

**PHX DVI GYR**

**CITY OF PHOENIX AVIATION DEPARTMENT**

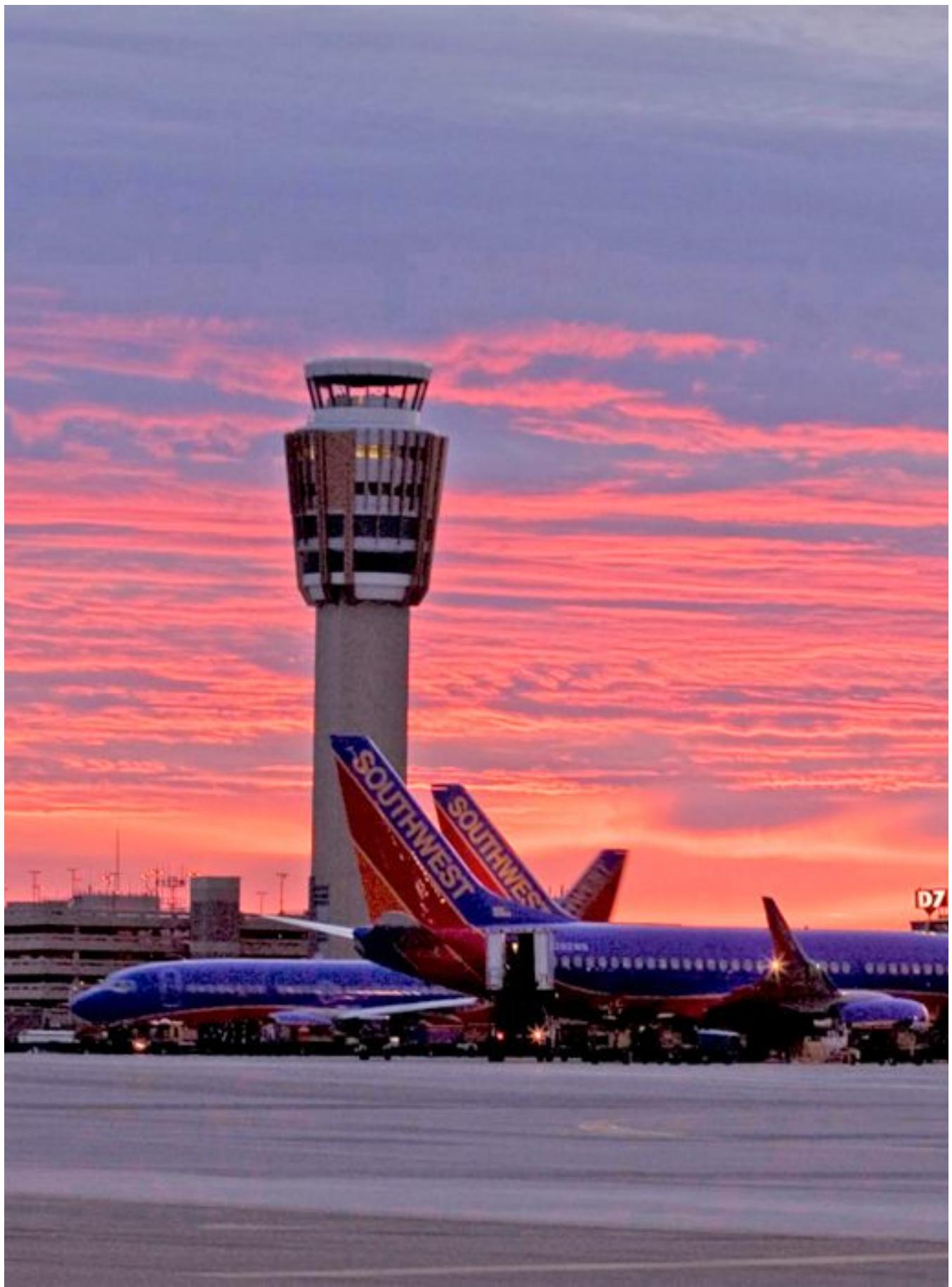
An Enterprise Fund of the City of Phoenix, Arizona

**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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A woman with long blonde hair, seen from the back, sits in a blue airport chair at a gate. She is looking at a smartphone. In the background, a Delta Air Lines airplane is on the tarmac. The sky is cloudy. A large red circle with a white outline is overlaid on the bottom right of the image, containing the text.

## Introductory section



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 <sup>(1)</sup>      |        |        |        |         |
| 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 <sup>(2)</sup>       | \$8.62 | \$7.84 | \$6.48 | \$5.34  |

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

<sup>(2)</sup> 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

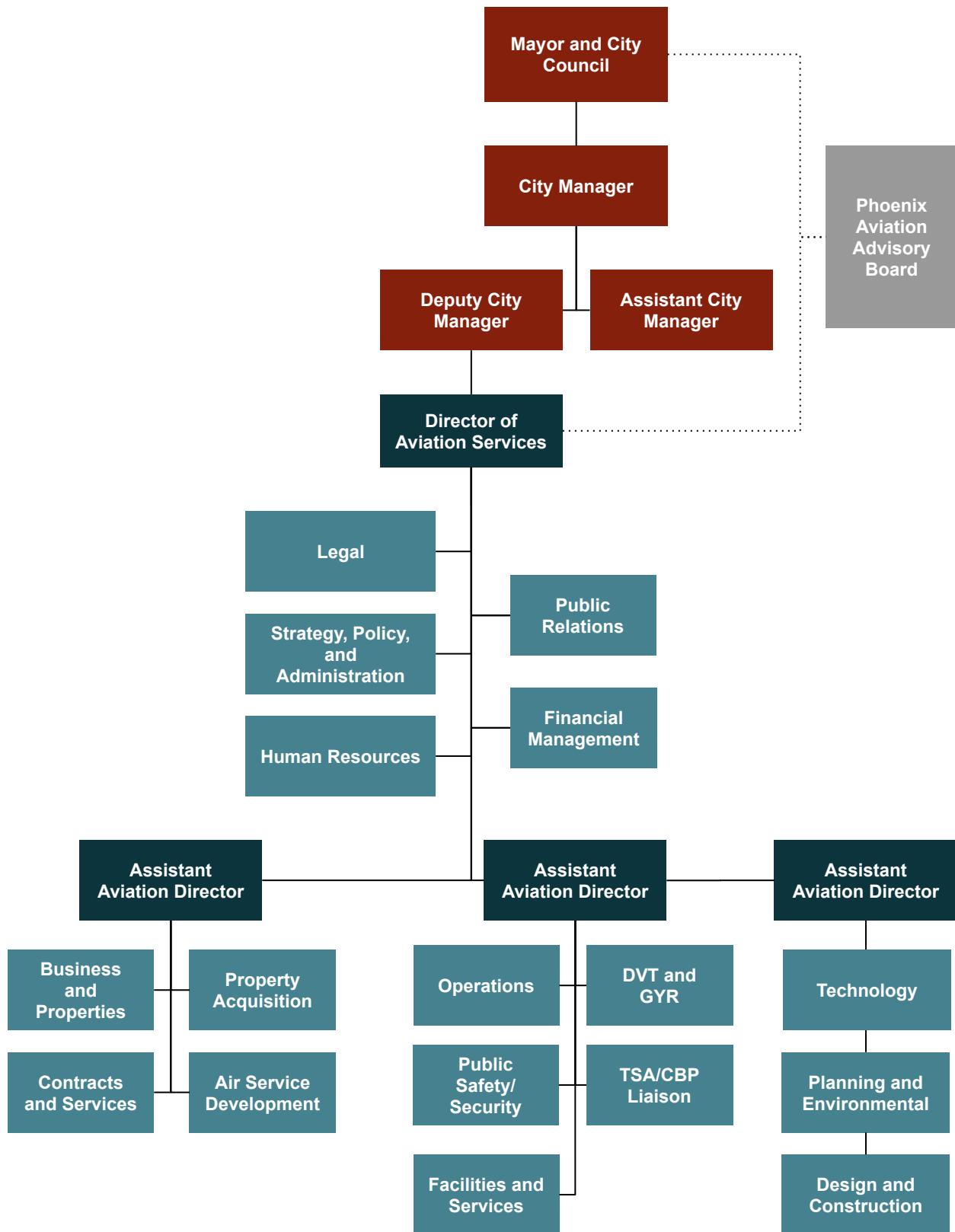
**City of Phoenix Aviation Department  
Arizona**

