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CITY OF PHOENIX AVIATION DEPARTMENT

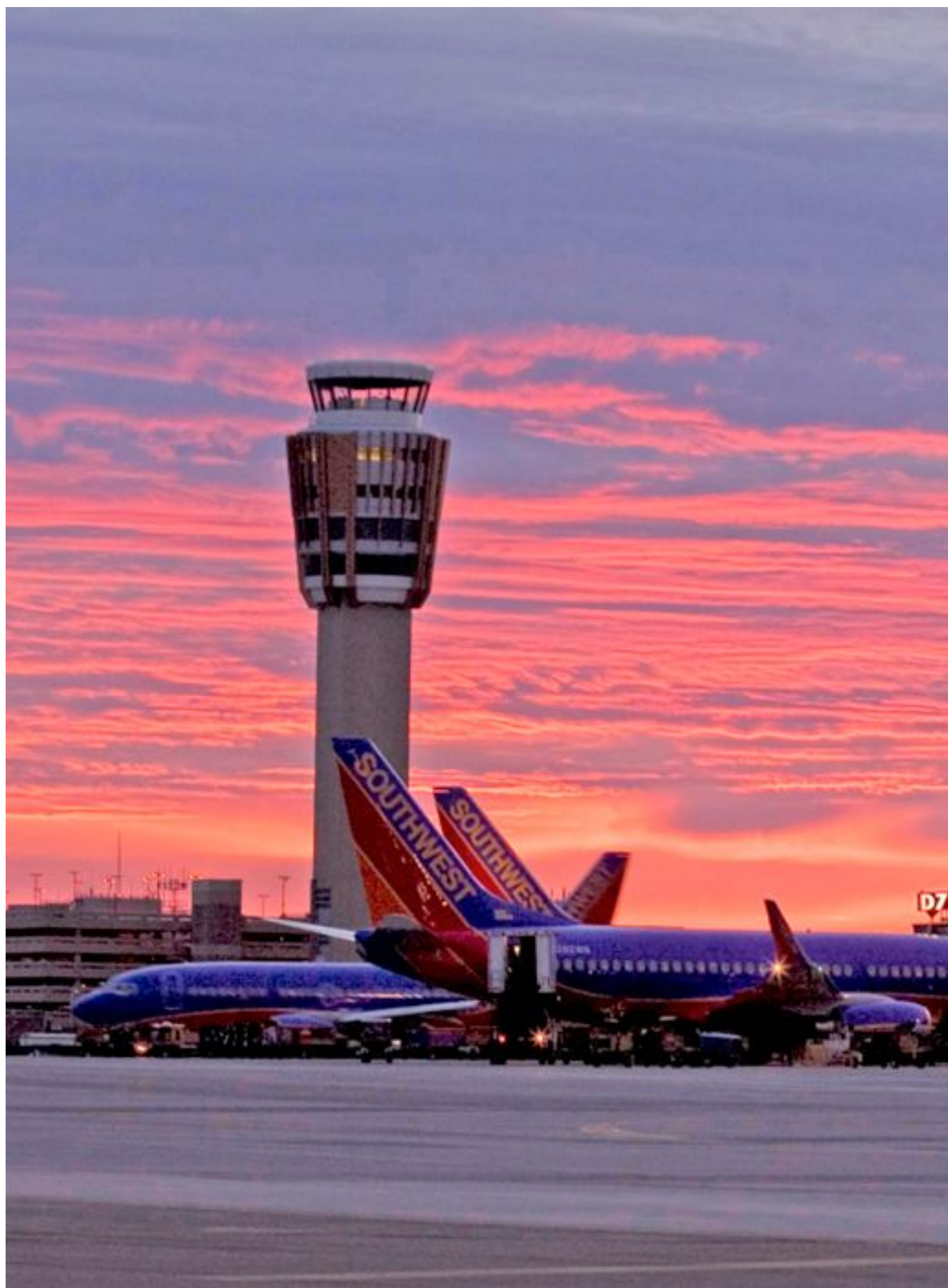
An Enterprise Fund of the City of Phoenix, Arizona

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30

2025







Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025
An Enterprise Fund of the City of Phoenix, Arizona



Prepared by:
Aviation Department
and
Finance Department

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Introductory section

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CITY OF PHOENIX AVIATION DEPARTMENT

December 15, 2025

Honorable Mayor, and City Council

City Manager, Citizens and Stakeholders of the City of Phoenix:

We are pleased to submit the Annual Comprehensive Financial Report of the Aviation Department (an enterprise fund of the City of Phoenix, Arizona) for the fiscal year ended June 30, 2025. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Phoenix, Aviation Department (the 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) 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 the associated financial statements, notes, and other schedules.

PROFILE OF THE REPORTING ENTITY

The City of Phoenix, Arizona (the City) owns and operates the following three airports through the Aviation Department:

Phoenix Sky Harbor International Airport (PHX)

Phoenix Deer Valley Airport (DVT)

Phoenix Goodyear Airport (GYR)

Phoenix Sky Harbor International Airport (the Airport) has been owned and operated by the City since 1935. The Airport occupies approximately 3,400 acres of land located about 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 of Phoenix, with the closest being Las Vegas' Harry Reid International Airport (approximately 290 miles to the northwest). The Airport served over 26.1 million enplaned passengers in fiscal year 2025.

The City serves the area's general aviation traffic activity through two reliever airports. 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 661,278 general aviation operations in fiscal year 2025.

The City was incorporated in 1881 and operates under a 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 Department's financial operations are accounted for as a separate Aviation Enterprise Fund according to GAAP for governmental entities. The City has operated the airports 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 airports. The City Council appoints the City Manager to act as the chief operating officer. The City Manager appoints the Aviation Director, who reports to a Deputy City Manager.

The Director is responsible for executing the City Council's aviation policies and administering the operations of the airports. Reporting to the Director are three Assistant Directors. The Director and Assistant Directors lead the Department staff.

The Phoenix Aviation Advisory Board (PAAB) provides non-binding advisory recommendations regarding the airports, including concession agreements, leases, master plans, studies and development plans.

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

AIRPORT PASSENGERS

The ten largest U.S. passenger airlines provide regular service at the Airport, providing non stop passenger service to 144 destinations. The following passenger and cargo airlines currently provide 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 Airlines	Advanced Air	Aeromexico	ABX Air Inc.
Allegiant	Breeze Airways	Air Canada	Air Cargo Carriers
American Airlines	Contour Airlines	Air France	Air Transport International
Delta Airlines	Denver Air Connection	British Airways	Ameriflight
Frontier Airlines	Envoy Air (American Airlines)	Flair Airlines	Empire
Hawaiian Airlines	Skywest (American Eagle, Delta	Jazz Aviation (Air Canada)	Federal Express
JetBlue Airways	Connection, United Express)	Porter Airlines	Northern Air Cargo (DHL)
Southwest Airlines	Southern Airways Express	Volaris	Sun Country (Prime Air)
Spirit Airlines		WestJet	Swift (DHL)
Sun Country Airlines			UPS
United Airlines			

The composition of enplaned passengers saw a gradual increase in Origination and Destination (O&D) traffic, though the international 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 20, 21, and 22 in the Airport Statistics schedules of the Supplementary Information.

In fiscal year 2025, 94.4% of passengers enplaned on domestic flights, while the remaining 5.6% boarded international flights. Domestic passengers increased by 2.4%, while international passengers increased by 5.9% from fiscal year 2024. Overall, enplaned passengers increased by 2.6% in fiscal year 2025.

In fiscal year 2025, 71.6% of enplaned passengers traveled directly from or to the Airport as O&D passengers. Of the total O&D passengers, 46.0% were residents initiating their trips at the Airport and 54.0% were visitors who initiated their trips at other airports and were making their return journey from the Airport. The remaining enplaned passengers connected through the Airport.

INITIATIVES AND DEVELOPMENTS

Terminal 3 New Concourse

Construction commenced in 2025 to add approximately 173,000 square feet of space, just east of the existing north concourse, in Terminal 3 at Phoenix Sky Harbor International Airport. The new concourse will add six new gates to the terminal, along with functional upgrades. The project incorporates sustainable and modern infrastructure to support both passenger and operational efficiencies and accommodations.

New Crossfield Taxiway

Design for a new cross field taxiway was procured in 2022, and construction is underway. The new taxiway, named Taxiway Uniform, is located on the west side of the airport and connects Taxiway Charlie on the north to Taxiway

Delta on the south. The taxiway will increase airfield efficiency and improve safety by reducing runway crossings. A portion of this project will be paid for using Bipartisan Infrastructure Law grant funds.

ECONOMIC CONDITION AND OUTLOOK

Travel and Tourism

The Airport typically provides service to more than 142,000 passengers with approximately 1,200 aircraft arriving and departing every day. Flights at Phoenix Sky Harbor International Airport serve more than 120 domestic and 25 international destinations. The Airport serves the entire Phoenix metropolitan area including the major cities of Glendale, Mesa, Scottsdale, and Tempe, plus all of Maricopa and Pinal counties. The area is widely known for its mild winters, warm summers, and low annual rainfall averaging 8.3 inches per year.

Phoenix is a popular tourist destination with attractions including resorts, spas, professional sports, shopping, golf, restaurants, and nightlife, all set amidst the Sonoran Desert. The area also offers museums and galleries, a variety of sporting events, Old West and Native American history, and outdoor recreation facilitated by more than 300 days of sunshine each year. In addition to the attractions within the Phoenix area, northern Arizona is home to Grand Canyon National Park, the Red Rock Country of Sedona, the Painted Desert, the Petrified Forest, Meteor Crater, ancient Native American ruins, and the Navajo and Hopi reservations.

For the first time ever, Phoenix Sky Harbor International Airport exceeded 50 million passengers. In total 52,129,703 passengers came through Phoenix Sky Harbor's terminals during calendar year 2025.

FINANCIAL POLICIES

Management is focused on maintaining sound financial performance which is evident in the strong financial metrics and high bond ratings achieved. In fiscal year 2025, the Airport's bond ratings remain among the highest airport ratings in the United States. In May 2025, S&P affirmed its ratings of AA- for the Senior lien revenue bonds and A+ for junior lien revenue bonds and placed the bonds on positive outlook. In May 2025, Moody's Investors Service (Moody's) maintained their Aa2 rating on the outstanding senior lien revenue bonds. Moody's also maintained their Aa3 rating on the Airport's outstanding junior lien revenue bonds.

The City 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. 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 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 (excluding depreciation), times 365 days.

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 to maintain financial metrics and develop facilities.

FINANCIAL TARGETS AND MANAGEMENT POLICIES				
Four Year Results				
	2025	2024	2023	2022
Debt Service Coverage ⁽¹⁾				
Senior Lien Bond Debt Service Coverage	5.56x	5.41x	64.63x	171.68x
Aggregate Debt Service Coverage	3.20x	3.11x	31.76x	56.28x
PFC Leveraging	60%	59%	64%	62%
Cash and Liquidity - Days Cash on Hand	1019	1007	834	674
Cost Per Enplanement ⁽²⁾	\$8.62	\$7.84	\$6.48	\$5.34

⁽¹⁾ The coverage is dramatically inflated in fiscal years 2022 through 2023 due to the master ordinance handling of the federal (COVID) grants.

⁽²⁾ The use of COVID related grants for debt service resulted in lower costs of operation included in airline fees in fiscal years 2022 through 2023.

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 by the City 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 budget areas exempted by State 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 (reappropriate) funds for the completion of contracts which were originally budgeted for and encumbered in a previous fiscal year. This law necessitates an additional appropriation ordinance to re-budget funds for contracts not completed by June 30.

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 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.

Airline Rates and Charges

In 1981, the Mayor and City Council formally adopted a compensatory (cost of services) rate-setting policy which provides (1) that charges to aviation 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 aviation users on a basis not to exceed their proportional use thereof. Under this compensatory rate setting methodology, the Department bears the risk of any non-airline revenue shortfall and retains any surplus in non-airline revenue for its own discretionary expenditures. Rates and charges are typically set at the beginning of each fiscal year after the Department has reviewed proposed rate changes and capital expenditures with airline representatives. However, the Department retains its proprietary right to adjust fees and to determine its capital expenditures without airline approval. The Department 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.

On December 13, 2017, the City Council adopted an ordinance authorizing the Director to establish fee structures for use of the airport facilities, including airline rates and charges, provided the resulting cost per enplanement remains below the large hub airport median.

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

INDEPENDENT AUDITS

The City Charter requires an annual audit by independent certified public accountants. The independent audit firm of Forvis Mazars, LLP was selected to perform the audit of the City's Annual Comprehensive Financial Report (City ACFR) as well as this separately issued Annual Comprehensive Financial Report for the Aviation Enterprise Fund, for fiscal year 2025. 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 *Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, which superseded OMB Circular A-133 and other related documents. Forvis Mazars, LLP was also contracted to perform the single audit of the City's major grant programs. Due to the size and complexity of the City's financial systems, the single audit report is issued separately from the City's ACFR and other financial reports.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Aviation Enterprise Fund for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the ninth consecutive year that the Aviation Enterprise Fund has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Aviation Enterprise Fund must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

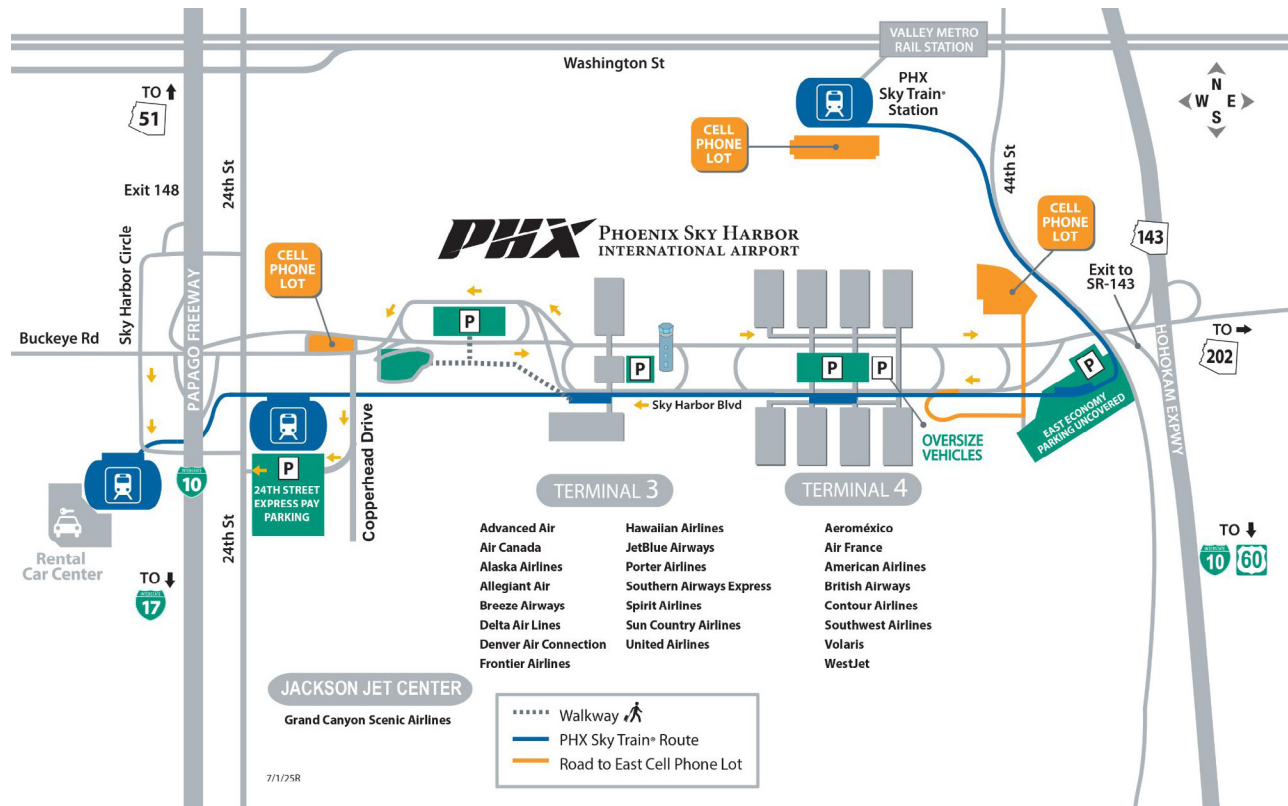
ACKNOWLEDGMENTS

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

Respectfully submitted,

Kathleen Gitkin
Chief Financial Officer
Finance Department

Chad R. Makovsky, A.A.E.
Aviation Director
Aviation Department





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

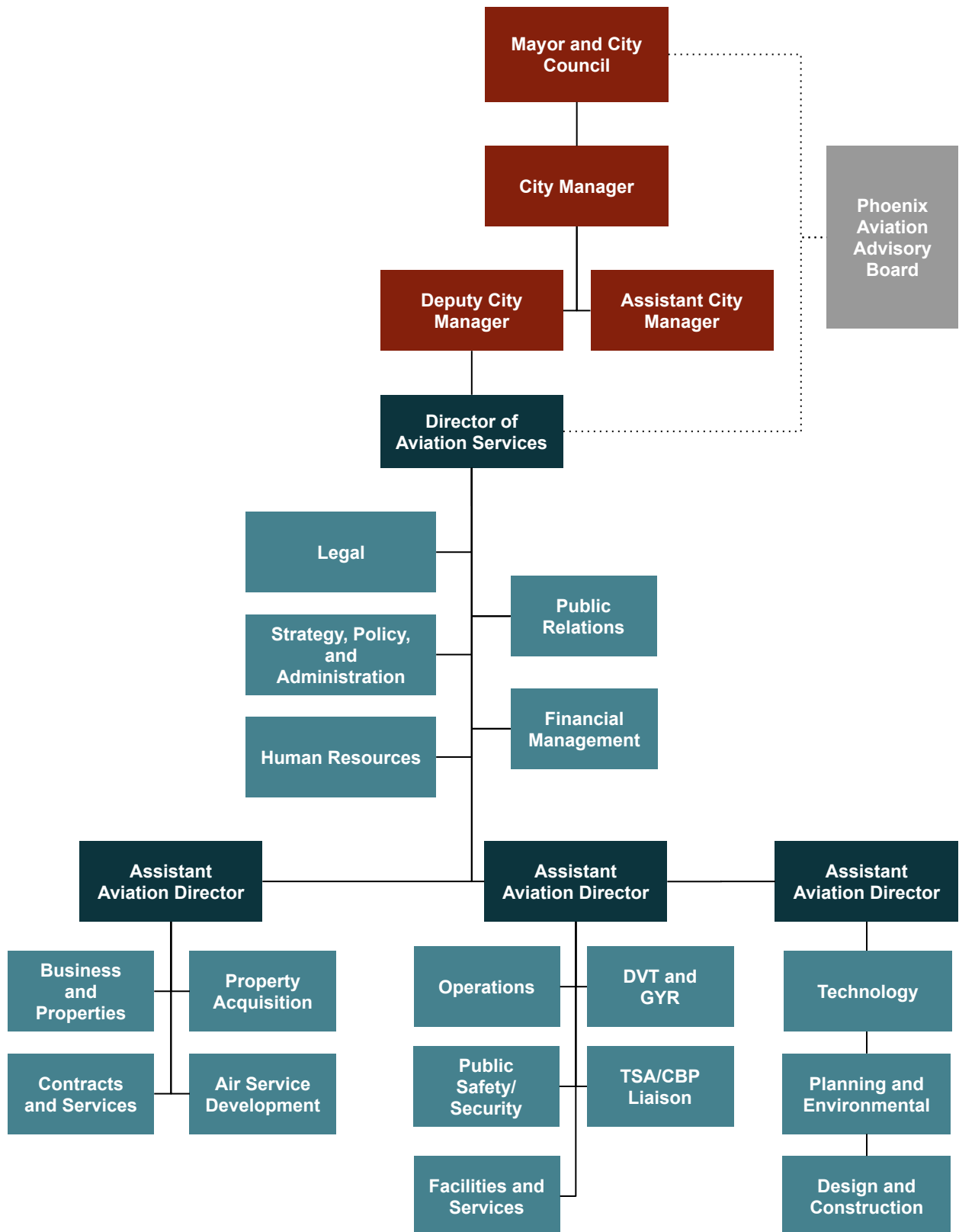
**City of Phoenix Aviation Department
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO





