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CITY OF PHOENIX AVIATION DEPARTMENT

An Enterprise Fund of the City of Phoenix, Arizona

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2015



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 **CITY OF PHOENIX AVIATION DEPARTMENT**

Annual Financial Report
For the Fiscal Year Ended June 30, 2015



An Enterprise Fund of the City of Phoenix, Arizona

Prepared by:
Aviation Department and
Finance Department

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CITY OF PHOENIX AVIATION DEPARTMENT

December 18, 2015

Honorable Mayor, City Council and City Manager:

We are pleased to submit the Annual Financial Report of the Aviation Department (an enterprise fund of the City of Phoenix, Arizona) for the fiscal year ended June 30, 2015. 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 operational results of the City of Phoenix, Aviation Department. Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

Management's Discussion and Analysis (MD&A) beginning on page 15 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.

PROFILE OF THE REPORTING ENTITY

As the largest economic engine in the state of Arizona, Phoenix Sky Harbor International Airport (the Airport) strives to deliver a world-class experience to every customer, every day. The Airport is one of the busiest in the United States, serving approximately 40 million passengers per year. The Airport is owned and operated by the City of Phoenix (the City) through the Aviation Department (the Department). In addition to the Airport, the City owns and operates Phoenix Deer Valley Airport, the busiest general aviation airport in the United States, and Phoenix Goodyear Airport (collectively, the Airport System).

The City was incorporated in 1881 and operates under a City Council-Manager form of government as provided by its Charter. The Mayor and City Council set policy direction and the City Manager implements those policies. The Mayor is elected at-large, while city council members are elected by voters in each of eight separate districts they represent. The Mayor and city council members each have equal voting power.

The Airport System financial operations are accounted for as a separate Aviation Enterprise Fund according to GAAP for governmental entities. The City has operated the Airport System through the Department as a self-supporting enterprise since 1967.

The City Council establishes the major policies relating to the development and operation of the Airport. The City Council appoints the City Manager to act as the chief operating officer. The City Manager appoints the Director of Aviation Services, who reports to the Deputy City Manager. The City Council adopts ordinances establishing fee structures for use of the Airport facilities, including airline rates and charges.

The Phoenix Aviation Advisory Board (PAAB) is made up of nine members appointed by the Mayor and City Council to four year terms. The Board, which meets monthly to review airport policies, makes recommendations to the City Council on major airport projects, concession contracts, and leases. Membership is voluntary and uncompensated.

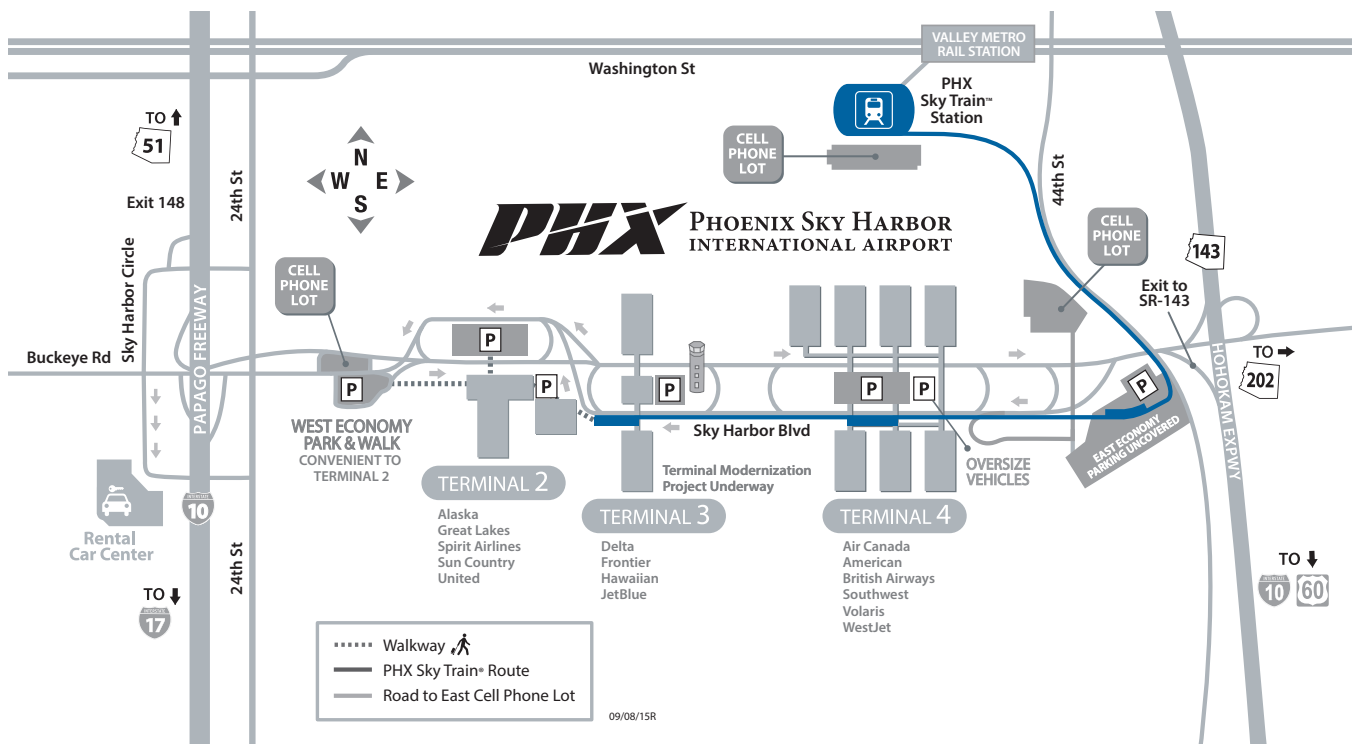
The Director of Aviation Services is responsible for executing the City Council's aviation policies and administering the operations of the Airport System. Reporting to the Director of Aviation Services are three

Assistant Aviation Directors. The Director of Aviation Services and Assistant Aviation Directors lead the Department staff.

Certain accounting, bond financing, treasury, and related financial functions are performed by the City's Finance Department.

AIRPORT FACILITIES

The Airport has been owned and operated by the City since 1935. It is the largest of the three airports that comprise the City's Aviation Enterprise Fund. The Airport occupies approximately 3,000 acres of land located approximately four miles east of the downtown Phoenix area. It is the only Arizona airport designated as a large hub by the Federal Aviation Administration (FAA) and is the principal commercial service airport serving metropolitan Phoenix and most of the State's population. There are no other U.S. large-hub commercial service airports within a 5-hour drive from Phoenix, with the closest being Las Vegas' McCarran International Airport (approximately 292 miles to the northwest).



The City serves the area's general aviation traffic activity through two reliever airports that it owns and operates. Phoenix Deer Valley Airport is located in the northern part of the City and Phoenix Goodyear Airport is located to the west. Together these two facilities handled 458,162 general aviation operations in fiscal year 2015.

The City is also a member government in the Phoenix-Mesa Gateway Airport Authority, which owns and operates Phoenix-Mesa Gateway Airport, located approximately 30 miles east of the Airport. Phoenix-Mesa Gateway serves as a commercial reliever to the Airport.

AIRPORT PASSENGERS

The 10 largest U.S. passenger airlines provide regular service at the Airport, providing nonstop passenger service to 101 airports. The table below lists the passenger and cargo airlines currently providing service at the Airport.

AIRLINES REPORTING ENPLANED PASSENGERS AND AIR CARGO Phoenix Sky Harbor International Airport			
MAJOR / NATIONAL	REGIONAL / COMMUTER	FOREIGN-FLAG	ALL-CARGO AIRLINES
Alaska	Boutique Air	Air Canada	AirNet Systems
American	Compass Airlines	British Airways	Atlas Air (DHL)
Delta	(Delta Connection)	Volaris	Ameriflight
Frontier	Envoy Air (American Eagle)	WestJet	Empire
Hawaiian	ExpressJet (United Express)		Federal Express
JetBlue	Great Lakes Airlines		Gulf & Caribbean Cargo
Southwest	Mesa Airlines (American Eagle)		UPS
Spirit	Skywest (American Eagle, Delta Connection, United Express)		
Sun Country			
United			

The composition of enplaned passengers by segment has not materially changed over the past several years, as the Airport remained primarily a domestic origin and destination (O&D) market. For more detailed information on enplaned passengers, please refer to Schedules 22 and 23 on pages 92 and 93 in the Statistical section.

In fiscal year 2015, 94.7% of passengers were enplaned on domestic flights, while the remaining 5.3% boarded international flights. Domestic passengers grew by 4.9%, while international passengers increased by 2.2% from fiscal year 2014. Overall, enplaned passengers increased by 4.7% to 21,488,569 passengers in fiscal year 2015.

INITIATIVES AND DEVELOPMENTS

Terminal 3 Modernization

The Airport is preparing for the future through an incremental development plan for its second busiest terminal. Terminal 3 opened in 1979 at a time when seven million passengers per year traveled through the Airport. Now, with more than 40 million passengers every year, the Airport has launched a Terminal 3 Modernization project designed to provide improved customer service and more efficient operations for airlines and concessionaires. Upon completion of the Terminal 3 Modernization project, the Airport's oldest terminal, Terminal 2, will be closed.

PHX Sky Train®

The newest stage of the PHX Sky Train® opened in December 2014, in time for Super Bowl XLIX. This line extension connects to Terminal 3, with a short walkway to Terminal 2. With the opening of this line extension, the PHX Sky Train® provides a quick, convenient connection among all three terminals, East Economy Parking and Valley Metro Light Rail. This phase of the project was completed on-time and \$45 million under-budget.

International Arrival Facilities

The Airport is improving its international arrival facilities in Terminal 4. This effort began with the installation of passport kiosks in the Customs and Border Protection processing area that resulted in significant decreases in passenger wait times. The project will further allow the Airport to accommodate additional visitors more efficiently by improving elevators and escalators, in addition to expanding waiting areas and baggage carousels.

Terminal 4 North Apron Reconstruction

The Airport is making necessary modifications and updates to its runway and apron areas to ensure the safety and security of passengers. One of these projects is the reconstruction of the Terminal 4 north apron and ramps. The project includes reconstruction of 1.7 million square feet of paving on the north side of Terminal 4. This will be accomplished in phases to minimize disruption to airline operations.

US Airways and American Airlines Merger

On December 9, 2013, US Airways Group merged with AMR Corporation to form American Airlines Group. The combined company has retained the iconic American Airlines brand name and will maintain a corporate, operational and hub presence in Phoenix. The two airlines were granted a combined operating certificate on April 8, 2015. As a result, statistical information for US Airways and American Airlines has been combined for all years in this report.

ECONOMIC CONDITION AND OUTLOOK

The Airport's financial performance is dependent upon a number of factors that impact the region served by the Airport. Among these factors are population, economy, employment and tourism.

The Airport serves the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (the MSA), comprised of Maricopa and Pinal counties, which includes the cities of Phoenix, Mesa, Glendale, Scottsdale, and Tempe, among others. With a 2014 population of 4.5 million, the MSA ranked as the twelfth most populous metropolitan area in the U.S. and accounted for two-thirds of the State of Arizona's population. As of July 1, 2015, the City of Phoenix Planning and Development Department estimates population at 1,528,115, making it the sixth largest city in the U.S.

The MSA growth relies on the same factors underlying U.S. growth, but is expected to outpace the State and U.S. between 2014 and 2019. According to the University of Arizona's Eller College of Management's Economic and Business Research Center, the MSA's population is forecast to expand during 2014 – 2019 by 2.0%, compared to 1.7% for the State and 0.8% for the U.S. Furthermore, non-agricultural employment is projected to grow 2.9% compared to 2.6% for the State and 1.1% for the U.S., during the same time period. Population growth is a clear sign of good economic trends that should benefit the Airport.

Growth in employment and income, along with the expanding population, generate demand for airline travel to and from the MSA. Between 2000 and 2014 the MSA employment expanded at about triple the rate of the U.S; however, during the 2008 to 2009 recession the MSA experienced a more substantial decline than the rest of the nation and employment has only recovered to about 97% of its peak. Unemployment figures for the MSA are quite low. In 2015, the MSA unemployment rate is 5.3% compared with the 6.1% and 5.6% for the state and U.S., respectively.

The area is widely known for its mild winters and warm summers with more than 300 days of sunshine each year. Unique natural resources and cultural attractions make it a popular tourist destination. The attractions include resorts, spas, and outdoor recreation. The area also offers Old West and Native American history. In addition to the attractions within the Phoenix area, the northern part of Arizona is home to the Grand Canyon, known around the world as one of the seven natural wonders of the world, along with the Painted Desert, the Petrified Forest, and the Meteor Crater. These types of attractions are key factors in maintaining high levels of airline passengers from year to year.

Major sporting events also play a role in continued airport traffic. These events include Major League Baseball's annual spring training for fifteen teams in the months of February and March, the annual Phoenix Open Professional Golf Association tournament, and annual Fiesta Bowl in college football. During 2015, the

City of Glendale was the host of the National Football League's Super Bowl between the Seattle Seahawks and New England Patriots. In the upcoming year, the City of Glendale will host the College Football Playoff National Championship.

FINANCIAL POLICIES

Management is focused on maintaining sound financial performance which is evident from the strong financial metrics and high bond ratings achieved. In fiscal year 2015, the Airport's bond ratings remain among the highest airport ratings in the U.S. Standard and Poor's Ratings Services (S&P) and Moody's Investors Service (Moody's) affirmed the Airport's double-A category ratings (AA- and Aa3 respectively) on the outstanding senior-lien revenue bonds. S&P and Moody's also affirmed the Airport's single-A category ratings (A+ and A1 respectively) on the Airport's outstanding junior-lien revenue bonds. In affirming their ratings, these organizations noted the Airport's strong financial performance, maintenance of a low-cost, low-debt facility, vibrant O&D market, experienced and effective administrative team and excellent integration of Airport and City decision-making.

The Department has adopted specific financial targets and debt management policies to ensure the Airport's continued solid financial performance. These financial policies include:

Debt Service Coverage: Management seeks to maintain Senior Lien Revenue Bond debt service coverage of at least 1.75x – 2.00x. Management also seeks to maintain aggregate debt service coverage (coverage of Senior Lien Revenue Bond debt service and Junior Lien Revenue Bond debt service) of at least 1.50x.

Passenger Facility Charge (PFC) Leveraging: Management has established a PFC leverage target of no greater than 65% – 75% of annual collections to preserve adequate PFC pay-as-you-go capacity and provide bondholder protection should unexpected volatility occur in operations and revenue.

Cash and Liquidity: Management has established a target of at least 475 Days Cash on Hand. Days cash on hand is defined as unrestricted cash and investments available for operations, divided by the annual operating expenses, times 365 days. Furthermore, management has an active Commercial Paper program supported by two Letters of Credit to provide additional liquidity and support short-term capital needs.

Cost per Enplanement (CPE): The Airport maintains one of the industry's lowest CPE figures for similarly sized U.S. airports. Management has the flexibility to increase rates and charges by ordinance to maintain financial metrics and develop facilities.

FINANCIAL TARGETS AND MANAGEMENT POLICIES			
Three Year Results			
	FY 2015	FY 2014	FY2013
Debt Service Coverage			
Senior Lien Bond Debt Service Coverage	2.63x	2.38x	2.04x
Aggregate Debt Service Coverage	2.54x	2.30x	1.98x
PFC Leveraging	52%	55%	56%
Cash and Liquidity - Days Cash on Hand	528	508	524
Cost Per Enplanement	\$5.73	\$5.79	\$ 5.53

AIRLINE RATES AND CHARGES

In 1981, the Mayor and City Council formally adopted a compensatory (cost of services) airline rate-setting policy which provides (1) that charges to airline users be established on the basis of the costs to provide, maintain and operate the Airport facilities and services, and (2) that these costs be recovered from airline users on a basis not to exceed their proportional use thereof. Under this compensatory rate-setting

methodology, the City bears the risk of any revenue shortfall and retains any surplus revenue for its own discretionary expenditures. Rates and charges are typically adjusted at the beginning of each fiscal year after the City has reviewed proposed rate changes and capital expenditures with airline representatives. However, the City retains its proprietary right to adjust fees and to determine its capital expenditures without airline approval. The City also has the ability to adjust terminal rates and landing fees at any time to reflect changes in cost. Any such adjustment is subject to federal law and regulations.

The City uses short-term (month-to-month) Letters of Authorization (LOA) for airline space within its terminal facilities. Each LOA can be terminated by either party upon 30-days' notice, providing the City with the flexibility to maximize the use of its terminal facilities.

ACCOUNTING AND BUDGETING CONTROLS

Internal Controls

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 benefit, 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.

Budgetary 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 Aviation Enterprise Fund on a modified accrual basis plus encumbrances. Legal budget control is maintained at the fund level.

After tentative adoption of the budget, the City 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, 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 City 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 City 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 (re-appropriate) 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.

Cash Management

As noted, the Department operates as a separate enterprise fund of the City; however cash resources are pooled with other City departments and invested by the City Treasurer. Interest earned by the pool is distributed monthly to individual enterprise funds based on daily equity in the pool.

Cash and cash equivalents are considered to be cash in bank, cash on hand and short term investments with original maturities of 90 days or less from the date of acquisition. The City's investments are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

INDEPENDENT AUDITS

The City Charter requires an annual audit by independent certified public accountants. The independent audit firm of Grant Thornton LLP was selected to perform the audit of the City's Comprehensive Annual Financial Report (City CAFR) as well as this separately issued Annual Financial Report for the Aviation Enterprise Fund, for fiscal year 2015. Included in the financial section of this report is the Independent Auditor's Report on the financial statements of the Aviation Enterprise Fund.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Grant Thornton LLP was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Single Audit Act of 1996 and related OMB Circular A-133. Due to the size and complexity of the City's financial systems, the single audit report is issued separately from the City's CAFR and other financial reports.

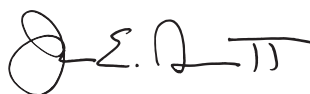
ACKNOWLEDGMENTS

The preparation of the Annual Financial Report was made possible by the combined efforts of the dedicated staff of the Aviation and Finance departments.

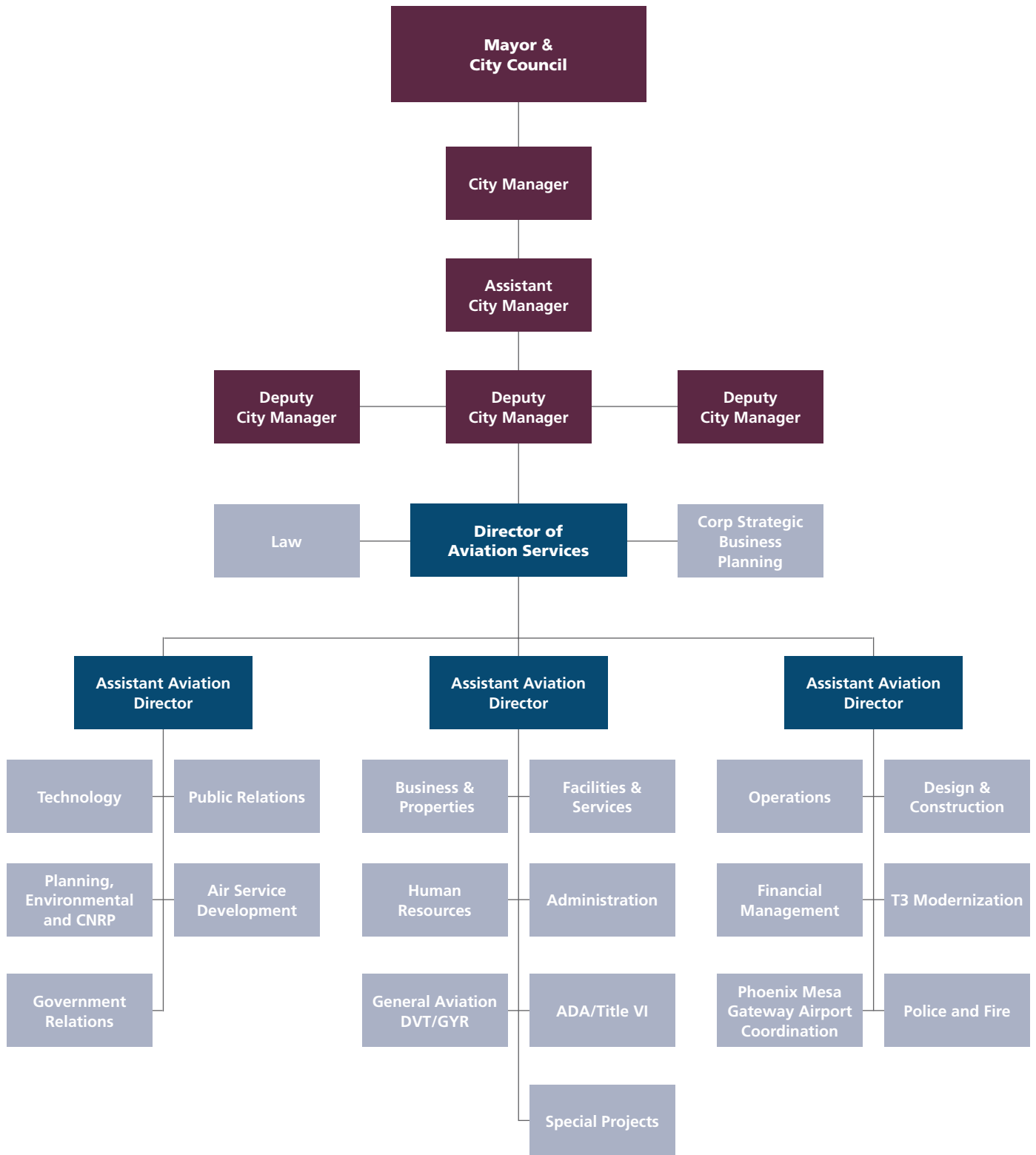
Respectfully submitted,



Denise M. Olson
Chief Financial Officer
Finance Department



James E. Bennett, A.A.E.
Director of Aviation Services
Aviation Department



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 **CITY OF PHOENIX AVIATION DEPARTMENT**

MAYOR AND CITY COUNCIL

Greg Stanton, Mayor

Thelda Williams, District 1

Jim Waring, District 2

Bill Gates, District 3

Laura Pastor, District 4

Daniel Valenzuela, Vice-Mayor, District 5

Sal DiCiccio, District 6

Michael Nowakowski, District 7

Kate Gallego, District 8

CITY MANAGER'S OFFICE

Ed Zuercher, City Manager

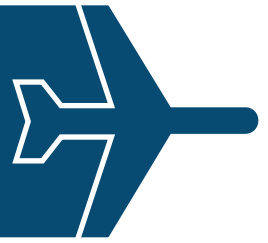
AVIATION DEPARTMENT

James E. Bennett, Director of Aviation Services

FINANCE DEPARTMENT

Denise M. Olson, Chief Financial Officer





**THE FINANCIAL SECTION INCLUDES AN INDEPENDENT
AUDITOR'S REPORT BY GRANT THORNTON LLP,
THE MANAGEMENT'S DISCUSSION AND ANALYSIS,
THE AUDITED FINANCIAL STATEMENTS, AND THE
NOTES TO THE FINANCIAL STATEMENTS.**



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

We have audited the accompanying statements of net position of the Aviation Enterprise Fund (a major fund of the City of Phoenix, Arizona) (the "Entity") as of and for the years ended June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and notes to the financial statements, which collectively comprise the Entity's basic financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Aviation Enterprise Fund of the City of Phoenix, Arizona as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years 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 on pages 15 through 24, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

Emphasis of matters

As discussed in Note 1, the financial statements present only the Entity, a major fund of the City of Phoenix, and do not purport to, and do not, present fairly the financial position of the City of Phoenix as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Entity adopted new accounting guidance in 2015 related to the accounting for pensions. Our opinion is not modified with respect to this matter.

