



City of Peoria, Arizona
**FY17 Comprehensive
Annual Financial Report (CAFR)**

Fiscal Year Ended June 30, 2017



Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2017

City of Peoria, Arizona



City Council:

Cathy Carlat, Mayor
Jon Edwards, Vice Mayor
Bridget Binsbacher
Michael Finn
Vicki Hunt
Carlo Leone
Bill Patena

Administrative Staff:

Jeff Tyne, City Manager
Julie Arendall, Deputy City Manager
Andrew Granger, Deputy City Manager

Prepared By: Finance Department
Sonia Andrews, Acting Finance Director
Yiannis Kalaitzidis, Accounting Supervisor

Dedicated to:

Brent Mattingly, Past Chief Financial Officer, Finance Director



City of Peoria Core Values

“The City of Peoria team members share a commitment to provide quality service for our community.”

P Professional

Demonstrates professional skills and knowledge needed to perform the job; keeps informed of developments in the professional field and applies this knowledge to the job; encourages and supports the development of subordinate personnel.

E Ethical

Maintains the highest standards of personal integrity, truthfulness, honesty, and fairness in carrying out public duties; avoids any improprieties; trustworthy, maintains confidentiality; never uses City position or power for personal gain.

O Open

Communicates effectively orally and in writing; involves appropriate individuals and keeps others informed; acts as a team member; participates and supports committees/boards/commissions/task forces; approachable; receptive to new ideas; supports diversity and treats others with respect; actively listens.

R Responsive

Consistently emphasizes and supports customer service; takes responsibility to respond to all customers in a prompt, efficient, friendly, and patient manner; represents the City in an exemplary manner with civic groups/organizations and the public.

I Innovative

Demonstrates original thinking, ingenuity, and creativity by introducing new ideas or courses of action; supports innovative problem-solving by identifying and implementing better methods and procedures; takes responsible risks; demonstrates initiative and “follows through” on development and completion of assignments.

A Accountable

Accepts responsibility; committed to providing quality service to our community; plans, organizes, controls and delegates appropriately; work produced is consistent and completed within required timeframes; implements or recommends appropriate solutions to problems; acknowledges mistakes; manages human and financial resources appropriately.



Introductory Section

CITY OF PEORIA, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

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City of Peoria

FINANCE DEPARTMENT Financial Services

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November 8, 2017

Honorable Mayor, City Council, City Manager and Citizens of Peoria, Arizona:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Peoria, Arizona, (the City) for the fiscal year ended June 30, 2017. This report was prepared by the Financial Services Division of the Finance Department.

The CAFR represents management's report of the City's complete financial results to its governing body, constituents, legislative and oversight bodies, investors, and creditors. Copies of this report will be sent to elected officials, management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies which have expressed interest in the City's financial matters. Copies of this financial report will also be placed in the City's libraries, as well as on the City's website, for use by the general public.

The Management's Discussion and Analysis presented on pages 3-16 has a different focus and purpose than this transmittal letter and should be read in conjunction with this transmittal.

THE FINANCIAL REPORTING ENTITY

This CAFR includes financial statements on both a government-wide and fund basis for the City of Peoria, the primary government, as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No.14, *The Financial Reporting Entity*, as amended by GASB Statement No.61. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and five blended component units, the City of Peoria Municipal Development Authority, Inc., the Vistancia Community Facilities District, the Vistancia West Community Facilities District, the City of Peoria Employee Benefits Trust and the City of Peoria Workers' Compensation Trust as discussed further in Note 1.A of the notes to the financial statements.

The City of Peoria, chartered in 1954, has a Council-Manager form of government with the City Council consisting of the Mayor and six Council Members. Pursuant to an amendment to the City Charter approved by the voters in 1997, the Mayor is elected at-large for a four-year term. Council members are elected, by district, for four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances; adopting the budget; appointing committee, commission, and board members; and appointing the positions of City Manager, City Attorney, and Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City encompasses approximately 179 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 2010 census and the most current Census Bureau estimate for the City of Peoria, our population increased by more than 10 percent, from 154,065 in 2010 to 173,208 in 2017. The City's growth is attributable to safe, well-planned neighborhoods with a diversity of housing options, excellent school districts, and expansion

of the metropolitan freeway systems, allowing Peoria residents to commute effectively to other cities in the Phoenix metropolitan area. Population growth trends are expected to continue at a similar pace.

The City provides a full range of municipal services, including police and fire protection, water, sewer and solid waste services, street construction and maintenance, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. In January 2017 the City expanded the level of services to citizens by providing emergency ambulance transportation. In addition, the City offers a wide range of community facilities including two community centers, three swimming pools, two libraries, and 34 neighborhood parks encompassing 305 acres. The Peoria Sports Complex—operated by the City—was the nation’s first two-team baseball spring training facility and the spring training home of the Seattle Mariners and San Diego Padres. The City opened its first large community park, Rio Vista Community Park, in the southern part of the City in fiscal year 2004. This 52 acre facility has athletic fields, playgrounds, ramadas, an urban lake, skate park and other amenities for the citizens’ enjoyment. The City’s second community park, Pioneer Community Park was completed in fiscal year 2014 and includes ball fields, multipurpose fields, a dog park, fishing lake and other amenities. The City also has a performing arts center with a 250-seat main auditorium, 80-seat black box theater, and classroom and administrative space in the downtown area. Another attraction of the City is Lake Pleasant, in northern Peoria’s Lake Pleasant Regional Park. This 10,000 acre lake is the second largest lake in Arizona, providing residents and visitors with boating, fishing, camping and other outdoor recreation activities.

LOCAL ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2017, Peoria’s economy continued to see healthy home construction activity while commercial development has begun to show expansion and stability. Peoria is part of the metro Phoenix West Valley which includes Glendale, Goodyear, Surprise and Buckeye. Over the past 10 years, the West Valley has focused on transportation infrastructure and economic development. Homes sales in the West Valley continue to surpass other metro Phoenix regions. The West Valley has the region’s newest freeway (Loop 303) and large communities, such as Vistancia, a top selling master-planned community in north Peoria bringing higher-end homes, golf courses and shopping amenities to attract home buyers. Home sales are expected to continue growing in Peoria and the West Valley.

The City issued 1,695 new residential building permits in fiscal year 2017 compared to 1,663 in fiscal year 2016. Median home prices in Peoria continued to rise during fiscal year 2017. The City’s total property full cash value, which lags the market, increased by 9.2% from \$15.2 billion in 2016-17 to \$16.6 billion in 2017-18. Full cash value was at the highest point of \$18.3 billion in 2008-09 and fell to a low point of \$10.1 billion in 2013-14 as a result of the housing downturn.

The unemployment rate in Peoria improved from 4.9% in June 2016 to 4.2% in June 2017. While wage growth has only recently begun to respond, consumer spending remained healthy. The City’s sales and use tax collections in fiscal year 2017 totaled \$84.2 million, a 6.1% increase from the \$79.4 million in the prior year.

On the commercial front, Denaro and Cigna constructed a 24,500 and 60,000 square foot medical office building, respectively, to provide medical services including primary, immediate and specialty care, medical imaging, laboratory services, infusion services pharmacy, physical therapy and rehabilitation and other specialty services. Novembal leased a 65,215 square foot manufacturing warehouse to produce plastic injected caps and bottle closures mainly for beverage producers and Huntington University leased a 29,000 square foot building for its Arizona Center for Digital Media Arts. The ribbon cutting was January 2017 for Novembal and August 2016 for Huntington University.

Economic Outlook

Overall, the outlook for Peoria is positive. Arizona’s economy has shown improvements in sales and income tax collections, gains in construction and improving outlook for tourism. Locally improving consumer confidence has resulted in modest city sales tax growth, which is anticipated to grow again

next year. We expect sales tax revenues for this fiscal year to exceed prior year actuals by 2.9 percent, with strong performance in retail (especially auto sales), restaurants and bars, and residential rental categories. For fiscal year 2017-18, we are forecasting roughly a 2.7 percent growth in city sales tax revenues.

MAJOR PROJECTS AND INITIATIVES

The Council utilizes a goal setting and strategic planning process to assist in the identification, prioritization, and management of capital projects, initiatives, service efforts and emerging strategic issues. Given the competing priorities for available resources, careful consideration is given to all projects and initiatives to ensure investments of public funds achieve Council objectives and provide a long term sustainable benefit to the community. Listed below are the Council goals to further the City's commitment to provide quality service, economic development and improved quality of life for the citizens of Peoria.

- Community building – to preserve and expand our quality of life by strengthening neighborhoods, providing superior quality parks and recreational programs, expanding cultural and entertainment opportunities and other community oriented service efforts
- Enhance current services – to improve cost effectiveness of service delivery, using technology to enhance and streamline service delivery, enhance organizational culture and become an employer of choice
- Preserve our natural environment – to provide environmental stewardship, pursue cost effective green development and land banking for future parks
- Total planning – to identify key corridors and cores throughout the city and create specific development plans for those areas, to provide diverse and sustainable residential housing options and to plan and develop city infrastructure to improve quality of life and coincide with economic development and revitalization efforts
- Economic development – to implement strategies to attract targeted industries, help existing businesses grow, facilitate development opportunities in targeted investment zones and develop Peoria's workforce
- Leadership and image – to conduct city business with the highest standard of integrity and accountability and to build greater community relations

Major Initiatives and Accomplishments in 2017

Major initiatives and accomplishments during fiscal 2017 are as follows:

Redistricting -

During fiscal year 2016-17, the City launched an effort to assess and refine its district boundaries. A staff Redistricting Committee coordinated a two-phase public engagement process. The first phase included an active website, open houses, community meetings and leveraged traditional and social media to share information and solicit input on communities of interest. The second phase was designed to seek feedback on the five finalist redistricting maps and also included the website, open houses and utilized traditional and social media. Following the robust public process, the Peoria City Council selected and adopted a final redistricting map in May 2017 to be effective with the next council election in August 2018.

First Official City Flag -

Over the years, citizens have been sharing what Peoria means to them, and as a tribute to the community, the city took their words and molded them into a powerful symbol of Peoria's past, present and future. In April 2017, the City unveiled its first official City Flag. The

process of designing the flag began a year ago. The flag was designed in-house and depicts the Sonoran Desert and the mountains all around us, the blues of the waters of Lake Pleasant and Arizona skies and displays three stars that represent the past, present and future.

Partnership with Small Business Development Center -

In February 2017, City Council approved the launch of the Arizona Small Business Development Center Network (AzSBDCN) in partnership with Maricopa County Community Colleges in Peoria. The AzSBDCN provides a number of valuable services to small businesses, including onsite one-on-one counseling for business owners, networking opportunities, educational workshops, and other resource assistance.

Peoria Sports Complex Improvements -

During fiscal year 2016-17, the City, in partnership with the San Diego Padres and Seattle Mariners designed and constructed a new, interactive play zone, the Peoria Cove at the Peoria Sports Complex, an experience for kids to enjoy. Within Peoria Cove is The Ballyard, a miniature baseball diamond, and The Shipyard, a playground featuring a 40-foot steel ship mast and sail, a small splash pad, and play structure set in and around the frame of a seafaring ship.

The City also partnered with the Padres and Mariners to bring the largest, high definition (HD) scoreboard in the Cactus and Grapefruit Leagues to the Peoria Sports Complex for spring training. The new 13HD LED scoreboard is 2,100 square feet with a video display measuring 35 feet high and 61 feet wide. The new scoreboard improves the overall fan experience, making it easier for fans to see the board on sunny days and from any angle in the ballpark.

Peoria Sonoran Preservation Program-

In June 2015, the City Council adopted the Peoria Sonoran Preservation Program to identify areas that merit conservation and feasibility strategies to fulfill our community's vision of preserving our natural environment. The vision for the Sonoran Preservation Program includes prioritizing ecologically and historically significant land, providing abundant high quality recreational opportunities, creating an open space network and implementing funding and conservation strategies. During fiscal year 2015-16, the City purchased from a private landowner, 85 acres of Sunrise Mountain located at the northeast corner of 91st Avenue and Happy Valley Road and entered into an option agreement for the remaining 123.46 acres of the site. During fiscal year 2016-17 the City exercised the purchase option, expanding the city-owned Sunrise Mountain Preserve to approximately 317 acres. The site was zoned for development and purchasing the site will allow the City to preserve it as open space for recreational purposes.

Ambulance and Emergency Medical Service -

In February 2016, the Arizona Department of Health Services approved the City's application for a license to operate ambulances. The City's Fire-Medical department plans to phase in ambulance services over a 5 year period. Transport service started in January 2017 with 2 full-time ambulances and 1 back-up ambulance. The City will increase the number of full-time ambulances over the next 5 years. The Fire-Medical department has also hired 14 firefighters, an EMS captain and an Ambulance Billing Specialist to staff its ambulance operations. The department received 1,928 calls for rescues which resulted in 1,454 ambulance transports.

Police Building Expansion-

The City continued its multi-phase expansion of its Pinnacle Peak Public Safety building in North Peoria. The expansion consists of a new 17,000 square feet patrol services building, 10,000 square feet of additional space for police operations, renovation of another 10,000 square feet of substation to accommodate police communications and 911 dispatch functions, information technology improvements and other upgrades. The new facility opened its doors in October 2017.

Energy Efficiency Project -

The City has approved an energy efficiency and renewable project that will enhance sustainability initiatives and provide solar covered parking canopies at multiple city facilities, implementing measures that will result in significant energy savings over time. The project includes retrofits of interior and exterior lighting throughout 13 city facilities and installation of solar photovoltaic on roofs, parking canopies and on the ground at eight sites throughout Peoria. Upon completion, the city anticipates lower energy expenses over the next 20 years or more. The project was financed with New Clean Renewable Energy Bonds.

Accreditations and Awards -

In April 2017, the City's Public Works Utilities Department was awarded a second prestigious American Public Works Association (APWA) Re-Accreditation. The APWA Accreditation program recognizes public works agencies that go beyond the requirements of the management practices established nationally in the public works industry. Peoria's re-accreditation indicates the department met all applicable accreditation documentation and practices over time.

Debt Issuance -

During fiscal year 2016-17, the Vistancia West Community Facilities District issued \$3 million in General Obligation Bonds to fund sewer projects in the District. During fiscal year 2016-17, the City also started the process of refunding certain Municipal Development Authority debt.

BOND RATING

In August 2017, Fitch Ratings upgraded its long-term rating from AA+ to AAA for the City's General Obligation Bonds and designated the ratings outlook as stable as a result of amendments to the Arizona Revised Statutes that provided G.O. Bondholders with a statutory lien on ad valorem taxes of the City. In November 2015, Moody's Investor Services and Standard and Poor's, affirmed the City's Aa1 or AA+ rating for its General Obligation Bonds and designated the ratings outlook as stable. In April 2016, Fitch Ratings also affirmed the City's Water and Sewer Revenue Bonds' AA rating, designating the rating outlook as stable. These ratings reflect the city's improving economic prospects, sound financial management practices, solid reserves and manageable debt levels.

FINANCIAL CONTROLS

Internal Controls

The management of the City of Peoria is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City of Peoria, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget

capacity. At a general election held in March 2003, the citizens of Peoria approved a permanent adjustment of the expenditure base from the original 1979-80 base of \$3,247,857 to a new base of \$18,247,857. The permanent adjustment eliminated the need for voter approval every four years. After adjustment for inflation and population growth, the City's expenditure limitation for fiscal year 2016-17 was \$850,064,200. The City may utilize the additional expenditure authority for any local budgetary purposes.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated operating budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order. Encumbered appropriations lapse at fiscal year-end and are re-budgeted as needed in the next fiscal year.

Financial Policies

The City has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The City needs to ensure that it is capable of adequately funding and providing those government services desired by the community. Ultimately, the City's reputation and success depends on the public's awareness and acceptability of the management and delivery of these services.

The City operates under a comprehensive set of financial policies adopted by Council. The *Principles of Sound Financial Management* establishes guidelines for the City's overall fiscal planning and management. These principles are intended to foster and support the continued financial strength and stability of the City of Peoria as reflected in its financial goals. The City's financial goals are broad, fairly timeless statements of the financial position the City seeks to attain:

- To deliver quality services in an affordable, efficient and cost-effective basis providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in the City of Peoria.
- To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of our community, and to respond to changes in Federal and State priorities and funding as they affect the City's residents.
- To maintain a high bond credit rating to ensure the City's access to the bond markets and to provide assurance to the City's taxpayers that the City government is well managed and financially sound.

These policies establish minimum and recommended fund balance/net position and reserves, as well as establishing policies on the use of one-time revenues (to be used for one-time expenditures), fiscal planning and budgeting, expenditure control, capital improvement program, cash management, debt management, and economic development.

Long Term Financial Planning

The City annually updates a five-year long-range forecast, incorporating both projected revenues and expenditures for the City's major operating funds. The five-year revenue forecast only includes revenues that are anticipated to be sustainable over the five-year period. Expenditure projections include anticipated operating impacts of the adopted capital improvement program.

Additionally, the City maintains a 10-year Capital Improvement Program which the City Manager submits annually for review by the City Council. The program is updated annually and includes the cost of

construction and operating expenditures. No capital improvement project will be authorized or awarded until the funding sources have been established to finance the project. When current revenues or resources are available for Capital Improvement Projects, consideration will be given first to those capital assets with the shortest useful life, and for assets whose nature make them comparatively more difficult to finance with bonds or lease financing.

OTHER INFORMATION

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations in this CAFR, including all disclosures, rests with the management of the City. The City has established and maintains a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to allow the compilation of sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of operations of the City on both a government-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Independent Audit

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. The audit satisfies Article VI, Section 7, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peoria, Arizona, for the fiscal year ended June 30, 2017, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City for the fiscal year ended June 30, 2017, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Additionally, the City is required to have an independent audit ("Single Audit") of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona or other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards. The results of the City's single audit for the fiscal year ended June 30, 2017, found no instances of material weakness or significant deficiencies in the internal controls. The reports from Heinfeld, Meech & Co., P.C. are available in the City of Peoria, Arizona's separately issued Single Audit Report.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This is the 32nd consecutive year the City of Peoria has received this prestigious award. In order to be awarded a Certificate of Achievement, a

government must publish an easily readable and efficiently organized comprehensive annual financial report. That report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements. As such, we are submitting this report to the GFOA to determine its eligibility for a certificate.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, especially the Financial Services Division. We want to give special recognition to the City's accounting team for their diligent efforts and superior contributions to this report. We also wish to thank the members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,



Sonia K. Andrews
Acting Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

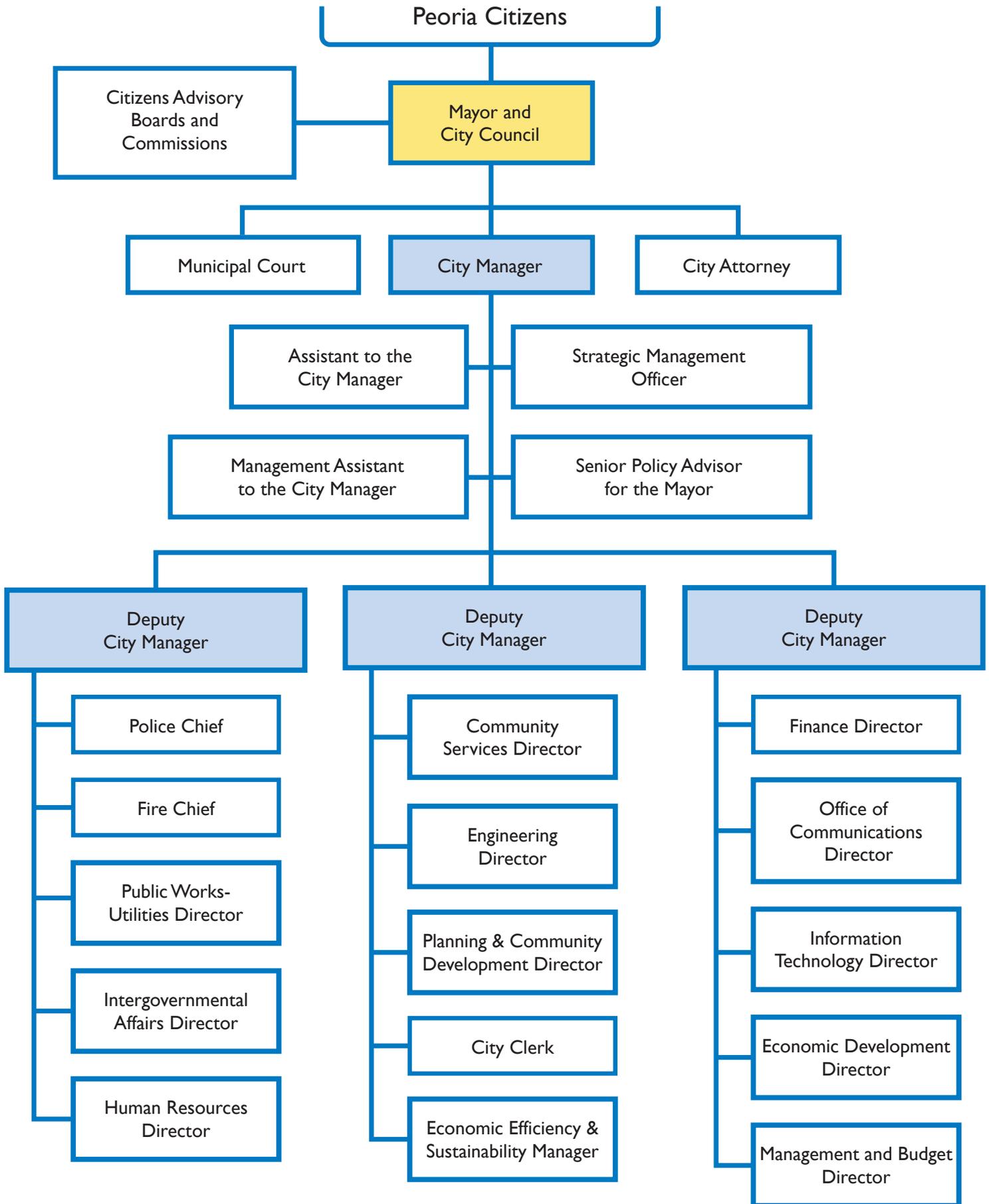
**City of Peoria
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

City of Peoria Organizational Chart





City of Peoria Principal Officials of the City Fiscal Year 2017

Cathy Carlat
Mayor

Jon Edwards
Vice Mayor

Bridget Binsbacher
Councilmember

Michael Finn
Councilmember

Vicki Hunt
Councilmember

Carlo Leone
Councilmember

Bill Patena
Councilmember

Jeff Tyne
City Manager

Andrew Granger
Deputy City Manager

Julie Arendall
Deputy City Manager

George Anagnost
Municipal Judge

Thomas Adkins
Governmental Affairs Director

John Imig
Information Technology Director

Steve Burg
City Attorney

Bobby Ruiz
Fire Chief

Jennifer Stein
Director of Communications

John Sefton
Community Services Director

Roy Minter
Police Chief

Stuart Kent
Public Works-Utilities Director

Adina Lund
Development and Engineering Director

Rhonda Geriminsky
City Clerk

Scott Whyte
Economic Development Services Director

Laura Ingegneri
Human Resources Director

Sonia Andrews
Acting Finance Director

Katie Gregory
Management and Budget Director

Chris Jacques
Planning and Community Development Director



City of Peoria Council Districts



**Vice Mayor
Jon Edwards**
Willow District



**Mayor
Cathy Carlat**



**Mayor Pro Tem
Michael Finn**
Palo Verde District



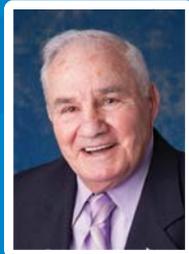
**Councilmember
Vicki Hunt**
Acacia District



**Councilmember
Bridget Binsbacher**
Mesquite District



**Councilmember
Bill Patena**
Ironwood District



**Councilmember
Carlo Leone**
Pine District



**Youth Council
Liaison
Maylee Acosta**



**Youth Council
Liaison
Cassidy Gatrost**





Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peoria, Arizona (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peoria, Arizona, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Half-Cent Sales Tax, Highway User Revenue, Transportation Sales Tax, and Development Fee Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1.I., the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures* and Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, for the year ended June 30, 2017, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

As described in Note 15, the City restated net position beginning balances due to adjustments to the City's capital asset balances. The adjustments included a change in capitalization thresholds, the transfer of assets from governmental funds to enterprise funds and other adjustments related to accumulated depreciation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplementary Information, Statistical Section, and Continuing Disclosures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section, Statistical Section and Continuing Disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017, on our consideration of City of Peoria, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Peoria, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
November 8, 2017



Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Peoria, Arizona (the City), we offer this narrative overview and analysis of the financial activities of the City of Peoria, Arizona for the fiscal year ended June 30, 2017. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

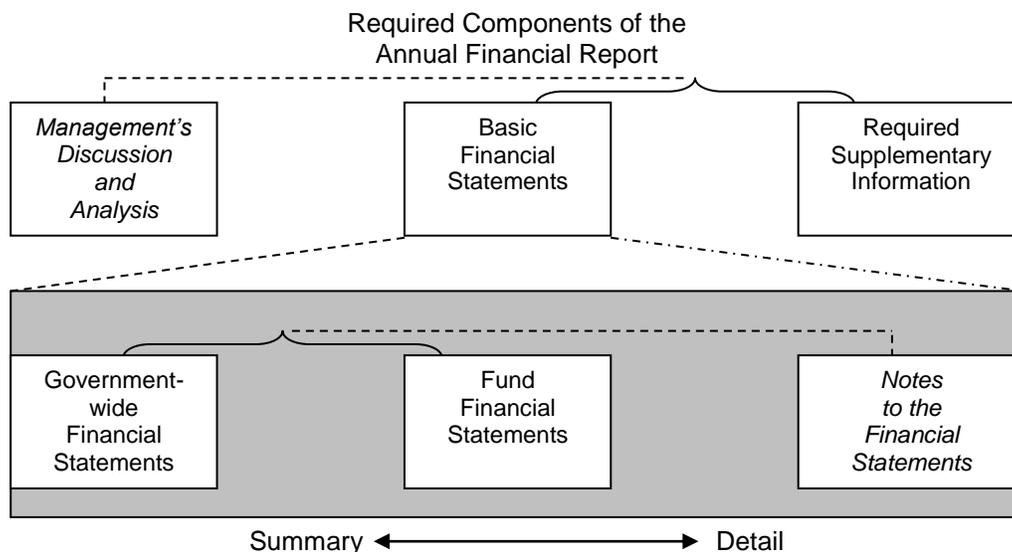
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xi of this report. It is designed to be read in conjunction with the transmittal letter as well as the financial statements and the accompanying notes to the financial statements. The City also issues separate financial reports, including management's discussion and analysis, for the Vistancia Community Facilities District, Vistancia West Community Facilities District, the Employee Benefit Trust, and the Workers' Compensation Trust, which are blended component units of the City.

