC Wastewater Bonds	76,026	—	2,963	9	17
Impact Fees	58,565	—	1,166	6,168	—
Special Wastewater Improvement	53,000	—	—	—	—
SROG - Other Agencies' Participation	(7,804)	—	—	7,656	122
	179,787	—	4,129	13,833	139
Solid Waste					
End Use Reserve	14,819	—	230	—	—
Solid - Mega IV	980	—	152	—	1,238
Solid Waste Disposal CIC Bonds Prin/Int	4	—	—	—	—
Solid Waste Remediation Funds	4,544	—	123	—	795
	20,347	—	505	—	2,033
	\$ 94,175	\$ 70,560	\$ 14,759	\$ 198,368	\$ 3,235

Exhibit H-2

(Continued)

			Uses			
Bonds Sold	Fund Transfers To(From)	Total Resources	Expenditures and Encumbrances	Ending Balances, June 30	Bonds Available for Sale	
\$ —	\$ —	(25,470)	\$ (140,595)	\$ (166,065)	\$ —	
—	891	6,270	(33,085)	(26,815)	—	
127,894	31,174	(200)	(72,791)	(72,991)	—	
—	1	1	(1)	—	—	
—	—	23,911	—	23,911	—	
—	(20,795)	113,757	(21,277)	92,480	—	
17,783	—	137,604	—	137,604	—	
100,000	(94,430)	39,794	(33,076)	6,718	—	
—	58,498	(149,774)	(84,363)	(234,137)	—	
—	(733)	372	(297)	75	—	
245,677	(25,394)	146,265	(385,485)	(239,220)	—	
—	—	33,535	(22,997)	10,538	—	
—	—	33,535	(22,997)	10,538	—	
200,000	—	42,432	(226,256)	(183,824)	—	
—	—	51,397	—	51,397	—	
—	—	100,010	—	100,010	—	
—	—	509	(1,872)	(1,363)	—	
—	—	300	—	300	—	
200,000	—	194,648	(228,128)	(33,480)	—	
—	(44)	78,971	(83,378)	(4,407)	—	
—	—	65,899	(423)	65,476	—	
—	—	53,000	—	53,000	—	
—	—	(26)	(8,486)	(8,512)	—	
—	(44)	197,844	(92,287)	105,557	—	
—	(5,484)	9,565	(26)	9,539	—	
—	—	2,370	(1,488)	882	—	
—	—	4	—	4	—	
—	—	5,462	(309)	5,153	—	
—	(5,484)	17,401	(1,823)	15,578	—	
\$ 445,677	\$ (30,927)	\$ 795,847	\$ (822,732)	\$ (26,885)	\$ 152,355	

City of Phoenix, Arizona
Capital Improvement Program
Expenditures and Encumbrances

Exhibit H-3

For the Fiscal Years Ended June 30, 2019 and 2018
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2019	2018	2019	2018	2019	2018
General Government						
Information Technology	\$ 5,798	\$ 8,658	\$ 10,095	\$ 34,726	\$ 15,893	\$ 43,384
Regional Wireless	—	—	3,909	1,735	3,909	1,735
Finance Projects	1,415	15	828	22	2,243	37
	7,213	8,673	14,832	36,483	22,045	45,156
Public Safety						
Fire Protection	—	—	6,782	1,670	6,782	1,670
	—	—	6,782	1,670	6,782	1,670
Transportation						
Street Transportation and Drainage	141,536	92,175	60,995	60,014	202,531	152,189
Transit	102,122	28,637	209	84	102,331	28,721
	243,658	120,812	61,204	60,098	304,862	180,910
Public Works						
Energy Conservation	635	972	—	—	635	972
Facilities Management	7,847	4,296	3,303	9,536	11,150	13,832
	8,482	5,268	3,303	9,536	11,785	14,804
Community Enrichment						
Arts and Cultural Facilities	—	—	—	16	—	16
Libraries	664	7,711	—	260	664	7,971
Parks and Mountain Preserves	25,225	22,967	3,394	1,986	28,619	24,953
	25,889	30,678	3,394	2,262	29,283	32,940
Community Development						
Economic/Downtown Development	2,754	5,443	—	—	2,754	5,443
Historic Preservation	155	—	665	251	820	251
Housing / HOPE VI	3,729	4,302	1,473	5,070	5,202	9,372
Neighborhood Development	52	113	547	113	599	226
	6,690	9,858	2,685	5,434	9,375	15,292
Aviation	167,487	56,989	385,485	525,932	552,972	582,921
Convention Center	13,546	6,386	22,996	22,499	36,542	28,885
Water System	61,766	104,880	228,097	124,376	289,863	229,256
Wastewater	5,611	31,659	92,131	74,126	97,742	105,785
Solid Waste	6,034	6,181	1,823	4,174	7,857	10,355
	<u>\$ 546,376</u>	<u>\$ 381,384</u>	<u>\$ 822,732</u>	<u>\$ 866,590</u>	<u>\$ 1,369,108</u>	<u>\$ 1,247,974</u>

(1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2019 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 168,013
Convention Center	4,754
Water	58,941
Water - Val Vista	4,200
Wastewater	1,161
Wastewater - SROG	5,596
Solid Waste	7,194
	<u>\$ 249,859</u>

Transfers To/From Other Funds

For the Fiscal Year Ended June 30, 2019

(in thousands)

	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Totals
Transfers From						
General Fund	\$ —	\$ 17,252 (1)	\$ 42,745 (5)	\$ —	\$ 61,483	\$ 121,480
Special Revenue						
Transit	1,549	1,568 (2)	67,289 (6)	—	—	70,406
Highway User Revenue	—	—	1,259 (6)	—	—	1,259
Development Services	2,063	—	—	—	—	2,063
Public Housing	230	—	72 (6)	—	—	302
Other Restricted	953	677 (3)	—	—	—	1,630
Neighborhood Protection	28	—	—	—	—	28
Public Safety Enhancement	56	—	—	—	—	56
Total Special Revenue	4,879	2,245	68,620	—	—	75,744
Debt Service						
Sports Facilities	25	—	10,332 (6)	—	—	10,357
City Improvement	—	—	—	1,028 (7)	—	1,028
Total Debt Service	25	—	10,332	1,028	—	11,385
Capital Projects						
Parks and Preserves	221	—	—	—	—	221
Public Housing	—	5 (4)	—	—	—	5
Municipal Buildings and Service Centers	—	—	1,028 (6)	—	—	1,028
Total Capital Projects	221	5	1,028	—	—	1,254
Enterprise						
Aviation	—	—	948 (6)	—	—	948
Phoenix Convention Center	794	—	93 (6)	—	—	887
Water System	14,951	—	—	—	—	14,951
Wastewater	9,194	—	—	—	—	9,194
Solid Waste	1,298	—	624 (6)	—	—	1,922
Total Enterprise	26,237	—	1,665	—	—	27,902
Totals	\$ 31,362	\$ 19,502	\$ 124,390	\$ 1,028	\$ 61,483	\$ 237,765

(1) Other Restricted, Public Housing, Grants

(2) Other Restricted

(3) Development Services

(4) Public Housing Special Revenue Fund

(5) City Improvement, Special Assessments

(6) City Improvement

(7) Municipal Buildings and Service Centers

City of Phoenix, Arizona
Budgetary Transfers - Budget Basis

Exhibit H-5

For the Fiscal Year Ended June 30, 2019
(in thousands)

	Transfers to					
	General Fund			Special Revenue		
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neighbor- hood Protection	Transportation Tax 2050
Transfers from						
General Fund	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Special Revenue Funds						
Excise Tax	—	—	811,839	811,839	35,013	239,179
Highway User Revenue	—	—	—	—	—	—
Transit 2000	—	—	—	—	—	2,603
Transportation Tax 2050	894	—	—	894	—	—
Federal Transit Grants	—	—	—	—	—	1,774
Development Services	3,414	—	—	3,414	—	—
Community Reinvestment	—	—	2,063	2,063	—	—
Public Housing	—	230	—	230	—	—
Sports Facilities	151	—	79	230	—	—
Parks and Preserves	—	—	—	—	—	—
Other Restricted	355	—	920	1,275	—	—
Neighborhood Protection	347	—	—	347	—	—
Public Safety Enhancement	224	—	—	224	—	—
Public Safety Expansion	519	—	—	519	—	—
Total Special Revenue	5,904	230	814,901	821,035	35,013	243,556
Debt Service Funds						
City Improvement	—	—	—	—	—	—
Total Debt Service	—	—	—	—	—	—
Enterprise Funds						
Aviation	9,412	—	776	10,188	60	239
Phoenix Convention Center	2,767	—	—	2,767	—	—
Water System	8,273	14,951	—	23,224	—	—
Water System - Val Vista	570	—	—	570	—	—
Wastewater	4,060	9,193	—	13,253	—	—
Wastewater - SROG	1,836	—	—	1,836	—	—
Solid Waste	6,365	1,298	—	7,663	—	—
Total Enterprise	33,283	25,442	776	59,501	60	239
Other Funds not Budgeted						
Interest Alignment Trust	—	—	—	—	—	—
General Obligation Reserve Fund	—	—	—	—	—	—
Public Housing Capital	—	—	—	—	—	—
South Mountain Housing Corporation	—	—	—	—	—	—
Aviation Capital	—	—	—	—	—	—
Wastewater Capital	—	—	—	—	—	—
Solid Waste Capital	—	—	—	—	—	—
Total Other Funds not Budgeted	—	—	—	—	—	—
Totals	\$ 39,187	\$ 25,672	\$ 815,677	\$ 880,536	\$ 35,073	\$ 243,795

- (1) Transfer to Other Restricted Special Revenue Funds (\$17,145) and Federal Operating Trust Grants (\$31)
- (2) Transfer to Capital Construction (\$8,812), Sports Facilities (\$20,732), Parks and Preserves (\$35,013), Public Safety Enhancement (\$26,019), Public Safety Expansion (\$70,033), and Other Restricted (\$5,731) Special Revenue Funds
- (3) Transfer to Other Restricted Special Revenue Funds
- (4) Transfer to Community Reinvestment Special Revenue Fund
- (5) Transfer to Municipal Buildings and Service Centers Capital Projects Fund
- (6) Transfer to Parks and Preserves (\$60) and Public Safety Expansion (\$119) Special Revenue Funds
- (7) Transfer to Public Housing Special Revenue Fund
- (8) Transfer to Public Housing Neighborhood Transformation Special Revenue Fund

Exhibit H-5

(Continued)

Transfers to								
Funds		Enterprise Funds			Funds Not Budgeted			
Other		Debt Service Funds	Phoenix Convention Center	Other	Infrastructure Repayment Agreement	Other	Totals	
\$17,176	(1)	\$ 115 (9)	\$ —	\$ 284 (11)	\$ 553	\$ 17,250 (14)	\$ 35,378	
166,340	(2)	42,621 (9)	61,200	—	—	—	1,356,192	
—		1,258 (9)	—	—	—	—	1,258	
1,568	(3)	—	—	—	—	—	4,171	
—		67,289 (9)	—	—	1,549	—	69,732	
—		—	—	—	—	—	1,774	
—		—	—	—	—	—	3,414	
—		—	—	—	—	—	2,063	
—		72 (9)	—	—	—	—	302	
—		10,332 (9)	—	—	25	—	10,587	
—		—	—	—	221	—	221	
676	(4)	—	—	—	—	—	1,951	
—		—	—	—	28	—	375	
—		—	—	—	—	—	224	
—		—	—	—	56	—	575	
168,584		121,572	61,200	—	1,879	—	1,452,839	
1,028	(5)	—	—	—	—	—	1,028	
1,028		—	—	—	—	—	1,028	
179	(6)	948 (9)	—	—	—	—	11,614	
—		94 (9)	—	—	794	—	3,655	
—		—	—	—	—	—	23,224	
—		—	—	—	—	—	570	
—		—	—	—	—	—	13,253	
—		—	—	—	—	—	1,836	
—		624 (9)	—	—	—	1,291 (15)	9,578	
179		1,666	—	—	794	1,291	63,730	
41	(7)	—	—	—	—	—	41	
—		881 (10)	—	—	—	—	881	
5	(7)	—	—	—	—	—	5	
11	(8)	—	—	—	—	—	11	
—		—	—	10,251 (11)	—	—	10,251	
—		—	—	69 (12)	—	—	69	
—		—	—	6,775 (13)	—	—	6,775	
57		881	—	17,095	—	—	18,033	
\$187,024		\$ 124,234	\$ 61,200	\$ 17,379	\$ 3,226	\$ 18,541	\$1,571,008	

(9) Transfer to City Improvement Debt Service Fund

(10) Transfer to Secondary Property Tax Debt Service Fund

(11) Transfer to Aviation Enterprise Fund

(12) Transfer to Wastewater Enterprise Fund

(13) Transfer to Solid Waste Enterprise Fund

(14) Transfer to PSPRS Pension Reserve Trust Fund (\$10,250) and Worker's Compensation Trust Fund (\$7,000)

(15) Transfer to Solid Waste Capital Reserve Fund

City of Phoenix, Arizona
Bonds and Other Debt Payable

Exhibit H-6

June 30, 2019

(in thousands)

							Outstanding at June 30, 2019 (1)		
							Payable from		
	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Appreciation	Total	General Property Taxes	City Revenues/ Other (2)	
General Obligation Bonds									
6% Limitation									
Various Purpose	\$ 755,530	\$ 691,210	\$ 64,320	\$ 546,845	\$ —	\$ 144,365	\$ 144,365	\$ —	
Solid Waste	32,815	32,815	—	31,255	—	1,560	—	1,560	
20% Limitation									
Various Purpose	2,035,230	1,947,195	88,035	1,019,875	—	927,320	927,320	—	
Airport	30,435	30,435	—	27,090	—	3,345	—	3,345	
Sanitary Sewers	72,200	72,200	—	70,475	—	1,725	—	1,725	
Water	112,949	112,949	—	106,214	—	6,735	—	6,735	
Total General Obligation Bonds	3,039,159	2,886,804	152,355	1,801,754	—	1,085,050	1,071,685	13,365	
Loans from Direct Borrowings									
DNT Asset Trust	305,940	305,940	—	265,000	—	40,940	—	40,940	
Wastewater WIFA	17,591	17,591	—	8,340	—	9,251	—	9,251	
Water WIFA	6,520	6,520	—	3,780	—	2,740	—	2,740	
Closed Loop	3,000	3,000	—	—	—	3,000	—	3,000	
Total Loans from Direct Borrowings	333,051	333,051	—	277,120	—	55,931	—	55,931	
Total General Obligation and Revenue Bonds/ Bank Loans	3,372,210	3,219,855	152,355	2,078,874	—	1,140,981	1,071,685	69,296	
Municipal Corporation Obligations									
General Government	1,838,676	1,838,676	—	1,431,081	—	407,595	—	407,595	
Enterprise	9,003,841	9,003,841	—	5,213,806	110,365	3,900,400	—	3,900,400	
Total Municipal Corporation Obligations	10,842,517	10,842,517	—	6,644,887	110,365	4,307,995	—	4,307,995	
Special Assessment Bonds	207	207	—	147	—	60	—	60	
Subtotal	14,214,934	14,062,579	152,355	8,723,908	110,365	5,449,036	1,071,685	4,377,351	
Community Facilities Districts	30,000	30,000	—	—	—	30,000	—	30,000	
Totals	\$14,244,934	\$14,092,579	\$152,355	\$ 8,723,908	\$ 110,365	\$ 5,479,036	\$ 1,071,685	\$ 4,407,351	

(1) Net of July 1, 2019 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in the general obligation reserve fund. General obligation reserve fund balance totaled \$84 million on June 30, 2019.

(2) These bonds are supported by City enterprise revenues, excise taxes, special revenues, special assessments and community facilities districts revenues and/or assessments.