GRANT THORNTON LLP

Phoenix, Arizona
December 18, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the City of Phoenix (the City) Aviation Enterprise Fund. It provides an introduction and discussion of the financial statements of Phoenix Sky Harbor International Airport (the Airport) and two general aviation airports, Phoenix Goodyear Airport and Phoenix Deer Valley Airport (collectively, the Airport System) as of and for the fiscal year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2015

- Total net position for the Aviation Enterprise Fund at June 30, 2015 was \$1,651.7 million. This is an increase of \$11.3 million from total net position at June 30, 2014.
- Total operating revenues increased by \$15.0 million to \$341.0 million in fiscal year 2015.
- Total operating expenses were \$417.8 million in fiscal year 2015, an increase of \$19.9 million from fiscal year 2014.

Fiscal Year 2014

- Total net position for the Aviation Enterprise Fund at June 30, 2014 was \$1,640.4 million. This is a decrease of \$125.2 million from total net position at June 30, 2013. The decrease in net position is a result of the implementation of GASB 68 relating to net pension liability.
- Operating revenues increased by \$20.3 million to \$326.0 million in fiscal year 2014.
- Total operating expenses were \$397.9 million in fiscal year 2014, an increase of \$4.4 million from fiscal year 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Aviation Enterprise Fund is an enterprise fund of the City. This fund is used to account for the Airport System's ongoing operations and activities, which are similar to those often found in the private sector and where cost recovery and the determination of net income is useful or necessary for sound fiscal management. It uses the accrual basis of accounting; revenues are recognized when earned and expenses are recognized as incurred. Following the MD&A are the financial statements, notes to the financial statements, and supplemental schedules of the Aviation Enterprise Fund. These statements, notes and schedules, together with the MD&A, are designed to provide an understanding of the Aviation Enterprise Fund's financial position, results of operations, and cash flows.

The Comparative Statements of Net Position present information on all of the Aviation Enterprise Fund's assets, liabilities, deferred inflows and outflows and net position as of June 30, 2015 and 2014. The Comparative Statements of Revenues, Expenses, and Changes in Net Position present financial information showing how the Aviation Enterprise Fund's net position changed during the fiscal years ended June 30, 2015 and 2014. The Comparative Statements of Cash Flows relate to the cash and cash equivalent sources and uses as a result of financial transactions during the two fiscal years and also include reconciliations of operating loss to the net cash provided by operating activities.

NET POSITION

The following is a summary of assets, liabilities, deferred inflows and outflows, and net position as of June 30:

SUMMARY OF NET POSITION (Fiscal Years; in thousands)

	2015	2014	2013
Unrestricted			
Unrestricted Current Assets	\$ 341,251	\$ 321,390	\$ 319,892
Restricted Current Assets	407,330	361,170	366,898
Capital Assets, net	2,745,938	2,801,798	2,821,432
OPEB Asset	59	58	55
Total Assets	<u>3,494,578</u>	<u>3,484,416</u>	<u>3,508,277</u>
Deferred Outflows of Resources	<u>30,419</u>	<u>1,641</u>	<u>2,049</u>
Liabilities			
Current Liabilities Payable from Current Assets	38,677	26,954	32,111
Current Liabilities Payable from Restricted Assets	286,896	256,076	232,233
Noncurrent Liabilities	<u>1,545,211</u>	<u>1,562,369</u>	<u>1,480,364</u>
Total Liabilities	<u>1,870,784</u>	<u>1,845,399</u>	<u>1,744,708</u>
Deferred Inflows of Resources	<u>2,552</u>	<u>256</u>	<u>-</u>
Net Position			
Net Investment in Capital Assets	1,170,752	1,241,513	1,255,699
Restricted	343,472	272,624	266,673
Unrestricted	<u>137,437</u>	<u>126,265</u>	<u>243,246</u>
Total Net Position	<u>\$ 1,651,661</u>	<u>\$ 1,640,402</u>	<u>\$ 1,765,618</u>

The analysis below explains the summary of net position.

Fiscal Year 2015 Compared to Fiscal Year 2014

Total assets increased by \$10.2 million, or 0.3%, in fiscal year 2015, compared to fiscal year 2014. The total assets has remained relatively steady at \$3.5 billion, over the three years.

Total liabilities increased by \$25.4 million, or 1.4% in fiscal year 2015, compared to fiscal year 2014. Bond principal payments of \$44.3 million, combined with the issuance of an additional \$20 million in commercial paper to fund the Terminal 3 Modernization project, accounted for the change in debt liability. The net pension liability increased \$39.4 million due to changes in actuarial assumptions.

Total net position increased by \$11.3 million, or 0.7%, in fiscal year 2015. As of June 30, 2015, \$1,170.8 million was an investment in capital assets and \$137.4 million was unrestricted and available for short term operations and ongoing obligations. The amount restricted for debt service remained the same at \$125.0 million for fiscal year 2015. The amounts restricted for Passenger Facility Charges and Rental Car Customer Facility Charges totaled \$218.5 million for fiscal year 2015.

Fiscal Year 2014 Compared to Fiscal Year 2013

Total assets decreased by \$23.9 million, or 0.7%, in fiscal year 2014, compared to fiscal year 2013. Overall, assets remained at the same level except for a decrease in the net book value of capital assets, due to additions being lower than the current year depreciation expense.

Total liabilities increased by \$100.7 million, or 5.8% in fiscal year 2014, compared to fiscal year 2013. The implementation of GASB 68 added \$133.2 million to liabilities in fiscal year 2014. The remaining change is due to a \$20 million draw on the commercial paper program notes offset by debt service payments of \$52.4 million.

Total net position decreased by \$125.2 million, or 7.1%, in fiscal year 2014. As of June 30, 2014, \$1,241.5 million was an investment in capital assets and \$126.3 million was unrestricted and available for short term operations and ongoing obligations. The amount restricted for debt service totaled \$125.0 million for fiscal year 2014. The amounts restricted for Passenger Facility Charges and Rental Car Customer Facility Charges totaled \$147.7 million, for fiscal year 2014. With the implementation of GASB 68, the beginning net position was reduced by \$142.1 million, from what was previously reported. Operating expenses for fiscal year 2014 include a reduction of \$8.9 million relating to the net pension liability. Combined, these restatements reduce the total net position for June 30, 2014 by \$133.2 million.

The following is a summary of changes in net position as of June 30:

CHANGES IN NET POSITION
(Fiscal Years; in thousands)

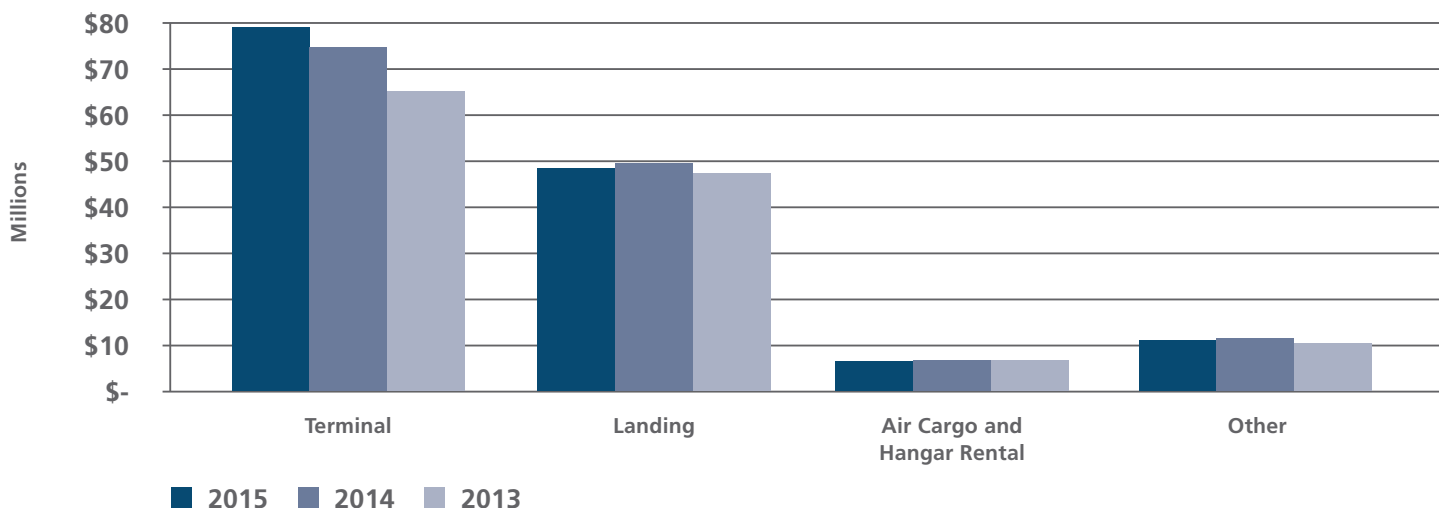
	2015	2014	2013
Operating Revenues	\$ 340,967	\$ 326,044	\$ 305,686
Operating Expenses	(417,817)	(397,879)	(393,450)
Operating Loss	(76,850)	(71,835)	(87,764)
Non-Operating Revenues	132,601	126,616	120,160
Non-Operating Expenses	(65,098)	(64,892)	(70,938)
Capital Contributions	20,970	27,184	14,516
Transfers	(364)	(166)	31
Change in Net Position	11,259	16,907	(23,995)
Net Position, July 1	1,640,402	1,765,618	1,789,613
Restatement of Beginning Net Position	-	(142,123)	-
Net Position, July 1, as restated	1,640,402	1,623,495	1,789,613
Net Position, June 30	\$ 1,651,661	\$ 1,640,402	\$ 1,765,618

OPERATING REVENUES

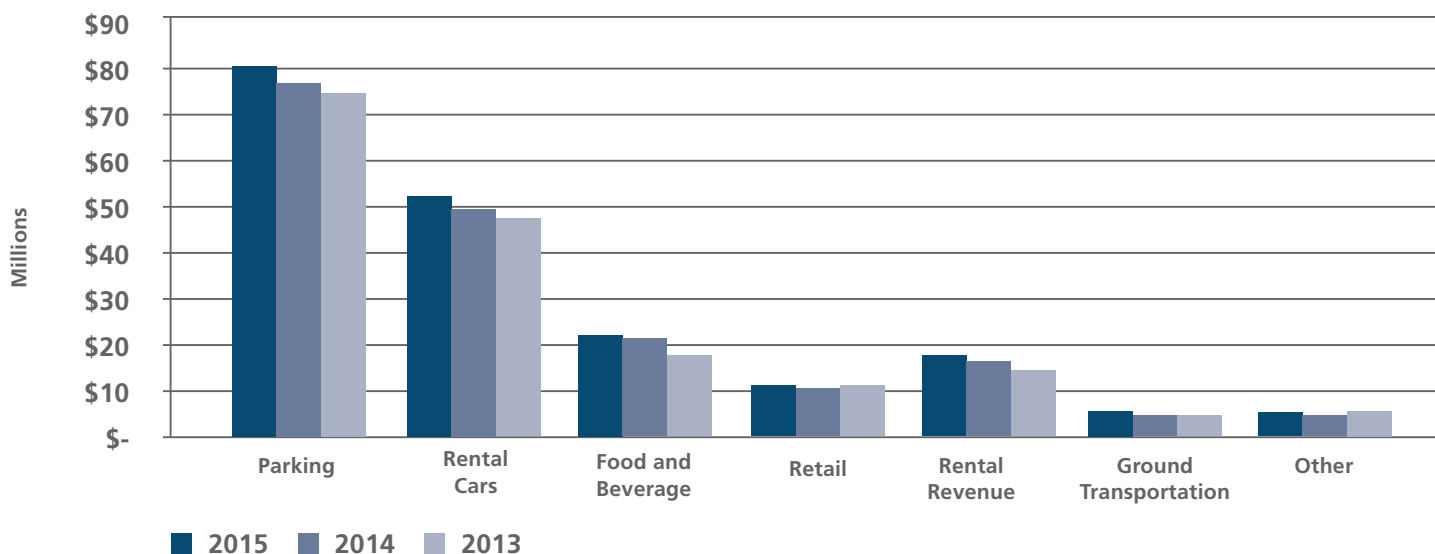
The following is a summary of operating revenues for the fiscal years ending June 30:

OPERATING REVENUES (Fiscal Years; in thousands)			
	2015	2014	2013
Aeronautical Revenue			
Terminal Fees	\$ 78,422	\$ 73,090	\$ 64,904
Landing Fees	48,497	49,860	46,893
Air Cargo and Hangar Rental	7,083	7,023	7,143
Other	11,044	11,660	10,086
Subtotal	<u>145,046</u>	<u>141,633</u>	<u>129,026</u>
Non-aeronautical Revenue			
Parking	81,094	76,965	74,914
Rental Cars	52,103	49,628	47,793
Terminal – Food and Beverage	22,015	21,014	17,787
Terminal – Retail	11,087	10,649	10,984
Rental Revenue	17,605	16,416	14,570
Ground Transportation	6,318	4,897	4,805
Other	5,699	4,842	5,806
Subtotal	<u>195,921</u>	<u>184,411</u>	<u>176,660</u>
Total Operating Revenues	<u>\$ 340,967</u>	<u>\$ 326,044</u>	<u>\$ 305,686</u>

Aeronautical Revenue



Non-aeronautical Revenue



The analysis below explains the increases and decreases in operating revenues.

Fiscal Year 2015 Compared to Fiscal Year 2014

Operating revenues had an overall increase of \$15.0 million, or 4.6%, to \$341.0 million in fiscal year 2015. This overall increase is consistent with the increase in enplaned passengers for FY 2015.

Aeronautical operating revenue increased by \$3.4 million, or 2.4%; resulting from an increase in airline terminal fees offset by a slight decrease in landing fees. The airline terminal and landing fees are charged on a cost recovery basis, where revenues are based on operation and maintenance expenses for the terminal and airfield.

Non-aeronautical operating revenue increased by \$11.5 million or 6.2%. Parking, Rental Cars, Food and Beverage, and Retail revenues accounted for \$8.0 million of this increase. Each of these revenues increased at rates similar to the 4.7% increase in enplaned passengers.

Fiscal Year 2014 Compared to Fiscal Year 2013

Operating revenues increased by \$20.3 million, or 6.6%, to \$326.0 million in fiscal year 2014 from \$305.7 million in fiscal year 2013. This increase is primarily due to increases in airline landing and terminal fees, as well as increases in parking and car rentals.

Aeronautical revenue increased by \$12.6 million, or 9.8%, to \$141.6 million in fiscal year 2014. Increases in airline terminal and landing fees accounted for the majority of the increase.

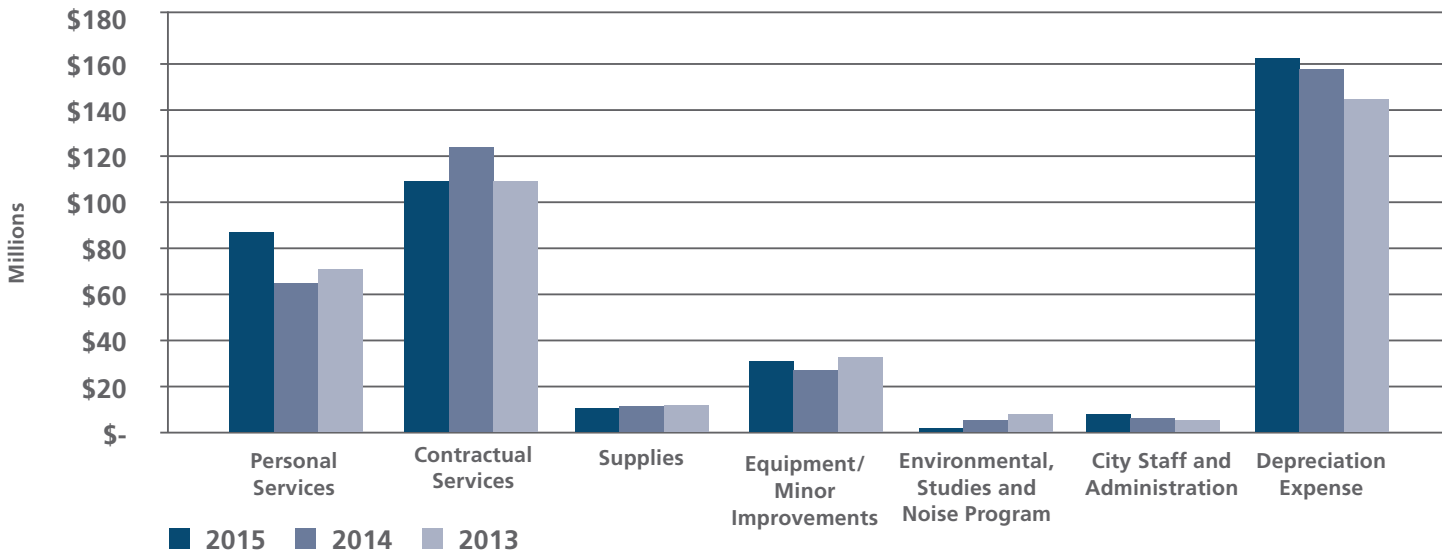
Non-aeronautical revenue increased \$7.7 million, or 4.4%, to \$184.4 million in fiscal year 2014. The increase in due in part to the completed construction and the opening of new vendor concessions in Terminal 4. Increases in passenger traffic also contributed to the higher revenue.

OPERATING EXPENSES

The following is a schedule of operating expenses for the fiscal years ending June 30:

OPERATING EXPENSES (Fiscal Years; in thousands)			
	2015	2014	2013
Operating Expenses			
Operation and Maintenance			
Personal Services	\$ 86,172	\$ 65,339	\$ 72,791
Contractual Services	115,486	124,360	114,748
Supplies	10,771	11,014	11,797
Equipment/Minor Improvements	31,128	26,045	32,850
Subtotal Operation and Maintenance	<u>243,557</u>	<u>226,758</u>	<u>232,186</u>
Environmental, Studies & Noise Program	2,600	5,099	8,361
Depreciation Expense	163,691	158,760	146,034
City Staff and Administrative	7,969	7,262	6,869
Total Operating Expenses	<u><u>\$ 417,817</u></u>	<u><u>\$ 397,879</u></u>	<u><u>\$ 393,450</u></u>

Operating Expenses



The analysis below explains the changes in operating expenses.

Fiscal Year 2015 Compared to Fiscal Year 2014

Total operating expenses increased by \$19.9 million or 5.0%, to \$417.8 million in fiscal year 2015 from \$397.9 million in fiscal year 2014.

Operation and maintenance expenses showed an overall increase of \$16.8 million, or 7.4% in fiscal year 2015. Expenses relating to the net pension liability increased personal services by \$21.7 million. Contractual

services decreased by approximately \$8.9 million, while equipment and minor improvement expenses increased by \$5.1 million. The increase in equipment and minor improvements is the result of additional repair and maintenance projects being expensed in fiscal year 2015.