MAYOR AND CITY COUNCIL

Kate Gallego, Mayor
Ann O'Brien, Vice Mayor, District 1
Jim Waring, District 2
Debra Stark, District 3
Laura Pastor, District 4
Betty Guardado, District 5
Kevin Robinson, District 6
Anna Hernandez, District 7
Kesha Hodge Washington, District 8

CITY MANAGER'S OFFICE

Jeffrey J. Barton, City Manager

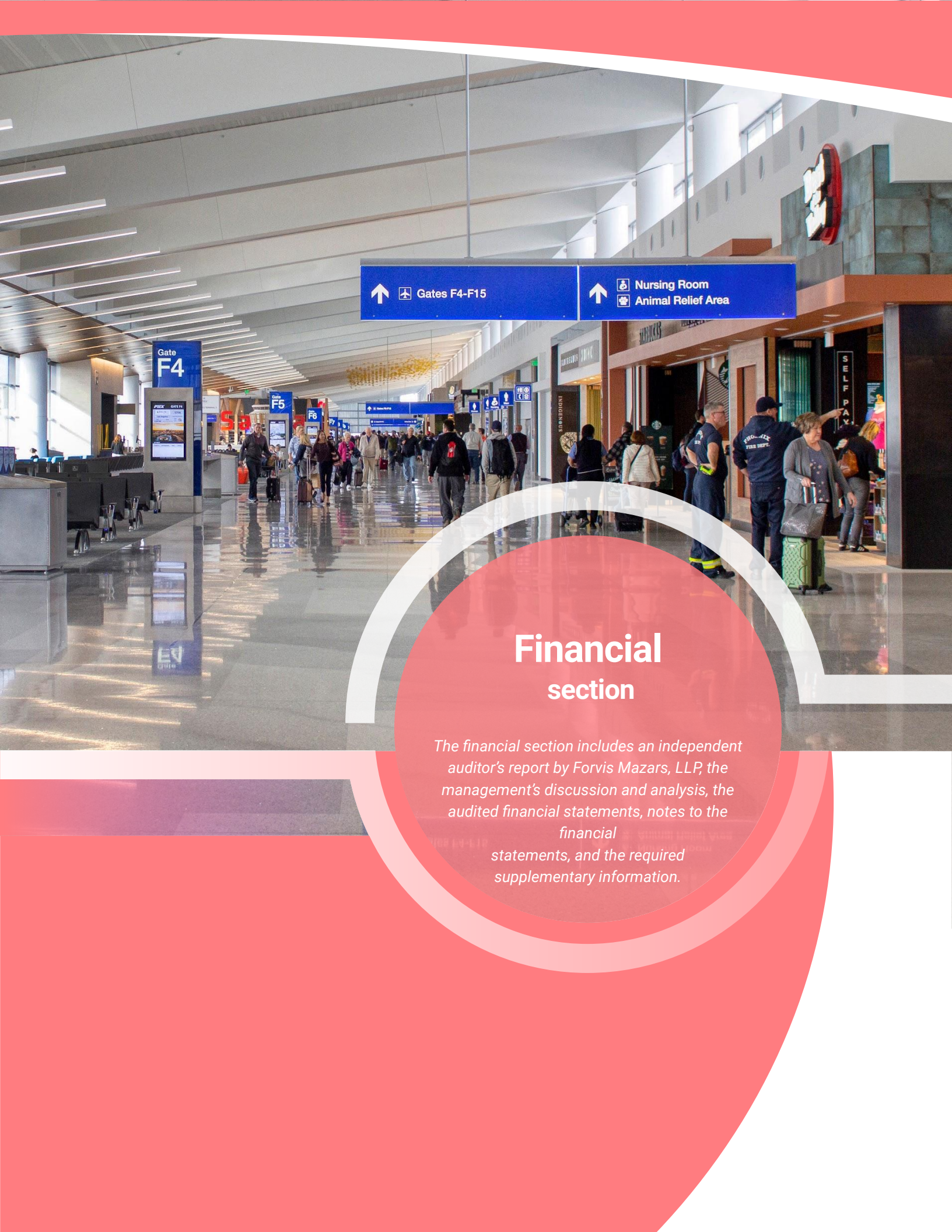
AVIATION DEPARTMENT

Chad Makovsky, Aviation Director

FINANCE DEPARTMENT

Kathleen Gitkin, Chief Financial Officer





↑ ✈️ Gates F4-F15 ↑ 🏥 Nursing Room
🐾 Animal Relief Area

Gate
F4

Financial section

The financial section includes an independent auditor's report by Forvis Mazars, LLP, the management's discussion and analysis, the audited financial statements, notes to the financial statements, and the required supplementary information.

Forvis Mazars, LLP
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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Aviation Enterprise Fund of the City of Phoenix, Arizona (Aviation Enterprise Fund), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Aviation Enterprise Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Aviation Enterprise Fund as of June 30, 2025 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aviation Enterprise Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements present only the Aviation Enterprise Fund and do not purport to, and do not, present fairly the financial position of the City of Phoenix, Arizona, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

Forvis Mazars, LLP is an independent member of Forvis Mazars Global Limited

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

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Aviation Enterprise Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Dallas, Texas
December 15, 2025

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☉ CITY OF PHOENIX AVIATION DEPARTMENT

A large, stylized graphic element consisting of a white circle with a red border. The circle is centered on the page and contains the text "Management's Discussion and Analysis". The background of the page features a desert landscape with mountains and a road, partially obscured by the graphic elements.

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

(unaudited)

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 Aviation Enterprise Fund) as of and for the fiscal year ended June 30, 2025, with selected comparable data for the fiscal year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Aviation Enterprise Fund is an enterprise fund of the City. This fund is used to account for the airports' ongoing operations and activities, which are similar to those often found in the private sector where cost recovery and the determination of net income is useful or necessary for sound fiscal management. It uses the accrual basis of accounting, where 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 required supplementary information. These statements, notes, and required 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 Statement of Net Position presents information on all of the Aviation Enterprise Fund's assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30, 2025. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator about whether the Aviation Enterprise Fund's financial condition is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents financial information showing how the Aviation Enterprise Fund's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events occurred, regardless of the timing of the related cash flows. Thus, revenues and expenses were recorded and reported in the statement for some items that will result in cash flows in future fiscal years.

The Statement of Cash Flows presents information showing how the Aviation Enterprise Fund's cash and cash equivalents changed during the fiscal year. Consequently, only transactions that affect the cash and cash equivalent balances of the Aviation Enterprise Fund are recorded in the statement. A reconciliation follows the statement to assist in understanding the difference between operating income and cash flows from operating activities.

FINANCIAL HIGHLIGHTS

- Total net position for the Aviation Enterprise Fund at June 30, 2025 was \$2.4 billion, an increase of \$246.2 million or 11.7% from the prior fiscal year.
- Total revenues increased \$137.5 million in fiscal year 2025. Many aeronautical revenue areas saw increases up to 10% as passenger traffic continued to grow in fiscal year 2025. The increase in grant revenue was due to additional infrastructure grants received in fiscal year 2025.
- Total expenses increased \$19.3 million in fiscal year 2025, due to an increase in personal services and contractual services.

NET POSITION

The following is a summary of assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30 (in thousands):

	<u>2025</u>	<u>2024</u>
Assets		
Unrestricted Current Assets	\$ 1,096,065	\$ 950,643
Restricted Current Assets	473,391	455,152
Noncurrent Assets		
Capital Assets	3,138,105	3,122,828
Other Noncurrent Assets	<u>364,366</u>	<u>400,723</u>
Total Assets	<u>5,071,927</u>	<u>4,929,346</u>
Deferred Outflows of Resources	<u>29,653</u>	<u>34,697</u>
Liabilities		
Current Liabilities Payable from Current Assets	66,397	68,281
Current Liabilities Payable from Restricted Assets	229,020	213,079
Noncurrent Liabilities	<u>2,211,728</u>	<u>2,310,072</u>
Total Liabilities	<u>2,507,145</u>	<u>2,591,432</u>
Deferred Inflows of Resources	<u>237,241</u>	<u>261,627</u>
Net Position		
Net Investment in Capital Assets	1,108,306	1,030,997
Restricted	318,242	247,123
Unrestricted	<u>930,646</u>	<u>832,864</u>
Total Net Position	<u>\$ 2,357,194</u>	<u>\$ 2,110,984</u>

Total assets increased slightly to \$5.1 billion in fiscal year 2025, compared to \$4.9 billion in fiscal year 2024. Capital assets make up the majority of the Aviation Enterprise Funds assets. Net capital assets remained steady at \$3.1 billion in fiscal years 2025 and 2024.

Total liabilities decreased \$84.3 million to \$2.5 billion in fiscal year 2025, compared to \$2.6 billion in 2024. Current liabilities increased \$14.1 million during the fiscal year. The noncurrent liabilities, which make up approximately 88% of the total liabilities are long-term bonds payable and OPEB liabilities. Noncurrent liabilities decreased \$98.3 million in fiscal year 2025, primarily due to a decrease in bonds payable. For more detail on these liabilities, see Note 5 in the Notes to the Financial Statements.

Total net position increased by \$246.2 million, or 11.7%, in fiscal year 2025. As of June 30, 2025, \$1.1 billion was an investment in capital assets and \$930.6 million was unrestricted and available for short term operations and ongoing obligations. The amount restricted for debt service remained at \$3.3 million for fiscal year 2025. The amounts restricted for Passenger Facility Charges (PFC) and Rental Car Customer Facility Charges (CFC) totaled \$312.3 million for fiscal year 2025, a total increase of \$70.0 million.

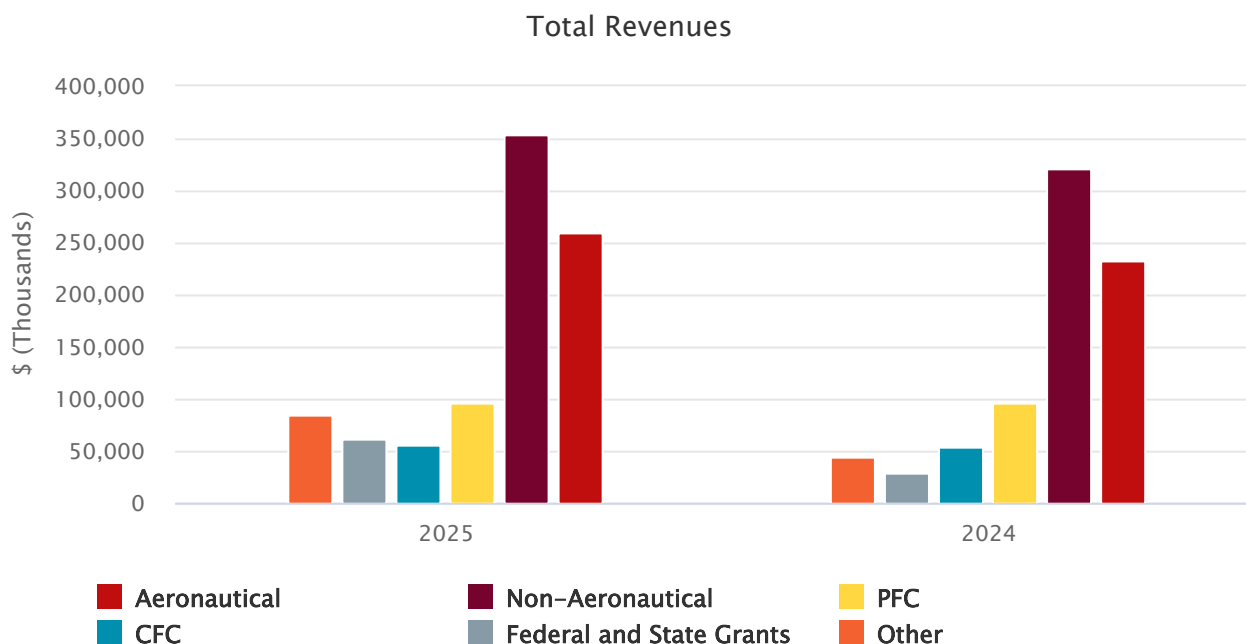
The following is a summary of changes in net position for the fiscal years ended June 30 (in thousands):

	2025	2024
Operating Revenues	\$ 614,637	\$ 553,112
Operating Expenses	(577,949)	(553,083)
Operating Income	36,688	29
Nonoperating Revenues	235,017	193,553
Nonoperating Expenses	(88,249)	(93,194)
Capital Contributions	62,396	28,359
Transfers	358	(722)
Change in Net Position	246,210	128,025
Net Position, July 1	2,110,984	1,982,959
Net Position, June 30	<u>\$ 2,357,194</u>	<u>\$ 2,110,984</u>

REVENUES

The following is a schedule of total revenues for the fiscal years ended June 30 (in thousands):

	2025	2024
Operating Revenues		
Aeronautical Revenue	\$ 260,174	\$ 232,378
Non-Aeronautical Revenue	354,463	320,734
Passenger Facility Charges	95,622	96,391
Customer Facility Charges	55,179	52,942
Capital Contributions	62,396	28,359
Other	85,032	44,592
Total Revenues	<u>\$ 912,866</u>	<u>\$ 775,396</u>



Phoenix Sky Harbor International Airport is the largest of the three airports and thus comprises a majority of Aviation Enterprise Fund revenue. In fiscal year 2025, Sky Harbor accounted for 98% of total revenue, while Phoenix Deer Valley Airport and Phoenix Goodyear Airport together accounted for the remaining 2%.

Total revenues increased to \$912.9 million in 2025 from \$775.4 million in fiscal year 2024, an increase of \$137.5 million, or 17.7%.

Aeronautical revenue increased \$27.8 million or 12.0% in fiscal year 2025. Most of the aeronautical revenue is composed of terminal and landing fees paid by the commercial airlines at Phoenix Sky Harbor International Airport. These fees are established each year to recover the cost of operations, maintenance and debt service related to the airfield and terminal space.

Non-aeronautical revenue increased \$33.7 million, or 10.5%. These revenues are the combination of several lines of business, with the largest being parking, rental cars, and terminal concessions. Parking revenues increased from growth in parking transactions. The Airport also saw year over year increases in its rental car transactions and resulting revenue.

Passenger Facility Charges (PFC) decreased slightly to \$95.6 million in fiscal year 2025, down \$0.8 million from \$96.4 million in fiscal year 2024. PFCs are collected by the airlines at the time the customer books the flight then remitted to the Airport. Most enplaned passengers are assessed this fee. However, based on the enabling federal legislation, PFCs are not paid by non-revenue passengers.

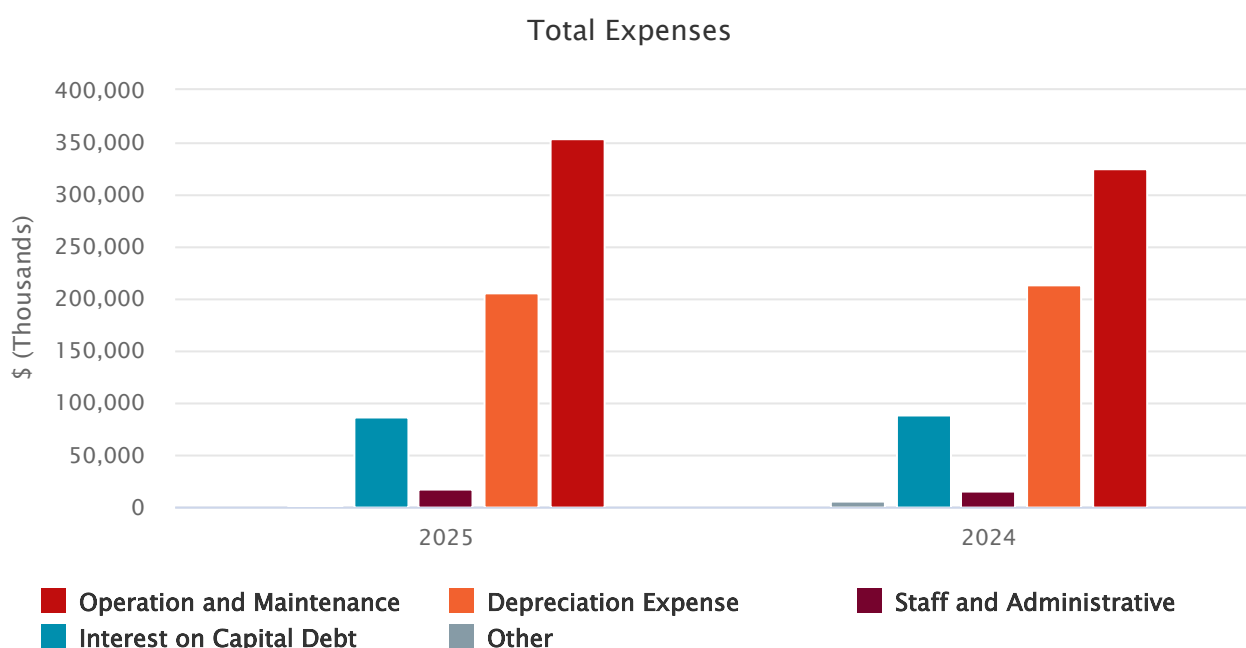
Customer Facility Charges (CFC) totaled \$55.2 million, a 4.2% increase in fiscal year 2025. CFCs are assessed to rental car customers at the rate of \$6 per transaction day. These fees are collected by the rental car companies and then remitted to the Airport. Transaction days increased 5.2% in fiscal year 2025.

Federal and state grant revenue increased \$34.0 million in fiscal year 2025. The increase is primarily due to the receipt of additional infrastructure grants during the fiscal year. The amount of the grant receipts varies from year to year based on the amount of funds allocated to the Airport, along with the amount of construction that is completed during the year.

EXPENSES

The following is a summary of expenses for the fiscal years ended June 30 (in thousands):

	2025	2024
Operating Expenses		
Operation and Maintenance	\$ 354,633	\$ 324,133
Depreciation Expense	206,679	213,898
City Staff and Administrative	16,637	15,052
Interest on Capital Debt	86,607	89,142
Other	2,100	5,146
Total Expenses	<u>\$ 666,656</u>	<u>\$ 647,371</u>



Total expenses increased by \$19.3 million, or 3.0%, in fiscal year 2025. Operation and maintenance, depreciation, and interest on capital debt make up approximately 97.2% of total expenses.

Operation and Maintenance expenses increased by \$30.5 million, or 9.4%, in fiscal year 2025. The addition of new assets in the prior fiscal year included the opening of Terminal 4 S1 Concourse and the Sky Train extension to the Rental Car Center. This activity resulted in higher operating costs for services and supplies. These expenditures reflect resources to support expanded operations and ensure service quality across the newly commissioned facilities.

Depreciation expense decreased 3.4% to \$206.7 million in fiscal year 2025 while Central service costs saw an increase of \$1.6 million compared to last fiscal year.