Debt Service Requirements

General Obligation Bonds Limited to Six Percent of Assessed Valuation (1)

June 30, 2019

(in thousands)

Fiscal Year	General Government (2)			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019-20	\$ 31,495	\$ 6,569	\$ 38,064	\$ 920	\$ 78	\$ 998	\$ 32,415	\$ 6,647	\$ 39,062
2020-21	21,485	5,266	26,751	310	32	342	21,795	5,298	27,093
2021-22	14,340	4,428	18,768	330	17	347	14,670	4,445	19,115
2022-23	16,255	3,697	19,952	—	—	—	16,255	3,697	19,952
2023-24	29,825	2,971	32,796	—	—	—	29,825	2,971	32,796
2024-25	30,965	1,548	32,513	—	—	—	30,965	1,548	32,513
	<u>\$ 144,365</u>	<u>\$ 24,479</u>	<u>\$ 168,844</u>	<u>\$ 1,560</u>	<u>\$ 127</u>	<u>\$ 1,687</u>	<u>\$ 145,925</u>	<u>\$ 24,606</u>	<u>\$ 170,531</u>

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

(2) Includes all property tax supported various purpose general obligation bonds limited to 6% of assessed valuation.

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

Exhibit H-8

June 30, 2019
(in thousands)

Fiscal Year	General Government (2)			Airport Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019-20	\$ 37,330	\$ 40,817	\$ 78,147	\$ 3,345	\$ 83	\$ 3,428
2020-21	62,800	39,295	102,095	—	—	—
2021-22	73,505	36,792	110,297	—	—	—
2022-23	81,590	33,957	115,547	—	—	—
2023-24	78,895	30,520	109,415	—	—	—
2024-25	90,435	27,141	117,576	—	—	—
2025-26	132,135	23,253	155,388	—	—	—
2026-27	138,015	17,208	155,223	—	—	—
2027-28	42,655	10,935	53,590	—	—	—
2028-29	28,940	9,130	38,070	—	—	—
2029-30	29,985	7,719	37,704	—	—	—
2030-31	31,065	6,257	37,322	—	—	—
2031-32	32,185	4,743	36,928	—	—	—
2032-33	33,310	3,211	36,521	—	—	—
2033-34	34,475	1,625	36,100	—	—	—
	<u>\$ 927,320</u>	<u>\$ 292,603</u>	<u>\$ 1,219,923</u>	<u>\$ 3,345</u>	<u>\$ 83</u>	<u>\$ 3,428</u>

- (1) Various purpose bonds limited to 20% of assessed valuation are those issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and streets and transportation facilities. Other general obligation bonds are limited to 6% of assessed valuation (see Exhibit H-7).
- (2) Includes all property tax supported various purpose general obligation bonds limited to 20% of assessed valuation.

Exhibit H-8
(Continued)

Water Bonds			Sanitary Sewer Bonds			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 6,735	\$ 197	\$ 6,932	\$ 1,350	\$ 62	\$ 1,412	\$ 48,760	\$ 41,159	\$ 89,919
—	—	—	375	15	390	63,175	39,310	102,485
—	—	—	—	—	—	73,505	36,792	110,297
—	—	—	—	—	—	81,590	33,957	115,547
—	—	—	—	—	—	78,895	30,520	109,415
—	—	—	—	—	—	90,435	27,141	117,576
—	—	—	—	—	—	132,135	23,253	155,388
—	—	—	—	—	—	138,015	17,208	155,223
—	—	—	—	—	—	42,655	10,935	53,590
—	—	—	—	—	—	28,940	9,130	38,070
—	—	—	—	—	—	29,985	7,719	37,704
—	—	—	—	—	—	31,065	6,257	37,322
—	—	—	—	—	—	32,185	4,743	36,928
—	—	—	—	—	—	33,310	3,211	36,521
—	—	—	—	—	—	34,475	1,625	36,100
<u>\$ 6,735</u>	<u>\$ 197</u>	<u>\$ 6,932</u>	<u>\$ 1,725</u>	<u>\$ 77</u>	<u>\$ 1,802</u>	<u>\$ 939,125</u>	<u>\$ 292,960</u>	<u>\$ 1,232,085</u>

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

Exhibit H-9

June 30, 2019
(in thousands)

Fiscal Year	General Obligation (1)		
	Principal	Interest	Total
2019-20	\$ 81,175	\$ 47,806	\$ 128,981
2020-21	84,970	44,608	129,578
2021-22	88,175	41,237	129,412
2022-23	97,845	37,654	135,499
2023-24	108,720	33,491	142,211
2024-25	121,400	28,689	150,089
2025-26	132,135	23,253	155,388
2026-27	138,015	17,208	155,223
2027-28	42,655	10,935	53,590
2028-29	28,940	9,130	38,070
2029-30	29,985	7,719	37,704
2030-31	31,065	6,257	37,322
2031-32	32,185	4,743	36,928
2032-33	33,310	3,211	36,521
2033-34	34,475	1,625	36,100
	<u>\$ 1,085,050</u>	<u>\$ 317,566</u>	<u>\$ 1,402,616</u>

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

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

Exhibit H-10

June 30, 2019

(in thousands)

Fiscal Year	General Government (1)			Enterprise (2)			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019-20	\$ 68,825	\$ 47,386	\$ 116,211	\$ 12,350	\$ 420	\$ 12,770	\$ 81,175	\$ 47,806	\$ 128,981
2020-21	84,285	44,561	128,846	685	47	732	84,970	44,608	129,578
2021-22	87,845	41,220	129,065	330	17	347	88,175	41,237	129,412
2022-23	97,845	37,654	135,499	—	—	—	97,845	37,654	135,499
2023-24	108,720	33,491	142,211	—	—	—	108,720	33,491	142,211
2024-25	121,400	28,689	150,089	—	—	—	121,400	28,689	150,089
2025-26	132,135	23,253	155,388	—	—	—	132,135	23,253	155,388
2026-27	138,015	17,208	155,223	—	—	—	138,015	17,208	155,223
2027-28	42,655	10,935	53,590	—	—	—	42,655	10,935	53,590
2028-29	28,940	9,130	38,070	—	—	—	28,940	9,130	38,070
2029-30	29,985	7,719	37,704	—	—	—	29,985	7,719	37,704
2030-31	31,065	6,257	37,322	—	—	—	31,065	6,257	37,322
2031-32	32,185	4,743	36,928	—	—	—	32,185	4,743	36,928
2032-33	33,310	3,211	36,521	—	—	—	33,310	3,211	36,521
2033-34	34,475	1,625	36,100	—	—	—	34,475	1,625	36,100
	<u>\$1,071,685</u>	<u>\$ 317,082</u>	<u>\$1,388,767</u>	<u>\$ 13,365</u>	<u>\$ 484</u>	<u>\$ 13,849</u>	<u>\$1,085,050</u>	<u>\$ 317,566</u>	<u>\$1,402,616</u>

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

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

Description	Rating (1)		
	Moody's	S & P	Fitch (2)
General Obligation	Aa1	AA+	AAA
Senior Lien Excise Tax Revenue (3)	Aa2	AAA	AA+
Junior Lien Excise Tax Revenue (4)	-	-	-
Subordinated Excise Tax Revenue (3)	Aa2	AAA	AA+
Senior Lien Airport Revenue (3)	Aa3	AA-	-
Junior Lien Airport Revenue (3)	A1	A+	-
Senior Lien Street & Highway User Revenue (5)	-	-	-
Junior Lien Street & Highway User Revenue (5)	-	-	-
Senior Lien Wastewater System Revenue (3)	Aa2	AAA	-
Junior Lien Wastewater System Revenue (3)	Aa2	AA+	-
Senior Lien Water Revenue (5)	-	-	-
Junior Lien Water Revenue (3)	Aa2	AAA	-
Rental Car Facility Charge Revenue Bonds (3)	A2	A	-
State of AZ Distribution Revenue Bonds (Convention Center) (3)	Aa2	AA	-
Transit Excise Tax Revenue Bonds (Light Rail) (3)	Aa2	AA	-

(1) Represents underlying rating.

(2) Fitch Ratings assigns a single Issuer Default Rating for all General Fund credits. Currently, Fitch does not rate the City's Enterprise or Special Revenue credits. To date, Fitch has only rated the City's Series 2017 General Obligation Bonds, and the Series 2017A, 2017B, and 2017C Subordinated Excise Tax Revenue Bonds.

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

(4) No bonds outstanding. As long as the Excise Tax Loan remains outstanding, there are additional requirements that must be met in order to issue Junior Lien Excise Tax Revenue bonds.

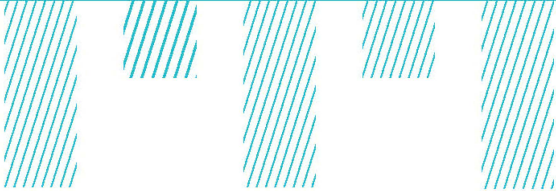
(5) No bonds currently outstanding.

Statistical Section

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Financial Trends

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





City of Phoenix

City of Phoenix, Arizona
Net Position by Component

Table 1

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

	Fiscal Year		
	2019	2018	2017
GOVERNMENTAL ACTIVITIES			
Net Investment in Capital Assets	\$ 3,242,655	\$ 3,084,874	\$ 2,809,418
Restricted	1,079,339	1,047,298	920,847
Unrestricted (Deficit) (1)	(2,766,124)	(2,883,831)	(2,408,807)
Total Governmental Activities Net Position	<u>\$ 1,555,870</u>	<u>\$ 1,248,341</u>	<u>\$ 1,321,458</u>
BUSINESS-TYPE ACTIVITIES			
Net Investment in Capital Assets	\$ 3,488,654	\$ 3,288,066	\$ 2,972,041
Restricted	519,638	524,637	486,857
Unrestricted (1)	114,947	169,406	458,696
Total Business-Type Activities Net Position	<u>\$ 4,123,239</u>	<u>\$ 3,982,109</u>	<u>\$ 3,917,594</u>
PRIMARY GOVERNMENT			
Net Investment in Capital Assets	\$ 6,731,309	\$ 6,372,940	\$ 5,781,459
Restricted	1,598,977	1,571,935	1,407,704
Unrestricted (Deficit) (1)	(2,651,177)	(2,714,425)	(1,950,111)
Total Primary Government Net Position	<u>\$ 5,679,109</u>	<u>\$ 5,230,450</u>	<u>\$ 5,239,052</u>

(1) Unrestricted net position decreased starting in fiscal year 2015 due to the implementation of GASB Statement No. 68.

Table 1
(Continued)

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 2,788,275	\$ 2,653,697	\$ 2,576,366	\$ 2,454,765	\$ 2,313,680	\$ 2,325,050	\$ 2,184,990
763,630	830,425	868,223	930,237	1,233,603	1,017,009	756,315
(2,084,298)	(1,691,553)	1,002,557	991,572	861,526	1,105,061	1,387,562
\$ 1,467,607	\$ 1,792,569	\$ 4,447,146	\$ 4,376,574	\$ 4,408,809	\$ 4,447,120	\$ 4,328,867
\$ 2,803,361	\$ 2,782,282	\$ 2,818,479	\$ 2,826,143	\$ 2,968,536	\$ 2,992,285	\$ 3,146,717
462,115	441,896	363,946	174,160	188,682	187,755	153,667
489,530	519,802	970,844	1,102,763	943,329	882,301	716,343
\$ 3,755,006	\$ 3,743,980	\$ 4,153,269	\$ 4,103,066	\$ 4,100,547	\$ 4,062,341	\$ 4,016,727
\$ 5,591,636	\$ 5,435,979	\$ 5,394,845	\$ 5,280,908	\$ 5,282,216	\$ 5,317,335	\$ 5,331,707
1,225,745	1,272,321	1,232,169	1,104,397	1,422,285	1,204,764	909,982
(1,594,768)	(1,171,751)	1,973,401	2,094,335	1,804,855	1,987,362	2,103,905
\$ 5,222,613	\$ 5,536,549	\$ 8,600,415	\$ 8,479,640	\$ 8,509,356	\$ 8,509,461	\$ 8,345,594

City of Phoenix, Arizona
Changes in Net Position

Table 2

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

	Fiscal Year		
	2019	2018	2017
Expenses			
Governmental Activities			
General Government	\$ 88,160	\$ 100,307	\$ 98,541
Criminal Justice	38,297	35,040	34,045
Public Safety	1,278,856	1,200,523	1,347,829
Transportation	540,551	523,946	373,455
Community Enrichment	307,406	289,183	276,991
Community Development	211,547	225,386	218,463
Environmental Services	22,362	39,113	32,960
Interest on Long-Term Debt	57,014	67,523	77,073
Total Governmental Activities Expenses	2,544,193	2,481,021	2,459,357
Business-Type Activities			
Aviation	518,462	514,271	496,131
Phoenix Convention Center	103,138	105,703	103,248
Water Services	410,636	406,501	333,706
Wastewater Services	170,273	172,461	177,185
Solid Waste	148,061	146,589	146,910
Golf Courses (1)	—	—	—
Total Business-Type Activities Expenses	1,350,570	1,345,525	1,257,180
Total Primary Government Expenses	\$ 3,894,763	\$ 3,826,546	\$ 3,716,537

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

Table 2
(Continued)

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 111,801	\$ 99,320	\$ 152,502	\$ 186,104	\$ 88,178	\$ 76,270	\$ 83,975
35,198	34,242	34,356	35,409	35,703	36,345	40,029
1,025,401	914,215	888,801	896,801	850,636	847,244	851,414
399,228	398,925	394,664	407,563	421,680	416,344	541,666
570,183	245,795	252,760	237,856	245,713	245,417	287,019
200,762	215,931	222,266	221,588	218,847	229,902	225,137
49,050	48,293	33,616	33,334	42,326	39,003	58,189
84,893	83,796	93,013	117,667	109,412	95,462	107,480
2,476,516	2,040,517	2,071,978	2,136,322	2,012,495	1,985,987	2,194,909
504,304	482,915	471,744	464,388	435,675	439,911	393,485
107,133	105,458	105,889	103,472	103,420	127,569	114,071
359,703	336,445	342,584	335,004	361,751	329,457	359,342
170,440	171,250	181,329	191,568	178,258	179,466	187,134
141,129	150,625	134,264	133,295	133,414	133,118	136,395
—	—	—	9,876	8,879	8,790	8,894
1,282,709	1,246,693	1,235,810	1,237,603	1,221,397	1,218,311	1,199,321
\$ 3,759,225	\$ 3,287,210	\$ 3,307,788	\$ 3,373,925	\$ 3,233,892	\$ 3,204,298	\$ 3,394,230

City of Phoenix, Arizona
Changes in Net Position

Table 2
(Continued)

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

	Fiscal Year		
	2019	2018	2017
Program Revenue			
Governmental Activities			
Charges for Services:			
General Government	\$ 22,012	\$ 20,491	\$ 19,784
Criminal Justice	22,232	15,684	14,583
Public Safety	70,377	69,201	69,671
Transportation	39,226	36,181	35,083
Community Enrichment	11,208	9,448	9,708
Community Development	95,974	83,925	74,490
Environmental Services	64	40	22
Operating Grants and Contributions	407,132	407,429	396,866
Capital Grants and Contributions	134,985	177,863	96,058
Total Governmental Activities Program Revenue	803,210	820,262	716,265
Business-Type Activities			
Charges for Services:			
Aviation	520,951	506,988	403,766
Phoenix Convention Center	47,381	44,743	40,568
Water Services	382,915	413,263	398,263
Wastewater Services	209,415	207,747	198,945
Solid Waste	148,728	149,023	150,346
Golf Courses (1)	—	—	—
Capital Grants and Contributions	99,914	95,356	204,212
Total Business-Type Activities Program Revenue	1,409,304	1,417,120	1,396,100
Total Primary Government Program Revenue	\$ 2,212,514	\$ 2,237,382	\$ 2,112,365
Net (Expense)/Revenue			
Governmental Activities	\$ (1,740,983)	\$ (1,660,759)	\$ (1,743,092)
Business-Type Activities	58,734	71,595	138,920
Total Primary Government Net Expense	\$ (1,682,249)	\$ (1,589,164)	\$ (1,604,172)

Table 2
(Continued)