Environmental, studies and noise program expenses decreased \$2.5 million, or 49.0%. This is primarily the result of the decrease in costs for the Community Noise Reduction Program as the Airport is nearing the end of this program.

Depreciation expense increased by \$4.9 million, or 3.1% in fiscal year 2015, to \$163.7 million. The increase is due to the completion of the PHX Sky Train® extension to Terminal 3, in January 2015.

FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Total operating expenses increased by \$4.4 million or 1.1%, to \$397.9 million in fiscal year 2014 from \$393.5 million in fiscal year 2013. The following is a summary of the increase:

Operation and maintenance expenses remained relatively stable, showing a decrease of \$5.4 million, or 2.3% in fiscal year 2014. Changes related to the net pension liability decreased operation and maintenance expenses by \$8.9 million. Having a full year of operational costs of the PHX Sky Train® in fiscal year 2014 compared to a partial year in fiscal year 2013, accounted for an increase of \$3.5 million in expenses.

Environmental, studies and noise program expenses decreased \$3.3 million, or 39.3% in fiscal year 2014. This is primarily the result of the decrease in costs for the Community Noise Reduction Program as the Airport is nearing the end of this program.

Depreciation expense increased \$12.8 million or 8.8% in fiscal year 2014, to \$158.8 million. The increase is due in large part to the completion of the PHX Sky Train® in fiscal year 2013, as noted above.

SHORT-TERM DEBT

The Aviation Enterprise Fund, through the City, maintains an active commercial paper program for ongoing capital needs and additional liquidity to fund projects such as the PHX Sky Train® and Terminal 3 Modernization. The total outstanding was \$140.0 million as of June 30, 2015.

LONG-TERM DEBT

City of Phoenix Civic Improvement Corporation Senior Lien Airport Revenue Bonds

The Aviation Enterprise Fund, through the City, has entered into certain agreements with the City of Phoenix Civic Improvement Corporation (the "CIC") for the purchase of certain improvements and expansion projects at the City's airports. The CIC issued bonds for the improvements and expansion projects, and the Aviation Enterprise Fund made a senior lien pledge of Net Airport Revenues to make payments sufficient to pay principal and interest on the bonds. The debt service requirements on senior lien airport revenue bonds are secured by a first lien pledge of Net Airport Revenues. The term Net Airport Revenues is defined in the Airport Revenue Bond Ordinance to mean Airport Revenues, after provisions for payment of the Cost of Maintenance and Operation.

As of June 30, 2015 and 2014, there was \$496.9 million and \$519.8 million, respectively, principal amount outstanding in Senior Lien Airport Revenue Bonds.

The debt service reserve requirement for the Senior Lien Airport Revenue Bonds is \$47.0 million which has been fully cash funded.

For more information regarding Senior Lien debt, please refer to Note 5 in the Notes to the Financial Statements, and Schedules 10 and 11 on pages 76 and 77 in the Debt Section of the Supplementary Information.

City of Phoenix Civic Improvement Corporation Junior Lien Airport Revenue Bonds

The Aviation Enterprise Fund, through the City, has entered into certain purchase agreements with the CIC for the purchase of certain improvements and expansion projects at the City's airports. The CIC issued bonds for the improvements and expansion projects, and the Aviation Enterprise Fund made a junior lien pledge of Net Airport Revenues to make payments sufficient to pay principal of and interest on the bonds. The debt service requirements on junior lien airport revenue bonds are junior to the senior lien airport revenue bonds and are secured by a pledge of the Designated Revenues. The term Designated Revenues is defined in the Airport Revenue Bond Ordinance to mean Net Airport Revenues, after payments required on any senior lien airport revenue bonds.

As of June 30, 2015 and 2014, there was \$659.6 million and \$672.3 million, respectively, principal amount outstanding in Junior Lien Airport Revenue Bonds.

The debt service reserve requirement for the Junior Lien Airport Revenue Bonds is \$56.6 million, which has been fully cash funded.

The 2010B Junior Lien Airport Revenue Bonds were 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.

For more information regarding Junior Lien debt, please refer to Note 5 in the Notes to the Financial Statements, and Schedules 12 and 13 on pages 78 and 79 in the Debt Section of the Supplementary Information.

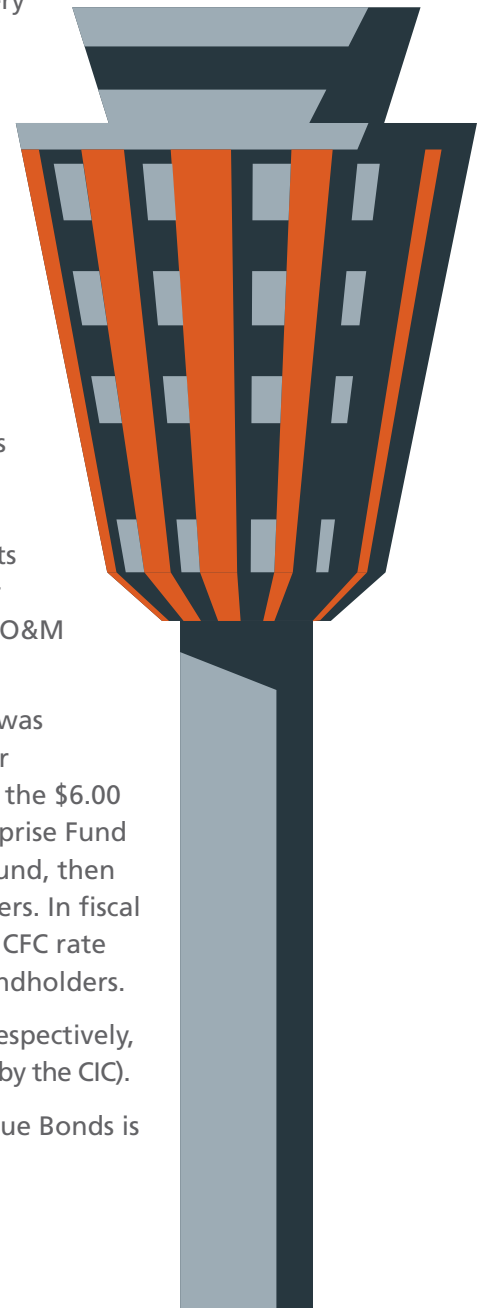
City of Phoenix Civic Improvement Corporation Rental Car Facility Charge Revenue Bonds, Taxable Series 2004

The Rental Car Facility Charge Revenue Bonds are special revenue obligations of the CIC, payable solely from certain payments required to be made by the Aviation Enterprise Fund, through the City, to the CIC pursuant to the City Purchase Agreement dated June 1, 2004. Pledged revenues consist primarily of Customer Facility Charge (CFC) revenues and amounts on deposit in various reserve funds. Pledged revenues do not include amounts required to be paid by the rental car companies as ground rents or concession fees, amounts on deposit or required to be deposited to the Administrative Costs Fund, amounts on deposit in the Transportation Operations and Maintenance (O&M) fund or the Transportation reserve fund, the Aviation Enterprise Fund transportation O&M fund, or CFC's that exceed the pledged rate.

The CFC was imposed June 1, 2002 at a rate of \$3.50 per transaction day and was increased to \$4.50 per transaction day on September 1, 2003. The CFC rate per transaction day increased to \$6.00 on January 1, 2009; however, only \$4.50 of the \$6.00 CFC per transaction day is included as pledged revenues. If the Aviation Enterprise Fund deposits the additional \$1.50 of the CFC rate into the Trustee-held Revenue Fund, then the additional monies become pledged revenues for the benefit of bondholders. In fiscal years 2015 and 2014, the Aviation Enterprise Fund deposited the entire \$6.00 CFC rate per transaction day into the Trustee-held Revenue Fund for the benefit of bondholders.

As of June 30, 2015 and 2014, there were \$195.3 million and \$204.1 million, respectively, principal amount outstanding in Rental Car Facility Charge Revenue Bonds (issued by the CIC).

The debt service reserve requirement for the Rental Car Facility Charge Revenue Bonds is \$21.3 million, which has been fully cash funded.



For more information regarding the Rental Car Facility Charge Revenue Bonds, please refer to Note 5 in the Notes to the Financial Statements, and Schedules 14 and 15 on pages 80 and 81 in the Debt Section of the Supplementary Information.

Airport General Obligation Bonds

As of June 30, 2015 and 2014, the Aviation Enterprise Fund had \$7.9 million principal amount of Airport General Obligation Bonds outstanding in both years. The debt service requirements of Airport General Obligation Bonds have been paid from Net Airport Revenues remaining after payment of senior lien and junior lien airport revenue bond debt service requirements. In the event such Net Airport Revenues should prove insufficient to pay airport general obligation debt service requirements or should the Aviation Enterprise Fund, through the City, decide not to pay the debt service from Net Airport Revenues, this indebtedness would then be paid from ad valorem taxes (secondary property taxes) or other available sources.

For more information regarding Airport General Obligation Bonds, please refer to Note 5 in the Notes to the Financial Statements, and Schedules 16 and 17 on pages 82 and 83 in the Debt Section of the Supplementary Information.

CAPITAL ASSETS

The Aviation Enterprise Fund's capital assets, net of accumulated depreciation, for the fiscal years ended June 30, 2015 and June 30, 2014, was \$2.7 billion and \$2.8 billion, respectively. This represents a decrease of \$55.9 million in fiscal year 2015 and a decrease of \$19.6 million in 2014.

CAPITAL ASSETS (Fiscal Years; in thousands)

	2015	2014	2013
Land	\$ 573,007	\$ 566,437	\$ 556,528
Buildings	1,619,698	1,531,014	1,527,698
Improvements Other Than Buildings	1,626,816	1,505,025	1,496,923
Equipment	614,154	530,021	523,890
Intangibles	23,521	23,068	22,700
Construction in Progress	90,984	290,848	191,589
Total Capital Assets	4,548,180	4,446,413	4,319,328
Less: Accumulated Depreciation	(1,802,242)	(1,644,615)	(1,497,896)
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,745,938</u>	<u>\$ 2,801,798</u>	<u>\$ 2,821,432</u>

Major additions to capital assets during fiscal year 2015 included the following:

- Construction for the Terminal 3 Modernization project totaling \$49.7 million.
- Construction and improvement of Airport taxiways and aprons amounted to \$40.9 million.
- Cost to complete the line extension of PHX Sky Train® to Terminal 3, of \$11.5 million.

Major additions to capital assets during fiscal year 2014 included the following:

- Continued construction of the PHX Sky Train® of \$64.8 million.
- Construction and improvement of Airport taxiways and aprons amounted to \$32.9 million.
- Land acquisition valued at \$12.5 million.

Additional information on the Aviation Enterprise Fund's capital assets can be found in Note 4 in the Notes to the Financial Statements.

ECONOMIC FACTORS AFFECTING THE AVIATION ENTERPRISE FUND

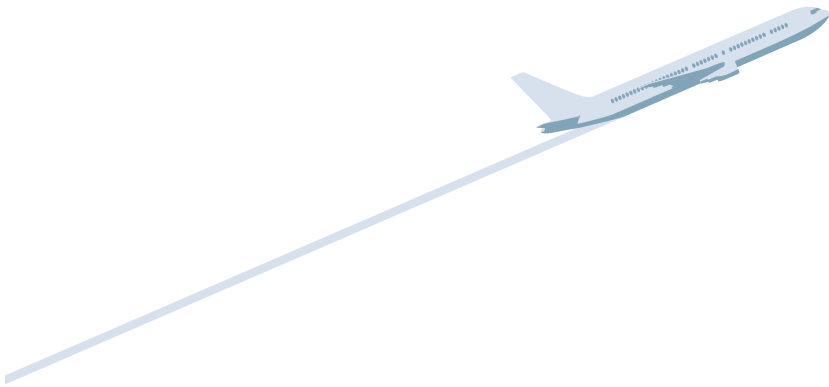
An expanding Phoenix-Mesa-Scottsdale, Arizona, Metropolitan Statistical Area (service area) and growing U.S. economy, in fiscal year 2015 and fiscal year 2014, bolstered the Aviation Enterprise Fund's strong net revenues, debt service coverage and cash balances. The Aviation Enterprise Fund was impacted by the below listed events during the period:

- The Airport's enplanement increased by 969,821 passengers in fiscal year 2015, compared to fiscal year 2014, an increase of 4.7%.
- On December 9, 2013, US Airways Group and AMR Corporation merged to become American Airlines Group. The combined company represents 51.0% of the Airport's enplanements in fiscal year 2015. Furthermore, the combined carrier enplaned 2.3% more passengers in fiscal year 2015.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the Aviation Enterprise Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Phoenix Finance Department, 251 West Washington Street, 9th Floor, Phoenix, Arizona 85003.

For prior annual reports, airport statistics, and other City financial information please visit our investor website at: <http://phoenix.gov/finance/investor>.



City of Phoenix, Arizona
Aviation Enterprise Fund
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014
(in thousands)

ASSETS	2015	2014
Current Assets		
Cash and Cash Equivalents	\$ 56,355	\$ 42,465
Investments	270,506	270,344
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2015, \$98 and 2014, \$44)	12,122	6,410
Intergovernmental	173	126
Deposits in Escrow	346	338
Inventories	1,749	1,707
Total Unrestricted Current Assets	341,251	321,390
Restricted Assets		
Debt Service		
Cash and Securities with Fiscal Agents/Trustees	205,492	206,201
Accrued Interest Receivable	7	4
Customer Facility Charge		
Cash and Cash Equivalents	-	788
Cash and Securities with Fiscal Agents/Trustees	55,573	45,322
Investments	21,742	21,644
Accounts Receivable	3,060	2,913
Capital Projects		
Cash and Cash Equivalents	31,978	4,958
Investments	72,009	63,735
Receivables		
Intergovernmental	9,714	7,191
Passenger Facility Charge	7,755	8,414
Total Restricted Current Assets	407,330	361,170
Total Current Assets	748,581	682,560
Noncurrent Assets		
Capital Assets		
Land	573,007	566,437
Buildings	1,619,698	1,531,014
Improvements Other Than Buildings	1,626,816	1,505,025
Equipment and Artwork	614,154	530,021
Intangibles	23,521	23,068
Construction in Progress	90,984	290,848
Less: Accumulated Depreciation	(1,802,242)	(1,644,615)
Total Capital Assets, Net of Accumulated Depreciation	2,745,938	2,801,798
OPEB Asset	59	58
Total Noncurrent Assets	2,745,997	2,801,856
Total Assets	3,494,578	3,484,416
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding Bonds	1,329	1,641
Pension Related	29,090	-
Total Deferred Outflows of Resources	30,419	1,641

The accompanying notes are an integral part of these financial statements

City of Phoenix, Arizona
Aviation Enterprise Fund
COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
June 30, 2015 and 2014
(in thousands)



LIABILITIES	2015	2014
Current Liabilities Payable from Current Assets		
Accounts Payable	\$ 18,922	\$ 14,741
Trust Liabilities and Deposits	1,817	1,589
Advance Payments	16,294	8,298
Current Portion of Pollution Remediation	850	1,500
Current Portion of Accrued Compensated Absences	794	826
Total Current Liabilities Payable from Current Assets	38,677	26,954
Current Liabilities Payable from Restricted Assets		
Debt Service		
Commercial Paper Notes Payable	140,000	120,000
Matured Bonds Payable	44,330	44,035
Interest Payable	36,187	37,134
Current Portion of General Obligation Bonds	-	5
Current Portion of Municipal Corporation Obligations:		
Current Portion of Rental Car Facility Revenue Bonds	9,255	8,750
Current Portion of Aviation Revenue Bonds	37,320	35,575
Capital Projects		
Accounts Payable	19,804	10,577
Total Current Liabilities Payable from Restricted Assets	286,896	256,076
Total Current Liabilities	325,573	283,030
Noncurrent Liabilities		
General Obligation Bonds	7,865	7,865
Municipal Corporation Obligations:		
Rental Car Facility Revenue Bonds	186,050	195,305
Aviation Revenue Bonds	1,119,170	1,156,490
Unamortized Premium (Discount), Net	51,069	55,996
Pollution Remediation	3,050	8,000
Accrued Compensated Absences	5,430	5,563
Net Pension Liability	172,577	133,150
Total Noncurrent Liabilities	1,545,211	1,562,369
Total Liabilities	1,870,784	1,845,399
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding Bonds	128	256
Pension Related	2,424	-
Total Deferred Inflows of Resources	2,552	256
NET POSITION		
Net Investment in Capital Assets	1,170,752	1,241,513
Restricted for:		
Debt Service	124,961	124,961
Passenger Facility Charges	138,136	76,996
Rental Car Customer Facility Charges	80,375	70,667
Unrestricted	137,437	126,265
Total Net Position	\$ 1,651,661	\$ 1,640,402

The accompanying notes are an integral part of these financial statements



City of Phoenix, Arizona
Aviation Enterprise Fund
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2015 and 2014
(in thousands)



	2015	2014
Operating Revenues		
Aeronautical Revenue		
Terminal Fees	\$ 78,422	\$ 73,090
Landing Fees	48,497	49,860
Air Cargo and Hangar Rental	7,083	7,023
Other	11,044	11,660
Non-Aeronautical Revenue		
Parking	81,094	76,965
Rental Cars	52,103	49,628
Terminal – Food and Beverage	22,015	21,014
Terminal – Retail	11,087	10,649
Rental Revenue	17,605	16,416
Ground Transportation	6,318	4,897
Other	5,699	4,842
Total Operating Revenues	340,967	326,044
Operating Expenses		
Operation and Maintenance		
Personal Services	86,172	65,339
Contractual Services	115,486	124,360
Supplies	10,771	11,014
Equipment/Minor Improvements	31,128	26,045
Environmental, Studies and Noise Program	2,600	5,099
Depreciation	163,691	158,760
City Staff and Administrative	7,969	7,262
Total Operating Expenses	417,817	397,879
Operating Loss	(76,850)	(71,835)
Non-Operating Revenues (Expenses)		
Passenger Facility Charges	84,774	79,672
Rental Car Customer Facility Charges	44,839	43,113
Investment Income:		
Net Decrease in Fair Value of Investments	(2,715)	(3,626)
Interest	5,703	7,457
Interest on Capital Debt	(65,051)	(64,863)
Loss on Disposal of Capital Assets	(47)	(29)
Total Non-Operating Revenues (Expenses)	67,503	61,724
Net Loss Before Contributions and Transfers	(9,347)	(10,111)
Capital Contributions	20,970	27,184
Transfer from General Fund – Change for Phoenix	1	–
Transfer to Capital Projects Fund	(365)	(166)
Change in Net Position	11,259	16,907
Net Position, July 1	1,640,402	1,765,618
Restatement of Beginning Net Position	–	(142,123)
Net Position, July 1 as restated	1,640,402	1,623,495
Net Position, June 30	\$ 1,651,661	\$ 1,640,402

The accompanying notes are an integral part of these financial statements

City of Phoenix, Arizona
Aviation Enterprise Fund
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2015 and 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 343,481	\$ 325,320
Payments to Suppliers	(161,771)	(169,123)
Payments to Employees	(73,254)	(74,194)
Payment of Staff and Administrative Expenses	(7,969)	(7,262)
Net Cash Provided by Operating Activities	<u>100,487</u>	<u>74,741</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	1	-
Transfers to Other Funds	(365)	(166)
Net Cash Used by Noncapital Financing Activities	<u>(364)</u>	<u>(166)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	20,000	20,057
Principal Paid on Capital Debt	(44,035)	(36,070)
Interest Paid on Capital Debt	(73,401)	(74,012)
Acquisition and Construction of Capital Assets	(96,054)	(139,229)
Proceeds from Sales of Capital Assets	64	152
Passenger Facility Charges	85,434	80,954
Rental Car Customer Facility Charges	44,693	43,188
Capital Contributions	18,400	22,753
Net Cash Used by Capital and Related Financing Activities	<u>(44,899)</u>	<u>(82,207)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(549,617)	(1,239,934)
Proceeds from Sale and Maturities of Investment Securities	552,183	1,250,820
Net Activity for Short-Term Investments	(11,099)	(17,294)
Interest on Investments	2,981	3,833
Net Cash Used by Investing Activities	<u>(5,552)</u>	<u>(2,575)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	49,672	(10,207)
Cash and Cash Equivalents, July 1	<u>300,072</u>	<u>310,279</u>
Cash and Cash Equivalents, June 30	<u>\$ 349,744</u>	<u>\$ 300,072</u>



	2015	2014
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (76,850)	\$ (71,835)
Adjustments		
Depreciation	163,691	158,760
(Increase) Decrease in Assets/Deferred Outflows		
Receivables	(5,766)	3,636
Allowance for Doubtful Accounts	54	(1)
Inventories	(42)	(131)
OPEB Asset	(1)	(3)
Pension	(29,090)	-
Increase (Decrease) in Liabilities/Deferred Inflows		
Accounts Payable	4,181	(560)
Trust Liabilities and Deposits	228	176
Advance Payments	7,996	(4,535)
Pollution Remediation	(5,600)	(1,690)
Accrued Compensated Absences	(165)	(103)
Pension	41,851	(8,973)
Net Cash Provided by Operating Activities	\$ 100,487	\$ 74,741
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 184	\$ 407
Increase in Fair Value of Investments	25	20
Total Noncash Transactions Affecting Financial Position	\$ 209	\$ 427
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 56,355	\$ 42,465
Cash Deposits	346	338
Total Unrestricted	56,701	42,803
Restricted		
Cash and Cash Equivalents	31,978	5,746
Cash and Securities with Fiscal Agents/Trustees	261,065	251,523
Total Restricted	293,043	257,269
Total Cash and Cash Equivalents	\$ 349,744	\$ 300,072





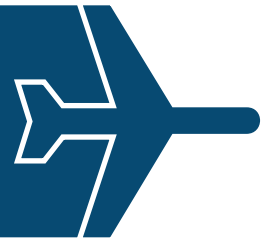
NOTES TO THE FINANCIAL STATEMENTS

Note Description

- 1** Organization and Summary of Significant Accounting Policies
- 2** Cash and Investments
- 3** Receivables
- 4** Capital Assets
- 5** Long-Term Obligations
- 6** Refunded, Refinanced and Defeased Obligations
- 7** Commercial Paper Notes Payable
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- 9** Operating Leases
- 10** Contractual and Other Commitments
- 11** Contingent Liabilities
- 12** Deferred Compensation Plan (DCP)
- 13** Pension Plan
- 14** Other Post-Employment Benefits (OPEB)
- 15** Capital Contributions
- 16** Passenger Facility Charges
- 17** Customer Facility Charges
- 18** Reclassification
- 19** Subsequent Events







The City of Phoenix (the City) owns and operates Phoenix Sky Harbor International Airport (the Airport) and two general aviation airports, Phoenix Goodyear Airport and Phoenix Deer Valley Airport (collectively, the Aviation Enterprise Fund). The City has operated the Aviation Enterprise Fund as a self-supporting enterprise since 1967, according to Part II, Chapter 4 of the City of Phoenix Code of Ordinances.