LONG-TERM DEBT

City of Phoenix Civic Improvement Corporation 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 funding of certain improvement and expansion projects at the City's airports. The CIC issued bonds for the improvement and expansion projects, and the Aviation Enterprise Fund made a pledge of 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 costs of operation and maintenance.

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.

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 December 5, 2019. 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 total bond principal outstanding for the Civic Improvement Corporation Airport Revenue Bonds as of June 30 are as follows (in thousands):

	2025	2024
Senior Lien Bonds	\$ 585,055	\$ 610,250
Junior Lien Bonds	1,201,130	1,252,555
Rental Car Facility Charge Bonds	263,160	271,345
Total Revenue Bond Principal Outstanding	<u>\$ 2,049,345</u>	<u>\$ 2,134,150</u>

The debt service reserve requirements for the Airport Revenue Bonds for the fiscal years ended June 30 (in thousands):

	2025	2024
Senior Lien Bonds	\$ 51,049	\$ 51,049
Junior Lien Bonds	93,509	99,602
Rental Car Facility Charge Bonds	20,546	20,546
Total Debt Service Reserve Requirements	<u>\$ 165,104</u>	<u>\$ 171,197</u>

Additional information on the Aviation Enterprise Fund's long-term debt can be found in Notes 5 and 6 in the Notes to the Financial Statements.

CAPITAL ASSETS

The Aviation Enterprise Fund's capital assets, net of accumulated depreciation, was \$3.1 billion in fiscal years 2025 and 2024.

Additions to capital assets included the following (in thousands):

	2025	2024
PHX Sky Train	\$ 329	\$ 13,685
Airfield and runway projects	93,358	18,541
Terminal projects	77,093	27,003
Technology Infrastructure	4,965	-
Other	11,386	24,695

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

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: <https://www.phoenix.gov/administration/departments/finance/financial-reporting/investor-information.html>

STATEMENT OF NET POSITION

June 30, 2025

(in thousands)

	2025
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 106,842
Investments	918,811
Receivables	
Accounts Receivable, Net of Allowance for Doubtful Accounts (\$1,685)	23,877
Leases	42,322
Deposits in Escrow	10
Inventories	4,203
Total Unrestricted Current Assets	<u>1,096,065</u>
Restricted Assets	
Debt Service	
Cash and Securities with Fiscal Agents/Trustees	123,108
Customer Facility Charges	
Cash and Securities with Fiscal Agents/Trustees	90,367
Accounts Receivable	3,690
Capital Projects	
Cash and Cash Equivalents	11,524
Investments	192,398
Receivables	
Intergovernmental	37,511
Passenger Facility Charges	14,793
Total Restricted Current Assets	<u>473,391</u>
Total Current Assets	<u>1,569,456</u>
Noncurrent Assets	
Capital Assets	
Land	575,295
Buildings	2,407,376
Improvements Other Than Buildings	2,082,407
Equipment and Artwork	1,150,646
Intangibles	37,939
Construction in Progress	275,294
Less: Accumulated Depreciation	<u>(3,390,852)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>3,138,105</u>
Other Noncurrent Assets	
Restricted Cash with Fiscal Agent	165,104
Leases Receivable	196,659
Net OPEB Asset	2,603
Total Noncurrent Assets	<u>3,502,471</u>
Total Assets	<u>5,071,927</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding Bonds	29,548
OPEB Related	105
Total Deferred Outflows of Resources	<u>29,653</u>

The accompanying notes are an integral part of this financial statement

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2025

(in thousands)

	2025
LIABILITIES	
Current Liabilities Payable from Current Assets	
Accounts Payable	\$ 42,086
Trust Liabilities and Deposits	39
Advance Payments	22,790
Current Portion of Pollution Remediation	75
Current Portion of Accrued Compensated Absences	1,407
	<u>66,397</u>
Total Current Liabilities Payable from Current Assets	
Current Liabilities Payable from Restricted Assets	
Debt Service	
Matured Bonds Payable	72,760
Interest Payable	50,348
Arbitrage Liability	2,000
Current Portion of Municipal Corporation Obligations:	
Current Portion of Rental Car Facility Revenue Bonds	8,385
Current Portion of Aviation Revenue Bonds	56,675
Capital Projects	
Accounts Payable	38,852
	<u>229,020</u>
Total Current Liabilities Payable from Restricted Assets	
	<u>295,417</u>
Noncurrent Liabilities	
Municipal Corporation Obligations:	
Rental Car Facility Revenue Bonds	287,593
Aviation Revenue Bonds	1,909,983
Pollution Remediation	975
Accrued Compensated Absences	8,037
Net OPEB Liability	5,140
	<u>2,211,728</u>
Total Noncurrent Liabilities	
	<u>2,507,145</u>
Total Liabilities	
	<u>2,507,145</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding Bonds	14,772
OPEB Related	1,754
Leases Related	220,715
	<u>237,241</u>
Total Deferred Inflows of Resources	
	<u>237,241</u>
NET POSITION	
Net Investment in Capital Assets	1,108,306
Restricted for:	
Debt Service	3,314
Passenger Facility Charges	223,406
Rental Car Customer Facility Charges	88,919
OPEB	2,603
Unrestricted	930,646
	<u>2,357,194</u>
Total Net Position	
	<u>\$ 2,357,194</u>

The accompanying notes are an integral part of this financial statement

PHX DVT GYR

☉ CITY OF PHOENIX AVIATION DEPARTMENT

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**For the Fiscal Year Ended June 30, 2025
(in thousands)

	2025
Operating Revenues	
Aeronautical Revenue	
Terminal Fees	\$ 155,520
Landing Fees	66,482
Air Cargo and Hangar Rental	10,045
Other	28,127
Non-Aeronautical Revenue	
Parking	149,213
Rental Cars	84,321
Terminal - Food and Beverage	34,965
Terminal - Retail	22,072
Rental Revenue	24,890
Ground Transportation	28,104
Other	10,898
Total Operating Revenues	<u>614,637</u>
Operating Expenses	
Operation and Maintenance	
Personal Services	154,548
Contractual Services	175,243
Supplies	17,043
Equipment/Minor Improvements	7,799
Depreciation	206,679
City Staff and Administrative	16,637
Total Operating Expenses	<u>577,949</u>
Operating Income	<u>36,688</u>
Nonoperating Revenues (Expenses)	
Passenger Facility Charges	95,622
Rental Car Customer Facility Charges	55,179
Investment Income	75,444
Interest Income from Leases	8,772
Interest on Capital Debt	(86,607)
Loss on Disposal of Capital Assets	(1,635)
Loss on Lease Cancellation	(7)
Total Nonoperating Revenues (Expenses)	<u>146,768</u>
Income Before Contributions and Transfers	183,456
Capital Contributions	62,396
Transfer from City of Phoenix	816
Transfer to City of Phoenix - Capital Projects Fund	<u>(458)</u>
Change in Net Position	246,210
Net Position, July 1	<u>2,110,984</u>
Net Position, June 30	<u><u>\$ 2,357,194</u></u>

The accompanying notes are an integral part of this financial statement

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2025

(in thousands)

	2025
Cash Flows from Operating Activities	
Receipts from Customers	\$ 610,554
Payments to Suppliers	(256,109)
Payments to Employees	(100,492)
Payment of Staff and Administrative Expenses	(16,637)
Net Cash Provided by Operating Activities	237,316
Cash Flows from Noncapital Financing Activities	
Non-Capital Grants	-
Transfers from Other Funds	816
Transfers to Other Funds	(458)
Net Cash Provided by Noncapital Financing Activities	358
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Debt	(80,616)
Interest Paid on Capital Debt	(104,482)
Acquisition and Construction of Capital Assets	(203,792)
Proceeds from Sales of Capital Assets	4,078
Passenger Facility Charges	94,327
Rental Car Customer Facility Charges	55,242
Interest Income from Leases	8,772
Capital Contributions	39,140
Net Cash Used by Capital and Related Financing Activities	(187,331)
Cash Flows from Investing Activities	
Purchases of Investment Securities	(319,601)
Proceeds from Sale and Maturities of Investment Securities	321,720
Net Activity for Short-Term Investments	(76,971)
Interest on Investments	75,498
Net Cash Provided by Investing Activities	646
Net Increase in Cash and Cash Equivalents	50,989
Cash and Cash Equivalents, July 1	445,966
Cash and Cash Equivalents, June 30	\$ 496,955

The accompanying notes are an integral part of this financial statement

STATEMENT OF CASH FLOWS (CONTINUED)

For the Fiscal Year Ended June 30, 2025

(in thousands)

	<u>2025</u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities	
Operating Income	\$ 36,688
Adjustments	
Depreciation	206,679
Deferred Outflows - OPEB	(9)
Deferred Inflows - OPEB	1,421
Change in Assets and Liabilities	
Receivables	(4,765)
Allowance for Doubtful Accounts	(493)
Leases Receivable	1,499
Inventories	(442)
Net OPEB Asset	(1,122)
Accounts Payable	113
Advance Payments	(323)
Pollution Remediation	(75)
Accrued Compensated Absences	714
Net OPEB Liability	(2,569)
Net Cash Provided by Operating Activities	<u>\$ 237,316</u>
Noncash Investing, Capital and Financing Activities	
Amortization of Bond Premium	\$ 18,985
Amortization and Additions of Deferred Gains/Losses on Bond Refundings	3,625
Debt Issued for Refunding of 2015 Bonds	84,635
Principal Paid with Issuance of Refunding Debt	(84,635)
Unrealized Gain (Loss) on Investments	13,832
Accounts Payable Related to Capital Asset Additions	<u>38,852</u>
Total Noncash Investing, Capital and Financing Activities	<u>\$ 75,294</u>
Cash and Cash Equivalents	
Unrestricted	
Cash and Cash Equivalents	\$ 106,842
Deposits in Escrow	10
Total Unrestricted	<u>106,852</u>
Restricted	
Cash and Cash Equivalents	
Capital Projects	11,524
Cash and Securities with Fiscal Agents/Trustees:	
Debt Service	123,108
Customer Facility Charge	90,367
Total Restricted	<u>224,999</u>
Noncurrent	
Cash and Securities with Fiscal Agents/Trustees	<u>165,104</u>
Total Cash and Cash Equivalents	<u>\$ 496,955</u>

The accompanying notes are an integral part of this financial statement





Notes to the Financial Statements



NOTES TO THE FINANCIAL STATEMENTS

- 1 Summary of Significant Accounting Policies
- 2 Cash, Cash Equivalents, and Investments
- 3 Receivables
- 4 Capital Assets
- 5 Financial Obligations
- 6 Refunded, Refinanced and Defeased Obligations
- 7 Risk Management
- 8 Leases
- 9 Contractual and Other Commitments
- 10 Contingent Liabilities and Other Contingencies
- 11 Deferred Compensation Plan (DCP)
- 12 Pension Plan
- 13 Other Postemployment Benefits (OPEB) Plans
- 14 Subsequent Events

The City of Phoenix, Arizona (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. 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, the changes in its financial position or, where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

b) 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, including capital costs, of providing services 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 nonoperating 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 operating and maintaining the airports, environmental expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating items.

c) 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 include 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.

d) 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.

e) Leases

The Aviation Enterprise Fund, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods, less any lease incentives before the commencement of the lease term.

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 average cost.

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 acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are 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, compensatory time, and sick leave benefits are accrued as liabilities as employees earn the benefits to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments.

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

j) Long-Term Obligations

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

k) Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net assets by the Aviation Enterprise Fund that is applicable to a future reporting period. The Aviation Enterprise Fund reports deferred loss on refunding bonds and certain OPEB related items as deferred outflows of resources.

A deferred inflow of resources is the acquisition of net assets by the Aviation Enterprise Fund that is applicable to a future reporting period. The Aviation Enterprise Fund reports deferred gain on refunding bonds, certain OPEB related items and lessor-related lease items as deferred inflows of resources.

l) 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 provisions or enabling legislation.

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

m) Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plan described in Note 12 and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about fiduciary net position of the City's defined benefit other postemployment benefit plans, as described in Note 13, and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Statement of Cash Flows

For purposes of the Statement 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.

p) 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.

q) Capital Contributions

The Aviation Enterprise Fund periodically receives grant revenues from federal and state agencies which are for capital projects. Revenue is considered earned as the related approved capital outlays are incurred. Revenues from capital grants are reported as capital contributions on the Statement of Revenues, Expenses, and Changes in Net Position. In fiscal year 2025, the Department received \$48.4 million in federal and state grants.

r) Passenger Facility Charges

The Passenger Facility Charge Program allows the collection of PFC fees up to \$4.50 for boarded passengers at commercial airports controlled by public agencies. PFC fees are not levied on "non-revenue" passengers and are applied only on the first two legs of a connecting flight. 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.

s) 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.

t) **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 of resources, and net position, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

u) **New Accounting Pronouncements**

New Accounting Pronouncements Adopted in 2025:

GASB Statement No. 101, *Compensated Absences*, supersedes Statement 16, *Accounting for Compensated Absences*, issued in 1992. This Standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to any type of leave. The City has implemented this Statement in fiscal year 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, supersedes the Statement by the National Council of Governmental Accounting (NCGA) Interpretation 6, *Notes to the Financial Statements Disclosure*, paragraph 5. This Standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. For concentrations and constraints meeting the definitions in the Standard, governments will disclose the concentrations or constraints, related events that could have a substantial impact, and action taken to mitigate the risk. The City has implemented this Statement in fiscal year 2025.

The adoption of these standards had no impact on beginning net position.

Pronouncements Issued But Not Yet Effective:

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at June 30, 2025 was composed of the following (in thousands):

	<u>2025</u>
Cash in Bank	\$ 45
Cash on Hand	2
Short-Term Investments	118,329
Cash with Fiscal Agents/Trustees	<u>378,579</u>
Total Cash and Cash Equivalents	<u>\$ 496,955</u>

A summary of Aviation Enterprise Fund cash and cash equivalents, including deposits in escrow, at June 30, 2025 (in thousands):

	<u>2025</u>
Unrestricted	\$ 106,852
Restricted	<u>390,103</u>
Total Cash and Cash Equivalents	<u>\$ 496,955</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 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. There were two days during fiscal year 2025 that had undercollateralized deposit liabilities. The Aviation Enterprise Fund's deposits at June 30, 2025 were (in thousands):

	<u>2025</u>
Deposits	
Carrying Amount	\$ 45
Bank Ledger Balance	13

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 Aviation Enterprise Fund's cash with fiscal agents was (in thousands):

	<u>2025</u>
Cash with Fiscal Agent	
Carrying Amount	\$ 378,579
Bank Ledger Balance	378,579

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.

The Aviation Enterprise Fund maintains a portion of its unrestricted and restricted cash and investments in the City's cash and investment pool. The following table summarizes the amounts reported as "Investments" at June 30, 2025 (in thousands):

Aviation Portion of City Investments	June 30, 2025	
	Fair Value	Weighted Average Maturity (Years)
Pooled Investments		
Repurchase Agreements collateralized		
by U.S. Treasury Securities	\$ 55,621	0.013
U.S. Treasury Securities	750,470	1.459
U.S. Government Agency Securities		
FFCB Notes	45,862	2.307
FNMA Notes	17,467	2.501
FHLMC Notes	62,220	3.362
FHLB Notes	110,847	2.435
Total U.S. Government Agency Securities	236,396	2.659
Pre-Refunded Municipal Securities	6,109	1.118
Certificates of Deposit	25,527	0.005
Commercial Paper	55,704	0.098
Mortgage Backed Securities		
GNMA	2,345	1.912
FHLMC Notes	15,074	1.713
Total Mortgage Backed Securities	17,419	1.740
Total Pooled Investments	1,147,246	1.54
Less: Short-Term Pooled Investments	(126,022)	
Net Pooled Investments	1,021,224	
Non-Pooled Investments		
U.S. Treasury Securities	84,880	0.152
FHLB Notes	5,105	0.296
FNMA Notes	636	0.041
Total Non-Pooled Investments	90,621	0.159
Less: Short-Term Non-Pooled Investments	(636)	
Net Non-Pooled Investments	89,985	
Total Investments	\$ 1,111,209	

Fair Value Hierarchy

Aviation Enterprise Fund pooled investments are included in the City's pooled investments. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability

in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices in active markets for identical financial assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs for the financial asset.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2025 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using:			
	06/30/25	Level 1	Level 2	Level 3
U.S. Government securities	\$ 890,971	\$ 2,668	\$ 888,303	\$ -
U.S. Government agency obligations	242,137	-	242,137	-
U.S. Government agency MBS/CMO	17,419	-	17,419	-
Municipal bonds	6,109	-	6,109	-
Commercial Paper	55,704	-	55,704	-
Total Investments, including those classified as cash equivalents, by fair value level	<u>\$ 1,212,340</u>	<u>\$ 2,668</u>	<u>\$ 1,209,672</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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
Corporate Debt	5 year final maturity

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. 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 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

Concentration of credit risk is the risk that too many resources have been invested in a single issuer, and that issuer may fail. Investments in any one issuer, excluding U.S. Treasury Securities, that represent 5% or more of total Aviation Enterprise Fund investments are as follows:

Issuer	2025
Federal Home Loan Bank	9.37%

3. RECEIVABLES

Receivables, excluding leases which are discussed in note 8, at June 30, 2025 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	June 30, 2025
Unrestricted	
Accounts Receivable	\$ 23,877
Restricted	
Passenger Facility Charge Receivable	14,793
Customer Facility Charge Receivable	3,690
Intergovernmental Receivable	37,511
Total Receivables	<u>\$ 79,871</u>

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

An allowance for doubtful accounts of \$1.7 million has been recorded as of June 30, 2025. Accounts Receivable includes unbilled charges of \$18.2 million.