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 18,387	\$ 18,159	\$ 16,272	\$ 15,748	\$ 16,469	\$ 17,675	\$ 17,150
15,813	18,336	20,337	21,737	24,864	27,623	27,461
68,167	71,381	71,913	69,648	72,081	63,842	58,939
36,331	37,907	38,780	36,125	38,035	36,599	39,804
11,016	10,737	13,740	5,071	5,589	5,392	5,180
68,396	58,599	64,893	60,837	49,618	46,128	38,293
134	478	505	232	520	220	363
355,750	361,919	343,898	393,652	358,692	400,525	360,927
94,379	82,285	150,410	98,647	101,019	191,856	203,473
668,373	659,801	720,748	701,697	666,887	789,860	751,590
380,533	385,806	369,157	305,686	299,783	296,463	266,778
42,840	42,759	36,864	24,218	15,888	33,111	21,636
378,378	358,760	385,294	381,862	380,679	341,501	329,003
193,727	185,974	186,350	190,519	212,361	211,702	190,716
146,799	147,536	145,790	144,055	144,004	142,320	137,956
—	—	—	8,401	6,653	6,278	5,728
138,162	144,654	130,975	158,314	173,149	184,019	200,485
1,280,439	1,265,489	1,254,430	1,213,055	1,232,517	1,215,394	1,152,302
\$ 1,948,812	\$ 1,925,290	\$ 1,975,178	\$ 1,914,752	\$ 1,899,404	\$ 2,005,254	\$ 1,903,892
\$ (1,808,143)	\$ (1,380,716)	\$ (1,351,230)	\$ (1,434,625)	\$ (1,345,608)	\$ (1,196,127)	\$ (1,443,319)
(2,270)	18,796	18,620	(24,548)	11,120	(2,917)	(47,019)
\$ (1,810,413)	\$ (1,361,920)	\$ (1,332,610)	\$ (1,459,173)	\$ (1,334,488)	\$ (1,199,044)	\$ (1,490,338)

City of Phoenix, Arizona
Changes in Net Position

Table 2
(Continued)

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

	Fiscal Year		
	2019	2018	2017
General Revenues and Other Changes in Net Position			
Governmental Activities			
Taxes	\$ 1,261,469	\$ 1,165,415	\$ 1,116,831
Grants and Contributions Not Restricted	437,427	434,985	406,084
Investment Earnings, Net	41,942	9,190	6,355
Miscellaneous	76,255	118,620	85,994
Sale Proceeds from DPHC to City for Debt Repayment	265,000	—	—
Transfers - Internal Activities	(33,581)	(25,547)	(18,321)
Total Governmental Activities	2,048,512	1,702,663	1,596,943
Business-Type Activities			
Investment Earnings, Net	48,815	9,062	5,347
Transfers - Internal Activities	33,581	25,547	18,321
Total Business-Type Activities	82,396	34,609	23,668
Total Primary Government	2,130,908	1,737,272	1,620,611
Change in Net Position (Deficit)			
Governmental Activities	307,529	41,904	(146,149)
Business-Type Activities	141,130	106,204	162,588
Total Primary Government	\$ 448,659	\$ 148,108	\$ 16,439

Table 2
(Continued)

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 1,009,824	\$ 955,091	\$ 1,001,017	\$ 1,029,392	\$ 944,388	\$ 970,925	\$ 939,218
376,017	376,923	349,149	318,673	297,342	299,593	360,241
11,932	7,419	22,572	2,404	6,671	11,924	19,605
82,607	82,321	69,860	77,337	78,397	71,450	83,357
—	—	—	—	—	—	—
(24,631)	(25,080)	(22,653)	(25,416)	(19,501)	(39,512)	(14,176)
1,455,749	1,396,674	1,419,945	1,402,390	1,307,297	1,314,380	1,388,245
16,097	9,864	10,787	1,651	7,585	9,019	13,766
24,631	25,080	22,653	25,416	19,501	39,512	14,176
40,728	34,944	33,440	27,067	27,086	48,531	27,942
1,496,477	1,431,618	1,453,385	1,429,457	1,334,383	1,362,911	1,416,187
(352,394)	15,958	68,715	(32,235)	(38,311)	118,253	(55,074)
38,458	53,740	52,060	2,519	38,206	45,614	(19,077)
\$ (313,936)	\$ 69,698	\$ 120,775	\$ (29,716)	\$ (105)	\$ 163,867	\$ (74,151)

City of Phoenix, Arizona
Fund Balances of Governmental Funds

Table 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	Fiscal Year			
	2019	2018	2017	2016
General Fund				
Reserved				
Unreserved				
Non-Spendable	\$ 17,134	\$ 16,175	\$ 13,706	\$ 13,498
Spendable				
Restricted	48,920	47,774	49,024	62,047
Assigned	97,461	79,144	51,510	48,715
Unassigned	243,541	216,572	241,712	227,227
Total General Fund	407,056	359,665	355,952	351,487
All Other Governmental Funds				
Reserved				
Unreserved, reported in				
Special Revenue Funds				
Capital Project Funds				
Debt Service Funds				
Non-Spendable	801	954	5,235	5,386
Spendable				
Restricted	813,308	812,860	871,823	701,583
Committed	81,575	72,032	55,304	38,803
Assigned	157,235	156,061	153,146	141,007
Unassigned	(14,701)	(10,666)	(15,581)	(11,117)
Total All Other Governmental Funds	1,038,218	1,031,241	1,069,927	875,662
Total Fund Balances of Governmental Funds	\$ 1,445,274	\$ 1,390,906	\$ 1,425,879	\$ 1,227,149

(1) In fiscal year 2011, the City implemented GASB 54 which changed the reporting for Governmental Fund Balances. The table reflects the new reporting for fiscal years after 2010.

Table 3
(Continued)

Fiscal Year					
2015	2014	2013	2012	2011	2010
					\$ 24,394
					231,187
\$ 14,224	\$ 14,198	15,736	15,357	16,671	
61,564	61,309	40,361	37,913	—	
41,338	46,181	55,390	50,250	96,126	
210,286	178,563	161,012	200,892	194,918	
327,412	300,251	272,499	304,412	307,715 (1)	255,581
					656,396
					379,913
					149,795
					886
5,394	5,945	5,601	5,891	6,099	
768,861	823,478	889,876	982,955	1,017,009	
27,005	36,491	47,874	58,703	54,591	
132,902	128,261	139,593	140,036	120,145	
(33,082)	(57,039)	(56,671)	(36,942)	(34,395)	
901,080	937,136	1,026,273	1,150,643	1,163,449	1,186,990
\$ 1,228,492	\$ 1,237,387	\$ 1,298,772	\$ 1,455,055	\$ 1,471,164	\$ 1,442,571

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			
	2019	2018	2017	2016
Revenues				
City Taxes (see Table 5)	\$ 1,261,164	\$ 1,165,539	\$ 1,116,077	\$ 1,009,918
Licenses and Permits	21,871	20,125	19,275	18,209
Intergovernmental (see Table 6)	948,743	996,708	885,972	814,134
Charges for Services	208,584	192,338	183,619	173,372
Fines and Forfeitures	19,087	12,349	11,285	12,106
Parks and Recreation	1,815	1,715	1,865	6,919
Special Assessments	9	11	14	13
Investment Income	41,942	9,190	6,355	11,932
Dwelling Rentals	8,720	8,057	7,825	7,077
Other	76,318	115,954	86,022	82,546
Total Revenues	2,588,253	2,521,986	2,318,309	2,136,226
Expenditures				
General Government	69,693	75,317	71,173	78,973
Criminal Justice	35,762	34,285	33,884	32,406
Public Safety	996,765	959,741	897,590	858,297
Transportation	367,586	308,118	266,745	253,265
Community Enrichment	224,326	220,198	216,310	505,522
Community Development	192,766	201,031	193,900	175,956
Environmental Services	12,250	10,624	12,839	12,002
Debt Service:				
Principal	155,902	133,784	149,208	130,974
Interest	73,746	87,932	89,040	95,401
Bond Issuance Costs	1,062	461	2,326	491
Other	1,205	1,204	1,207	1,225
Capital	399,218	498,717	303,398	274,864
Total Expenditures	2,530,281	2,531,412	2,237,620	2,419,376
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,972	\$ (9,426)	\$ 80,689	\$ (283,150)

Table 4
(Continued)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 955,818	\$ 1,001,873	\$ 1,031,123	\$ 947,012	\$ 972,066	\$ 938,470
17,602	15,860	15,377	16,039	16,307	16,744
821,127	850,231	809,198	757,053	905,741	921,642
169,276	178,290	169,527	163,408	157,243	148,276
14,222	15,340	15,942	18,332	18,129	17,383
7,393	10,316	1,891	2,414	2,326	1,909
29	39	35	55	114	70
7,419	22,572	2,404	6,671	11,922	19,605
7,104	6,658	6,882	6,987	6,858	8,574
82,604	70,170	79,557	76,173	71,304	84,011
2,082,594	2,171,349	2,131,936	1,994,144	2,162,010	2,156,684
78,182	133,854	170,009	69,705	55,708	57,180
32,403	34,223	35,258	35,372	35,106	36,977
826,488	830,599	832,133	795,995	790,886	812,552
263,509	253,517	252,812	252,965	247,563	265,934
194,428	197,960	189,899	193,355	192,201	198,049
189,580	201,812	202,038	196,309	206,262	185,265
16,853	13,987	16,549	19,036	16,353	19,164
116,008	70,768	90,671	94,169	109,660	115,825
94,163	98,897	122,189	110,740	104,309	110,736
470	3,187	79	1,902	636	2,346
29	25	422	522	676	35
254,647	365,887	350,744	346,979	429,770	529,394
2,066,760	2,204,716	2,262,803	2,117,049	2,189,130	2,333,457
\$ 15,834	\$ (33,367)	\$ (130,867)	\$ (122,905)	\$ (27,120)	\$ (176,773)

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			
	2019	2018	2017	2016
Other Financing Sources (Uses)				
Transfers From Other Funds	\$ 176,282	\$ 162,292	\$ 166,530	\$ 160,614
Transfers to Other Funds	(209,863)	(187,839)	(184,851)	(185,245)
Issuance of Debt:				
General Obligation and Revenue Bonds	—	—	—	—
Premium on General Obligation and				
Revenue Bonds	—	—	67,930	—
Certificates of Participation and Municipal				
Corporation Obligations	—	—	116,835	—
Premium on Certificates of Participation and				
Municipal Corporation Obligations	—	—	28,978	—
Special Assessment Bonds	29,977	—	—	—
Refunding Bonds	—	—	362,585	—
Proceeds from Refinancing	—	—	—	306,438
Deposit to Refunding Escrow	—	—	(439,966)	—
Total Other Financing Sources and Uses	(3,604)	(25,547)	118,041	281,807
Net Change in Fund Balances	\$ 54,368	\$ (34,973)	\$ 198,730	\$ (1,343)
Debt Service as a Percentage of Noncapital Expenditures (1)	10.3%	10.0%	11.8%	10.1%

(1) Calculated by taking debt service expenditures divided by total expenditures minus capitalized expenditures (capital acquisitions from exhibit B-4 on page 25)

Table 4
(Continued)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 123,046 (148,126)	\$ 122,091 (144,744)	\$ 136,971 (162,387)	\$ 129,121 (148,622)	\$ 152,527 (192,039)	\$ 1,063,679 (1,077,855)
—	—	—	120,000	—	348,369
—	28,544	—	25,880	—	1,631
—	—	—	—	86,725	—
10	39,826	—	4,889	5,662	—
—	—	—	—	—	—
60,945	591,600	—	238,120	74,610	69,911
—	—	—	—	—	—
(60,604)	(656,414)	—	(262,592)	(71,772)	(69,527)
(24,729)	(19,097)	(25,416)	106,796	55,713	336,208
\$ (8,895)	\$ (52,464)	\$ (156,283)	\$ (16,109)	\$ 28,593	\$ 159,435
11.4%	8.8%	10.5%	10.7%	11.4%	10.4%

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			
	2019	2018	2017	2016
General Property Taxes				
Primary - Operating	\$ 162,129	\$ 154,560	\$ 146,121	\$ 141,310
Secondary - Debt Service	101,652	95,435	91,021	50,484
Total General Property Taxes	263,781	249,995	237,142	191,794
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	402,238	366,280	355,904	351,148
Utility and Franchise Tax	93,776	93,791	90,780	90,845
Earmarked for:				
Sports Facilities	20,732	19,979	18,435	17,874
Convention Center	61,200	52,730	49,051	46,501
Neighborhood Protection	35,073	31,684	30,172	28,706
Public Safety Enhancement	26,138	25,976	25,238	25,391
Public Safety Expansion	70,033	63,188	60,167	57,350
Parks & Preserves	35,073	31,683	30,173	28,705
Capital Construction	8,812	9,574	11,064	12,875
Transit	239,418	216,165	203,201	154,628
Total City Sales and Franchise Taxes	992,493	911,050	874,185	814,023
Access to Care Tax	—	—	—	—
Special Taxing District	2,903	2,440	2,735	2,438
Salt River Project In-Lieu Taxes	1,987	2,054	2,015	1,663
Total City Taxes	\$ 1,261,164	\$ 1,165,539	\$ 1,116,077	\$ 1,009,918

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

Table 5
(Continued)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 138,242	\$ 143,931	\$ 132,101	\$ 128,054	\$ 130,913	\$ 121,366
49,567	35,204	62,012	94,436	149,018	196,673
187,809	179,135	194,113	222,490	279,931	318,039
324,006	326,459	318,751	308,727	292,131	254,762
107,386	98,870	99,027	104,962	102,662	100,827
17,062	15,988	14,893	14,670	14,076	12,502
46,402	44,311	40,828	40,030	37,835	34,801
29,881	29,153	27,515	26,503	25,387	21,615
25,068	24,849	24,648	23,670	23,782	23,978
59,760	58,308	55,029	53,084	50,680	43,131
29,882	29,153	27,515	26,546	25,345	21,615
14,281	15,087	16,382	16,560	15,486	17,415
110,347	111,068	110,059	106,185	101,379	86,465
764,075	753,246	734,647	720,937	688,763	617,111
31	65,621	98,431	—	—	—
2,308	2,240	2,291	2,061	1,924	1,925
1,595	1,631	1,641	1,524	1,448	1,395
\$ 955,818	\$ 1,001,873	\$ 1,031,123	\$ 947,012	\$ 972,066	\$ 938,470

City of Phoenix, Arizona
Table 6
Intergovernmental Revenues by Source - Governmental Funds (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	Fiscal Year			
	2019	2018	2017	2016
State Shared Revenue				
Highway User Tax	\$ 138,864	\$ 131,355	\$ 126,058	\$ 116,682
State Sales Tax	165,066	155,998	143,975	137,544
State Income Tax	196,918	200,035	191,225	174,234
Vehicle License Tax	70,210	66,784	61,586	59,801
Local Transportation Assistance	4,220	4,366	4,242	4,356
Total State Shared Revenue	575,278	558,538	527,086	492,617
Federal Grants	254,653	217,976	250,217	256,853
Other Intergovernmental Revenue	118,812	220,194	108,669	64,664
Total Intergovernmental Revenues	<u>\$ 948,743</u>	<u>\$ 996,708</u>	<u>\$ 885,972</u>	<u>\$ 814,134</u>

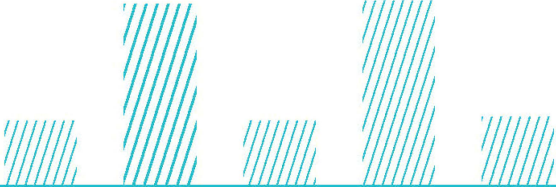
(1) Includes general, special revenue and capital projects funds.