1. ORGANIZATION AND 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.

a) Reporting Entity

The accompanying financial statements include only the Aviation Enterprise Fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

b) Jointly Governed Organizations – Phoenix-Mesa Gateway Airport Authority

The Phoenix-Mesa Gateway Airport Authority 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 the Phoenix-Mesa Gateway Airport. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The Aviation Enterprise Fund contributed \$1.3 million per year in both fiscal years 2015 and 2014 (life to date \$16.9 million) to the Phoenix-Mesa Gateway Airport Authority operating and capital budget.

c) Basis of Accounting

The Aviation Enterprise Fund is an enterprise fund of the City and the cost of providing services is recovered primarily through their fees and charges. The Aviation Enterprise Fund, through the City, has established activity rates and fees to recover the cost of providing services, including capital costs, and has issued debt backed by these revenues.

Since the Aviation Enterprise Fund is an enterprise fund of the City, the accrual basis of accounting is followed, whereby revenues are recognized in the accounting period in which they are earned and expenses are recognized when incurred. Operating revenues and expenses are distinguished 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 include the cost of sales and services, environmental expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

d) Pooled Cash and Investments

The Aviation Enterprise Fund's cash resources are combined through the City to form a cash and investment pool managed by the City Treasurer. Excluded from this pool are the investments of the City of Phoenix Employee Retirement System and certain other legally restricted funds. Interest earned by the pool is distributed monthly to individual funds based on daily equity in the pool.

The Aviation Enterprise Fund’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 Aviation Enterprise Fund’s investments are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

e) Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on management’s assessment of the potential for losses, taking into account historical experience and currently available information.

f) Deposits in Escrow

Deposits in Escrow are performance bonds and security deposits made by airport tenants.

g) Inventories

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market and are primarily accounted for on the consumption method.

h) Capital Assets

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

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

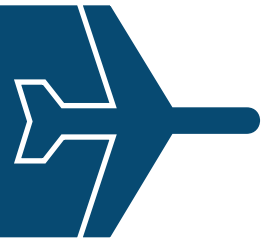
Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	10 to 40 years
Improvements other than Buildings	
Runways and Taxiways	18 to 25 years
Other Improvements	10 to 50 years
Equipment	5 to 30 years
Intangible Assets	5 to 40 years

A gain or loss on disposal of capital assets is recognized when assets are retired from service or are sold or otherwise disposed of.

i) Compensated Absences

Vacation and compensatory time benefits are accrued as liabilities as employees earn the benefits to the extent that they meet both of the following criteria: 1) the Aviation Enterprise Fund’s obligation through the City is attributable to employees’ services already rendered; and 2) it is probable that the Aviation Enterprise Fund, through 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 Aviation Enterprise Fund, through the City, will compensate the employees through cash payments conditioned on the employees' termination or retirement. All of the outstanding compensated absences are recorded as a liability.

j) Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the Comparative Statements of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method.

k) Net Position

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position – This category represents the net position that is not restricted for any project or other purpose.

l) Statements of Cash Flows

For purposes of the Comparative 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.

m) Rates and Charges

The Aviation Enterprise Fund annually establishes airline facility rental fees, landing fees and other charges sufficient to recover the costs of operations, maintenance and debt service related to the airfield and space rented by the airlines. Any differences between amounts collected and the actual costs allocated to the airlines' leased space are credited or billed to the airlines.

n) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, 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.

o) New Accounting Pronouncements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, improves accounting and financial reporting for pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Aviation Enterprise Fund has implemented this Statement and, as such, decreased the Net Position for

June 30, 2013 by \$142,122,572. The financial statements for the year ended June 30, 2014 have been restated to reflect the implementation of this Statement.

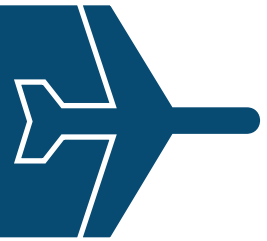
GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, improves accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions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

GASB Statement No. 72, Fair Value Measurement and Application, will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Aviation Enterprise Fund will implement this Statement in fiscal year 2016.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The Aviation Enterprise Fund will implement this Statement in fiscal year 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The Aviation Enterprise Fund will implement this Statement in fiscal year 2018.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. The provisions in this Statement are effective for reporting periods beginning after June 15, 2015. The Aviation Enterprise Fund will implement this Statement in fiscal year 2016.



The Aviation Enterprise Fund has not fully determined the effect that implementation of Statements No. 72, 73, 75, 76, and 77 will have on the financial statements.

2. CASH AND INVESTMENTS

Cash and cash equivalents at June 30, 2015 and June 30, 2014, was composed of the following (in thousands):

	2015	2014
Cash in Bank	\$ 4,479	\$ 3,010
Cash on Hand	3	3
Short-Term Pooled Investments	65,180	39,114
Short-Term Non-Pooled Investments	<u>18,671</u>	<u>6,084</u>
Total Cash and Cash Equivalents	<u>\$ 88,333</u>	<u>\$ 48,211</u>

A summary of Aviation Enterprise Fund cash and cash equivalents at June 30, 2015, and June 30, 2014 (in thousands):

	2015	2014
Unrestricted	\$ 56,355	\$ 42,465
Restricted	<u>31,978</u>	<u>5,746</u>
Total Cash and Cash Equivalents	<u>\$ 88,333</u>	<u>\$ 48,211</u>

Deposits

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the Aviation Enterprise Fund's deposits through the City may not be returned. The Aviation Enterprise Fund's deposits through the City during the year and at fiscal year-end were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The carrying amount of the Aviation Enterprise Fund's deposits at June 30, 2015 and June 30, 2014 was \$368,978 and \$810,522, respectively and the bank ledger balance was \$359,547 and \$830,168, respectively.

Cash with fiscal agents and trustees are subject to custodial risk. The Aviation Enterprise Fund's contracts through the City 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 Aviation Enterprise Fund's cash with fiscal agents and trustees and the bank ledger balance at June 30, 2015 and June 30, 2014 were \$239,786,473 and \$230,250,419, respectively. Securities with fiscal agents and trustees are not subject to custodial risk. The carrying amount and the bank ledger balance of the Aviation Enterprise Fund's securities with fiscal agents and trustees at June 30, 2015 and June 30, 2014 was \$21,278,402 and \$21,272,558 respectively.

Investments

Aviation Enterprise Fund investments are included in the City's pooled 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. A detailed listing of City investments can be found in the City CAFR in Note 5 in the Notes to the Financial Statements.

Total investments for the Aviation Enterprise Fund at June 30, 2015 and June 30, 2014 stated at fair value, were \$364,257,000 and \$355,723,000, respectively. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 270,506	\$ 270,344
Restricted	<u>93,751</u>	<u>85,379</u>
Total Investments	<u>\$ 364,257</u>	<u>\$ 355,723</u>

Interest Rate Risk

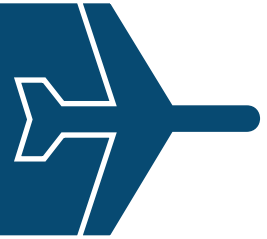
The Aviation Enterprise Fund follows the City's policies for interest rate risk. In order to limit interest rate risk, the City's investment policy limits maturities as follows:

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 12 years at the time of purchase for MBS and 5 years at the time of purchase for CMO.

Credit Risk

The Aviation Enterprise Fund follows the City's policies regarding credit risk. The City's investment policy limits its purchase of investments to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's (S&P) and Moody's Investors Service (Moody's). The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which are rated Aaa by Moody's and AA+ by S&P. Repurchase agreements are generally collateralized by U.S. Treasuries and U.S. Government Agency Securities at 102%. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. The rating requirements do not apply to obligations issued by the City of Phoenix. Money market mutual funds must have a current minimum money market rating of AAAM by S&P and Aaa-mf by Moody's. For commercial paper, an Issuer's program must have a minimum rating of A1 by S&P and



P1 by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of A+ by S&P and A1 by Moody's. Programs rated by only one of the agencies are ineligible.

Concentration of Credit Risk

Aviation Enterprise Fund investments are included in the City's pooled investments. Investments in any one issuer that represent 5% or more of total City investments are as follows (in thousands):

Issuer	Fair Value 2015	Fair Value 2014
FHLB	\$ 198,296	\$ 224,261
FHLMC	158,957	-

3. RECEIVABLES

Receivables at June 30, 2015 and June 30, 2014 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	June 30, 2015				
	Accounts	Interest	Intergovernmental (1)	Passenger Facility Charge	Total
Unrestricted	\$ 12,122	\$ -	\$ 173	\$ -	\$ 12,295
Restricted	3,060	7	9,714	7,755	20,536
Total Receivables	\$ 15,182	\$ 7	\$ 9,887	\$ 7,755	\$ 32,831

	June 30, 2014				
	Accounts	Interest	Intergovernmental (1)	Passenger Facility Charge	Total
Unrestricted	\$ 6,410	\$ -	\$ 126	\$ -	\$ 6,536
Restricted	2,913	4	7,191	8,414	18,522
Total Receivables	\$ 9,323	\$ 4	\$ 7,317	\$ 8,414	\$ 25,058

(1) Intergovernmental Receivables include monies due from other governmental entities for grants.

An allowance for doubtful accounts of \$97,528 as of June 30, 2015 and \$44,008 as of June 30, 2014 has been established for the Aviation Enterprise Fund. Accounts Receivable includes unbilled charges of \$8,546,719 at June 30, 2015 and \$6,565,650 at June 30, 2014.

4. CAPITAL ASSETS

Capital asset activity for the Aviation Enterprise Fund at June 30, 2015 and June 30, 2014 was as follows (in thousands):

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Non-depreciable assets:				
Land	\$ 566,437	\$ 6,570	\$ -	\$ 573,007
Artwork	7,533	-	-	7,533
Construction-in-Progress	290,848	57,154	(257,018)	90,984
Total non-depreciable assets	864,818	63,724	(257,018)	671,524
Depreciable assets:				
Buildings	1,531,014	88,833	(149)	1,619,698
Improvements	1,505,025	122,854	(1,063)	1,626,816
Equipment	522,488	85,915	(1,782)	606,621
Intangible Assets	23,068	4,746	(4,293)	23,521
Total depreciable assets	3,581,595	302,348	(7,287)	3,876,656
Less accumulated depreciation for:				
Buildings	(652,312)	(56,371)	149	(708,534)
Improvements	(791,557)	(52,954)	204	(844,307)
Equipment	(188,741)	(51,857)	1,446	(239,152)
Intangible Assets	(12,005)	(2,509)	4,265	(10,249)
Total accumulated depreciation	(1,644,615)	(163,691)	6,064	(1,802,242)
Total depreciable assets, net	1,936,980	138,657	(1,223)	2,074,414
Total capital assets, net	\$ 2,801,798	\$ 202,381	\$ (258,241)	\$ 2,745,938
	Balances July 1, 2013	Additions	Deletions	Balances June 30, 2014
Non-depreciable assets:				
Land	\$ 556,528	\$ 9,909	\$ -	\$ 566,437
Artwork	7,513	20	-	7,533
Construction-in-Progress	191,589	124,185	(24,926)	290,848
Total non-depreciable assets	755,630	134,114	(24,926)	864,818
Depreciable assets:				
Buildings	1,527,698	4,276	(960)	1,531,014
Improvements	1,496,923	15,547	(7,445)	1,505,025
Equipment	516,377	9,920	(3,809)	522,488
Intangible Assets	22,700	381	(13)	23,068
Total depreciable assets	3,563,698	30,124	(12,227)	3,581,595
Less accumulated depreciation for:				
Buildings	(598,392)	(54,880)	960	(652,312)
Improvements	(734,871)	(64,042)	7,356	(791,557)
Equipment	(154,601)	(37,852)	3,712	(188,741)
Intangible Assets	(10,032)	(1,986)	13	(12,005)
Total accumulated depreciation	(1,497,896)	(158,760)	12,041	(1,644,615)
Total depreciable assets, net	2,065,802	(128,636)	(186)	1,936,980
Total capital assets, net	\$ 2,821,432	\$ 5,478	\$ (25,112)	\$ 2,801,798

The amount of interest cost capitalized for the Aviation Enterprise Fund at June 30, 2015 and June 30, 2014 was \$5,321,822 and \$5,203,475, respectively.



5. LONG-TERM OBLIGATIONS

Changes in long-term obligations at June 30, 2015 and June 30, 2014 are summarized as follows (in thousands):

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015	Amounts Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 7,870	\$ -	\$ (5)	\$ 7,865	\$ -
Municipal Corporation Obligations					
Rental Car Facility Revenue Bonds	204,055	-	(8,750)	195,305	9,255
Aviation Revenue Bonds	1,192,065	-	(35,575)	1,156,490	37,320
Subtotal	1,403,990	-	(44,330)	1,359,660	46,575
Discounts/Premiums	55,996	-	(4,927)	51,069	-
Total Bonds and Notes Payable	1,459,986	-	(49,257)	1,410,729	46,575
Other Liabilities:					
Accrued Compensated Absences	6,389	6,224	(6,389)	6,224	794
Pollution Remediation	9,500	-	(5,600)	3,900	850
Net Pension Liability	133,150	-	39,427	172,577	-
Total Other Liabilities	149,039	6,224	27,438	182,701	1,644
Total Long-Term Obligations	\$ 1,609,025	\$ 6,224	\$ (21,819)	\$ 1,593,430	\$ 48,219

	Balances July 1, 2013	Additions	Reductions	Balances June 30, 2014	Amounts Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 8,905	\$ 7,865	\$ (8,900)	\$ 7,870	\$ 5
Municipal Corporation Obligations					
Rental Car Facility Revenue Bonds	212,340	-	(8,285)	204,055	8,750
Aviation Revenue Bonds	1,227,315	-	(35,250)	1,192,065	35,575
Subtotal	1,448,560	7,865	(52,435)	1,403,990	44,330
Discounts/Premiums	60,721	405	(5,130)	55,996	-
Total Bonds and Notes Payable	1,509,281	8,270	(57,565)	1,459,986	44,330
Other Liabilities:					
Accrued Compensated Absences	6,492	6,389	(6,492)	6,389	826
Pollution Remediation	11,190	-	(1,690)	9,500	1,500
Net Pension Liability	142,123	-	(8,973)	133,150	-
Total Other Liabilities	159,805	6,389	(17,155)	149,039	2,326
Total Long-Term Obligations	\$ 1,669,086	\$ 14,659	\$ (74,720)	\$ 1,609,025	\$ 46,656

City of Phoenix, Arizona
Aviation Enterprise Fund
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Years Ended June 30, 2015 and 2014

Issues of long-term debt were as follows at June 30, 2015 and June 30, 2014 (dollars in thousands):

		June 30, 2015						
Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding	Interest Outstanding	Unamortized Discount (Premium)
Municipal Corporation Obligations								
06/18/08	Airport Revenue (Non-AMT) (2a)	7/1/20-38	5.02	22.5	\$ 206,840	\$ 206,840	\$ 159,676	\$ (460)
06/18/08	Airport Revenue (AMT) (2a)	7/1/12-19	4.68	7.8	43,160	23,745	3,196	(299)
06/18/08	Airport Revenue Refunding (Non-AMT) (2a)	7/1/09-22	4.26	8.0	109,850	61,345	12,145	(1,045)
06/18/08	Airport Revenue Refunding (AMT) (2a)	7/1/09-20	4.58	5.6	68,520	21,805	3,528	(423)
03/05/13	Airport Revenue Refunding (AMT) (2a)	7/1/14-32	3.28	11.8	196,600	183,170	93,030	(26,795)
	Total Sr. Lien Obligations				624,970	496,905	271,575	(29,022)
09/01/10	Airport Revenue (Non-AMT) (2b) (3)	7/1/13-40	4.69	19.0	642,680	606,160	458,963	(20,128)
09/01/10	Airport Revenue (Taxable) (2b) (3) (4)	7/1/2040	3.67	29.8	21,345	21,345	35,219	-
09/01/10	Airport Revenue Refunding (Non-AMT) (2b)	7/1/23-25	4.33	13.9	32,080	32,080	14,488	(1,590)
	Total Jr. Lien Obligations				696,105	659,585	508,670	(21,718)
06/02/04	Rental Car Facility (Taxable) (1)(5)	7/1/07-29	6.20	16.5	260,000	195,305	102,550	-
	Total Municipal Corporation Obligations				1,581,075	1,351,795	882,795	(50,740)
General Obligation Bonds								
06/24/14	Refunding	7/1/19-20	2.71	5.4	7,865	7,865	871	(329)
	Total General Obligation Bonds				7,865	7,865	871	(329)
	Total Aviation Enterprise Fund Bonds				\$ 1,588,940	\$ 1,359,660	\$ 883,666	\$ (51,069)
		June 30, 2014						
Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding	Interest Outstanding	Unamortized Discount (Premium)
Municipal Corporation Obligations								
06/18/08	Airport Revenue (Non-AMT) (2a)	7/1/20-38	5.02	22.5	\$ 206,840	\$ 206,840	\$ 170,015	\$ (490)
06/18/08	Airport Revenue (AMT) (2a)	7/1/12-19	4.68	7.8	43,160	28,960	4,717	(442)
06/18/08	Airport Revenue Refunding (Non-AMT) (2a)	7/1/09-22	4.26	8.0	109,850	68,595	15,396	(1,324)
06/18/08	Airport Revenue Refunding (AMT) (2a)	7/1/09-20	4.58	5.6	68,520	25,395	4,848	(582)
03/05/13	Airport Revenue Refunding (AMT) (2a)	7/1/14-32	3.28	11.8	196,600	189,985	102,461	(29,511)
	Total Sr. Lien Obligations				624,970	519,775	297,437	(32,349)
09/01/10	Airport Revenue (Non-AMT) (2b) (3)	7/1/13-40	4.69	19.0	642,680	618,865	489,714	(21,476)
09/01/10	Airport Revenue (Taxable) (2b) (3) (4)	7/1/2040	3.67	29.8	21,345	21,345	36,628	-
09/01/10	Airport Revenue Refunding (Non-AMT) (2b)	7/1/23-25	4.33	13.9	32,080	32,080	16,092	(1,766)
	Total Jr. Lien Obligations				696,105	672,290	542,434	(23,242)
06/02/04	Rental Car Facility (Taxable) (1)(5)	7/1/07-29	6.20	16.5	260,000	204,055	115,076	-
	Total Municipal Corporation Obligations				1,581,075	1,396,120	954,947	(55,591)
General Obligation Bonds								
06/12/12	Refunding	7/1/2015	4.00	3.0	5	5	-	-
06/24/14	Refunding	7/1/19-20	2.71	5.4	7,865	7,865	1,072	(405)
	Total General Obligation Bonds				7,870	7,870	1,072	(405)
	Total Aviation Enterprise Fund Bonds				\$ 1,588,945	\$ 1,403,990	\$ 956,019	\$ (55,996)

Notes:

- Insured by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.
- The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:
 - Senior lien pledge on all outstanding airport obligations.
 - Junior lien pledge on all outstanding airport obligations.
- The City has further pledged an irrevocable commitment of net proceeds of a passenger facility charge for these bonds. The passenger Facility Charge (PFC) is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.
- The City has irrevocably elected to treat these bonds as RZEDB for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. The RZEDB subsidy payments rebate 45% of the interest requirement for these bonds. 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 payments by 7.3% and 7.2% (the "Sequester Reductions") for the fiscal years 2015 and 2014, respectively. However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.
- 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.