Financial Highlights

- ◆ The City's total net position, increased \$31.6 million in fiscal year 2017, an increase of \$10.1 million in governmental activities and an increase of \$21.5 million in business-type activities.
- ◆ Total net position of the City is \$1,540.5 million, of which \$18.2 million is unrestricted with a deficit unrestricted balance in governmental activities as a result of the inclusion and presentation of net pension liabilities.
- ◆ The governmental activities program revenues increased by approximately \$1.7 million from the previous year. This was primarily due to increases in residential building permit & inspection fees and plan check fees.
- ◆ The business-type activities program revenues increased by approximately \$7.2 million from the previous year. Capital Grants and Contributions increased by \$3.2 million.
- ◆ At June 30, 2017, total fund balance of the governmental funds was \$246.2 million, a decrease of \$8.3 million from the previous year. Of this, \$25.7 million or 21.5% of General Fund expenditures for fiscal year 2017 was unassigned in the general fund and available for spending at the government's discretion.
- ◆ General Fund revenues (on a budgetary basis) were higher than budgeted inflows by \$5.5 million for fiscal year 2017. Budgetary basis expenditures of the General Fund were 90.8% (\$13.7 million in savings) of the final budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

As pictured in the following table, the financial section of the Comprehensive Annual Financial Report (CAFR) for the City of Peoria, Arizona consists of this discussion and analysis, the basic financial statements, other required supplementary information and other non-required financial schedules. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the general fund and major special revenue funds, and notes to the financial statements. Other required supplementary information includes the schedules and notes related to pension requirements. The additional non-required information includes combining schedules and other supplementary schedules presented after the basic financial statements (Combining Statements and Statistical Sections of this report).



Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances in a manner similar to those used by private businesses. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

The activities of the City are broken into two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided.

- The *governmental activities* include the basic services of the City including general government (administration), culture and recreation, public safety, development services, highways and streets, public works, and human services. These activities are generally supported by taxes and general revenues.
- The *business-type activities* include the private sector type activities such as the water, wastewater solid waste, and storm drain utilities, and the stadium. These activities are primarily supported through user charges or fees.

The *statement of net position* presents information on all of the City's assets and liabilities (excluding fiduciary funds), both current and long-term and deferred inflows/outflows of resources, with the difference reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the City may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the City may have used previously accumulated funds (i.e. cash funding of capital projects). To assess the overall health of the City, other indicators, including non-financial indicators such as the City's property tax base and condition of its infrastructure, should also be considered.

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position are reported at the time the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

Also presented are fund financial statements for governmental funds, proprietary funds and fiduciary funds. The fund financial statements focus on major funds of the City. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City.

Governmental funds – Governmental funds are used to account for most of the City's basic services. These are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental activities column on the government-wide financial statements, these fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Since the governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To facilitate this comparison, reconciliations of the differences between the two are provided immediately following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Half-Cent Sales Tax Fund, Highway User Revenue Fund, Transportation Sales Tax Fund, GO Bond Debt Service Fund, and Development Fee Fund which are considered to be major funds of the City. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements.

Proprietary funds – Proprietary funds are used to account for services primarily supported by user fees. The proprietary fund financial statements are prepared with the same long-term focus as the government-wide financial statements. The City maintains the following two types of proprietary funds.

Enterprise funds are used for activities that primarily serve customers outside the governmental unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information such as cash flows. Any reconciliation necessary between the enterprise funds and the business-type activities column of the government-wide financial statements is provided on the face of the fund statements. The City's enterprise funds are the Water, Wastewater, Storm Drain and Solid Waste utilities, as well as the sports complex (Stadium Fund). All of the enterprise funds are considered to be major funds of the City.

Internal service funds are used for activities where the primary customer is the City itself. Because the primary customers of the internal service funds are the governmental activities, the assets and liabilities of those funds are included in the governmental activities column of the government-wide statement of net position. The costs of internal service funds are allocated to the various user functions on the government-wide statement of activities. The internal service funds are combined into a single column on the proprietary fund statements. Additional detail of the internal service funds is provided in combining statements. The internal service funds of the City include the Motor Pool, Self-Insurance, Facilities Maintenance, and Information Technology Funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of

those funds are not available to support programs of the City. The fiduciary fund statements are prepared on the same basis as the government-wide and proprietary fund statements.

Notes to the financial statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Required supplementary information other than MD&A – Schedules for pension plans have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2017, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the City for June 30, 2017, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017 (restated)	2016	2017 (restated)	2016	2017 (restated)	2016
Current and other assets	\$ 298.4	\$ 305.2	\$ 110.9	\$ 103.7	\$ 409.3	\$ 408.9
Capital assets	996.5	1,155.2	688.5	690.0	1,685.0	1,845.2
Total assets	<u>1,294.9</u>	<u>1,460.4</u>	<u>799.4</u>	<u>793.7</u>	<u>2,094.3</u>	<u>2,254.1</u>
Total deferred outflows of resources	50.4	33.1	5.8	4.4	56.2	37.5
Other liabilities	23.6	23.5	8.0	7.3	31.6	30.8
Long-term liabilities outstanding	453.7	430.9	110.5	118.8	564.2	549.7
Total liabilities	<u>477.3</u>	<u>454.4</u>	<u>118.5</u>	<u>126.1</u>	<u>595.8</u>	<u>580.5</u>
Total deferred inflows of resources	12.2	9.4	1.9	1.4	14.1	10.8
Net position:						
Net investment in capital assets	747.3	899.7	597.7	589.7	1,345.0	1,489.4
Restricted	149.7	162.9	27.6	31.9	177.3	194.8
Unrestricted	(41.1)	(32.9)	59.4	49.0	18.2	16.1
Total net position	<u>\$ 855.8</u>	<u>\$ 1,029.7</u>	<u>\$ 684.7</u>	<u>\$ 670.6</u>	<u>\$ 1,540.5</u>	<u>\$ 1,700.3</u>

The net position of the City increased \$31.6 million in fiscal year 2017. Net position of governmental activities increased \$10.1 million, while the business-type activities increased \$21.5 million. The City restated capital asset amounts for a combination of factors including a change in the City's capitalization threshold, the transfer of storm drain capital assets from governmental activities to Business-type activities and corrections of prior year errors.

Net position consists of three components. The largest portion of net position, \$1,345 million reflects the City's investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to its residents. Consequently, it is not the City's intention to sell these assets, and they are therefore not available for future spending. Although the capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities. This category of net position shows as a decrease when compared to the prior year as the City restated capital asset amounts for a combination of factors including a change in the City's capitalization threshold, the transfer of storm drain capital assets from governmental activities to Business-type activities and corrections of prior year errors. However, capital asset balances increased by \$31.3 million in fiscal year 2017 due to capital asset related expenditures and donated assets.

The \$177 million restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The decrease of \$17.5 million is primarily due to the spending of General Obligation (G.O.) bond proceeds toward capital projects.

The third portion consists of Unrestricted Net Position of \$18.2 million. This category of net position may be used to meet the City's ongoing obligations to residents and creditors. New accounting guidance implemented in fiscal year 2015 required recognition of unfunded pension liabilities. Unrestricted net position is the balance of net position remaining after calculating the other two categories discussed above. This category increased by \$2.1 million in fiscal year 2017 primarily from an overall increase in current and other assets and deferred outflows, offset by corresponding increases in net pension liabilities and deferred inflows.

Changes in Net Position

The following table compares the government-wide revenue and expenses for the current and previous fiscal year.

	Changes in Net Position					
	(in millions of dollars)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES:						
Program revenues:						
Fees, fines & charges for services	\$ 32.3	\$ 29.3	\$ 80.2	\$ 76.1	\$ 112.5	\$ 105.4
Operating grants and contributions	14.7	14.3	-	-	14.7	14.3
Capital grants and contributions	25.6	27.3	20.7	17.5	46.3	44.8
General revenues:						
Property taxes	21.7	20.5	-	-	21.7	20.5
Sales and use taxes	84.2	79.4	-	-	84.2	79.4
Franchise taxes	4.5	4.5	-	-	4.5	4.5
State shared sales tax	15.6	14.8	-	-	15.6	14.8
Urban revenue sharing	21.0	18.6	-	-	21.0	18.6
Auto-in-lieu taxes	6.7	6.4	-	-	6.7	6.4
Investment earnings	1.7	1.6	0.5	0.7	2.2	2.3
Gain on sale of capital assets	-	-	0.1	-	0.1	-
Miscellaneous	4.1	2.7	-	-	4.1	2.7
Total revenues	232.1	219.4	101.5	94.3	333.6	313.7
EXPENSES:						
Program activities:						
Governmental activities:						
General government	21.6	22.3	-	-	21.6	22.3
Culture and recreation	28.4	26.4	-	-	28.4	26.4
Public safety	97.7	70.3	-	-	97.7	70.3
Development services	6.6	7.1	-	-	6.6	7.1
Highways and streets	44.9	34.6	-	-	44.9	34.6
Public works	6.7	7.5	-	-	6.7	7.5
Human services	1.3	1.8	-	-	1.3	1.8
Interest expense on debt	8.5	11.6	-	-	8.5	11.6
Business-type activities:						
Water utility	-	-	39.3	33.2	39.3	33.2
Wastewater utility	-	-	24.0	22.0	24.0	22.0
Solid Waste utility	-	-	11.9	11.1	11.9	11.1
Stadium	-	-	7.6	6.7	7.6	6.7
Storm Drain utility	-	-	3.5	1.1	3.5	1.1
Total expenses	215.7	181.6	86.3	74.1	302.0	255.7
Excess (deficit) before transfers	16.4	37.8	15.2	20.2	31.6	58.0
Transfers	(6.3)	(4.0)	6.3	4.0	-	-
Increase (decrease) in net position	10.1	33.8	21.5	24.2	31.6	58.0
Net position – beginning, as restated	845.7	995.9	663.2	646.4	1,508.9	1,642.3
Net position - ending	\$ 855.8	\$ 1,029.7	\$ 684.7	\$ 670.6	\$ 1,540.5	\$ 1,700.3

For fiscal year 2017, total governmental activities revenues increased \$12.7 million while total business-type activities revenues increased \$7.2 million. Expenses increased \$34.1 million and \$12.2 million for the governmental activities and business-type activities, respectively. Governmental activities expenses

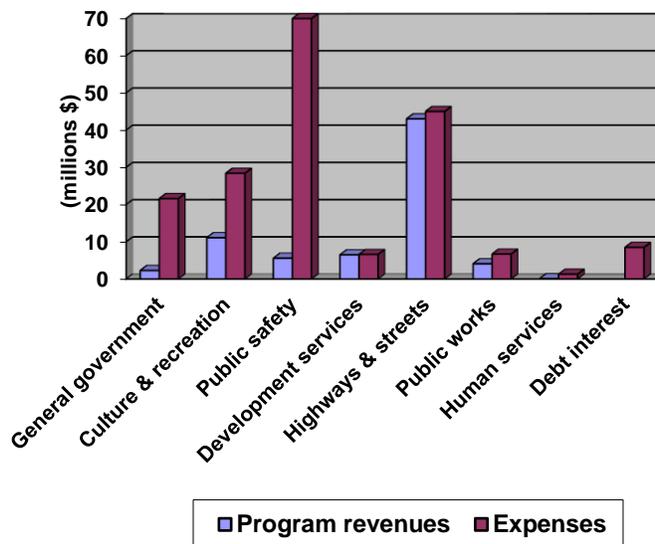
increased primarily from the public safety and highways and streets functions; up \$27.4 million and \$10.4 million respectively versus prior year. The increase in public safety expense was driven principally by higher pension expense; up \$19 million versus the prior year. The increase in highways and streets expense was due to higher capital related costs; up \$7.5 million versus prior year primarily due to increased depreciation expense. The increase in the business-type activities expenses was primarily in the Water Utility, Wastewater Utility and Storm Drain Utility Funds. For further explanation of these expense changes, refer to the financial analysis of the City's funds later in this document.

The general revenues of governmental activities increased \$11.1 million from the previous year as consumer confidence improved during the year. The primary drivers were increases in property tax, sales taxes and state shared sales tax. Property tax revenues increased by \$1.2 million in fiscal year 2017 as assessed values showed an increase. Local sales and use taxes increased \$4.8 million as retail, contracting, rentals and restaurant & bar sales taxes increased \$2.4 million, \$1.2 million, \$0.5 million, respectively, while state shared sales taxes increased \$0.9 million.

Program revenues of governmental activities increased \$1.7 million versus prior year primarily due to increases in residential building permit & inspection fees of \$0.8 million, plan check fees of \$0.4 million, and capital improvement project (CIP) engineering charges of \$0.4 million. The program revenues of business-type activities increased by \$7.2 million primarily from a \$3.4 million increase in charges for services revenue due to increased utility rates, coupled with a \$3.2 million increase in capital contributions from donations of capital assets.

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these

Governmental Activities Program Revenues & Expenses

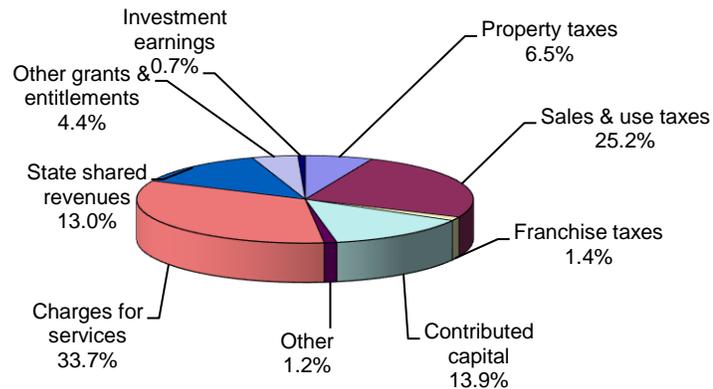


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$72.6 million are 33.7% of the governmental activities expenses for fiscal year 2017, down from 39.0% in fiscal year 2016. In the business-type activities, program revenues of \$100.9 million are 116.8% of the business-type expenses for fiscal year 2017. This compares to \$93.6 million and 126.2% in fiscal year 2016.

Governmental activities account for 69.6% of the total revenues of the City and 71.4% of the total expenses in fiscal year 2017. These percentages were 69.9% and 71.0% respectively in fiscal year 2016.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2017 is charges for services (33.7%), primarily because this is the major funding source of the business-type activities (79.0% of business-type total revenues in fiscal year 2017). The major funding sources of the governmental activities are property, sales/use taxes and state shared revenues.

Government-Wide Revenue Sources Fiscal Year 2017

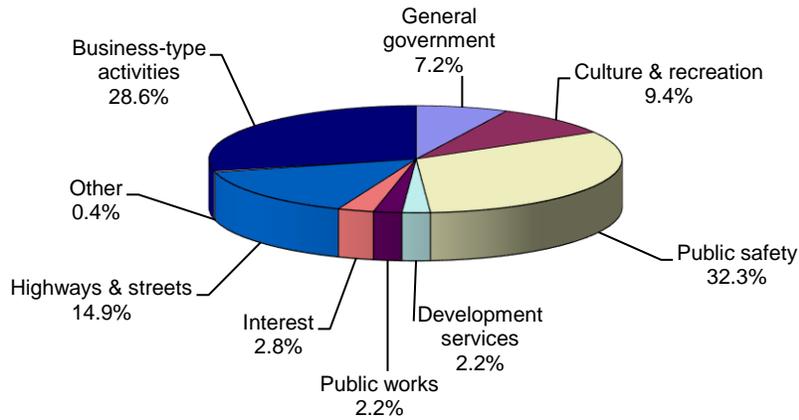


Property taxes increased from fiscal year 2016 with an increase in assessed value. The tax rates did not change in fiscal year 2017 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City increased \$46.3 million in fiscal year 2017. Expenses of the governmental activities increased \$34.1 million. This primarily includes increases of \$27.3 million for public safety, \$10.4 million for highways and streets, and \$1.9 million for culture and recreation. This is offset by a decrease of \$3.1 million in interest on long-term debt. Public Safety expenses increased primarily due to higher pension expense in fiscal year 2017 versus prior year, as well as the hiring of new ambulance operations personnel. Highways and streets expenses increased chiefly due to increases for depreciation expense as street assets increased substantially during the last two fiscal years and prior year useful life assumptions were corrected resulting in an accelerated depreciation rate. Business-type activity expenses increased \$12.2 million versus prior year with the main driver being depreciation expense increasing by \$8.5 million. This increase was also a result of the correction of previous useful life assumptions that resulted in an accelerated depreciation rate versus prior year, as well as, the transfer of storm drain assets to the Storm Drain Utility Fund.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 28.6% of the functional expenses of the City for fiscal year 2017, while governmental activities account for 71.4% of the functional expenses. For the governmental activities, the largest users of resources are public safety (32.3% of total expense, 45.3% of governmental expenses), highways and streets (14.9% of total expenses, 20.9% of governmental expenses), culture and recreation (9.4% of total expenses, 13.2% of governmental expenses), and general government (7.2% of total expenses, 10.0% of governmental expenses).

Government-Wide Functional Expenses Fiscal Year 2017



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental funds

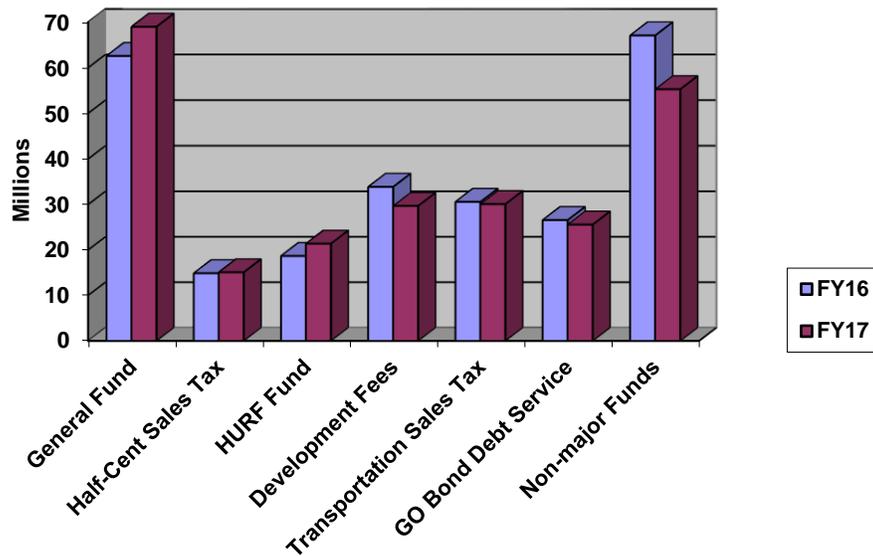
The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 90-93. Although the Half-Cent Sales Tax Fund, Highway User Revenue Fund, Transportation Sales Tax Fund, Development Fee Fund and GO Bond Debt Service Fund do not meet the GASB 34 quantitative criteria of a major fund, the City has chosen to present them as major funds due to local significance or outstanding debt.

The fund balance of the governmental funds is \$246.2, a decrease of \$8.3 million from the previous year. Of this, \$138.4 million (a decrease of \$12.7 million from the previous year) is classified as Nonspendable or Restricted because it is not appropriable for expenditure or is legally segregated for a specific future use. The decrease in restricted fund balance is primarily due to general obligation bond proceeds being spent for the construction and acquisition of capital projects.

An additional \$82.1 million of the governmental fund balance (a decrease of \$0.5 million from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$41.1 million), debt service reserves (\$1.0 million), capital projects (\$20.0 million) and arts capital and various other purposes (\$20.0 million).

The remaining \$25.7 million of governmental fund balance is classified as Unassigned. This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unassigned fund balance increased by \$4.9 million compared to the prior year.

Governmental Funds - Fund Balance



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government including public safety, parks and recreation, community development and general administrative services. General Fund revenues increased \$10.3 million over the prior fiscal year driven mainly from an increase in overall sales tax of \$2.7 million or 6.2%. Specifically, Retail sales tax accounted for the largest impact with revenues \$1.4 million higher than prior year. Favorability was also seen in construction sales tax; up \$0.7 million versus prior year, and Restaurants and Bars; up \$0.4 million. The City also generated increases in Licenses and Permits revenue due mainly from a boost in residential building permit and inspection revenue of \$0.8 million versus prior year. Increases of \$0.9 million and \$0.1 million respectively in state shared sales tax and property tax, were in line with expectations.

Total General Fund expenditures increased \$2.9 million versus prior year; driven primarily from a \$5.2 million increase in public safety expenditures and offset by a \$3.0 million decrease in general government expenditures. The upturn in public safety costs was due mainly to budgeted wage increases as well as the addition of new personnel within the ambulance operations division, which was authorized to hire up to 16 new full time positions during the fiscal year. The city also experienced an increase in police department overtime expenditures, as well as higher public safety retirement and workers compensation costs versus prior year. A significant driver in the decrease of general government expenditures versus prior year was related to one-time census costs for part time workers that were incurred in fiscal year 2016. The City also experienced reduced building and grounds/detention repairs and maintenance costs versus prior year within the general government function. The unassigned fund balance of the General Fund increased to 21.5% of expenditures at June 30, 2017, compared to 17.8% at June 30, 2016.

The Half-Cent Sales Tax Fund tracks the revenues from a \$.05 sales tax committed for specific purposes by Council policy. Revenues in this fund increased \$1.2 million versus the previous year due to increases mainly within the retail and construction sales categories; up \$0.7 million and \$0.3 million respectively. Expenditures in this fund increased \$4.6 million versus prior year largely from one-time capital outlay costs of \$2.6 million to purchase property on the southwest corner of 83rd Avenue and Mariners Way. The purpose of this acquisition is to ensure that property is available for commercial/office opportunities in the P83 district. Economic development program expenditures were also up within the Half-Cent Sales Tax Fund by \$1.2 million over prior year. Driving this increase was \$0.9 million in expenditures incurred toward the recruitment initiatives of Huntington University to support economic development and job growth through technology commercialization efforts. Fund balance remained stable in fiscal year 2017.

The Highway User Revenue Fund (HURF Fund) is required by state statute to track the receipt of the state allocation of gasoline taxes and other state revenues shared with local governments that are required to be used for transportation purposes. Also, there is a sales tax on utilities and property tax revenues from street light improvement districts included in this fund. Revenues increased by \$1.1 million versus prior year, mainly from an upturn in highway user revenues. Expenditures increased by \$1.4 million in fiscal year 2017 primarily from increased amounts spent on street repairs. Fund balance increased \$2.7 million in fiscal year 2017.

The Transportation Sales Tax Fund tracks the collection and expenditure of the 0.3% voter approved sales tax to address transportation issues. Revenues in this fund increased \$0.7 million while expenditures decreased \$0.9 million. The increased revenues were due to improved sales tax revenue while the decreased expenditures were due primarily from reduced street repairs. The fund balance decreased \$0.5 million in fiscal year 2017. All fund balance in this fund is restricted.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, and streets and intersections. Revenues of \$9.8 million in the Development Fee Fund for fiscal year 2017 were in line with prior year revenues. Expenditures increased \$9.2 million in fiscal year 2017 primarily from increased capital outlay for the construction of a new patrol service building. Fund balance decreased \$4.2 million versus prior year. All fund balance in this fund is restricted.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund increased \$0.9 million due to increased property tax revenues. The property assessed value of the City increased 5.7% in fiscal year 2017 while the tax rate was unchanged. Expenditures increased by \$3.4 million driven by higher debt service costs versus the prior year. Fund balance decreased \$1.1 million in fiscal year 2017.

All non-major governmental funds of the City are combined into one column on the governmental fund statements.

Proprietary funds

The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements but provide additional detail since each major enterprise fund is shown discretely. Although the Solid Waste Fund does not meet the quantitative criteria of a major fund, the City has chosen to present this fund as a major fund due to local significance.

Total net position of the enterprise funds increased \$14.1 million in fiscal year 2017, after the restatement of beginning net position balances. Net investment in capital assets increased \$8.1 million primarily from a reduction of water and wastewater bonds and loans payable liabilities as a result of debt service payments made in fiscal year 2017. Increases in net investment in capital assets were offset by a \$4.3 million decrease in net position restricted for capital projects, and a \$10.4 million increase in unrestricted net position. In accordance with the City's Principles of Sound Financial Management, the City continues to maintain appropriate levels of stabilization reserves.

Operating revenues of the enterprise funds increased \$4.3 million in fiscal year 2017. Charges for services increased \$2.4 million in the Water Utility fund due to rate increases, increases in the number of accounts, as well as increased usage. Additionally, miscellaneous revenue increased in the Water Utility fund by \$1.0 million for the receipt of one-time funds from the Vistancia Community Facilities District for the treatment of water supplies. Charges for services increased \$0.7 million in the Wastewater Fund due to rate increases and increased usage.