Table 6
(Continued)

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 111,748	\$ 102,009	\$ 98,804	\$ 90,368	\$ 104,908	\$ 103,979	
132,218	127,005	118,730	114,017	111,787	106,917	
175,184	161,580	147,668	122,012	143,647	190,546	
55,293	51,689	48,370	46,400	48,299	49,500	
4,334	4,265	4,251	4,242	1,265	3,771	
478,777	446,548	417,823	377,039	409,906	454,713	
234,616	236,169	277,236	261,053	269,482	233,721	
107,734	167,514	114,139	118,961	226,353	233,208	
\$ 821,127	\$ 850,231	\$ 809,198	\$ 757,053	\$ 905,741	\$ 921,642	



City of Phoenix

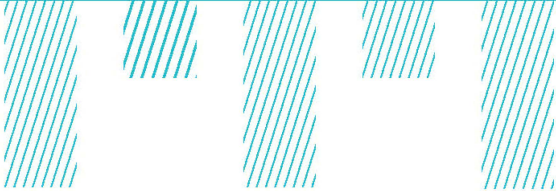


Statistical Section

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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

Table 7

Last Ten Fiscal Years
(in thousands)

Category	Fiscal Year			
	2019	2018	2017	2016
Retail (2)	\$ 379,510	\$ 357,069	\$ 325,641	\$ 300,177
Retail Food Sales (1)	36	(3)	15	409
Utilities & Telecommunications	102,031	105,289	100,131	109,107
Construction Contracting (2)	77,296	58,113	49,117	43,201
Commercial Rental	79,341	75,161	70,001	63,945
Restaurants & Bars	90,114	85,132	76,848	71,828
Hotel/Motel Lodging	52,049	47,118	43,262	42,611
Tangible Personal Property Rental	39,506	32,632	27,165	21,334
Apartment/Residential Rental	49,320	45,405	39,310	37,451
Motor Vehicle Rental	10,296	13,427	16,109	19,751
Amusements	9,923	9,149	8,595	7,861
Advertising	2,588	2,258	2,110	2,312
Job Printing	2,749	2,327	2,207	2,136
Publishing	308	494	565	554
Transportation	72	15	8	5
Use Tax (2)	46,166	38,026	35,449	31,089
Jet Fuel	815	1,210	3,092	2,971
Total	\$ 942,120	\$ 872,822	\$ 799,625	\$ 756,742

Source: City of Phoenix Finance Department, Tax Division

(1) Effective April 1, 2015, the Phoenix City Council approved an ordinance to amend the City of Phoenix Tax Code providing for the taxation of the sale of food for home consumption under the retail and use tax business classifications. The tax rate was reduced to 0% from 1%.

(2) Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which will impact the following categories: Retail, Use Tax (Level 1 at 2.30% for first amount equal to or less than \$10,000 for a single item. Level 2 at 2.00% for amounts greater than \$10,000 for a single item) and Construction Contracting (Contracts accepted January 1, 2016 to current at 2.30%. Pre-2016 contracts at 2.00%).

Table 7
(Continued)

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 267,260	\$ 251,514	\$ 238,698	\$ 230,900	\$ 218,470	\$ 219,097	
24,792	43,831	51,589	49,393	46,282	7,007	
109,857	111,767	113,839	112,973	110,200	113,188	
45,279	49,506	43,851	44,071	43,446	41,237	
58,919	58,007	60,179	58,721	59,017	55,737	
63,645	59,039	55,350	52,298	48,708	46,272	
39,501	34,403	31,666	30,486	28,324	26,868	
19,406	17,463	19,760	16,354	17,291	17,323	
32,589	30,046	27,144	25,025	22,923	20,788	
18,618	18,186	17,148	16,907	16,647	14,787	
7,065	6,925	6,463	6,225	5,843	6,297	
2,689	2,458	2,655	2,800	2,745	2,733	
2,171	2,035	2,212	2,109	2,093	2,101	
523	519	365	140	241	407	
7	8	8	6	8	8	
32,071	30,755	23,927	24,204	22,536	20,098	
3,105	2,937	3,089	2,996	3,039	2,826	
\$ 727,497	\$ 719,399	\$ 697,943	\$ 675,608	\$ 647,813	\$ 596,774	

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

Table 8

Category (1)	As of June 30			
	2019	2018	2017	2016
City Rates				
Retail (3)	2.30/2.00%	2.30/2.00%	2.30/2.00%	2.30/2.00%
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting (3)	2.30/2.00	2.30/2.00	2.30/2.00	2.30/2.00
Commercial Rental	2.40	2.40	2.40	2.40
Restaurants & Bars	2.30	2.30	2.30	2.30
Hotel/Motel Lodging	5.30	5.30	5.30	5.30
Tangible Personal Property Rental	2.30	2.30	2.30	2.30
Apartment/Residential Rental	2.30	2.30	2.30	2.30
Motor Vehicle Rental	4.30	4.30	4.30	4.30
Amusements	2.30	2.30	2.30	2.30
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.30	2.30	2.30	2.30
Mining	0.10	0.10	0.10	0.10
Timbering/Extractions	2.30	2.30	2.30	2.30
Publishing	2.30	2.30	2.30	2.30
Transportation	2.30	2.30	2.30	2.30
Use Tax (3)	2.30/2.00	2.30/2.00	2.30/2.00	2.30/2.00
Jet Fuel (2)	0.73	0.73	0.73	0.73
County Rates				
Commercial Rental	0.50%	0.50%	0.50%	0.50%
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Mining/Timbering/Extractions	0.44	0.44	0.44	0.44
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

(3) Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which will impact the following categories: Retail, Use Tax (Level 1 at 2.30% for first amount equal to or less than \$10,000 for a single item. Level 2 at 2.00% for amounts greater than \$10,000 for a single item) and Construction Contracting (Contracts accepted January 1, 2016 to current at 2.30%. Pre-2016 contracts at 2.00%).

Source: City of Phoenix Finance Department, Tax Division

Table 8
(Continued)

As of June 30					
2015	2014	2013	2012	2011	2010
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
2.00	2.00	2.00	2.00	2.00	2.00
2.10	2.10	2.10	2.10	2.10	2.10
2.00	2.00	2.00	2.00	2.00	2.00
5.00	5.00	5.00	5.00	5.00	5.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00	2.00
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	2.00	2.00
—	—	—	—	—	—
—	—	—	—	—	—
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
0.73	0.73	0.73	0.73	0.73	0.73
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
1.77	1.77	1.77	1.77	1.77	1.77
0.70	0.70	0.70	0.70	0.70	0.70
—	—	—	—	—	—
0.31	0.31	0.31	0.31	0.31	0.31

City of Phoenix, Arizona
City Transaction Privilege Taxpayers - By Category
Current Fiscal Year and Nine Years Ago

Table 9

Category	2019			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	46,774	26.30%	\$ 379,546	40.30%
Utilities & Telecommunications	1,144	0.64	102,031	10.83
Construction Contracting	9,365	5.27	77,296	8.20
Mining, Timbering, Extraction	38	0.02	—	—
Commercial Rental	23,261	13.08	79,341	8.42
Restaurants & Bars	5,747	3.23	90,114	9.57
Hotel/Motel Lodging	1,471	0.83	52,049	5.52
Tangible Personal Property Rental	4,743	2.67	39,506	4.19
Apartment/Residential Rental	41,324	23.24	49,320	5.24
Motor Vehicle Rental	322	0.18	10,296	1.09
Amusements	957	0.54	9,923	1.05
Advertising	524	0.29	2,588	0.27
Job Printing	710	0.40	2,749	0.29
Publishing	218	0.12	308	0.03
Transportation	191	0.11	72	0.01
Use Tax	40,978	23.04	46,166	4.90
Jet Fuel	71	0.04	815	0.09
Total	177,838	100.00%	\$ 942,120	100.00%

Source: City of Phoenix Finance Department, Tax Division

Table 9
(Continued)

2010				
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax	
30,246	45.43%	\$ 226,104	37.89%	
682	1.02	113,188	18.97	
12,363	18.57	41,237	6.91	
—	—	—	—	
8,829	13.26	55,737	9.34	
3,927	5.90	46,272	7.75	
59	0.09	26,868	4.50	
1,627	2.44	17,323	2.90	
5,658	8.50	20,788	3.48	
38	0.06	14,787	2.48	
219	0.33	6,297	1.06	
340	0.51	2,733	0.46	
488	0.73	2,101	0.35	
80	0.12	407	0.07	
11	0.02	8	—	
1,924	2.89	20,098	3.37	
87	0.13	2,826	0.47	
66,578	100.00%	\$ 596,774	100.00%	



City of Phoenix

City of Phoenix, Arizona
City Property Tax Levies and Collections

Table 10

Last Ten Fiscal Years

(in thousands)

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy				Total Collections to Date					
	Tax Levy	Amount	% of Levy	Collections In Subsequent Years (1)	Amount	% of Levy				
2019	\$	265,405	\$	260,408	98.12%	\$	—	\$	260,408	98.12%
2018		253,182		248,097	97.99		3,272		251,369	99.28
2017		238,313		235,000	98.61		2,892		237,892	99.82
2016		192,502		189,460	98.42		2,222		191,682	99.57
2015		189,852		185,764	97.85		2,063		187,827	98.94
2014		180,295		176,226	97.74		2,631		178,857	99.20
2013		196,891		191,304	97.16		3,114		194,418	98.74
2012		223,483		216,456	96.86		3,727		220,183	98.52
2011		284,142		271,156	95.43		6,189		277,345	97.61
2010		321,817		308,114	95.74		10,200		318,314	98.91

(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

Table 11

Property Tax Rates and Levies - Direct and Overlapping Governments

Last Ten Fiscal Years

(in thousands)

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District	Maricopa County Library District
	Primary	Secondary	Total				
Tax Rates per \$100 of Limited Net Assessed Valuation (1)							
2019-20	\$ 1.31	\$ 0.82	\$ 2.13	\$ 1.40	\$ 0.18	\$ 0.14	\$ 0.06
2018-19	1.32	0.82	2.14	1.40	0.18	0.14	0.06
2017-18	1.34	0.82	2.16	1.40	0.18	0.14	0.06
2016-17	1.34	0.83	2.17	1.40	0.18	0.14	0.06
2015-16	1.34	0.48	1.82	1.36	0.16	0.14	0.06
2014-15	1.35	0.47	1.82	1.32	0.14	0.14	0.06
2013-14	1.47	0.35	1.82	1.28	0.14	0.14	0.04
2012-13	1.24	0.58	1.82	1.24	0.18	0.10	0.05
2011-12	1.05	0.77	1.82	1.24	0.18	0.10	0.05
2010-11	0.88	0.94	1.82	1.05	0.15	0.10	0.04
Tax Levies (1)							
2019-20	\$ 172,626	\$ 108,971	\$ 281,597	\$ 185,241	\$ 21,699	\$ 18,426	\$ 7,352
2018-19	163,218	102,187	265,405	173,708	20,337	17,385	6,894
2017-18	156,586	96,596	253,182	164,205	19,058	16,402	6,517
2016-17	146,711	91,602	238,313	153,849	17,767	15,401	6,106
2015-16	141,880	50,622	192,502	143,943	15,126	14,866	5,881
2014-15	139,448	50,404	189,852	136,029	13,465	15,135	6,015
2013-14	145,024	35,271	180,295	126,659	12,331	13,969	4,369
2012-13	133,930	62,961	196,891	134,037	17,216	10,870	5,338
2011-12	128,955	94,528	223,483	151,768	19,873	12,351	6,073
2010-11	133,389	150,753	284,142	158,698	22,041	16,066	6,636

- (1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based in a single valuation, the Limited Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 use either the Primary Net Assessed Valuation or the Secondary Net Assessed Valuation, as applicable.
- (2) Tax rates between the various elementary and high school districts within the City vary. The rates shown on this table are for Phoenix Elementary District No. 1 and Phoenix Union High School District. Tax levies for elementary and high school districts equal the total levy of all overlapping school districts within the City.

Source: Maricopa County Finance Department

Table 11
(Continued)

School Districts									
Volunteer Fire District Assistance	Maricopa Special Health Care District	Education Equalization	Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (2)	Total		
\$ 0.01	\$ 0.33	\$ 0.46	\$ 1.33	\$ 0.05	\$ 0.16	\$ 11.12	\$ 17.37		
0.01	0.29	0.47	1.38	0.05	0.15	11.64	17.91		
0.01	0.29	0.49	1.41	0.05	0.18	12.03	18.40		
0.01	0.31	0.50	1.47	0.05	0.08	12.29	18.66		
0.01	0.30	0.51	1.49	0.05	0.07	12.15	18.12		
0.01	0.19	0.51	1.52	0.05	0.08	11.34	17.18		
0.01	0.19	0.51	1.53	0.05	0.06	12.13	17.90		
0.01	0.17	0.47	1.38	0.05	0.05	11.28	16.80		
0.01	0.15	0.43	1.21	0.05	0.05	9.60	14.89		
0.01	0.11	0.36	0.97	0.05	0.05	7.29	12.00		
\$ 1,256	\$ 44,072	\$ 60,096	\$ 175,668	\$ 941	\$ 9,945	\$ 1,083,175	\$1,889,468		
1,327	36,468	58,874	170,547	891	8,457	1,043,971	1,804,264		
1,196	33,418	57,113	165,225	844	9,568	995,271	1,721,999		
1,230	33,529	55,113	160,899	800	4,267	957,588	1,644,862		
1,227	31,953	53,456	158,021	767	3,402	914,751	1,535,895		
1,223	20,079	52,407	157,628	774	4,019	877,269	1,473,895		
1,207	19,341	50,665	151,917	706	2,686	854,993	1,419,138		
1,193	18,260	50,960	148,952	757	2,433	869,478	1,456,385		
1,037	18,442	52,098	148,011	870	2,710	879,125	1,515,841		
1,063	18,056	53,826	148,702	1,087	3,540	916,921	1,630,778		

Property Tax Levies
Applicable to Phoenix Property Owners

(in thousands)

2019-20 Levies								
	Limited Net Assessed Valuation (1)			Primary Tax Rate Per \$100	Total Phoenix Primary Tax Levy	Secondary Tax Rate Per \$100	Total Phoenix Secondary Tax Levy	Total Phoenix Tax Levy
	Total	Within Phoenix						
		Percent	Amount					
City of Phoenix	\$ 13,223,017	100.00	\$13,223,017	\$ 1.3055	\$ 172,626	\$ 0.8241	\$ 108,971	\$ 281,597
Maricopa County	43,194,326	30.61	13,223,017	1.4009	185,241	—	—	185,241
Education Equalization	42,997,578	30.61	13,161,559	0.4566	60,096	—	—	60,096
Flood Control	39,558,004	30.61	12,108,705	—	—	0.1792	21,699	21,699
Central Arizona Water Conservation District	42,997,578	30.61	13,161,559	—	—	0.1400	18,426	18,426
Maricopa County Library District	43,194,326	30.61	13,223,017	—	—	0.0556	7,352	7,352
Volunteer Fire District Assistance	43,194,326	30.61	13,223,017	—	—	0.0095	1,256	1,256
East Valley Institute of Technology	19,235,656	9.79	1,882,980	—	—	0.0500	941	941
West Maricopa Education Center	15,894,830	38.29	6,086,521	—	—	0.1634	9,945	9,945
Maricopa Special Health Care District	42,997,578	30.75	13,223,017	—	—	0.3333	44,072	44,072
State of Arizona	66,154,633	19.99	13,223,017	—	—	—	—	—
<u>School Districts</u>								
Maricopa County Community College District	43,194,326	30.61	13,223,017	1.1565	152,924	0.1720	22,744	175,668
<u>High School Districts</u>								
Phoenix Union	5,287,774	96.43	5,099,058	3.0829	157,199	1.9033	97,050	254,249
Glendale Union	1,658,960	79.17	1,313,370	2.3446	30,793	1.6108	21,156	51,949
Tempe Union	3,746,807	29.35	1,099,581	1.9258	21,176	0.6373	7,008	28,184
Tolleson Union	1,249,874	47.89	598,519	2.6084	15,612	2.4044	14,391	30,003
Agua Fria Union	1,311,948	0.02	232	2.0670	5	1.2628	3	8
Total High School Districts								364,393
<u>Elementary School Districts</u>								
No. 1 Phoenix	743,444	100.00	743,444	3.6246	26,947	2.5117	18,673	45,620
No. 2 Riverside	382,461	98.07	375,063	1.3871	5,202	2.2648	8,494	13,696
No. 3 Tempe	1,567,219	14.12	221,296	2.6993	5,973	2.0079	4,443	10,416
No. 5 Isaac	154,476	100.00	154,476	5.3378	8,246	3.2708	5,053	13,299
No. 6 Washington	1,348,921	97.36	1,313,369	2.4618	32,333	2.4797	32,568	64,901
No. 7 Wilson	104,614	100.00	104,614	3.7529	3,926	1.8709	1,957	5,883
No. 8 Osborn	500,241	99.94	499,964	1.9968	9,983	2.3028	11,513	21,496
No. 14 Creighton	454,673	86.74	394,363	2.2328	8,805	3.1668	12,489	21,294
No. 17 Tolleson	202,237	18.70	37,827	2.0923	791	2.8494	1,078	1,869
No. 21 Murphy	109,060	100.00	109,060	2.1845	2,382	2.4051	2,623	5,005
No. 28 Kyrene	2,179,588	40.30	878,285	1.9634	17,244	1.9016	16,701	33,945
No. 31 Balsz	315,105	93.83	295,658	2.1095	6,237	2.1484	6,352	12,589
No. 38 Madison	1,069,029	100.00	1,069,029	1.9548	20,897	2.2866	24,444	45,341
No. 40 Glendale	310,039	<0.01	1	2.0258	—	4.1465	—	—
No. 45 Fowler	361,384	88.00	318,006	1.9089	6,070	1.6384	5,210	11,280
No. 48 Scottsdale (Unified)	5,579,886	14.04	783,399	2.5928	20,312	1.0538	8,255	28,567
No. 59 Laveen	234,432	85.18	199,688	2.3752	4,743	5.8365	11,655	16,398
No. 62 Union	68,301	94.96	64,857	2.1732	1,409	2.9419	1,908	3,317
No. 65 Littleton	271,421	16.27	44,163	2.2376	988	3.4212	1,511	2,499
No. 66 Roosevelt	627,453	98.85	620,210	4.1441	25,702	3.1119	19,300	45,002
No. 68 Alhambra	319,235	81.43	259,939	2.0729	5,388	5.1601	13,413	18,801
No. 69 Paradise Valley (Unified)	3,609,208	70.01	2,526,757	3.9125	98,859	2.4734	62,497	161,356
No. 79 Litchfield	902,685	0.03	232	1.9045	4	1.7671	4	8
No. 83 Cartwright	273,550	100.00	273,550	3.8492	10,529	5.1560	14,104	24,633
No. 92 Pendergast	346,530	38.57	133,666	2.0461	2,735	4.2819	5,723	8,458
No. 93 Cave Creek (Unified)	2,097,383	13.38	280,734	1.6492	4,630	0.1697	476	5,106
No. 97 Deer Valley (Unified)	2,759,528	55.12	1,520,940	3.9346	59,843	2.5090	38,160	98,003
Total Elementary School Districts								718,782
Total All School Districts								1,258,843
Total Levies Applicable to Phoenix								\$ 1,889,468