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

Municipal Corporation Obligations

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

General Obligation Bonds

The Aviation Enterprise Fund, through the City, has issued General Obligation Bonds for capital programs. The debt service requirements have been paid from Net Airport Revenues remaining after payment of senior lien and junior lien airport revenue bonded debt service requirements. In the event such Net Airport Revenues should prove insufficient to pay airport general obligation debt service requirements or should the Aviation Enterprise Fund, through the City, decide not to pay the debt service from Net Airport Revenues, this indebtedness would then be paid from ad valorem taxes (secondary property taxes) or other available sources.

- In June 2014, the Aviation Enterprise Fund, through the City, issued \$7,865,000 of General Obligation Refunding Bonds, Series 2014. Proceeds of the bonds refunded \$8,400,000 of outstanding general obligation bonds. The bonds have an average life of 5.4 years and were sold at a true interest cost of 2.71%.

Debt Service Requirements

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

Fiscal Years	Municipal Corporation Obligations					
	Senior Lien		Junior Lien		Rental Car Facility	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 24,010	\$ 24,765	\$ 13,310	\$ 33,160	\$ 9,255	\$ 12,022
2017	25,235	23,562	13,960	32,511	9,795	11,478
2018	26,575	22,275	14,655	31,817	10,370	10,903
2019	27,935	20,984	15,285	31,187	10,990	10,284
2020	29,505	19,625	16,025	30,444	11,645	9,628
2021 – 25	108,865	78,934	124,805	138,068	69,945	36,434
2026 – 30	113,960	52,846	118,045	106,281	73,305	11,801
2031 – 35	94,215	23,848	150,710	73,636	–	–
2036 – 40	46,605	4,736	192,790	31,566	–	–
Total	\$ 496,905	\$ 271,575	\$ 659,585	\$ 508,670	\$ 195,305	\$ 102,550

Fiscal Years	General Obligation Bonds	
	Principal	Interest
2016	\$ -	\$ 197
2017	-	197
2018	-	197
2019	4,520	197
2020	3,345	83
Total	<u>\$ 7,865</u>	<u>\$ 871</u>

Pollution Remediation

This liability is primarily a result of leaking underground storage tanks at the Airport and Phoenix Goodyear Airport. The tanks at the Airport were discovered to be leaking in 1988 and the Aviation Enterprise Fund is implementing a corrective action plan which was approved by the Arizona Department of Environmental Quality (ADEQ) to ensure the contamination does not spread. The remediation of a fuel release at Phoenix Goodyear Airport discovered in the 1980’s is being implemented as approved by the United States Environmental Protection Agency (US EPA). The total remaining liability for all remediation activities for the Aviation Enterprise Fund as of June 30, 2015 and June 30, 2014 is \$3,900,000 and \$9,500,000, respectively. This liability is based on estimates by engineers of the efforts needed to complete the remediation. These costs are expected to increase over time due to inflation, which will affect the liability amounts in future years.

6. REFUNDED, REFINANCED AND DEFEASED OBLIGATIONS

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

During fiscal year 2014, the City issued General Obligation Refunding Bonds, Series 2014 to reduce the present value of future debt service payments for the City as a whole. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. Of the \$278,015,000 of General Obligation Refunding Bonds, Series 2014 issued by the City, \$7,865,000 refunded \$8,400,000 of outstanding general obligation bonds for the Aviation Enterprise Fund. The refunding resulted in a reduction in principal of \$535,000, for the Aviation Enterprise Fund. The bonds have an average life of 5.4 years and were sold at a true interest cost of 2.71%.



The effect of the refunding is summarized as follows (in thousands):

	General Obligation Bonds
Series	2014
Closing Date	06/24/14
Net Interest Rate	1.51%
Refunding Bonds Issued	\$ 7,865
Premium	405
Issuance Costs and Insurance	(22)
Net Proceeds	<u>\$ 8,248</u>
Refunded Amount	\$ 8,400
Decrease in Debt Service	-
Economic Gain	759
Number of Years Affected	6

The deferred and amortized amounts of accounting gains and losses on bond refundings (which are reported as deferred inflows or deferred outflows) at June 30, 2015 and June 30, 2014, are summarized as follows (in thousands):

	June 30, 2015			
	Deferred Amount July 1	Additions (Gains)/Losses	Amortization Gains/(Losses)	Deferred Amount June 30
General Obligation	\$ (256)	\$ -	\$ 128	\$ (128)
Civic Improvement Corporation	1,641	-	(312)	1,329
Total	<u>\$ 1,385</u>	<u>\$ -</u>	<u>\$ (184)</u>	<u>\$ 1,201</u>
	June 30, 2014			
	Deferred Amount July 1	Additions (Gains)/Losses	Amortization Gains/(Losses)	Deferred Amount June 30
General Obligation	\$ 95	\$ (256)	\$ (95)	\$ (256)
Civic Improvement Corporation	1,954	-	(313)	1,641
Total	<u>\$ 2,049</u>	<u>\$ (256)</u>	<u>\$ (408)</u>	<u>\$ 1,385</u>

7. COMMERCIAL PAPER NOTES PAYABLE

On October 1, 2014, the City issued \$60,000,000 of Airport CP, Series 2014A-1 and \$60,000,000 of Airport CP, Series 2014A-2 replacing the \$120,000,000 outstanding under the irrevocable, direct pay letters of credit (“LOC”) for the Airport Commercial Paper Program Notes, Series 2011A and 2011B, as the LOC expired October 4, 2014. The City issued \$40,000,000 of Airport CP, Series 2014B-1 on June 23, 2015, and paid \$20,000,000 of Airport CP, Series 2014A-1 on June 15, 2015. The remaining outstanding balances at June 30, 2015 are \$40,000,000 of Airport CP, Series 2014A-1, \$60,000,000 of Airport CP, Series 2014A-2, and \$40,000,000 of Airport CP, Series 2014B-1. The commercial paper is issued in varying maturities up to 270 days. Interest rates paid on the commercial paper range from 0.06% through 0.11%. The commercial paper is secured by LOCs issued by Bank of America, N.A. and Barclays Bank PLC (the “Banks”) for Airport CP, Series 2014ABC-1 and Airport CP, Series 2014ABC-2, respectively. The changes in commercial paper notes payable are as follows (in thousands):

	2015	2014
Balance, July 1	\$ 120,000	\$ 100,000
Additions	160,000	20,000
Reductions	<u>(140,000)</u>	<u>–</u>
Balance, June 30	<u>\$ 140,000</u>	<u>\$ 120,000</u>

8. RISK MANAGEMENT

The Aviation Enterprise Fund maintained a combination of commercial insurance and self-insurance during the fiscal years ended June 30, 2015 and June 30, 2014, as described below.

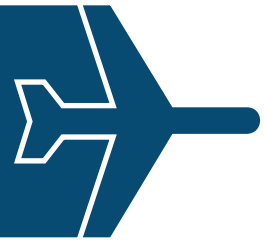
Liability – The Aviation Enterprise Fund purchased commercial airport liability insurance specifically covering Airport premises and operations for the Airport System. The stand-alone insurance program provides first dollar coverage through a combination of both primary and excess liability policies. Additionally, general Aviation Enterprise Fund liabilities other than airport operations are covered under the City’s self-insurance program, which has a \$7,500,000 retention. Excess liability coverage was purchased for losses that exceed the self-insured retention.

Property – Aviation Enterprise Fund property is insured under the City’s blanket commercial property and boiler/machinery insurance purchased for City owned buildings and structures.

Workers’ Compensation – As City employees, Aviation Enterprise Fund employees have the same benefits package as their City co-workers, whether purchased commercially or self-insured. The City maintained a self-insured retention of \$15,000,000 for its workers’ compensation exposure. Excess workers’ compensation insurance was purchased for losses exceeding the self-insured retention.

Fidelity and Surety – Aviation Enterprise Fund officials and employees are covered by public official bonds and surety bonds as required by state statute or City Charter. Further, the City’s blanket “Crime” policy extends to Aviation Enterprise Fund employees.

Health and Dental – Health insurance plans for Aviation Enterprise Fund employees were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Dental coverage was provided



through two different plans. A dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust and a dental HMO was provided through commercial insurance accounted for in the City of Phoenix General Fund.

The Aviation Enterprise Fund is included in the City's self-insurance reserve. 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 City General Fund, the Transit Special Revenue Fund 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.

Long-term disability benefits for Aviation Enterprise Fund employees were self-insured through the City of Phoenix Long-Term Disability Trust fiduciary fund. As a partially funded other post-employment benefit, no liability is reflected. Claims that are expected to be paid with expendable available financial resources are accounted for in the City of Phoenix General Fund. All other claims are accounted for in the City's government-wide statement of net position. For additional information regarding the City's Risk Management policies, including information on fiduciary funds, please refer to Note 13 in the Notes to the Financial Statements in the City CAFR.

9. OPERATING LEASES

The Aviation Enterprise Fund leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2015 were as follows (in thousands):

Years Ending June 30	
2016	\$ 73,001
2017	49,981
2018	31,261
2019	31,219
2020	28,923
2021 – 2068	<u>229,101</u>
Total	<u>\$ 443,486</u>

The above amounts do not include contingent rentals, which also may be received under the Aviation Enterprise Fund facilities leases, primarily as a percentage of sales in excess of stipulated minimums. Contingent rentals amounted to \$16,832,269 for the fiscal year ended June 30, 2015, and \$14,213,405 for the fiscal year ended June 30, 2014. A summary of the assets leased to third parties under the Aviation Enterprise Fund operating lease agreements at June 30, 2015 and June 30, 2014, is as follows (in thousands):

	2015	2014
Buildings	\$ 1,024,871	\$ 1,007,558
Less: Accumulated Depreciation	<u>(566,646)</u>	<u>(527,610)</u>
Net Book Value	<u>\$ 458,225</u>	<u>\$ 479,948</u>

10. CONTRACTUAL AND OTHER COMMITMENTS

The Aviation Enterprise Fund has 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. Commitments of \$115.4 and \$83.1 million are remaining at June 30, 2015 and June 30, 2014, respectively.

11. CONTINGENT LIABILITIES

Pending Litigation

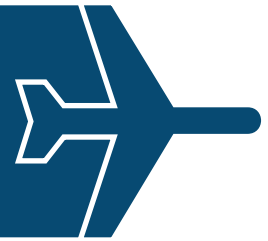
The Aviation Enterprise Fund, through the City, is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. As discussed in Note 7 (and in more detail in Note 13 in the Notes to the Financial Statements of the City CAFR), the Aviation Enterprise Fund, through the City, is primarily self-insured, and has accrued a liability for estimated claims outstanding. As with any risk retention program, however, the Aviation Enterprise Fund, through the City, is contingently liable in respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the Aviation Enterprise Fund's financial position, results of operations or liquidity at June 30, 2015.

Sick Leave

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

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

Middle management and Executive General City employees who have accumulated 750 qualifying hours



or more of accrued or unused sick leave at the time of normal service retirement are eligible to receive a payment up to 20% of their base hourly rate. 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 only if the leave is attributable to past service and it is probable that the employees will be compensated through cash payments conditioned on the employees' termination or retirement. In accordance with these criteria, a portion of the sick leave accumulated by general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2015 actuarial valuation of the sick leave liability was based on the termination method, with the liability pro-rated based on the current service of a participant. The projected sick leave benefit payment under the termination method is calculated as the maximum sick leave hours eligible for payment multiplied by the probability of an individual employee reaching retirement multiplied by the employee's projected salary at first eligibility for retirement pro-rated based on the employee's current service to date over the projected service to retirement increased by the cost of salary-related fringe benefits.

The Aviation Enterprise Fund employees' sick leave benefit balances (both accrued and unaccrued) at June 30, 2015 and June 30, 2014, were as follows (in thousands):

	2015	2014
Sick Leave Benefit	\$ 14,650	\$ 15,599
Less: Amount Accrued as a Liability	<u>(1,761)</u>	<u>(1,676)</u>
Total Sick Leave Benefit Balance	<u>\$ 12,889</u>	<u>\$ 13,923</u>

Liabilities Under Grants

The Aviation Enterprise Fund 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, 2015 have not been completed in all cases; accordingly, final determination of the Aviation Enterprise Fund's compliance with applicable grant requirements will be determined at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although City management believes any such claims would be immaterial to the Aviation Enterprise Fund's financial position at June 30, 2015.

12. DEFERRED COMPENSATION PLAN (DCP)

Aviation Enterprise Fund employees are covered under the same Deferred Compensation Plan and Defined Contribution Plan as City Employees. The City established the Deferred Compensation Plan and the Defined Contribution Plan to provide eligible employees with a means to supplement retirement income.

The Deferred Compensation Plan was created in accordance with Internal Revenue Code Section 457. It allowed eligible employees to defer up to \$18,000 and \$17,500 of their salaries during calendar years 2015 and 2014, respectively. The plan has numerous investment options and allows enrollment or changes on an ongoing basis. A 1996 federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No.S-25613 that amended the Plan to comply with the 1996 federal law. The Ordinance established a trust into which all assets of the Plan were transferred December 4, 1998.

The Defined Contribution Plan was created in accordance with Internal Revenue Code Section 415(c)(1)(A) and provides employees with an additional option for tax-deferred retirement savings. Eligible employees may make personal contributions to the Plan by electing to defer a designated percentage of their salary to the Plan. Employee contribution elections are irrevocable. The 2015 and 2014 annual contribution limit was \$53,000 and \$52,000 respectively. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of employee's base annual salary. The Aviation Enterprise Fund, through the City, contributed \$1,019,235 for the year ended June 30, 2015, and \$1,496,691 for the year ended June 30, 2014.

A governing board makes decisions about fund options available under both plans. Due to the tax-deferred nature of the Plans, generally speaking, the funds cannot be withdrawn while still employed by the City, unless a severe financial hardship exists. IRS regulations provide guidance regarding hardship withdrawals. Nationwide Investment Services Corporation is currently the administrator for both Plans.

13. PENSION PLAN

Plan Description

Aviation Enterprise Fund full-time employees are covered by the City of Phoenix Employees' Retirement Plan (COPERS), a single-employer defined benefit pension plan (the Plan), established by the Phoenix City Charter. The purpose of COPERS is to provide retirement, disability retirement, and survivor benefits to its members. The Plan can be amended or repealed by a vote of the residents of the City.

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.

Plan Benefits

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

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:

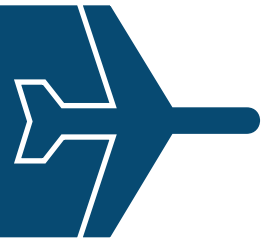
1. Age 60 years, with ten or more years of credited service.
2. Age 62 years, with five or more years of credited service.
3. Any age, which added to years of credited service equals 80.

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

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



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%.

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 23 year period. For the fiscal year ended June 30, 2015, the total contribution rate was 29.6% of compensation. Tier 1 employees contributed 5% of compensation, Tier 2 employees contributed 14.8% of compensation and the City contributed the remainder.

Net Pension Liability

The Net Pension Liability for the Aviation Enterprise Fund is a portion of the total liability reported for COPERS in the City CAFR. The liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. 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.

Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2015 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	7.50%
Inflation	3.50%
Salary Increases	Inflation plus merit component based on age ranging from 3.80% at age 20 to 0.00% for members age 65 and older
COLA	1.50%

Mortality rates were based on CalPERS Employee Mortality and CalPERS Healthy Annuitant tables both without Scale BB Projection. Salary Increase, retirement rate, termination rate, disability rate and mortality rates assumptions were changed from the prior valuation.

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 System investments, 7.5%, was applied as the single rate 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	Target Allocation	Expected Real Rate of Return (Arithmetic)
Broad US Equity	24%	5.60
Broad International Equity	19	6.70
Intermediate Duration Fixed Income	20	3.33
Emerging Markets Debt Hard	5	4.52
Core Real Estate	8	6.03
Non-Core Real Estate	4	7.51
Diversified Hedge Funds	7	6.08
Private Equity	5	7.56
Diversified Inflation Strategies	8	5.03

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the years ended June 30, 2015 and 2014, the Aviation Enterprise Fund recognized pension expense of \$24,199,643 and \$2,134,439, respectively. At June 30, 2015, the Aviation Enterprise Fund reported deferred outflows of resources of \$29,090,247 and deferred inflows of resources of \$2,423,658. At June 30, 2014, the Aviation Enterprise Fund reported no deferred outflows of resources or deferred inflows of resources related to pension.

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

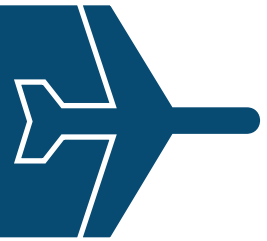
Post-Employment Healthcare and Long-Term Disability Program

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

Medical Expense Reimbursement Plan and Long-Term Disability Trust

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

The City has established the City of Phoenix MERP Trust and the City of Phoenix Long-Term Disability (LTD) Trust to fund all or a portion of the City’s share of liabilities incurred in providing the benefits as reflected in the Administrative Regulation 2.42 Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners and in Administrative Regulation



2.323 City of Phoenix Long-Term Disability Program. A five member Board of Trustees has been delegated responsibility for fiduciary oversight of the MERP Trust and LTD Trust, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 9th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

The City's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Post-Employment Health Plan:

Employees eligible to retire in more than 15 years from August 1, 2007 who have payroll deductions for City medical insurance coverage are entitled to a \$150 monthly contribution to a Post-Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a 100% employer-paid defined contribution. Funds accumulated in the account can be used upon termination of employment for qualified medical expenses. The current administrator of the plan is Nationwide Retirement Solutions.

Actuarial Valuations

In the July 1, 2015, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets. The actuarial value of assets was equal to fair value. The AAL, or in this case surplus, is amortized over a period such that the normal cost plus the amortization payment equals the budgeted contribution amount. The amortization will not exceed 30 years.

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

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

The Aviation Enterprise Fund's contribution to the City of Phoenix MERP Trust was \$1,616,475 and \$1,709,898 at June 30, 2015 and June 30, 2014, respectively. The contribution to the City of Phoenix LTD Trust was \$134,763 and \$142,695 at June 30, 2015 and June 30, 2014, respectively.

15. CAPITAL CONTRIBUTIONS

The Aviation Enterprise Fund periodically receives grant revenues from federal and state agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred. Revenues from capital grants are reported as capital

contributions on the Statements of Revenue, Expenses, and Changes in Net Position and revenues from operating grants are reported as non-aeronautical operating revenue. In fiscal years 2015 and 2014, the Department received \$21.0 million and \$27.2 million, respectively, in federal and state grants combined.

16. PASSENGER FACILITY CHARGES

The Passenger Facility Charge Program allows the collection of PFC fees up to \$4.50 for every boarded passenger at commercial airports controlled by public agencies. The Airport uses these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. The fees are currently set at \$4.50 for every boarded passenger.

The Airport recorded \$84.8 million and \$79.7 million in passenger facility charges for the years ended June 30, 2015 and 2014, respectively.

17. CUSTOMER FACILITY CHARGES

All on-airport rental car companies who lease space at the Airport, and all off-airport rental car companies who obtain customers through the Sky Harbor Rental Car Center collect a daily customer facility charge of \$6.00 per transaction day per vehicle from Sky Harbor Airport customers. Vehicle rental companies remit customer facility charges that were collected or should have been collected from its airport customers on a monthly basis to the City, together with the monthly statement of transactions and transaction days.

The Airport recorded \$44.8 million and \$43.1 million in customer facility charges for the years ended June 30, 2015 and 2014, respectively.

18. RECLASSIFICATION

The presentation of both Operating Revenues and Operating Expenses in the Comparative Statement of Revenue, Expenses and Changes in Net Position were changed to provide readers with more useful information, as well as additional transparency. These changes do not reflect prior period adjustments or changes in accounting principle. The amounts are being reclassified into line items that more accurately capture the nature of the revenues and expenses. This reclassification had no impact on the 2014 Change in Net Position.

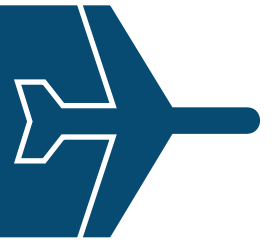
19. SUBSEQUENT EVENTS

Debt Issuance

On November 17, 2015, the City of Phoenix Civic Improvement Corporation issued \$95,785,000 of Junior Lien Airport Revenue Bonds, Series 2015A (Non-AMT) and \$18,655,000 of Junior Lien Airport Revenue Refunding Bonds, Series 2015B (Non-AMT). The bonds were issued at an all-in true interest cost of 3.99% and 4.08%, respectively, and were dated and delivered December 15, 2015.

Director of Aviation Services

Aviation Director Danny Murphy retired on October 31, 2014, ending a thirty-one year career with the City of Phoenix. He served as Aviation Director for eight years. Tamie Fisher served as Acting Aviation Director from November 1, 2014 and June 24, 2015. Paul Blue served as Interim Aviation Director from June 25, 2015 and October 4, 2015 as the City concluded its nationwide search for a permanent



Director. City Manager Ed Zuercher appointed James Bennett as the Director of Aviation Services effective October 5, 2015. Mr. Bennett has previously served as president and chief executive officer of the Metropolitan Washington Airports Authority, operating Ronald Reagan Washington National and Washington Dulles International Airports, as well as working in private industry as chief executive officer for the Abu Dhabi Airports Company overseeing five airports within the Emirate of Abu Dhabi.