4. CAPITAL ASSETS

Capital asset activity for the Aviation Enterprise Fund for the fiscal year ended June 30, 2025 was as follows (in thousands):

	Balances July 1, 2024	Additions	Deletions	Balances June 30, 2025
Non-depreciable assets:				
Land	\$ 577,413	\$ -	\$ (2,118)	\$ 575,295
Artwork	9,804	-	-	9,804
Construction-in-Progress	105,734	194,359	(24,799)	275,294
Total non-depreciable assets	<u>692,951</u>	<u>194,359</u>	<u>(26,917)</u>	<u>860,393</u>
Depreciable assets:				
Buildings	2,404,584	2,793	-	2,407,376
Improvements	2,051,065	31,342	-	2,082,407
Equipment	1,121,622	20,409	(1,189)	1,140,842
Intangible Assets	37,916	23	-	37,939
Total depreciable assets	<u>5,615,187</u>	<u>54,567</u>	<u>(1,189)</u>	<u>5,668,564</u>
Less accumulated depreciation for:				
Buildings	(1,190,234)	(72,492)	-	(1,262,726)
Improvements	(1,390,081)	(61,293)	-	(1,451,374)
Equipment	(572,063)	(70,388)	1,137	(641,314)
Intangible Assets	(32,932)	(2,506)	-	(35,438)
Total accumulated depreciation	<u>(3,185,310)</u>	<u>(206,679)</u>	<u>1,137</u>	<u>(3,390,852)</u>
Total depreciable assets, net	<u>2,429,877</u>	<u>(152,112)</u>	<u>(52)</u>	<u>2,277,712</u>
Total capital assets, net	<u>\$ 3,122,828</u>	<u>\$ 42,247</u>	<u>\$ (26,969)</u>	<u>\$ 3,138,105</u>

5. FINANCIAL OBLIGATIONS

Long-Term Obligations

Changes in long-term obligations for the fiscal year ended June 30, 2025 are summarized as follows (in thousands):

	Balances July 1, 2024	Additions	Reductions	Balances June 30, 2025	Amounts Due Within One Year
Bonds and Notes Payable:					
Municipal Corporation Obligations					
Rental Car Facility Revenue Bonds	\$ 271,345	\$ -	\$ (8,185)	\$ 263,160	\$ 8,385
Aviation Revenue Bonds	1,862,805	84,635	(161,255)	1,786,185	56,675
Subtotal	2,134,150	84,635	(169,440)	2,049,345	65,060
Discounts/Premiums	232,276	7,033	(26,018)	213,291	-
Total Bonds and Notes Payable	2,366,426	91,668	(195,458)	2,262,636	65,060
Other Liabilities:					
Accrued Compensated Absences	8,729	9,444	(8,729)	9,444	1,407
Pollution Remediation	1,125	-	(75)	1,050	75
Net OPEB Liability	7,709	-	(2,569)	5,140	-
Total Other Liabilities	17,563	9,444	(11,373)	15,634	1,482
Total Long-Term Obligations	\$ 2,383,989	\$ 101,112	\$ (206,831)	\$ 2,278,270	\$ 66,542

Issues of long-term debt were as follows at June 30, 2025 (dollars in thousands):

June 30, 2025								
Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding	Interest Outstanding	Unamortized Discount (Premium)
Municipal Corporation Obligations ⁽¹⁾								
11/21/17	Airport Revenue (AMT) (2a)	7/1/18-47	3.84	18.7	\$ 190,930	\$ 164,420	\$ 110,384	\$ 18,150
11/21/17	Airport Revenue Refunding (Non-AMT) (2a)	7/1/21-38	3.23	13.5	173,440	140,710	54,022	15,625
11/28/18	Airport Revenue (AMT) (2a)	7/1/19-48	4.22	19.3	226,180	201,085	142,923	13,715
06/07/23	Airport Revenue Refunding (2a)	7/1/24-32	3.50	5.4	96,540	78,840	16,535	5,020
	Total Sr. Lien Obligations				687,090	585,055	323,864	52,510
09/01/10	Airport Revenue (Taxable) (2b) ⁽³⁾⁽⁴⁾	7/1/40	3.67	29.8	21,345	21,345	21,132	-
12/21/17	Airport Revenue Refunding (Non-AMT) (2b) ⁽³⁾	7/1/21-40	3.36	14.2	474,725	388,110	151,561	34,475
12/11/19	Airport Revenue (Non-AMT) (2b) ⁽³⁾	7/1/41-49	3.61	25.9	341,095	341,095	310,737	39,999
12/11/19	Airport Revenue (AMT) (2b)	7/1/20-49	3.44	19.1	392,005	365,945	247,230	46,456
12/11/19	Airport Refunding (Taxable) (2b)	7/1/23-25	2.38	4.6	29,435	-	-	-
6/11/25	Airport Refunding	7/1/26-45	3.85	11.5	84,635	84,635	48,661	7,033
	Total Jr. Lien Obligations				1,343,240	1,201,130	779,321	127,963
12/05/19	Rental Car Facility (Taxable) ⁽⁵⁾	7/1/28-45	3.33	18.4	244,245	244,245	146,840	32,818
12/05/19	Rental Car Facility Refunding (Taxable) ⁽⁵⁾	7/1/20-28	2.60	4.6	60,485	18,915	847	-
	Total Rental Car Facility Obligations				304,730	263,160	147,687	32,818
	Total Aviation Enterprise Fund Bonds				\$ 2,335,060	\$ 2,049,345	\$ 1,250,872	\$ 213,291

Notes:

⁽¹⁾ Enhanced by a municipal bond insurance policy, a reserve account surety bond, or a debt service reserve fund.

⁽²⁾ The City has pledged net airport revenues as security for these bonds. The net revenues pledged are as follows:

(a) Senior lien pledge on all outstanding airport obligations.

(b) Junior lien pledge on all outstanding airport obligations.

(3) The City has further pledged an irrevocable commitment of 100% of net proceeds of a passenger facility charge for these bonds, with the exception of the Series 2015A and 2019A bonds. The Series 2015A bonds have a pledge equivalent to 30% of the principal and interest requirement. The Series 2019A bonds have a pledge equivalent to 93% of the principal and interest requirement. The Passenger Facility Charge (PFC) is currently imposed at the rate of \$4.50 per qualifying enplaned passenger.

(4) 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 5.7% (the Sequester Reduction) for the fiscal year 2025. 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.

(5) The City has made a first priority pledge of a \$6.00 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") a blended component unit of the City, for the construction and acquisition of certain Aviation Enterprise Fund 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.

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

Debt Service Requirements

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

Fiscal Year	Municipal Corporation Obligations					
	Senior Lien		Junior Lien		Rental Car Facility	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 26,460	\$ 29,053	\$ 30,215	\$ 56,591	\$ 8,385	\$ 12,157
2027	27,780	27,730	31,955	54,845	8,605	11,939
2028	29,170	26,341	33,560	53,248	8,835	11,705
2029	30,625	24,882	35,230	51,570	9,235	11,306
2030	32,160	23,351	36,995	49,808	9,700	10,844
2031 - 2035	143,630	93,044	213,130	219,622	56,280	46,441
2036 - 2040	120,260	59,195	270,915	163,463	71,815	30,893
2041 - 2045	101,400	33,125	284,960	99,805	90,305	12,402
2046 - 2050	73,570	7,143	264,170	30,369	-	-
Total	<u>\$ 585,055</u>	<u>\$ 323,864</u>	<u>\$ 1,201,130</u>	<u>\$ 779,321</u>	<u>\$ 263,160</u>	<u>\$ 147,687</u>

Debt Service Reserve

Debt service reserve balances at June 30 are as follows (in thousands):

Bond Series	2025
Airport Revenue Bonds	
Junior Lien Airport Debt Service Reserve for Series 2010A, 2010B, 2010C	\$ 2,134
Senior Lien Airport Parity Reserve for Series 2017A, 2017B, 2018, 2023	51,049
Junior Lien Airport Parity Reserve for Series 2017D, 2019A, 2019B, 2019C	91,375
Airport Rental Car Facility Bonds	
Rental Car Facility Parity Reserve for Series 2019A, 2019B	20,546
Total	<u>\$ 165,104</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, 2025 is \$1.1 million. This liability is based on estimates completed by engineers in respect to the efforts needed to complete the remediation.

6. REFUNDED, REFINANCED AND DEFEASED OBLIGATIONS

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

Future principal and interest payments on refunded bonds have been provided through advanced refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government, when available. When U.S. government securities are not available, conventional treasury securities will be purchased. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

During fiscal year 2024-25, the City issued Junior Lien Airport Revenue Refunding Bonds, Series 2025 (Mom-AMT). The refunding bonds reduced the present value of future debt service payments. The savings were primarily due to the coupon structure of the initial issuance coupled with the historical demand of Non-AMT airport bonds. The effects of the new money and refunding are summarized as follows (in thousands):

	Junior Lien Airport Bonds	
Series		2025
Closing Date		6/11/25
Net Interest Rate		4.32%
Refunding Bonds Issued	\$	84,635
Premium		7,033
Underwriter's Discount		(373)
Issuance Costs and Insurance		(635)
Net Proceeds	\$	<u>90,660</u>
Refunded Amount	\$	96,680
Decrease in Debt Service		17,730
Economic Gain (Loss)		6,167
Number of Years Affected		20

The deferred and amortized amounts of accounting gains and losses on bond refundings (which are reported as deferred inflows or deferred outflows of resources) at June 30, 2025 are summarized as follows (in thousands):

	June 30, 2025				
	Deferred Amount July 1	Additions (Gains)/ Losses	Reductions due to Refundings	Amortization Gains/ (Losses)	Deferred Amount June 30
Deferred Outflows of Resources Municipal Corporation Obligations	\$ 34,601	\$ -	\$ -	\$ (5,053)	\$ 29,548
Deferred Inflows of Resources Municipal Corporation Obligations	(8,239)	(7,961)	402	1,026	(14,772)
Total	<u>\$ 26,362</u>	<u>\$ (7,961)</u>	<u>\$ 402</u>	<u>\$ (4,027)</u>	<u>\$ 14,776</u>

7. RISK MANAGEMENT

The Aviation Enterprise Fund maintained a combination of commercial insurance and self-insurance during the fiscal year ended June 30, 2025, as described below.

Liability - The Aviation Enterprise Fund purchased commercial airport liability insurance specifically covering Airport premises and operations for the Department. 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 \$7.5 million 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 \$10.0 million 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.

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 ACFR.

8. LEASES

The Department leases a portion of its properties to various third parties who use the space to conduct their operations on the Airport grounds. As lessor, the related asset is recognized. The lease receivable is

measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable at the commencement of the lease term that relates to future periods.

For the purposes of the GASB No. 87, Airport leases have been categorized as follows:

1. GASB No. 87 Leases – Included
2. GASB No. 87 Leases – Excluded Leases – Regulated
3. GASB No. 87 Leases – Excluded Leases – Short Term
4. GASB No. 87 Leases – Excluded Leases – Other

GASB No. 87 Leases - Included

For the year ended June 30, 2025, the Department reported total revenue under these contracts of \$76,956,077, which is comprised of lease revenue of \$45,359,409, interest revenue of \$8,772,339 and variable revenue of \$22,824,329. Changes in the lease receivables are as follows for 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
Terminal - Food and Beverage	\$ 83,504	\$ 2,863	\$ 21,240	\$ 65,127	\$ 22,259	\$ 42,868
Terminal - Retail	53,426	8,187	9,175	52,438	8,439	43,999
Advertising	10,476	-	3,577	6,899	3,321	3,578
Rental Car	12,447	-	2,510	9,937	2,488	7,449
Building and Land Rent	108,925	2,446	6,791	104,580	5,815	98,765
Total	<u>\$ 268,778</u>	<u>\$ 13,496</u>	<u>\$ 43,293</u>	<u>\$ 238,981</u>	<u>\$ 42,322</u>	<u>\$ 196,659</u>

Terminal Concessions - Food and Beverage

The Department entered into contracts with several lessees for the use of terminal space for food and beverage locations in Terminals 3 and 4. The contracts for Terminal 4 began in June 2021 and will conclude in August 2026. The contracts for Terminal 3 began in February 2018 and will conclude in January 2033. The terms of the contracts include a minimum rent component and a variable component based on gross sales. For the year ended June 30, 2025, the Department recognized total revenue under these contracts of \$37,142,874, which is comprised of lease revenue of \$21,075,860, interest of \$2,417,110 and variable revenue of \$13,649,904.

The following is a schedule by year of minimum payments to be received under the Terminal Concessions - Food and Beverage leases that are included in the measurement of the lease receivable as of June 30, 2025 (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 22,258	\$ 1,714	\$ 23,972
2027	8,872	1,191	10,063
2028	6,294	987	7,281
2029	6,402	781	7,183
2030	5,312	592	5,904
2031-2035	<u>15,989</u>	<u>793</u>	<u>16,782</u>
Total	<u>\$ 65,127</u>	<u>\$ 6,058</u>	<u>\$ 71,185</u>

Terminal Concessions - Retail

The Department entered into contracts with several lessees for the use of terminal space for retail locations in Terminals 3 and 4. The contracts for Terminal 4 began in October 2016 and May 2017. These contracts will conclude in December 2029 and November 2030. The contracts for Terminal 3 began in February 2018 and will conclude in January 2033. The terms of the contracts include a minimum rent component and a variable component based on gross sales. For the year ended June 30, 2025, the Department recognized total revenue under these contracts of \$14,527,237, which is comprised of lease revenue of \$9,272,483, interest of \$2,276,304 and variable revenue of \$2,978,450.

The following is a schedule by year of minimum payments to be received under the Terminal Concessions - Retail leases that are included in the measurement of the lease receivable as of June 30, 2025 (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 8,439	\$ 1,852	\$ 10,291
2027	8,094	1,585	9,679
2028	8,315	1,320	9,635
2029	8,504	1,047	9,551
2030	7,414	782	8,196
2031-2035	<u>11,672</u>	<u>491</u>	<u>12,163</u>
Total	<u>\$ 52,438</u>	<u>\$ 7,077</u>	<u>\$ 59,515</u>

Advertising

The Department entered into two contracts for outdoor advertising and one contract for in-terminal advertising. These contracts have various start dates from July 2010 through November 2021. The in-terminal advertising contract will conclude in May 2026 and the outdoor contracts will conclude in October and December 2031. The terms of the contracts include a minimum rent component and a variable component based on gross sales. For the year ended June 30, 2025, the Department recognized total revenue under these contracts of \$8,535,361, which is comprised of lease revenue of \$3,571,572, interest of \$275,003 and variable revenue of \$4,688,787.

The following is a schedule by year of minimum payments to be received under the Advertising contracts that are included in the measurement of the lease receivable as of June 30, 2025 (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 3,321	\$ 161	\$ 3,482
2027	534	106	640
2028	551	89	640
2029	569	71	640
2030	588	52	640
2031-2035	<u>1,336</u>	<u>47</u>	<u>1,383</u>
Total	<u>\$ 6,899</u>	<u>\$ 526</u>	<u>\$ 7,425</u>

Rental Car Service Site Land Rent

The Department entered into contracts with Avis, Enterprise and Hertz for overflow parking outside of the Consolidated Rental Car Center. These contracts began in January 2006 and will conclude in June 2029. The terms of the contracts include an annual adjustment based on the Consumer Price Index (CPI). Revenue recognized under these lease contracts during the year ended June 30, 2025 was \$3,203,782, which includes lease revenue of \$2,350,143, interest of \$356,373, and variable revenue of \$497,266.

The following is a schedule by year of minimum payments to be received under the rental car service site land rent contracts that are included in the measurement of the lease receivable as of June 30, 2025 (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 2,488	\$ 279	\$ 2,767
2027	2,320	202	2,522
2028	2,523	122	2,645
2029	<u>2,606</u>	<u>39</u>	<u>2,645</u>
Total	<u>\$ 9,937</u>	<u>\$ 642</u>	<u>\$ 10,579</u>

Building and Land Rent

The Department entered into numerous contracts for land and/or building rent in areas surrounding the airports. These contracts have various end dates ranging from January 2026 to July 2071. The terms of the contracts include periodic rent adjustments which could be set in the contract or based on CPI. Revenue recognized under these lease contracts during the year ended June 30, 2025 was \$13,546,823, which includes lease revenue of \$9,089,351, interest of \$3,447,549, and variable revenue of \$1,009,923.

The following is a schedule by year of minimum payments to be received under the building and land contracts that are included in the measurement of the lease receivable as of June 30, 2025 (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,815	\$ 3,251	\$ 9,066
2027	3,779	3,110	6,889
2028	3,793	2,991	6,784
2029	3,800	2,869	6,669
2030	2,739	2,767	5,506
2031-2035	10,029	12,706	22,735
2036-2040	8,551	11,330	19,881
2041-2045	10,641	11,330	21,971
2046-2050	13,512	9,813	23,325
2051-2055	13,529	7,863	21,392
2056-2060	12,404	5,554	17,958
2061-2065	11,492	3,622	15,114
2066-2070	3,799	1,553	5,352
2071-2075	697	320	1,017
Total	<u>\$ 104,580</u>	<u>\$ 79,079</u>	<u>\$ 183,659</u>

GASB No. 87 Excluded Leases - Regulated

In accordance with GASB No. 87, the Department does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

Airline Use Agreements

The Airport has entered into a Letter of Authorization (LOA) with each airline for the use of exclusive space in the terminals. By definition, these LOAs are considered to be regulated leases under GASB No. 87. Each LOA includes a provision that either party may terminate the agreement with 30 days' written notice. The Airlines currently have exclusive use of 113,868 sq ft in Terminal 3 and 531,755 sq ft in Terminal 4. This represents 26% of the total building space. The rental rate for the exclusive space is computed on a cost-reimbursement rate. The revenue recognized for exclusive use terminal space during the year ended June 30, 2025 was \$127,564,740.

In addition to the exclusive use space, the Department recognized revenue from the Airlines on a usage basis for common use gates, baggage fees and landing fees. The revenue recognized for these usage- based fees during the year ended June 30, 2025 was \$97,169,605.

Due to the variable nature of the above revenues from year to year, expected future minimum payments are indeterminable.

Airline Hangar Buildings

The Department has entered into lease agreements with American Airlines and Southwest Airlines for use of two large maintenance hangars located on the east side of the airport. The lease with American Airlines began in October 1986 and will end in September 2026. The lease with Southwest Airlines began in August 1992 and will end in July 2047. These contracts include periodic rate adjustments based on CPI. The revenue recognized for these Hangar contracts during the year ended June 30, 2025 was \$2,799,025.

Future Minimum lease payments are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>
2026	\$ 1,793
2027	1,193
2028	993
2029	993
2030	834
2031-2035	3,910
2036-2040	3,910
2041-2045	3,911
2046-2050	1,271
Total	<u>\$ 18,808</u>

Fixed Based Operators

The Department has entered into several contracts with Fixed Base Operators (FBO) for the lease of certain airport land and buildings. An FBO is a commercial enterprise that provides aeronautical services such as fueling, aircraft parking and storage to the general aviation community, and therefore is considered to be a regulated lease. These contracts have various start dates ranging from 1988 to 2021 and end dates ranging from 2028 to 2061. The revenue recognized for these FBO contracts during the year ended June 30, 2025 was \$1,305,618.

Future minimum lease payments are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>
2026	\$ 1,038
2027	1,039
2028	1,281
2029	929
2030	844
2031-2035	4,220
2036-2040	4,220
2041-2045	4,220
2046-2050	3,047
2051-2055	1,176
2056-2060	1,038
2061-2065	173
Total	<u>\$ 23,225</u>

GASB No. 87 Excluded Leases – Short-Term

In accordance with GASB No. 87, the Department does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less.

Hangars and Tie-Downs

Phoenix Deer Valley Airport has 779 hangars and 380 covered and uncovered tie-down spaces, leased on a month-to-month basis. Revenue recognized under these lease contracts during the year ended June 30, 2025 was \$3,235,442.

Phoenix Goodyear Airport has 147 hangars and 22 tie-down spaces, leased on a month-to-month basis. Revenue recognized under these lease contracts during the year ended June 30, 2025 was \$1,240,184.

GASB No. 87 Excluded Leases – Other

The Department entered into leases with five rental car companies for space in the Consolidated Rental Car Center (RCC). Contracts with Avis, Enterprise and Hertz began in July 2017 and will end in June 2029, while contracts with Fox and SIXT began in January 2018 and will end in December 2027. The terms of the contracts include a minimum rent component and a variable component based on gross sales. The

RCC contracts include language that abates the minimum rent component in the event of a significant drop in passenger traffic at the Airport. Due to this contractual provision, the rent on these contracts has been deemed to not be fixed in substance. Revenue recognized under these lease contracts during the year ended June 30, 2025 was \$63,481,464.

9. 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 \$854.3 million are remaining at June 30, 2025.

10. CONTINGENT LIABILITIES AND OTHER CONTINGENCIES

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 ACFR), the Aviation Enterprise Fund, through the City, is primarily self-insured. 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 as of and for the fiscal year ended June 30, 2025.

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 benefits are accrued as a liability as the benefits are earned by employees, but only if it is more likely than not that the employees will use the sick leave for paid time off or the City will compensate the employees through cash payments conditioned on the employees' retirement. Accordingly, a portion of the sick leave accumulated by employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2025, valuation of the sick leave liability was based on the LIFO method and includes other salary-related amounts that are directly and incrementally associated with the leave such as the City's share of social security, as applicable.

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, 2025 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, 2025.