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

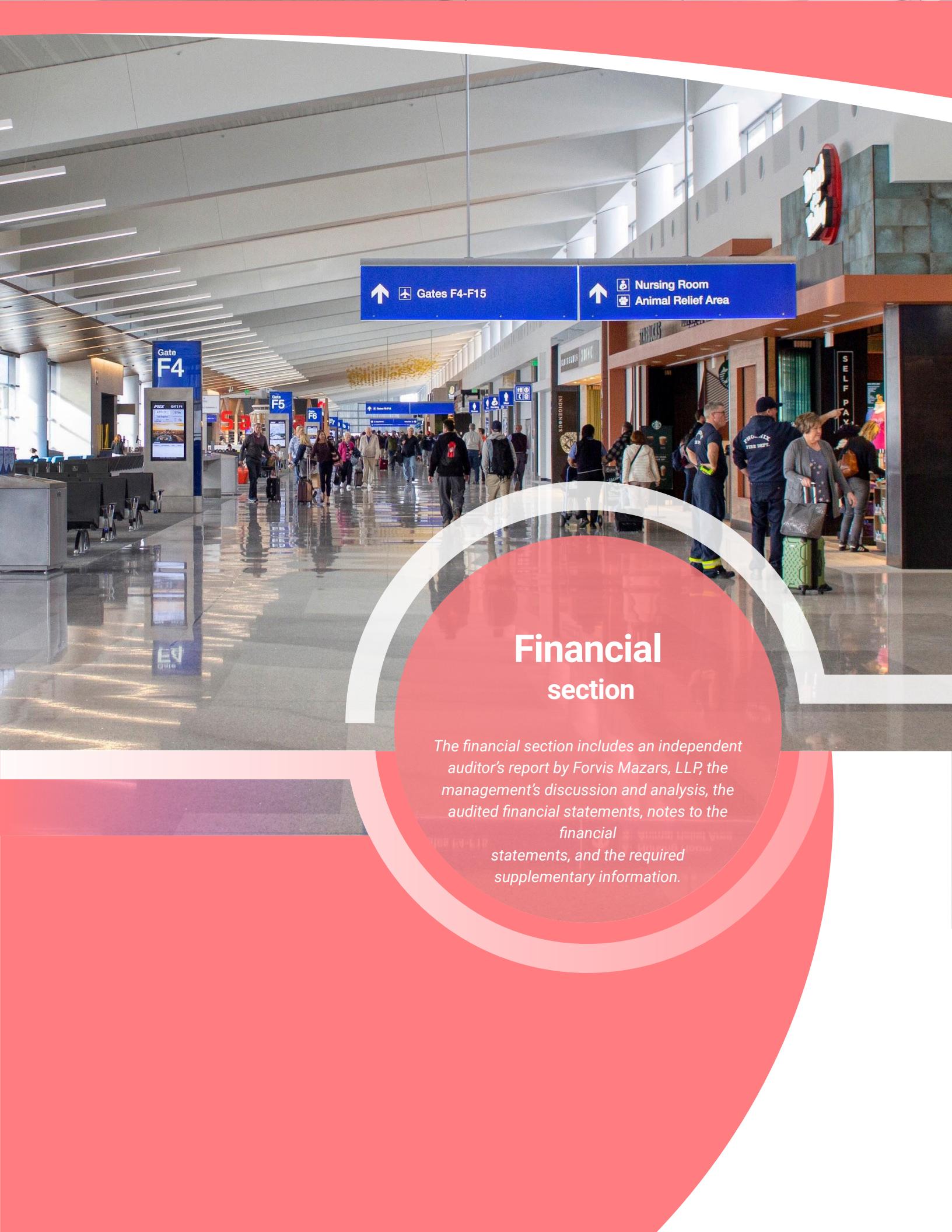
### **AVIATION DEPARTMENT**

Chad Makovsky, Aviation Director

### **FINANCE DEPARTMENT**

Kathleen Gitkin, Chief Financial Officer





## 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  
 14221 Dallas Parkway, Suite 400  
 Dallas, TX 75254  
 P 972.702.8262 | F 972.702.0673  
[forvismazars.us](http://forvismazars.us)



### 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**

**PHX DVI EYR**  
© CITY OF PHOENIX AVIATION DEPARTMENT



A Southwest Airlines airplane is shown in flight against a clear blue sky. The aircraft is angled upwards, with its landing gear down. The word "SOUTHWEST" is printed in white on the tail fin. The background features a range of mountains and a cityscape with buildings and roads. The overall composition is a collage of various images.

## 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):

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

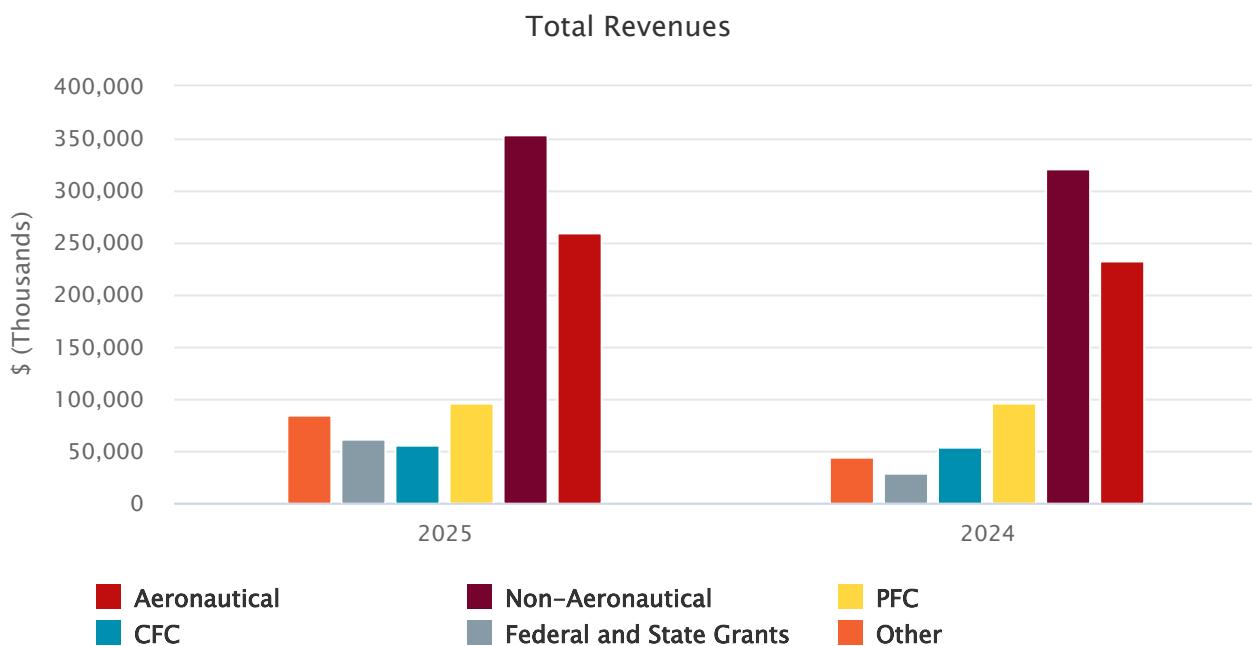
The following is a summary of changes in net position for the fiscal years ended June 30 (in thousands):

|                        | <b>2025</b>  | <b>2024</b>  |
|------------------------|--------------|--------------|
| 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  | \$ 2,357,194 | \$ 2,110,984 |

## REVENUES

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

|                            | <b>2025</b>    | <b>2024</b>    |
|----------------------------|----------------|----------------|
| 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         | 28,355         |
| Other                      | 85,032         | 44,592         |
| <br>Total Revenues         | <br>\$ 912,866 | <br>\$ 775,396 |



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.

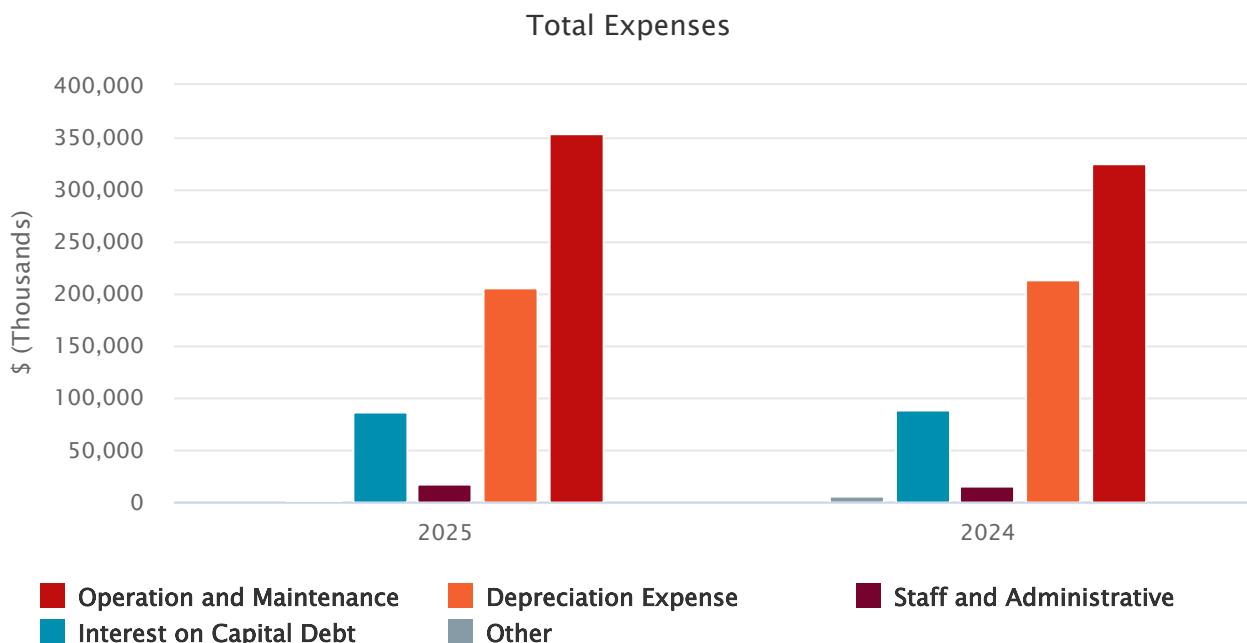
Customer Facility Charges (CFC) totaled \$55.2 million, a 4.2% increase in fiscal year 2025. CFCs are assessed to rental car customers at the rate of \$6 per transaction day. These fees are collected by the rental car companies and then remitted to the Airport. Transaction days increased 5.2% in fiscal 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             |
| <b>Total Expenses</b>         | <b>\$ 666,656</b> | <b>\$ 647,371</b> |