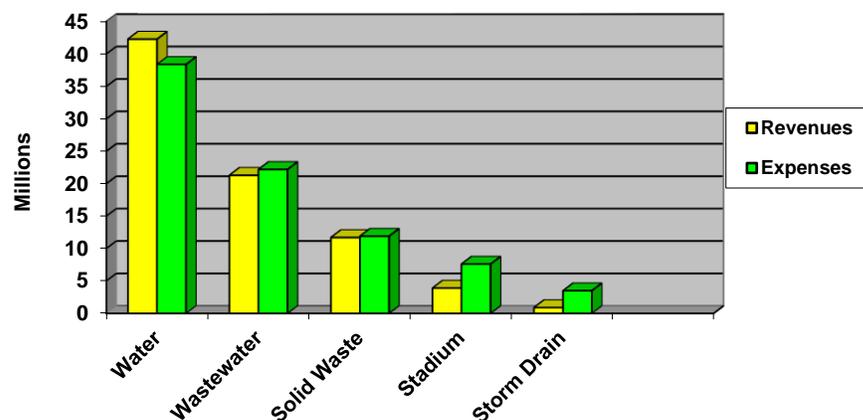
Operating expenses of the enterprise funds increased \$12.2 million in fiscal year 2017. Depreciation and amortization expense rose \$8.5 million versus prior year; driving the majority of the operating expense increase. The upturn in depreciation expense was driven primarily from corrections made to prior useful life assumptions resulting in an acceleration of depreciation for fiscal year 2017 and future years. Also, storm drain capital assets previously depreciated under the classification of general government, were transferred from governmental funds to the Storm Drain Utility Fund and now depreciate as business-type assets. Contractual services/commodities increased \$1.6 million in the Water Utility Fund due to an

increase in development impact fee repayments, Central Arizona Project (CAP) related expenses, and repair and maintenance costs. Increased contractual service/commodities of \$0.5 million in the Wastewater Utility Fund were driven mainly from higher computer hardware, repair and maintenance, and treatment plant supply costs. The remaining rise in operating expenses came from salaries increasing by \$1.1 million. Salary growth was driven by modest wage increases, as well as the budgeted hiring of two distribution service utility system operators.

The changes in operating revenues and expenses discussed above resulted in an enterprise funds operating income loss of \$3.5 million in fiscal year 2017 compared to operating income of \$4.5 million prior year.

The following graph shows the operating revenues and expenditures for the enterprise funds for fiscal year 2017.

Fiscal Year 2017 Enterprise Fund Operating Revenues and Expenses



BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements, required for the General Fund and all major special revenue funds, may be found on pages 28-33. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgetary schedules for the other governmental funds are also presented on page 87, and pages 94-101.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. Also, throughout the year, budget amendments are processed to provide expenditure authority from unanticipated revenue sources. These include new or increased grants and intergovernmental agreements. It is generally the policy of the City to not include revenues and operational expenditure authority for these types of items in the operational budgets unless the funding is reasonably assured at the time of completion of the annual budget. Instead, the City budgets contingency accounts to allow for later transfer to operational budgets if and when the funding is received.

No amendments increasing the City's total adopted budget of \$511 million occurred during fiscal year 2017. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund revenues of \$135.6 million, on a budgetary basis, exceeded budgeted revenues of \$130.1 million by \$5.5 million while budgetary basis expenditures of \$135.0 million were 90.8% of final budgeted amounts. Revenues, on a budgetary basis, exceeded budgeted revenues in sales tax, property tax, franchise tax, state shared sales tax, urban revenue sharing, auto in-lieu tax, licenses and permits and rents, while falling short in charges for services, fines and forfeitures and investments earnings. There were no expenditure overages for any of the functional categories.

During the fiscal year, the original General Fund expenditures and contingencies budget of \$167.6 million was amended by \$15.8 million to the final expenditure and contingencies budget of \$151.8 million.

Notable transfers during the year were as follows:

- \$5.2 million transfer from the Half Cent Fund to the General Fund for the purchase of public safety vehicles and public safety operating costs.
- \$2.0 million transfer from the Half Cent Fund to the Stadium Fund as a subsidy in support of the Peoria Sports Complex.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the City had \$1.3 billion invested in various capital assets, net of accumulated depreciation and related debt, down 9.7% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.7 billion. This is a net decrease of \$160.1 million from June 30, 2016. Net capital assets of business-type activities decreased \$1.5 million while governmental activities decreased \$158.6 million. The decreases are primarily due to a restatement of capital assets. See Note 15 for additional information on the restatement.

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

- ✓ The City invested \$7.3M into the construction of a new building on the campus of the Pinnacle Peak Public Safety Facility. This building creates additional space for police employees providing services to the northern reaches of the city.
- ✓ The City invested \$3.5 million in land acquisition for the Sonoran Preservation Program. The program identifies areas that merit special consideration and then outlines how the city can strategically assemble them over time into a meaningful network of connected open spaces.
- ✓ The City invested \$1.8 million into P83 Entertainment District Improvements, including costs related to the final design and construction of a pedestrian crossing on 83rd Ave.
- ✓ The following table provides a breakdown of the capital assets of the City at June 30, 2017, and 2016. Additional information on the City's capital assets may be found in Note 6.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Buildings and building improvements	\$ 108.1	\$ 123.8	\$ 56.6	\$ 61.2	\$ 164.7	\$ 185.0
Equipment; Furniture	4.4	12.5	9.0	9.3	13.4	21.8
Vehicles	11.3	10.7	9.6	8.6	20.9	19.3
Surface water system	-	52.6	63.1	5.1	63.1	57.7
Street system	419.2	401.5	-	-	419.2	401.5
Park system	63.8	69.6	-	-	63.8	69.6
Water system	-	-	232.8	250.7	232.8	250.7
Water rights	-	-	10.3	10.6	10.3	10.6
Wastewater system	-	-	271.3	270.1	271.3	270.1
Land	367.1	350.9	16.7	16.7	383.8	367.6
Work in progress	22.6	133.6	19.1	57.6	41.7	191.2
Total	<u>\$ 996.5</u>	<u>\$ 1,155.2</u>	<u>\$ 688.5</u>	<u>\$ 689.9</u>	<u>\$ 1,685.0</u>	<u>\$ 1,845.1</u>

The City has adopted a ten year capital improvement plan budgeted at \$660.3 million, including \$212.2 million in fiscal year 2018. Anticipated funding for this plan for fiscal year 2018 is through a combination of impact fees, utility revenue bonds, general obligation bonds, operating revenues, City and County transportation sales taxes and other outside funding sources. The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$9.6 million. The capital improvement plan is updated annually as part of the City's budget process.

Long-term Debt

The City's outstanding non-current long-term debt, including bonds and loans, compensated absences, and deferred bond premiums was \$340.0 million at June 30, 2017. Of this total, \$256.9 million was in governmental activities and \$83.1 million was in business-type activities. The City's outstanding non-current debt (excluding claims and net pension liability) decreased by \$21.8 million in fiscal year 2017. This decrease is related to scheduled debt service payments, which were offset by new debt issued of \$4.1 million and by an increase in compensated absences liabilities due to a change in the City's policy on sick leave payouts.

Of the total outstanding bonds and loans of \$347.3 million, \$148.2 million is general obligation bonds backed by the full faith and credit of the City. An additional \$2.1 million is special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to pay the debt payments. The outstanding debt also includes \$37.1 million in Community Facilities District bonds where the City has no obligation for payment. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The State constitution imposes certain debt limitations on the City of six percent (6%) and twenty percent (20%) of the assessed valuation of the City. Additional information on the debt limitations and capacities may be found in Table XX in the statistical section of this report.

The following schedule shows the outstanding debt of the City (both current and long-term, excluding net pension liability and claims payable) as of June 30, 2017, and 2016. Further detail on the City's outstanding debt may be found in Note 7. Information on the City's net pension liability may be found in the Required Supplementary Section of the report and in Note 9.

Outstanding Debt (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation debt	\$ 148.2	\$ 160.2	\$ -	\$ -	\$ 148.2	\$ 160.2
Municipal Development Authority debt	67.6	72.3	-	-	67.6	72.3
Special assessment debt	2.1	2.5	-	-	2.1	2.5
Water/Sewer Revenue bonds and loans	-	-	92.3	101.8	92.3	101.8
Community Facilities District bonds	37.1	37.0	-	-	37.1	37.0
Compensated absences	13.4	7.5	1.5	0.8	14.9	8.3
Total	<u>\$ 268.4</u>	<u>\$ 279.5</u>	<u>\$ 93.8</u>	<u>\$ 102.6</u>	<u>\$ 362.2</u>	<u>\$ 382.1</u>

The City currently maintains the following ratings on its general obligation debt: "AA+" from Standard & Poor's, "Aa1" from Moody's and "AAA" from Fitch. For the water and sewer revenue bonds, the ratings are "AA" from Standard & Poor's, "Aa3" from Moody's and "AA" from Fitch.

ECONOMIC FACTORS

The City of Peoria continues to enjoy one of the lowest unemployment rates in the Phoenix metropolitan area while the City's population continues to increase creating demand for housing. Improvements in job, population and income growth are expected in fiscal year 2018; yet wage growth has only recently showed signs of improvement.

Locally improving consumer confidence has resulted in higher sales tax revenues and is forecasted to increase by 2.7% in fiscal year 2018.

New residential construction in Peoria is growing, while commercial construction has begun to show expansion and stability. Existing home valuations have continued to increase and information from the County Assessor's Office projects slight increases in the city's assessed valuations for the fourth consecutive year. Future valuations should continue to increase, resulting in higher tax collections in subsequent years.

The adopted fiscal year 2018 budget is \$590 million, an increase of 18.7% from the fiscal year 2017 budget. The City anticipates slight property tax revenue increases due to an increase in the City's assessed valuation and improving sales tax revenues. The operating budget totals \$377.8 million, which is an increase of 2.6% from 2017. The capital projects portion of the budget, \$212.2 million, is divided in the following manner: \$9.2 million for drainage projects, \$20.0 million for operational facilities, \$47.4 million for parks, trails, open space and libraries, \$2.2 million for public safety projects, \$46.4 million for streets and traffic control projects, \$29.5 million for economic development projects, \$15.2 million for wastewater projects, and \$42.2 million for water projects.

The General Fund operating budget (not including contingency) is \$149.5 million, up 7.3% from the prior year budget. With the modest economic recovery, resident needs for City services were balanced with a slowly increasing revenue base. The budget continues to focus on preserving the City's excellent quality of life, while preserving our future financial viability.

The City has maintained cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of an ever-changing city. The City has maintained several stabilization reserves within the General Fund and Half-Cent Sales Tax Fund in accordance with the City's adopted financial policies – The Principles of Sound Financial Management. The City also maintains working capital policy reserve, rate stabilization, and debt stabilization reserves in the Utility Funds. It should be noted that while these reserves are established to address immediate and dramatic fiscal difficulties, they are not intended to cover structural budget shortfalls. With this in mind, the fiscal year 2018 budget does not anticipate the use of reserves to address recurring expenses.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Peoria, Arizona's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Director at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.



Basic Financial Statements

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Pooled cash and investments	\$ 227,606,826	\$ 89,051,800	\$ 316,658,626
Accounts receivable, net	12,372,333	10,931,369	23,303,702
Interest receivable	467,649	132,321	599,970
Internal balances	(3,126,576)	3,126,576	-
Due from other governments	5,791,473	-	5,791,473
Prepaid items	65,200	107,934	173,134
Supply inventories	381,322	336,512	717,834
Restricted pooled cash and investments	8,899,977	-	8,899,977
Restricted cash with fiscal agents	24,482,449	7,216,449	31,698,898
Restricted investments	21,453,414	-	21,453,414
Capital assets:			
Non-depreciable	389,721,821	35,861,284	425,583,105
Depreciable (net)	606,822,345	652,596,870	1,259,419,215
Total assets	<u>1,294,938,233</u>	<u>799,361,115</u>	<u>2,094,299,348</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	45,314,498	3,232,020	48,546,518
Deferred loss on bond refunding	5,008,451	142,203	5,150,654
Excess consideration provided for acquisition	-	2,461,917	2,461,917
Total deferred outflows of resources	<u>50,322,949</u>	<u>5,836,140</u>	<u>56,159,089</u>
LIABILITIES			
Accounts payable	7,057,977	3,857,882	10,915,859
Accrued payroll	2,190,001	271,220	2,461,221
Interest payable	5,131,924	1,463,971	6,595,895
Due to other governments	1,810,821	243,117	2,053,938
Customer deposits	3,567	2,027,317	2,030,884
Other liabilities	3,709,748	73,291	3,783,039
Unearned revenue-other	3,719,567	71,857	3,791,424
Non-current liabilities:			
Due within one year:			
Current portion of claims payable	7,540,473	-	7,540,473
Current portion of compensated absences	6,405,280	730,770	7,136,050
Current portion of bonds & loans payable	19,173,000	10,983,985	30,156,985
Due in more than one year:			
Noncurrent portion of claims payable	1,285,429	-	1,285,429
Noncurrent portion of compensated absences	6,981,860	719,250	7,701,110
Noncurrent portion of bonds & loans payable	249,926,285	82,341,561	332,267,846
Net pension liability	162,326,920	15,764,847	178,091,767
Total liabilities	<u>477,262,852</u>	<u>118,549,068</u>	<u>595,811,920</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	12,183,802	1,944,975	14,128,777
Total deferred inflow of resources	<u>12,183,802</u>	<u>1,944,975</u>	<u>14,128,777</u>
NET POSITION			
Net investment in capital assets	747,243,866	597,736,728	1,344,980,594
Restricted for:			
Debt service	39,368,106	-	39,368,106
Capital projects	15,048,734	27,490,003	42,538,737
Development fees	29,717,560	-	29,717,560
Transportation purposes	51,414,295	-	51,414,295
Grant purposes	2,599,118	-	2,599,118
Facilities maintenance	96,366	100,000	196,366
Trust purpose	11,472,885	-	11,472,885
Unrestricted	(41,146,402)	59,376,481	18,230,079
Total net position	<u>\$ 855,814,528</u>	<u>\$ 684,703,212</u>	<u>\$ 1,540,517,740</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 21,623,532	\$ 2,126,455	\$ 143,968	\$ -	\$ (19,353,109)	\$ -	\$ (19,353,109)
Culture and recreation	28,371,539	8,974,426	2,174,453	-	(17,222,660)	-	(17,222,660)
Public safety	97,665,783	5,238,947	326,675	16,306	(92,083,855)	-	(92,083,855)
Development services	6,630,945	5,443,446	1,058,698	-	(128,801)	-	(128,801)
Highways and streets	44,979,242	6,401,899	10,962,296	25,621,724	(1,993,323)	-	(1,993,323)
Public works	6,705,095	4,080,578	-	-	(2,624,517)	-	(2,624,517)
Human services	1,283,420	45,526	-	-	(1,237,894)	-	(1,237,894)
Interest on long-term debt	8,451,596	-	-	-	(8,451,596)	-	(8,451,596)
Total governmental activities	<u>215,711,152</u>	<u>32,311,277</u>	<u>14,666,090</u>	<u>25,638,030</u>	<u>(143,095,755)</u>	<u>-</u>	<u>(143,095,755)</u>
Business-type activities:							
Water Utility	39,316,668	42,300,473	-	10,806,376	-	13,790,181	13,790,181
Wastewater Utility	24,075,245	21,332,720	-	7,385,654	-	4,643,129	4,643,129
Solid Waste Utility	11,867,773	11,723,948	-	-	-	(143,825)	(143,825)
Stadium	7,579,975	3,898,654	-	109,952	-	(3,571,369)	(3,571,369)
Storm Drain Utility	3,497,956	896,452	-	2,396,038	-	(205,466)	(205,466)
Total business-type activities	<u>86,337,617</u>	<u>80,152,247</u>	<u>-</u>	<u>20,698,020</u>	<u>-</u>	<u>14,512,650</u>	<u>14,512,650</u>
Total primary government	<u>\$ 302,048,769</u>	<u>\$ 112,463,524</u>	<u>\$ 14,666,090</u>	<u>\$ 46,336,050</u>	<u>(143,095,755)</u>	<u>14,512,650</u>	<u>(128,583,105)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,207,433	-	3,207,433
Property taxes, levied for debt service					18,532,683	-	18,532,683
Sales and use taxes					84,236,770	-	84,236,770
Franchise taxes					4,501,681	-	4,501,681
Intergovernmental:							
State shared sales taxes- unrestricted					15,631,512	-	15,631,512
Urban revenue sharing- unrestricted					20,949,613	-	20,949,613
Auto in-lieu taxes- unrestricted					6,728,814	-	6,728,814
Investment earnings					1,667,892	519,774	2,187,666
Gain on sale of capital assets						109,744	109,744
Miscellaneous					4,120,882	-	4,120,882
Transfers in (out)					(6,346,374)	6,346,374	-
Total general revenues and transfers					<u>153,230,906</u>	<u>6,975,892</u>	<u>160,206,798</u>
Change in net position					<u>10,135,151</u>	<u>21,488,542</u>	<u>31,623,693</u>
Net position - beginning - restated					<u>845,679,377</u>	<u>663,214,670</u>	<u>1,508,894,047</u>
Net position - ending					<u>\$ 855,814,528</u>	<u>\$ 684,703,212</u>	<u>\$ 1,540,517,740</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

Major Funds

	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
ASSETS & DEFERRED OUTFLOWS				
Assets:				
Pooled cash and investments	\$ 68,220,687	\$ 13,078,551	\$ 20,618,121	\$ 28,776,666
Accounts receivable, net	7,375,846	2,739,467	532,778	1,668,714
Interest receivable	110,770	17,353	29,085	45,601
Due from other funds	1,749,436	-	-	-
Due from other governments	2,917,071	-	951,528	-
Supply inventories	113,859	-	69,711	-
Restricted pooled cash and investments	258,200	-	-	-
Restricted cash with fiscal agents	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>80,745,869</u>	<u>15,835,371</u>	<u>22,201,223</u>	<u>30,490,981</u>
Total assets & deferred outflows	<u>\$ 80,745,869</u>	<u>\$ 15,835,371</u>	<u>\$ 22,201,223</u>	<u>\$ 30,490,981</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,841,959	\$ 673,297	\$ 696,762	\$ 439,088
Accrued payroll	1,892,968	-	72,348	-
Due to other funds	-	-	-	-
Due to other governments	1,810,821	-	-	-
Customer deposits	3,567	-	-	-
Other liabilities	3,635,335	-	-	-
Unearned revenue-other	2,560,006	-	-	-
Total liabilities	<u>11,744,656</u>	<u>673,297</u>	<u>769,110</u>	<u>439,088</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	7,848	-	3,303	-
Total deferred inflows of resources	<u>7,848</u>	<u>-</u>	<u>3,303</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Supply inventories	113,859	-	69,711	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	258,200	-	-	-
Development fees	-	-	-	-
Transportation purposes	-	-	21,359,099	30,051,893
Grant purposes	-	-	-	-
Arts Center maintenance	96,366	-	-	-
Committed to:				
Debt service	-	1,000,000	-	-
Economic development	5,275,604	-	-	-
Arts capital	-	-	-	-
Operating reserve	14,976,843	-	-	-
Emergency reserve	9,984,562	-	-	-
Budget stabilization reserve	9,984,562	6,142,391	-	-
Assigned to:				
Capital projects	-	-	-	-
Municipal Complex reserve	2,618,447	-	-	-
Other purposes	-	8,019,683	-	-
Unassigned:				
Total fund balance	<u>68,993,365</u>	<u>15,162,074</u>	<u>21,428,810</u>	<u>30,051,893</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 80,745,869</u>	<u>\$ 15,835,371</u>	<u>\$ 22,201,223</u>	<u>\$ 30,490,981</u>

(continued)

**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Major Funds</u>			
	<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS & DEFERRED OUTFLOWS				
Assets:				
Pooled cash and investments	\$ 11,376,548	\$ 30,708,995	\$ 32,998,610	\$ 205,778,178
Accounts receivable, net	43,392	-	10,976	12,371,173
Interest receivable	24,285	51,622	96,003	374,719
Due from other funds	-	-	-	1,749,436
Due from other governments	148,184	-	1,774,690	5,791,473
Supply inventories	-	-	-	183,570
Restricted pooled cash and investments	-	-	-	258,200
Restricted cash with fiscal agents	13,980,950	-	10,501,499	24,482,449
Restricted investments	-	-	13,757,954	13,757,954
Total assets	<u>25,573,359</u>	<u>30,760,617</u>	<u>59,139,732</u>	<u>264,747,152</u>
Total assets & deferred outflows	<u>\$ 25,573,359</u>	<u>\$ 30,760,617</u>	<u>\$ 59,139,732</u>	<u>\$ 264,747,152</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,043,057	\$ 805,403	\$ 5,499,566
Accrued payroll	-	-	28,566	1,993,882
Due to other funds	-	-	1,749,436	1,749,436
Due to other governments	-	-	-	1,810,821
Customer deposits	-	-	-	3,567
Other liabilities	-	-	74,413	3,709,748
Unearned revenue-other	-	-	1,159,561	3,719,567
Total liabilities	<u>-</u>	<u>1,043,057</u>	<u>3,817,379</u>	<u>18,486,587</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	<u>43,392</u>	<u>-</u>	<u>6,416</u>	<u>60,959</u>
Total deferred inflows of resources	<u>43,392</u>	<u>-</u>	<u>6,416</u>	<u>60,959</u>
Fund balances:				
Nonspendable:				
Supply inventories	-	-	-	183,570
Restricted for:				
Debt service	25,529,967	-	13,794,747	39,324,714
Capital projects	-	-	14,790,534	15,048,734
Development fees	-	29,717,560	-	29,717,560
Transportation purposes	-	-	-	51,410,992
Grant purposes	-	-	2,599,118	2,599,118
Arts Center maintenance	-	-	-	96,366
Committed to:				
Debt service	-	-	-	1,000,000
Economic development	-	-	-	5,275,604
Arts capital	-	-	4,172,671	4,172,671
Operating reserve	-	-	-	14,976,843
Emergency reserve	-	-	-	9,984,562
Budget stabilization reserve	-	-	-	16,126,953
Assigned to:				
Capital projects	-	-	19,958,867	19,958,867
Municipal Complex reserve	-	-	-	2,618,447
Other purposes	-	-	-	8,019,683
Unassigned:				
Total fund balance	<u>25,529,967</u>	<u>29,717,560</u>	<u>55,315,937</u>	<u>246,199,606</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 25,573,359</u>	<u>\$ 30,760,617</u>	<u>\$ 59,139,732</u>	<u>\$ 264,747,152</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2017**

Fund balances - total governmental funds balance sheet \$ 246,199,606

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

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

Governmental capital assets	\$ 1,423,722,791	
Less accumulated depreciation	<u>(441,998,847)</u>	981,723,944

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

Deferred loss on bond refunding		5,008,451
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Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental bonds payable	(255,073,000)	
Claims payable	(3,904,793)	
Compensated absences	<u>(12,173,290)</u>	(271,151,083)

Bond premiums are recognized at the time of issuance in the governmental funds, but recognized over the life of the bonds for government-wide reporting

(14,026,285)

Property tax revenue earned but not received within 60 days of year-end is a deferred inflow of resources for the governmental statements, but is recognized as revenue for the government-wide statements

60,959

Interest payable on long-term debt is not reported in the governmental funds.

(5,131,924)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities.

32,615,094

Long-term liabilities, such as net pension liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.