(1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based on a single valuation. See Note 4 to the financial statements.

Sources: Maricopa County Finance Department and the State of Arizona

**Property Tax Levies
Applicable to Phoenix Property Owners**

(in thousands)

Table 12

(Continued)

2018-19 Levies								
	Limited Net Assessed Valuation (1)			Primary Tax Rate Per \$100	Total Phoenix Primary Tax Levy	Secondary Tax Rate Per \$100	Total Phoenix Secondary Tax Levy	Total Phoenix Tax Levy
	Total	Within Phoenix						
		Percent	Amount					
City of Phoenix	\$ 12,399,776	100.00%	\$12,399,776	\$ 1.3163	\$ 163,218	\$ 0.8241	\$ 102,187	\$ 265,405
Maricopa County	40,423,232	30.67	12,399,776	1.4009	173,708	—	—	173,708
Education Equalization	40,489,189	30.67	12,418,034	0.4741	58,874	—	—	58,874
Flood Control	37,003,667	30.67	11,349,025	—	—	0.1792	20,337	20,337
Central Arizona Water Conservation District	40,489,189	30.67	12,418,034	—	—	0.1400	17,385	17,385
Maricopa County Library District	40,423,232	30.67	12,399,776	—	—	0.0556	6,894	6,894
Volunteer Fire District Assistance	40,423,232	30.67	12,399,776	—	—	0.0107	1,327	1,327
East Valley Institute of Technology	18,011,212	9.90	1,782,725	—	—	0.0500	891	891
West Maricopa Education Center	14,779,082	38.30	5,660,639	—	—	0.1494	8,457	8,457
Maricopa Special Health Care District	40,489,189	30.62	12,399,776	—	—	0.2941	36,468	36,468
State of Arizona	62,328,357	19.89	12,399,776	—	—	—	—	—
<u>School Districts</u>								
Maricopa County Community College District	40,423,232	30.67	12,399,776	1.1708	145,177	0.2046	25,370	170,547
<u>High School Districts</u>								
Phoenix Union	4,965,899	96.40	4,787,275	2.1396	102,429	3.0649	146,725	249,154
Glendale Union	1,576,505	79.62	1,255,201	2.0452	25,671	2.0649	25,919	51,590
Tempe Union	3,506,028	29.87	1,047,252	1.9871	20,810	0.6572	6,883	27,693
Tolleson Union	1,134,931	47.57	539,849	2.6686	14,406	1.7764	9,590	23,996
Agua Fria Union	1,187,073	0.02	208	2.0309	4	1.4467	3	7
Total High School Districts								352,440
<u>Elementary School Districts</u>								
No. 1 Phoenix	695,195	100.00	695,195	2.1311	14,815	4.3002	29,895	44,710
No. 2 Riverside	371,456	97.84	363,432	1.3821	5,023	2.5326	9,204	14,227
No. 3 Tempe	1,449,461	14.11	204,492	2.0508	4,194	2.8532	5,835	10,029
No. 5 Isaac	134,189	100.00	134,189	2.1422	2,875	7.2315	9,704	12,579
No. 6 Washington	1,289,041	97.37	1,255,200	2.1046	26,417	2.9987	37,640	64,057
No. 7 Wilson	102,454	100.00	102,454	2.3284	2,386	3.6624	3,752	6,138
No. 8 Osborn	462,643	99.94	462,373	2.0518	9,487	2.2261	10,293	19,780
No. 14 Creighton	425,191	86.55	368,015	2.2621	8,325	3.3487	12,324	20,649
No. 17 Tolleson	180,970	18.22	32,970	2.1338	704	2.7107	894	1,598
No. 21 Murphy	102,400	99.99	102,399	2.2075	2,260	2.5726	2,634	4,894
No. 28 Kyrene	2,056,568	40.98	842,760	2.0531	17,303	1.9132	16,124	33,427
No. 31 Balsz	299,459	93.84	281,011	2.1377	6,007	1.6974	4,770	10,777
No. 38 Madison	994,163	100.00	994,163	2.0258	20,140	2.3303	23,167	43,307
No. 40 Glendale	287,464	<0.01	1	2.0158	—	4.0357	—	—
No. 45 Fowler	321,309	87.60	281,463	1.9986	5,625	1.8213	5,126	10,751
No. 48 Scottsdale (Unified)	5,306,327	13.86	735,473	2.5675	18,883	1.1364	8,358	27,241
No. 59 Laveen	218,179	85.12	185,724	2.4746	4,596	5.5295	10,270	14,866
No. 62 Union	66,468	94.94	63,105	2.0837	1,315	2.6264	1,657	2,972
No. 65 Littleton	249,928	16.37	40,905	2.2019	901	3.3792	1,382	2,283
No. 66 Roosevelt	582,819	98.82	575,958	2.1984	12,662	5.1998	29,949	42,611
No. 68 Alhambra	347,825	84.08	292,434	2.1017	6,146	4.3170	12,624	18,770
No. 69 Paradise Valley (Unified)	3,381,200	69.88	2,362,674	4.0444	95,556	2.5139	59,395	154,951
No. 79 Litchfield	819,762	0.03	208	1.9720	4	1.8779	4	8
No. 83 Cartwright	229,927	100.00	229,927	2.3131	5,318	8.3083	19,103	24,421
No. 92 Pendergast	316,256	38.39	121,406	2.1597	2,622	4.5494	5,523	8,145
No. 93 Cave Creek (Unified)	1,975,121	13.25	261,664	1.6545	4,329	0.1813	474	4,803
No. 97 Deer Valley (Unified)	2,575,111	54.75	1,409,760	4.0723	57,410	2.5626	36,127	93,537
Total Elementary School Districts								691,531
Total All School Districts								1,214,518
Total Levies Applicable to Phoenix								\$ 1,804,264

Primary Net Assessed Valuation and Estimated True Valuation

Last Ten Fiscal Years

(dollars in thousands except for per capita amounts)

Limited Net Assessed Valuation by Classification (1)						
Fiscal Year	Secondary Tax Rate	Commercial/ Utilities/ Industrial	Residential	Rural and Other	Total	
2019-20	\$0.82	\$ 5,459,356	\$ 7,444,157	\$ 319,504	\$ 13,223,017	
2018-19	0.82	5,159,914	6,938,819	301,043	12,399,776	
2017-18	0.82	4,922,316	6,491,721	307,348	11,721,385	
2016-17	0.83	4,642,740	6,062,572	276,839	10,982,151	
2015-16	0.48	4,579,070	5,701,785	296,177	10,577,032	
2014-15	0.47	4,700,793	5,788,311	329,530	10,818,634	
2013-14	0.35	4,662,457	4,979,086	333,170	9,974,713	
2012-13	0.58	5,254,484	5,228,248	367,012	10,849,744	
2011-12	0.77	5,869,685	6,000,142	473,946	12,343,773	
2010-11	0.94	7,710,939	7,643,363	738,006	16,092,308	

Source: Maricopa County Finance Department

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

- (1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based on a single valuation, the Primary Net Assessed Valuation, also referred to as the Limited Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 use the Secondary Net Assessed Valuation.
- (2) Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census which resulted in the addition of 1,496 persons.

Table 13
(Continued)

Assessed Valuation Per Capita (2)

Percent Change in Net Valuation	Actual	Uninflated	Estimated True Valuation
6.64 \$	8,229 \$	5,689 \$	129,817,493
5.79	7,756	5,474	121,702,906
6.73	7,422	5,355	116,338,740
3.83	7,013	5,153	110,159,434
(2.23)	6,922	5,121	105,206,669
8.46	7,188	5,357	106,487,248
(8.06)	6,714	5,081	98,192,506
(12.10)	7,401	5,695	103,538,837
(23.29)	8,493	6,726	116,576,023
(14.68)	11,120	8,984	144,772,031

City of Phoenix, Arizona
Principal Property Taxpayers

Table 14

Current Year and Nine Years Ago
(in thousands)

Taxpayer	2018-19			2009-10		
	Limited Net Assessed Valuation (1)	Ranking	As a Percent of Total City	Secondary Net Assessed Valuation (1)	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 432,207	1	3.49%	\$ 408,584	1	2.17%
Southwest Gas Corporation	84,177	2	0.68	80,545	4	0.43
Century Link (Qwest Communications)	57,571	3	0.46	167,792	2	0.89
Host Kierland LP	39,067	4	0.32	65,844	5	0.35
AT&T Corporation	38,340	5	0.31	50,086	7	0.27
Host Camelback I LLC	34,572	6	0.28			
Esplanade Owner LP	29,515	7	0.24			
United Services Automobile Association	27,315	8	0.22			
Grand Canyon Education Inc.	24,615	9	0.20			
Phoenix Plaza PT LLC	24,160	10	0.19			
Westcorp Company LP				89,408	3	0.47
Cox Communications				52,527	6	0.28
Teachers Insurance & Annuity Assoc. of America				48,829	8	0.26
LBA Realty Fund II WBP LLC				48,658	9	0.26
Metropolitan Life Insurance Company				47,911	10	0.25
Total	<u>\$ 791,539</u>		<u>6.39%</u>	<u>\$ 1,060,184</u>		<u>5.63%</u>
City Total Limited Net Assessed Valuation	<u><u>\$ 12,399,776</u></u>					
City Total Secondary Net Assessed Valuation				<u><u>\$ 18,861,238</u></u>		

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

(1) Beginning in fiscal year 2016 (tax year 2015), primary and secondary levies are based on a single valuation, the Limited Net Assessed Valuation. See Note 4 to the financial statements. Fiscal years prior to 2016 used the Secondary Net Assessed Valuation.

Statistical Section

Debt Capacity

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





City of Phoenix

City of Phoenix, Arizona
Legal Debt Margin - General Obligation Bonds

Table 15

Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	2019-20	2018-19	2017-18	2016-17
6% Limitation				
Legal Debt Limitation	\$ 1,091,621	\$ 999,953	\$ 921,981	\$ 840,535
General Obligation Bonds Outstanding (1)	145,925	172,680	207,115	274,835
Less: Assets held in Restricted Redemption Funds (4)	—	—	—	—
Debt Limit Reduction from Refunding (5)	14,727	17,715	19,355	—
Subtotal	160,652	190,395	226,470	274,835
Total Debt Margin Available	\$ 930,969	\$ 809,558	\$ 695,511	\$ 565,700
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	14.72%	19.04%	24.56%	32.70%
20% Limitation				
Legal Debt Limitation	\$ 3,638,736	\$ 3,333,175	\$ 3,073,271	\$ 2,801,784
General Obligation Bonds Outstanding (1)	939,125	977,105	994,290	1,061,880
Less: Capital Appreciation (2)	—	—	—	—
Debt Limit Reduction from Refunding (5)	34,545	36,102	37,915	—
Subtotal	973,670	1,013,207	1,032,205	1,061,880
Total Debt Margin Available	\$ 2,665,066	\$ 2,319,968	\$ 2,041,066	\$ 1,739,904
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	26.76%	30.40%	33.59%	37.90%
Full Cash Net Assessed Valuation	\$ 18,193,681	\$ 16,665,875	\$ 15,366,354	\$ 14,008,919

- (1) Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of the city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of the city's full net assessed valuation.
- (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.
- (3) In 2015-16, as a result of Proposition 117, the debt limitation was based on the Primary Net Assessed Valuation. Prior years were based in Secondary Net Assessed Valuation now referred to as Full Cash Net Assessed Valuation. Legislation passed in 2016 changed the basis back to Full Cash Net Assessed Valuation starting in fiscal year 2016-17. See Note 4 to the financial statements for an explanation on Proposition 117.
- (4) Beginning in FY 2016-17, Assets held in Restricted Redemption Funds will no longer be used in the calculation of the 6% Legal Debt Limitation.
- (5) Per A.R.S. Section 35-473.01.I, refunding bonds issued on or after August 6, 2016 may cause a reduction in available debt limits based on the nature of the refunded bonds (each, a "Debt Limit Reduction from Refunding"). If the principal amount of the refunded bonds is greater than the principal amount of the bonds that are refunding them and net premium is used to fund the escrow, then the difference in principal amounts will constitute a Debt Limit Reduction from Refunding.