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):

|  | <b>2025</b>      | <b>2024</b>      |
|--|------------------|------------------|
| 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          |
| <br>Total Revenue Bond Principal Outstanding | <br>\$ 2,049,345 | <br>\$ 2,134,150 |

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

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

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):

|                              | <u>2025</u> | <u>2024</u> |
|------------------------------|-------------|-------------|
| 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       |
|   | <hr/>       |
| Total Unrestricted Current Assets                                     | 1,096,065   |
| 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      |
|   | <hr/>       |
| Total Restricted Current Assets                                       | 473,391     |
|   | <hr/>       |
| Total Current Assets  | 1,569,456   |
| 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  | (3,390,852) |
|   | <hr/>       |
| Total Capital Assets, Net of Accumulated Depreciation                 | 3,138,105   |
| Other Noncurrent Assets   |             |
| Restricted Cash with Fiscal Agent                                     | 165,104     |
| Leases Receivable   | 196,659     |
| Net OPEB Asset  | 2,603       |
|   | <hr/>       |
| Total Noncurrent Assets   | 3,502,471   |
|   | <hr/>       |
| Total Assets  | 5,071,927   |
| DEFERRED OUTFLOWS OF RESOURCES  |             |
| Deferred Loss on Refunding Bonds                                      | 29,548      |
| OPEB Related  | 105         |
|   | <hr/>       |
| Total Deferred Outflows of Resources                                  | 29,653      |

The accompanying notes are an integral part of this financial statement

**STATEMENT OF NET POSITION (CONTINUED)**

June 30, 2025

(in thousands)

|  | <b>2025</b>      |
|--|------------------|
| <b>LIABILITIES</b>                                       |                  |
| 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          | <u>1,407</u>     |
|  | <u>66,397</u>    |
| Total Current Liabilities Payable from Current Assets    | <u>66,397</u>    |
| 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   | <u>38,852</u>    |
|  | <u>229,020</u>   |
| Total Current Liabilities Payable from Restricted Assets | <u>229,020</u>   |
| Total Current Liabilities                                | <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                                       | <u>5,140</u>     |
|  | <u>2,211,728</u> |
| Total Noncurrent Liabilities                             | <u>2,211,728</u> |
| Total Liabilities  | <u>2,507,145</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                  |
| Deferred Gain on Refunding Bonds                         | 14,772           |
| OPEB Related   | 1,754            |
| Leases Related   | <u>220,715</u>   |
|  | <u>237,241</u>   |
| Total Deferred Inflows of Resources                      | <u>237,241</u>   |
| <b>NET POSITION</b>                                      |                  |
| 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   | <u>930,646</u>   |
|  | <u>2,357,194</u> |
| Total Net Position                                       | <u>2,357,194</u> |

The accompanying notes are an integral part of this financial statement

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© CITY OF PHOENIX AVIATION DEPARTMENT

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2025  
(in thousands)

|   | <b>2025</b>  |
|---|--------------|
| 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       |
|   | <hr/>        |
| Total Operating Revenues                            | 614,637      |
| 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       |
|   | <hr/>        |
| Total Operating Expenses                            | 577,949      |
| Operating Income                                    | <hr/>        |
|   | 36,688       |
| 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)          |
|   | <hr/>        |
| Total Nonoperating Revenues (Expenses)              | 146,768      |
| Income Before Contributions and Transfers           | <hr/>        |
|   | 183,456      |
| Capital Contributions                               |              |
| Transfer from City of Phoenix                       | 62,396       |
| Transfer to City of Phoenix - Capital Projects Fund | 816          |
|   | <hr/>        |
| Change in Net Position                              | (458)        |
|   | <hr/>        |
| Net Position, July 1                                | 246,210      |
|   | <hr/>        |
| Net Position, June 30                               | 2,110,984    |
|   | <hr/>        |
|   | \$ 2,357,194 |

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)

|   | <b>2025</b>           |
|---|-----------------------|
| <b>Cash Flows from Operating Activities</b>                     |                       |
| Receipts from Customers   | \$ 610,554            |
| Payments to Suppliers   | (256,109)             |
| Payments to Employees   | (100,492)             |
| Payment of Staff and Administrative Expenses                    | <u>(16,637)</u>       |
| <br>Net Cash Provided by Operating Activities                   | <br><u>237,316</u>    |
| <b>Cash Flows from Noncapital Financing Activities</b>          |                       |
| Non-Capital Grants  | -                     |
| Transfers from Other Funds                                      | 816                   |
| Transfers to Other Funds  | <u>(458)</u>          |
| <br>Net Cash Provided by Noncapital Financing Activities        | <br><u>358</u>        |
| <b>Cash Flows from Capital and Related Financing Activities</b> |                       |
| 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   | <u>39,140</u>         |
| <br>Net Cash Used by Capital and Related Financing Activities   | <br><u>(187,331)</u>  |
| <b>Cash Flows from Investing Activities</b>                     |                       |
| Purchases of Investment Securities                              | (319,601)             |
| Proceeds from Sale and Maturity of Investment Securities        | 321,720               |
| Net Activity for Short-Term Investments                         | (76,971)              |
| Interest on Investments   | <u>75,498</u>         |
| <br>Net Cash Provided by Investing Activities                   | <br><u>646</u>        |
| <br>Net Increase in Cash and Cash Equivalents                   | <br><u>50,989</u>     |
| <br>Cash and Cash Equivalents, July 1                           | <br><u>445,966</u>    |
| <br>Cash and Cash Equivalents, June 30                          | <br><u>\$ 496,955</u> |

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)

|  | <b>2025</b>       |
|--|-------------------|
| Reconciliation of Operating Income to<br>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   | <u>(2,569)</u>    |
| 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   | <u>10</u>         |
| Total Unrestricted   | <u>106,852</u>    |
| Restricted   |                   |
| Cash and Cash Equivalents  | 11,524            |
| Capital Projects   | <u>123,108</u>    |
| Cash and Securities with Fiscal Agents/Trustees:                                   |                   |
| Debt Service   | 90,367            |
| Customer Facility Charge   | <u>224,999</u>    |
| Total Restricted   | <u>165,104</u>    |
| Noncurrent   |                   |
| Cash and Securities with Fiscal Agents/Trustees                                    | <u>496,955</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**

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- 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.

| <b>GASB Statement No.</b> | <b>GASB Accounting Standard</b>               | <b>Effective Fiscal Year</b> |
|---------------------------|---|------------------------------|
| 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>        |
| <br>Total Cash and Cash Equivalents | <br><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>        |
| <br>Total Cash and Cash Equivalents | <br><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    | <u>378,579</u> |

### 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    | Fair Value          | June 30, 2025 | Weighted<br>Average<br>Maturity<br>(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                              | <u>110,847</u>      | 2.435         |  |
| Total U.S. Government Agency Securities | <u>236,396</u>      | 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                             | <u>15,074</u>       | 1.713         |  |
| Total Mortgage Backed Securities        | <u>17,419</u>       | 1.740         |  |
| Total Pooled Investments                | 1,147,246           | 1.54          |  |
| Less: Short-Term Pooled Investments     | <u>(126,022)</u>    |               |  |
| Net Pooled Investments                  | <u>1,021,224</u>    |               |  |
| Non-Pooled Investments                  |                     |               |  |
| U.S. Treasury Securities                | 84,880              | 0.152         |  |
| FHLB Notes                              | 5,105               | 0.296         |  |
| FNMA Notes                              | <u>636</u>          | 0.041         |  |
| Total Non-Pooled Investments            | 90,621              | 0.159         |  |
| Less: Short-Term Non-Pooled Investments | <u>(636)</u>        |               |  |
| Net Non-Pooled Investments              | <u>89,985</u>       |               |  |
| Total Investments                       | <u>\$ 1,111,209</u> |               |  |

### 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           | -        |
| <br>Total Investments, including those classified as<br>cash equivalents, by fair value level | <br>\$ 1,212,340              | <br>\$ 2,668 | <br>\$ 1,209,672 | <br>\$ - |

### 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<br>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 AAA 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:

| <u>Issuer</u>          | <u>2025</u> |
|------------------------|-------------|
| 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):