11. 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 \$23,500 of their salaries during calendar year 2025. 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 401(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 annual contribution limit was \$70,000 in 2025. The City also contributes to the Plan on behalf of eligible employees in an amount equal to a percentage of the employee's base annual salary. The Aviation Enterprise Fund, through the City, contributed \$3,278,995 for the year ended June 30, 2025.

A governing board makes decisions about investment options available within each plan, but all investment decisions are made by employees. All assets and income earned thereon are held in trust for the exclusive benefit of Plan participants. The Plans are administered by Nationwide Investment Services, which also serves as trustee of the assets.

12. PENSION PLAN

Plan Description

Substantially all Aviation Enterprise Fund full-time employees are covered by the City of Phoenix Employees' Retirement System (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.

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

	June 30 2025
Active Members	
Tier 1	347
Tier 2	51
Tier 3	560
Subtotal	958
Terminated Vested	121
In-Pay Members	
Service Retirees	719
Beneficiaries	132
Disabled Retirees	23
Terminated Members with Refunds Due	338
Subtotal	1,212
Total Members	2,291

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:

- i) Age 60 years, with 10 or more years of credited service.
- ii) Age 62 years, with 5 or more years of credited service.
- iii) Any age, which added to years of credited service equals 80.

The pension benefit for Tier 1 employees is based on 2% of final average compensation multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 years to 35.5 years, and 0.5% thereafter.

Tier 2 and 3 Pension Benefits: Employees hired on or after July 1, 2013 for Tier 2 and January 1, 2016 for Tier 3 are eligible for retirement benefits upon meeting one of the following age and service requirements:

- i) Age 60 years, with 10 or more years of credited service.
- ii) Age 62 years, with 5 or more years of credited service.
- iii) Any age, which added to years of credited service, equals 87.

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

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

A deferred pension is available at age 62 for terminated members with 5 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 10 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 10 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 5-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 20 year period. For the fiscal year ended June 30, 2025, the total contribution rate was 33.96% of compensation. Tier 1 employees contributed 5% of compensation and beginning January 1, 2016, Tier 2 and Tier 3 employees contributed 11.0% and the Aviation Enterprise Fund contributed the remainder, \$22.3 million for fiscal year 2025.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. The City requires the Aviation Enterprise Fund to pay its share of the total net pension liability. Therefore, the Aviation Enterprise Fund has recognized its portion of the total net pension liability, related pension expense and other pension-related measures. The Aviation Enterprise Fund's share of the City's total net pension liability is based on the Fund's share of the City contributions into COPERS for the fiscal year ended June 30, 2025. The schedule below details the changes in the Aviation Enterprise Fund's net pension liability (in thousands) for the year ended June 30, 2025:

	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a)-(b)
Balance at July 1, 2024	\$ 520,841	\$ 520,841	\$ -
Changes for the Year:			
Service Cost	10,756	-	10,756
Interest	37,517	-	37,517
Differences between Expected and Actual Experience	2,778	-	2,778
Changes in Assumptions	(14,068)	-	(14,068)
Contributions - Employer	-	22,253	(22,253)
Contributions - Member	-	6,989	(6,989)
Net Investment Income	-	7,927	(7,927)
Benefit Payments	(30,397)	(30,397)	-
Administrative Expense	-	(186)	186
Net Changes	6,586	6,586	-
Balance at June 30, 2025	<u>\$ 527,427</u>	<u>\$ 527,427</u>	<u>\$ -</u>

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 Annual Comprehensive Financial Report available online at www.phoenix.gov/copers.

Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2025 valuation were based on the results of the actuarial experience study covering the period from July 1, 2014 through June 30, 2019. Those assumptions, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.00%
Inflation	2.40%
Salary Increase Rate	2.80% plus merit component based on service ranging from 4.20% at 1 year of service to 0.00% for members with 15 or more years of service.
COLA (cost of living adjustments)	0.50% through 2024, 1.00% from 2025-2029 and then 1.25% thereafter.
Administrative Expenses	Assumed to be equal to the prior year's amount, increased by 2.50%.

Mortality rates were based on Pub-2010, Amount-Weighted, General mortality tables with adjustments, projected with MP-2019 Ultimate Scale.

The City of Phoenix Employees' Retirement System adopted new assumptions based on the experience study performed for the period ending June 30, 2024. These assumptions will be effective beginning with the June 30, 2025 actuarial 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 COPERS investments, 7.00%, was applied as the single rate to all periods of projected benefit payments to determine the total pension liability.

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

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

Asset Class	Target Allocation	Actual Allocation	Expected Real Rate of Return (Arithmetic)
US Equity	16.0%	21.0%	7.6%
Developed Market Equity (Non-U.S.)	9.0	11.0	8.5
Emerging Market Equity	8.0	8.0	9.0
Private Equity	9.0	8.0	12.2
TIPS	6.0	6.0	4.5
Private Debt	10.0	5.0	9.6
High Yield Bonds	5.0	5.0	6.8
Bank Loans	3.0	3.0	6.7
Emerging Market Bonds	3.0	2.0	7.3
Infrastructure	4.0	4.0	8.5
Natural Resources	4.0	2.0	9.3
Hedge Funds	-	-	-
Real Estate	12.0	12.0	7.8
Risk Mitigating Strategies	5.0	4.0	2.7
Short Duration Bonds	6.0	7.0	4.2
Cash	-	3.0	2.8

Pension Expense

For the year ended June 30, 2025, the Aviation Enterprise Fund recognized pension expense of \$20.9 million.

13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

Postemployment Healthcare and Long-Term Disability Program

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

Medical Expense Reimbursement Plan

Plan Description

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

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

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

Plan Benefits

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

The Aviation Enterprise Fund employees covered by MERP at June 30, 2025, the effective date of the biennial OPEB valuation, are:

	<u>2025</u>
Plan Members Currently Receiving Benefits	622
Active Plan Members	<u>84</u>
Total Plan Members	<u><u>706</u></u>

Contributions

Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Aviation Enterprise Fund contributed \$0.9 million for the year ended June 30, 2025. Employees are not required to contribute to the MERP.

Net OPEB Liability

The Aviation Enterprise Fund's share of the City's net OPEB liability for MERP is based on the Fund's share of the City contributions into MERP for the fiscal year ended June 30, 2025. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The net OPEB liability is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 6.50% was used to measure the total OPEB liability as of June 30, 2025. This single discount rate was based on an expected rate of return on OPEB plan investments of 6.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The Aviation Enterprise Fund's changes in net OPEB liability for MERP is (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (NPL) (a)-(b)
Balance at July 1, 2024	\$ 21,314	\$ 13,605	\$ 7,709
Changes for the Year:			
Service Cost	146	-	146
Interest	1,315	-	1,315
Difference between expected and actual experience	(1,064)	-	(1,064)
Changes of assumptions	(232)	-	(232)
Contributions - Employer	-	907	(907)
Net Investment Income	-	1,525	(1,525)
Benefit Payments	(1,629)	(1,629)	-
Other	(344)	(42)	(302)
Net Changes	<u>(1,808)</u>	<u>761</u>	<u>(2,569)</u>
Balance at June 30, 2025	<u>\$ 19,506</u>	<u>\$ 14,366</u>	<u>\$ 5,140</u>

Actuarial Assumptions

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

Valuation date	6/30/23
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.50%
Projected payroll increases	3.50%
Healthcare Trend Rates	Rates starting at 7.00% in 2024 grading down to 4.25% in 2039

Mortality rates are based on the sex-distinct employee and annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. 50% of pre-retirement deaths for general employees are assumed to be duty-related and 100% of pre-retirement deaths for safety employees are assumed to be duty-related.

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

Asset Class	Target Allocation
Domestic Equities	35.0%
International Equities	30.0
Fixed Income	20.0
Marketable Alternatives	10.0
Real Estate	5.0

Sensitivity of the Aviation Enterprise Fund's Net OPEB Liability to the Single Discount Rate Assumption

Below is a table providing the sensitivity of the Aviation Enterprise Fund's net OPEB liability for MERP to changes in the discount rate as of June 30, 2025. In particular, the table presents the Aviation Enterprise Fund's net OPEB liability if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher than the current single discount rate (in thousands):

	1% Decrease (5.50%)	Current Single Discount Rate Assumption (6.50%)	1% Increase (7.50%)
Net OPEB Liability for MERP	\$ 6,939	\$ 5,140	\$ 3,596

Sensitivity of the Aviation Enterprise Fund's Net OPEB Liability to the Healthcare Cost Trend Rates Assumption

Below is a table providing the sensitivity of the Aviation Enterprise Fund's net OPEB liability for MERP to changes in the healthcare cost trend rates as of June 30, 2025. In particular, the table presents the Aviation Enterprise Fund's net OPEB liability for MERP if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Healthcare Cost Trend Rates Assumption	1% Increase
Net OPEB Liability	\$ 5,127	\$ 5,140	\$ 5,155

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2025, the Aviation Enterprise Fund recognized an OPEB expense of \$0.9 million. At June 30, 2025, the Aviation Enterprise Fund reported deferred inflows of resources related to OPEB from the following sources (in thousands):

	2025
Deferred Inflows of Resources	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	636
Total	<u>\$ 636</u>

Amounts reported as deferred inflows of resources at June 30, 2025 will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30	
2026	\$ 222
2027	(371)
2028	(307)
2029	(180)
Total	<u>\$ (636)</u>

Postemployment 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 by the Aviation Enterprise Fund to the employee's Postemployment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a single-employer defined contribution plan administered by Nationwide Retirement Solutions. Funds accumulated in the employee's account can be used upon termination of employment for qualified medical expenses. The Aviation Enterprise Fund had expenses related to PEHP of \$1.2 million in fiscal year 2025.

Long-Term Disability Program

Plan Description

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

Plan Benefits

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

The number of Aviation Enterprise Fund participants as of June 30, 2025, the effective date of the biennial OPEB valuation, follows.

	<u>2025</u>
Current Active Employees	702
Currently Disabled Employees	<u>14</u>
Total Covered Participants	<u><u>716</u></u>

Contributions

Contributions by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City's Board of Trustees, subject to oversight by the City Council has the authority to establish and amend the contribution requirements of the City and active employees. The Board of Trustees establishes the rates based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the Aviation Enterprise Fund contributed \$239 thousand to the LTD program, even though it is fully funded. Employees are not required to contribute to the LTD program.

Net OPEB Asset

The Aviation Enterprise Fund's share of the City's net OPEB asset for LTD is based on the Fund's share of the City contributions into LTD for the fiscal year ended June 30, 2025. The net OPEB asset was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The net OPEB asset is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 6.50% was used to measure the total OPEB asset as of June 30, 2025. This single discount rate was based on an expected rate of return on OPEB plan investments of 6.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

The schedule below indicates changes in the Aviation Enterprise Fund's net OPEB asset for LTD (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at July 1, 2024	\$ 2,777	\$ 4,258	\$ (1,481)
Changes for the Year:			
Service Cost	244	-	244
Interest	188	-	188
Difference between expected and actual experience	(780)	-	(780)
Changes of assumptions	68	-	68
Contributions - Employer	-	239	(239)
Net Investment Income	-	752	(752)
Benefit Payments	(230)	(230)	-
Administrative Expense	-	(33)	33
Other	115	(1)	116
Net Changes	(395)	727	(1,122)
Balance at June 30, 2025	<u>\$ 2,382</u>	<u>\$ 4,985</u>	<u>\$ (2,603)</u>

Actuarial Assumptions

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

Valuation date	6/30/23
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.50%
Projected payroll increases	Use Actual Salary Scale
Inflation	2.50%

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

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

Asset Class	Target Allocation
Domestic Equities	35.0%
International Equities	30.0
Fixed Income	20.0
Marketable Alternatives	10.0
Real Estate	5.0

Sensitivity of the Aviation Enterprise Fund's Net OPEB Asset for LTD to the Single Discount Rate Assumption

Below is a table providing the sensitivity of the Aviation Enterprise Fund's net OPEB asset to changes in the discount rate as of June 30, 2025. In particular, the table presents the Aviation Enterprise Fund's net OPEB asset if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher than the current Single Discount Rate (in thousands):

	1% Decrease (5.50%)	Current Single Discount Rate Assumption (6.50%)	1% Increase (7.50%)
Net OPEB Asset for LTD	\$ (2,363)	\$ (2,603)	\$ (2,673)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized an OPEB expense of \$78.8 thousand. At June 30, 2025 the Aviation Enterprise Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2025
Deferred Outflows of Resources	
Differences Between Expected and Actual Experience	\$ 8
Changes in Assumptions	97
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-
Total	<u>\$ 105</u>
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	778
Changes in Assumptions	157
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	183
Total	<u>\$ 1,118</u>

Amounts reported as deferred inflows and outflows of resources at June 30, 2025, will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30	
2026	\$ (86)
2027	(288)
2028	(268)
2029	(186)
2030	(119)
Thereafter	(66)
Total	<u>\$ (1,013)</u>

14. SUBSEQUENT EVENTS**Tax Rate Change**

On March 18, 2025, the Phoenix City Council approved Ordinance G-7369, authorizing a 0.5% increase to the City's Transaction Privilege and Use Tax rates. The new rates, which apply to various business classifications, became effective July 1, 2025, increasing the applicable rate from 2.3% to 2.8%.

City Manager

City Manager Jeffrey J. Barton retired on November 14, 2025, ending a 25-year career with the City. Mayor Kate Gallego and the Phoenix City Council have appointed Ed Zuercher as the new City Manager. Ed previously worked at the City for 28 years, serving as City Manager from October 2013 to October 2021.



Required Supplementary Information

City of Phoenix Employees' Retirement System (COPERS)

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability					
Service cost	\$ 10,756	\$ 9,436	\$ 8,645	\$ 8,466	\$ 8,336
Interest (includes interest on service cost)	37,517	35,543	34,347	33,033	32,129
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience of total pension liability	2,778	12,631	3,052	5,581	(461)
Changes of assumption	(14,068)	-	-	-	-
Benefit payments, including refunds of employee contributions	(30,397)	(29,717)	(28,991)	(27,842)	(26,470)
Net change in total pension liability	6,586	27,893	17,053	19,238	13,534
Total pension liability - beginning	520,841	492,948	475,895	456,657	443,123
Total pension liability - ending	<u>\$ 527,427</u>	<u>\$ 520,841</u>	<u>\$ 492,948</u>	<u>\$ 475,895</u>	<u>\$ 456,657</u>
Plan fiduciary net position					
Contributions - employer	\$ 22,253	\$ 22,334	\$ 20,472	\$ 18,902	\$ 186,929
Contributions - employees	6,989	6,049	5,061	5,655	4,299
Net investment income	7,927	29,743	20,657	35,578	19,890
Benefit payments, including refunds of employee contributions	(30,397)	(29,717)	(28,991)	(27,842)	(26,470)
Pension plan administrative expense	(186)	(516)	(146)	(272)	(205)
Net change in plan fiduciary net position	\$ 6,586	\$ 27,893	\$ 17,053	\$ 32,021	\$ 184,443
Plan fiduciary net position - beginning	520,841	492,948	475,895	443,874	259,431
Plan fiduciary net position - ending	<u>\$ 527,427</u>	<u>\$ 520,841</u>	<u>\$ 492,948</u>	<u>\$ 475,895</u>	<u>\$ 443,874</u>
Net pension liability - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,783</u>
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.00%	100.00%	100.00%	97.20%
Covered payroll (in thousands)	\$ 86,279	\$ 79,518	\$ 69,246	\$ 63,102	\$ 61,528
Net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	20.78%

City of Phoenix Employees' Retirement System (COPERS)**Schedule of Changes in Net Pension Liability
and Related Ratios (in thousands) (continued)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability					
Service cost	\$ 8,599	\$ 7,765	\$ 8,599	\$ 7,288	\$ 8,076
Interest (includes interest on service cost)	33,220	31,858	33,220	29,326	29,321
Changes of benefit terms	-	-	-	-	(323)
Differences between expected and actual experience of total pension liability	(8,236)	4,173	(8,236)	43	(7,689)
Changes of assumption	(6,613)	-	(6,613)	242	(6,942)
Benefit payments, including refunds of employee contributions	<u>(25,667)</u>	<u>(25,163)</u>	<u>(25,667)</u>	<u>(22,367)</u>	<u>(21,619)</u>
Net change in total pension liability	1,303	18,633	1,303	14,532	824
Total pension liability - beginning	<u>441,820</u>	<u>423,187</u>	<u>441,820</u>	<u>398,415</u>	<u>397,591</u>
Total pension liability - ending	<u>\$ 443,123</u>	<u>\$ 441,820</u>	<u>\$ 443,123</u>	<u>\$ 412,947</u>	<u>\$ 398,415</u>
Plan fiduciary net position					
Contributions - employer	\$ 18,650	\$ 17,574	\$ 18,650	\$ 15,215	\$ 11,984
Contributions - employees	4,172	3,715	4,172	3,087	2,952
Net investment income	5,341	15,154	5,341	27,184	917
Benefit payments, including refunds of employee contributions	(25,667)	(25,163)	(25,667)	(22,367)	(23,216)
Pension plan administrative expense	<u>(266)</u>	<u>(84)</u>	<u>(266)</u>	<u>(38)</u>	<u>(23)</u>
Net change in plan fiduciary net position	\$ 2,230	\$ 11,196	\$ 2,230	\$ 23,081	\$ (7,386)
Plan fiduciary net position - beginning	<u>257,201</u>	<u>246,005</u>	<u>257,201</u>	<u>217,628</u>	<u>225,014</u>
Plan fiduciary net position - ending	<u>\$ 259,431</u>	<u>\$ 257,201</u>	<u>\$ 259,431</u>	<u>\$ 240,709</u>	<u>\$ 217,628</u>
Net pension liability - ending	<u>\$ 183,692</u>	<u>\$ 184,619</u>	<u>\$ 183,692</u>	<u>\$ 172,238</u>	<u>\$ 180,787</u>
Plan fiduciary net position as a percentage of the total pension liability	58.55%	58.21%	58.55%	58.29%	54.62%
Covered payroll (in thousands)	\$ 60,217	\$ 59,565	\$ 60,217	\$ 52,130	\$ 47,397
Net pension liability as a percentage of covered payroll	305.05%	309.94%	305.05%	330.40%	381.43%

City of Phoenix Employees' Retirement System (COPERS)

Schedule of Employer Contributions (in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2025	\$ 20,894	\$ 22,253	\$ (1,359)*	\$ 86,279	25.79%
2024	20,409	22,334	(1,925)*	79,518	28.09%
2023	19,039	20,472	(1,433)*	69,246	27.49%
2022	17,791	18,902	(1,111)*	63,102	29.95%
2021	16,929	186,929	(170,000)*	61,528	303.81%
2020	18,650	18,650	-	60,217	30.97%
2019	17,574	17,574	-	59,565	29.50%
2018	16,855	16,855	-	55,827	30.19%
2017	15,215	15,215	-	52,130	29.19%
2016	11,984	11,984	-	47,397	25.28%

* The Aviation Enterprise Fund made additional contributions in fiscal years 2021 through 2025.

Notes to Schedule

Valuation date: June 30, 2023. Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the current measurement period. The rates for fiscal year end June 30, 2025 were determined based on the June 30, 2023 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	The UAL as of June 30, 2013 is amortized as a level percentage of payroll over a closed 25-year period. The impact of the September 2013 assumption change is amortized over a closed 25-year period with a four-year phase-in. The impact of the August 2015 assumption change is amortized over a closed 25-year period with a four-year phase-in. Future gains and losses are amortized over closed 20-year periods. However, future gains will not be amortized over a shorter period than the remaining period on the amortization of the 2013 UAL.
Asset valuation method	4-Year smoothed fair value, 25% corridor
Salary increases	2.80% plus merit component based on age ranging from 4.20% at 1 year of service to 0.00% for members with 15 or more years of service.
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2014-2019.
Mortality	Pub-2010, Amount-Weighted, General mortality tables with adjustments, projected with the MP-2019 Ultimate Scale
COLA	0.5% through 2024, 1.00% from 2025-2029, and then 1.25% thereafter.
Other:	The City of Phoenix Employees' Retirement System adopted new assumptions based on the experience study performed for the period ending June 30, 2024. These assumptions will be effective beginning with the June 30, 2025 Actuarial Valuation.