Table 15
(Continued)

Fiscal Year											
2015-16 (3)		2014-15		2013-14		2012-13		2011-12		2010-11	
\$	634,622	\$	649,118	\$	598,483	\$	650,985	\$	740,626	\$	965,538
	323,260		363,100		370,195		370,195		364,225		390,645
	(181,730)		(247,025)		(290,812)		(321,451)		(337,282)		(339,393)
	—		—		—		—		—		—
	141,530		116,075		79,383		48,744		26,943		51,252
\$	493,092	\$	533,043	\$	519,100	\$	602,241	\$	713,683	\$	914,286
	22.30%		17.88%		13.26%		7.49%		3.64%		5.31%
\$	2,115,406	\$	2,163,727	\$	1,994,943	\$	2,169,949	\$	2,468,755	\$	3,218,462
	1,104,837		1,132,676		1,174,635		1,218,080		1,180,264		1,241,159
	—		—		(882)		(811)		(745)		(682)
	—		—		—		—		—		—
	1,104,837		1,132,676		1,173,753		1,217,269		1,179,519		1,240,477
\$	1,010,569	\$	1,031,051	\$	821,190	\$	952,680	\$	1,289,236	\$	1,977,985
	52.23%		52.35%		58.84%		56.10%		47.78%		38.54%
\$	10,577,032	\$	10,818,634	\$	9,974,713	\$	10,849,744	\$	12,343,774	\$	16,092,308

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

Last Ten Fiscal Years

(in thousands)

	Total Debt Service		Total General Governmental Operating Expenditures (1)		Ratio of Debt Service to General Governmental Operating Expenditures
2018-19	\$	230,724	\$	2,480,223	9.3%
2017-18		213,683		2,261,519	9.4
2016-17		230,590		2,225,748	10.4
2015-16		219,326		2,046,050	10.7
2014-15		210,428		1,911,760	11.0
2013-14		170,762		1,898,389	9.0
2012-13		213,298		2,004,539	10.6
2011-12		206,977		1,911,330	10.8
2010-11		254,984		1,927,102	13.2
2009-10		252,190		1,984,144	12.7

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

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

Last Ten Fiscal Years
(in thousands)

Table 17

Airport Revenue Bonds (2)						
Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Operating Revenues	Principal	Interest	Coverage
2019	\$ 410,375	\$ 257,345	\$ 153,030	\$ 23,797	\$ 38,095	2.47
2018	401,197	249,613	151,584	29,759	31,356	2.48
2017	370,841	245,116	125,725	26,310	28,420	2.30
2016	360,163	230,236	129,927	24,581	28,156	2.46
2015	354,221	226,165	128,056	22,870	27,466	2.54
2014	343,550	224,563	118,987	23,145	28,489	2.30
2013	309,862	201,996	107,866	21,905	31,338	2.03
2012	299,633	190,127	109,506	25,655	33,768	1.84
2011	297,469	184,158	113,311	19,990	34,797	2.07
2010	274,521	183,231	91,290	18,880	35,708	1.67

Excise Tax Revenue Bonds (3)					Highway User Revenue Bonds (4)			
Fiscal Year Ended June 30,	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage
2019	\$ 976,954	\$ 52,975	\$ 34,677	11.15	\$ 138,864	\$ —	\$ —	—
2018	925,893	39,355	44,450	11.05	131,355	—	—	—
2017	887,212	41,855	40,718	10.74	126,058	—	—	—
2016	858,716	38,285	44,146	10.42	116,682	—	—	—
2015	844,389	34,865	36,511	11.83	111,748	—	—	—
2014	816,923	31,095	40,794	11.36	102,009	—	—	—
2013	783,630	29,785	42,171	10.89	98,804	5,875	16,125	4.49
2012	747,595	12,875	35,016	15.61	90,368	6,266	15,734	4.11
2011	744,504	14,678	29,516	16.85	104,908	29,740	1,506	3.36
2010	744,615	28,425	41,975	10.58	103,979	28,285	2,961	3.33

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

Last Ten Fiscal Years
(in thousands)

Table 17
(Continued)

Fiscal Year Ended June 30,	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
2019	\$ 50,851	\$ 10,990	\$ 10,284	2.39	\$ 10	\$ 17	\$ 2	0.53	\$ 136,674	\$ 61,060	\$ 6,117	2.03
2018	48,765	10,370	10,903	2.29	11	19	3	0.50	123,318	55,205	8,775	1.93
2017	46,882	9,795	11,478	2.20	14	18	4	0.64	115,910	49,865	11,071	1.90
2016	46,969	9,255	12,022	2.21	13	19	5	0.54	112,113	37,145	12,807	2.24
2015	45,698	8,750	12,527	2.15	29	18	7	1.16	110,347	32,775	14,416	2.34
2014	41,858	8,285	12,992	1.97	50	18	8	1.92	111,068	25,595	15,037	2.73
2013	40,579	7,845	13,431	1.91	35	31	10	0.85	110,059	31,035	19,098	2.20
2012	41,538	7,435	13,838	1.95	55	58	13	0.77	106,185	27,215	20,526	2.22
2011	39,388	7,065	14,209	1.85	114	77	17	1.21	101,379	23,755	21,714	2.23
2010	35,122	6,735	14,542	1.65	70	88	15	0.68	86,465	20,560	22,742	2.00

Wastewater Revenue Bonds							Water Revenue Bonds					
Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage	Operating Revenues	Less: Operating Expenses	Net Operating Revenue	Principal	Interest	Coverage
2019	\$ 219,198	\$ 80,831	\$ 138,367	\$ 42,899	\$ 30,850	1.88	\$ 406,217	\$ 205,280	\$ 200,937	\$ 58,678	\$ 54,325	1.78
2018	215,580	78,753	136,827	42,052	26,971	1.98	441,468	193,018	248,450	52,976	56,861	2.26
2017	205,748	74,591	131,157	39,485	29,704	1.90	420,471	168,119	252,352	47,690	59,339	2.36
2016	199,761	66,817	132,944	36,568	32,626	1.92	399,709	168,304	231,405	34,344	62,058	2.40
2015	190,815	65,799	125,016	22,612	33,679	2.22	371,591	159,505	212,086	55,042	51,493	1.99
2014	193,009	70,245	122,764	32,347	36,191	1.79	400,507	165,992	234,515	50,231	62,726	2.08
2013	194,611	70,244	124,367	25,082	37,705	1.98	425,937	164,137	261,800	43,436	65,244	2.41
2012	212,990	72,021	140,969	23,973	39,479	2.22	391,654	163,043	228,611	30,775	66,780	2.34
2011	211,876	71,740	140,136	28,151	41,564	2.01	354,311	168,488	185,823	42,094	69,738	1.66
2010	198,157	72,017	126,140	24,945	42,424	1.87	347,593	166,334	181,259	37,960	73,605	1.62

- Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation. Pledged-revenue coverage is calculated using budgetary basis operating revenues net of operating expenses. Actual budgetary amounts are obtained from Special Revenue Fund Budgetary Comparison Schedules and Enterprise Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis.
- (1) Budget Basis.
- (2) Excludes defeasance of Airport Bonds Series 2008B and 2008D (AMT) on June 29, 2018.
- (3) Debt service on some Excise Tax Bonds are paid from airport and solid waste revenues, but only pledged excise tax revenues are included in this table.
- (4) The final maturity of Highway User Revenue Bonds was paid on 7/1/2013.
- (5) Includes Customer Facility Charge (CFC) receipts deposited into the Trustee-held Revenue Fund only. Revenues are derived primarily from daily usage fees paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current CFC is \$6.00 per transaction day, effective January 1, 2009. Of the \$6.00 rate, \$4.50 is considered Pledged Revenues and is required to be deposited into the Trustee-held Revenue Fund. The Pledged Revenues must be used to fund various accounts established under the Bond Indenture, including the debt service fund. The City may, but is not required to, deposit the CFC receipts generated by the additional \$1.50 into the Trustee-held Revenue Fund. If the additional \$1.50 is deposited into the Trustee-held Revenue Fund, the monies become Pledged Revenues and are subject to the same use restrictions as the \$4.50. In Fiscal Years 2010 through 2019, the City opted to deposit the entire \$6.00 CFC 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 the 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. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% transit sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds.

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

(in thousands, except per capita)

Governmental Activities											
Fiscal Year	General Obligation Bonds	Revenue Bonds	Loans from Direct Borrowings	Municipal Corporation Bonds	Special Assessment Bonds	Community Facilities Districts (1)	Certificates of Participation	Capital Leases (2)	Premiums/ (Discounts)	Total Governmental Activities	
2019	\$ 1,071,685	\$ —	\$ 40,940	\$ 407,595	\$ 60	\$ 30,000	\$ —	\$ 3,424	\$ 93,366	\$ 1,647,070	
2018	1,129,145	—	305,940	506,020	77	—	—	4,516	115,000	2,060,698	
2017	1,178,330	—	305,940	590,600	96	—	—	5,586	139,710	2,220,262	
2016	1,305,320	—	305,940	563,630	114	—	—	6,633	65,478	2,247,115	
2015	1,371,620	—	—	628,285	133	—	—	—	80,287	2,080,325	
2014	1,430,205	—	—	671,560	151	—	24,265	—	96,570	2,222,751	
2013	1,472,180	—	—	739,170	169	—	25,630	—	57,815	2,294,964	
2012	1,505,350	5,875	—	789,450	200	—	26,945	—	67,092	2,394,912	
2011	1,450,024	12,141	—	821,455	259	—	26,970	—	45,217	2,356,066	
2010	1,500,379	41,881	—	744,390	336	—	29,450	—	47,852	2,364,288	

Business-Type Activities						Total		
Fiscal Year	General Obligation Bonds	Loans from Direct Borrowings	Municipal Corporation Bonds	Premiums/ (Discounts)	Total Business-Type Activities	Total Primary Government	Total Debt as a Percentage of Personal Income (3)	Total Debt Per Capita (3)
2019	\$ 13,365	\$ 14,991	\$ 3,900,400	\$ 418,690	\$ 4,347,446	\$ 5,994,516	8.7%	\$ 3,731
2018	20,640	13,014	3,843,625	442,932	4,320,211	6,380,909	9.3	3,991
2017	23,075	14,007	3,783,345	339,184	4,159,611	6,379,873	9.4	4,040
2016	31,395	14,971	3,996,090	282,330	4,324,786	6,571,901	9.6	4,197
2015	56,477	15,908	4,029,790	299,001	4,401,176	6,481,501	10.1	4,242
2014	65,571	16,818	4,094,225	199,012	4,375,626	6,598,377	10.6	4,384
2013	73,532	17,701	4,246,165	201,404	4,538,802	6,833,766	11.9	4,600
2012	83,736	18,560	4,401,753	184,447	4,688,496	7,083,408	12.7	4,832
2011	95,209	17,896	4,516,528	157,906	4,787,539	7,143,605	13.3	4,915
2010	132,106	14,846	3,940,950	141,626	4,229,528	6,593,816	12.6	4,556

- (1) Community Facilities District bonds are not backed by pledged revenues of any City of Phoenix bond credits. Payments on Community Facilities District bonds are payable from assessments on properties within the district.
- (2) Capital Leases are not backed by pledged revenues of any City of Phoenix bond credits. Payments on Capital Leases are subject to annual expenditure appropriation of the General Fund.
- (3) See Table 21 for personal income and population data. Beginning in fiscal year 2010, population numbers were revised based on the 2010 U.S. Census. Fiscal years 2010, 2011 and 2012 population figures have been adjusted to reflect the City's successful appeal of the 2010 census, which resulted in the addition of 1,496 persons. Per Capita Income is not available for calendar year 2016 or 2017; therefore, 2015 calendar year per capita income was used.

Governmental Activities Direct Bonded Debt per Capita

Last Ten Fiscal Years

Fiscal Year	(in thousands)		(in thousands)				
	General Obligation Bonded Debt	General Obligation Bonded Debt as a Percentage of Valuation of Property	Debt Secured by Revenues other than Property Tax (1)	Total Governmental Activities Direct Bonded Debt (2)	Governmental Activities Premiums/ (Discounts)	Net Governmental Activities Direct Bonded Debt	Total Governmental Activities Direct Bonded Debt Per Capita (3)
2018-19	\$ 1,071,685	8.1%	\$ 482,019	\$ 1,553,704	\$ 93,366	\$ 1,647,070	\$ 1,025
2017-18	1,129,145	9.1	816,553	1,945,698	115,000	2,060,698	1,289
2016-17	1,178,330	10.1	902,223	2,080,553	139,710	2,220,263	1,406
2015-16	1,305,320	11.9	876,317	2,181,637	65,478	2,247,115	1,435
2014-15	1,371,620	13.0	628,418	2,000,038	80,287	2,080,325	1,361
2013-14	1,430,205	13.2	695,976	2,126,181	96,570	2,222,751	1,477
2012-13	1,472,180	14.8	764,969	2,237,149	57,815	2,294,964	1,545
2011-12	1,505,350	13.9	822,470	2,327,820	67,092	2,394,912	1,634
2010-11	1,450,024	11.7	860,825	2,310,849	45,217	2,356,066	1,621
2009-10	1,500,379	9.3	816,057	2,316,436	47,852	2,364,288	1,634

(1) Includes Revenue Bonds/Bank Loans, Certificates of Participation, Municipal Corporation Obligations, Special Assessment Bonds and Capital Leases.

(2) See Note 10 to the Financial Statements, Governmental Activities - Total Bonds and Notes Payable prior to Discounts/Premiums.

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

City of Phoenix, Arizona
Direct and Overlapping Bonded Debt

Table 20

June 30, 2019

(in thousands)

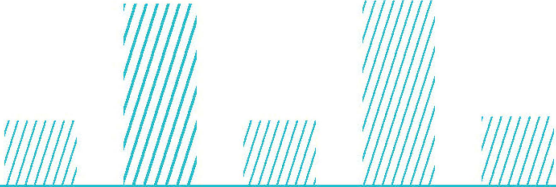
	Direct Debt		
Direct Debt - City of Phoenix Governmental Activities (1)			
General Obligation Bonds			
6% Limitation Various Purpose	\$		144,365
20% Limitation Various Purpose			927,320
Total General Obligation Bonds			1,071,685
Other Obligations			
Revenue Bonds/Bank Loans			40,940
Municipal Corporation Obligations			407,595
Special Assessment Bonds			60
Capital Leases			3,424
Community Facilities Districts			30,000
Total Other Obligations			482,019
Total Direct Debt			<u>\$ 1,553,704</u>
	Bonded Debt	Valuation Percent to City	Overlapping Debt
Overlapping Debt (2)			
Maricopa County Community College District	\$ 380,740	30.61%	\$ 116,545
High School Districts			
Phoenix Union	384,290	96.43	370,571
Glendale Union	98,695	79.17	78,137
Tempe Union	87,580	29.35	25,705
Tolleson Union	72,210	47.89	34,581
Agua Fria Union	93,570	0.02	19
Elementary School Districts			
No. 1 Phoenix	50,005	100.00	50,005
No. 2 Riverside	38,940	98.07	38,188
No. 3 Tempe	119,195	14.12	16,830
No. 6 Washington	84,275	97.36	82,050
No. 7 Wilson	4,415	100.00	4,415
No. 14 Creighton	33,105	86.74	28,715
No. 21 Murphy	8,375	100.00	8,375
No. 28 Kyrene	172,670	40.30	69,586
No. 31 Balsz	9,775	93.83	9,172
No. 38 Madison	82,720	100.00	82,720
No. 40 Glendale	24,580	<0.01	—
No. 45 Fowler	8,540	88.00	7,515
No. 48 Scottsdale (Unified)	241,938	14.04	33,968
No. 59 Laveen	17,855	85.18	15,209
No. 62 Union	5,535	94.96	5,256
No. 66 Roosevelt	53,835	98.85	53,216
No. 68 Alhambra	14,265	81.43	11,616
No. 69 Paradise Valley (Unified)	277,749	70.01	194,452
No. 79 Litchfield	50,845	0.03	15
No. 83 Cartwright	21,775	100.00	21,775
No. 92 Pendergast	36,235	38.57	13,976
No. 93 Cave Creek (Unified)	37,040	13.38	4,956
No. 97 Deer Valley (Unified)	186,015	55.12	102,531
Total Overlapping Debt	<u>\$ 2,696,767</u>		<u>1,480,099</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 3,033,803</u>

(1) Net of cash with fiscal agent for July 1, 2019 maturities.

(2) Source: Prior year Arizona Department of Administration (ADOA) Report of Bond Indebtedness Fiscal Year 2018, General Obligation Bonds outstanding as of 6/30/18. The ADOA Report of Bond Indebtedness Fiscal Year 2019 is not available until December 2019.



City of Phoenix

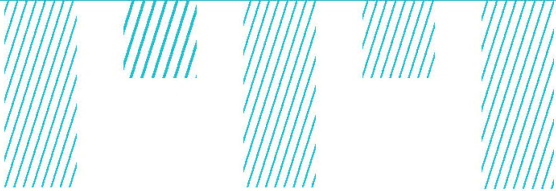


Statistical Section

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Economic and Demographic Information

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



City of Phoenix, Arizona
Demographic Statistics

June 30, 2019

Table 21

Fiscal Year	Population (June 30) (4)	Personal Income (in thousands)	Per Capita Income (1)	Median Age (2)	Elementary & High School Enrollment	Unemployment Rate (1)
2019	1,606,815	\$ 74,114,342	\$ 46,125	36.0	213,765	4.9%
2018	1,598,736	68,529,819	42,865 (3)	35.8	226,279	4.7%
2017	1,579,253	67,694,680	42,865	35.6	280,857	5.0%
2016	1,565,896	68,316,911	43,628	36.1	281,906	5.8%
2015	1,528,115	64,321,417	42,092	35.7	271,089	6.6%
2014	1,505,070	62,041,996	41,222	35.6	268,065	7.6%
2013	1,485,719	57,564,183	38,745	34.6	264,333	8.3%
2012	1,465,901	55,713,033	38,006	34.6	261,393	8.4%
2011	1,453,462	53,535,366	36,833	34.6	258,415	9.1%
2010	1,447,128	52,164,623	36,047	34.6	251,241	8.9%

(1) Calendar Year

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

(3) Amount was not available for calendar year 2018; therefore, 2017 calendar year per capita income was used.