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

<sup>(1)</sup> 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):

|                                    | <u>Balances</u>     | <u>July 1, 2024</u> | <u>Additions</u>   | <u>Deletions</u>    | <u>Balances</u> | <u>June 30, 2025</u> |
|------------------------------------|---------------------|---------------------|--------------------|---------------------|-----------------|----------------------|
| Non-depreciable assets:            |                     |                     |                    |                     |                 |                      |
| Land                               | \$ 577,413          | \$ -                | \$ (2,118)         | \$ 575,295          |                 |                      |
| Artwork                            | 9,804               | -                   | -                  | 9,804               |                 |                      |
| Construction-in-Progress           | <u>105,734</u>      | <u>194,359</u>      | <u>(24,799)</u>    | <u>275,294</u>      |                 |                      |
| 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                  | <u>37,916</u>       | <u>23</u>           | <u>-</u>           | <u>37,939</u>       |                 |                      |
| 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                  | <u>(32,932)</u>     | <u>(2,506)</u>      | <u>-</u>           | <u>(35,438)</u>     |                 |                      |
| 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<br>July 1, 2024   | Additions                | Reductions                 | Balances<br>June 30, 2025  | Amounts<br>Due Within<br>One Year |
|------------------------------------|----------------------------|--------------------------|----------------------------|----------------------------|-----------------------------------|
| <b>Bonds and Notes Payable:</b>    |                            |                          |                            |                            |                                   |
| Municipal Corporation Obligations  | \$ 271,345                 | \$ -                     | \$ (8,185)                 | \$ 263,160                 | \$ 8,385                          |
| Rental Car Facility Revenue Bonds  | 1,862,805                  | 84,635                   | (161,255)                  | 1,786,185                  | 56,675                            |
| Aviation Revenue Bonds             |                            |                          |                            |                            |                                   |
| 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      | <u>2,366,426</u>           | <u>91,668</u>            | <u>(195,458)</u>           | <u>2,262,636</u>           | <u>65,060</u>                     |
| <b>Other Liabilities:</b>          |                            |                          |                            |                            |                                   |
| 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            | <u>17,563</u>              | <u>9,444</u>             | <u>(11,373)</u>            | <u>15,634</u>              | <u>1,482</u>                      |
| <b>Total Long-Term Obligations</b> | <b><u>\$ 2,383,989</u></b> | <b><u>\$ 101,112</u></b> | <b><u>\$ (206,831)</u></b> | <b><u>\$ 2,278,270</u></b> | <b><u>\$ 66,542</u></b>           |

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) |
| <b>Municipal Corporation Obligations <sup>(1)</sup></b> |   |                |                         |                      |                     |                       |                      |                                |
| 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) <sup>(3)(4)</sup>        | 7/1/40         | 3.67                    | 29.8                 | 21,345              | 21,345                | 21,132               | -                              |
| 12/21/17  | Airport Revenue Refunding (Non-AMT) (2b) <sup>(3)</sup> | 7/1/21-40      | 3.36                    | 14.2                 | 474,725             | 388,110               | 151,561              | 34,475                         |
| 12/11/19  | Airport Revenue (Non-AMT) (2b) <sup>(3)</sup>           | 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                         |
| 6/11/25   | Airport Refunding (Taxable) (2b)                        | 7/1/23-25      | 2.38                    | 4.6                  | 29,435              | -                     | 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) <sup>(5)</sup>            | 7/1/28-45      | 3.33                    | 18.4                 | 244,245             | 244,245               | 146,840              | 32,818                         |
| 12/05/19  | Rental Car Facility Refunding (Taxable) <sup>(5)</sup>  | 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                    |                |                         |                      | <u>\$ 2,335,060</u> | <u>\$ 2,049,345</u>   | <u>\$ 1,250,872</u>  | <u>\$ 213,291</u>              |

Notes:

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

<sup>(2)</sup> 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):

| <b>Junior Lien Airport<br/>Bonds</b> |           |               |
|--------------------------------------|-----------|---------------|
| 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)         |
| <br>Net Proceeds                     | <u>\$</u> | <u>90,660</u> |
| <br>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            |
| <b>Total</b>                 | <b>\$ 268,778</b> | <b>\$ 13,496</b> | <b>\$ 43,293</b> | <b>\$ 238,981</b> | <b>\$ 42,322</b> | <b>\$ 196,659</b> |

#### **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    | 15,989           | 793             | 16,782           |
| <b>Total</b> | <b>\$ 65,127</b> | <b>\$ 6,058</b> | <b>\$ 71,185</b> |

#### **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   | 11,672           | 491             | 12,163           |
| 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   | 1,336           | 47            | 1,383           |
| 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        | 2,606           | 39            | 2,645            |
| 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):

| Fiscal Year  | Principal         | Interest         | Total             |
|--------------|-------------------|------------------|-------------------|
| 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             |
| <b>Total</b> | <b>\$ 104,580</b> | <b>\$ 79,079</b> | <b>\$ 183,659</b> |

#### 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):

| Fiscal Year | Principal        |
|-------------|------------------|
| 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   | <u>1,271</u>     |
| 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):

| Fiscal Year | Principal        |
|-------------|------------------|
| 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   | <u>173</u>       |
| 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:

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

## 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)<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability (NPL)<br>(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                           | \$ 527,427                           | \$ 527,427                         | \$ -                                   |

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](http://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>      |
| <br>Total Plan Members                    | <br><u>706</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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability (NPL)<br>(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)                                  |
| <br>Net Changes                                   | <br>(1,808)                    | <br>761                               | <br>(2,569)                            |
| 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%<br>Decrease<br>(5.50%) | Current Single<br>Discount Rate<br>Assumption<br>(6.50%) | 1%<br>Increase<br>(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%<br>Decrease | Healthcare Cost<br>Trend Rates<br>Assumption | 1%<br>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):

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

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

|       | <u>Year Ending June 30</u> |
|-------|----------------------------|
| 2026  | \$ 222                     |
| 2027  | (371)                      |
| 2028  | (307)                      |
| 2029  | (180)                      |
| Total | <u><u>(636)</u></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   | 14             |
| <br>Total Covered Participants | <br><u>716</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<br>(a) | Plan Fiduciary Net Position<br>(b) | Net OPEB Liability (Asset)<br>(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                          | \$ 2,382                    | \$ 4,985                           | \$ (2,603)                            |

### 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%<br>Decrease<br>(5.50%) | Current Single<br>Discount Rate<br>Assumption<br>(6.50%) | 1%<br>Increase<br>(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):

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

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

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

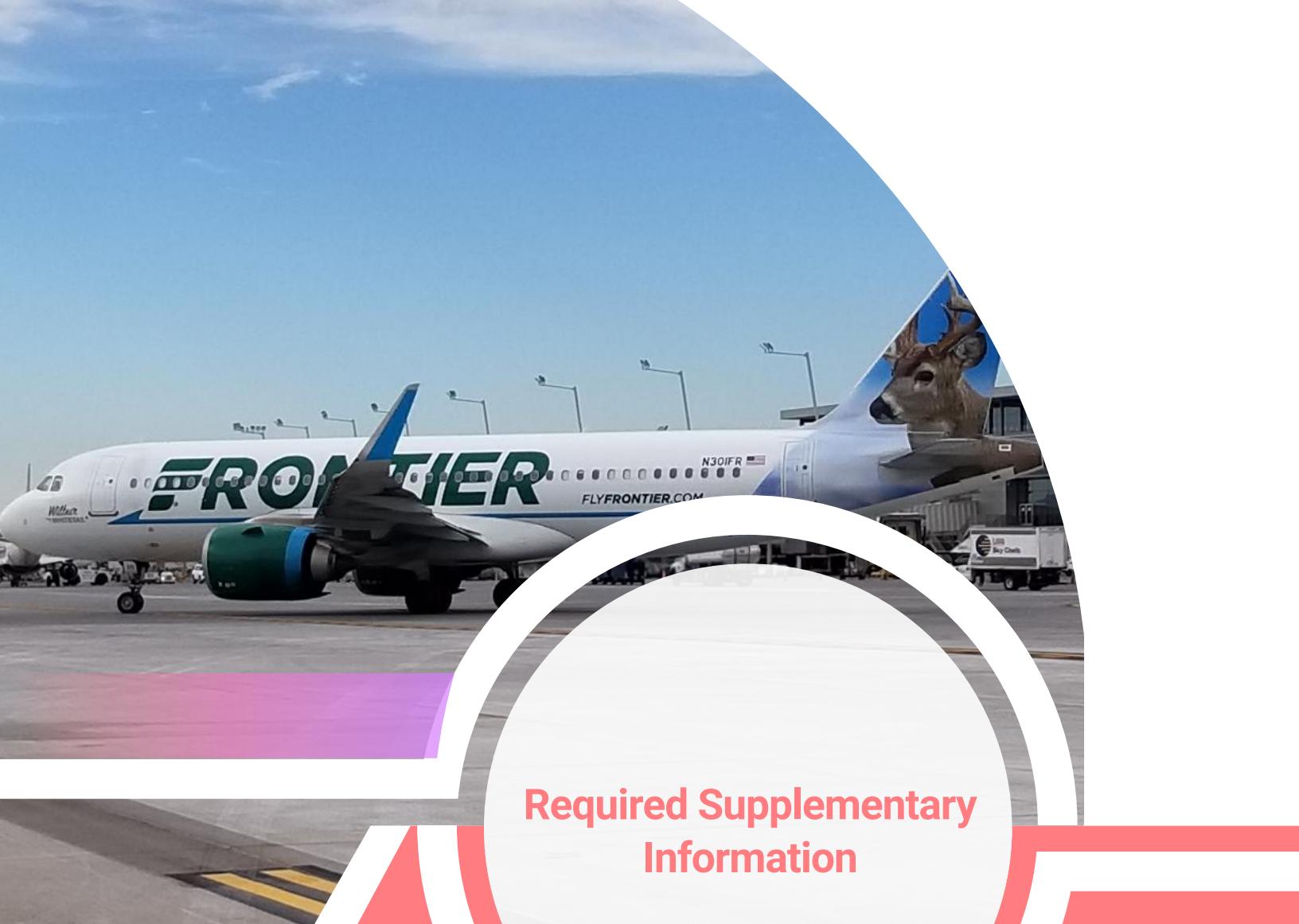
**14. SUBSEQUENT EVENTS**

**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.



A white Frontier Airlines airplane with a green and blue tail featuring a deer logo is parked on a tarmac. The text "Frontier" is written in large green letters on the side of the fuselage, and "FLYFRONTIER.COM" is on the rear. The tail has "N301FR" and a small American flag. The word "Willow" is written in cursive on the front of the plane. The background shows airport infrastructure like a fuel truck and streetlights under a clear blue sky.