MERP

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 146	\$ 184	\$ 165	\$ 223	\$ 232	\$ 289	\$ 278	\$ 305	\$ 295
Interest (includes interest on service cost)	1,315	1,347	1,467	1,538	1,616	1,661	1,634	1,614	1,591
Changes of benefit terms	-	-	-	-	-	-	1,289	-	-
Differences between expected and actual experience	(1,064)	-	(1,645)	-	(392)	-	(1,179)	-	-
Changes of assumptions	(232)	-	(155)	522	(771)	543	(41)	-	-
Benefit payments, including refunds of employee contributions	(1,629)	(1,683)	(1,712)	(1,770)	(1,740)	(1,769)	(1,659)	(1,567)	(1,556)
Other	(344)	3	(736)	(72)	(498)	109	-	-	-
Net change in OPEB liability	(1,808)	(149)	(2,616)	441	(1,553)	833	322	352	330
Total OPEB liability - beginning	21,314	21,463	24,079	23,638	25,191	24,358	24,036	23,684	23,354
Total OPEB liability - ending	<u>\$19,506</u>	<u>\$21,314</u>	<u>\$21,463</u>	<u>\$24,079</u>	<u>\$23,638</u>	<u>\$25,191</u>	<u>\$24,358</u>	<u>\$24,036</u>	<u>\$23,684</u>
Plan fiduciary net position									
Contributions - employer	\$ 907	\$ 961	\$1,222	\$ 1,768	\$ 1,984	\$ 1,762	\$ 1,567	\$ 1,682	\$ 1,811
Net investment income	1,525	1,461	722	(2,152)	2,980	262	440	83	1,682
Benefit payments, including refunds of employee contributions	(1,629)	(1,683)	(1,712)	(1,770)	(1,740)	(1,769)	(1,659)	(1,567)	(1,556)
Other	(42)	(41)	(37)	(41)	(39)	1	(1)	-	-
Net change in plan fiduciary net position	761	698	195	(2,195)	3,185	256	347	198	1,937
Plan fiduciary net position - beginning	13,605	12,907	12,712	14,907	11,722	11,466	11,119	10,921	8,984
Plan fiduciary net position - ending	<u>\$14,366</u>	<u>\$13,605</u>	<u>\$12,907</u>	<u>\$12,712</u>	<u>\$14,907</u>	<u>\$11,722</u>	<u>\$11,466</u>	<u>\$11,119</u>	<u>\$10,921</u>
Net OPEB liability - ending	<u>\$ 5,140</u>	<u>\$ 7,709</u>	<u>\$7,709</u>	<u>\$11,367</u>	<u>\$ 8,731</u>	<u>\$13,469</u>	<u>\$12,892</u>	<u>\$12,917</u>	<u>\$12,763</u>
Plan fiduciary net position as a percentage of the total OPEB liability	73.65%	63.83%	60.14%	52.79%	63.06%	46.53%	47.07%	46.26%	46.11%
Covered payroll (in thousands)	\$ 8,963	\$ 7,748	10,570	\$14,180	\$13,743	\$18,285	\$17,589	\$21,449	\$20,723
Net OPEB liability as a percentage of covered payroll	57.35%	99.50%	80.95%	80.16%	63.53%	73.66%	73.30%	60.22%	61.59%

Note to Schedule

Service Cost determined under the Entry Age Normal Method

June 30, 2025 assumption changes reflect the change in the assumptions used in the City of Phoenix Employees' Retirements System 2025 Experience Study.

June 30, 2022, the assumption change reflects the change in discount rate from 6.75% to 6.50%.

The information in this schedule has been determined as of the measurement date 06/30/25 of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

MERP

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2025	\$ 845	\$ 907	\$ (62)	\$ 8,963	10.12%
2024	961	961	-	7,746	12.41%
2023	1,222	1,222	-	10,570	11.56%
2022	1,015	1,767	(752)	14,180	12.46%
2021	1,456	1,984	(528)	13,742	14.44%
2020	1,418	1,762	(344)	18,284	9.64%
2019	1,460	1,567	(107)	17,589	8.91%
2018	1,460	1,682	(222)	21,449	7.84%
2017	1,811	1,811	-	20,723	8.74%

Notes to Schedule

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset Valuation method	Fair Value
Projected payroll increases	3.50%
Investment rate of return	6.50%
Health care trend rates	Applies only to Duty Related Death Benefits. Rates starting at 7.00% in 2024 grading down to 4.25% in 2039
Expenses	Investment expenses are paid from investment returns

The information in this schedule has been determined as of the measurement date 06/30/25 of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

LTD

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 244	\$ 228	\$ 196	\$ 196	\$ 189	\$ 183	\$ 188	\$ 181	\$ 175
Interest (includes interest on service cost)	188	170	160	160	167	162	184	174	165
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(780)	-	11	-	(139)	-	(142)	-	-
Changes of assumptions	68	-	(29)	40	(6)	33	(409)	-	-
Benefit payments, including refunds of employee contributions	(230)	(241)	(259)	(245)	(230)	(197)	(210)	(204)	(219)
Other	115	50	(56)	(85)	1	63	-	-	-
Net change in OPEB liability	(395)	207	23	66	(18)	244	(389)	151	121
Total OPEB liability - beginning	2,777	2,570	2,547	2,481	2,499	2,255	2,644	2,493	2,372
Total OPEB liability - ending	<u>\$ 2,382</u>	<u>\$ 2,777</u>	<u>\$ 2,570</u>	<u>\$ 2,547</u>	<u>\$ 2,481</u>	<u>\$ 2,499</u>	<u>\$ 2,255</u>	<u>\$ 2,644</u>	<u>\$ 2,493</u>
Plan fiduciary net position									
Contributions - employer	\$ 239	\$ 85	\$ 45	\$ 71	\$ -	\$ 59	\$ 90	\$ 84	\$ 70
Net investment income	752	512	253	(831)	1,133	33	324	192	470
Benefit payments, including refunds of employee contributions	(230)	(241)	(259)	(245)	(230)	(197)	(210)	(204)	(219)
Administrative Expense	(33)	(30)	(27)	(28)	(24)	(19)	(19)	(21)	(14)
Other	(1)	(1)	(1)	(1)	2	-	(4)	9	7
Net change in plan fiduciary net position	727	325	11	(1,034)	881	(124)	181	60	314
Plan fiduciary net position - beginning	4,258	3,933	3,922	4,956	4,075	4,199	4,018	3,959	3,645
Plan fiduciary net position - ending	<u>\$ 4,985</u>	<u>\$ 4,258</u>	<u>\$ 3,933</u>	<u>\$ 3,922</u>	<u>\$ 4,956</u>	<u>\$ 4,075</u>	<u>\$ 4,199</u>	<u>\$ 4,019</u>	<u>\$ 3,959</u>
Net OPEB asset - ending	<u>\$ (2,603)</u>	<u>\$ (1,481)</u>	<u>\$ (1,363)</u>	<u>\$ (1,375)</u>	<u>\$ (2,475)</u>	<u>\$ (1,576)</u>	<u>\$ (1,944)</u>	<u>\$ (1,375)</u>	<u>\$ (1,466)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	209.28%	153.33%	153.02%	153.97%	199.76%	163.07%	186.21%	152.00%	158.80%
Covered payroll (in thousands)	\$60,813	\$50,724	\$48,548	\$45,474	\$45,752	\$44,984	\$42,417	\$42,475	\$41,044
Net OPEB asset as a percentage of covered payroll	-4.28%	-2.92%	-2.81%	-3.02%	-5.41%	-3.50%	-4.58%	-3.24%	-3.57%

Note to Schedule

Service Cost determined under the Entry Age Normal Method

June 30, 2025 assumption changes reflect the change in the assumptions used for General Employees based on the City of Phoenix Employees' Retirement System 2025 Experience Study.

June 30, 2022, the assumption change reflects the change in discount rate from 6.75% to 6.50%.

The information in this schedule has been determined as of the measurement date 06/30/25 of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

LTD

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (excess)	Covered Payroll	Actual Contribution as a percentage of Covered Payroll
2025	\$ 168	\$ 239	\$ (71)	\$ 60,813	0.39%
2024	165	85	80	50,724	0.17%
2023	130	45	85	48,548	0.09%
2022	68	71	(3)	45,474	0.16%
2021	81	-	81	45,752	0.00%
2020	61	59	2	44,984	0.13%
2019	90	90	-	42,417	0.21%
2018	88	84	4	42,475	0.20%
2017	77	70	7	41,044	0.17%

Notes to Schedule

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Fair Value
Inflation	2.50%
Projected payroll increases	Use actual salary scale
Investment rate of return	6.50%
Health care trend rates	Due to the nature of the benefit, health care trend rates are not applicable to the calculation of contribution rates
Expenses	Investment expenses are paid from investment returns

Other Information:

Notes: The assumptions have been updated to match those used in the valuation of the members pension benefit. No other assumptions changes were made since the prior valuation.

The information in this schedule has been determined as of the measurement date 06/30/25 of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.





Statistical section

The statistical section contains unaudited information about the aviation enterprise fund or the airport.

- 1 Financial Trends
- 2 Revenue Capacity
- 3 Debt Capacity
- 4 Demographic and Economic Information
- 5 Operating Information





Financial Trends

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





THE FINANCIAL TRENDS SCHEDULES INCLUDE:

- 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

SCHEDULE 1

City of Phoenix, Aviation Enterprise Fund

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES (NON - GAAP)

(In Expense Priority Established by the Airport Bond Ordinance)

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

	2025	2024
REVENUES		
Aeronautical Revenue		
Terminal Fees	\$ 146,254	\$ 143,001
Landing Fees	70,373	56,887
Air Cargo and Hangar Rental	10,109	9,850
Other	26,540	24,445
Non-Aeronautical Revenue		
Parking	149,510	133,559
Rental Cars	85,095	80,839
Terminal - Food and Beverage	37,298	32,966
Terminal - Retail	24,176	18,807
Rental Revenue	28,563	36,209
Ground Transportation	23,541	26,438
Interest	45,986	39,053
Other	10,925	5,450
Total Revenues before Reimbursement	658,370	607,504
Transportation O&M Expense Reimbursement ⁽¹⁾	17,584	14,631
Total Revenues	675,954	622,135
EXPENDITURES AND ENCUMBRANCES		
Cost of Operation and Maintenance		
Personal Services	155,965	146,882
Contractual Services	183,507	151,987
Supplies	18,659	14,832
Equipment/Minor Improvements	9,226	7,997
Total Cost of Operation and Maintenance ⁽¹⁾	367,357	321,698
Net Airport Revenue Available for Debt Service (Net Airport Revenues)	308,597	300,437
Total Senior Lien Airport Revenue Bond Debt Service ⁽²⁾	55,508	55,514
Net Airport Revenue Available After Senior Lien Revenue Bond Debt Service (Designated Revenues)	253,089	244,923
Total Junior Lien Airport Revenue Bond Debt Service ⁽³⁾	41,033	41,187
Net Airport Revenue Available After Senior and Junior Lien Revenue Bond Debt Service	212,056	203,736
Other Expenditures		
Capital Improvements	132,119	93,327
Total Other Expenditures	132,119	93,327
Total Expenditures and Encumbrances	596,017	511,726
Excess of Revenues Over Expenditures and Encumbrances	79,937	110,409

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)

	2025	2024
OTHER FINANCING SOURCES (USES)		
COVID Grant Reimbursements	\$ -	\$ 207
Contributions to Concessionaires	-	(24,024)
Recovery of Prior Years Expenditures	8,223	7,606
Transfer to General Fund:		
Staff and Administrative - Central Service	(16,637)	(15,052)
Transfers (to) from Other Funds		
Transfers to Other Funds	(5,993)	(3,532)
Transfers from Other Funds	816	392
Total Other Financing Sources (Uses)	(13,591)	(10,586)
Net Increase in Fund Balance	66,346	99,823
FUND BALANCE, JULY 1	754,129	654,306
FUND BALANCE, JUNE 30	820,475	754,129
Non-Cash Budgetary Transactions ⁽⁴⁾	205,178	133,395
Total Airport Cash on Hand, June 30	\$ 1,025,653	\$ 887,524
Days Cash Calculation ⁽⁵⁾		
Total Airport Cash on Hand, June 30	\$ 1,025,653	\$ 887,524
Total Cost of Maintenance and Operation	367,357	321,698
Days Cash on Hand	1,019	1,007

Notes:

⁽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 CARES grant reimbursement for fiscal year 2023.

⁽³⁾ 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. For fiscal year 2023, the net calculation also included the CARES grant reimbursements.

⁽⁴⁾ Consists of budgetary encumbrances, revenue recoveries and other timing differences.

⁽⁵⁾ Days cash on hand is calculated as follows: Total unrestricted airport cash, cash equivalents and investments 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 year ended June 30; in thousands)

	<u>2025</u>
Statement of Net Position	
Cash and Cash Equivalents (Unrestricted)	\$ 106,842
Investments (Unrestricted)	<u>918,811</u>
Total Airport Cash on Hand, June 30	1,025,653
Adjusted For:	
Non-Cash Budgetary Transactions ⁽¹⁾	<u>(205,178)</u>
Available Fund Balance per Budgetary Presentation ⁽²⁾	<u><u>\$ 820,475</u></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 year ended June 30; in thousands)

	<u>2025</u>
Revenues	
Total GAAP Operating Revenues	\$ 614,637
Adjusted for:	
Transportation O&M Expense Reimbursement	17,584
Year-end Revenue Accruals	(9,011)
Interest Income	45,986
GASB 87 Leases	536
Proceeds from Disposal of Assets	6,222
	<u>675,954</u>
Revenues per Budgetary Presentation ⁽²⁾	<u>\$ 675,954</u>
Operating Expenses/Expenditures	
Total GAAP Operating Expenses	\$ 577,949
Adjusted for :	
Depreciation	(206,679)
Staff and Administration	(16,637)
Year-end Expenditure Accruals	7,291
Expensed Capital ⁽³⁾	(6,358)
Other ⁽¹⁾	11,791
	<u>367,357</u>
Operation and Maintenance Expenditures per Budgetary Presentation ⁽²⁾	<u>\$ 367,357</u>
Senior Lien Coverage Calculation	
Revenue	\$ 675,954
Operating Expenditures	367,357
	<u>\$ 308,597</u>
Designated Revenue for Senior Lien Debt Service	<u>\$ 308,597</u>
Senior Lien Debt Service	<u>\$ 55,507</u>
Net Senior Lien Debt Service	<u>\$ 55,507</u>
Senior Lien Debt Service Coverage ⁽⁴⁾	5.56
Junior Lien Coverage Calculation	
Designated Revenue for Senior Lien Debt Service	\$ 308,597
Senior Lien Debt Service	55,507
	<u>\$ 253,090</u>
Designated Revenue for Junior Lien Debt Service	<u>\$ 253,090</u>
Junior Lien Debt Service	\$ 97,675
Adjusted for :	
Junior Lien PFC Credit	(56,043)
2010 RZEDB Subsidy Payments	(598)
	<u>\$ 41,034</u>
Net Junior Lien Debt Service	<u>\$ 41,034</u>
Junior Lien Debt Service Coverage ⁽⁴⁾	6.17
Aggregate Senior & Junior Liens Coverage Calculation	
Designated Revenue for Debt Service	\$ 308,597
Aggregate Senior & Junior Liens Debt Service	96,541
Aggregate Senior & Junior Liens Debt Service Coverage	3.20

Notes:

⁽¹⁾ 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.

⁽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)

	2025	2024	2023	2022
Operating Revenues				
Aeronautical Revenue	\$ 260,174	\$ 232,378	\$ 184,274	\$ 142,572
Non-Aeronautical Revenue	354,463	320,734	304,373	254,920
Total Operating Revenue	614,637	553,112	488,647	397,492
Operating Expenses				
Operation and Maintenance				
Personal Services	154,548	147,903	131,098	98,279
Contractual Services	175,243	150,363	145,590	120,765
Supplies	17,043	14,210	13,738	11,543
Equipment/Minor Improvements	7,799	11,657	8,878	20,398
Environmental, Studies and Noise	-	-	-	-
City Staff and Administrative	16,637	15,052	13,634	10,233
Depreciation	206,679	213,898	193,849	178,490
Total Operating Expenses	577,949	553,083	506,787	439,708
Net Operating Income (Loss)	36,688	29	(18,140)	(42,216)
Non-Operating Revenues (Expenses)				
Passenger Facility Charges	95,622	96,391	89,363	83,103
Rental Car Customer Facility Charges	55,179	52,942	48,129	44,625
Investment Income	75,444	25,305	30,806	16,630
Interest Income from Leases	8,772	9,015	9,926	10,455
Interest on Capital Debt	(86,607)	(89,142)	(93,600)	(94,957)
Utility Easement	-	9,349	-	-
Federal COVID Grants	-	-	92,089	141,921
Contributions to Concessionaires	-	-	(24,024)	-
Gain (Loss) on Disposal of Capital Assets	(1,635)	551	(1,903)	(4,707)
Loss on Lease Cancellation	(7)	(4,052)	-	-
Total Non-Operating Revenues (Expenses)	146,768	100,359	150,786	197,070
Capital Contributions	62,396	28,359	10,439	33,557
Transfer from Other Funds	816	372	209	189
Transfer to Other Funds	(458)	(1,094)	(963)	(173)
Change in Net Position	246,210	128,025	142,331	188,427
Net Position - July 1	2,110,984	1,982,959	1,840,628	1,652,201
Restatement of Beginning Net Position	-	-	-	-
Net Position - July 1, as restated	2,110,984	1,982,959	1,840,628	1,652,201
Net Position - June 30	\$ 2,357,194	\$ 2,110,984	\$ 1,982,959	\$ 1,840,628
Net Position - June 30				
Net Investment in Capital Assets	\$ 1,108,306	\$ 1,030,997	\$ 1,084,035	\$ 1,168,267
Restricted	318,242	247,123	188,641	159,217
Unrestricted	930,646	832,864	710,283	513,144
Total Net Position	\$ 2,357,194	\$ 2,110,984	\$ 1,982,959	\$ 1,840,628

SCHEDULE 4**City of Phoenix, Aviation Enterprise Fund****CHANGES IN NET POSITION (CONTINUED)**

Last Ten Fiscal Years

(in thousands)

2021	2020	2019	2018	2017	2016
\$ 143,266	\$ 170,109	\$ 169,017	\$ 160,900	\$ 154,209	\$ 144,093
148,802	176,743	215,383	212,993	202,209	189,322
292,068	346,852	384,400	373,893	356,418	333,415
148,966	127,199	130,174	134,785	127,792	119,938
102,198	122,786	112,768	117,162	103,158	104,735
8,325	11,945	11,060	11,731	9,300	11,925
18,581	7,899	7,618	6,375	11,145	23,305
-	-	-	-	959	1,956
10,117	9,736	9,412	9,141	8,373	7,716
178,006	179,992	170,274	166,145	165,826	166,829
466,193	459,557	441,306	445,339	426,553	436,404
(174,125)	(112,705)	(56,906)	(71,446)	(70,135)	(102,989)
55,037	65,717	86,091	83,885	83,577	83,449
31,448	38,588	50,460	49,210	47,348	47,118
5,764	25,097	22,307	4,594	2,555	6,591
-	-	-	-	-	-
(96,781)	(86,810)	(65,739)	(64,403)	(67,915)	(67,141)
-	-	-	-	-	-
102,936	9,073	-	-	-	-
-	-	-	-	-	-
(13,683)	(1,223)	(11,417)	(4,529)	(1,417)	(759)
-	-	-	-	-	-
84,721	50,442	81,702	68,757	64,148	69,258
48,661	31,231	28,291	22,569	26,639	27,803
-	248	284	168	-	2
(919)	(949)	(948)	(948)	(370)	(330)
(41,662)	(31,733)	52,423	19,100	20,282	(6,256)
1,693,863	1,725,596	1,673,173	1,654,073	1,645,405	1,651,661
-	-	-	-	(11,614)	-
1,693,863	1,725,596	1,673,173	1,654,073	1,633,791	1,651,661
\$ 1,652,201	\$ 1,693,863	\$ 1,725,596	\$ 1,673,173	\$ 1,654,073	\$ 1,645,405
\$ 1,199,517	\$ 1,288,177	\$ 1,296,340	\$ 1,229,519	\$ 1,164,073	\$ 1,104,662
156,312	122,541	252,510	296,139	308,800	350,755
296,372	283,145	176,746	147,515	181,200	189,988
\$ 1,652,201	\$ 1,693,863	\$ 1,725,596	\$ 1,673,173	\$ 1,654,073	\$ 1,645,405





Revenue Capacity

These schedules present information on the Aviation Enterprise Fund's Aeronautical and Non-Aeronautical revenues.