Chief Financial Officer

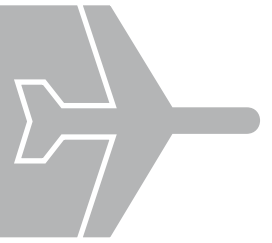
Following a nationwide recruitment, City Manager Ed Zuercher appointed Denise Olson, who had been serving as Acting Chief Financial Officer since Neal Young's retirement in June 2015, as Chief Financial Officer on November 12, 2015.

New PFC Approval

On July 17, 2015, the City received approval from the FAA to impose and use PFC 7. The total approved PFC revenue collection is \$82,163,209 to be used for fifteen capital projects at the Airport.



Rendering of Terminal 3 Modernization



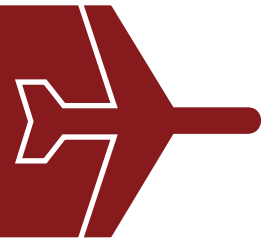
STATISTICAL INFORMATION

THE STATISTICAL SECTION CONTAINS UNAUDITED INFORMATION ABOUT THE AVIATION ENTERPRISE FUND OR THE AIRPORT.

SUBSECTIONS INCLUDE:

Subsection	Description
1	Financial Section
2	Debt Section
3	Economic and Demographic Section





FINANCIAL SECTION

THE FINANCIAL SECTION INCLUDES:

Subsection	Description
1	Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances (non-GAAP)
2	Reconciliation of Airport Cash on Hand to Available Fund Balance per Budgetary Presentation
3	Reconciliation of GAAP Operating Revenues and Expenses to Revenues and Expenditures per Budgetary Presentation
4	Changes in Net Position
5	Principal Revenue Sources
6	Rates and Charges

SCHEDULE 1**City of Phoenix, Aviation Enterprise Fund****COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (NON-GAAP)**

(In Expense Priority Established by the Airport Bond Ordinance)

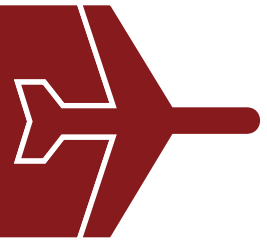
(For the fiscal years ended June 30; in thousands)

	2015	2014
REVENUES		
Landing Area	\$ 52,082	\$ 50,368
Terminal Area	127,641	123,566
Ground Transportation	127,039	120,722
Interest	1,842	1,807
Other	<u>31,129</u>	<u>33,461</u>
Total Revenues before Reimbursement	339,733	329,924
Transportation O&M Expense Reimbursement (1)	<u>14,488</u>	<u>13,626</u>
Total Revenues	<u>354,221</u>	<u>343,550</u>
EXPENDITURES AND ENCUMBRANCES		
Cost of Operation and Maintenance		
Personal Services	105,760	104,683
Contractual Services	105,198	105,687
Supplies	11,092	11,159
Equipment/Minor Improvements	<u>4,115</u>	<u>3,034</u>
Total Cost of Operation and Maintenance (1)	<u>226,165</u>	<u>224,563</u>
Net Airport Revenue Available for Debt Service (Net Airport Revenues)	128,056	118,987
Total Senior Lien Airport Revenue Bond Debt Service	<u>48,732</u>	<u>50,030</u>
Net Airport Revenue Available After Senior Lien Revenue Bond Debt Service (Designated Revenues)	79,324	68,957
Total Junior Lien Airport Revenue Bond Debt Service (2)	<u>1,604</u>	<u>1,604</u>
Net Airport Revenue Available After Senior and Junior Lien Revenue Bond Debt Service	<u>77,720</u>	<u>67,353</u>
Other Expenditures		
Capital Improvements	17,719	23,614
General Obligation Bond Debt Service	<u>206</u>	<u>859</u>
Total Other Expenditures	<u>17,925</u>	<u>24,473</u>
Total Expenditures and Encumbrances	<u>294,426</u>	<u>300,670</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>59,795</u>	<u>42,880</u>

SCHEDULE 1**City of Phoenix, Aviation Enterprise Fund****COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (NON-GAAP) (CONTINUED)**

(In Expense Priority Established by the Airport Bond Ordinance)

(For the fiscal years ended June 30; in thousands)



	<u>2015</u>	<u>2014</u>
OTHER FINANCING SOURCES (USES)		
Recovery of Prior Years Expenditures	\$ 2,368	\$ 2,334
Transfer to General Fund:		
Staff and Administrative – Central Service	(7,969)	(7,262)
Transfers (to) from Other Funds		
Transfers to Other Funds	(46,599)	(29,420)
Transfers from Other Funds	<u>533</u>	<u>773</u>
Total Other Financing Sources (Uses)	<u>(51,667)</u>	<u>(33,575)</u>
Net Increase in Fund Balance	8,128	9,305
FUND BALANCE, JULY 1	<u>319,159</u>	<u>309,854</u>
FUND BALANCE, JUNE 30	327,287	319,159
Non-Cash Budgetary Transactions (3)	<u>(426)</u>	<u>(6,350)</u>
Total Airport Cash on Hand, June 30	<u>\$ 326,861</u>	<u>\$ 312,809</u>
Days Cash Calculation (4)		
Total Airport Cash on Hand, June 30	\$ 326,861	\$ 312,809
Total Cost of Maintenance and Operation	226,165	224,563
Days Cash on Hand	528	508

(1) Rental Car Center Transportation O&M Expenses as defined in the CFC Bond Documents are included as a Cost of Operation and Maintenance. Amounts reimbursed to the City by the CFC trustee to pay the rental car busing service expenses (included as a Cost of Operation and Maintenance) are included as Revenues.

(2) Debt service is net of the Junior Lien Passenger Facility Charge Credits and the Recovery Zone Economic Development Bonds subsidy from the United States Treasury.

(3) Consists of budgetary encumbrances, revenue recoveries and other timing differences.

(4) Days cash on hand is calculated as follows: Total airport cash on hand divided by total cost of maintenance and operation multiplied by 365.

SCHEDULE 2

City of Phoenix, Aviation Enterprise Fund

RECONCILIATION OF AIRPORT CASH ON HAND TO AVAILABLE FUND

BALANCE PER BUDGETARY PRESENTATION

(For the fiscal years ended June 30; in thousands)

	<u>2015</u>	<u>2014</u>
Comparative Statement of Net Position		
Cash and Cash Equivalents (Unrestricted)	\$ 56,355	\$ 42,465
Investments (Unrestricted)	<u>270,506</u>	<u>270,344</u>
Total Airport Cash on Hand, June 30	326,861	312,809
Adjusted For:		
Non-Cash Budgetary Transactions (1)	<u>426</u>	<u>6,350</u>
Available Fund Balance per Budgetary Presentation (2)	<u>\$ 327,287</u>	<u>\$ 319,159</u>

Notes

(1) Consists of budgetary encumbrances, revenue recoveries and other timing differences.

(2) Budgetary Presentation is shown on Schedule 1 – City of Phoenix Aviation Enterprise Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances

SCHEDULE 3**City of Phoenix, Aviation Enterprise Fund****RECONCILIATION OF GAAP OPERATING REVENUES AND EXPENSES TO REVENUES
AND EXPENDITURES PER BUDGETARY PRESENTATION**

(For the fiscal years ended June 30; in thousands)



	2015	2014
Revenues		
Total GAAP Operating Revenues	\$ 340,967	\$ 326,044
Adjusted for :		
Interest	1,842	1,807
Transportation O&M Expense Reimbursement	14,488	13,626
All Other (1)	<u>(3,076)</u>	<u>2,073</u>
Revenues per Budgetary Presentation (2)	<u>\$ 354,221</u>	<u>\$ 343,550</u>
Operating Expenses/Expenditures		
Total GAAP Operating Expenses	\$ 417,817	\$ 397,879
Adjusted for :		
Environmental, Studies & Noise Program	(2,600)	(5,099)
Depreciation	(163,691)	(158,760)
Staff and Administrative	(7,969)	(7,262)
Expensed Capital (3)	(5,031)	(5,210)
Other (1)	<u>(12,361)</u>	<u>3,015</u>
Maintenance and Operation Expenditures per Budgetary Presentation (2)	<u>\$ 226,165</u>	<u>\$ 224,563</u>
Senior Lien Coverage Calculation		
Revenue	\$ 354,221	\$ 343,550
Operating Expenditures	<u>226,165</u>	<u>224,563</u>
Designated Revenue for Senior Lien Debt Service	<u>\$ 128,056</u>	<u>\$ 118,987</u>
Senior Lien Debt Service	<u>\$ 48,732</u>	<u>\$ 50,030</u>
Senior Lien Debt Service Coverage (4)	2.63	2.38
Junior Lien Coverage Calculation		
Designated Revenue for Senior Lien Debt Service	\$ 128,056	\$ 118,987
Senior Lien Debt Service	<u>48,732</u>	<u>50,030</u>
Designated Revenue for Junior Lien Debt Service	<u>\$ 79,324</u>	<u>\$ 68,957</u>
Junior Lien Debt Service	\$ 46,470	\$ 46,468
Adjusted for :		
Junior Lien PFC Credit	(44,278)	(44,276)
2010 RZEDB Subsidy Payments	<u>(588)</u>	<u>(588)</u>
Net Junior Lien Debt Service	<u>\$ 1,604</u>	<u>\$ 1,604</u>
Junior Lien Debt Service Coverage (4)	49.45	42.99
Aggregate Senior & Junior Liens Coverage Calculation		
Designated Revenue for Debt Service	\$ 128,056	\$ 118,987
Aggregate Senior & Junior Liens Debt Service	50,336	51,634
Aggregate Senior & Junior Liens Debt Service Coverage	2.54	2.30

Notes:

- (1) Includes various GAAP accounting entries. Also includes budgetary encumbrances and revenue recoveries.
- (2) Budgetary Presentation is shown on the City of Phoenix Aviation Enterprise Fund Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances on page 62.
- (3) Includes repairs and studies that do not result in a major improvement to the Aviation Enterprise Fund.
- (4) As defined in the City Purchase Agreement.

SCHEDULE 4**City of Phoenix, Aviation Enterprise Fund****CHANGES IN NET POSITION**Last Ten Fiscal Years
(in thousands)

	2015	2014	2013	2012
Operating Revenues				
Aeronautical Revenue	\$ 145,046	\$ 141,633	\$ 129,026	\$ 124,112
Non-Aeronautical Revenue	195,921	184,411	176,660	175,655
Total Operating Revenue	<u>340,967</u>	<u>326,044</u>	<u>305,686</u>	<u>299,767</u>
Operating Expenses				
Operation and Maintenance				
Personal Services	86,172	65,339	72,791	71,987
Contractual Services	115,486	124,360	114,748	103,669
Supplies	10,771	11,014	11,797	11,061
Equipment/Minor Improvements	31,128	26,045	32,850	31,225
Environmental, Studies and Noise	2,600	5,099	8,361	8,218
City Staff and Administrative	7,969	7,262	6,869	5,889
Depreciation	163,691	158,760	146,034	127,699
Total Operating Expenses	<u>417,817</u>	<u>397,879</u>	<u>393,450</u>	<u>359,748</u>
Net Operating Loss	<u>(76,850)</u>	<u>(71,835)</u>	<u>(87,764)</u>	<u>(59,981)</u>
Non-Operating Revenues (Expenses)				
Passenger Facility Charges	84,774	79,672	78,184	78,807
Rental Car Customer Facility Charges	44,839	43,113	41,457	41,253
Investment Income	2,988	3,831	519	2,750
Interest on Capital Debt	(65,051)	(64,863)	(70,785)	(75,927)
Loss on Disposal of Capital Assets	(47)	(29)	(153)	16
Total Non-Operating Revenues (Expenses)	<u>67,503</u>	<u>61,724</u>	<u>49,222</u>	<u>46,899</u>
Capital Contributions	20,970	27,184	14,516	32,694
Transfer from Other Funds	1	-	31	-
Transfer to Other Funds	(365)	(166)	-	-
Change in Net Position	<u>11,259</u>	<u>16,907</u>	<u>(23,995)</u>	<u>19,612</u>
Net Position - July 1	1,640,402	1,765,618	1,789,613	1,770,001
Restatement of Beginning Net Position	-	(142,123)	-	-
Net Position - July 1, as restated	<u>1,640,402</u>	<u>1,623,495</u>	<u>1,789,613</u>	<u>1,770,001</u>
Net Position - June 30	<u>\$ 1,651,661</u>	<u>\$ 1,640,402</u>	<u>\$ 1,765,618</u>	<u>\$ 1,789,613</u>
Net Position - June 30				
Net Investment in Capital Assets	\$ 1,170,752	\$ 1,241,513	\$ 1,255,699	\$ 1,325,444
Restricted	343,472	272,624	266,673	106,337
Unrestricted	<u>137,437</u>	<u>126,265</u>	<u>243,246</u>	<u>357,832</u>
Total Net Position	<u>\$ 1,651,661</u>	<u>\$ 1,640,402</u>	<u>\$ 1,765,618</u>	<u>\$ 1,789,613</u>

SCHEDULE 4
City of Phoenix, Aviation Enterprise Fund
CHANGES IN NET POSITION (CONTINUED)
 Last Ten Fiscal Years
 (in thousands)

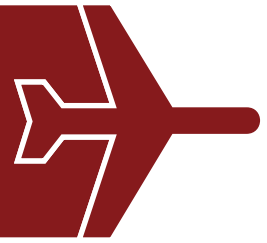


	2011	2010	2009	2008	2007	2006
\$	118,580	\$ 110,979	\$ 111,451	\$ 104,146	\$ 99,829	\$ 96,958
	170,080	155,799	161,628	180,148	177,399	149,330
	288,660	266,778	273,079	284,294	277,228	246,288
	69,189	71,253	62,639	62,576	57,440	51,911
	104,365	97,580	109,108	118,537	94,601	100,416
	11,294	9,333	11,071	13,474	13,744	9,385
	36,026	19,249	44,504	16,388	10,021	14,743
	15,364	13,811	3,028	-	-	-
	4,364	5,037	5,943	6,388	6,188	6,121
	128,697	129,034	110,067	86,364	86,269	65,438
	369,299	345,297	346,360	303,727	268,263	248,014
	(80,639)	(78,519)	(73,281)	(19,433)	8,965	(1,726)
	79,870	77,165	74,134	82,248	86,052	85,764
	39,274	36,050	33,573	35,016	34,428	32,874
	2,609	3,518	8,958	14,142	18,505	11,690
	(70,612)	(46,768)	(43,076)	(32,845)	(43,711)	(31,648)
	7,803	(1,420)	(24)	2,692	(197)	(211)
	58,944	68,545	73,565	101,253	95,077	98,469
	33,832	40,000	25,005	44,668	37,553	65,180
	-	-	-	-	-	-
	-	-	-	(1,267)	(134)	-
	12,137	30,026	25,289	125,221	141,461	161,923
	1,757,864	1,727,838	1,896,919	1,771,698	1,630,237	1,468,314
	-	-	(194,370)	-	-	-
	1,757,864	1,727,838	1,702,549	1,771,698	1,630,237	1,468,314
\$	1,770,001	\$ 1,757,864	\$ 1,727,838	\$ 1,896,919	\$ 1,771,698	\$ 1,630,237
\$	1,312,605	\$ 1,465,741	\$ 1,493,939	\$ 1,531,043	\$ 1,533,973	\$ 1,329,221
	106,350	51,730	52,019	37,822	49,671	48,794
	351,046	240,393	181,880	328,054	188,054	252,222
\$	1,770,001	\$ 1,757,864	\$ 1,727,838	\$ 1,896,919	\$ 1,771,698	\$ 1,630,237

SCHEDULE 5**City of Phoenix, Aviation Enterprise Fund****PRINCIPAL REVENUE SOURCES**for Operating Revenues over Ten Percent of Total Operating Revenues
Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
Terminal Fees					
Amount	\$78,422,082	\$73,089,595	\$64,904,028	\$56,745,994	\$45,524,353
Percent of Operating Revenue	23.00%	22.42%	21.23%	18.93%	15.77%
Landing Fees					
Amount	\$48,497,053	\$49,860,459	\$46,892,628	\$42,970,142	\$41,504,514
Percent of Operating Revenue	14.22%	15.29%	15.34%	14.33%	14.38%
Parking					
Amount	\$81,094,038	\$76,964,416	\$74,913,811	\$72,753,006	\$69,837,852
Percent of Operating Revenue	23.78%	23.61%	24.51%	24.27%	24.19%
Rental Cars					
Amount	\$52,103,343	\$49,627,460	\$47,793,301	\$47,094,786	\$45,684,285
Percent of Operating Revenue	15.28%	15.22%	15.63%	15.71%	15.83%
	Fiscal Year				
	2010	2009	2008	2007	2006
Terminal Fees					
Amount	\$40,505,843	\$45,397,236	\$41,533,432	\$39,602,808	\$39,569,066
Percent of Operating Revenue	15.18%	16.62%	14.62%	14.29%	16.07%
Landing Fees					
Amount	\$38,489,900	\$37,567,983	\$34,688,371	\$34,463,778	\$31,928,711
Percent of Operating Revenue	14.43%	13.76%	12.21%	12.43%	12.96%
Parking					
Amount	\$66,087,317	\$70,231,461	\$81,543,211	\$80,052,918	\$67,223,041
Percent of Operating Revenue	24.77%	25.72%	28.70%	28.88%	27.29%
Rental Cars					
Amount	\$43,999,292	\$41,665,110	\$45,801,605	\$42,899,798	\$37,148,294
Percent of Operating Revenue	16.49%	15.26%	16.12%	15.47%	15.08%

SCHEDULE 6
City of Phoenix, Aviation Enterprise Fund
RATES AND CHARGES
for Principal Revenue Sources
Last Ten Fiscal Years



	Fiscal Year				
	2015	2014	2013	2012	2011
Airline Terminal Fees (1)					
Fee per square foot					
Terminal 2	\$ 118.26	\$ 112.80	\$ 110.65	\$ 79.99	\$ 75.80
Terminal 3	118.26	112.80	110.65	83.73	81.92
Terminal 4	118.26	112.80	110.65	104.56	90.90
Landing Fees					
Fee per 1,000 pounds	1.87	1.99	1.93	1.67	1.59
Parking Rates					
Terminal Garages (per hour)	4.00	4.00	4.00	4.00	4.00
Terminal Garages (daily max)	25.00	25.00	25.00	25.00	25.00
Economy Covered	11.00	11.00	11.00	11.00	11.00
Economy Uncovered	9.00	9.00	9.00	9.00	9.00
Rental Car Center Rates					
Percent of Gross Rent	10.00%	10.00%	10.00%	10.00%	10.00%

	Fiscal Year				
	2010	2009	2008	2007	2006
Airline Terminal Fees					
Fee per square foot					
Terminal 2	\$ 66.83	\$ 59.49	\$ 52.09	\$ 49.78	\$ 51.01
Terminal 3	79.76	59.84	58.15	53.19	51.32
Terminal 4	85.60	69.65	66.79	63.31	62.20
Landing Fees					
Fee per 1,000 pounds	1.53	1.39	1.25	1.18	1.18
Parking Rates					
Terminal Garages (per hour)	4.00	4.00	4.00	3.00	3.00
Terminal Garages (daily max)	25.00	25.00	20.00	20.00	20.00
Economy Covered	10.00	10.00	10.00	10.00	10.00
Economy Uncovered	8.00	8.00	8.00	8.00	8.00
Rental Car Center Rates					
Percent of Gross Rent	10.00%	10.00%	10.00%	10.00%	10.00%

(1) In January 2012, the Aviation Department implemented a single terminal rental rate to be effective at all of its passenger terminals. The mid-year change to the terminal rent methodology did not change the overall budgeted costs associated with the three terminals at the Airport. It was a technical change that allowed for the equalization of rental rates across all terminals.