## Required Supplementary Information

**City of Phoenix Employees' Retirement System (COPERS)**

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

|   | <b>2025</b>       | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       | <b>2021</b>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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  | <b>\$ 527,427</b> | <b>\$ 520,841</b> | <b>\$ 492,948</b> | <b>\$ 475,895</b> | <b>\$ 456,657</b> |
| 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  | <b>\$ 527,427</b> | <b>\$ 520,841</b> | <b>\$ 492,948</b> | <b>\$ 475,895</b> | <b>\$ 443,874</b> |
| Net pension liability - ending  | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ 12,783</b>  |
| 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)

|  | 2020              | 2019              | 2018              | 2017              | 2016              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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<br>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<br>employee contributions                 | (25,667)          | (25,163)          | (25,667)          | (22,367)          | (21,619)          |
| Net change in total pension liability  | 1,303             | 18,633            | 1,303             | 14,532            | 824               |
| Total pension liability - beginning  | 441,820           | 423,187           | 441,820           | 398,415           | 397,591           |
| 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<br>employee contributions                 | (25,667)          | (25,163)          | (25,667)          | (22,367)          | (23,216)          |
| Pension plan administrative expense  | (266)             | (84)              | (266)             | (38)              | (23)              |
| Net change in plan fiduciary net position  | \$ 2,230          | \$ 11,196         | \$ 2,230          | \$ 23,081         | \$ (7,386)        |
| Plan fiduciary net position - beginning  | 257,201           | 246,005           | 257,201           | 217,628           | 225,014           |
| 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<br>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<br>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  | <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>           | <u>23,354</u>           |
|   |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Total OPEB liability - ending   | <u><u>\$ 19,506</u></u> | <u><u>\$ 21,314</u></u> | <u><u>\$ 21,463</u></u> | <u><u>\$ 24,079</u></u> | <u><u>\$ 23,638</u></u> | <u><u>\$ 25,191</u></u> | <u><u>\$ 24,358</u></u> | <u><u>\$ 24,036</u></u> | <u><u>\$ 23,684</u></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                                 | <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>           | <u>8,984</u>            |
|   |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Plan fiduciary net position - ending                                    | <u><u>\$ 14,366</u></u> | <u><u>\$ 13,605</u></u> | <u><u>\$ 12,907</u></u> | <u><u>\$ 12,712</u></u> | <u><u>\$ 14,907</u></u> | <u><u>\$ 11,722</u></u> | <u><u>\$ 11,466</u></u> | <u><u>\$ 11,119</u></u> | <u><u>\$ 10,921</u></u> |
| Net OPEB liability - ending   | <u><u>\$ 5,140</u></u>  | <u><u>\$ 7,709</u></u>  | <u><u>\$ 7,709</u></u>  | <u><u>\$ 11,367</u></u> | <u><u>\$ 8,731</u></u>  | <u><u>\$ 13,469</u></u> | <u><u>\$ 12,892</u></u> | <u><u>\$ 12,917</u></u> | <u><u>\$ 12,763</u></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)  | <u>\$ 8,963</u>         | <u>\$ 7,748</u>         | <u>10,570</u>           | <u>\$ 14,180</u>        | <u>\$ 13,743</u>        | <u>\$ 18,285</u>        | <u>\$ 17,589</u>        | <u>\$ 21,449</u>        | <u>\$ 20,723</u>        |
| 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)**

|   | <b>2025</b>              | <b>2024</b>              | <b>2023</b>              | <b>2022</b>              | <b>2021</b>              | <b>2020</b>              | <b>2019</b>              | <b>2018</b>              | <b>2017</b>              |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 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  | <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>             | <u>2,372</u>             |
| Total OPEB liability - ending   | <u><u>\$ 2,382</u></u>   | <u><u>\$ 2,777</u></u>   | <u><u>\$ 2,570</u></u>   | <u><u>\$ 2,547</u></u>   | <u><u>\$ 2,481</u></u>   | <u><u>\$ 2,499</u></u>   | <u><u>\$ 2,255</u></u>   | <u><u>\$ 2,644</u></u>   | <u><u>\$ 2,493</u></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                                 | <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>4,018</u>             | <u>3,959</u>             | <u>3,645</u>             |
| Plan fiduciary net position - ending                                    | <u><u>\$ 4,985</u></u>   | <u><u>\$ 4,258</u></u>   | <u><u>\$ 3,933</u></u>   | <u><u>\$ 3,922</u></u>   | <u><u>\$ 4,956</u></u>   | <u><u>\$ 4,075</u></u>   | <u><u>\$ 4,199</u></u>   | <u><u>\$ 4,019</u></u>   | <u><u>\$ 3,959</u></u>   |
| Net OPEB asset - ending   | <u><u>\$ (2,603)</u></u> | <u><u>\$ (1,481)</u></u> | <u><u>\$ (1,363)</u></u> | <u><u>\$ (1,375)</u></u> | <u><u>\$ (2,475)</u></u> | <u><u>\$ (1,576)</u></u> | <u><u>\$ (1,944)</u></u> | <u><u>\$ (1,375)</u></u> | <u><u>\$ (1,466)</u></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<br>Ended<br>June 30, | Actuarially<br>Determined<br>Contribution | Actual Contribution | Contribution<br>Deficiency (excess) | Covered<br>Payroll | Actual<br>Contribution as<br>a percentage of<br>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

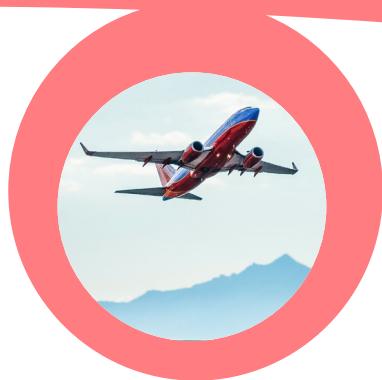




## Financial Trends

*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:**

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- 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)

|   | <b>2025</b> | <b>2024</b> |
|---|-------------|-------------|
| <b>REVENUES</b>   |             |             |
| 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 <sup>(1)</sup>   | 17,584      | 14,631      |
| <br>Total Revenues  | <br>675,954 | <br>622,135 |
| <b>EXPENDITURES AND ENCUMBRANCES</b>  |             |             |
| 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       |
| <br>Total Cost of Operation and Maintenance <sup>(1)</sup>  | <br>367,357 | <br>321,698 |
| Net Airport Revenue Available for Debt Service (Net Airport Revenues)                               | 308,597     | 300,437     |
| Total Senior Lien Airport Revenue Bond Debt Service <sup>(2)</sup>                                  | 55,508      | 55,514      |
| <br>Net Airport Revenue Available After Senior Lien Revenue Bond Debt Service (Designated Revenues) | <br>253,089 | <br>244,923 |
| Total Junior Lien Airport Revenue Bond Debt Service <sup>(3)</sup>                                  | 41,033      | 41,187      |
| <br>Net Airport Revenue Available After Senior and Junior Lien Revenue Bond Debt Service            | <br>212,056 | <br>203,736 |
| Other Expenditures  |             |             |
| Capital Improvements  | 132,119     | 93,327      |
| <br>Total Other Expenditures  | <br>132,119 | <br>93,327  |
| <br>Total Expenditures and Encumbrances   | <br>596,017 | <br>511,726 |
| <br>Excess of Revenues Over Expenditures and Encumbrances   | <br>79,937  | <br>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)

|  | <b>2025</b>  | <b>2024</b> |
|--|--------------|-------------|
| 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  | (5,993)      | (3,532)     |
| Transfers to Other Funds   | 816          | 392         |
|  | <hr/>        | <hr/>       |
| Total Other Financing Sources (Uses)   | (13,591)     | (10,586)    |
| Net Increase in Fund Balance   | 66,346       | 99,823      |
| FUND BALANCE, JULY 1   | <hr/>        | <hr/>       |
| FUND BALANCE, JUNE 30  | 754,129      | 654,306     |
| Non-Cash Budgetary Transactions <sup>(4)</sup>   | 820,475      | 754,129     |
|  | <hr/>        | <hr/>       |
| Total Airport Cash on Hand, June 30  | 205,178      | 133,395     |
|  | <hr/>        | <hr/>       |
| Days Cash Calculation <sup>(5)</sup>   | <hr/>        | <hr/>       |
| 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:   |              |             |
| <sup>(1)</sup> 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. |              |             |
| <sup>(2)</sup> Debt service is net of the CARES grant reimbursement for fiscal year 2023.  |              |             |
| <sup>(3)</sup> 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.  |              |             |
| <sup>(4)</sup> Consists of budgetary encumbrances, revenue recoveries and other timing differences.  |              |             |
| <sup>(5)</sup> 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)

|   | <b>2025</b>              |
|---|--------------------------|
| <b>Statement of Net Position</b>  |                          |
| 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 <sup>(1)</sup>                          | <u>(205,178)</u>         |
| <b>Available Fund Balance per Budgetary Presentation <sup>(2)</sup></b> | <b><u>\$ 820,475</u></b> |

Notes:

<sup>(1)</sup> Consists of budgetary encumbrances, revenue recoveries and other timing differences.