(151,751,556)

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	43,146,397	
Deferred inflows related to pensions	<u>(10,879,075)</u>	32,267,322

Total net position of governmental activities - statement of net position	<u><u>\$ 855,814,528</u></u>
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CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds			
	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
REVENUES:				
Taxes	\$53,825,755	\$21,022,729	\$ 4,346,022	\$ 12,760,044
Intergovernmental	43,756,213	-	10,962,296	-
Charges for services	14,302,952	-	73,234	-
Licenses and permits	4,778,632	-	-	-
Fines and forfeitures	1,433,868	-	-	-
Rents	908,678	-	-	-
Investment earnings	210,097	67,415	115,632	179,294
Special assessments	-	-	-	-
Miscellaneous	1,632,257	45,772	648	-
Total revenues	<u>120,848,452</u>	<u>21,135,916</u>	<u>15,497,832</u>	<u>12,939,338</u>
EXPENDITURES:				
Current:				
General government	12,581,667	5,168,562	-	-
Culture and recreation	23,041,590	-	-	-
Public safety	72,125,756	-	-	-
Development services	5,588,029	-	-	-
Highways and streets	-	-	13,482,044	1,996,620
Public works	5,375,882	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	869,888	2,803,365	253,568	5,482,062
Total expenditures	<u>119,582,812</u>	<u>7,971,927</u>	<u>13,735,612</u>	<u>7,478,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,265,640</u>	<u>13,163,989</u>	<u>1,762,220</u>	<u>5,460,656</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	6,366,763	-	1,000,000	-
Transfers out	(1,283,182)	(12,914,805)	(53,911)	(6,006,216)
Total other financing sources and uses	<u>5,083,581</u>	<u>(12,914,805)</u>	<u>946,089</u>	<u>(6,006,216)</u>
Net change in fund balances	<u>6,349,221</u>	<u>249,184</u>	<u>2,708,309</u>	<u>(545,560)</u>
Fund balances - beginning	62,644,144	14,912,890	18,720,501	30,597,453
Fund balances - ending	<u>\$68,993,365</u>	<u>\$15,162,074</u>	<u>\$ 21,428,810</u>	<u>\$ 30,051,893</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	
REVENUES:				
Taxes	\$ 15,715,050	\$ -	\$ 2,865,834	\$ 110,535,434
Intergovernmental	-	-	5,378,071	60,096,580
Charges for services	-	9,587,729	403,720	24,367,635
Licenses and permits	-	-	-	4,778,632
Fines and forfeitures	-	-	137,920	1,571,788
Rents	-	-	-	908,678
Investment earnings	111,640	202,966	433,534	1,320,578
Special assessments	-	-	2,171,319	2,171,319
Miscellaneous	-	-	2,732,763	4,411,440
Total revenues	<u>15,826,690</u>	<u>9,790,695</u>	<u>14,123,161</u>	<u>210,162,084</u>
EXPENDITURES:				
Current:				
General government	-	16,926	449,328	18,216,483
Culture and recreation	-	242,037	579,253	23,862,880
Public safety	-	48,294	913,032	73,087,082
Development services	-	-	703,266	6,291,295
Highways and streets	-	5,332,379	799,250	21,610,293
Public works	-	-	1,008,269	6,384,151
Human services	-	-	1,184,926	1,184,926
Debt service:				
Principal payments	11,920,000	-	7,947,000	19,867,000
Interest and other charges	6,143,977	-	5,192,961	11,336,938
Capital outlay	-	8,333,724	11,625,372	29,367,979
Total expenditures	<u>18,063,977</u>	<u>13,973,360</u>	<u>30,402,657</u>	<u>211,209,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,237,287)</u>	<u>(4,182,665)</u>	<u>(16,279,496)</u>	<u>(1,046,943)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	3,000,000	3,000,000
Premium on bonds issued	-	-	108,061	108,061
Transfers in	1,183,752	-	9,374,656	17,925,171
Transfers out	-	-	(7,978,122)	(28,236,236)
Total other financing sources and uses	<u>1,183,752</u>	<u>-</u>	<u>4,504,595</u>	<u>(7,203,004)</u>
Net change in fund balances	<u>(1,053,535)</u>	<u>(4,182,665)</u>	<u>(11,774,901)</u>	<u>(8,249,947)</u>
Fund balances - beginning	26,583,502	33,900,225	67,090,838	254,449,553
Fund balances - ending	<u>\$ 25,529,967</u>	<u>\$ 29,717,560</u>	<u>\$ 55,315,937</u>	<u>\$ 246,199,606</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds	\$ (8,249,947)
Amounts reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(5,364,390)
Certain revenues are advances in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.	(56,870)
Special assessment principal payments received are revenues on the governmental operating statement, but are reductions in the outstanding special assessment debt for government-wide reporting.	(2,036,876)
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the statement of activities, but is expensed when due for the governmental fund statements.	2,069,543
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$29,367,977), plus other capital \$0, is exceeded by depreciation (\$33,515,777) in the current period.	(4,147,798)
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold or disposed of. Also gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses on the statement of activities.	234,215
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	23,779,626
The issuance of long-term debt provides current financial resources in the governmental funds, but creates a long-term liability in the statement of activities.	(3,000,000)
Repayment of bonds principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. No effect on net position.	19,867,000
Bond premiums or discounts and gains or losses on bond refunding are sources or uses of current financial resources for governmental fund reporting but are deferred outflows or inflows of resources for government-wide reporting.	707,738
The donation of governmental capital assets from Enterprise Funds is not shown in the governmental fund statements but is a transfer in in the statement of activities	503,171
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	5,207,551
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension service costs, interest on the pension liability, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions is reported as pension expense.	(19,377,812)
Change in net position of governmental activities- statement of activities	<u>\$ 10,135,151</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
REVENUES:				
Taxes	\$ 50,948,948	\$ 50,948,948	\$ 53,825,755	\$ 2,876,807
Intergovernmental	42,667,400	42,667,400	43,756,213	1,088,813
Charges for services	29,481,002	29,481,002	29,052,143	(428,859)
Licenses and permits	3,334,410	3,334,410	4,778,632	1,444,222
Fines and forfeitures	1,595,674	1,595,674	1,433,868	(161,806)
Rents	827,463	827,463	908,678	81,215
Investment earnings	215,000	215,000	210,097	(4,903)
Miscellaneous	1,056,803	1,056,803	1,632,257	575,454
Total revenues	<u>130,126,700</u>	<u>130,126,700</u>	<u>135,597,643</u>	<u>5,470,943</u>
EXPENDITURES:				
Current:				
General government:				
Mayor and council	686,642	686,642	625,290	(61,352)
City manager	4,786,189	4,803,211	4,536,783	(266,428)
Human resources	2,536,747	2,551,449	2,381,418	(170,031)
Attorney	3,349,167	3,457,967	3,297,426	(160,541)
City clerk	1,194,130	1,204,630	1,107,631	(96,999)
Court	1,972,926	1,972,926	1,795,657	(177,269)
Economic development	2,035,195	2,187,017	1,635,977	(551,040)
Finance	10,354,499	10,579,061	10,220,260	(358,801)
Non-departmental	1,842,488	3,002,889	2,092,604	(910,285)
Culture and recreation	23,918,437	24,229,159	23,041,590	(1,187,569)
Public safety:				
Police	44,511,949	44,370,288	42,848,828	(1,521,460)
Fire	30,015,194	30,449,411	29,585,884	(863,527)
Development services	8,810,593	8,901,568	5,588,029	(3,313,539)
Public works	5,774,681	5,797,081	5,375,882	(421,199)
Capital outlay	2,554,156	4,133,515	878,237	(3,255,278)
Total expenditures	<u>144,342,993</u>	<u>148,326,814</u>	<u>135,011,496</u>	<u>(13,315,318)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,216,293)</u>	<u>(18,200,114)</u>	<u>586,147</u>	<u>18,786,261</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(23,250,000)	(3,471,149)	-	3,471,149
Transfers in	6,225,605	6,225,605	6,366,763	141,158
Transfers out	(736,302)	(736,302)	(603,690)	132,612
Total other financing sources and uses	<u>(17,760,697)</u>	<u>2,018,154</u>	<u>5,763,073</u>	<u>3,744,919</u>
Net change in fund balances	<u>(31,976,990)</u>	<u>(16,181,960)</u>	<u>6,349,220</u>	<u>22,531,180</u>
Fund balances - beginning	52,894,963	52,894,963	62,644,144	9,749,181
Fund balances - ending	<u>\$ 20,917,973</u>	<u>\$ 36,713,003</u>	<u>\$ 68,993,364</u>	<u>\$ 32,280,361</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017**

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Sources/inflows of resources:

Actual amounts (budgetary basis) "Total revenues" from the budgetary comparison statement	\$ 135,597,643
Differences - budget to GAAP:	
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(14,749,191)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 120,848,452</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 135,011,496
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(679,492)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(14,749,191)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 119,582,813</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HALF-CENT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Taxes	\$ 19,670,044	\$ 19,670,044	\$ 21,022,729	\$ 1,352,685
Investment earnings	35,000	35,000	67,415	32,415
Miscellaneous	15,000	15,000	45,772	30,772
Total revenues	<u>19,720,044</u>	<u>19,720,044</u>	<u>21,135,916</u>	<u>1,415,872</u>
EXPENDITURES:				
Current:				
General government	5,487,359	7,798,902	5,168,562	(2,630,340)
Capital outlay	<u>1,223,800</u>	<u>4,072,669</u>	<u>3,894,281</u>	<u>(178,388)</u>
Total expenditures	<u>6,711,159</u>	<u>11,871,571</u>	<u>9,062,843</u>	<u>(2,808,728)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,008,885</u>	<u>7,848,473</u>	<u>12,073,073</u>	<u>4,224,600</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(8,000,000)	(2,764,543)	-	2,764,543
Transfers out	<u>(11,823,889)</u>	<u>(11,823,889)</u>	<u>(11,823,889)</u>	<u>-</u>
Total other financing sources and uses	<u>(19,823,889)</u>	<u>(14,588,432)</u>	<u>(11,823,889)</u>	<u>2,764,543</u>
Net change in fund balances	<u>(6,815,004)</u>	<u>(6,739,959)</u>	<u>249,184</u>	<u>6,989,143</u>
Fund balances - beginning	12,966,936	12,966,936	14,912,890	1,945,954
Fund balances - ending	<u>\$ 6,151,932</u>	<u>\$ 6,226,977</u>	<u>\$ 15,162,074</u>	<u>\$ 8,935,097</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 9,062,843
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,090,916)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 7,971,927</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HIGHWAY USER REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 4,346,474	\$ 4,346,474	\$ 4,346,022	\$ (452)
Intergovernmental	9,709,867	9,709,867	10,962,296	1,252,429
Charges for services	402,000	402,000	368,234	(33,766)
Investment earnings	68,250	68,250	115,632	47,382
Miscellaneous	-	-	648	648
Total revenues	<u>14,526,591</u>	<u>14,526,591</u>	<u>15,792,832</u>	<u>1,266,241</u>
EXPENDITURES:				
Current:				
Highways and streets	10,681,804	10,676,474	13,777,044	3,100,570
Capital outlay	5,015,306	5,300,254	253,568	(5,046,686)
Total expenditures	<u>15,697,110</u>	<u>15,976,728</u>	<u>14,030,612</u>	<u>(1,946,116)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,170,519)</u>	<u>(1,450,137)</u>	<u>1,762,220</u>	<u>3,212,357</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(500,000)	(200,000)	-	200,000
Transfers in	1,704,949	1,704,949	1,000,000	(704,949)
Transfers out	(758,860)	(758,860)	(53,911)	704,949
Total other financing sources and uses	<u>446,089</u>	<u>746,089</u>	<u>946,089</u>	<u>200,000</u>
Net change in fund balances	<u>(724,430)</u>	<u>(704,048)</u>	<u>2,708,309</u>	<u>3,412,357</u>
Fund balances - beginning	17,064,246	17,064,246	18,720,501	1,656,255
Fund balances - ending	<u>\$ 16,339,816</u>	<u>\$ 16,360,198</u>	<u>\$ 21,428,810</u>	<u>\$ 5,068,612</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Sources/inflows of resources:

Actual amounts (budgetary basis) "Total revenues" from the budgetary comparison schedule	\$ 15,792,832
Differences - budget to GAAP:	
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(295,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,497,832</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 14,030,612
Differences - budget to GAAP:	
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(295,000)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,735,612</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
TRANSPORTATION SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 11,853,148	\$ 11,853,148	\$ 12,760,044	\$ 906,896
Investment earnings	100,000	100,000	179,294	79,294
Total revenues	<u>11,953,148</u>	<u>11,953,148</u>	<u>12,939,338</u>	<u>986,190</u>
EXPENDITURES:				
Current:				
Highways and streets	261,757	255,727	2,006,268	1,750,541
Capital outlay	19,714,003	17,384,899	5,482,062	(11,902,837)
Total expenditures	<u>19,975,760</u>	<u>17,640,626</u>	<u>7,488,330</u>	<u>(10,152,296)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,022,612)</u>	<u>(5,687,478)</u>	<u>5,451,008</u>	<u>11,138,486</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(1,000,000)	(6,204,653)	-	6,204,653
Transfers out	(5,996,568)	(5,996,568)	(5,996,568)	-
Total other financing sources and uses	<u>(6,996,568)</u>	<u>(12,201,221)</u>	<u>(5,996,568)</u>	<u>6,204,653</u>
Net change in fund balances	<u>(15,019,180)</u>	<u>(17,888,699)</u>	<u>(545,560)</u>	<u>17,343,139</u>
Fund balances - beginning	27,017,588	27,017,588	30,597,453	3,579,865
Fund balances - ending	<u>\$ 11,998,408</u>	<u>\$ 9,128,889</u>	<u>\$ 30,051,893</u>	<u>\$ 20,923,004</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows or resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 7,488,330
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(9,648)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 7,478,682</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
DEVELOPMENT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 6,200,000	\$ 6,200,000	\$ 9,587,729	\$ 3,387,729
Investment earnings	13,100	13,100	202,966	189,866
Total revenues	<u>6,213,100</u>	<u>6,213,100</u>	<u>9,790,695</u>	<u>3,577,595</u>
EXPENDITURES:				
Current:				
General government	7,426	7,426	16,926	9,500
Culture and recreation	294,667	378,091	242,037	(136,054)
Public safety	18,000	66,294	48,294	(18,000)
Highways and streets	5,876,811	5,876,811	5,332,379	(544,432)
Capital outlay	12,043,762	12,828,861	8,333,724	(4,495,137)
Total expenditures	<u>18,240,666</u>	<u>19,157,483</u>	<u>13,973,360</u>	<u>(5,184,123)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,027,566)</u>	<u>(12,944,383)</u>	<u>(4,182,665)</u>	<u>8,761,718</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	<u>(4,200,000)</u>	<u>(3,404,375)</u>	-	3,404,375
Total other financing sources and uses	<u>(4,200,000)</u>	<u>(3,404,375)</u>	<u>-</u>	<u>3,404,375</u>
Net change in fund balances	<u>(16,227,566)</u>	<u>(16,348,758)</u>	<u>(4,182,665)</u>	<u>12,166,093</u>
Fund balances - beginning	29,848,987	29,848,987	33,900,225	4,051,238
Fund balances - ending	<u>\$ 13,621,421</u>	<u>\$ 13,500,229</u>	<u>\$ 29,717,560</u>	<u>\$ 16,217,331</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities		
	Major Enterprise Funds		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
ASSETS			
Current assets:			
Pooled cash and investments	\$ 46,190,690	\$ 24,255,230	\$ 16,673,024
Restricted pooled cash and investments	-	-	-
Accounts receivable, net	5,942,042	2,530,249	1,418,306
Interest receivable	72,179	30,808	26,403
Prepaid items	107,934	-	-
Supplies inventory	215,920	-	120,592
Total current assets	<u>52,528,765</u>	<u>26,816,287</u>	<u>18,238,325</u>
Non-current assets:			
Restricted assets:			
Cash with fiscal agents	6,255,690	960,759	-
Investments	-	-	-
Net restricted assets	<u>6,255,690</u>	<u>960,759</u>	<u>-</u>
Capital assets:			
Buildings and improvements	1,662,522	7,612,045	-
Distribution and collection systems	376,626,349	397,788,560	-
Water rights	12,889,809	-	-
Equipment & furniture	14,085,614	2,395,572	-
Vehicles	1,822,042	1,221,377	13,926,224
Less accumulated depreciation and amortization	(154,649,941)	(131,090,561)	(6,047,191)
Land and improvements	6,158,675	3,878,001	-
Construction in progress	14,080,914	3,108,313	-
Capital assets, net	<u>272,675,984</u>	<u>284,913,307</u>	<u>7,879,033</u>
Total assets	<u>331,460,439</u>	<u>312,690,353</u>	<u>26,117,358</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,227,899	680,338	870,998
Deferred loss on bond refunding	134,044	8,159	-
Excess consideration provided for acquisition	2,461,917	-	-
Total deferred outflows of resources	<u>3,823,860</u>	<u>688,497</u>	<u>870,998</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,272,573	781,638	328,032
Accrued payroll	110,782	50,203	65,168
Interest payable	494,651	969,320	-
Due to other governments	241,011	-	-
Customer deposits	2,027,317	-	-
Other liabilities	73,291	-	-
Current portion of claims payable	-	-	-
Current portion of compensated absences	335,650	133,800	149,460
Current portion of bonds & loans payable	5,625,476	5,358,509	-
Unearned revenue-other	-	-	-
Total current liabilities	<u>11,180,751</u>	<u>7,293,470</u>	<u>542,660</u>
Non-current liabilities:			
Long-term portion of claims payable	-	-	-
Long-term portion of compensated absences	297,290	125,720	117,650
Long-term portion of bonds & loans payable	27,432,164	54,909,397	-
Net pension liability	5,989,332	3,318,487	4,248,471
Total non-current liabilities	<u>33,718,786</u>	<u>58,353,604</u>	<u>4,366,121</u>
Total liabilities	<u>44,899,537</u>	<u>65,647,074</u>	<u>4,908,781</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	738,929	409,416	524,152
Total deferred inflows of resources	<u>738,929</u>	<u>409,416</u>	<u>524,152</u>
NET POSITION			
Net investment in capital assets	242,214,305	224,653,560	7,879,033
Restricted:			
Capital projects	15,992,420	5,192,413	5,820,495
Facilities maintenance	-	-	-
Trust purpose	-	-	-
Unrestricted	31,439,108	17,476,387	7,855,895
Total net position	<u>\$ 289,645,833</u>	<u>\$ 247,322,360</u>	<u>\$ 21,555,423</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities		Total	Governmental
	Major Enterprise Funds			Activities -
	Stadium	Storm Drain		Internal
	Fund	Utility Fund		Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 1,428,888	\$ 503,968	\$ 89,051,800	\$ 21,828,648
Restricted pooled cash and investments	-	-	-	8,641,777
Accounts receivable, net	936,700	104,072	10,931,369	1,160
Interest receivable	1,952	979	132,321	92,930
Prepaid items	-	-	107,934	65,200
Supplies inventory	-	-	336,512	197,752
Total current assets	<u>2,367,540</u>	<u>609,019</u>	<u>100,559,936</u>	<u>30,827,467</u>
Non-current assets:				
Restricted assets:				
Cash with fiscal agents	-	-	7,216,449	-
Investments	-	-	-	7,695,460
Net restricted assets	<u>-</u>	<u>-</u>	<u>7,216,449</u>	<u>7,695,460</u>
Capital assets:				
Buildings and improvements	70,065,391	-	79,339,958	148,102
Distribution and collection systems	-	96,784,134	871,199,043	-
Water rights	-	-	12,889,809	-
Equipment & furniture	1,785,665	-	18,266,851	37,385,073
Vehicles	112,767	-	17,082,410	27,219,030
Less accumulated depreciation and amortization	(20,723,675)	(33,669,833)	(346,181,201)	(50,160,104)
Land and improvements	6,703,349	-	16,740,025	-
Construction in progress	648,913	1,283,119	19,121,259	228,121
Capital assets, net	<u>58,592,410</u>	<u>64,397,420</u>	<u>688,458,154</u>	<u>14,820,222</u>
Total assets	<u>60,959,950</u>	<u>65,006,439</u>	<u>796,234,539</u>	<u>53,343,149</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	377,018	75,767	3,232,020	2,168,101
Deferred loss on bond refunding	-	-	142,203	-
Excess consideration provided for acquisition	-	-	2,461,917	-
Total deferred outflows of resources	<u>377,018</u>	<u>75,767</u>	<u>5,836,140</u>	<u>2,168,101</u>
LIABILITIES				
Current liabilities:				
Accounts payable	410,556	65,083	3,857,882	1,558,411
Accrued payroll	39,247	5,820	271,220	196,119
Interest payable	-	-	1,463,971	-
Due to other governments	2,106	-	243,117	-
Customer deposits	-	-	2,027,317	-
Other liabilities	-	-	73,291	-
Current portion of claims payable	-	-	-	3,635,680
Current portion of compensated absences	97,470	14,390	730,770	604,780
Current portion of bonds & loans payable	-	-	10,983,985	-
Unearned revenue-other	71,857	-	71,857	-
Total current liabilities	<u>621,236</u>	<u>85,293</u>	<u>19,723,410</u>	<u>5,994,990</u>
Non-current liabilities:				
Long-term portion of claims payable	-	-	-	1,285,429
Long-term portion of compensated absences	151,000	27,590	719,250	609,070
Long-term portion of bonds & loans payable	-	-	82,341,561	-
Net pension liability	1,838,985	369,572	15,764,847	10,575,364
Total non-current liabilities	<u>1,989,985</u>	<u>397,162</u>	<u>98,825,658</u>	<u>12,469,863</u>
Total liabilities	<u>2,611,221</u>	<u>482,455</u>	<u>118,549,068</u>	<u>18,464,853</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	226,883	45,595	1,944,975	1,304,727
Total deferred inflows of resources	<u>226,883</u>	<u>45,595</u>	<u>1,944,975</u>	<u>1,304,727</u>
NET POSITION				
Net investment in capital assets	58,592,410	64,397,420	597,736,728	14,820,222
Restricted:				
Capital projects	484,675	-	27,490,003	-
Facilities maintenance	100,000	-	100,000	-
Trust purpose	-	-	-	11,472,885
Unrestricted	(678,221)	156,736	56,249,905	9,448,563
Total net position	<u>\$ 58,498,864</u>	<u>\$ 64,554,156</u>	<u>681,576,636</u>	<u>\$ 35,741,670</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			3,126,576	
			<u>\$ 684,703,212</u>	

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities		
	Major Enterprise Funds		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
OPERATING REVENUES			
Charges for services	\$ 41,087,328	\$ 21,241,173	\$ 11,723,948
Rents	-	-	-
Miscellaneous	1,213,145	91,547	-
Total operating revenues	<u>42,300,473</u>	<u>21,332,720</u>	<u>11,723,948</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	5,344,219	3,002,020	3,921,829
Contractual services, materials and supplies	19,258,755	8,182,933	7,270,773
Insurance claims and expenses	-	-	-
Depreciation and amortization	13,808,371	10,999,577	727,447
Total operating expenses	<u>38,411,345</u>	<u>22,184,530</u>	<u>11,920,049</u>
Operating income (loss)	<u>3,889,128</u>	<u>(851,810)</u>	<u>(196,101)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	285,446	114,294	101,321
Interest expense	(769,790)	(1,877,571)	-
Gain(loss) on sale of capital assets	(137,139)	(8,508)	(247,781)
Total non-operating revenues (expenses)	<u>(621,483)</u>	<u>(1,771,785)</u>	<u>(146,460)</u>
Income (loss) before contributions and transfers	3,267,645	(2,623,595)	(342,561)
Capital contributions	10,806,376	7,385,654	-
Transfers in	1,483,219	5,292,694	29
Transfers out	(4,053,814)	(953,502)	(7,855)
Change in net position	<u>11,503,426</u>	<u>9,101,251</u>	<u>(350,387)</u>
Total net position - beginning, restated	278,142,407	238,221,109	21,905,810
Total net position - ending	<u>\$ 289,645,833</u>	<u>\$ 247,322,360</u>	<u>\$ 21,555,423</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities		Total	Governmental
	Major Enterprise Funds			Activities -
	Stadium	Storm Drain		Internal
	Fund	Utility Fund		Service Funds
OPERATING REVENUES				
Charges for services	\$ 1,493,029	\$ 896,452	\$ 76,441,930	\$ 43,775,036
Rents	2,328,112	-	2,328,112	-
Miscellaneous	77,513	-	1,382,205	454,669
Total operating revenues	<u>3,898,654</u>	<u>896,452</u>	<u>80,152,247</u>	<u>44,229,705</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	2,007,353	352,026	14,627,447	9,571,822
Contractual services, materials and supplies	3,435,076	751,890	38,899,427	14,454,804
Insurance claims and expenses	-	-	-	18,775,079
Depreciation and amortization	2,165,107	2,392,642	30,093,144	2,512,916
Total operating expenses	<u>7,607,536</u>	<u>3,496,558</u>	<u>83,620,018</u>	<u>45,314,621</u>
Operating income (loss)	<u>(3,708,882)</u>	<u>(2,600,106)</u>	<u>(3,467,771)</u>	<u>(1,084,916)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	12,461	6,252	519,774	347,314
Interest expense	-	-	(2,647,361)	-
Gain(loss) on sale of capital assets	-	-	(393,428)	134,692
Total non-operating revenues (expenses)	<u>12,461</u>	<u>6,252</u>	<u>(2,521,015)</u>	<u>482,006</u>
Income (loss) before contributions and transfers	(3,696,421)	(2,593,854)	(5,988,786)	(602,910)
Capital contributions	109,952	2,396,038	20,698,020	-
Transfers in	4,317,585	779,060	11,872,587	3,511,760
Transfers out	(5,975)	(1,896)	(5,023,042)	(50,240)
Change in net position	<u>725,141</u>	<u>579,348</u>	<u>21,558,779</u>	<u>2,858,610</u>
Total net position - beginning, restated	57,773,723	63,974,808	660,017,857	32,883,060
Total net position - ending	<u>\$ 58,498,864</u>	<u>\$ 64,554,156</u>	681,576,636	<u>\$ 35,741,670</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			(70,237)	
Change in net position of business-type activities			<u>\$ 21,488,542</u>	