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

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

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

Table 22

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	37,655	1	1.97%	52,420	1	2.49%
Banner Health	36,213	2	1.89%	27,431	3	1.30%
Wal-Mart Stores Inc.	33,814	3	1.77%	31,280	2	1.49%
Wells Fargo	15,062	4	0.79%	14,000	5	0.67%
City of Phoenix	13,894	5	0.73%	16,375	4	0.78%
Arizona State University	13,480	6	0.70%	12,043	8	0.57%
Raytheon Missile Systems	12,000	7	0.63%			
HonorHealth	11,308	8	0.59%			
Dignity Health Arizona	11,206	9	0.59%			
University of Arizona	10,659	10	0.56%			
Maricopa County				12,996	6	0.62%
Apollo Group				12,299	7	0.58%
Honeywell Aerospace				10,145	9	0.48%
Bank of America				10,000	10	0.48%
Intel Corporation				10,000	10	0.48%

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

Note: Top employers in Maricopa County. Employee counts noted above include 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

	2019	2018	2017	2016
AREA (square miles)	519.7	519.5	519.5	519.4
POPULATION AND DWELLING UNITS (1)				
City of Phoenix (2)	1,606,815	1,598,736	1,579,253	1,565,896
Maricopa County (Metro Phoenix)	4,374,730	4,229,000	4,221,684	4,152,807
Number of Dwelling Units (City) (2)	625,641	618,923	613,463	609,405
CITY EMPLOYEES (3)				
Governmental:				
General Government	866	880	900	879
Criminal Justice	257	255	254	249
Public Safety	5,981	5,856	5,775	5,642
Transportation	699	677	703	650
Environmental Services	399	394	394	370
Community Enrichment	1,090	1,071	1,080	1,045
Community Development	698	703	712	685
Total Governmental Employees	9,990	9,836	9,818	9,520
Public Enterprise:				
Aviation	793	815	784	748
Phoenix Convention Center	180	186	187	187
Water Services	1,043	1,025	1,029	978
Wastewater Services	263	281	292	288
Solid Waste	574	543	533	549
Golf (4)	—	—	—	—
Total Public Enterprise Employees	2,853	2,850	2,825	2,750
Total Full-Time Employees	12,843	12,686	12,643	12,270
Governmental per 1,000 Population	6.2	6.2	6.2	6.1
PUBLIC SAFETY				
Police Protection				
Police Precincts	7	7	7	7
Police Employees	3,274	3,272	3,272	3,269
Dispatched Calls for Service	680,037	899,200	691,346	671,456
Total Calls for 911/Crimestop	2,023,811	2,061,535	2,287,694	2,354,398
Fire Protection				
Fire Stations	58	58	58	58
Fire Employees	2,055	1,995	1,997	1,979
Total Calls for Service	206,969	212,869	212,259	204,669
COMMUNITY ENRICHMENT				
Libraries				
Number	17	17	17	17
Total Stock (in thousands)	3,800	3,500	1,837	1,908
Circulation (in thousands)	11,500	11,303	12,096	12,901
Parks And Recreation				
Number of Playgrounds (5)	268	268	268	256
City Parks (number of acres)	45,636	45,313	45,313	45,313

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

(2) The City successfully appealed the 2010 census figures to add an additional 1,496 persons and 463 dwelling units. 2010, 2011 and 2012 figures have been adjusted to reflect the change.

(3) Includes only full-time filled positions.

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

(5) Beginning in 2012, Parks department started tracking individual playground structures instead of Parks that had playgrounds. Because many parks have two playgrounds - one for younger children and one for older children - the count is significantly higher than in previous years.

Table 23
(continued)

2015	2014	2013	2012	2011	2010
519.4	519.4	519.3	519.2	519.1	519.1
1,528,115	1,505,070	1,485,719	1,465,901	1,453,462	1,447,128
4,078,062	4,008,651	3,944,791	3,883,949	3,843,370	3,817,117
603,259	600,589	596,676	594,190	592,591	590,612
819	821	886	894	926	1,008
253	263	284	298	296	309
5,530	5,657	5,843	5,949	6,009	6,193
645	667	688	717	727	774
377	413	459	461	481	521
1,051	1,071	1,127	1,194	1,237	1,317
682	684	689	680	704	720
9,357	9,576	9,976	10,193	10,380	10,842
732	774	769	771	789	775
181	199	222	221	234	258
931	955	994	999	1,032	1,041
278	298	321	331	348	315
549	541	531	544	564	582
—	—	44	51	55	61
2,671	2,767	2,881	2,917	3,022	3,032
12,028	12,343	12,857	13,110	13,402	13,874
6.1	6.4	6.7	7.0	7.1	7.5
7	8	8	8	8	6
3,268	3,266	3,266	4,441	4,463	4,819
655,874	641,183	648,718	657,507	673,559	656,331
2,238,368	2,064,978	2,130,339	2,131,868	2,068,318	1,991,401
58	58	58	58	57	58
1,944	1,912	1,947	1,972	1,945	1,972
186,594	173,065	172,568	165,034	156,348	146,203
17	17	17	17	16	16
1,854	1,802	1,735	1,791	1,644	1,736
10,549	10,428	11,159	14,465	13,840	14,447
256	256	244	242	166	164
45,313	45,313	46,634	46,032	44,517	41,966

City of Phoenix, Arizona
Statistical Profile
Last Ten Fiscal Years

Table 23

	2019	2018	2017	2016
TRANSPORTATION				
Public Transit Ridership				
Bus (in thousands)	34,523	33,365	33,725	34,615
Dial-a-Ride (in thousands)	349	339	330	371
Light Rail (in thousands) (6)	9,822	10,318	10,864	9,850
Traffic Control And Lighting				
Signalized Intersections	1,148	1,135	1,140	1,130
Street Lights in Use	95,600	95,600	91,449	90,927
Streets				
Miles of Streets	4,863	4,863	4,857	4,857
Miles Resurfaced and Sealed:				
Major/Collector Streets	74	79	86	107
Local Streets	318	263	387	122
COMMUNITY DEVELOPMENT				
Construction Permits (7)				
Number of Permits Issued	44,246	44,533	42,698	42,384
Market Value (in thousands)	4,707,133	4,104,288	3,655,744	3,937,700
AVIATION				
Scheduled Airlines Served	23	21	19	19
Aircraft Traffic Movements				
(in thousands)	974	925	923	927
Passengers Enplaned/Deplaned				
(in thousands)	45,531	44,340	43,533	44,158
PHOENIX CONVENTION CENTER				
Number of Conventions	61	57	62	59
WATER SERVICES				
Production (billion gallons)	94.9	102.7	97.8	97.6
Average Daily Production				
(million gallons)	260.7	281.4	268.1	266.8
Miles of Water Mains (8)	6,980	6,967	6,888	6,882
Number of Accounts	425,492	421,226	423,569	416,303
WASTEWATER SERVICES				
Miles of Sewer Lines (8)	4,906	4,890	4,847	4,846
Number of Accounts (9)	413,967	414,559	410,952	406,967
SOLID WASTE COLLECTION SERVICES				
Residences Served	408,264	405,009	402,504	400,549
City Disposal (tons)	613,421	596,161	623,032	589,033
Total Disposal (tons)	938,906	861,177	943,347	896,255
Total Recycling (tons)	119,944	120,113	119,517	114,319
GOLF				
Rounds of Golf Played	191,807	170,480	200,405	223,266
Acres of Golf Courses Maintained	622	622	622	622

(6) Ridership data represents passenger boardings in the City of Phoenix only and does not include boardings in other cities.

(7) Construction permits include plumbing, electrical and mechanical permits.

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

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

Table 23
(continued)

2015	2014	2013	2012	2011	2010
38,329	38,903	39,575	38,440	37,425	38,476
356	344	336	337	328	354
9,039	9,023	8,924	8,387	7,885	7,576
1,106	1,099	1,102	1,096	1,092	1,080
95,592	90,380	90,613	95,592	91,133	90,870
4,857	4,856	4,850	4,832	4,824	4,811
3	18	11	10	85	20
129	100	77	183	41	89
37,527	34,255	30,295	27,652	29,366	28,185
3,013,043	2,805,861	2,964,395	2,845,334	2,881,360	2,589,067
19	21	21	17	18	19
894	867	934	963	941	984
43,000	41,093	40,565	40,554	39,561	38,289
49	52	58	58	48	70
93.4	97.6	97.8	100.8	99.9	97.9
255.8	266.9	267.8	275.5	273.6	267.9
6,883	6,867	6,847	6,953	6,962	6,955
418,995	416,623	414,188	407,902	404,647	403,104
4,841	4,833	4,816	4,984	4,980	4,975
402,495	402,624	397,627	394,495	391,267	373,123
402,012	400,075	397,624	395,785	394,159	392,830
586,789	564,452	566,509	599,952	645,038	649,616
883,119	863,226	875,601	948,931	1,046,300	975,234
113,990	106,708	107,237	105,695	109,805	112,800
221,267	254,703	248,630	253,288	236,700	246,147
622	922	922	922	755	755



City of Phoenix



Investing in People & Programs for a Stronger Phoenix



City of Phoenix, Arizona

Single Audit Reports

Year Ended June 30, 2019

City of Phoenix, Arizona
Year Ended June 30, 2019

Contents

Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	8
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> - Independent Auditor's Report	10
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance - Independent Auditor's Report	12
Schedule of Findings and Questioned Costs	16
Status of Prior Audit Findings	20

City of Phoenix, Arizona

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture (USDA)				
Passed through from:				
Arizona Nutrition Network - University of Arizona				
<i>Child Nutrition Cluster</i>				
Special Milk Program for Children (SMP)	10.556	ADHS-16-106455	\$ 24,216	\$ -
<i>Total Child Nutrition Cluster</i>			<u>24,216</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>24,216</u>	<u>-</u>
Department of Housing and Urban Development (HUD)				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	12,962,589	562,591
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>12,962,589</u>	<u>562,591</u>
<i>Section 8 Project -Based Cluster</i>				
Section 8 Housing Assistance Payments Program	14.195	N/A	1,503,734	-
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	N/A	468,191	-
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	46,310	-
<i>Total Section 8 Project-Based Cluster</i>			<u>2,018,235</u>	<u>-</u>
Emergency Solutions Grant Program	14.231	N/A	1,474,717	1,040,280
Home Investment Partnerships Program	14.239	N/A	5,232,050	30,000
Home Investment Partnerships Program Loan and Loan Guarantees *	14.239	N/A	61,960,211	-
<i>Total Home Investment Partnerships Program</i>			<u>67,192,261</u>	<u>30,000</u>
Housing Opportunities for Persons with AIDS	14.241	N/A	2,107,500	-
Fair Housing Assistance Program State and Local	14.401	N/A	29,265	-
Public and Indian Housing	14.850	N/A	8,799,667	-
<i>Hope VI Cluster</i>				
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	N/A	734,450	-
Hope VI - CSS Endowment Funds *	14.866	N/A	591,312	-
Choice Neighborhood Implementation Grants	14.889	N/A	532,914	-
<i>Total Hope VI Cluster</i>			<u>1,858,676</u>	<u>-</u>
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	108,886	-
Public Housing Capital Fund	14.872	N/A	3,244,970	-

City of Phoenix, Arizona
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 59,872,893	\$ -
Mainstream Vouchers	14.879	N/A	569,966	-
<i>Total Housing Voucher Cluster</i>			60,442,859	-
Family Unification Program (FUP)	14.880	N/A	979,823	-
Choice Neighborhoods Planning Grants	14.892	N/A	8,981	-
Jobs-Plus Pilot Initiative	14.895	N/A	337,421	-
Family Self-Sufficiency Program	14.896	N/A	117,163	-
ROSS Supportive Services Programs	14.898	N/A	178,355	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	797,268	87,213
Total Department of Housing and Urban Development (HUD)			162,658,636	1,720,084
Department of the Interior				
Direct Program:				
Native American Graves Protection and Repatriation Act	15.922	N/A	38,462	-
Total Department of the Interior			38,462	-
Department of Justice				
Direct Programs:				
Services for Trafficking Victims	16.320	N/A	356,558	2,312
Missing Children's Assistance	16.543	N/A	457,814	15,000
Public Safety Partnership and Community Policing Grants	16.710	N/A	617,366	-
Special Data Collections and Statistical Studies	16.734	N/A	82,872	-
DNA Backlog Reduction Program	16.741	N/A	301,827	-
Edward Byrne Memorial Competitive Grant Program	16.751	N/A	673,168	144,614
Economic, High-Tech, and Cyber Crime Prevention	16.752	N/A	173,964	4,381
Innovations in Community-Based Crime Reduction	16.817	N/A	37,647	-
National Sexual Assault Kit Initiative	16.833	N/A	509,186	-
Equitable Sharing Program	16.922	N/A	1,101,927	-
Passed through from:				
Arizona Department of Public Safety (A.D.P.S.)				
Crime Victim Assistance	16.575	2016-VA-GX-0046	572,467	-
		VOCA-2018-PXFAC-00177	495,710	-
		2018-260	473,767	-
		2018-261	90,110	-
			1,632,054	-

City of Phoenix, Arizona
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Passed through from:				
Arizona Criminal Justice Commission (A.C.J.C.)				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CV-17-18-002	\$ 30,515	\$ -
		CV 18-19-002	<u>44,880</u>	<u>-</u>
			75,395	-
Passed through from:				
Maricopa County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-1197	417,677	-
		2015-DJ-BX-0227	11,252	-
		2016-DJ-BX-0801	<u>223,039</u>	<u>-</u>
			651,968	-
Total Department of Justice			<u>6,671,746</u>	<u>166,307</u>
Department of Labor				
Direct Programs:				
H-1B Job Training Grants	17.268	N/A	676,422	123,523
YouthBuild	17.274	N/A	130,724	27,452
Passed through from:				
Arizona Department of Economic Security				
WIOA Cluster				
WIOA Adult Program	17.258	D116-002127	830,519	28,419
		D119-002200	<u>1,778,917</u>	<u>120,275</u>
			2,609,436	148,694
WIOA Youth Activities	17.259	D116-002127	2,199,184	2,072,196
		D119-002200	<u>1,465,033</u>	<u>712,052</u>
			3,664,217	2,784,248
WIOA Dislocated Worker Formula Grants	17.278	D116-002127	3,214,113	-
		D119-002200	<u>1,592,411</u>	<u>-</u>
			4,806,524	-
<i>Total WIOA Cluster</i>			<u>11,080,177</u>	<u>2,932,942</u>
Total Department of Labor			<u>11,887,323</u>	<u>3,083,917</u>