<sup>(2)</sup> 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)

|   | <b>2025</b>    |
|---|----------------|
| 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          |
| Revenues per Budgetary Presentation <sup>(2)</sup>                                  | <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 <sup>(3)</sup>   | (6,358)        |
| Other <sup>(1)</sup>  | 11,791         |
| Operation and Maintenance Expenditures<br>per Budgetary Presentation <sup>(2)</sup> | <u>367,357</u> |
| Senior Lien Coverage Calculation  |                |
| Revenue   | \$ 675,954     |
| Operating Expenditures  | <u>367,357</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 <sup>(4)</sup>                                    | 5.56           |
| Junior Lien Coverage Calculation  |                |
| Designated Revenue for Senior Lien Debt Service                                     | \$ 308,597     |
| Senior Lien Debt Service  | <u>55,507</u>  |
| Designated Revenue for Junior Lien Debt Service                                     | <u>253,090</u> |
| Junior Lien Debt Service  | <u>97,675</u>  |
| Adjusted for :  |                |
| Junior Lien PFC Credit  | (56,043)       |
| 2010 RZEDB Subsidy Payments   | (598)          |
| Net Junior Lien Debt Service  | <u>41,034</u>  |
| Junior Lien Debt Service Coverage <sup>(4)</sup>                                    | 6.17           |
| Aggregate Senior & Junior Liens Coverage Calculation                                |                |
| Designated Revenue for Debt Service   | \$ 308,597     |
| Aggregate Senior & Junior Liens Debt Service  | <u>96,541</u>  |
| Aggregate Senior & Junior Liens Debt Service Coverage                               | 3.20           |

Notes:

<sup>(1)</sup> Includes budgetary encumbrances and revenue recoveries.

<sup>(2)</sup> Budgetary Presentation is shown on the City of Phoenix Aviation Enterprise Fund Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances.

<sup>(3)</sup> Includes repairs and studies that do not result in a major improvement to the Aviation Enterprise Fund.

<sup>(4)</sup> 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)

|   | <b>2025</b>         | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|---------------------|---------------------|
| 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                   | <u>614,637</u>      | <u>553,112</u>      | <u>488,647</u>      | <u>397,492</u>      |
| 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                  | <u>577,949</u>      | <u>553,083</u>      | <u>506,787</u>      | <u>439,708</u>      |
| Net Operating Income (Loss)               | <u>36,688</u>       | <u>29</u>           | <u>(18,140)</u>     | <u>(42,216)</u>     |
| 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)   | <u>146,768</u>      | <u>100,359</u>      | <u>150,786</u>      | <u>197,070</u>      |
| Capital Contributions                     |                     |                     |                     |                     |
| Transfer from Other Funds                 | 62,396              | 28,359              | 10,439              | 33,557              |
| Transfer to Other Funds                   | 816                 | 372                 | 209                 | 189                 |
|   | <u>(458)</u>        | <u>(1,094)</u>      | <u>(963)</u>        | <u>(173)</u>        |
| Change in Net Position                    | <u>246,210</u>      | <u>128,025</u>      | <u>142,331</u>      | <u>188,427</u>      |
| 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                    | <u>\$ 2,357,194</u> | <u>\$ 2,110,984</u> | <u>\$ 1,982,959</u> | <u>\$ 1,840,628</u> |
| 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                        | <u>\$ 2,357,194</u> | <u>\$ 2,110,984</u> | <u>\$ 1,982,959</u> | <u>\$ 1,840,628</u> |

**SCHEDULE 4**

**City of Phoenix, Aviation Enterprise Fund**

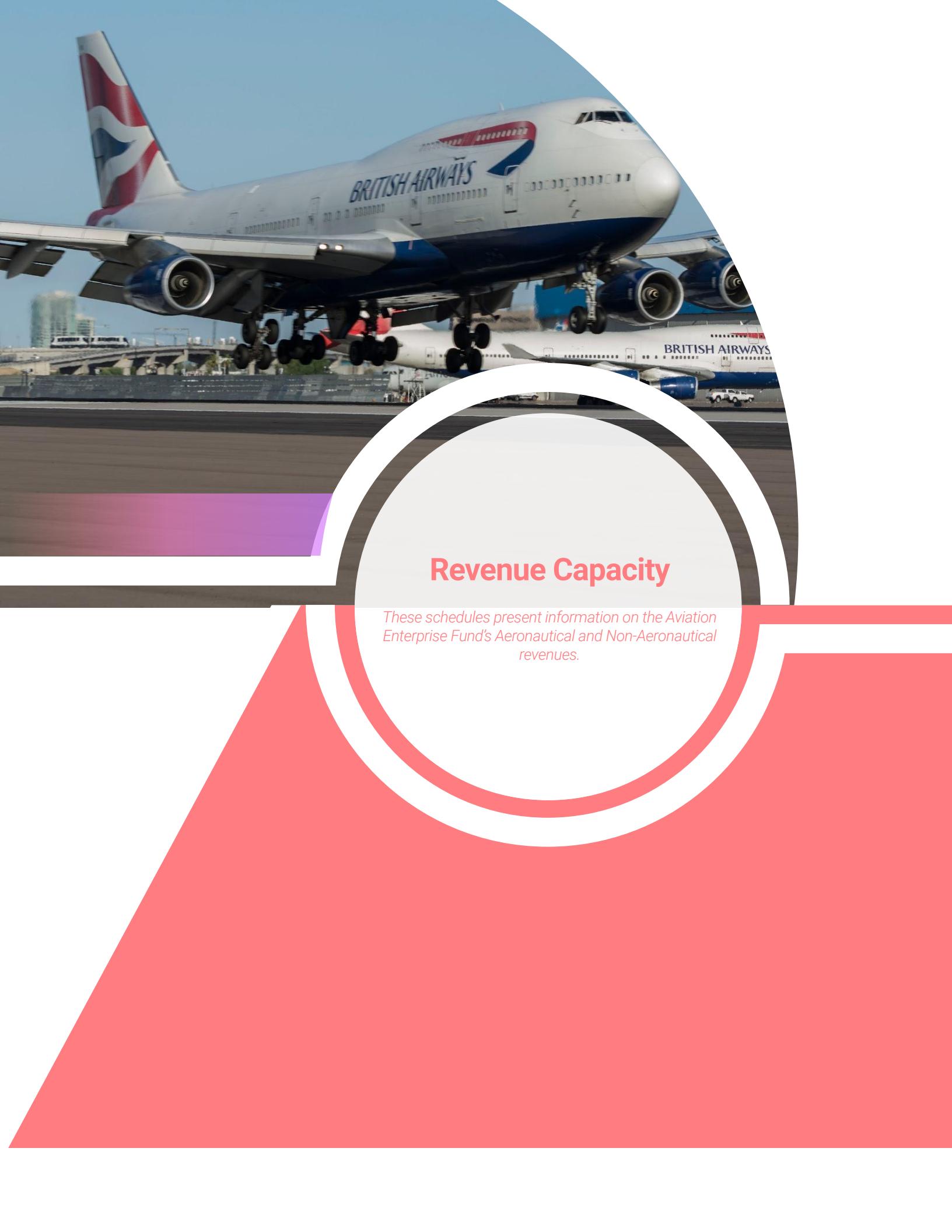
**CHANGES IN NET POSITION (CONTINUED)**

Last Ten Fiscal Years

(in thousands)

| <b>2021</b>             | <b>2020</b>             | <b>2019</b>             | <b>2018</b>             | <b>2017</b>             | <b>2016</b>             |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 143,266              | \$ 170,109              | \$ 169,017              | \$ 160,900              | \$ 154,209              | \$ 144,093              |
| 148,802                 | 176,743                 | 215,383                 | 212,993                 | 202,209                 | 189,322                 |
| <u>292,068</u>          | <u>346,852</u>          | <u>384,400</u>          | <u>373,893</u>          | <u>356,418</u>          | <u>333,415</u>          |
| <br>148,966             | <br>127,199             | <br>130,174             | <br>134,785             | <br>127,792             | <br>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                 |
| <u>466,193</u>          | <u>459,557</u>          | <u>441,306</u>          | <u>445,339</u>          | <u>426,553</u>          | <u>436,404</u>          |
| <u>(174,125)</u>        | <u>(112,705)</u>        | <u>(56,906)</u>         | <u>(71,446)</u>         | <u>(70,135)</u>         | <u>(102,989)</u>        |
| <br>55,037              | <br>65,717              | <br>86,091              | <br>83,885              | <br>83,577              | <br>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)                   |
| -                       | -                       | -                       | -                       | -                       | -                       |
| <u>84,721</u>           | <u>50,442</u>           | <u>81,702</u>           | <u>68,757</u>           | <u>64,148</u>           | <u>69,258</u>           |
| <br>48,661              | <br>31,231              | <br>28,291              | <br>22,569              | <br>26,639              | <br>27,803              |
| -                       | 248                     | 284                     | 168                     | -                       | 2                       |
| (919)                   | (949)                   | (948)                   | (948)                   | (370)                   | (330)                   |
| <u>(41,662)</u>         | <u>(31,733)</u>         | <u>52,423</u>           | <u>19,100</u>           | <u>20,282</u>           | <u>(6,256)</u>          |
| <br>1,693,863           | <br>1,725,596           | <br>1,673,173           | <br>1,654,073           | <br>1,645,405           | <br>1,651,661           |
| -                       | -                       | -                       | -                       | (11,614)                | -                       |
| <u>1,693,863</u>        | <u>1,725,596</u>        | <u>1,673,173</u>        | <u>1,654,073</u>        | <u>1,633,791</u>        | <u>1,651,661</u>        |
| <br><u>\$ 1,652,201</u> | <br><u>\$ 1,693,863</u> | <br><u>\$ 1,725,596</u> | <br><u>\$ 1,673,173</u> | <br><u>\$ 1,654,073</u> | <br><u>\$ 1,645,405</u> |
| <br>\$ 1,199,517        | <br>\$ 1,288,177        | <br>\$ 1,296,340        | <br>\$ 1,229,519        | <br>\$ 1,164,073        | <br>\$ 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                 |
| <u>\$ 1,652,201</u>     | <u>\$ 1,693,863</u>     | <u>\$ 1,725,596</u>     | <u>\$ 1,673,173</u>     | <u>\$ 1,654,073</u>     | <u>\$ 1,645,405</u>     |