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities		
	Major Enterprise Funds		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 41,918,060	\$ 21,137,994	\$ 11,632,168
Payments to suppliers	(16,311,259)	(6,814,954)	(2,299,868)
Payments to employees	(5,168,172)	(2,869,289)	(3,883,658)
Self-insurance costs	-	-	-
Payments to internal service funds	<u>(2,511,316)</u>	<u>(1,137,716)</u>	<u>(4,905,519)</u>
Net cash provided (used) by operating activities	<u>17,927,313</u>	<u>10,316,035</u>	<u>543,123</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	1,483,219	5,292,694	29
Transfers out	<u>(4,053,814)</u>	<u>(953,502)</u>	<u>(7,855)</u>
Net cash provided (used) by non-capital financing activities	<u>(2,570,595)</u>	<u>4,339,192</u>	<u>(7,826)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(11,316,056)	(4,313,212)	(2,113,321)
Disposal of capital assets	(137,139)	(8,508)	(247,781)
Capital contributions	4,913,520	1,355,169	-
Proceeds from loans	1,066,079	-	-
Principal payments on capital debt	(5,660,691)	(5,251,613)	-
Interest paid on capital debt	<u>(897,524)</u>	<u>(1,960,855)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(12,031,811)</u>	<u>(10,179,019)</u>	<u>(2,361,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Interest received on investments	<u>255,007</u>	<u>99,577</u>	<u>92,353</u>
Net cash provided (used) by investing activities	<u>255,007</u>	<u>99,577</u>	<u>92,353</u>
Net increase (decrease) in cash and cash equivalents	3,579,914	4,575,785	(1,733,452)
Cash and cash equivalents at beginning of year	48,866,466	20,640,204	18,406,476
Cash and cash equivalents at end of year	<u>\$ 52,446,380</u>	<u>\$ 25,215,989</u>	<u>\$ 16,673,024</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities -
	Stadium Fund	Storm Drain Utility Fund		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,209,412	\$ 888,387	\$ 78,786,021	\$ 44,234,393
Payments to suppliers	(2,608,773)	(508,303)	(28,543,157)	(14,705,616)
Payments to employees	(1,824,350)	(334,706)	(14,080,175)	(9,250,967)
Self-insurance costs	-	-	-	(17,951,841)
Payments to internal service funds	(604,962)	(209,537)	(9,369,050)	-
Net cash provided (used) by operating activities	<u>(1,828,673)</u>	<u>(164,159)</u>	<u>26,793,639</u>	<u>2,325,969</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	4,317,585	779,060	11,872,587	3,511,760
Transfers out	(5,975)	(1,896)	(5,023,042)	(50,240)
Net cash provided (used) by non-capital financing activities	<u>4,311,610</u>	<u>777,164</u>	<u>6,849,545</u>	<u>3,461,520</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,925,193)	(779,060)	(21,446,842)	(5,219,632)
Disposal of capital assets	-	-	(393,428)	142,770
Capital contributions	109,952	-	6,378,641	-
Proceeds from loans	-	-	1,066,079	-
Principal payments on capital debt	-	-	(10,912,304)	-
Interest paid on capital debt	-	-	(2,858,379)	-
Net cash provided (used) by capital and related financing activities	<u>(2,815,241)</u>	<u>(779,060)</u>	<u>(28,166,233)</u>	<u>(5,076,862)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(53,152)
Interest received on investments	11,539	5,941	464,417	293,771
Net cash provided (used) by investing activities	<u>11,539</u>	<u>5,941</u>	<u>464,417</u>	<u>240,619</u>
Net increase (decrease) in cash and cash equivalents	(320,765)	(160,114)	5,941,368	951,246
Cash and cash equivalents at beginning of year	1,749,653	664,082	90,326,881	29,519,179
Cash and cash equivalents at end of year	<u>\$ 1,428,888</u>	<u>\$ 503,968</u>	<u>\$ 96,268,249</u>	<u>\$ 30,470,425</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities		
	Major Enterprise Funds		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 3,889,128	\$ (851,810)	\$ (196,101)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,808,371	10,999,577	727,447
Add: Pension expense	269,948	216,345	208,364
Subtract: Employer pension contributions	(393,914)	(218,255)	(279,419)
(Increase) decrease in assets:			
Accounts receivable	(375,918)	(194,726)	(91,780)
Prepaid items	(18,256)	-	-
Supplies inventory	51,914	-	(67,527)
Other assets	(25,000)	-	-
Increase (decrease) in liabilities:			
Accounts payable	395,307	230,263	132,913
Accrued payroll	36,483	12,231	11,756
Due to other governments	26,649	-	-
Other liabilities	5,566	-	-
Deposits payable	(6,495)	-	-
Claims payable	-	-	-
Unearned revenue - other	-	-	-
Compensated absences	263,530	122,410	97,470
Total adjustments	<u>14,038,185</u>	<u>11,167,845</u>	<u>739,224</u>
Net cash provided (used) by operating activities	<u>\$ 17,927,313</u>	<u>\$ 10,316,035</u>	<u>\$ 543,123</u>
Non-cash investing, capital and financing activities:			
Capital assets acquired through contributions from developers and property owners	\$ 5,892,856	\$ 6,030,485	\$ -
Increase in fair market value of investments	14,994	4,573	6,126
Total non-cash investing, capital and financing activities	<u>\$ 5,907,850</u>	<u>\$ 6,035,058</u>	<u>\$ 6,126</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	Stadium Fund	Storm Drain Utility Fund		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (3,708,882)	\$ (2,600,106)	\$ (3,467,771)	\$ (1,084,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,165,107	2,392,642	30,093,144	2,512,916
Add: Pension expense	163,725	12,728	871,110	413,072
Subtract: Employer pension contributions	(120,949)	(24,306)	(1,036,843)	(695,534)
(Increase) decrease in assets:				
Accounts receivable	(544,848)	(8,065)	(1,215,337)	7,791
Prepaid items	-	-	(18,256)	37,032
Supplies inventory	-	-	(15,613)	(16,380)
Other assets	-	-	(25,000)	-
Increase (decrease) in liabilities:				
Accounts payable	228,678	34,050	1,021,211	(271,464)
Accrued payroll	9,927	1,298	71,695	61,607
Due to other governments	(4,832)	-	21,817	-
Other liabilities	(2,505)	-	3,061	-
Deposits payable	-	-	(6,495)	-
Claims payable	-	-	-	823,238
Unearned revenue - other	(144,394)	-	(144,394)	(3,103)
Compensated absences	130,300	27,600	641,310	541,710
Total adjustments	1,880,209	2,435,947	30,261,410	3,410,885
Net cash provided (used) by operating activities	<u>\$ (1,828,673)</u>	<u>\$ (164,159)</u>	<u>\$ 26,793,639</u>	<u>\$ 2,325,969</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers and property owners	\$ -	\$ 2,396,038	\$ 14,319,379	\$ -
Increase in fair market value of investments	308	43	26,044	13,633
Total non-cash investing, capital and financing activities	<u>\$ 308</u>	<u>\$ 2,396,081</u>	<u>\$ 14,345,423</u>	<u>\$ 13,633</u>

(concluded)

**CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Firemen's Pension Fund	Agency Funds
ASSETS		
Pooled cash and investments	\$ 31,041	\$ 59,449
Interest receivable	62	84
Total assets	31,103	59,533
LIABILITIES		
Accounts payable	-	1,107
Other liabilities	-	58,426
Total liabilities	-	59,533
NET POSITION		
Net position restricted for pensions	\$ 31,103	

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Firemen's Pension Fund
ADDITIONS	
Contributions:	
State insurance premium tax rebate	\$ 379
Total contributions	379
Investment earnings:	
Interest and investment income	394
Total investment earnings	394
Total additions	773
DEDUCTIONS	
Retirement payments	20,400
Total deductions	20,400
Change in net position	(19,627)
Net position - beginning of the year	50,730
Net position - end of the year	\$ 31,103

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

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

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CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Peoria, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City’s more significant policies follows.

A. Financial Reporting Entity

The City of Peoria (City) was incorporated in 1954 under the Arizona Revised Statutes. The current City charter provides for the Council - Manager form of government and provides such services as authorized by the charter as limited by the constitution of the State of Arizona.

The City’s major operations include police protection and fire and medical services, parks and recreation, development services, public works, certain social services and general administrative services. In addition, the City owns and operates enterprise funds, which include water, wastewater, solid waste and storm drain operations, and a baseball stadium complex.

The financial reporting entity presented in these financial statements consists of the City and its blended component units for which the City is financially accountable. The blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. These component units are governed by boards, wholly or substantially, comprised of the government’s elected council.

Individual Component Units - Blended

City of Peoria Municipal Development Authority, Inc.

City of Peoria Municipal Development Authority, Inc. (Authority), an Arizona not-for-profit corporation, was organized for the purpose of financing the construction of municipal facilities within the City through the issuance of bonds. Concurrent with these bond issues, the City entered into contracts with the Authority whereby the City will pay, to the Authority, amounts sufficient to retire the Authority’s bonds and related interest. The outstanding Municipal Development Authority, Inc. bonds are reported as a debt service fund in the City’s financial statements. All of the outstanding debt of the Authority will be repaid by revenues of the City. No separate financial statements are prepared for the Municipal Development Authority, Inc.

Vistancia Community Facilities District

The Vistancia Community Facilities District (Vistancia) was formed by petition to the City Council in 2002. Vistancia’s purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, Vistancia can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Vistancia’s property taxes, and thus for the costs of operating the district. The City Council serves as the Board of Directors of Vistancia and City management has operational responsibility for Vistancia. The City has no liability for the district’s debt. For reporting purposes, the transactions of Vistancia are included as governmental funds as if they were part of the City’s operations.

Vistancia West Community Facilities District

The Vistancia West Community Facilities District (Vistancia West) was formed by petition to the City Council in 2014. Vistancia West’s purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, Vistancia West can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Vistancia West’s property taxes, and thus for the costs of operating the district. The City Council serves as the Board of Directors of Vistancia West and City management has operational responsibility for Vistancia West. The City has no liability for the district’s debt. For reporting purposes, the transactions of Vistancia West are included as governmental funds as if they were part of the City’s operations.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

City of Peoria Employee Benefit Trust

The City of Peoria Employee Benefit Trust (the Trust) was formed by petition to the City Council on January 1, 2010. The Trust's purpose is to fund health, welfare and related benefit programs by the City in accordance with the provisions of Arizona law. Plan premiums are paid by Participants and the City. The City Council Sub Committee on Boards and Commissions nominate individuals to serve as Trustees overseeing the management and administration of the Trust. For financial reporting purposes, the transactions of the Trust are included as part of the Self-Insurance Fund, an internal service fund in the City's financial statements.

City of Peoria Workers' Compensation Trust

The City of Peoria Workers' Compensation Trust (the Trust) was formed by petition to the City Council in 2009. The Trust's purposes is to fund workers' compensation benefit programs by the City in accordance with the provisions of Arizona law. Plan premiums are paid by the City. The City Council Sub Committee on Boards and Commissions nominate individuals to serve as Trustees overseeing the management and administration of the Trust. For financial reporting purposes, the transactions of the Trust are included as part of the Self-Insurance Fund, an internal service fund in the City's financial statements.

Stand-alone financial statements are prepared for Vistancia, Vistancia West and the two trusts above. The accounting records of these are maintained by the City and the financial statements are available by contacting the City's Finance Department, 8401 West Monroe Street, Peoria, AZ 85345.

B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

The City does not currently employ an indirect cost allocation system. The General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund.

Separate financial statements are provided for governmental funds (general fund, special revenue funds, debt service funds and capital projects funds), proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The *Half-Cent Sales Tax Fund*, a special revenue fund, accounts for the revenues generated from a sales tax increase designated for specific uses per Council policy.

The *Highway User Revenue Fund*, a special revenue fund, is required by state statute to track receipts of specific state shared revenues and the expenditure of those funds.

The *Transportation Sales Tax Fund*, a special revenue fund, accounts for the revenues generated from a sales tax increase designated by public vote for use in funding transportation needs throughout the City.

The *Development Fee Fund*, a special revenue fund, accounts for the receipt and expenditure of development impact or expansion fees for all governmental activities as governed by state statutes.

The *GO Bond Debt Service Fund* accounts for the principal and interest requirements of the City's general obligation bonds, with revenues generated from the general property tax levy sufficient to meet the debt service.

The City reports the following major proprietary funds:

The *Water Utility, Wastewater Utility, Solid Waste Utility and Storm Drain Utility Funds* all account for the revenues from charges to the customers of these services and the costs of these services.

The *Stadium Fund* accounts for the revenues generated by and the costs of operation of a sports complex owned by the City. This facility is used for spring training by two major league baseball teams as well as multiple other uses throughout the year.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for (1) Motor Pool, (2) Facilities Maintenance, (3) Self-Insurance which includes workers' compensation and health insurance programs, and (4) Information Technology which includes a computer replacement program.

The *Firemen's Pension Fund*, a trust fund, is used to account for assets held in a trustee capacity for the volunteer firemen's retirement plan. Trust funds can be expended for the trusts' intended purposes.

The *Agency Funds* are purely custodial (assets equal liabilities) and do not involve measurement of operations. The City currently maintains 2 agency funds, as one fund was closed during the year. One fund, PLAY Peoria, accounts for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator. Another fund accounts for monies held on behalf of Westside Fire Training IGA, a consortium of area fire departments that pool monies for training activities, for which the City acts as the administrator.

For the most part, the effect of the interfund activity has been removed from these statements. Quasi-external transactions, like the sale of utility services from the Enterprise Funds to the other funds, are not eliminated for the financial statements as elimination of these charges would distort the direct costs and program revenue reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, solid waste, storm drain, vehicle purchase/maintenance, computer replacement and risk management charges. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for specified expenditures, generally, the City would first apply restricted resources when an expense is incurred.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust financial statements. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are expected to be collected within six months after year-end, except for property taxes). For property taxes, the City uses a 60 day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to debt service, compensated absences and claims and judgments, which are recorded only when payment is due.

Entitlements, other taxes and shared revenues are all considered to be susceptible to accrual and revenue recognition in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. For the governmental fund statements, grant revenue earned but not expected to be received within six months of year end is a deferred inflow of resources. Changes in fair value of investments are recognized in investment income at the end of the year.

All other revenue items are considered to be measurable and available only when the City receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net position* in the statement of net position.

D. Budgets and Budgetary Accounting

The City prepares its annual budget on a basis consistent with generally accepted accounting principles with such exceptions as eliminating compensated absences. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.
- Prior to June 30, the City Council legally enacts the budget, through the passage of a resolution. The resolution sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution.
- The maximum legal expenditure permitted for the year is the total budget as adopted. The expenditure appropriations in the adopted budget are maintained in the City's financial system by department within individual funds. Departmental appropriations may be amended during the year, within administrative guidelines and adopted Council policies.
- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

- The City Manager is generally authorized to transfer budgeted amounts within any specific fund's expenditure appropriation. Any budget revisions requiring a transfer between funds must be approved by the City Council. Additionally, budget revisions involving the use of contingency budgets must be approved by the City Council.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.
- All funds of the City, except the agency funds, have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

I. Deposits and Investments

Cash Equivalents

The City considers short-term investments (including restricted assets) in the State of Arizona investment pool, mutual fund money market, U.S. Treasury bills and notes with maturities of three months or less at acquisition date to be cash equivalents.

Investments

The City's funds are invested in accordance with the City's investment policy and Arizona Revised Statutes. The City's policy is to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, money market funds, repurchase agreements, corporate securities, the State of Arizona local government investment pool and State of Arizona debt including counties, incorporated cities, towns or duly organized school districts.

Funds held by trustees related to the issuance of bonds and certain loan programs are invested in accordance with contractual agreements and trust documents.

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of participants' position in the Local Government Investment Pool approximates the value of the pool shares. Other non-pooled investments are also generally carried at fair value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the funds' current share price.

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments, and allocates interest income based on a fund's proportionate cash balance. Investment income related to certain special revenue funds is allocated to the General Fund. Non-pooled investment income is recorded in the fund that held the specific investments.

II. Receivables

All receivables are shown net of an allowance for uncollectible accounts. For trade accounts receivable (miscellaneous receivables and utility billing receivables), amounts outstanding in excess of 90 days are included in the allowance.

III. Inventory

Inventories are valued at cost and the City uses the first-in, first-out (FIFO) flow assumption in determining cost and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

IV. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the balance sheet, or statement of net position, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

V. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$100,000 for Buildings and Improvements, Water and Sewer Systems, Storm Drainage Systems and Infrastructure systems (streets, etc.) and \$25,000 for all other asset categories (except land) and an estimated useful life of greater than one year. Capital assets are recorded at the cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful life (Years)</u>
Water rights	50
Buildings and improvements	20-40
Water and sewer systems	5-40
Storm drainage systems	40
Park facilities and landscape	40
Street system	20
Streetlights and traffic control devices	10
Equipment, furniture and fixtures	7
Vehicles	3-15
Computers/software	3

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

VI. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary statements consists of unpaid, accumulated leave balances. Annual leave, based on a graduated scale of years of employment, is credited to each employee as it accrues. The maximum annual leave accrual for permanent employees is 360 hours while Fire department employees accrue at a maximum rate of 544 hours. Upon employment termination, payment is made to the employee for the unused leave.

City employees are granted 8 hours of sick leave per month. The maximum an employee may accumulate varies according to union status. Upon resignation, employees who have at least five years of employment with the City and accumulated 200 hours or more of sick leave are entitled to a 50% payout. Additionally upon retirement, employees who have accumulated 200 hours or more of sick leave are entitled to a 50% payout. Any sick time accrued above the maximum allowed to be carried is paid out annually in December or May at a rate of 25%, or 50%, according to union or employment status, and the corresponding employees' sick leave is reduced to the allowable maximum.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

For the governmental fund financial statements, compensated absences are accrued only when due. For the government-wide financial statements, as well as the proprietary fund financial statements, all of the outstanding vacation, compensatory time and benefits, as well as an estimate of the retirement sick-time payout for eligible employees, are recorded as a liability. Compensated absences are liquidated when mature by the various operating funds accruing the liability.

VII. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

The long-term debt of the City is serviced by various debt service funds, according to the type of debt and the funds benefiting from that debt.

VIII. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The City reports deferred outflows related to pensions, deferred outflows related to bond refunding and excess consideration provided for acquisitions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions and unavailable revenue reported from property taxes.

IX. Pensions

For purposes of measuring the net pension (asset and) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to or 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.

X. Net Position

In the government-wide and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories.

XI. Fund Balance policies

In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are not in a

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amount can be spent.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grantors, etc.) or through enabling legislation.

Committed fund balances includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Such commitments are created by legislative action of the City Council, the City's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the Council and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the City.

Amounts in the *assigned* fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority to make assignments has been delegated by the City Council to the Chief Financial Officer. Much of the authority to commit fund balance is established in the City's *Principals of Sound Financial Management*.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

As previously noted above, generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The order in which the City would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned.

XII. Stabilization arrangements

The City has set aside funds for various stabilization arrangements. The authority for the stabilization arrangements is in the Council adopted *Principals of Sound Financial Management*. The governmental fund stabilization arrangements are shown as committed fund balance on the governmental fund financial statements. The City has the following stabilization arrangements at June 30, 2017:

- Budget stabilization reserve – Maintained in the General Fund (10% of the average general fund revenues for the preceding five years) and the Half-Cent Sales Tax Fund (35% of the average fund revenues for the preceding five years). These reserves may be used to provide funding to deal with fluctuations in fiscal cycles and operating requirements that exceed \$500,000. Any use of these reserves must be formally approved by the City Council and include a repayment plan to restore the reserve within the three fiscal years following the year in which the event occurred. Funding in excess of the stabilization reserve may be assigned by management for other purposes as approved by City Council, including debt service capital, economic development, community promotions or other specific city operational expenditures.
- Emergency reserve – Maintained in the General Fund (10% of the average general fund revenues for the preceding five years) and is for unexpected, large-scale events where damage in excess of \$250,000 is incurred and immediate remedial action must be taken to protect the health and safety of residents (e.g. floods, fires, storm damage). Usage of the emergency reserve must be approved by City Council, but the City Manager may utilize these funds when immediate action must be taken to protect the health and safety of residents. The City Manager must then provide a summary report to the City Council as soon as practical on the usage of these funds. The City shall strive to restore the Emergency Reserve to the 10% level within the next fiscal year following the fiscal year in which the event occurred.
- Operating Reserve - Maintained in the General Fund (15% of the average general fund revenues for the preceding five years) and is for unexpected events whose impact exceeds \$500,000, such as failure of the State to remit shared revenues, unexpected mandates, unexpected loss of State Shared revenues, continuance of critical city services due to unanticipated events, or to offset unexpected loss

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of a significant funding source for the remainder of the fiscal year. Any use of these reserves must be formally approved by the City Council and include a repayment plan to restore the reserve within the two fiscal years following the year in which the event occurred.

- Enterprise Operating Fund Working Capital Reserve – Maintained in the Water Utility Fund (25% of the operating expenditures of the fund for the fiscal year), the Wastewater Utility Fund (25% of the operating expenditures of the fund for the fiscal year), and the Solid Waste Utility Fund (20% of the operating expenditures of the fund for the fiscal year). These reserves are to provide the City with a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- Rate Stabilization Reserve – In the Water and Wastewater Utility Funds (5% of the average fund revenues for the preceding three fiscal years). These funds may be used to moderate significant rate increases. In the event these funds are used, the City shall strive to restore the reserve to the 5% level within the next three fiscal years following the year in which the funds were used.
- Debt Stabilization Reserve – In the Water and Wastewater Utility Funds (50% of the maximum annual debt service payment of the fund in the next five fiscal years) and the Half-Cent Sales Tax fund (\$1,000,000). The Debt Stabilization Reserve is intended to provide additional security to insure the City's ability to meet debt service obligations. In the event the Debt Stabilization Reserve is used, the City shall strive to restore the fund to the defined level within the three fiscal years following the year in which the funds were used.
- Asset Maintenance Reserve - In the Water and Wastewater Utility Funds (2% of the enterprise fund infrastructure assets). The Asset Maintenance Reserve may be used to provide funding for the repair and maintenance of critical enterprise infrastructure. In the event the Asset Maintenance Reserve is used, the City shall strive to restore the fund to the defined level within the three fiscal years following the year in which the funds were used.
- Capital Equipment Replacement Reserves – The City maintains various capital equipment replacement reserves to fund future replacement of certain capital equipment, primarily vehicles and computers. The annual internal charges to the operating funds are determined as part of the annual budget process.

F. Property taxes

The City Council adopts the annual tax levy each year on or before the third Monday in August as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the value is determined as of January 1 of the tax year. The City has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

G. Tax Abatements

The City has entered into tax abatement agreements as defined by GASB Statement 77. The tax abatements include sales tax reimbursement incentives and the activation of a Foreign Trade Zone which reduces the property tax assessment ratio on commercial property from 18% to 5%. It's the City's policy to review each agreement individually and in the aggregate annually. For the fiscal year ended June 30, 2017, each agreement and all agreements in the aggregate are deemed immaterial for financial reporting purposes.

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H. 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 estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position/balance sheet and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

I. New Accounting Principles

For the year ended June 30 2017, the City implemented the provisions of the following GASB Statements:

- GASB Statement No. 77, *Tax Abatement Disclosures*, which establishes standards for disclosing tax abatement agreements the City entered into and agreements that other governments entered into that reduced the City's tax revenues.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for certain pensions.

2. DEPOSITS AND INVESTMENTS

A. Deposits

The City maintains a cash and investment pool that is available for use by all funds. Certain restricted funds are not part of the City's pool, but rather are maintained with trustees as required by contractual commitments.

At June 30, 2017, the carrying amount of the City's deposits was \$46,275,062 and the bank balance was \$46,602,468. The entire bank balance was covered by federal depository insurance or collateralized by the City's agent in the City's name or in the Municipal Development Authority, Inc.'s name. The difference between the City's carrying amount and the bank balance of \$327,406 represents deposits in transit, outstanding checks and other reconciling items.

The City maintains cash on hand balances in the form of petty cash and change funds. At June 30, 2017, the total amount of these balances was \$6,910. In addition, the City has deposited \$4,589,567 in a developer trust account with a fiscal agent in accordance with developer agreements for the construction and acquisition of water projects.

B. Investments

The City invests in obligations that fall within the authorization of State of Arizona laws, the City's regulations and investment policy and applicable legal and contractual commitments.

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 35% invested for a period of one year or less and no more than 20% of the City's portfolio be invested for a period greater than three years. At June 30, 2017, 65.7% of the City's investments have a maturity of less than one year and 5.2% of investments have a maturity of greater than three years. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed three years. The WAM at June 30, 2017 was 344 days.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to those securities rated A-1/P-1 or the equivalent by two nationally recognized statistical rating agencies. The City's investment policy also limits the purchase of Corporate Bonds or Notes and Banker's Acceptances to those securities rated Aa or better by two nationally recognized rating agencies and with a maximum maturity of two years and 180 days, respectively. At June 30, 2017, the City's investments include \$66.7 million in Commercial Paper, \$27.0 million in Corporate Notes and no Banker's Acceptance securities. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a

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quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

<u>Investment Type</u>	<u>Moody's Rating</u>
Agency coupon securities	Aaa
Commercial Paper	P-1
Corporate Bonds – Apple Inc.	Aa1
Corporate Bonds – all other	Aa2

The City's investment in the State of Arizona local government investment pool is limited to a pool (Pool 7) that invests only in government securities. Pool 7 is not rated.

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2017, the City's investments include 53.5% invested in U.S. Agency Coupon securities, 20.4% in Commercial Paper, 8.9% in Money Market investments, 8.8% in U.S. Treasury Notes and 8.2% in Corporate securities.

Custodial credit risk: To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly safekeeping statements.

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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2017:

- All U.S. Treasury securities are valued using other observable inputs (Level 2)
- All agency coupon securities are valued using other observable inputs (Level 2)
- All commercial paper is valued using other observable inputs (Level 2)
- All corporate bonds are valued using other observable inputs (Level 2)

The City's investment in the State of Arizona's local government investment pool and the money market funds are stated at fair value, which also approximates the value of the investment upon withdrawal.

At June 30, 2017, the City's total investments of \$327,929,866 included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Investments:</u>					
U.S Treasury notes	\$ 9,023,828	19,972,270	-	-	\$ 28,996,098
Agency coupon securities	82,888,939	53,027,195	22,438,991	17,000,090	175,355,215
Commercial paper	66,740,937	-	-	-	66,740,937
Corporate notes	26,981,511	-	-	-	26,981,511
Mutual fund-money market	29,276,611	-	-	-	29,276,611
State of Arizona LGIP	579,494	-	-	-	579,494
Total Investments	\$ 215,491,320	72,999,465	22,438,991	17,000,090	\$ 327,929,866

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3. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2017, the following fund reported a deficit in net position.

- Internal Service Fund: Facilities Maintenance Fund

The Facilities Maintenance Fund deficit resulted from the implementation of accounting guidance related to reporting for pensions which requires pensions liabilities to be presented on the face of financial statements.

For the year ended June 30, 2017, expenditures, including capital outlay and transfers, did not exceed budget at the fund level (i.e. the level of budgetary control) in any funds.

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows at June 30, 2017.

Fund	Receivables	Allowance	Net
Governmental activities:			
General Fund	\$ 7,410,390	34,544	7,375,846
Half-Cent Sales Tax Fund	2,739,467	-	2,739,467
Highway User Revenue Fund	537,360	4,582	532,778
Transportation Sales Tax Fund	1,668,714	-	1,668,714
GO Bond Debt Service Fund	208,793	165,401	43,392
Other Governmental Funds	13,787	2,811	10,976
Total governmental funds	\$ 12,578,511	207,338	12,371,173
Internal Service Funds	\$ 1,160	-	1,160
Business-type activities:			
Water Utility Fund	\$ 7,045,645	1,103,603	5,942,042
Wastewater Utility Fund	3,145,726	615,477	2,530,249
Solid Waste Utility Fund	1,819,032	400,726	1,418,306
Stadium Fund	936,700	-	936,700
Storm Drain Utility Fund	137,171	33,099	104,072
Total enterprise funds	13,084,274	2,152,905	10,931,369
Grand totals	\$ 25,663,945	2,360,243	23,303,702

5. DUE FROM OTHER GOVERNMENTS

The City has due from other government receivables from various governments, including the Federal, State and County government. At June 30, 2017, significant receivables due to the City included \$2,565,455 from the State of Arizona for State Shared Sales Tax revenues, \$242,947 for Auto Tax In-Lieu revenues recorded in the General fund, \$946,860 Highway User Revenue Fees revenues recorded in the Highway User Revenue Fund, \$1,063,000 due from the Arizona Department of Revenue under Intergovernmental agreements recorded in the Non-Bond Fund, and \$173,122 from federal agencies for housing grant related revenues. Most other receivables are comprised of taxes or various grants due from other governments and agencies.