City of Phoenix, Arizona
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	N/A	\$ 24,822,487	\$ -
<i>Federal Transit Cluster</i>				
Federal Transit - Capital Investment Grants	20.500	N/A	5,748,314	839,361
Federal Transit - Formula Grants	20.507	N/A	120,121,640	87,020,755
State of Good Repair Grants Program	20.525	N/A	645,434	640,466
Bus and Bus Facilities Formula Program	20.526	N/A	3,592,864	746,944
<i>Total Federal Transit Cluster</i>			130,108,252	89,247,526
<i>Transit Service Programs Cluster</i>				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	N/A	1,972,012	1,649,446
<i>Total Transit Services Programs Cluster</i>			1,972,012	1,649,446
Public Transportation Research, Technical Assistance, and Training	20.514	N/A	126,234	126,234
National Infrastructure Investments	20.933	N/A	5,441,947	-
Passed through from:				
Arizona Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	HSIP PHX-0(301) D	1,494,705	-
		PHX-0(341)D	1,553,147	-
		CM-PHX-0(276)	273,270	-
		CMAQ PHX-0(293) D	1,251,085	-
		STP PHX-0(340)D	4,951	-
		TA PHX-0(302)D	217,376	-
		HPS-PHX-0(055) A	224,620	-
		PHX-0(249)A	15,961	-
		PHX0337	10,338	-
		PHX0345	15,420	-
		PHX0346	408,889	-
		PHX0338	8,079	-
			5,477,841	-
Maricopa Association of Governments				
Highway Planning and Construction	20.205	None Provided	755,855	-
<i>Total Highway Planning and Construction Cluster</i>			6,233,696	-

City of Phoenix, Arizona
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Passed through from:				
Governor's Office of Highway Safety (G.O.H.S.)				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	2018-PTS-047	\$ 17,026	\$ -
		2019-PTS-036	49,091	-
		2018-MC-003	1,774	-
		2018-405H-012	3,086	-
		2019-405H-014	23,895	-
		2019-AL-022	101,407	-
			<u>196,279</u>	<u>-</u>
National Priority Safety Programs	20.616	2019-405D-028	64,880	-
		2019-405B-006	140,266	-
		2019-405H-013	25,153	-
		2018-405h-011	5,102	-
		2018-405b-005	9,150	-
		2018-CIOT-019	12,000	-
			<u>256,551</u>	<u>-</u>
<i>Total Highway Safety Cluster</i>			<u>452,830</u>	<u>-</u>
National Highway Traffic Safety Administration (NHTSA)				
Discretionary Safety Grants and Cooperative Agreements	20.614	2018-PB-005	41,254	-
Total Department of Transportation			<u>169,198,712</u>	<u>91,023,206</u>
National Endowment for the Arts				
Direct Programs:				
Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A	53,241	-
Promotion of the Humanities Division of Preservation and Access	45.149	N/A	5,388	-
Grants to States	45.310	N/A	31,450	-
Total National Endowment for the Arts			<u>90,079</u>	<u>-</u>
Environmental Protection Agency				
Direct Program:				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	N/A	67,671	-
Total Environmental Protection Agency			<u>67,671</u>	<u>-</u>
Department of Energy				
Passed through from:				
Governor's Office of Energy Policy				
Weatherization Assistance for Low-Income Persons	81.042	C051-09-06	57,743	-
Total Department of Energy			<u>57,743</u>	<u>-</u>

City of Phoenix, Arizona
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Health and Human Services (HHS)				
Direct Programs:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ 297,620	\$ -
Head Start	93.600	N/A	34,673,035	20,248,899
HIV Care Formula Grants	93.917	N/A	505,359	-
Passed through from:				
Area Agency on Aging (AAA)				
<i>Aging Cluster</i>				
Special Programs for the Aging --Title III, Part C --Nutrition Services	93.045	2016-32-PHX	1,125,444	-
Nutrition Services Incentive Program	93.053	2016-32-PHX	251,965	-
<i>Total Aging Cluster</i>			1,377,409	-
Passed through from:				
Arizona Department of Health				
Immunization Cooperative Agreements	93.268	ADHS18-176571	10,000	-
Passed through from:				
Arizona Department of Economic Security				
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families	93.558	ADES15-089118	965,855	-
<i>Total TANF Cluster</i>			965,855	-
Passed through from:				
Arizona Governor's Office of Energy Policy				
Low-Income Home Energy Assistance	93.568	G043-10-06	306,427	-
Passed through from:				
Arizona Department of Economic Security				
Low-Income Home Energy Assistance	93.568	ADES15-089118	6,434,080	-
<i>Total Low-Income Home Energy Assistance</i>			6,740,507	-
Passed through from:				
Arizona Department of Economic Security				
Community Services Block Grant	93.569	ADES15-089118	1,411,745	-
Passed through from:				
Arizona Department of Economic Security				
Social Services Block Grant	93.667	ADES15-089118	628,100	-
Passed through from:				
Area Agency on Aging (AAA)				
Social Services Block Grant	93.667	2016-32-PHX	235,167	-
<i>Total Social Services Block Grant</i>			863,267	-
Total Department of Health and Human Services			46,844,797	20,248,899
Executive Office of the President				
Direct Program:				
High Intensity Drug Trafficking Areas Program	95.001	N/A	1,597,017	-
Total Executive Office of the President			1,597,017	-

City of Phoenix, Arizona
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Homeland Security (DHS)				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	N/A	\$ 3,767,204	\$ -
Assistance to Firefighters Grant	97.044	N/A	13,679	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	5,797,912	-
Preparing for Emerging Threats and Hazards	97.133	N/A	677,184	-
Passed through from:				
Arizona Department of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	73027/4203	107,480	-
Homeland Security Grant Program	97.067	170818-01, 170818- 02, 170818-03, 170818- 02, 180817-03, 180817- 04	376,918	-
		170210-01, 170210-02	144,919	-
		180210-01, 180210- 02, 180210-03	186,057	-
			<u>219,992</u>	-
			927,886	-
Passed through from:				
Arizona Department of Homeland Security Homeland Security Grant Program	97.067	150817-01	1,089	-
		160818-01	50,000	-
		160818-02	190,267	-
		170817-01	63,315	-
		170817-04	2,696	-
		170817-03	4,198	-
		180816-03	58,968	-
		180816-01	7,157	-
		180816-04	16,178	-
		180816-02	64,817	-
		170208-02	11,471	-
		170208-03	6,998	-
		170816-01	32,357	-
		170816-02	19,360	-
		170816-03	331,060	-
		170816-04	4,639	-
		160814-03	7,097	-
		180209-01	64,488	-
		180209-02	19,218	-
		180209-03	27,322	-
		180815-01	82,749	-
		180815-02	2,854	-
		180815-03	5,556	-
			<u>1,073,854</u>	-
<i>Total Homeland Security Grant Program</i>			<u>2,001,740</u>	-
Total Department of Homeland Security			<u>12,365,199</u>	-
Total Federal Awards Expended			<u>\$ 411,501,601</u>	<u>\$ 116,242,413</u>

City of Phoenix, Arizona

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

1. General

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the primary government of the City of Phoenix, Arizona (City). The City's reporting entity is defined in *Note 1* in the City's basic financial statements for the year ended June 30, 2019.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Arizona or other non-federal entities.

The City's basic financial statements include the operations of Valley Metro Rail, Inc., a joint use agreement of the City, which expended \$76,539,499 in federal awards which are not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2019.

2. Basis of Accounting

The City's summary of significant accounting policies is presented in *Note 1* to the City's basic financial statements for the year ended June 30, 2019.

Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund.

Such expenditures are recognized following, as applicable, the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Phoenix, Arizona
Notes to the Schedule of Expenditures of Federal Awards (Continued)
June 30, 2019

3. Federal Loan Programs

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grants/Entitlement Grants Cluster (CFDA Number 14.218) and HOME Investment Partnership Program (CFDA Number 14.239). Under these loan agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. Certain loans under this program have no continuing compliance requirements other than continued loan payments, therefore, the outstanding loan balances of such loans have not been included in the Schedule and major program determination. Certain loans are subject to continuing compliance requirements and as such the beginning balance of those loans is included in the Schedule and the major program determination. The Schedule also includes all new loans executed during the year under this program.

The outstanding loan balances as of June 30, 2019, are as follows:

CFDA Number	Program Name	Outstanding Balance
Loans Not Subject to Continuing Compliance Requirements		
14.218	Community Development Block Grants/Entitlement Grants Cluster	\$ 8,652,106
14.239	Home Investment Partnerships Program	3,408,177
		<u>12,060,283</u>
Loans Subject to Continuing Compliance Requirements		
14.239	Home Investment Partnerships Program	<u>69,546,066</u>
Total Loans Outstanding		<u><u>\$ 81,606,349</u></u>

4. Restatement

This Schedule has been restated due to the identification of expenditures under the CFDA #20.933, National Infrastructure Investments, requiring the program to be considered a federal major program and tested as such. Changes from the previously issued Schedule include an increase in federal expenditures reported under National Infrastructure Investments from \$0 to \$5,441,947 along with a related decrease in the Highway Planning and Construction Cluster from \$11,675,643 to \$6,233,696, with total federal awards expended remaining at \$411,501,601, as previously included in the Schedule. Additionally, the National Infrastructure Investments has been included as a federal major program in the Summary of Auditor's Results and a material weakness in internal control over financial reporting is included as finding 2019-001.

**Report on Internal Control over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2019, which contained a reference to the reports of other auditors. Our report includes a reference to other auditors who audited the financial statements of the Industrial Development Authority of the City of Phoenix, Arizona, a component unit included in the financial statements of the aggregate discretely presented component units, and Multi-City Subregional Operating Group (SROG) and Valley Metro Rail, Inc., joint use agreements of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Regional Wireless Cooperative, a joint use agreement of the City, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Regional Wireless Cooperative.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
December 13, 2019, except as it relates to finding 2019-001 and related response to finding, as to which the date is November 17, 2020

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Phoenix, Arizona's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Valley Metro Rail, Inc., a joint use agreement of the City, which expended \$76,539,499 in federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of Valley Metro Rail, Inc. because they engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

This report is replacing a previously issued report dated December 13, 2019, due to the identification of expenditures under the CFDA #20.933 National Infrastructure Investments requiring the program to be considered a major program and tested as such. Changes from the previously issued Schedule of Federal Expenditures (Schedule) include an increase in federal expenditures reported under National Infrastructure Investments from \$0 to \$5,441,947 along with a related decrease in the Highway Planning and Construction Cluster from \$11,675,643 to \$6,233,696, with total federal awards expended remaining at \$411,501,601, as previously included in the Schedule. Additionally, the National Infrastructure Investments has been included as a major program in the Summary of Auditor's Results and a material weakness in internal control over financial reporting is included as finding 2019-001.

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 13, 2019, which contained unmodified opinions on those financial statements and a reference to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Dallas, Texas

December 13, 2019, except for the *Other Matters* Section of the Report on Compliance for Each Major Federal Program, finding 2019-002 and *Note 4* of the Schedule of Expenditures of Federal Awards, as to which the date is November 17, 2020

City of Phoenix, Arizona
Schedule of Findings and Questioned Costs – As Restated
Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over compliance for major federal programs:
- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported
5. Type of auditor's report issued on compliance for major federal programs:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
- ☒ Yes ☐ No

City of Phoenix, Arizona
Schedule of Findings and Questioned Costs – As Restated (Continued)
Year Ended June 30, 2019

7. Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund
	<i>Housing Voucher Cluster</i>
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
20.933	National Infrastructure Investments
93.600	Head Start
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

8. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

City of Phoenix, Arizona
Schedule of Findings and Questioned Costs – As Restated (Continued)
Year Ended June 30, 2019

Section II – Financial Statement Findings

**Reference
Number**

Finding

2019-001 **Finding:** Schedule of Expenditures of Federal Awards Preparation

Criteria: In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.510, auditees receiving federal funds must prepare an annual Schedule of Expenditure of Federal Awards (SEFA) detailing the value and type of federal assistance received each year. The federal Office of Management and Budget issues instructions on how to prepare this schedule. Key information to be reported includes the catalog of federal domestic assistance (CFDA) number provided in the federal awards/subaward agreements and associated expenditures incurred in the fiscal year. At the City, the SEFA is prepared by the Finance Department based on information provided by the grant managers of the various departments receiving Federal funds and information contained in the accounting system.

Condition: One federal award was incorrectly reported under CFDA #20.205, Highway Planning and Construction, that should have been reported under CFDA #20.933, National Infrastructure Investments. Total expenditures of \$11.7 million originally reported for the Highway Planning and Construction Cluster were reduced by \$5.4 million to bring the final expenditures total for the cluster to \$6.2 million for the year ended June 30, 2019. No expenditures were originally reported for the National Infrastructure Investments Program, to bring the final expenditures total for the program to \$5.4 million for the year ended June 30, 2019.

Cause: Internal controls and review processes were not in place to ensure the accuracy of federal CFDA numbers reported on the annual SEFA.

Effect: The federal government and pass-through entities rely on the SEFA information to be reported accurately. In addition, accurate SEFA information is relied upon by the auditors in order to perform the major program determination utilized to select the federal programs subjected to single audit procedures. The condition resulted in the reissuance of the City's 2019 Single Audit Report for restatement of the SEFA and inclusion of the CFDA # 20.933, National Infrastructure Investments, as a major program.

Recommendation: Management should implement procedures to help ensure that controls are in place that will allow for the accurate preparation of the SEFA. We recommend that the City perform a detailed analysis of CFDA numbers for all significant awards on an annual basis.

Views of Responsible Officials: We agree with the finding. See separate report for planned corrective actions.

City of Phoenix, Arizona
Schedule of Findings and Questioned Costs – As Restated (Continued)
Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2019-002	Finding: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Matching Federal Program: National Infrastructure Investments CFDA No.: 20.933 Agency: Department of Transportation (DOT) Criteria: In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Appendix V, the City is required to submit a central service cost allocation plan (CAP) to its cognizant agency for indirect costs annually. In addition, the central service CAP must include all central service costs that will be claimed (either as an allocated or a billed cost) under federal awards. All plans and related documentation used as a basis for claiming costs under federal awards must be retained for audit. Condition: The City does not have a formally documented and approved central service CAP. As a result, cost allocations were not in accordance with central service CAPs approved by the cognizant agency for indirect costs. Questioned costs: \$369,214. Questioned costs were determined by reviewing the 2019 payments that occurred for the issue noted above. Context: Out of 25 expenditures selected for testing, 6 of the expenditures contained the issue noted above. A non-statistical sampling methodology was used to select the sample. Furthermore, total federal expenditures during the fiscal year were \$5,441,947 under the National Infrastructure Investments program, of which \$369,214 in federal expenditures were determined to be known questioned costs as noted above. Cause: Internal controls over indirect costs were not in place to ensure the City had a formally approved central service CAP. Effect: Indirect cost expenditures are not allowable costs pursuant to CFR Part 200 and therefore are considered questioned costs. Recommendation: Management should implement procedures to ensure that a formal central service CAP is prepared and submitted to its cognizant agency on an annual basis. Views of Responsible Officials: We agree with the finding. See separate report for planned corrective actions.

City of Phoenix, Arizona
Status of Prior Audit Findings
Year Ended June 30, 2019

Reference Number	Summary of Finding	Status
2018-001	<i>Federal Transit Cluster</i> Finding: Subrecipient Monitoring We recommend the City perform the required on-site monitoring for each subrecipient based on the risk assessment performed and monitoring plan established as well as develop a process to track all monitoring performed for each subrecipient.	Implemented.



Corrective Action Plan for Schedule of Expenditures of Federal Awards Preparation finding 2019-001

We are in receipt of the Findings Required to be Reported by the Uniform Guidance, specifically finding 2019-001 regarding not having adequate internal controls to ensure the accuracy of federal CFDA numbers reported on the annual SEFA.

View of Responsible Officials and Planned Corrective Actions

Management agrees with the finding. The Finance Department will implement procedures to review supporting documentation such as a grant agreement or award letter for any grant that has total expenditures of \$3 million or more to ensure the accuracy of federal CFDA numbers reported on the annual SEFA.

Responsible Person: Anna Porter, Accounting Supervisor, 602 262-1822.

The planned corrective action will be in effect for fiscal year ending June 30, 2020.

Corrective Action Plan for Schedule of Expenditures of Federal Awards Preparation finding 2019-002

We are in receipt of the Findings Required to be Reported by the Uniform Guidance, specifically finding 2019-002 regarding not having adequate internal controls over indirect costs to ensure the City had a formally approved central service CAP.

View of Responsible Officials and Planned Corrective Actions

Management agrees with the finding. The Finance Department is currently working on preparing an indirect rate submittal package to a cognizant agency for an approval.

Responsible Person: Anna Porter, Accounting Supervisor, 602 262-1822.

The planned corrective action will be in effect for fiscal year ending June 30, 2022.