THE REVENUE CAPACITY SCHEDULES INCLUDE:

- 5 Principal Revenue Sources
- 6 Rates and Charges

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

	2025	2024	Fiscal Year 2023	2022	2021
Terminal Fees					
Amount	\$ 155,519,743	\$ 134,024,866	\$ 101,804,992	\$ 76,462,677	\$ 77,776,082
Percent of Operating Revenue	25.30%	24.23%	20.83%	19.24%	26.63%
Landing Fees					
Amount	\$ 66,482,142	\$ 63,101,592	\$ 51,075,257	\$ 39,958,156	\$ 45,161,915
Percent of Operating Revenue	10.82%	11.41%	10.45%	10.05%	15.46%
Parking					
Amount	\$ 149,212,882	\$ 136,791,438	\$ 126,438,984	\$ 101,053,887	\$ 51,484,783
Percent of Operating Revenue	24.28%	24.73%	25.88%	25.42%	17.63%
Rental Cars					
Amount	\$ 84,321,222	\$ 80,307,731	\$ 78,568,775	\$ 68,000,476	\$ 45,016,627
Percent of Operating Revenue	13.72%	14.52%	16.08%	17.11%	15.41%

	2020	2019	Fiscal Year 2018	2017	2016
Terminal Fees					
Amount	\$ 94,459,521	\$ 93,026,988	\$ 89,389,493	\$ 80,955,779	\$ 75,114,921
Percent of Operating Revenue	27.23%	24.20%	23.91%	22.71%	22.53%
Landing Fees					
Amount	\$ 53,071,955	\$ 49,506,122	\$ 50,029,798	\$ 51,278,003	\$ 49,869,087
Percent of Operating Revenue	15.30%	12.88%	13.38%	14.39%	14.96%
Parking					
Amount	\$ 70,330,167	\$ 90,877,610	\$ 88,189,599	\$ 84,150,595	\$ 84,585,621
Percent of Operating Revenue	20.28%	23.64%	23.59%	23.61%	25.37%
Rental Cars					
Amount	\$ 46,471,450	\$ 54,840,393	\$ 54,901,712	\$ 53,594,924	\$ 46,668,644
Percent of Operating Revenue	13.40%	14.27%	14.68%	15.04%	14.00%

SCHEDULE 6

City of Phoenix, Aviation Enterprise Fund

RATES AND CHARGES

for Principal Revenue Sources

Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
Airline Terminal Fees					
Fee per square foot					
Terminal 2	\$ -	\$ -	\$ -	\$ -	\$ -
Terminal 3	187.08	169.32	123.00	100.44	124.20
Terminal 4	187.08	169.32	123.00	100.44	124.20
Landing Fees					
Fee per 1,000 pounds	2.10	1.94	1.85	2.18	1.82
Parking Rates					
Terminal Garages (per hour)	6.00	4.00	4.00	4.00	4.00
Terminal Garages (daily max)					
Terminal 2/West Economy Garage	19.00	16.00	16.00	16.00	12.00
Terminal 3	33.00	30.00	30.00	30.00	27.00
Terminal 4	33.00	30.00	30.00	30.00	27.00
Terminal 2 Economy Covered	-	-	-	-	-
Terminal 2 Economy Uncovered	-	-	-	-	-
West Economy Park and Walk	10.00	9.00	9.00	9.00	-
24th Street Station Lot	16.00	14.00	14.00	-	-
East Economy Covered	19.00	16.00	16.00	16.00	14.00
East Economy Uncovered	16.00	14.00	14.00	14.00	12.00
Rental Car Center Rates					
Percent of Gross Rent	10%	10%	10%	10%	10%

	Fiscal Year				
	2020	2019	2018	2017	2016
Airline Terminal Fees					
Fee per square foot					
Terminal 2	\$ -	\$ 128.28	\$ 120.00	\$ 109.80	\$ 106.68
Terminal 3	135.72	128.28	120.00	109.80	106.68
Terminal 4	135.72	128.28	120.00	109.80	106.68
Landing Fees					
Fee per 1,000 pounds	1.99	1.97	1.99	1.98	1.98
Parking Rates					
Terminal Garages (per hour)	4.00	4.00	4.00	4.00	4.00
Terminal Garages (daily max)					
Terminal 2	12.00	26.00	26.00	25.00	25.00
Terminal 3	27.00	27.00	27.00	25.00	25.00
Terminal 4	27.00	27.00	27.00	25.00	25.00
Terminal 2 Economy Covered	-	12.00	12.00	11.00	11.00
Terminal 2 Economy Uncovered	-	10.00	10.00	9.00	9.00
West Economy Park and Walk	7.00	7.00	7.00	7.00	7.00
24th Street Station Lot	-	-	-	-	-
East Economy Covered	14.00	14.00	14.00	11.00	11.00
East Economy Uncovered	12.00	12.00	12.00	9.00	9.00
Rental Car Center Rates					
Percent of Gross Rent	10%	10%	10%	10%	10%



Debt Capacity

These schedules present information regarding the Aviation Enterprise Fund's current levels of outstanding debt and debt service requirements.



THE DEBT CAPACITY SCHEDULES INCLUDE:

- 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
- 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

SCHEDULE 7

City of Phoenix, Aviation Enterprise Fund

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

Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
Outstanding Debt (in thousands)					
Revenue Bonds					
Senior Lien Bonds	\$ 585,055	\$ 610,250	\$ 633,945	\$ 677,345	\$ 702,200
Junior Lien Bonds	1,201,130	1,252,555	1,290,315	1,326,530	1,346,210
Rental Car Facility Bonds	263,160	271,345	279,340	287,165	294,820
General Obligation Bonds	-	-	-	-	-
Premiums/Discounts (net)	213,291	232,276	251,686	272,700	293,293
Total Outstanding Debt	<u>\$ 2,262,636</u>	<u>\$ 2,366,426</u>	<u>\$ 2,455,286</u>	<u>\$ 2,563,740</u>	<u>\$ 2,636,523</u>
Enplaned Passengers	26,137,329	25,475,680	23,622,746	22,091,621	13,442,029
Outstanding Debt per Enplaned Passenger with Discounts/Premiums	\$ 86.57	\$ 92.89	\$ 103.94	\$ 116.05	\$ 196.14
Outstanding Debt per Enplaned Passenger without Discounts/Premiums	\$ 78.41	\$ 83.77	\$ 93.28	\$ 103.71	\$ 174.32

	Fiscal Year				
	2020	2019	2018	2017	2016
Outstanding Debt (in thousands)					
Revenue Bonds					
Senior Lien Bonds	\$ 726,000	\$ 757,575	\$ 554,005	\$ 447,660	\$ 472,895
Junior Lien Bonds	1,364,955	652,955	669,935	724,405	739,900
Rental Car Facility Bonds	302,320	154,895	165,885	176,225	186,050
General Obligation Bonds	-	3,345	7,865	7,865	7,865
Premiums/Discounts (net)	314,306	169,310	162,097	53,947	59,184
Total Outstanding Debt	<u>\$ 2,707,581</u>	<u>\$ 1,738,080</u>	<u>\$ 1,559,787</u>	<u>\$ 1,410,102</u>	<u>\$ 1,465,894</u>
Enplaned Passengers	17,337,118	22,831,945	22,218,915	21,820,386	22,055,907
Outstanding Debt per Enplaned Passenger with Discounts/Premiums	\$ 156.17	\$ 76.12	\$ 70.20	\$ 64.62	\$ 66.46
Outstanding Debt per Enplaned Passenger without Discounts/Premiums	\$ 138.04	\$ 68.71	\$ 62.91	\$ 62.15	\$ 63.78

Notes:

Includes a portion of the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, which were issued for Airport, in fiscal years 2013 through 2017. The Airport portion on the bonds were paid in full in fiscal year 2017.

SCHEDULE 8

City of Phoenix, Aviation Enterprise Fund

**DEBT SERVICE PAID FROM GENERAL AIRPORT REVENUE,
PER ENPLANED PASSENGER**

Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
Debt Service (in thousands)					
Revenue Bonds					
Principal	\$ 62,305	\$ 61,455	\$ 60,670	\$ 44,535	\$ 42,545
Interest	84,029	92,001	94,973	97,618	99,611
Short Term Obligations					
Interest	-	-	-	-	-
General Obligation Bonds					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Debt Service	<u>\$ 146,334</u>	<u>\$ 153,456</u>	<u>\$ 155,643</u>	<u>\$ 142,153</u>	<u>\$ 142,156</u>
Enplaned Passengers	26,137,329	25,475,680	23,622,746	22,091,621	13,442,029
Debt Service per Enplaned Passenger	\$ 5.60	\$ 6.02	\$ 6.59	\$ 6.43	\$ 10.58

	Fiscal Year				
	2020	2019	2018	2017	2016
Debt Service (in thousands)					
Revenue Bonds					
Principal	\$ 50,030	\$ 39,590	\$ 44,898	\$ 40,730	\$ 38,135
Interest	87,018	65,941	61,281	60,654	60,442
Short Term Obligations					
Interest	758	1,176	810	1,021	125
General Obligation Bonds					
Principal	3,345	4,520	-	-	-
Interest	83	197	197	197	197
Total Debt Service	<u>\$ 141,234</u>	<u>\$ 111,424</u>	<u>\$ 107,186</u>	<u>\$ 102,602</u>	<u>\$ 98,899</u>
Enplaned Passengers	17,337,118	22,831,945	22,218,915	21,820,386	22,055,907
Debt Service per Enplaned Passenger	\$ 8.15	\$ 4.88	\$ 4.82	\$ 4.70	\$ 4.48

Note:

Rental Car Facility Charge Bonds have been omitted from this schedule because payments do not come from general airport revenue.

SCHEDULE 9

City of Phoenix, Aviation Enterprise Fund

BOND RATINGS

(as of June 30, 2025)

Series		Rating ⁽¹⁾⁽²⁾	
		Moody's	S & P
City of Phoenix Civic Improvement Corporation			
Senior Lien Revenue Bonds		Aa2	AA-
2017A	Airport Revenue Bonds (AMT)		
2017B	Airport Revenue Refunding Bonds (Non-AMT)		
2018	Airport Revenue Bonds (AMT)		
2023	Airport Revenue Refunding Bonds (AMT)		
Junior Lien Revenue Bonds		Aa3	A+
2010B	Airport Revenue Bonds (Taxable)		
2017D	Airport Revenue Refunding Bonds (Non-AMT)		
2019A	Airport Revenue Bonds (Non-AMT)		
2019B	Airport Revenue Bonds (AMT)		
2019C	Airport Revenue Refunding Bonds (Taxable)		
2025	Airport Revenue Refunding Bonds (Non-AMT)		
Rental Car Facility Charge Revenue Bonds		A3	A
2019A	Rental Car Facility Bonds (Taxable)		
2019B	Rental Car Facility Refunding Bonds (Taxable)		

Notes:

⁽¹⁾ The ratings are subject to change at any time.

⁽²⁾ Represents underlying rating.

SCHEDULE 10

City of Phoenix, Aviation Enterprise Fund

SENIOR LIEN AIRPORT REVENUE BONDS

SCHEDULE OF OUTSTANDING DEBT

(as of June 30, 2025)

<u>Delivery Date</u>	<u>Series</u>	<u>Original Issuance</u>	<u>Maturity Dates</u>	<u>Coupons</u>	<u>Bonds Outstanding ⁽¹⁾</u>
11/21/17	2017A	190,930,000	7/1/18-47	5.00%	\$ 164,420,000
11/21/17	2017B ⁽²⁾	173,440,000	7/1/21-38	5.00%	140,710,000
11/28/18	2018	226,180,000	7/1/19-48	4.00% - 5.00%	201,085,000
06/07/23	2023 ⁽²⁾	96,540,000	7/1/24-32	5.00%	78,840,000
Total					<u>\$ 585,055,000</u>

Notes:

⁽¹⁾ Does not include bonds maturing on July 1, 2025.

⁽²⁾ Series 2017B and 2023 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
2026	\$ 26,460,000	\$ 29,052,750	\$ 55,512,750
2027	27,780,000	27,729,750	55,509,750
2028	29,170,000	26,340,750	55,510,750
2029	30,625,000	24,882,250	55,507,250
2030	32,160,000	23,351,000	55,511,000
2031	33,765,000	21,743,000	55,508,000
2032	35,455,000	20,054,750	55,509,750
2033	23,600,000	18,282,000	41,882,000
2034	24,785,000	17,102,000	41,887,000
2035	26,025,000	15,862,750	41,887,750
2036	27,325,000	14,561,500	41,886,500
2037	28,685,000	13,195,250	41,880,250
2038	30,120,000	11,761,000	41,881,000
2039	16,650,000	10,255,000	26,905,000
2040	17,480,000	9,422,500	26,902,500
2041	18,355,000	8,548,500	26,903,500
2042	19,275,000	7,630,750	26,905,750
2043	20,240,000	6,667,000	26,907,000
2044	21,250,000	5,655,000	26,905,000
2045	22,280,000	4,622,500	26,902,500
2046	23,365,000	3,538,500	26,903,500
2047	24,505,000	2,400,250	26,905,250
2048	25,700,000	1,205,000	26,905,000
Total	\$ 585,055,000	\$ 323,863,750	\$ 908,918,750

SCHEDULE 12

City of Phoenix, Aviation Enterprise Fund

JUNIOR LIEN AIRPORT REVENUE BONDS

SCHEDULE OF OUTSTANDING DEBT

(as of June 30, 2025)

Delivery Date	Series	Original Issuance	Maturity Dates	Coupons	Bonds Outstanding⁽¹⁾
09/01/10	2010B ⁽³⁾⁽⁶⁾	\$ 21,345,000	7/1/40	2.00% - 5.25%	\$ 21,345,000
12/21/17	2017D ⁽²⁾	474,725,000	7/1/21-40	3.125% - 5.00%	388,110,000
12/11/19	2019A ⁽⁵⁾	341,095,000	7/1/41-49	3.00% - 5.00%	341,095,000
12/11/19	2019B	392,005,000	7/1/20-49	3.25% - 5.00%	365,945,000
6/11/25	2025	84,635	7/1/26-45	5.00%	84,635,000
Total					\$ 1,201,130,000

Notes:

⁽¹⁾ Does not include bonds maturing on July 1, 2025.

⁽²⁾ Series 2017D were used for refunding purposes.

⁽³⁾ 100% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge (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.

⁽⁴⁾ 30% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.

⁽⁵⁾ 93% of debt service due on or before July 1, 2026 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.

⁽⁶⁾ 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 federal subsidy by 5.7% (the Sequester Reduction), in fiscal year 2025. 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
2026	\$ 30,215,000	\$ 56,591,224	\$ 86,806,224
2027	31,955,000	54,845,376	86,800,376
2028	33,560,000	53,247,626	86,807,626
2029	35,230,000	51,569,626	86,799,626
2030	36,995,000	49,808,126	86,803,126
2031	38,835,000	47,958,376	86,793,376
2032	40,795,000	46,016,626	86,811,626
2033	42,830,000	43,976,876	86,806,876
2034	43,625,000	41,835,376	85,460,376
2035	47,045,000	39,833,470	86,878,470
2036	49,395,000	37,481,220	86,876,220
2037	51,865,000	35,011,470	86,876,470
2038	54,310,000	32,562,320	86,872,320
2039	56,525,000	30,354,020	86,879,020
2040	58,820,000	28,055,270	86,875,270
2041	51,970,000	24,981,950	76,951,950
2042	54,375,000	22,583,850	76,958,850
2043	56,875,000	20,075,500	76,950,500
2044	59,500,000	17,452,700	76,952,700
2045	62,240,000	14,709,750	76,949,750
2046	61,750,000	11,885,375	73,635,375
2047	64,525,000	9,107,925	73,632,925
2048	67,430,000	6,205,200	73,635,200
2049	70,465,000	3,171,138	73,636,138
Total	\$ 1,201,130,000	\$ 779,320,390	\$ 1,980,450,390

Note:

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

SCHEDULE 14

City of Phoenix, Aviation Enterprise Fund

RENTAL CAR FACILITY CHARGE REVENUE BONDS

SCHEDULE OF OUTSTANDING DEBT

(as of June 30, 2025)

<u>Delivery Date</u>	<u>Series</u>	<u>Original Issuance</u>	<u>Maturity Dates</u>	<u>Coupons</u>	<u>Bonds Outstanding ⁽¹⁾</u>
12/05/19	2019A	\$ 244,245,000	7/1/28-45	4.00% - 5.00%	\$ 244,245,000
12/05/19	2019B ⁽²⁾	60,485,000	7/1/20-28	2.007% - 2.796%	18,915,000
Total					<u>\$ 263,160,000</u>

Note:

⁽¹⁾ Does not include bonds maturing on July 1, 2025.

⁽²⁾ Series 2019B was used for refunding purposes.