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6. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2017, follows:

	Balances June 30, 2016 (as restated)	Additions/ Transfers In	Disposals/ Transfers Out	Balances June 30, 2017
Governmental Activities:				
Non-Depreciable Assets:				
Work in Progress	\$ 5,905,740	16,673,421	-	22,579,161
Land	352,823,861	14,318,799	-	367,142,660
Total Non-Depreciable Assets	358,729,601	30,992,220	-	389,721,821
Depreciable assets:				
Buildings & Improvements	177,351,730	-	-	177,351,730
Equipment; Furniture	52,329,526	1,128,046	-	53,457,572
Vehicles	24,420,462	4,041,145	(1,242,576)	27,219,031
Street System	725,953,717	22,708,997	-	748,662,714
Park System	92,290,249	-	-	92,290,249
Total Depreciable Assets at Historical Cost	1,072,345,684	27,878,188	(1,242,576)	1,098,981,296
Less Accum. Depreciation:				
Buildings & Improvements	(64,293,712)	(4,916,079)	-	(69,209,791)
Equipment; Furniture	(47,665,007)	(1,325,812)	-	(48,990,819)
Vehicles	(15,451,982)	(1,720,269)	1,234,498	(15,937,753)
Street System	(306,536,284)	(22,964,914)	-	(329,501,198)
Park System	(25,930,687)	(2,588,703)	-	(28,519,390)
Total Accum. Depreciation	(459,877,672)	(33,515,777)	1,234,498	(492,158,951)
Total Depreciable Assets, Net Governmental Activities Capital Assets, Net	\$ 971,197,613	25,354,631	(8,078)	996,544,166
Business-type Activities:				
Non-depreciable assets:				
Work in Progress	\$ 8,160,258	10,961,001	-	19,121,259
Land	16,740,025	-	-	16,740,025
Total Non-Depreciable Assets	24,900,283	10,961,001	-	35,861,284
Depreciable assets:				
Buildings & Improvements	78,355,816	984,142	-	79,339,958
Equipment; Furniture	14,516,593	3,750,258	-	18,266,851
Vehicles	15,210,615	2,434,282	(562,487)	17,082,410
Surface Water System	94,388,096	2,396,038	-	96,784,134
Water Rights	12,889,809	-	-	12,889,809
Water System	370,286,679	6,339,670	-	376,626,349
Wastewater System	388,887,728	8,900,832	-	397,788,560
Total Depreciable Assets at Historical Cost	974,535,336	24,805,222	(562,487)	998,778,071
Less Accum. Depreciation:				
Buildings & Improvements	(20,456,804)	(2,276,163)	-	(22,732,967)
Equipment; Furniture	(6,639,051)	(2,653,974)	-	(9,293,025)
Vehicles	(7,178,938)	(902,610)	562,487	(7,519,061)
Surface Water System	(31,277,191)	(2,392,643)	-	(33,669,834)
Water Rights*	(2,320,165)	(257,796)	-	(2,577,961)
Water System	(133,071,436)	(10,768,556)	-	(143,839,992)
Wastewater System	(115,945,207)	(10,603,154)	-	(126,548,361)
Total Accum. Depreciation	(316,888,792)	(29,854,896)	562,487	(346,181,201)
Total Depreciable Assets, Net Business-Type Activities Capital Assets, Net	\$ 682,546,827	5,911,327	-	688,458,154

*The City's agreement with the Gila River Indian Community provides water rights to 7,000 acre-feet of water each year through 2057.

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Depreciation expense was charged to governmental functions in the government-wide financial statements as follows:

General government	\$ 2,652,923
Culture and recreation	4,435,381
Public safety	2,684,393
Development services	48,543
Highways and streets	23,546,099
Public works	54,064
Human services	<u>94,374</u>
Total depreciation expense	<u>\$ 33,515,777</u>

For the year ended June 30, 2017, the City did not capitalize any net interest costs in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred, not including agent fees or other costs, of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$2,647,361.

7. LONG-TERM DEBT

A. General obligation bonds

General: General obligation (GO) bonds are issued, after approval of the City of Peoria voters at an authorized bond election, to finance the purchase or construction of major capital facilities. GO bonds are backed by the “full faith and credit” of the City and are repaid through the City’s levying of property (ad valorem) taxes. There is no legal limit on the secondary property tax used for debt service on GO bonds.

Statutory Debt Limitation: Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, (after January 1, 1974) parks and open space, and (after December 7, 2006) public safety and transportation purposes may not exceed 20 percent of a City’s net limited assessed valuation. Also, outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City’s net limited assessed valuation.

B. Revenue bonds

Water and Sewer Revenue Bonds: Water and Wastewater Revenue Bonds are issued, pursuant to voter authorization, for the construction, acquisition, and equipping of water and wastewater facilities and related systems and infrastructure. The bonds are backed by the revenues of the water and wastewater utilities.

C. Municipal Development Authority debt obligations

Municipal Development Authority (MDA) debt obligations are issued by a non-profit corporation created by the City for the purpose of financing certain capital construction projects. The MDA issues its own debt obligations, which are repaid through a lease purchase agreement with the City equal to the debt service requirements. The City can utilize the City’s excise tax, state shared revenues and other unrestricted revenues for lease payments.

D. Special assessment bonds with governmental commitment

Special Assessment Bonds are used to construct projects within special assessment districts created by the City after property owners within these districts agree to be assessed for the costs of debt service on these bonds. Payments made by the assessed property owners within the districts are pledged to pay the debt service on the bonds. In the event of default by a property owner, the lien created by the assessment is sold at public auction, and the proceeds are used to offset the defaulted assessment. If there is no purchase at the public auction, the City is required to buy the property, and pay off the assessment, with funds appropriated from the General Fund.

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As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

At June 30, 2017, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate to meet the scheduled maturities of the bonds payable and related interest. All assessment amounts have been paid as of June 30, 2017.

E. Community Facilities District bonds

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City. CFD's are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued in accordance with relevant state laws and regulations. Operation and maintenance expenditures, bonds and the repayment of bonds issued by these separate legal entities is the responsibility of the district, not the City. As the administrator for the district, the City collects the property taxes and makes the debt payments on behalf of the district.

The City Council formed the Vistancia Community Facilities District (VCFD) in October 2002. VCFD was subsequently authorized, by the voters of the district in November 2002, to issue up to \$100,000,000 in general obligation bonds to construct public infrastructure within VCFD. VCFD issued general obligations bonds of \$21,250,000, \$23,550,000 and \$22,760,000 in fiscal years 2003, 2005, and 2007, respectively, against this authorization. The VCFD refunded all these obligations during fiscal year 2016 through the issuance of \$36,985,000 in general obligation bonds.

The City Council formed the Vistancia West Community Facilities District (VWCDFD) in August 2014. In December 2014, the VWCDFD was authorized through an election to issue up to \$9,000,000 of general obligation bonds to construct public infrastructure within the district. VWCDFD issued taxable general obligation bonds of \$35,000 in fiscal year 2015 and \$3,000,000 during the current fiscal year.

F. Pledged revenues

The City has pledged certain future revenues to repay specific bonded debt as follows:

The City has pledged future water utility and wastewater utility revenues, net of specific operating expenses, to repay \$15,780,000 in Revenue Refunding Bonds issued in 2010, \$23,280,000 in Revenue Refunding Bonds issued in 2012 and \$109,151,971 in Water Infrastructure Financing Authority loans issued between 2002-2016. The various bonds and loans were issued for the purchase or construction of various water or wastewater infrastructure including wells, treatment plants, pumping stations, a water utility and water and wastewater distribution or collection lines. At June 30, 2017, \$92,264,903 in bonds and loans remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2017, the pledged revenues, net of operating expenses available for service of this debt were \$34,513,695. The debt principal and interest paid on this debt in fiscal year 2017 was \$13,257,274.

The City has pledged certain revenues for the repayment of \$50,105,000 in Municipal Development Authority (MDA) Bonds issued in 2006, 2011 and 2012. Pledged revenues for these bonds include excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes. At June 30, 2017, \$39,565,000 in bonds remained outstanding to be repaid by these future revenues. The bonds were issued to construct various City operational facilities and to purchase water rights. For the fiscal year ended June 30, 2017, the pledged revenues, net of operating expenses available to service this debt were \$136,128,717. The debt principal and interest paid on this debt in fiscal year 2017 was \$3,648,533.

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The City has pledged certain revenues for the repayment of \$47,000,000 in Municipal Development Authority Bonds issued in 2008. The bonds were issued to construct transportation infrastructure. The bonds have a senior lien on the .03% transportation sales tax and a secondary lien on the excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes (secondary after the MDA Bonds discussed above). At June 30, 2017, \$28,040,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2017, the pledged revenues, net of operating expenses available to service this debt were \$141,350,834. The debt principal and interest paid on this debt in fiscal year 2017 was \$3,928,175.

The City has pledged certain revenues for the repayment of Special Assessment Bonds. The bonds were issued to purchase or construct infrastructure within the various special assessment districts. Pledged revenues for these bonds include the fund balance of the Special Assessment Debt Service Fund, plus the collections of assessments against property owners in the districts. At June 30, 2017, \$2,130,000 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2017, the net revenues available to service this debt were \$2,787,558. The debt principal and interest paid on this debt in fiscal year 2017 was \$476,250.

G. Advance Refundings

In prior years, the City refinanced various bond issues through advance refunding arrangements. Under the terms of the refunding bond issues, sufficient assets to pay all principal and interest on the refunded bond issues have been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government Securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues refunded.

Prior year refundings (amounts not yet callable):

Series 2007A	General Obligation Bonds	\$ 43,085,000
Series 2009A	General Obligation Bonds	26,165,000

H. Tables

The following schedule summarizes the City's long-term liability activity for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 160,160,000	\$ -	\$ 11,920,000	\$ 148,240,000	\$ 11,160,000
MDA debt obligations	72,260,000	-	4,655,000	67,605,000	4,850,000
Special assessment bonds	2,500,000	-	370,000	2,130,000	390,000
CFD bonds	37,020,000	3,000,000	2,922,000	37,098,000	2,773,000
Total bonds payable	271,940,000	3,000,000	19,867,000	255,073,000	19,173,000
Net pension liabilities	131,968,243	30,358,677	-	162,326,920	-
Compensated absences	7,481,040	16,002,475	10,096,375	13,387,140	6,405,280
Deferred bond premium	15,398,043	108,061	1,479,819	14,026,285	-
Governmental activities totals	\$ 426,787,326	\$ 49,469,213	\$ 31,443,194	\$ 444,813,345	\$ 25,758,250
Business-type activities:					
Bonds and loans payable:					
Revenue bonds	\$ 23,285,000	\$ -	\$ 5,250,000	\$ 18,035,000	\$ 5,435,000
WIFA loans	78,549,337	1,066,079	5,385,513	74,229,903	5,548,985
Net pension liabilities	14,804,919	959,928	-	15,764,847	-
Compensated absences	808,710	1,746,902	1,105,592	1,450,020	730,770
Deferred bond premium	1,337,434	-	276,790	1,060,644	-
Business-type activities totals	\$ 118,785,400	\$ 3,772,909	\$ 12,017,895	\$ 110,540,414	\$ 11,714,755

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Bonds and loans payable at June 30, 2017 are comprised of the following:

Governmental Activities Debt

<u>General Obligation Bonds</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2017</u>
Series 2007A	7/1/07-17	4.27	\$ 94,380,000	\$ 3,885,000
Series 2007B	7/1/07-20	4.00	18,365,000	4,195,000
Series 2009	7/1/09-18	3.86	68,440,000	4,160,000
Series 2010	7/1/10-30	4.03	29,170,000	19,965,000
Series 2012A	7/1/12-32	3.32	14,715,000	12,360,000
Series 2012B	7/1/12-22	1.75	13,690,000	8,635,000
Series 2015A	7/15/16-35	2.98	30,325,000	29,660,000
Series 2015B	7/15/16-28	2.29	66,425,000	65,380,000
Total General Obligation Bonds			\$ 335,510,000	\$ 148,240,000

**Municipal
Development Authority
Debt Obligations**

Series 2006	7/1/06-25	4.2	\$ 6,675,000	\$ 3,590,000
Series 2008	1/1/09-26	4.6	47,000,000	28,040,000
Series 2011	7/1/12-26	3.9	7,920,000	5,740,000
Series 2012	7/1/13-32	3.3	35,510,000	30,235,000
Total Municipal Development Authority Debt Obligations			\$ 97,105,000	\$ 67,605,000

**Special Assessment
Bonds**

Series 2006	1/1/09-22	4.25	\$ 4,950,000	\$ 2,130,000
Total Special Assessment Bonds			\$ 4,950,000	\$ 2,130,000

**Community Facility
District Bonds**

VCFD – Series 2015	7/15/16-26	3.47	\$ 36,985,000	\$ 34,080,000
WWCFD – Series 2015	7/15/17	1.97	35,000	18,000
WWCFD – Series 2016	7/15/18-29	4.15	3,000,000	3,000,000
Total Community Facility District Bonds			\$ 40,020,000	\$ 37,098,000

Business-Type Activities Debt

<u>Revenue Bonds</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2017</u>
WWW Series 2010	7/1/11-20	3.21	\$ 15,780,000	\$ 7,850,000
WWW Series 2012	7/1/12-21	1.60	23,280,000	10,185,000
Total Revenue Bonds			\$ 39,060,000	\$ 18,035,000

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<u>WIFA Loans</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2017</u>
WIFA Series 2002	7/1/03-22	3.94	\$ 1,964,789	\$ 755,323
WIFA Series 2006	7/1/08-26	3.06	27,183,342	16,895,777
WIFA Series 2008	7/1/09-27	3.30	42,741,541	27,878,883
WIFA Series 2008	7/1/10-28	3.48	8,575,253	6,040,866
WIFA Series 2009	7/1/10-28	3.48	727,612	504,667
WIFA Series 2009	7/1/10-29	2.00	8,030,340	5,508,942
WIFA Series 2009	7/1/10-28	2.00	3,733,794	2,503,661
WIFA Series 2009	7/1/10-29	3.27	4,371,597	3,100,565
WIFA Series 2009	7/1/10-29	3.23	757,624	528,906
WIFA Series 2015	7/15/16-35	2.40	11,066,079	10,512,313
Total WIFA loans			\$ 109,151,971	\$ 74,229,903

The following table discloses the bond debt service requirements as of June 30, 2017, segregating principal and interest, for the next five years and in five-year increments thereafter.

<u>Fiscal year</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 19,173,000	\$ 9,948,996	\$ 29,121,996	\$ 10,983,986	\$ 2,776,418	\$ 13,760,404
2019	19,740,000	9,198,570	28,938,570	10,412,536	2,446,974	12,859,510
2020	20,530,000	8,437,708	28,967,708	9,361,324	2,110,060	11,471,384
2021	21,350,000	7,643,493	28,993,493	9,705,515	1,785,982	11,491,497
2022	20,975,000	6,821,468	27,796,468	7,055,281	1,509,641	8,564,922
2023-2027	105,260,000	20,056,798	125,316,798	33,672,573	4,488,724	38,161,297
2028-2032	36,800,000	4,852,738	41,652,738	10,653,598	814,912	11,468,510
2033-2036	11,245,000	588,109	11,833,109	420,090	163,171	583,261
Totals	\$255,073,000	\$67,547,880	\$322,620,880	\$92,264,903	\$16,095,882	\$108,360,785

Long-term compensated absences and net pension liabilities of governmental activities are expected to be liquidated by the operating funds (primarily the General Fund, Highway User Revenue Fund, Transit Fund and utility funds) as they come due.

8. RISK FINANCING ACTIVITIES

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; workers' compensation; and health insurance. The City maintains a Risk Management Fund, an Employee Benefits Trust Fund and a Workers' Compensation Trust Fund (presented in the Self-Insurance Fund of the Internal Service Funds) to account for and finance its uninsured risks of loss. Premiums are paid into the internal service funds by the other operating funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to fund claim expenses reported in the internal service funds. The City uses third party administrators to monitor the workers' compensation and health insurance claims programs. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

Risk management -

The City is self-insured for public liability up to \$1,000,000 with excess coverage insurance policies purchased through commercial insurance carriers covering individual claims in excess of these amounts up to \$40,000,000. Also, the City is self-insured for damage to City vehicles valued up to \$100,000. Vehicles with a value in excess of \$100,000 have a \$5,000 deductible. City property is insured through commercial insurance carriers with a \$50,000 deductible.

The operating funds of the City pay monthly premiums to the risk management fund based upon a model taking into consideration multiple factors including prior loss experience, staffing, liability exposures, and operating budget.

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Premium payments to insurance carriers are made directly from the risk management fund. There have been no settlements paid in excess of insurance in any of the past three years nor has insurance coverage been significantly reduced in recent years.

Workers' compensation -

On July 1, 2009, the City established a workers' compensation trust fund for work-related injuries to employees. For workers' compensation insurance, the City is self-insured up to \$1,000,000 per claim on public safety employees and \$750,000 for all other employees up to an aggregate stop loss of \$4,555,982 for fiscal year 2017. Commercial insurance is purchased to cover claims above the self-insurance amounts.

Operating funds with employees covered under the workers' compensation insurance program pay monthly premiums to the workers' compensation fund based upon staffing levels.

Premium payments to insurance carriers, as well as third party administrator costs are made directly from the workers' compensation trust fund. Employee wages while off work for workers' compensation injuries (2/3rds of weekly wages) are also paid from this fund. There have been no settlements paid in excess of insurance in the last three years, nor has insurance coverage been significantly reduced in recent years.

Health insurance -

On January 1, 2010, the City established a health insurance trust fund for health insurance coverage for City employees and dependants. The City is self-insured for employee health claims up to \$200,000 per claimant. Commercial insurance is purchased for claims in excess of those limits.

Premiums are collected through contributions from employee paychecks and department budgets. COBRA participants contribute 100% of the premiums for their insurance coverage. Premiums for the medical, vision, dental, and life insurance plans are determined prior to each renewal period by estimating the costs of claims and administration of the plan based on a number of factors including: the demographics of the group, previous claims history, plan design changes and any new mandated benefits.

Premium payments to insurance carriers, as well as third party administrator costs are made directly from the health insurance trust fund. There have been no settlements in excess of insurance in the past three years, nor has insurance coverage been significantly reduced in recent years.

Estimated liability –

The total claims liability of \$4,921,109 reported in the Self-Insurance Fund at June 30, 2017, is based on the requirements of Governmental Accounting Standards Board Statement #10 which requires that liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims liability consists of \$1,113,384 for liability/property claims, \$2,520,841 for workers' compensation claims and \$1,286,884 for health insurance claims.

The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses are not included in the calculation. Changes in the Self-Insurance Fund's claims liability amount (claims only, exclusive of other insurance expenses) during the last two fiscal years are as follows:

Fiscal Year 2016:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 1,277,971	\$(305,603)	\$ 531,339	\$ (531,339)	\$ 972,368
Workers' comp	2,087,668	347,324	776,692	(776,692)	2,434,992
Health insurance	566,407	124,104	13,162,934	(13,162,934)	690,511
	\$ 3,932,046	\$ 165,825	\$ 14,470,965	\$(14,470,965)	\$ 4,097,871

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Fiscal Year 2017:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 972,368	\$ 141,016	\$ 1,188,374	\$ (1,188,374)	\$ 1,113,384
Workers' comp	2,434,992	85,849	1,192,337	(1,192,337)	2,520,841
Health insurance	690,511	596,373	13,802,358	(13,802,358)	1,286,884
	\$ 4,097,871	\$ 823,238	\$ 16,183,069	\$(16,183,069)	\$ 4,921,109

9. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City of Peoria contributes to the pension plans described below. The City of Peoria contributes to the Elected Officials Retirement Plan; however the plan is not described below because of its relative insignificance to the financial statements. The plans are component units of the State of Arizona.

The City of Peoria reported \$12,042,819 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description. City of Peoria employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership

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date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement & health insurance benefits and 0.14 percent for long-term disability) of the members' annual covered payroll, and the City of Peoria was required by statute to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 for health insurance premium benefit, and 0.14 percent for long-term disability) of the members' annual covered payroll. The City's contribution to the pension plan for the year ended June 30, 2017 was \$5,758,658.

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.38 for retirement & health insurance benefits and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The City of Peoria's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Year ending June 30:		
2017	\$ 299,151	\$ 74,789
2016	254,102	60,979
2015	277,654	56,472

Pension Liability. At June 30, 2017, the City of Peoria reported a liability of \$87,558,493 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The City of Peoria's proportion of the net pension liability was based on a projection of the City of Peoria's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City of Peoria's proportion was 0.54246 percent, which was an increase from the 0.526670 percent measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2017, the City of Peoria recognized pension expense for ASRS of \$5,026,569 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 532,087	\$ 6,023,384
Changes of assumptions or other inputs	-	4,632,544
Net difference between projected and actual earnings on pension plan investments	9,488,426	-
Changes in proportion and differences between contributions and proportionate share	2,171,573	146,527
Contributions subsequent to the measurement date	5,758,658	-
Total	<u>\$ 17,950,744</u>	<u>\$ 10,802,455</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension

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liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ (3,133,910)
2019	(2,165,596)
2020	4,028,610
2021	2,660,527
2022	-
Thereafter	-

Actuarial Assumptions. The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Discount rate	8.0%
Projected salary increases	3.0-6.75%
Inflation	3%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013 actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	3.90%
Fixed income	25%	0.93%
Real estate	10%	0.42%
Commodities	2%	0.08%
Multi-asset class	5%	0.17%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those 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.

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the City of Peoria's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City of Peoria's proportionate share of the net pension liability	\$ 111,643,728	\$ 87,558,493	\$ 68,247,400

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

B. Public Safety Personnel Retirement System

Plan Descriptions. City of Peoria public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided. The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit: Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget committee analysis of the increase's effect on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms. At June 30, 2017, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	79	28
Inactive employees entitled to but not yet receiving benefits	33	19
Active employees	168	155
Total	<u>280</u>	<u>202</u>

Contributions and Annual OPEB Cost. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS - Police	PSPRS - Fire
Active members - pension City of Peoria	11.65%	11.65%
Pension	32.75%	23.49%
Health Insurance	0.42%	0.23%

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 21.28 percent for the PSPRS Police, and 11.83 percent for the PSPRS Fire, of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	PSPRS - Police	PSPRS - Fire
Pension:		
Contributions made	\$ 5,039,558	\$ 2,976,968
Health insurance premium benefit:		
Annual OPEB cost	64,630	29,149
Contributions made	64,630	29,149

Pension Liability. At June 30, 2017, the City of Peoria reported \$57,431,250 in net pension liability for police and \$33,102,024 net pension liability for fire. The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016, voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

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- Laws 2016, Chapter 2, changed the benefit formally and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.5 percent for PSPRS plans.

The net pension liabilities measure as of June 30, 2017 will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's net pension liability as a result of the statutory adjustments is not known.

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Discount rate	7.50%
Projected salary increases	4.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. 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	Long-Term Expected Arithmetic Real Rate of Return
Short-term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	100%	

Pension Discount Rates. At June 30 2016, the discount rate used to measure the PSPRS total pension liabilities was 7.50%, which was a decrease of 0.35 from the discount rate used as of June 30, 2015.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, PSPRS plans' 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.