DEBT SECTION

THE DEBT SECTION INCLUDES:

Schedule	Description
7	Outstanding Debt Payable from General Airport Revenue, per Enplaned Passenger
8	Debt Service Paid from General Airport Revenue, per Enplaned Passenger
9	Bond Ratings
City of Phoenix Civic Improvement Corporation Bonds	
10	Senior Lien Airport Revenue Bonds – Schedule of Outstanding Debt
11	Senior Lien Airport Revenue Bonds – Schedule of Debt Service Requirements
12	Junior Lien Airport Revenue Bonds – Schedule of Outstanding Debt
13	Junior Lien Airport Revenue Bonds – Schedule of Debt Service Requirements
14	Rental Car Facility Charge Revenue Bonds – Schedule of Outstanding Debt
15	Rental Car Facility Charge Revenue Bonds – Schedule of Debt Service Requirements
City of Phoenix – Airport General Obligation Bonds	
16	Schedule of Outstanding Debt
17	Schedule of Debt Service Requirements

SCHEDULE 7

City of Phoenix, Aviation Enterprise Fund

**OUTSTANDING DEBT PAYABLE FROM GENERAL AIRPORT REVENUE,
PER ENPLANED PASSENGER**

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
Outstanding Debt (in thousands)					
Revenue Bonds					
Senior Lien Bonds	\$ 496,905	\$ 519,775	\$ 542,920	\$ 599,615	\$ 625,270
Junior Lien Bonds	659,585	672,290	684,395	696,105	696,105
Commercial Paper Notes	140,000	120,000	100,000	–	–
General Obligation Bonds	7,865	7,870	8,905	9,615	10,500
Total Outstanding Debt	<u>\$ 1,304,355</u>	<u>\$ 1,319,935</u>	<u>\$ 1,336,220</u>	<u>\$ 1,305,335</u>	<u>\$ 1,331,875</u>
Enplaned Passengers	21,488,569	20,518,748	20,235,788	20,278,458	19,681,233
Outstanding Debt per Enplaned Passenger	\$ 60.70	\$ 64.33	\$ 66.03	\$ 64.37	\$ 67.67

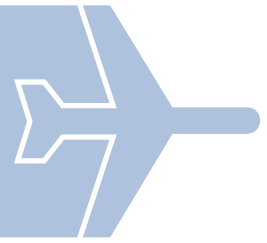
	Fiscal Year				
	2010	2009	2008	2007	2006
Outstanding Debt (in thousands)					
Revenue Bonds					
Senior Lien Bonds (a)	\$ 680,165	\$ 699,320	\$ 718,310	\$ 457,430	\$ 467,985
Junior Lien Bonds	–	–	–	–	153,120
Voter-Approved Bonds	–	–	–	28,745	33,155
Commercial Paper Notes	200,000	80,000	–	4,000	4,000
General Obligation Bonds	11,350	12,195	13,580	17,360	20,840
Total Outstanding Debt	<u>\$ 891,515</u>	<u>\$ 791,515</u>	<u>\$ 731,890</u>	<u>\$ 507,535</u>	<u>\$ 679,100</u>
Enplaned Passengers	19,096,529	18,912,120	20,667,530	20,762,870	20,642,263
Outstanding Debt per Enplaned Passenger	\$ 46.68	\$ 41.85	\$ 35.41	\$ 24.44	\$ 32.90

Note:

(a) Includes Subordinated Excise Tax Variable Rate Demand Revenue Bonds (Airport Improvements), Series 1995, which were refunded by the Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT) in June 2008.

Includes a portion of the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, which were issued for Airport, in fiscal years 2007 through 2010. The Airport portion on the bonds were paid in full in fiscal year 2011.

SCHEDULE 8
City of Phoenix, Aviation Enterprise Fund
DEBT SERVICE PAID FROM GENERAL AIRPORT REVENUE,
PER ENPLANED PASSENGER
 Last Ten Fiscal Years

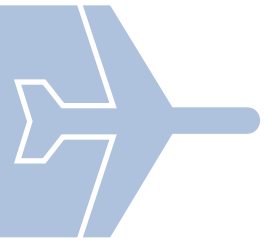


	Fiscal Year				
	2015	2014	2013	2012	2011
Debt Service (in thousands)					
Revenue Bonds					
Principal	\$ 35,575	\$ 35,250	\$ 33,615	\$ 25,655	\$ 20,610
Interest	59,626	61,248	64,495	66,925	62,453
General Obligation Bonds					
Principal	5	500	710	885	850
Interest	201	360	395	430	464
Total Debt Service	\$ 95,407	\$ 97,358	\$ 99,215	\$ 93,895	\$ 84,377
Enplaned Passengers	21,488,569	20,518,748	20,235,788	20,278,458	19,681,233
Debt Service per Enplaned Passenger	\$ 4.44	\$ 4.74	\$ 4.90	\$ 4.63	\$ 4.29

	Fiscal Year				
	2010	2009	2008	2007	2006
Debt Service (in thousands)					
Revenue Bonds					
Principal	\$ 19,155	\$ 18,990	\$ 14,595	\$ 18,350	\$ 17,395
Interest	35,744	37,286	25,195	34,672	35,437
General Obligation Bonds					
Principal	845	1,385	3,780	3,590	3,535
Interest	498	563	770	1,104	1,217
Total Debt Service	\$ 56,242	\$ 58,224	\$ 44,340	\$ 57,716	\$ 57,584
Enplaned Passengers	19,096,529	18,912,120	20,667,530	20,762,870	20,642,263
Debt Service per Enplaned Passenger	\$ 2.95	\$ 3.08	\$ 2.15	\$ 2.78	\$ 2.79



SCHEDULE 9
City of Phoenix, Aviation Enterprise Fund
BOND RATINGS
(as of June 30, 2015)



Series	Rating	
	Moody's	S & P
City of Phoenix Civic Improvement Corporation		
Senior Lien Revenue Bonds	Aa3	AA-
2008A Airport Revenue Bonds (Non-AMT)		
2008B Airport Revenue Bonds (AMT)		
2008C Airport Revenue Refunding Bonds (Non-AMT)		
2008D Airport Revenue Refunding Bonds (AMT)		
2013 Airport Revenue Refunding Bonds (AMT)		
Junior Lien Revenue Bonds	A1	A+
2010A Airport Revenue Bonds (Non-AMT)		
2010B Airport Revenue Bonds (Taxable)		
2010C Airport Revenue Refunding Bonds (Non-AMT)		
Rental Car Facility Charge Revenue Bonds	A3	A
2004 Rental Car Facility Bonds (Taxable)		
City of Phoenix General Obligation Bonds	Aa1	AA+
2014 General Obligation Refunding Bonds		

SCHEDULE 10
City of Phoenix, Aviation Enterprise Fund
SENIOR LIEN AIRPORT REVENUE BONDS
SCHEDULE OF OUTSTANDING DEBT
(as of June 30, 2015)

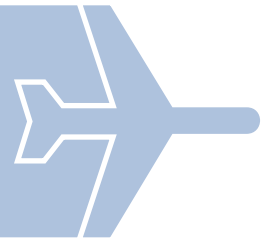
<u>Delivery Date</u>	<u>Series</u>	<u>Original Issuance</u>	<u>Maturity Dates</u>	<u>Coupons</u>	<u>Bonds Outstanding (a)</u>
06-18-08	2008A	\$ 206,840,000	7/1/20-38	4.80% – 5.00%	\$ 206,840,000
06-18-08	2008B	43,160,000	7/1/12-19	5.00% – 5.25%	23,745,000
06-18-08	2008C (b)	109,850,000	7/1/09-22	3.00% – 5.00%	61,345,000
06-18-08	2008D (b)	68,520,000	7/1/09-20	4.00% – 5.50%	21,805,000
03-05-13	2013 (b)	196,600,000	7/1/14-32	3.00% – 5.00%	183,170,000
Total					<u>\$ 496,905,000</u>

Notes:

(a) Does not include bonds maturing on July 1, 2015.

(b) Series 2008C, 2008D and 2013 were used for refunding purposes.

SCHEDULE 11
City of Phoenix, Aviation Enterprise Fund
SENIOR LIEN AIRPORT REVENUE BONDS
SCHEDULE OF DEBT SERVICE REQUIREMENTS



Fiscal Year	Principal	Interest	Total
2016	\$ 24,010,000	\$ 24,764,925	\$ 48,774,925
2017	25,235,000	23,561,763	48,796,763
2018	26,575,000	22,275,450	48,850,450
2019	27,935,000	20,983,500	48,918,500
2020	29,505,000	19,624,625	49,129,625
2021	25,710,000	18,151,250	43,861,250
2022	26,995,000	16,865,750	43,860,750
2023	17,810,000	15,544,550	33,354,550
2024	18,710,000	14,654,050	33,364,050
2025	19,640,000	13,718,550	33,358,550
2026	20,630,000	12,736,550	33,366,550
2027	21,655,000	11,705,050	33,360,050
2028	22,740,000	10,622,300	33,362,300
2029	23,870,000	9,487,750	33,357,750
2030	25,065,000	8,294,250	33,359,250
2031	26,320,000	7,041,000	33,361,000
2032	27,635,000	5,725,000	33,360,000
2033	12,770,000	4,343,250	17,113,250
2034	13,410,000	3,704,750	17,114,750
2035	14,080,000	3,034,250	17,114,250
2036	14,785,000	2,330,250	17,115,250
2037	15,520,000	1,591,000	17,111,000
2038	16,300,000	815,000	17,115,000
Total	<u>\$ 496,905,000</u>	<u>\$ 271,574,813</u>	<u>\$ 768,479,813</u>

SCHEDULE 12
City of Phoenix, Aviation Enterprise Fund
JUNIOR LIEN AIRPORT REVENUE BONDS
SCHEDULE OF OUTSTANDING DEBT
(as of June 30, 2015)

<u>Delivery Date</u>	<u>Series</u>	<u>Original Issuance</u>	<u>Maturity Dates</u>	<u>Coupons</u>	<u>Bonds Outstanding (a)</u>
09-01-10	2010A (c)	\$ 642,680,000	7/1/13-40	2.00% – 5.25%	\$ 606,160,000
09-01-10	2010B(c),(d)	21,345,000	7/1/2040	6.60%	21,345,000
09-01-10	2010C (b)	32,080,000	7/1/23-25	5.00%	32,080,000
Total					<u>\$ 659,585,000</u>

Notes:

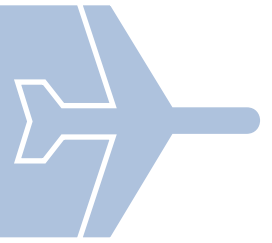
(a) Does not include bonds maturing on July 1, 2015.

(b) Series 2010C was used for refunding purposes.

(c) Debt service due on or before July 1, 2016 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge (the "PFC") imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport. The PFC is currently imposed at the rate of \$4.50 per qualifying enplaned passenger and is required to be remitted to the City less any accrued interest and an \$0.11 per PFC airline collection fee.

(d) Represents bonds issued as RZEDB Bonds for purposes of the American Recovery and Reinvestment Act of 2009, and the Internal Revenue Code of 1986. Subject to the City's compliance with certain requirements of the Code, the City expects to receive semiannual cash subsidy payments rebating a portion of the interest on these bonds from the United States Treasury in an amount equal to 45% of the interest payable each respective interest payment date. The debt service shown above has not been reduced by the expected subsidy payments. 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 of the federal subsidy by 7.3% and 7.2% (the "Sequester Reductions"), in fiscal years 2015 and 2014, respectively. 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 RZEDB Bonds.

SCHEDULE 13
City of Phoenix, Aviation Enterprise Fund
JUNIOR LIEN AIRPORT REVENUE BONDS
SCHEDULE OF DEBT SERVICE REQUIREMENTS



Fiscal Year	Principal	Interest	Total
2016	\$ 13,310,000	\$ 33,160,151	\$ 46,470,151
2017	13,960,000	32,510,601	46,470,601
2018	14,655,000	31,816,851	46,471,851
2019	15,285,000	31,186,801	46,471,801
2020	16,025,000	30,443,751	46,468,751
2021	16,785,000	29,684,276	46,469,276
2022	17,620,000	28,850,026	46,470,026
2023	28,675,000	27,969,026	56,644,026
2024	30,110,000	26,535,276	56,645,276
2025	31,615,000	25,029,776	56,644,776
2026	21,365,000	23,502,183	44,867,183
2027	22,430,000	22,433,933	44,863,933
2028	23,555,000	21,312,433	44,867,433
2029	24,730,000	20,134,683	44,864,683
2030	25,965,000	18,898,183	44,863,183
2031	27,200,000	17,663,108	44,863,108
2032	28,570,000	16,303,108	44,873,108
2033	30,065,000	14,803,182	44,868,182
2034	31,645,000	13,224,770	44,869,770
2035	33,230,000	11,642,520	44,872,520
2036	34,890,000	9,981,020	44,871,020
2037	36,635,000	8,236,520	44,871,520
2038	38,465,000	6,404,770	44,869,770
2039	40,390,000	4,481,520	44,871,520
2040	42,410,000	2,462,020	44,872,020
Total	<u>\$ 659,585,000</u>	<u>\$ 508,670,488</u>	<u>\$ 1,168,255,488</u>

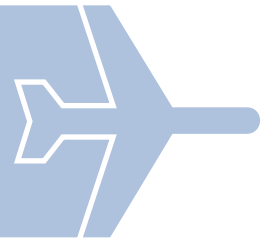
SCHEDULE 14
City of Phoenix, Aviation Enterprise Fund
RENTAL CAR FACILITY CHARGE REVENUE BONDS
SCHEDULE OF OUTSTANDING DEBT
(as of June 30, 2015)

<u>Delivery Date</u>	<u>Series</u>	<u>Original Issuance</u>	<u>Maturity Dates</u>	<u>Coupons</u>	<u>Bonds Outstanding (a)</u>
06-02-04	2004	\$ 260,000,000	7/1/07-29	3.69% – 6.25%	\$ 195,305,000
					<u>\$ 195,305,000</u>

Note:

(a) Does not include bonds maturing on July 1, 2015.

SCHEDULE 15
 City of Phoenix, Aviation Enterprise Fund
 RENTAL CAR FACILITY CHARGE REVENUE BONDS
 SCHEDULE OF DEBT SERVICE REQUIREMENTS



Fiscal Year	Principal	Interest	Total
2016	\$ 9,255,000	\$ 12,021,660	\$ 21,276,660
2017	9,795,000	11,478,392	21,273,392
2018	10,370,000	10,903,426	21,273,426
2019	10,990,000	10,284,336	21,274,336
2020	11,645,000	9,628,234	21,273,234
2021	12,365,000	8,909,737	21,274,737
2022	13,130,000	8,146,816	21,276,816
2023	13,940,000	7,336,696	21,276,696
2024	14,800,000	6,476,597	21,276,597
2025	15,710,000	5,563,438	21,273,438
2026	16,695,000	4,581,562	21,276,562
2027	17,740,000	3,538,125	21,278,125
2028	18,845,000	2,429,375	21,274,375
2029	20,025,000	1,251,563	21,276,563
Total	<u>\$ 195,305,000</u>	<u>\$ 102,549,957</u>	<u>\$ 297,854,957</u>

SCHEDULE 16
City of Phoenix, Aviation Enterprise Fund
AIRPORT GENERAL OBLIGATION BONDS
SCHEDULE OF OUTSTANDING DEBT
(as of June 30, 2015)

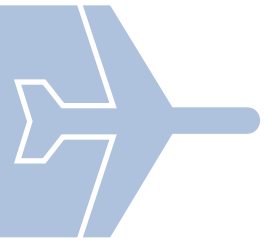
<u>Delivery Date</u>	<u>Series</u>	<u>Original Issuance</u>	<u>Maturity Dates</u>	<u>Coupons</u>	<u>Bonds Outstanding (a)</u>
06-24-14	2014 (b)	7,865,000	7/1/19-20	2.00% – 4.00%	\$ 7,865,000
Total					<u>\$ 7,865,000</u>

Notes:

(a) Does not include bonds maturing on July 1, 2015.

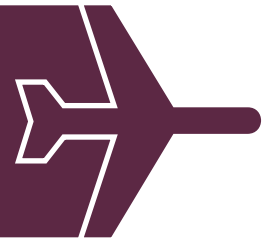
(b) Series 2014 refunded the 2003 GO Bonds

SCHEDULE 17
 City of Phoenix, Aviation Enterprise Fund
 AIRPORT GENERAL OBLIGATION BONDS
 SCHEDULE OF DEBT SERVICE REQUIREMENTS



Fiscal Year	Principal	Interest	Total
2016	\$ -	\$ 197,050	\$ 197,050
2017	-	197,050	197,050
2018	-	197,050	197,050
2019	4,520,000	197,050	4,717,050
2020	<u>3,345,000</u>	<u>82,700</u>	<u>3,427,700</u>
Total	<u>\$ 7,865,000</u>	<u>\$ 870,900</u>	<u>\$ 8,735,900</u>





ECONOMIC AND DEMOGRAPHIC SECTION

THE ECONOMIC AND DEMOGRAPHIC SECTION INCLUDES:

Schedule	Description
18	Demographic Statistics for the Airport Service Area
19	Principal Employers
20	Employee Trends
21	Capital Assets and Other Airport Information
22	Schedule of Annual Passenger Enplanements by Type of Passenger
23	Schedule of Annual Passenger Enplanements by Flight Destination
24	Schedule of Enplaned Passengers by Airline
25	Schedule of Annual Average Cost Per Enplanement
26	Schedule of PFC Approvals and Revenues
27	Schedule of Annual PFC Collections
28	Rental Car Facility Charge Revenue Bonds – Schedule of Annual Receipts, Net Annual CFC Revenues, and Debt Service Coverage
29	Schedule of Rental Car Gross Sales by Company

SCHEDULE 18**City of Phoenix, Aviation Enterprise Fund****DEMOGRAPHIC STATISTICS FOR THE AIRPORT SERVICE AREA**

June 30, 2015

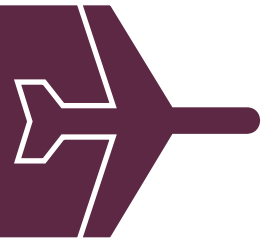
<u>Fiscal Year</u>	<u>Population (June 30)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2015 (a)	–	\$ –	\$ –	5.3%
2014	4,489,109	178,871,199	39,846	6.0%
2013	4,404,129	170,637,978	38,745	6.8%
2012	4,330,974	166,686,196	38,487	7.4%
2011	4,254,149	158,211,801	37,190	8.7%
2010	4,209,347	148,838,301	35,359	9.6%
2009	4,153,609	147,153,657	35,428	9.3%
2008	4,106,372	154,461,916	37,615	5.5%
2007	4,018,128	153,858,420	38,291	3.3%
2006	3,914,212	146,661,366	37,469	3.7%

SourcesU.S. Department of Commerce, Bureau of the Census website, www.census.govU.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.govU.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov**Notes**

The data in this table is for the Phoenix-Mesa-Scottsdale,
AZ Metropolitan Statistical Area

(a) Population, Personal Income, and Per Capita Income are not available for June 30, 2015 as of the date of publication.

SCHEDULE 19
City of Phoenix, Aviation Enterprise Fund
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago



Employer:	2015			2006		
	Employees	Rank	Percentage	Employees	Rank	Percentage
State of Arizona	50,816	1	2.74%	49,958	1	2.65%
Banner Health	35,406	2	1.91%	49,250	3	1.02%
Wal-Mart Stores Inc.	32,373	3	1.75%	28,246	2	1.50%
Fry's Food Stores	17,286	4	0.93%			
City of Phoenix	14,585	5	0.79%	13,844	4	0.73%
Wells Fargo	14,480	6	0.78%	11,533	6	0.61%
Maricopa County	13,567	7	0.73%	13,002	5	0.69%
Arizona State University	12,676	8	0.68%	11,202	7	0.59%
Dignity Health	12,100	9	0.65%			
Intel Corporation	11,760	10	0.63%	10,100	10	0.54%
US Postal Service				11,000	8	0.58%
Honeywell Aerospace				10,700	9	0.57%

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

Notes:
 Employee count is total Arizona employees.
 The data in this table is for the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area

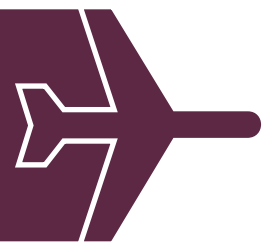


SCHEDULE 20

City of Phoenix, Aviation Enterprise Fund

EMPLOYEE TREND

Last Ten Fiscal Years Ended June 30



	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Division/Group					
Administration	12	9	10	15	12
Business and Properties	18	20	20	18	20
Design and Construction Services	30	36	37	28	30
Facilities and Services	374	384	374	367	380
Financial Management	30	32	31	30	35
Human Resources	12	12	13	13	14
Technology	37	41	39	41	45
Operations	181	188	185	187	183
Planning, Environmental and Capital Management	19	21	21	29	27
Public Relations	14	13	12	13	14
Other	5	18	27	30	29
Total	<u>732</u>	<u>774</u>	<u>769</u>	<u>771</u>	<u>789</u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Division/Group					
Administration	12	14	18	14	29
Business and Properties	22	22	22	24	20
Design and Construction Services	35	35	28	23	20
Facilities and Services	382	396	403	407	400
Financial Management	34	36	34	27	24
Human Resources	14	16	13	14	13
Technology	39	39	38	37	35
Operations	179	173	172	176	152
Planning, Environmental and Capital Management	26	23	20	16	8
Public Relations	13	12	10	12	14
Other	19	9	4	1	1
Total	<u>775</u>	<u>775</u>	<u>762</u>	<u>751</u>	<u>716</u>

SCHEDULE 21

City of Phoenix, Aviation Enterprise Fund CAPITAL ASSETS AND OTHER AIRPORT INFORMATION

PHOENIX SKY HARBOR INTERNATIONAL AIRPORT (PHX)

About the Airport

Phoenix Sky Harbor International Airport (the Airport) has been owned and operated by the City of Phoenix (the City) since 1935. It is the largest of the three airports that comprise the City's Aviation Enterprise Fund. The Airport is located approximately four miles east of the downtown Phoenix area. It is the only Arizona airport designated as a large hub by the Federal Aviation Administration (FAA) and is the principal commercial service airport serving metropolitan Phoenix and most of the State's population.

Terminal, Parking and Rental Car Facilities

The Airport currently has three active passenger terminal buildings, Terminals 2, 3, and 4. Terminal 1 was constructed in 1952 at a cost of \$835 thousand and was among the most modern and efficient passenger terminals of its time. Terminals were added over the years to accommodate increasing traffic, and in 1991 Terminal 1 was demolished, but the other terminals were never renumbered.