## 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           | 2023           | 2022           | 2021          | Fiscal Year |
|------------------------------|----------------|----------------|----------------|----------------|---------------|-------------|
| <b>Terminal Fees</b>         |                |                |                |                |               |             |
| 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%        |             |
| <b>Landing Fees</b>          |                |                |                |                |               |             |
| 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%        |             |
| <b>Parking</b>               |                |                |                |                |               |             |
| 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%        |             |
| <b>Rental Cars</b>           |                |                |                |                |               |             |
| 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          | 2018          | 2017          | 2016          | Fiscal Year |
|------------------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| <b>Terminal Fees</b>         |               |               |               |               |               |             |
| 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%        |             |
| <b>Landing Fees</b>          |               |               |               |               |               |             |
| 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%        |             |
| <b>Parking</b>               |               |               |               |               |               |             |
| 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%        |             |
| <b>Rental Cars</b>           |               |               |               |               |               |             |
| 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

|                                | <b>Fiscal Year</b> |             |             |             |             |
|--------------------------------|--------------------|-------------|-------------|-------------|-------------|
|                                | <b>2025</b>        | <b>2024</b> | <b>2023</b> | <b>2022</b> | <b>2021</b> |
| <b>Airline Terminal Fees</b>   |                    |             |             |             |             |
| 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      |
| <b>Landing Fees</b>            |                    |             |             |             |             |
| Fee per 1,000 pounds           | 2.10               | 1.94        | 1.85        | 2.18        | 1.82        |
| <b>Parking Rates</b>           |                    |             |             |             |             |
| 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       |
| <b>Rental Car Center Rates</b> |                    |             |             |             |             |
| Percent of Gross Rent          | 10%                | 10%         | 10%         | 10%         | 10%         |

|                                | <b>Fiscal Year</b> |             |             |             |             |
|--------------------------------|--------------------|-------------|-------------|-------------|-------------|
|                                | <b>2020</b>        | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
| <b>Airline Terminal Fees</b>   |                    |             |             |             |             |
| Fee per square foot            |                    |             |             |             |             |
| Terminal 2                     | \$ -               | \$ -        | \$ -        | \$ -        | \$ -        |
| Terminal 3                     | 135.72             | 128.28      | 120.00      | 109.80      | 106.68      |
| Terminal 4                     | 135.72             | 128.28      | 120.00      | 109.80      | 106.68      |
| <b>Landing Fees</b>            |                    |             |             |             |             |
| Fee per 1,000 pounds           | 1.99               | 1.97        | 1.99        | 1.98        | 1.98        |
| <b>Parking Rates</b>           |                    |             |             |             |             |
| 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        |
| <b>Rental Car Center Rates</b> |                    |             |             |             |             |
| 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:**

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- 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                       |
| <b>Outstanding Debt (in thousands)</b>                                    |                            |                            |                            |                            |                            |
| 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)  | <u>213,291</u>             | <u>232,276</u>             | <u>251,686</u>             | <u>272,700</u>             | <u>293,293</u>             |
| <b>Total Outstanding Debt</b>   | <b><u>\$ 2,262,636</u></b> | <b><u>\$ 2,366,426</u></b> | <b><u>\$ 2,455,286</u></b> | <b><u>\$ 2,563,740</u></b> | <b><u>\$ 2,636,523</u></b> |
| Enplaned Passengers   | 26,137,329                 | 25,475,680                 | 23,622,746                 | 22,091,621                 | 13,442,029                 |
| <b>Outstanding Debt per Enplaned Passenger with Discounts/Premiums</b>    | <b>\$ 86.57</b>            | <b>\$ 92.89</b>            | <b>\$ 103.94</b>           | <b>\$ 116.05</b>           | <b>\$ 196.14</b>           |
| <b>Outstanding Debt per Enplaned Passenger without Discounts/Premiums</b> | <b>\$ 78.41</b>            | <b>\$ 83.77</b>            | <b>\$ 93.28</b>            | <b>\$ 103.71</b>           | <b>\$ 174.32</b>           |

|   | Fiscal Year                |                            |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|   | 2020                       | 2019                       | 2018                       | 2017                       | 2016                       |
| <b>Outstanding Debt (in thousands)</b>                                    |                            |                            |                            |                            |                            |
| 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)  | <u>314,306</u>             | <u>169,310</u>             | <u>162,097</u>             | <u>53,947</u>              | <u>59,184</u>              |
| <b>Total Outstanding Debt</b>   | <b><u>\$ 2,707,581</u></b> | <b><u>\$ 1,738,080</u></b> | <b><u>\$ 1,559,787</u></b> | <b><u>\$ 1,410,102</u></b> | <b><u>\$ 1,465,894</u></b> |
| Enplaned Passengers   | 17,337,118                 | 22,831,945                 | 22,218,915                 | 21,820,386                 | 22,055,907                 |
| <b>Outstanding Debt per Enplaned Passenger with Discounts/Premiums</b>    | <b>\$ 156.17</b>           | <b>\$ 76.12</b>            | <b>\$ 70.20</b>            | <b>\$ 64.62</b>            | <b>\$ 66.46</b>            |
| <b>Outstanding Debt per Enplaned Passenger without Discounts/Premiums</b> | <b>\$ 138.04</b>           | <b>\$ 68.71</b>            | <b>\$ 62.91</b>            | <b>\$ 62.15</b>            | <b>\$ 63.78</b>            |

#### 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

|   | <b>Fiscal Year</b> |                   |                   |                   |                   |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|
|   | <b>2025</b>        | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       | <b>2021</b>       |
| <b>Debt Service (in thousands)</b>                  |                    |                   |                   |                   |                   |
| 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  | -                  | -                 | -                 | -                 | -                 |
| <b>Total Debt Service</b>                           | <b>\$ 146,334</b>  | <b>\$ 153,456</b> | <b>\$ 155,643</b> | <b>\$ 142,153</b> | <b>\$ 142,156</b> |
| Enplaned Passengers                                 | 26,137,329         | 25,475,680        | 23,622,746        | 22,091,621        | 13,442,029        |
| <b>Debt Service per<br/>     Enplaned Passenger</b> | <b>\$ 5.60</b>     | <b>\$ 6.02</b>    | <b>\$ 6.59</b>    | <b>\$ 6.43</b>    | <b>\$ 10.58</b>   |

|   | <b>Fiscal Year</b> |                   |                   |                   |                  |
|---|--------------------|-------------------|-------------------|-------------------|------------------|
|   | <b>2020</b>        | <b>2019</b>       | <b>2018</b>       | <b>2017</b>       | <b>2016</b>      |
| <b>Debt Service (in thousands)</b>                  |                    |                   |                   |                   |                  |
| 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              |
| <b>Total Debt Service</b>                           | <b>\$ 141,234</b>  | <b>\$ 111,424</b> | <b>\$ 107,186</b> | <b>\$ 102,602</b> | <b>\$ 98,899</b> |
| Enplaned Passengers                                 | 17,337,118         | 22,831,945        | 22,218,915        | 21,820,386        | 22,055,907       |
| <b>Debt Service per<br/>     Enplaned Passenger</b> | <b>\$ 8.15</b>     | <b>\$ 4.88</b>    | <b>\$ 4.82</b>    | <b>\$ 4.70</b>    | <b>\$ 4.48</b>   |

**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 <sup>(1)(2)</sup> |       |
|--|--------------------------|-------|
|  | Moody's                  | S & P |
| <b>City of Phoenix Civic Improvement Corporation</b>     |                          |       |
| <b>Senior Lien Revenue Bonds</b>                         |                          |       |
| 2017A      Airport Revenue Bonds (AMT)                   | Aa2                      | AA-   |
| 2017B      Airport Revenue Refunding Bonds (Non-AMT)     |                          |       |
| 2018      Airport Revenue Bonds (AMT)                    |                          |       |
| 2023      Airport Revenue Refunding Bonds (AMT)          |                          |       |
| <b>Junior Lien Revenue Bonds</b>                         |                          |       |
| 2010B      Airport Revenue Bonds (Taxable)               | Aa3                      | A+    |
| 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)      |                          |       |
| <b>Rental Car Facility Charge Revenue Bonds</b>          |                          |       |
| 2019A      Rental Car Facility Bonds (Taxable)           | A3                       | A     |
| 2019B      Rental Car Facility Refunding Bonds (Taxable) |                          |       |

Notes:

<sup>(1)</sup> The ratings are subject to change at any time.