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Changes in the Agent Plans Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS – Police			
Balances at June 30, 2016	\$ 96,435,161	\$ 51,806,949	\$ 44,628,212
Changes for the year:			
Service cost	2,658,484	-	2,658,484
Interest on the total pension liability	7,450,121	-	7,450,121
Changes of benefit terms	6,569,592	-	6,569,592
Differences between expected and actual experience in the measurement of the pension liability	(1,372,059)	-	(1,372,059)
Changes of assumptions or other inputs	4,270,128	-	4,270,128
Contributions – employer	-	4,729,872	(4,729,872)
Contributions – employee	-	1,732,502	(1,732,502)
Net investment income	-	320,234	(320,234)
Benefit payments, including refunds of employee contributions	(5,716,802)	(5,716,802)	-
Administrative expense	-	(46,480)	46,480
Other changes	-	37,100	(37,100)
Balances at June 30, 2017	<u>\$ 110,294,625</u>	<u>\$ 52,863,375</u>	<u>\$ 57,431,250</u>
PSPRS – Fire			
Balances at June 30, 2016	\$ 68,911,324	\$ 48,802,926	\$ 20,108,398
Changes for the year:			
Service cost	2,379,652	-	2,379,652
Interest on the total pension liability	5,434,649	-	5,434,649
Changes of benefit terms	6,700,272	-	6,700,272
experience in the measurement of the	86,478	-	86,478
Changes of assumptions or other inputs	3,273,059	-	3,273,059
Contributions – employer	-	3,162,518	(3,162,518)
Contributions – employee	-	1,375,202	(1,375,202)
Net investment income	-	298,901	(298,901)
Benefit payments, including refunds of employee contributions	(1,739,905)	(1,739,905)	-
Administrative expense	-	(43,410)	43,410
Other changes	-	87,273	(87,273)
Balances at June 30, 2017	<u>\$ 85,045,529</u>	<u>\$ 51,943,505</u>	<u>\$ 33,102,024</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents City of Peoria’s net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
PSPRS – Police			
Rate	6.50%	7.50%	8.50%
Net pension liability	\$ 73,251,398	\$ 57,431,250	\$ 44,547,744
PSPRS – Fire			
Rate	6.50%	7.50%	8.50%
Net pension liability	\$ 45,554,534	\$ 33,102,024	\$ 22,939,360

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2017, the City of Peoria recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS – Police	\$ 13,377,987
PSPRS – Fire	\$ 10,843,687

Pension Deferred Outflows/Inflows of Resources. At June 30, 2017, the City of Peoria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS – Police		
Differences between expected and actual experience	\$ 223,386	\$ 1,459,295
Changes of assumptions or other inputs	7,485,145	-
Net difference between projected and actual earnings on pension plan investments	4,280,414	981,718
Contributions subsequent to the measurement date	5,039,558	-
Total	<u>\$ 17,028,503</u>	<u>\$ 2,441,013</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS – Fire		
Differences between expected and actual experience	\$ 1,128,433	\$ -
Changes of assumptions or other inputs	5,380,685	-
Net difference between projected and actual earnings on pension plan investments	4,081,185	885,309
Contributions subsequent to the measurement date	2,976,968	-
Total	<u>\$ 13,567,271</u>	<u>\$ 885,309</u>

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
2018	\$ 2,518,653	\$ 1,690,745
2019	2,518,651	1,690,746
2020	2,854,743	2,133,400
2021	1,311,676	1,744,649
2022	344,209	1,015,916
Thereafter	-	1,429,538

Agent Plan OPEB Trend Information. The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS – Police			
June 30, 2017	\$ 64,630	100%	\$ -
June 30, 2016	\$ 52,201	100%	-
June 30, 2015	\$ 141,224	100%	-
PSPRS – Fire			
June 30, 2017	\$ 29,149	100%	\$ -
June 30, 2016	\$ 29,029	100%	-
June 30, 2015	\$ 109,573	100%	-

Agent Plan OPEB Actuarial Assumptions. Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as understood by the City of Peoria and plan's members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City of Peoria and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used to establish the fiscal year 2017 PSPRS contribution requirements, are as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market corridor)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
Wage growth	4%

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2016, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4%-8%
Wage growth	4%

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Agent Plan OPEB Funded Status. The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2016.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Actuarial value of assets (a)	\$ 1,940,247	\$ 1,649,068
Actuarial accrued liability (b)	2,264,788	1,606,635
Unfunded actuarial accrued liability (funding excess) (b-a)	324,541	(42,433)
Funded ratio (a/b)	85.67%	102.64%
Annual covered payroll (c)	13,831,861	12,355,408
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((b-a)/c)	2.35%	0.00%

10. DEFERRED COMPENSATION PLAN

The City offers deferred compensation plans to its employees and management employees, created in accordance with Internal Revenue Code Section 457 and Section 401a. The plans permit participants to defer contributions into the plan until future years. The deferred compensation is not available to employees, under either plan, until termination, retirement, death or unforeseeable emergency. The City's fiduciary responsibility is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 and 401a plan assets be held in trust for employees. This means that employee assets held in Section 457 and 401a plans are not the property of the City and are not subject to claims of the City's general creditors. Also, the City exercises no administrative control nor makes investment decisions. Therefore, the deferred compensation assets are not included in the City's Basic Financial Statements.

11. CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity. The City is self-insured for the first \$1,000,000 of any occurrence and then has additional coverage up to \$25.0 million.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City has development agreements where, in return for developers constructing public infrastructure, the City agreed to reimburse the developer for the cost of such infrastructure at some future time contingent on the collection of impact fees and sales tax revenues.

The City had the following significant commitments as of June 30, 2017:

- \$3,009,570 in the Water utility fund for the construction of new wells and New River Utility infrastructure improvements.
- \$586,978 in the Wastewater utility fund for construction of new sewer lines.
- \$800,287 in the Transportation Sales Tax fund for streets improvements.
- \$875,431 in the GO Bond fund for streets improvements.
- \$3,367,197 in the Development Fee fund for construction of the Northern Community Park, North Peoria Public Safety Building and the widening of Happy Valley road.
- \$616,406 in the Non-Bond fund for P83 Entertainment District improvements.

In the lawsuits of Hall v. Elected Official Retirement Plan (EORP) and the Parker v. Public Safety Personnel Retirement System Plan (PSPRS) the courts found that a 2011 law's increase in employee contribution

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

rates for active PSPRS plan and EORP members hired prior to the law's effective date were unconstitutional. The court has ruled that these members were entitled to refunds of their excess employee contributions, plus interest. As a result, the City of Peoria has included these liabilities as current claims on the face of the financial statements.

12. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

At June 30, 2017, there was an interfund loan from the General Fund to the GO Bonds Capital Projects Fund to cover a deficit cash balance for funds expended but not yet reimbursed from bond proceeds. The loan is expected to be repaid in the following year.

The interfund transfers generally fall within one of the following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; 2) subsidy transfers; 3) transfers to fund internal service equipment replacement funds; or 4) capital assets purchased or constructed in one fund, but capitalized in another. There were no significant transfers during fiscal year 2017 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2017:

Fund	Transfers out	Transfers in
Governmental funds:		
General Fund	\$ 1,283,182	6,366,763
Half-Cent Sales Tax Fund	12,914,805	-
Highway User Revenue Fund	53,911	1,000,000
Transportation Sales Tax Fund	6,006,216	-
GO Bond Debt Service	-	1,183,752
Non-Major Governmental Funds	<u>7,978,122</u>	<u>9,374,656</u>
Total governmental funds	<u>28,236,236</u>	<u>17,925,171</u>
Enterprise funds:		
Water Utility Fund	4,053,814	1,483,219
Wastewater Utility Fund	953,502	5,292,694
Solid Waste Utility Fund	7,855	29
Stadium Fund	5,975	4,317,585
Storm Drain Utility Fund	<u>1,896</u>	<u>779,060</u>
Total enterprise funds	<u>5,023,042</u>	<u>11,872,587</u>
Internal Service funds	<u>50,240</u>	<u>3,511,760</u>
Grand totals	<u>\$ 33,309,518</u>	<u>33,309,518</u>

13. STABILIZATION ARRANGEMENTS

The committed and assigned fund balances of the governmental funds are shown on the fund financial statements. The following table presents the City's stabilization reserves included in the proprietary fund financial statements at June 30, 2017:

Water Utility Fund:	
Working capital policy reserve	\$ 6,150,743
Rate stabilization	1,813,819
Debt stabilization	5,823,969
System asset maintenance	8,154,021
Capital equipment replacement	<u>745,971</u>
	<u>\$ 22,688,523</u>

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Wastewater Utility Fund:	
Working capital policy reserve	\$ 2,796,238
Rate stabilization	975,788
Debt stabilization	2,284,800
System asset maintenance	8,241,458
Capital equipment replacement	<u>670,656</u>
	<u>14,968,940</u>
Solid Waste Utility Fund:	
Working capital policy reserve	2,238,520
Capital equipment replacement	<u>2,047,836</u>
	<u>4,286,356</u>
Stadium Fund:	
Capital equipment replacement	<u>474,549</u>
Total enterprise funds	<u><u>42,418,368</u></u>
Internal Service Funds:	
Capital equipment replacement	10,194,545
Risk management purpose	<u>8,693,490</u>
Total internal service funds	<u>\$ 18,888,035</u>

14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Both the Water Utility Fund and the Wastewater Utility Fund have revenue streams pledged in support of outstanding revenue bonds but since both segments are discretely presented in the proprietary fund financial statements, all required segment information is presented on the face of those statements.

15. RESTATEMENT OF BEGINNING BALANCES

Net position beginning balances on the government-wide Statement of Activities and on the Statement of Revenues, Expenses and Changes in Fund Net Position have been restated due to adjustments to the City's capital asset balances as of July 1, 2016. The restatement is due to (1) a change in accounting estimate for the City's adjustment to the capitalization thresholds, (2) for the transfer of storm drain capital assets from Governmental funds to the City's Storm Drain Utility Enterprise fund and (3) for other adjustments to capital asset balances and related accumulated depreciation due to prior year errors. The table below summarizes the changes.

	Governmental Activities	Enterprise Funds/Business- Type Activities	Internal Service Funds
Net position/fund balances as of June 30, 2016, as previously reported	\$ 1,029,669,342	\$ 670,578,904	\$ 40,942,334
Restatement for capitalization threshold change in the capital asset policy	(13,490,126)	(5,997,240)	(832,167)
Restatement for transfer of assets	(51,595,182)	51,595,182	-
Restatement for prior year errors	(118,904,657)	(52,962,176)	(7,227,107)
Net position/fund balances as of July 1, 2016, as restated	<u>\$ 845,679,377</u>	<u>\$ 663,214,670</u>	<u>\$ 32,883,060</u>

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

16. SUBSEQUENT EVENTS

Solar Projects Lease Purchase Agreement

In September 2017, the City entered into an equipment lease purchase agreement to provide financing for solar renewable energy projects at several locations throughout the City. The City will borrow \$5,199,304 for a term of 20 years, at a rate of 4.23%. The majority of the debt service payments will be funded from expected savings on the City's electricity bills.

Municipal Development Authority Debt Refunding

In October 2017, the City issued debt to refund the Series 2006 and Series 2008 Municipal Development Authority (MDA) Bonds. Direct purchase refunding debt, maturing in 2026, was issued in amounts of \$3,220,000 and \$25,755,000 with net interest cost of 2.01% and 1.97% for the Series 2006 and Series 2008 MDA Bonds, respectively. The direct purchase proceeds along with certain amounts contributed by the City have been placed in escrow trust accounts to be used exclusively for related costs of issuance and the servicing of debt until the refunded bonds are paid off (11/3/2017 & 1/1/2018). The total net present value savings from the refunding of MDA debt is expected to be \$3,209,926.



**Required
Supplementary Information**



**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY COST-SHARING PENSION PLAN
JUNE 30, 2017**

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.542460%	0.526670%	0.520455%
Proportionate share of the net pension liability	\$ 87,558,493	\$ 82,036,552	\$ 77,009,675
Covered payroll	\$ 50,820,065	\$ 47,561,194	\$ 46,266,286
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.29%	172.49%	166.45%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
AGENT PENSION PLANS
JUNE 30, 2017

Public Safety Personnel Retirement System

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
Peoria Police Department			
Total pension liability			
Service cost	\$ 2,658,484	\$ 2,557,053	\$ 2,556,976
Interest on the total pension liability	7,450,121	7,075,581	6,074,980
Changes in benefit terms	6,569,592	-	1,228,208
Differences between expected and actual experience in the measurement of the pension liability	(1,372,059)	341,776	(672,105)
Changes of assumptions or other inputs	4,270,128	-	8,103,978
Benefit payments, including refunds of employee contributions	(5,716,802)	(4,791,028)	(4,300,112)
Net change in total pension liability	13,859,464	5,183,382	12,991,925
Total pension liability - beginning	96,435,161	91,251,779	78,259,854
Total pension liability - ending (a)	<u>\$ 110,294,625</u>	<u>\$ 96,435,161</u>	<u>\$ 91,251,779</u>
Plan fiduciary net position			
Contributions - employer	\$ 4,729,872	\$ 3,254,563	\$ 2,907,800
Contributions - employee	1,732,502	1,689,030	1,491,406
Net investment income	320,234	1,821,818	5,954,387
Benefit payments, including refunds of employee contributions	(5,716,802)	(4,791,028)	(4,300,112)
Administrative expense	(46,480)	(44,835)	-
Other changes	37,100	(56,762)	(1,313,936)
Net change in plan fiduciary net position	1,056,426	1,872,786	4,739,545
Plan fiduciary net position - beginning	51,806,949	49,934,163	45,194,618
Plan fiduciary net position - ending (b)	<u>\$ 52,863,375</u>	<u>\$ 51,806,949</u>	<u>\$ 49,934,163</u>
Net pension liability/(asset) - ending (a)-(b)	57,431,250	44,628,212	41,317,616
Plan fiduciary net position as a percentage of the total pension liability	47.93%	53.72%	54.72%
Covered valuation payroll	\$ 13,992,947	\$ 13,449,859	\$ 13,035,510
Net pension liability/(asset) as a percentage of covered-employee payroll	410.43%	331.81%	316.96%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
AGENT PENSION PLANS
JUNE 30, 2017

Public Safety Personnel Retirement System	Reporting Fiscal Year		
	(Measurement Date)		
	<u>2017 (2016)</u>	<u>2016 (2015)</u>	<u>2015 (2014)</u>
Peoria Fire Department			
Total pension liability			
Service cost	\$ 2,379,652	\$ 2,056,517	\$ 2,013,025
Interest on the total pension liability	5,434,649	4,952,998	4,197,224
Changes in benefit terms	6,700,272	-	453,523
Differences between expected and actual experience in the measurement of the pension liability	86,478	809,490	660,641
Changes of assumptions or other inputs	3,273,059	-	3,815,327
Benefit payments, including refunds of employee contributions	<u>(1,739,905)</u>	<u>(1,949,881)</u>	<u>(1,117,704)</u>
Net change in total pension liability	16,134,205	5,869,124	10,022,036
Total pension liability - beginning	<u>68,911,324</u>	<u>63,042,200</u>	<u>53,020,164</u>
Total pension liability - ending (a)	<u>\$ 85,045,529</u>	<u>\$ 68,911,324</u>	<u>\$ 63,042,200</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,162,518	\$ 1,866,365	\$ 1,885,422
Contributions - employee	1,375,202	1,238,541	1,168,186
Net investment income	298,901	1,710,692	5,369,649
Benefit payments, including refunds of employee contributions	(1,739,905)	(1,949,881)	(1,117,704)
Administrative expense	(43,410)	(42,126)	-
Other changes	<u>87,273</u>	<u>(35,356)</u>	<u>(1,063,021)</u>
Net change in plan fiduciary net position	3,140,579	2,788,235	6,242,532
Plan fiduciary net position - beginning	<u>48,802,926</u>	<u>46,014,691</u>	<u>39,772,159</u>
Plan fiduciary net position - ending (b)	<u>\$ 51,943,505</u>	<u>\$ 48,802,926</u>	<u>\$ 46,014,691</u>
Net pension liability/(asset) - ending (a)-(b)	33,102,024	20,108,398	17,027,509
Plan fiduciary net position as a percentage of the total pension liability	61.08%	70.82%	72.99%
Covered valuation payroll	\$ 11,796,929	\$ 11,068,029	\$ 10,934,868
Net pension liability/(asset) as a percentage of covered-employee payroll	280.60%	181.68%	155.72%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2017**

	Reporting Fiscal Year			
	2017	2016	2015	2014
Arizona State Retirement System				
Statutorily required contribution	\$ 5,758,658	\$ 5,513,977	\$ 5,458,945	\$ 5,019,946
Actual contributions in relation to the statutorily required contribution	<u>5,758,658</u>	<u>5,513,977</u>	<u>5,458,945</u>	<u>5,019,946</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 53,419,833	\$ 50,820,065	\$ 47,561,194	\$ 46,266,286
Actual contribution as a percentage of covered payroll	10.78%	10.85%	11.48%	10.85%
Public Safety Personnel Retirement System				
Peoria Police Department				
Statutorily required contribution	\$ 5,039,558	\$ 4,406,379	\$ 3,235,398	\$ 2,907,800
Actual contributions in relation to the statutorily required contribution	<u>5,039,558</u>	<u>4,696,546</u>	<u>3,235,398</u>	<u>2,907,800</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (290,167)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,387,963	\$ 13,992,947	\$ 13,449,859	\$ 13,035,510
Actual contribution as a percentage of covered payroll	32.75%	33.56%	24.06%	22.31%
Peoria Fire Department				
Statutorily required contribution	\$ 2,711,485	\$ 2,568,191	\$ 1,842,016	\$ 1,885,422
Actual contributions in relation to the statutorily required contribution	<u>2,976,968</u>	<u>2,747,609</u>	<u>1,842,016</u>	<u>1,885,422</u>
Contribution deficiency (excess)	<u>\$ (265,483)</u>	<u>\$ (179,418)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,543,146	\$ 11,796,929	\$ 11,068,029	\$ 10,934,868
Actual contribution as a percentage of covered payroll	25.79%	23.29%	16.64%	17.24%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO PENSION PLAN SCHEDULES
 JUNE 30, 2017**

Note 1 – Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age method
Amortization method	Level percent-of-pay, Closed
Remaining amortization period	21 years
Asset valuation method	7-year smoothed market value 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 to June 30, 2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors that Affect Trends

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS' changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the City's net pension liability and related ratios. These changes also increased the PSPRS required contributions beginning in fiscal year 2016 in the schedule of pension contributions.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB PLANS' FUNDING PROGRESS
JUNE 30, 2017**

Health Insurance Premium Benefit

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll ((b-a)/c)
PSPRS Police						
6/30/2016	\$ 1,940,247	\$ 2,264,788	\$ 324,541	85.67%	\$ 13,831,861	2.35%
6/30/2015	1,850,516	2,056,739	206,223	89.97%	13,479,502	1.53%
6/30/2014	1,687,575	1,819,628	132,053	92.74%	13,283,045	0.99%
PSPRS Fire						
6/30/2016	\$ 1,649,068	\$ 1,606,635	\$ (42,433)	102.64%	\$ 12,355,408	-0.34%
6/30/2015	1,536,525	1,458,202	(78,323)	105.37%	10,819,517	-0.72%
6/30/2014	1,375,003	1,352,871	(22,132)	101.64%	10,735,468	-0.21%

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
JUNE 30, 2017**

Note 1 – Factors that Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.





Combining Statements & Budgetary Schedules

Combining Fund Financial Statements and Budgetary Schedules

This section contains the combining financial statements for non-major governmental funds, internal service funds and fiduciary funds as well as the budget schedules other than those for the general fund and major special revenue funds (which may be found immediately following the governmental fund financial statements).

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MAJOR GOVERNMENTAL FUNDS OTHER THAN GENERAL FUND & SPECIAL REVENUE FUNDS Budgetary Comparison Schedules

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments on debt. This includes financial resources that are being accumulated for principal and interest maturing in future years. Principal payments are due annually. Interest is due semiannually.

General Obligation (GO) Bonds Debt Service Fund

This fund accounts for the principal and interest requirements of the City's general obligation bonds. Provisions are made in the City's general property tax levy for funds sufficient to meet the general obligation debt service.

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 15,590,236	\$ 15,590,236	\$ 15,715,050	\$ 124,814
Investment earnings	120,000	120,000	111,640	(8,360)
Total revenues	<u>15,710,236</u>	<u>15,710,236</u>	<u>15,826,690</u>	<u>116,454</u>
EXPENDITURES:				
Current:				
Debt service:				
Principal payments	11,920,000	11,920,000	11,920,000	-
Interest and other charges	9,402,010	9,402,010	6,143,977	(3,258,033)
Total expenditures	<u>21,322,010</u>	<u>21,322,010</u>	<u>18,063,977</u>	<u>(3,258,033)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,611,774)</u>	<u>(5,611,774)</u>	<u>(2,237,287)</u>	<u>3,374,487</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(150,000)	-	-	-
Transfers in	-	-	1,183,752	1,183,752
Total other financing sources and uses	<u>(150,000)</u>	<u>-</u>	<u>1,183,752</u>	<u>1,183,752</u>
Net change in fund balances	<u>(5,761,774)</u>	<u>(5,611,774)</u>	<u>(1,053,535)</u>	<u>4,558,239</u>
Fund balances - beginning	24,376,629	24,376,629	26,583,502	2,206,873
Fund balances - ending	<u>\$ 18,614,855</u>	<u>\$ 18,764,855</u>	<u>\$ 25,529,967</u>	<u>\$ 6,765,112</u>

NON-MAJOR GOVERNMENTAL FUNDS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Public Transit Fund

This fund receives and expends the City's allocation of Federal Transit Authority grant money as well as the City's allocation of the Local Transportation Assistance Fund money. The amount of Federal Transportation Authority funds available to each city is based on the total funding available and the total requests for funds. The amount of Local Transportation Assistance funds available to each city is allocated on a population basis, which is determined by the latest federal census. Expenditures are for the administration and operating costs of the public transit system.

Other Grants Fund

This fund receives and expends much of the City's grant fund money. The amount of grants received is generally based upon application to granting agencies by the City and availability of funding by grantors. Grant money may be used only for the purpose of the approved budget and is subject to grantor expenditure guidelines.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments on debt. This includes financial resources that are being accumulated for principal and interest maturing in future years. Principal payments are due annually. Interest is due semiannually.

Municipal Development Authority (MDA) Bonds Debt Service Fund

This fund accounts for the principal and interest requirements of the Municipal Development Authority's bonds. Provisions are made in the City's transaction privilege tax for funds sufficient to meet the Municipal Development Authority's debt service.

Community Facilities District (CFD) Bonds Debt Service Fund

This fund accounts for the principal and interest requirements of the Vistancia Communities Facilities District and Vistancia West Communities Facilities District (blended component units) general obligation bonds. Provisions are made in the District's general property tax levy for funds sufficient to meet the general obligation debt service.

Special Assessment Bonds Debt Service Fund

This fund accounts for the collection of special assessment district revenues and the payment of the special assessment bonds.

Capital Projects Funds

A capital project fund is established to account for the acquisition and construction of major capital facilities other than those financed by Special Revenue Fund and Enterprise Fund resources. A capital project fund enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

Community Facilities District (CFD) Bonds Capital Projects Fund

This fund accounts for the expenditure of Vistancia Community Facilities District and Vistancia West Community Facilities District bond proceeds for the construction of capital assets for the District. Once the capital assets are completed, they are turned over to the City for operation and maintenance.

General Obligation (GO) Bond Capital Projects Fund

This fund accounts for the receipt of proceeds from General Obligation bonds and the expenditure of those funds to purchase or construct capital assets for the City.

Non-Bond Capital Projects Fund

This fund accounts for the purchase or construction of capital assets with funds other than bond proceeds. This includes monies received from outside sources, i.e. developers or other governments, and also City pay-as-you-go monies.

**CITY OF PEORIA, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		
	<u>Public Transit Fund</u>	<u>Other Grants Fund</u>	<u>Municipal Development Authority Debt</u>	<u>CFD Bonds</u>	<u>Special Assessment Bonds</u>
ASSETS & DEFERRED OUTFLOWS					
Pooled cash and investments	\$ 1,182,431	\$ 5,121,226	\$ 4,008,562	\$ 139,121	\$ 2,263,746
Accounts receivable, net	4,560	-	-	6,416	-
Interest receivable	1,239	7,894	6,897	699	2,299
Due from other governments	113,797	509,564	-	31,596	-
Restricted cash with fiscal agents	-	-	3,633,179	3,663,400	45,263
Restricted investments	-	-	-	-	-
Total assets	<u>1,302,027</u>	<u>5,638,684</u>	<u>7,648,638</u>	<u>3,841,232</u>	<u>2,311,308</u>
Total assets & deferred outflows	<u>\$ 1,302,027</u>	<u>\$ 5,638,684</u>	<u>\$ 7,648,638</u>	<u>\$ 3,841,232</u>	<u>\$ 2,311,308</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES					
Liabilities:					
Accounts payable	\$ 987	\$ 111,796	\$ -	\$ 15	\$ -
Accrued payroll	10,165	18,401	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	500	1,826	-	-	-
Unearned revenue-other	-	25,247	-	-	-
Total liabilities	<u>11,652</u>	<u>157,270</u>	<u>-</u>	<u>15</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue-property taxes	-	-	-	6,416	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,416</u>	<u>-</u>
Fund balances:					
Restricted for:					
Debt service	-	-	7,648,638	3,834,801	2,311,308
Capital projects	-	-	-	-	-
Grant purposes	1,290,375	1,308,743	-	-	-
Committed for:					
Arts capital	-	4,172,671	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Total fund balance	<u>1,290,375</u>	<u>5,481,414</u>	<u>7,648,638</u>	<u>3,834,801</u>	<u>2,311,308</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 1,302,027</u>	<u>\$ 5,638,684</u>	<u>\$ 7,648,638</u>	<u>\$ 3,841,232</u>	<u>\$ 2,311,308</u>

(continued)

**CITY OF PEORIA, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Capital Project Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>CFD Bonds</u>	<u>GO Bond Capital Projects Fund</u>	<u>Non-Bond</u>	
ASSETS & DEFERRED OUTFLOWS				
Pooled cash and investments	\$ 4,223	\$ -	\$ 20,279,301	\$ 32,998,610
Accounts receivable, net	-	-	-	10,976
Interest receivable	-	41,626	35,349	96,003
Due from other governments	244	-	1,119,489	1,774,690
Restricted cash with fiscal agents	3,159,657	-	-	10,501,499
Restricted investments	118,002	13,639,952	-	13,757,954
Total assets	<u>3,282,126</u>	<u>13,681,578</u>	<u>21,434,139</u>	<u>59,139,732</u>
 Total assets & deferred outflows	<u>\$ 3,282,126</u>	<u>\$ 13,681,578</u>	<u>\$ 21,434,139</u>	<u>\$ 59,139,732</u>
 LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 423,734	\$ 268,871	\$ 805,403
Accrued payroll	-	-	-	28,566
Due to other funds	-	1,749,436	-	1,749,436
Other liabilities	-	-	72,087	74,413
Unearned revenue-other	-	-	1,134,314	1,159,561
Total liabilities	<u>-</u>	<u>2,173,170</u>	<u>1,475,272</u>	<u>3,817,379</u>
Deferred inflows of resources:				
Unavailable revenue-property taxes	-	-	-	6,416
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,416</u>
Fund balances:				
Restricted for:				
Debt service	-	-	-	13,794,747
Capital projects	3,282,126	11,508,408	-	14,790,534
Grant purposes	-	-	-	2,599,118
Committed for:				
Arts capital	-	-	-	4,172,671
Assigned to:				
Capital projects	-	-	19,958,867	19,958,867
Total fund balance	<u>3,282,126</u>	<u>11,508,408</u>	<u>19,958,867</u>	<u>55,315,937</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 3,282,126</u>	<u>\$ 13,681,578</u>	<u>\$ 21,434,139</u>	<u>\$ 59,139,732</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Debt	CFD Bonds	Special Assessment Bonds
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 2,865,834	\$ -
Intergovernmental	797,850	3,257,813	-	-	-
Charges for service	45,526	358,194	-	-	-
Fines and forfeitures	-	137,920	-	-	-
Investment earnings	7,912	50,434	44,041	4,339	14,681
Special assessments	-	-	-	-	2,171,319
Miscellaneous	-	224,556	-	1,600,690	-
Total revenues	<u>851,288</u>	<u>4,028,917</u>	<u>44,041</u>	<u>4,470,863</u>	<u>2,186,000</u>
EXPENDITURES:					
Current:					
General government	-	414,365	-	29,963	-
Culture and recreation	-	579,253	-	-	-
Public safety	-	913,032	-	-	-
Development services	-	703,266	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	8,269	-	-	-
Human services	1,059,198	125,728	-	-	-
Debt service:					
Principal payments	-	-	4,655,000	2,922,000	370,000
Interest and other charges	-	-	2,931,708	1,768,703	106,550
Capital outlay	-	-	-	-	-
Total expenditures	<u>1,059,198</u>	<u>2,743,913</u>	<u>7,586,708</u>	<u>4,720,666</u>	<u>476,550</u>
Excess (deficiency) of revenues over expenditures	<u>(207,910)</u>	<u>1,285,004</u>	<u>(7,542,667)</u>	<u>(249,803)</u>	<u>1,709,450</u>
OTHER FINANCING SOURCES (USES):					
Issuance of debt	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers in	300,000	-	9,074,656	-	-
Transfers out	(1,896)	(1,278,951)	-	-	-
Total other financing sources and uses	<u>298,104</u>	<u>(1,278,951)</u>	<u>9,074,656</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>90,194</u>	<u>6,053</u>	<u>1,531,989</u>	<u>(249,803)</u>	<u>1,709,450</u>
Fund balances - beginning	1,200,181	5,475,361	6,116,649	4,084,604	601,858
Fund balances - ending	<u>\$ 1,290,375</u>	<u>\$ 5,481,414</u>	<u>\$ 7,648,638</u>	<u>\$ 3,834,801</u>	<u>\$ 2,311,308</u>