Terminal 2 opened in 1962, the year Sky Harbor surpassed the one million passenger mark. Constructed for \$2.7 million, Terminal 2 contains approximately 330,000 square feet and 12 gates. Alaska, Great Lakes, Spirit, Sun Country and United Airlines serve passengers through Terminal 2.

Terminal 3 opened in 1979 with construction costs at \$35 million. Terminal 3 contains approximately 880,000 square feet and 15 gates. The Airport has launched a Terminal 3 Modernization project, designed to provide consistent and enhanced customer service and more efficient operations for airlines and concessionaires. Delta, Frontier, Hawaiian, and JetBlue Airlines serve passengers through Terminal 3.

Terminal 4 opened in 1990, at an initial cost of \$248 million. The Terminal opened with five concourses, later adding two additional concourses for a total of seven. Terminal 4 contains approximately 2.3 million square feet and 84 gates. Air Canada, American, British, Southwest, Volaris and WestJet Airlines serve passengers through Terminal 4.

The Airport has approximately 31,400 public and employee parking spaces in five parking garages and five surface lots.

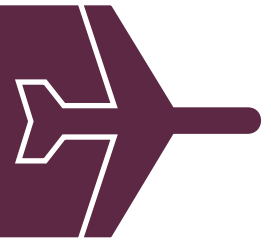
A consolidated rental car facility is located west of the terminals on a 141-acre site that includes approximately 5,600 ready/return garage spaces in a 2.2 million square foot garage and a 113,000 square foot customer service building.

PHX Sky Train®

The PHX Sky Train® is an electrically-powered, automated people mover that operates 24-hours a day, 365 days a year. It provides a seamless connection among the three terminal buildings, East Economy parking and the Valley Metro Light Rail.

Runways

The Airport has three parallel runways (8/26 is 11,490 feet in length, 7L/25R is 10,300 feet in length, and 7R/25L is 7,800 feet in length) and a network of supporting taxiways, aprons and hold areas. Together with the terminals, the Airport facilities are capable of accommodating the operations of all commercial jet aircraft currently in use.



PHOENIX DEER VALLEY AIRPORT (DVT)

About the Airport

Phoenix Deer Valley Airport serves to relieve air traffic from Sky Harbor Airport. As such, the Airport is capable of accommodating all segments of civil aviation, except commercial passenger service. Deer Valley Airport encompasses approximately 914 acres of property. This airport is located fifteen miles north of downtown Phoenix near the intersection of Interstate 17 and Loop 101.

Terminal and Hangar Facilities

The Terminal was originally constructed in 1975 and then renovated in 2002 with a total cost of \$6.2 million. It is roughly 28,000 square feet. Deer Valley Airport has 779 Hangars and 380 Covered and Uncovered Tie-Down spaces, constructed for a total cost of \$17 million.

Runways

Deer Valley Airport has two runways, 07L/25R is 4,500 feet long and 75 feet wide and 07R/25L is 8,200 feet long and 100 feet wide.

PHOENIX GOODYEAR AIRPORT (GYR)

About the Airport

Phoenix Goodyear Airport is classified as a general aviation reliever airport for Phoenix Sky Harbor International Airport. It is located on 789 acres of property approximately two miles south of Interstate 10 on Litchfield Road. This airport was previously known as the Naval Air Facility Litchfield Park until it was purchased by the City of Phoenix in 1968.

Terminal and Hangar Facilities

The Terminal is approximately 5,200 square feet and was completed in 2000, for a cost of \$2.9 million. Goodyear Airport has 147 Hangars and 22 Tie-Downs, constructed for a cost of \$18 million.

Runway

Goodyear Airport has a single runway, 03/21 is 8,500 feet long and 150 feet wide and can accommodate aircraft up to the size of a Boeing 747.

SCHEDULE 22
City of Phoenix, Aviation Enterprise Fund
Phoenix Sky Harbor International Airport
SCHEDULE OF ANNUAL PASSENGER ENPLANEMENTS
BY TYPE OF PASSENGER
Last Ten Fiscal Years

Fiscal Year	By type of passenger				
	Origin-Destination (O&D)			Connecting	Total
	Resident	Visitor	Total O&D		
2015	5,729,372	6,926,259	12,655,631	8,832,938	21,488,569
2014	5,518,158	6,637,193	12,155,351	8,363,397	20,518,748
2013	5,512,623	6,462,505	11,975,128	8,260,660	20,235,788
2012	5,441,823	6,501,508	11,943,331	8,335,127	20,278,458
2011	5,155,409	6,205,267	11,360,676	8,320,557	19,681,233
2010	5,112,219	6,281,679	11,393,898	7,702,631	19,096,529
2009	5,229,892	6,092,828	11,322,720	7,589,400	18,912,120
2008	6,015,226	6,792,654	12,807,880	7,859,650	20,667,530
2007	6,007,470	6,807,235	12,814,705	7,948,165	20,762,870
2006	5,866,972	6,789,216	12,656,188	7,986,075	20,642,263

Sources:

City of Phoenix Aviation Department

U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100.

Note:

Resident, visitor, and connecting numbers for 2015 were estimated based on 2 quarters of actual data. Historical resident, visitor, and connecting numbers reflect modest restatements and may not match prior reports exactly. The restatements reflect methodological improvements in the compilation of DOT O&D Survey sample data by Data Base Products (a third party data vendor) and are believed to be more accurate.

SCHEDULE 23

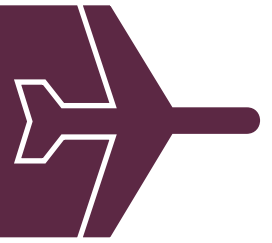
City of Phoenix, Aviation Enterprise Fund

Phoenix Sky Harbor International Airport

SCHEDULE OF ANNUAL PASSENGER ENPLANEMENTS

BY FLIGHT DESTINATION

Last Ten Fiscal Years



Fiscal Year	By flight destination		
	Domestic	International	Total
2015	20,348,751	1,139,818	21,488,569
2014	19,403,918	1,114,830	20,518,748
2013	19,094,138	1,141,650	20,235,788
2012	19,134,426	1,144,032	20,278,458
2011	18,592,674	1,088,559	19,681,233
2010	18,095,390	1,001,139	19,096,529
2009	17,980,137	931,983	18,912,120
2008	19,751,515	916,015	20,667,530
2007	19,891,566	871,304	20,762,870
2006	19,749,643	892,620	20,642,263

SCHEDULE 24
City of Phoenix, Aviation Enterprise Fund
Phoenix Sky Harbor International Airport
SCHEDULE OF ENPLANED PASSENGERS BY AIRLINE
Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
Enplaned Passengers					
American Airlines Group (a)	10,978,341	10,734,648	10,620,512	10,443,129	10,168,306
Southwest (b)	6,750,373	6,305,923	6,294,553	6,353,423	6,036,115
Delta (c)	1,325,051	1,262,548	1,240,735	1,296,941	1,256,788
United (d)	981,702	960,710	574,221	1,058,382	1,121,492
Alaska	370,801	339,086	324,218	343,867	328,390
Frontier (e)	279,517	207,590	218,072	217,964	253,391
WestJet	214,812	179,257	163,247	150,795	116,551
Spirit	148,673	106,036	–	–	–
British Airways	103,408	99,380	91,609	92,099	85,600
Air Canada	101,417	81,683	78,611	79,454	78,022
JetBlue	90,195	87,332	90,743	109,521	99,601
Hawaiian	85,368	83,715	85,553	86,867	85,197
All Other	58,911	70,840	453,714	46,016	51,780
Total	21,488,569	20,518,748	20,235,788	20,278,458	19,681,233
Share of Total					
American Airlines Group (a)	51.0 %	52.2 %	52.5 %	51.5 %	51.6 %
Southwest (b)	31.4	30.7	31.0	31.3	30.7
Delta (c)	6.2	6.2	6.1	6.4	6.4
United (d)	4.6	4.7	2.8	5.2	5.7
Alaska	1.7	1.7	1.6	1.7	1.7
Frontier (e)	1.3	1.0	1.1	1.1	1.3
WestJet	1.0	0.9	0.8	0.7	0.6
Spirit	0.7	0.6	–	–	–
British Airways	0.5	0.5	0.5	0.5	0.4
Air Canada	0.5	0.4	0.4	0.4	0.4
JetBlue	0.4	0.4	0.6	0.6	0.5
Hawaiian	0.4	0.4	0.4	0.4	0.4
All Other	0.3	0.3	2.2	0.2	0.3
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source:
City of Phoenix, Aviation Department Monthly Statistics Reports

Notes:
Passengers reported by regional affiliates have been grouped with their respective code-sharing partners.

(a) US Airways merged with American Airlines in December 2013. The two airlines were granted a combined operating certificate on April 8, 2015.

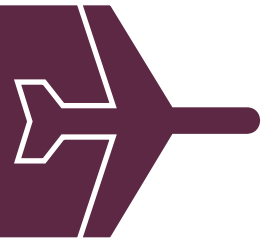
(b) Includes AirTran, which was acquired by Southwest in September 2010, for all years shown.

(c) Includes Northwest Airlines, which merged with Delta in October 2008, for all years shown.

(d) Includes Continental Airlines, which merged with United in May 2010, for all years shown.

(e) Includes Midwest Airlines, which merged with Frontier in April 2010, for all years shown.

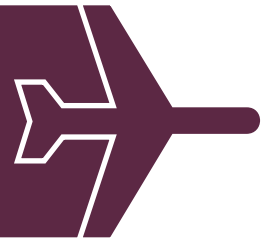
SCHEDULE 24
City of Phoenix, Aviation Enterprise Fund
Phoenix Sky Harbor International Airport
SCHEDULE OF ENPLANED PASSENGERS BY AIRLINE
Last Ten Fiscal Years



	Fiscal Year				
	2010	2009	2008	2007	2006
Enplaned Passengers					
American Airlines Group (a)	9,886,705	9,859,978	10,485,695	10,412,365	10,569,729
Southwest (b)	5,665,452	5,546,157	6,200,672	6,285,404	6,105,629
Delta (c)	1,250,333	1,180,336	1,340,302	1,180,998	1,184,964
United (d)	1,236,187	1,253,507	1,386,791	1,533,290	1,526,452
Alaska	326,624	332,754	382,930	376,946	366,229
Frontier (e)	276,521	289,627	309,091	322,157	288,527
WestJet	89,400	64,363	50,748	37,985	19,561
Spirit	—	—	—	—	—
British Airways	75,619	79,479	87,041	87,104	92,908
Air Canada	57,468	54,915	51,082	55,432	48,690
JetBlue	80,861	76,917	85,395	120,435	60,926
Hawaiian	84,912	87,649	86,755	84,820	87,615
All Other	66,447	86,438	201,028	265,934	291,033
Total	19,096,529	18,912,120	20,667,530	20,762,870	20,642,263
Share of Total					
American Airlines Group (a)	51.9 %	52.2 %	50.8 %	50.0 %	51.2 %
Southwest (b)	29.7	29.3	30.0	30.3	29.6
Delta (c)	6.5	6.2	6.5	5.7	5.7
United (d)	6.5	6.6	6.7	7.4	7.4
Alaska	1.7	1.8	1.9	1.8	1.8
Frontier (e)	1.4	1.5	1.5	1.6	1.4
WestJet	0.5	0.3	0.2	0.2	0.1
Spirit	—	—	—	—	—
British Airways	0.4	0.4	0.4	0.4	0.5
Air Canada	0.3	0.3	0.2	0.3	0.2
JetBlue	0.4	0.4	0.4	0.6	0.3
Hawaiian	0.4	0.5	0.4	0.4	0.4
All Other	0.3	0.5	1.0	1.3	1.4
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %



SCHEDULE 25
City of Phoenix, Aviation Enterprise Fund
Phoenix Sky Harbor International Airport
SCHEDULE OF ANNUAL AVERAGE COST PER ENPLANEMENT
 Last Ten Fiscal Years



Fiscal Year	Total Airline Revenues (in thousands)	Enplaned Passengers	Cost Per Enplanement
2015	\$ 128,596	21,489	\$ 5.98
2014	118,747	20,519	5.79
2013	111,911	20,236	5.53
2012	106,121	20,278	5.23
2011	101,338	19,681	5.15
2010	93,161	19,097	4.88
2009	95,143	18,912	5.03
2008	88,874	20,668	4.30
2007	86,436	20,763	4.16
2006	84,021	20,642	4.07

SCHEDULE 26
City of Phoenix, Aviation Enterprise Fund
Phoenix Sky Harbor International Airport
SCHEDULE OF PFC APPROVALS AND REVENUES
(as of June 30, 2015)

	<u>Approval Amount (a)</u>	<u>Revenues (b)</u>	<u>Remaining Authority</u>
PFC Approvals			
Closed PFC Approvals			
PFC 1	\$ 93,230,839	\$ 93,230,839	\$ -
PFC 2	147,875,677	147,875,677	-
PFC 3	208,085,801	208,085,801	-
PFC 4	246,977,086	246,977,086	-
PFC 5	<u>179,036,442</u>	<u>179,036,442</u>	<u>-</u>
Subtotal	<u>875,205,845</u>	<u>875,205,845</u>	<u>-</u>
Active PFC Approvals			
PFC 6	<u>1,972,404,781</u>	<u>484,767,980</u>	<u>1,487,636,801</u>
Subtotal	<u>1,972,404,781</u>	<u>484,767,980</u>	<u>1,487,636,801</u>
Total PFC Approvals	<u>\$ 2,847,610,626</u>	<u>\$ 1,359,973,825</u>	<u>\$ 1,487,636,801</u>

Sources:

City of Phoenix Aviation Department
Federal Aviation Administration

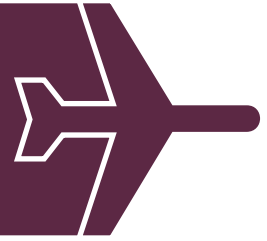
Notes:

(a) On July 17, 2015, the City received approval from the FAA to impose and use PFC 7. The total approved PFC 7 revenue collection is \$82,163,209, to be used for fifteen capital projects at the airport.

(b) Revenues includes PFC collections plus related interest income.

SCHEDULE 27**City of Phoenix, Aviation Enterprise Fund****Phoenix Sky Harbor International Airport****SCHEDULE OF ANNUAL PFC COLLECTIONS**

Last Ten Fiscal Years



Fiscal Year	PFC Rate	Airline Admin Fee	Net PFC Rate	Enplaned Passengers		Total PFC Collections (b) (in thousands)
				Total (in thousands)	PFC Eligible (a)	
2015	\$ 4.50	\$ 0.11	\$ 4.39	21,489	90.1%	\$ 84,976
2014	4.50	0.11	4.39	20,519	88.2%	79,406
2013	4.50	0.11	4.39	20,236	88.1%	78,273
2012	4.50	0.11	4.39	20,278	88.8%	79,092
2011	4.50	0.11	4.39	19,681	93.4%	80,682
2010	4.50	0.11	4.39	19,097	91.3%	76,530
2009	4.50	0.11	4.39	18,912	87.8%	72,924
2008	4.50	0.11	4.39	20,668	94.7%	85,964
2007	4.50	0.11	4.39	20,763	92.4%	84,212
2006	4.50	0.11	4.39	20,642	93.5%	84,705

Notes:

(a) Imputed from enplaned passengers, net PFC rate, and total PFC collections. Timing variances exist between when PFCs are collected by airlines and when they are remitted to the airport, which can result in annual fluctuations of PFC collections and percent eligible passengers.

(b) Total PFC Collections represent amounts that were received from the airlines during the fiscal year. Adjustments have not been made for receivables at fiscal year-end. These amounts are calculated on a different basis than the revenues reported in the Basic Financial Statements.

SCHEDULE 28**City of Phoenix, Aviation Enterprise Fund****Rental Car Facility Charge Revenue Bonds****SCHEDULE OF ANNUAL RECEIPTS, NET ANNUAL CFC REVENUES,
AND DEBT SERVICE COVERAGE**

Last Ten Fiscal Years

Fiscal Year	Transaction Days (a) (in thousands)	Pledged CFC Rate (b)	Annual Receipts (c)			Admin. Costs
			Pledged CFCs	Additional Deposits	Annual Receipts (d)	
			(in thousands)			
2015	7,650	\$ 4.50	\$ 34,425	\$ 11,474	\$ 45,899	\$ 25
2014	6,976	4.50	31,394	10,464	41,858	28
2013	6,763	4.50	30,434	10,145	40,579	19
2012	6,923	4.50	31,154	10,385	41,539	22
2011	6,565	4.50	29,541	9,847	39,388	146
2010	5,854	4.50	26,341	8,780	35,121	3
2009	6,361	4.50	28,626	8,534	37,160	50
2008	8,348	4.50	37,565	–	37,565	3
2007	7,651	4.50	34,428	–	34,428	31
2006	7,226	4.50	32,519	–	32,519	111

Notes:

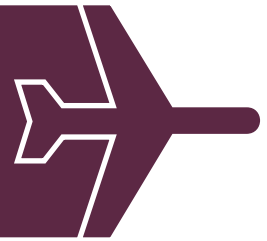
- (a) Imputed from Trustee records using Annual Receipts, reflects Transaction Days on deposits for July 1 through June 30.
- (b) Effective January 1, 2009, the Customer Facility Charge (CFC) collection rate increased to \$6.00 per transaction day from \$4.50 per transaction day. \$4.50 of the \$6.00 collection rate 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. 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.
- (c) Includes CFC receipts generated by the \$4.50 Pledged collection rate and \$1.50 additional non-pledged collection rate.
- (d) Annual CFC Receipts represent amounts that were received from the Rental Car Companies during the fiscal year. Adjustments have not been made for receivables at fiscal year-end. These amounts are calculated on a different basis than the revenues reported in the Basic Financial Statements.

SCHEDULE 28

**City of Phoenix, Aviation Enterprise Fund
Rental Car Facility Charge Revenue Bonds**

**SCHEDULE OF ANNUAL RECEIPTS, NET ANNUAL CFC REVENUES,
AND DEBT SERVICE COVERAGE**

Last Ten Fiscal Years



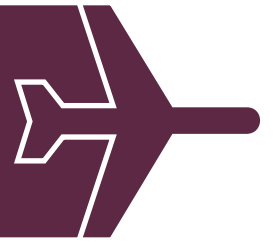
Fiscal Year	Net Annual CFC Revenue	Amount Available in Debt Service Coverage Fund	Net Annual CFC Receipts Available for Debt Service	2004 Bonds Debt Service	Debt Service Coverage	
					By Net Annual CFC Revenue	By Net Annual CFC Revenue and Debt Service Coverage Fund
(in thousands)						
2015	\$ 45,874	\$ 5,320	\$ 51,194	\$ 21,277	2.16	2.41
2014	41,830	5,320	47,150	21,277	1.97	2.22
2013	40,560	5,320	45,880	21,276	1.91	2.16
2012	41,517	5,320	46,837	21,273	1.95	2.20
2011	39,242	5,320	44,562	21,274	1.84	2.09
2010	35,118	5,320	40,438	21,277	1.65	1.90
2009	37,110	5,320	42,430	21,278	1.74	1.99
2008	37,562	5,320	42,882	21,278	1.77	2.02
2007	34,397	5,320	39,717	21,278	1.62	1.87
2006	32,408	5,320	37,728	15,318	2.12	2.46

SCHEDULE 29
City of Phoenix, Aviation Enterprise Fund
Phoenix Sky Harbor International Airport
SCHEDULE OF RENTAL CAR GROSS SALES BY COMPANY
Last Three Fiscal Years

	Fiscal Year		
	2015	2014	2013
Gross Receipts			
National Car Rental	\$ 85,686,661	\$ 75,652,653	\$ 62,807,873
Hertz Car Rental (a)	80,874,148	79,554,220	75,780,948
Avis Rent-A-Car	51,395,858	50,501,871	48,737,668
Budget Rent-A-Car	41,477,241	40,319,865	37,392,795
Enterprise Leasing	44,566,663	38,528,880	41,598,477
Dollar Rent A Car	23,359,134	25,073,941	23,892,198
Thrifty Car Rental	15,869,267	15,368,625	12,917,062
Payless Car Rental	14,928,495	13,181,905	11,306,594
Simply Wheelz	14,382,508	11,478,015	12,535,901
Fox Rent A Car	12,681,093	11,175,717	12,427,944
SIXT Rent a Car	9,231,403	4,557,559	2,682,024
Total	\$ 394,452,471	\$ 365,393,251	\$ 342,079,484
Share of Total			
National Car Rental	21.9 %	20.8 %	18.4 %
Hertz Car Rental	20.5	21.8	22.1
Avis Rent-A-Car	13.0	13.8	14.2
Budget Rent-A-Car	10.5	11.0	10.9
Enterprise Leasing	11.3	10.5	12.2
Dollar Rent A Car	5.9	6.9	7.0
Thrifty Car Rental	4.0	4.2	3.8
Payless Car Rental	3.8	3.6	3.3
Simply Wheelz	3.6	3.1	3.7
Fox Rent A Car	3.2	3.1	3.6
SIXT Rent a Car	2.3	1.2	0.8
Total	100.0 %	100.0 %	100.0 %

Note:

(a) The fiscal year 2014 Gross Receipts and share of total for Hertz has been corrected.



PHX DVT GYR

 CITY OF PHOENIX AVIATION DEPARTMENT

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