SCHEDULE 15

City of Phoenix, Aviation Enterprise Fund

RENTAL CAR FACILITY CHARGE REVENUE BONDS

SCHEDULE OF DEBT SERVICE REQUIREMENTS

Fiscal Year	Principal	Interest	Total
2026	\$ 8,385,000	\$ 12,156,577	\$ 20,541,577
2027	8,605,000	11,938,735	20,543,735
2028	8,835,000	11,705,023	20,540,023
2029	9,235,000	11,305,700	20,540,700
2030	9,700,000	10,843,950	20,543,950
2031	10,185,000	10,358,950	20,543,950
2032	10,695,000	9,849,700	20,544,700
2033	11,230,000	9,314,950	20,544,950
2034	11,790,000	8,753,450	20,543,450
2035	12,380,000	8,163,950	20,543,950
2036	12,995,000	7,544,950	20,539,950
2037	13,645,000	6,895,200	20,540,200
2038	14,330,000	6,212,950	20,542,950
2039	15,045,000	5,496,450	20,541,450
2040	15,800,000	4,744,200	20,544,200
2041	16,515,000	4,028,950	20,543,950
2042	17,255,000	3,285,000	20,540,000
2043	18,030,000	2,511,450	20,541,450
2044	18,835,000	1,706,900	20,541,900
2045	19,670,000	870,150	20,540,150
Total	\$ 263,160,000	\$ 147,687,185	\$ 410,847,185





Demographic and Economic Information

*These schedules offer demographic and economic
indicators for the Aviation Enterprise fund.*



THE DEMOGRAPHIC AND ECONOMIC INFORMATION SCHEDULES INCLUDE:

- 16 Demographic Statistics for the Airport Service Area
- 17 Principal Employers
- 18 Aviation Department Employee Trends
- 19 Capital Assets and Other Airport Information

SCHEDULE 16

City of Phoenix, Aviation Enterprise Fund

DEMOGRAPHIC STATISTICS FOR THE AIRPORT SERVICE AREA

June 30, 2025

Fiscal Year	Population (July 1)	Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2025	-	\$ -	\$ -	4.0%
2024	5,210,191	357,669,100	68,648	3.5%
2023	5,070,110	336,479,738	66,365	3.9%
2022	5,015,678	310,170,134	61,840	3.4%
2021	4,946,145	288,401,314	58,308	6.6%
2020	5,059,909	262,362,901	51,851	9.8%
2019	4,948,203	237,836,502	48,065	4.6%
2018	4,857,962	224,072,100	46,125	4.2%
2017	4,737,270	208,895,900	44,096	4.5%
2016	4,661,537	196,801,479	42,218	5.3%

Sources:

Economic and Business Research Center, The University of Arizona, azeconomy.org

U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov

Notes:

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

Population, Personal Income, and Per Capita Income are not available for June 30, 2025 as of the date of publication.

SCHEDULE 17

City of Phoenix, Aviation Enterprise Fund

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Banner Health	48,869	1	1.99%	40,226	2	2.10%
Amazon.com Inc	40,000	2	1.63%			
State of Arizona	39,733	3	1.62%	42,687	1	2.23%
Walmart Inc.	37,979	4	1.55%	34,350	3	1.79%
Arizona State University	35,754	5	1.46%	12,488	8	0.65%
University of Arizona	22,391	6	0.91%			
Fry's Food Stores	20,000	7	0.82%	18,870	4	0.99%
Honor Health	16,969	8	0.69%			
Dignity Health Arizona	14,676	9	0.60%			
City of Phoenix	14,452	10	0.59%	14,421	6	0.75%
Wells Fargo				14,860	5	0.78%
US Postal Service				13,509	7	0.71%
Intel Corp				11,000	9	0.57%
Bank of America				9,809	10	0.51%

Sources:

Phoenix Business Journal Book of Lists

Note:

Top employers in the State of Arizona. Employee count is inclusive of all Arizona employees

City Employment is the Phoenix-Mesa-Scottsdale MSA total nonfarm employment, seasonally adjusted.

SCHEDULE 18**City of Phoenix, Aviation Enterprise Fund****AVIATION DEPARTMENT EMPLOYEE TRENDS**

Last Ten Fiscal Years Ended June 30

	2025	2024	2023	2022	2021
Division/Group					
Administration	13	12	12	11	9
Business and Properties	28	30	25	30	27
Contracts and Services	16	19	18	15	19
Design and Construction Services	28	26	23	23	24
Facilities and Services	420	395	386	392	387
Financial Management	27	26	24	22	23
Human Resources	13	11	11	10	10
Technology	44	41	40	37	39
Operations	149	158	156	131	129
Planning and Environmental	22	20	19	19	15
Public Relations	12	12	15	15	14
Public Safety and Security	62	62	58	60	54
Other	9	25	6	6	1
Total	843	837	793	771	751

	2020	2019	2018	2017	2016
Division/Group					
Administration	10	10	10	10	8
Business and Properties	23	26	31	20	19
Contracts and Services	17	18	17	19	8
Design and Construction Services	23	28	33	35	29
Facilities and Services	397	397	409	385	381
Financial Management	21	24	27	26	27
Human Resources	11	11	12	16	15
Technology	38	40	38	41	39
Operations	142	146	152	189	186
Planning and Environmental	19	22	19	19	19
Public Relations	15	17	15	16	13
Public Safety and Security	51	50	49	-	-
Other	10	4	3	8	4
Total	777	793	815	784	748

SCHEDULE 19

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 two active passenger terminal buildings, Terminals 3 and 4. Terminal 1 was constructed in 1952 and Terminal 2 opened in 1962. Terminals were added over the years to accommodate increasing traffic, but the other terminals were never renumbered. Terminal 1 was demolished in 1991 and Terminal 2 was permanently closed in 2020. The carriers that had been operating in Terminal 2 were relocated to the newly modernized Terminal 3.

Terminal 3 opened in 1979 with construction costs at \$35 million. In 2020, the Airport completed a Terminal 3 modernization project, designed to provide consistent and enhanced customer service and more efficient operations for airlines and concessionaires. The modernized Terminal 3 contains approximately 710,000 square feet and 25 gates. Advanced Air, Air Canada, Alaska, Allegiant Air, Breeze Airways, Contour, Delta, Denver Air Connection, Frontier, Hawaiian, JetBlue, Southern Airways Express, Spirit, Sun Country, and United 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 81 gates. The new concourse opened in June 2022 and added 8 new gates. American, British Airways, Condor, Lynx Air, Southwest, Volaris, and WestJet airlines serve passengers through Terminal 4.

The Airport has approximately 26,000 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 two terminal buildings, economy parking facilities, Valley Metro Light Rail, and the Rental Car Center.

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 Phoenix Sky Harbor International Airport of general aviation traffic. As such, the Airport is capable of accommodating all segments of civil aviation, except commercial passenger service. Phoenix 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. Phoenix Deer Valley Airport has 779 Hangars and 380 Covered and Uncovered Tie-Down spaces, constructed for a total cost of \$17 million.

Runways

Phoenix 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 (GYR) has been owned and operated by the City of Phoenix as a General Aviation (GA) reliever airport since 1968. The Airport occupies approximately 789 acres of land located inside the City of Goodyear city limits. The airport is located 25 miles west of downtown Phoenix approximately 2 miles south of I-10 on Litchfield Road. GYR is one of three airports in the Phoenix Metro area that can support aircraft up to a B-747.

Business Operations

There are three key business operations at the airport; Maintenance, Repair and Overhaul (MRO) of large aircraft, airline flight training, and a Fixed Base Operator (FBO) serving business and corporate aircraft. The airport accommodates approximately 200,000 aircraft operations annually and is expected to grow in the next 5 years. The airport has 147 hangars, 22 tie-down spaces, and 238 based aircraft.

Runway

Phoenix Goodyear Airport has a single runway, 03/21 is 8,500 feet long and 150 feet wide.



Operating Information

These schedules contain financial information relating to the services provided by the Aviation Enterprise fund.



THE OPERATING INFORMATION SCHEDULES INCLUDE:

- 20 Schedule of Annual Passenger Enplanements by Type of Passenger
- 21 Schedule of Annual Passenger Enplanements by Flight Destination
- 22 Schedule of Enplaned Passengers by Airline
- 23 Schedule of Annual Average Cost Per Enplanement
- 24 Schedule of PFC Approvals and Revenues
- 25 Schedule of Annual PFC Collections
- 26 Rental Car Facility Charge Revenue Bonds - Schedule of Annual Receipts, Net Annual CFC Revenues, and Debt Service Coverage

SCHEDULE 20

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					Percent of Total	
	Origin-Destination (O&D)			Connecting	Total	O&D	Connecting
	Resident	Visitor	Total O&D				
2025	8,612,916	10,102,335	18,715,251	7,422,078	26,137,329	71.6%	28.4%
2024	8,514,785	9,982,181	18,496,966	6,978,714	25,475,680	72.6%	27.4%
2023	7,993,261	9,247,195	17,240,456	6,382,290	23,622,746	73.0%	27.0%
2022	7,194,552	8,561,422	15,755,974	6,335,647	22,091,621	71.3%	28.7%
2021	4,150,488	5,383,008	9,533,496	3,908,533	13,442,029	70.9%	29.1%
2020	5,479,296	6,572,993	12,052,289	5,284,829	17,337,118	69.5%	30.5%
2019	7,111,877	8,569,216	15,681,093	7,150,852	22,831,945	68.7%	31.3%
2018	6,846,360	8,200,666	15,047,026	7,171,889	22,218,915	67.7%	32.3%
2017	6,558,400	7,827,022	14,385,422	7,434,964	21,820,386	65.9%	34.1%
2016	6,147,109	7,391,369	13,538,478	8,517,429	22,055,907	61.4%	38.6%

Source:

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

SCHEDULE 21

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			Percent of Total	
	Domestic	International	Total	Domestic	International
2025	24,681,746	1,455,583	26,137,329	94.4%	5.6%
2024	24,101,372	1,374,308	25,475,680	94.6%	5.4%
2023	22,399,598	1,223,148	23,622,746	94.8%	5.2%
2022	21,236,681	854,940	22,091,621	96.1%	3.9%
2021	13,057,050	384,979	13,442,029	97.1%	2.9%
2020	16,614,966	722,152	17,337,118	95.8%	4.2%
2019	21,769,398	1,062,547	22,831,945	95.3%	4.7%
2018	21,177,581	1,041,334	22,218,915	95.3%	4.7%
2017	20,812,795	1,007,591	21,820,386	95.4%	4.6%
2016	20,984,439	1,071,468	22,055,907	95.1%	4.9%



SCHEDULE 22

City of Phoenix, Aviation Enterprise Fund

Phoenix Sky Harbor International Airport

SCHEDULE OF ENPLANED PASSENGERS BY AIRLINE

Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
Enplaned Passengers					
American Airlines Group	10,578,907	10,189,736	9,634,456	9,336,658	5,780,470
Southwest	8,566,167	8,289,648	7,901,926	7,625,366	4,717,444
Delta	1,822,433	1,874,623	1,734,077	1,637,448	1,023,513
United	1,599,301	1,544,238	1,383,937	1,269,510	695,998
Frontier	1,341,248	1,444,275	970,787	678,828	437,103
Alaska	844,338	751,475	761,547	653,662	453,241
WestJet	256,069	259,183	187,724	96,857	10,105
JetBlue	172,616	96,605	156,215	177,660	88,381
Air Canada	165,799	172,335	158,438	90,754	3,090
Sun Country	142,338	113,406	129,419	124,189	79,745
Spirit	109,598	243,168	253,194	187,361	79,582
British Airways	106,868	138,211	88,268	53,451	-
Hawaiian	104,591	100,815	95,523	87,312	39,249
All Other	327,056	257,962	167,235	72,565	34,108
Total	<u>26,137,329</u>	<u>25,475,680</u>	<u>23,622,746</u>	<u>22,091,621</u>	<u>13,442,029</u>
Enplaned Passengers					
American Airlines Group	40.5%	40.0%	40.7%	42.4%	42.8%
Southwest	32.8	32.5	33.5	34.5	35.1
Delta	7.0	7.4	7.3	7.4	7.6
United	6.1	6.1	5.9	5.7	5.2
Frontier	5.1	5.7	4.1	3.1	3.3
Alaska	3.2	2.9	3.2	3.0	3.4
WestJet	1.0	1.0	0.8	0.4	0.1
JetBlue	0.7	0.4	0.7	0.8	0.7
Air Canada	0.6	0.7	0.7	0.4	0.0
Sun Country	0.5	0.4	0.5	0.6	0.6
Spirit	0.4	1.0	1.1	0.8	0.6
British Airways	0.4	0.5	0.4	0.2	0.0
Hawaiian	0.4	0.4	0.4	0.4	0.3
All Other	1.3	1.0	0.7	0.3	0.3
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:

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

SCHEDULE 22**City of Phoenix, Aviation Enterprise Fund****Phoenix Sky Harbor International Airport****SCHEDULE OF ENPLANED PASSENGERS BY AIRLINE (CONTINUED)**

Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
Enplaned Passengers					
American Airlines Group	7,986,712	10,486,029	10,360,041	10,129,895	10,962,440
Southwest	5,689,668	7,768,715	7,546,946	7,382,859	7,149,550
Delta	1,208,532	1,529,781	1,438,843	1,388,510	1,401,639
United	892,780	1,228,311	1,164,730	1,131,353	1,080,742
Frontier	403,247	361,348	388,761	459,477	235,602
Alaska	413,734	474,431	432,478	420,940	376,264
Spirit	113,676	121,595	96,545	146,760	165,376
WestJet	152,159	232,839	234,570	229,727	219,614
Air Canada	114,286	162,610	140,171	117,966	104,995
JetBlue	104,791	114,125	92,201	92,321	91,947
Sun Country	90,152	100,119	80,518	77,946	48,984
Hawaiian	61,988	85,053	86,558	88,388	87,094
British Airways	53,078	112,075	111,514	108,487	105,173
All Other	52,315	54,914	45,039	45,757	26,487
Total	<u>17,337,118</u>	<u>22,831,945</u>	<u>22,218,915</u>	<u>21,820,386</u>	<u>22,055,907</u>
Enplaned Passengers					
American Airlines Group	46.0%	46.0%	46.7%	46.4%	49.7%
Southwest	32.8	34.0	34.0	33.8	32.4
Delta	7.0	6.7	6.5	6.4	6.4
United	5.1	5.4	5.2	5.2	4.9
Frontier	2.3	1.6	1.7	2.1	1.1
Alaska	2.4	2.1	1.9	1.9	1.7
Spirit	0.7	0.5	0.4	0.7	0.7
WestJet	0.9	1.0	1.1	1.1	1.0
Air Canada	0.7	0.7	0.6	0.5	0.5
JetBlue	0.6	0.5	0.4	0.4	0.4
Sun Country	0.5	0.4	0.4	0.4	0.2
Hawaiian	0.4	0.4	0.4	0.4	0.4
British Airways	0.3	0.5	0.5	0.5	0.5
All Other	0.3	0.2	0.2	0.2	0.1
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

SCHEDULE 23

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 ⁽¹⁾ (in thousands)	Enplaned Passengers	Cost Per Enplanement
2025	\$ 225,283	26,137	\$ 8.62
2024	199,687	25,476	7.84
2023	153,125	23,623	6.48
2022	117,974	22,092	5.34
2021	120,744	13,442	8.98
2020	146,262	17,337	8.44
2019	145,561	22,832	6.38
2018	139,033	22,219	6.26
2017	133,581	21,820	6.12
2016	127,708	22,056	5.79

⁽¹⁾ The use of COVID related grants for debt service resulted in lower costs of operation included in airline fees in fiscal years 2021 and 2022.



SCHEDULE 24

City of Phoenix, Aviation Enterprise Fund

Phoenix Sky Harbor International Airport

SCHEDULE OF PFC APPROVALS AND REVENUES

(as of June 30, 2025)

	Approval Amount	Revenues ⁽¹⁾	Remaining Authority
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	179,036,442	179,036,442	-
Subtotal	<u>875,205,845</u>	<u>875,205,845</u>	<u>-</u>
Active PFC Approvals			
PFC 6	1,918,638,176	1,173,821,921	744,816,255
PFC 7	86,687,751	86,687,751	-
PFC 8	65,875,676	61,334,561	4,541,115
PFC 9	22,460,400	7,534,545	14,925,855
Subtotal	<u>2,093,662,003</u>	<u>1,329,378,778</u>	<u>764,283,225</u>
Total PFC Approvals	<u>\$ 2,968,867,848</u>	<u>\$ 2,204,584,623</u>	<u>\$ 764,283,225</u>

Note:

⁽¹⁾ Revenues include PFC collections plus related interest income.

SCHEDULE 25

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 (in thousands) ⁽²⁾
				Total (in thousands)	PFC Eligible ⁽¹⁾	
2025	\$ 4.50	\$ 0.11	\$ 4.39	26,137	81.9%	\$ 94,004
2024	4.50	0.11	4.39	25,476	85.7%	95,824
2023	4.50	0.11	4.39	23,623	85.7%	88,853
2022	4.50	0.11	4.39	22,092	86.3%	83,728
2021	4.50	0.11	4.39	13,442	86.3%	50,902
2020	4.50	0.11	4.39	17,337	92.2%	70,153
2019	4.50	0.11	4.39	22,832	85.5%	85,724
2018	4.50	0.11	4.39	22,219	86.0%	83,917
2017	4.50	0.11	4.39	21,820	87.3%	83,600
2016	4.50	0.11	4.39	22,056	86.3%	83,595

Notes:

⁽¹⁾ 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.

⁽²⁾ 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 26

City of Phoenix, Aviation Enterprise Fund

Phoenix Sky Harbor International Airport

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 ⁽¹⁾	Pledged CFC Rate ⁽²⁾	Annual Receipts ⁽³⁾				Administrative Costs
			Pledged CFCs	Additional Deposits	Grant Receipts ⁽⁵⁾	Annual Receipts ⁽⁴⁾	
	(in thousands)	(in thousands)					
2025	9,207	\$ 6.00	\$ 55,242	\$ -	\$ -	\$ 55,242	\$ 2
2024	8,754	6.00	52,527	-	-	52,527	2
2023	8,010	6.00	48,058	-	-	48,058	2
2022	7,500	6.00	45,001	-	14,453	59,454	2
2021	4,906	6.00	29,435	-	5,000	34,435	2
2020	6,763	4.50	30,436	10,147	-	40,583	4
2019	8,475	4.50	38,138	12,714	-	50,852	14
2018	8,128	4.50	36,576	12,189	-	48,765	14
2017	7,814	4.50	35,163	11,719	-	46,882	22
2016	7,828	4.50	35,226	11,743	-	46,969	24

Notes:

⁽¹⁾ Imputed from Trustee records using Annual Receipts, reflects Transaction Days on deposits for July 1 through June 30.

⁽²⁾ The City has made a first priority pledge of a \$6.00 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bond.

⁽³⁾ Includes CFC receipts generated by the \$6.00 Pledged collection rate.

⁽⁴⁾ 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.

⁽⁵⁾ Grant Receipts represent COVID related grant amounts used for debt service.

SCHEDULE 26

City of Phoenix, Aviation Enterprise Fund

Phoenix Sky Harbor International Airport

RENTAL CAR FACILITY CHARGE REVENUE BONDS

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

Last Ten Fiscal Years

Fiscal Year					Debt Service Coverage	
	Net Annual CFC Receipts	Amount Available In Debt Service Coverage Fund	Net Annual CFC Receipts Available for Debt Service	CFC Bonds ⁽¹⁾ Debt Service	By Net Annual CFC Receipts	By Net Annual CFC Receipts and Debt Service Coverage Fund
Fiscal Year	Fiscal Year					
2025	\$ 55,240	\$ 5,138	\$ 60,378	\$ 20,544	2.69	2.94
2024	52,525	5,138	57,663	20,540	2.56	2.81
2023	48,056	5,138	53,194	20,545	2.34	2.59
2022	59,452	5,139	64,591	20,540	2.89	3.14
2021	34,333	5,137	39,570	20,543	1.68	1.93
2020	40,579	5,137	45,716	14,020	2.89	3.26
2019	50,838	5,475	56,313	21,274	2.39	2.65
2018	48,751	5,390	54,141	21,273	2.29	2.55
2017	46,860	5,338	52,198	21,273	2.20	2.45
2016	46,945	5,337	52,282	21,277	2.21	2.46

Notes:

⁽¹⁾ Includes debt service on the 2004 CFC Bonds through fiscal year 2020 and 2019 CFC Bonds beginning in fiscal year 2020.



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CITY OF PHOENIX AVIATION DEPARTMENT

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● CITY OF PHOENIX AVIATION DEPARTMENT

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