<sup>(2)</sup> 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)

| <b>Delivery Date</b> | <b>Series</b>        | <b>Original Issuance</b> | <b>Maturity Dates</b> | <b>Coupons</b> | <b>Bonds Outstanding <sup>(1)</sup></b> |
|----------------------|----------------------|--------------------------|-----------------------|----------------|---|
| 11/21/17             | 2017A                | 190,930,000              | 7/1/18-47             | 5.00%          | \$ 164,420,000                          |
| 11/21/17             | 2017B <sup>(2)</sup> | 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 <sup>(2)</sup>  | 96,540,000               | 7/1/24-32             | 5.00%          | 78,840,000                              |
| <b>Total</b>         |                      |                          |                       |                | <b>\$ 585,055,000</b>                   |

**Notes:**<sup>(1)</sup> Does not include bonds maturing on July 1, 2025.<sup>(2)</sup> 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**

| <b>Fiscal<br/>Year</b> | <b>Principal</b>      | <b>Interest</b>       | <b>Total</b>          |
|------------------------|-----------------------|-----------------------|-----------------------|
| 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            |
| <b>Total</b>           | <b>\$ 585,055,000</b> | <b>\$ 323,863,750</b> | <b>\$ 908,918,750</b> |

**SCHEDULE 12**

**City of Phoenix, Aviation Enterprise Fund**

**JUNIOR LIEN AIRPORT REVENUE BONDS**

**SCHEDULE OF OUTSTANDING DEBT**

(as of June 30, 2025)

| <b>Delivery Date</b> | <b>Series</b>           | <b>Original Issuance</b> | <b>Maturity Dates</b> | <b>Coupons</b> | <b>Bonds Outstanding <sup>(1)</sup></b> |
|----------------------|-------------------------|--------------------------|-----------------------|----------------|---|
| 09/01/10             | 2010B <sup>(3)(6)</sup> | \$ 21,345,000            | 7/1/40                | 2.00% - 5.25%  | \$ 21,345,000                           |
| 12/21/17             | 2017D <sup>(2)</sup>    | 474,725,000              | 7/1/21-40             | 3.125% - 5.00% | 388,110,000                             |
| 12/11/19             | 2019A <sup>(5)</sup>    | 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%          | <u>84,635,000</u>                       |
| <b>Total</b>         |                         |                          |                       |                | <b><u>\$ 1,201,130,000</u></b>          |

Notes:

<sup>(1)</sup> Does not include bonds maturing on July 1, 2025.

<sup>(2)</sup> Series 2017D were used for refunding purposes.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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**

| <b>Fiscal<br/>Year</b> | <b>Principal</b>        | <b>Interest</b>       | <b>Total</b>            |
|------------------------|-------------------------|-----------------------|-------------------------|
| 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              |
| <b>Total</b>           | <b>\$ 1,201,130,000</b> | <b>\$ 779,320,390</b> | <b>\$ 1,980,450,390</b> |

**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)

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

Note:

<sup>(1)</sup>Does not include bonds maturing on July 1, 2025.<sup>(2)</sup>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**

| <b>Fiscal<br/>Year</b> | <b>Principal</b>      | <b>Interest</b>       | <b>Total</b>          |
|------------------------|-----------------------|-----------------------|-----------------------|
| 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            |
| <b>Total</b>           | <b>\$ 263,160,000</b> | <b>\$ 147,687,185</b> | <b>\$ 410,847,185</b> |





## Demographic and Economic Information

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



**THE DEMOGRAPHIC AND ECONOMIC INFORMATION SCHEDULES INCLUDE:**

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- 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        | -                   | \$ 357,669,100                 | \$ -              | 4.0%              |
| 2024        | 5,210,191           | 336,479,738                    | 68,648            | 3.5%              |
| 2023        | 5,070,110           | 310,170,134                    | 66,365            | 3.9%              |
| 2022        | 5,015,678           | 288,401,314                    | 61,840            | 3.4%              |
| 2021        | 4,946,145           | 262,362,901                    | 58,308            | 6.6%              |
| 2020        | 4,948,203           | 237,836,502                    | 51,851            | 9.8%              |
| 2019        | 4,857,962           | 224,072,100                    | 46,125            | 4.2%              |
| 2018        | 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](http://azeconomy.org)

U.S. Department of Labor, Bureau of Labor Statistics website, [www.bls.gov](http://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

| <b>Employer</b>          | <b>Employees</b> | <b>2025</b> |                   |                  | <b>2016</b> |                   |  |
|--------------------------|------------------|-------------|-------------------|------------------|-------------|-------------------|--|
|                          |                  | <b>Rank</b> | <b>Percentage</b> | <b>Employees</b> | <b>Rank</b> | <b>Percentage</b> |  |
| 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       |
|----------------------------------|------------|------------|------------|------------|------------|
| <b>Division/Group</b>            |            |            |            |            |            |
| 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          |
| <b>Total</b>                     | <b>843</b> | <b>837</b> | <b>793</b> | <b>771</b> | <b>751</b> |

|                                  | 2020       | 2019       | 2018       | 2017       | 2016       |
|----------------------------------|------------|------------|------------|------------|------------|
| <b>Division/Group</b>            |            |            |            |            |            |
| 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          |
| <b>Total</b>                     | <b>777</b> | <b>793</b> | <b>815</b> | <b>784</b> | <b>748</b> |

**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:**

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- 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
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**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<br>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

| <b>Fiscal<br/>Year</b> | <b>By flight destination</b> |                      |              | <b>Percent of Total</b> |                      |
|------------------------|------------------------------|----------------------|--------------|-------------------------|----------------------|
|                        | <b>Domestic</b>              | <b>International</b> | <b>Total</b> | <b>Domestic</b>         | <b>International</b> |
| 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

|                            | <b>Fiscal Year</b> |                   |                   |                   |                   |
|----------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|                            | <b>2025</b>        | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       | <b>2021</b>       |
| <b>Enplaned Passengers</b> |                    |                   |                   |                   |                   |
| 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            |
| <b>Total</b>               | <b>26,137,329</b>  | <b>25,475,680</b> | <b>23,622,746</b> | <b>22,091,621</b> | <b>13,442,029</b> |
| <b>Enplaned Passengers</b> |                    |                   |                   |                   |                   |
| 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               |
| <b>Total</b>               | <b>100.0%</b>      | <b>100.0%</b>     | <b>100.0%</b>     | <b>100.0%</b>     | <b>100.0%</b>     |

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              |
| <b>Enplaned Passengers</b> |                   |                   |                   |                   |                   |
| 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            |
| <b>Total</b>               | <b>17,337,118</b> | <b>22,831,945</b> | <b>22,218,915</b> | <b>21,820,386</b> | <b>22,055,907</b> |
| <b>Enplaned Passengers</b> |                   |                   |                   |                   |                   |
| 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               |
| <b>Total</b>               | <b>100.0%</b>     | <b>100.0%</b>     | <b>100.0%</b>     | <b>100.0%</b>     | <b>100.0%</b>     |

**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 <sup>(1)</sup> | Enplaned Passengers | Cost Per Enplanement |
|-------------|----|---------------------------------------|---------------------|----------------------|
|             |    | (in thousands)                        |                     |                      |
| 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                 |

<sup>(1)</sup>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)

|                      | <b>Approval<br/>Amount</b>     | <b>Revenues<sup>(1)</sup></b>  | <b>Remaining<br/>Authority</b> |
|----------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>PFC Approvals</b> |                                |                                |                                |
| 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><u>\$ 2,968,867,848</u></u> | <u><u>\$ 2,204,584,623</u></u> | <u><u>\$ 764,283,225</u></u>   |

Note:

<sup>(1)</sup> 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  |                  | PFC Eligible <sup>(1)</sup> | Total PFC Collections (in thousands) <sup>(2)</sup> |
|-------------|----------|-------------------|--------------|----------------------|------------------|-----------------------------|---|
|             |          |                   |              | Total (in thousands) | PFC Eligible (%) |                             |   |
| 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:

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 <sup>(1)</sup><br>(in thousands) | Pledged CFC Rate <sup>(2)</sup> | Annual Receipts <sup>(3)</sup><br>(in thousands) |                     |                               |           | Annual Receipts <sup>(4)</sup> | Administrative Costs |
|-------------|---|---------------------------------|--|---------------------|-------------------------------|-----------|--------------------------------|----------------------|
|             |   |                                 | Pledged CFCs                                     | Additional Deposits | Grant Receipts <sup>(5)</sup> |           |                                |                      |
| 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:

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

<sup>(2)</sup> 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.

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

<sup>(4)</sup> 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.

<sup>(5)</sup> 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 | Net Annual CFC Receipts | Amount Available In Debt Service Coverage Fund | Net Annual CFC Receipts Available for Debt Service | CFC Bonds <sup>(1)</sup> Debt Service | Debt Service Coverage      |   |  |
|-------------|-------------------------|--|--|---------------------------------------|----------------------------|---|--|
|             |                         |  |  |                                       | By Net Annual CFC Receipts | By Net Annual CFC Receipts and Debt Service Coverage Fund |  |
| 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:

<sup>(1)</sup> 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

City of Phoenix Aviation Department  
2485 East Buckeye Road • Phoenix, Arizona 85034

Phone: 602-273-3300 • TTY: use 7-1-1

[skyharbor.com](http://skyharbor.com)