(continued)

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Project Funds			Total Non-Major Governmental Funds
	CFD Bonds	GO Bond Capital Projects Fund	Non-Bond	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 2,865,834
Intergovernmental	-	-	1,322,408	5,378,071
Charges for service	-	-	-	403,720
Fines and forfeitures	-	-	-	137,920
Investment earnings	1,569	119,450	191,108	433,534
Special assessments	-	-	-	2,171,319
Miscellaneous	-	-	907,517	2,732,763
Total revenues	<u>1,569</u>	<u>119,450</u>	<u>2,421,033</u>	<u>14,123,161</u>
EXPENDITURES:				
Current:				
General government	5,000	-	-	449,328
Culture and recreation	-	-	-	579,253
Public safety	-	-	-	913,032
Development services	-	-	-	703,266
Highways and streets	-	790,384	8,866	799,250
Public works	1,000,000	-	-	1,008,269
Human services	-	-	-	1,184,926
Debt service:				
Principal payments	-	-	-	7,947,000
Interest and other charges	386,000	-	-	5,192,961
Capital outlay	<u>281,517</u>	<u>5,998,717</u>	<u>5,345,138</u>	<u>11,625,372</u>
Total expenditures	<u>1,672,517</u>	<u>6,789,101</u>	<u>5,354,004</u>	<u>30,402,657</u>
Excess (deficiency) of revenues over expenditures	<u>(1,670,948)</u>	<u>(6,669,651)</u>	<u>(2,932,971)</u>	<u>(16,279,496)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	3,000,000	-	-	3,000,000
Premium on bonds issued	108,061	-	-	108,061
Transfers in	-	-	-	9,374,656
Transfers out	<u>(2,600,583)</u>	<u>(3,502,514)</u>	<u>(594,178)</u>	<u>(7,978,122)</u>
Total other financing sources and uses	<u>507,478</u>	<u>(3,502,514)</u>	<u>(594,178)</u>	<u>4,504,595</u>
Net change in fund balances	<u>(1,163,470)</u>	<u>(10,172,165)</u>	<u>(3,527,149)</u>	<u>(11,774,901)</u>
Fund balances - beginning	4,445,596	21,680,573	23,486,016	67,090,838
Fund balances - ending	<u>\$ 3,282,126</u>	<u>\$ 11,508,408</u>	<u>\$ 19,958,867</u>	<u>\$ 55,315,937</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 797,850	\$ 547,850
Charges for services	33,000	33,000	45,526	12,526
Investment earnings	3,000	3,000	7,912	4,912
Miscellaneous	20,000	20,000	-	(20,000)
Total inflows	<u>306,000</u>	<u>306,000</u>	<u>851,288</u>	<u>545,288</u>
EXPENDITURES:				
Current:				
Human services	1,091,924	1,161,924	1,059,198	(102,726)
Total expenditures	<u>1,091,924</u>	<u>1,161,924</u>	<u>1,059,198</u>	<u>(102,726)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(785,924)</u>	<u>(855,924)</u>	<u>(207,910)</u>	<u>648,014</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(25,000)	(25,000)	-	25,000
Transfers in	300,000	300,000	300,000	-
Transfers out	(1,896)	(1,896)	(1,896)	-
Total other financing sources and uses	<u>273,104</u>	<u>273,104</u>	<u>298,104</u>	<u>25,000</u>
Net change in fund balances	<u>(512,820)</u>	<u>(582,820)</u>	<u>90,194</u>	<u>673,014</u>
Fund balances - beginning	528,659	528,659	1,200,181	671,522
Fund balances - ending	<u>\$ 15,839</u>	<u>\$ (54,161)</u>	<u>\$ 1,290,375</u>	<u>\$ 1,344,536</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(budgetary basis)	Over (Under)
REVENUES:				
Intergovernmental	\$ 6,184,040	\$ 6,184,040	\$ 3,257,813	\$ (2,926,227)
Charges for services	300,000	300,000	358,194	58,194
Fines and forfeitures	160,000	160,000	137,920	(22,080)
Investment earnings	20,250	20,250	50,434	30,184
Miscellaneous	229,345	229,345	224,556	(4,789)
Total revenues	<u>6,893,635</u>	<u>6,893,635</u>	<u>4,028,917</u>	<u>(2,864,718)</u>
EXPENDITURES:				
Current:				
General government	343,538	507,903	414,365	(93,538)
Culture and recreation	465,741	526,616	579,253	52,637
Public safety	469,462	1,269,260	913,032	(356,228)
Development services	1,232,880	1,312,666	703,266	(609,400)
Public works	-	-	8,269	8,269
Human Services	781,882	750,890	125,728	(625,162)
Capital outlay	1,516,400	1,751,868	691,881	(1,059,987)
Total expenditures	<u>4,809,903</u>	<u>6,119,203</u>	<u>3,435,794</u>	<u>(2,683,409)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,083,732</u>	<u>774,432</u>	<u>593,123</u>	<u>(181,309)</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(3,225,000)	(1,585,765)	-	1,585,765
Transfers out	(313,301)	(313,301)	(587,070)	(273,769)
Total other financing sources and uses	<u>(3,538,301)</u>	<u>(1,899,066)</u>	<u>(587,070)</u>	<u>1,311,996</u>
Net change in fund balances	<u>(1,454,569)</u>	<u>(1,124,634)</u>	<u>6,053</u>	<u>1,130,687</u>
Fund balances - beginning	5,517,038	5,517,038	5,475,361	(41,677)
Fund balances - ending	<u>\$ 4,062,469</u>	<u>\$ 4,392,404</u>	<u>\$ 5,481,414</u>	<u>\$ 1,089,010</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 3,435,794
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(691,881)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,743,913</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) DEBT, DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ 15,000	\$ 15,000	\$ 44,041	\$ 29,041
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>44,041</u>	<u>29,041</u>
EXPENDITURES:				
Debt service:				
Principal payments	4,655,000	4,655,000	4,655,000	-
Interest and other charges	2,931,708	2,931,708	2,931,708	-
Total expenditures	<u>7,586,708</u>	<u>7,586,708</u>	<u>7,586,708</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,571,708)</u>	<u>(7,571,708)</u>	<u>(7,542,667)</u>	<u>29,041</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(150,000)	-	-	-
Transfers in	9,074,656	9,074,656	9,074,656	-
Total other financing sources and uses	<u>8,924,656</u>	<u>9,074,656</u>	<u>9,074,656</u>	<u>-</u>
Net change in fund balances	<u>1,352,948</u>	<u>1,502,948</u>	<u>1,531,989</u>	<u>29,041</u>
Fund balances - beginning	6,090,809	6,090,809	6,116,649	25,840
Fund balances - ending	<u>\$ 7,443,757</u>	<u>\$ 7,593,757</u>	<u>\$ 7,648,638</u>	<u>\$ 54,881</u>

**CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 2,877,363	\$ 2,877,363	\$ 2,865,834	\$ (11,529)
Investment earnings	-	-	4,339	4,339
Miscellaneous	2,508,537	2,508,537	1,600,690	(907,847)
Total revenues	<u>5,385,900</u>	<u>5,385,900</u>	<u>4,470,863</u>	<u>(915,037)</u>
EXPENDITURES:				
Current:				
General government	570,000	570,000	29,963	(540,037)
Debt service:				
Principal payments	2,923,000	2,923,000	2,922,000	(1,000)
Interest and other charges	1,887,900	1,887,900	1,768,703	(119,197)
Total expenditures	<u>5,380,900</u>	<u>5,380,900</u>	<u>4,720,666</u>	<u>(660,234)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>(249,803)</u>	<u>(254,803)</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(5,000)	(5,000)	-	5,000
Total other financing sources and uses	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(249,803)</u>	<u>(249,803)</u>
Fund balances - beginning	4,084,604	4,084,604	4,084,604	-
Fund balances - ending	<u>\$ 4,084,604</u>	<u>\$ 4,084,604</u>	<u>\$ 3,834,801</u>	<u>\$ (249,803)</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ 3,000	\$ 3,000	\$ 14,681	\$ 11,681
Special assessments	476,550	476,550	2,171,319	1,694,769
Total revenues	<u>479,550</u>	<u>479,550</u>	<u>2,186,000</u>	<u>1,706,450</u>
EXPENDITURES:				
Debt service:				
Principal payments	370,000	370,000	370,000	-
Interest and other charges	106,550	106,550	106,550	-
Total expenditures	<u>476,550</u>	<u>476,550</u>	<u>476,550</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,000</u>	<u>3,000</u>	<u>1,709,450</u>	<u>1,706,450</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(100,000)	(100,000)	-	100,000
Total other financing sources and uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	<u>(97,000)</u>	<u>(97,000)</u>	<u>1,709,450</u>	<u>1,806,450</u>
Fund balances - beginning	694,199	694,199	601,858	(92,341)
Fund balances - ending	<u>\$ 597,199</u>	<u>\$ 597,199</u>	<u>\$ 2,311,308</u>	<u>\$ 1,714,109</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 1,569	\$ 1,569
Total revenues	<u>-</u>	<u>-</u>	<u>1,569</u>	<u>1,569</u>
EXPENDITURES:				
Current:				
General government	-	-	5,000	5,000
Public Works	-	-	1,000,000	1,000,000
Debt service:				
Interest and other charges	600,000	600,000	386,000	(214,000)
Capital outlay	6,780,000	6,780,000	2,882,100	(3,897,900)
Total expenditures	<u>7,380,000</u>	<u>7,380,000</u>	<u>4,273,100</u>	<u>(3,106,900)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,380,000)</u>	<u>(7,380,000)</u>	<u>(4,271,531)</u>	<u>3,108,469</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	6,120,000	6,120,000	3,000,000	(3,120,000)
Premium on bonds issued	-	-	108,061	108,061
Total other financing sources and uses	<u>6,120,000</u>	<u>6,120,000</u>	<u>3,108,061</u>	<u>(3,011,939)</u>
Net change in fund balances	<u>(1,260,000)</u>	<u>(1,260,000)</u>	<u>(1,163,470)</u>	<u>96,530</u>
Fund balances - beginning	1,260,000	1,260,000	4,445,596	3,185,596
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,282,126</u>	<u>\$ 3,282,126</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 4,273,100
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(2,600,583)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,672,517</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment earnings	\$ 67,000	\$ 67,000	\$ 119,450	\$ 52,450
Total revenues	<u>67,000</u>	<u>67,000</u>	<u>119,450</u>	<u>52,450</u>
EXPENDITURES:				
Current:				
Highways and streets	1,025,373	1,068,817	790,384	(278,433)
Capital outlay	<u>21,197,389</u>	<u>23,100,985</u>	<u>8,317,480</u>	<u>(14,783,505)</u>
Total expenditures	<u>22,222,762</u>	<u>24,169,802</u>	<u>9,107,864</u>	<u>(15,061,938)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,155,762)</u>	<u>(24,102,802)</u>	<u>(8,988,414)</u>	<u>15,114,388</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	11,700,000	11,700,000	-	(11,700,000)
Contingencies	(2,500,000)	(2,937,962)	-	2,937,962
Transfers out	-	-	(1,183,751)	(1,183,751)
Total other financing sources and uses	<u>9,200,000</u>	<u>8,762,038</u>	<u>(1,183,751)</u>	<u>(9,945,789)</u>
Net change in fund balances	<u>(12,955,762)</u>	<u>(15,340,764)</u>	<u>(10,172,165)</u>	<u>5,168,599</u>
Fund balances - beginning	17,992,450	17,992,450	21,680,573	3,688,123
Fund balances - ending	<u>\$ 5,036,688</u>	<u>\$ 2,651,686</u>	<u>\$ 11,508,408</u>	<u>\$ 8,856,722</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 9,107,864
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(2,318,763)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 6,789,101</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
NON-BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ 1,322,408	\$ 1,322,408
Investment earnings	60,000	60,000	191,108	131,108
Miscellaneous	8,664,176	8,664,176	907,517	(7,756,659)
Total revenues	<u>8,724,176</u>	<u>8,724,176</u>	<u>2,421,033</u>	<u>(6,303,143)</u>
EXPENDITURES:				
Current:				
Highways and streets	59,408	61,753	8,866	(52,887)
Capital outlay	<u>12,907,799</u>	<u>15,746,369</u>	<u>5,939,316</u>	<u>(9,807,053)</u>
Total expenditures	<u>12,967,207</u>	<u>15,808,122</u>	<u>5,948,182</u>	<u>(9,859,940)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,243,031)</u>	<u>(7,083,946)</u>	<u>(3,527,149)</u>	<u>3,556,797</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	<u>(2,000,000)</u>	<u>(735,000)</u>	<u>-</u>	<u>735,000</u>
Total other financing sources and uses	<u>(2,000,000)</u>	<u>(735,000)</u>	<u>-</u>	<u>735,000</u>
Net change in fund balances	<u>(6,243,031)</u>	<u>(7,818,946)</u>	<u>(3,527,149)</u>	<u>4,291,797</u>
Fund balances - beginning	10,353,302	10,353,302	23,486,016	13,132,714
Fund balances - ending	<u>\$ 4,110,271</u>	<u>\$ 2,534,356</u>	<u>\$ 19,958,867</u>	<u>\$ 17,424,511</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows or resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 5,948,182
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(594,178)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,354,004</u>



INTERNAL SERVICE FUNDS

Motor Pool Fund

The Motor Pool Fund is responsible for the maintenance and operation of the City's fleet of vehicles and various other equipment.

Self-Insurance Fund

The Self-Insurance Fund is responsible for the administration of the self-insurance programs, including liability and property damage, workers' compensation insurance, and employee health insurance. This fund provides the excess insurance coverage for claims over the self-insurance limits; claims under the limits are charged directly to the Self-Insurance Fund.

Facilities Maintenance Fund

The Facilities Maintenance Fund is responsible for the maintenance and operations of the City's buildings and grounds.

Information Technology Fund

The Information Technology Fund is responsible for the maintenance and operations of the City's computer hardware and software systems.

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
ASSETS					
Current assets:					
Pooled cash and investments	\$ 8,222,039	\$ 9,816,808	\$ 307,855	\$ 3,481,946	\$21,828,648
Restricted pooled cash and investments	-	8,641,777	-	-	8,641,777
Accounts receivable, net	-	97	242	821	1,160
Interest receivable	12,101	76,036	477	4,316	92,930
Prepaid items	-	65,200	-	-	65,200
Supplies inventory	197,752	-	-	-	197,752
Total current assets	<u>8,431,892</u>	<u>18,599,918</u>	<u>308,574</u>	<u>3,487,083</u>	<u>30,827,467</u>
Non-current assets:					
Restricted assets:					
Investments	-	7,695,460	-	-	7,695,460
Total restricted assets	<u>-</u>	<u>7,695,460</u>	<u>-</u>	<u>-</u>	<u>7,695,460</u>
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment & furniture	922,766	-	-	36,462,307	37,385,073
Vehicles	27,219,030	-	-	-	27,219,030
Less accumulated depreciation	(16,803,983)	-	-	(33,356,121)	(50,160,104)
Construction in progress	-	-	-	228,121	228,121
Total capital assets, net	<u>11,337,813</u>	<u>-</u>	<u>-</u>	<u>3,482,409</u>	<u>14,820,222</u>
Total assets	<u>19,769,705</u>	<u>26,295,378</u>	<u>308,574</u>	<u>6,969,492</u>	<u>53,343,149</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	217,965	-	697,134	1,253,002	2,168,101
Total deferred outflows of resources	<u>217,965</u>	<u>-</u>	<u>697,134</u>	<u>1,253,002</u>	<u>2,168,101</u>
LIABILITIES					
Current liabilities:					
Accounts payable	169,929	1,194,676	42,796	151,010	1,558,411
Accrued payroll	18,998	1,768	57,009	118,344	196,119
Current portion of claims payable	-	3,635,680	-	-	3,635,680
Current portion of compensated absences	68,340	10,260	194,380	331,800	604,780
Total current liabilities	<u>257,267</u>	<u>4,842,384</u>	<u>294,185</u>	<u>601,154</u>	<u>5,994,990</u>
Non-current liabilities:					
Long-term portion of claims payable	-	1,285,429	-	-	1,285,429
Compensated absences	43,460	1,190	241,490	322,930	609,070
Net pension liability	1,063,168	-	3,400,418	6,111,778	10,575,364
Total non-current liabilities	<u>1,106,628</u>	<u>1,286,619</u>	<u>3,641,908</u>	<u>6,434,708</u>	<u>12,469,863</u>
Total liabilities	<u>1,363,895</u>	<u>6,129,003</u>	<u>3,936,093</u>	<u>7,035,862</u>	<u>18,464,853</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	131,167	-	419,524	754,036	1,304,727
Total deferred inflows of resources	<u>131,167</u>	<u>-</u>	<u>419,524</u>	<u>754,036</u>	<u>1,304,727</u>
NET POSITION					
Net investment in capital assets	11,337,813	-	-	3,482,409	14,820,222
Restricted - trust purpose	-	11,472,885	-	-	11,472,885
Unrestricted	7,154,795	8,693,490	(3,349,909)	(3,049,813)	9,448,563
Total net position	<u>\$18,492,608</u>	<u>\$20,166,375</u>	<u>\$ (3,349,909)</u>	<u>\$ 432,596</u>	<u>\$35,741,670</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES					
Charges for services	\$ 6,902,091	\$ 21,109,653	\$ 5,973,091	\$ 9,790,201	\$ 43,775,036
Miscellaneous	96,083	342,580	833	15,173	454,669
Total operating revenues	<u>6,998,174</u>	<u>21,452,233</u>	<u>5,973,924</u>	<u>9,805,374</u>	<u>44,229,705</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	1,001,544	74,707	3,013,055	5,482,516	9,571,822
Contractual services, materials and supplies	3,861,283	1,054,456	3,066,345	6,472,720	14,454,804
Insurance claims and expenses	-	18,775,079	-	-	18,775,079
Depreciation and amortization	1,788,964	-	-	723,952	2,512,916
Total operating expenses	<u>6,651,791</u>	<u>19,904,242</u>	<u>6,079,400</u>	<u>12,679,188</u>	<u>45,314,621</u>
Operating income (loss)	346,383	1,547,991	(105,476)	(2,873,814)	(1,084,916)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	77,270	239,443	3,043	27,558	347,314
Gain (Loss) on sale of capital assets	134,692	-	-	-	134,692
Total non-operating revenues	<u>211,962</u>	<u>239,443</u>	<u>3,043</u>	<u>27,558</u>	<u>482,006</u>
Income (loss) before transfers	558,345	1,787,434	(102,433)	(2,846,256)	(602,910)
Transfers in	1,006,060	-	-	2,505,700	3,511,760
Transfers out	(4,904)	(30,439)	(14,897)	-	(50,240)
Change in net position	<u>1,559,501</u>	<u>1,756,995</u>	<u>(117,330)</u>	<u>(340,556)</u>	<u>2,858,610</u>
Total net position - beginning, restated	<u>16,933,107</u>	<u>18,409,380</u>	<u>(3,232,579)</u>	<u>773,152</u>	<u>32,883,060</u>
Total net position - ending	<u>\$ 18,492,608</u>	<u>\$ 20,166,375</u>	<u>\$ (3,349,909)</u>	<u>\$ 432,596</u>	<u>\$ 35,741,670</u>

**CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
Increase (decrease) in cash and cash equivalents					
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 7,002,594	\$ 21,449,130	\$ 5,973,682	\$ 9,808,987	\$ 44,234,393
Payments to suppliers	(3,822,748)	(1,124,192)	(3,114,510)	(6,644,166)	(14,705,616)
Payments to employees	(915,827)	(252,281)	(2,930,780)	(5,152,079)	(9,250,967)
Self-insurance costs	-	(17,951,841)	-	-	(17,951,841)
Net cash provided (used) by operating activities	<u>2,264,019</u>	<u>2,120,816</u>	<u>(71,608)</u>	<u>(1,987,258)</u>	<u>2,325,969</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	1,006,060	-	-	2,505,700	3,511,760
Transfers out	(4,904)	(30,439)	(14,897)	-	(50,240)
Net cash provided (used) by non-capital financing activities	<u>1,001,156</u>	<u>(30,439)</u>	<u>(14,897)</u>	<u>2,505,700</u>	<u>3,461,520</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,041,145)	-	-	(1,178,487)	(5,219,632)
Disposal of capital assets	142,770	-	-	-	142,770
Net cash flows used by capital and related financing activities	<u>(3,898,375)</u>	<u>-</u>	<u>-</u>	<u>(1,178,487)</u>	<u>(5,076,862)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(53,152)	-	-	(53,152)
Interest received on investments	73,477	191,067	2,949	26,278	293,771
Net cash provided (used) by investing activities	<u>73,477</u>	<u>137,915</u>	<u>2,949</u>	<u>26,278</u>	<u>240,619</u>
Net increase (decrease) in cash and cash equivalents	(559,723)	2,228,292	(83,556)	(633,767)	951,246
Cash and cash equivalents at beginning of year	8,781,762	16,230,293	391,411	4,115,713	29,519,179
Cash and cash equivalents at end of year	<u>\$ 8,222,039</u>	<u>\$ 18,458,585</u>	<u>\$ 307,855</u>	<u>\$ 3,481,946</u>	<u>\$ 30,470,425</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 346,383	\$ 1,547,991	\$ (105,476)	\$ (2,873,814)	\$ (1,084,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,788,964	-	-	723,952	2,512,916
Add: Pension expense	99,001	(176,519)	90,972	399,618	413,072
Subtract: Employer pension contributions	(69,924)	-	(223,643)	(401,967)	(695,534)
(Increase) decrease in assets:					
Accounts receivable	4,420	-	(242)	3,613	7,791
Prepaid items	-	-	-	37,032	37,032
Supplies inventory	(16,380)	-	-	-	(16,380)
Increase (decrease) in liabilities:					
Accounts payable	54,915	(69,736)	(48,165)	(208,478)	(271,464)
Accrued payroll	5,530	(485)	15,376	41,186	61,607
Claims payable	-	823,238	-	-	823,238
Deferred revenue	-	(3,103)	-	-	(3,103)
Compensated absences	51,110	(570)	199,570	291,600	541,710
Total adjustments	<u>1,917,636</u>	<u>572,825</u>	<u>33,868</u>	<u>886,556</u>	<u>3,410,885</u>
Net cash provided (used) by operating activities	<u>\$ 2,264,019</u>	<u>\$ 2,120,816</u>	<u>\$ (71,608)</u>	<u>\$ (1,987,258)</u>	<u>\$ 2,325,969</u>
Non-cash investing, capital and financing activities:					
Decrease in fair market value of investments	\$ -	\$ 12,812	\$ 69	\$ 752	\$ 13,633
Total non-cash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 12,812</u>	<u>\$ 69</u>	<u>\$ 752</u>	<u>\$ 13,633</u>

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and therefore are not available to support City programs. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs.

Agency Funds

Account for assets the City holds as an agent for individuals, private organizations, other governments or other funds in a temporary custodial capacity.

Terramar Infrastructure Fund

Accounts for the monies collected from developers in one area of the City and held in trust by the City until reimbursed by the City to a developer that made certain infrastructure improvements in that area.

PLAY Peoria NFP Fund

Accounts for monies held on behalf of PLAY Peoria, a separate not-for profit agency for which the City operates as the administrator. PLAY Peoria was formed for the purpose of accepting charitable donations and seeking grants that require a not-for-profit status, for the benefit of recreation programs and participants.

Westside Fire Training IGA Fund

Accounts for monies on behalf of the Westside Fire Training, a consortium of west valley fire departments for which the City operates as the administrator. This consortium was formed through an intergovernmental agreement to fund joint training opportunities for the member fire departments.

**CITY OF PEORIA, ARIZONA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2017**

	<u>Terramar Infrastructure Fund</u>	<u>PLAY Peoria NFP Fund</u>	<u>Westside Fire Training IGA Fund</u>	<u>Total</u>
ASSETS				
Pooled cash and investments	\$ -	\$ 26,052	\$ 33,397	\$ 59,449
Interest receivable	-	33	51	84
Total assets	<u>-</u>	<u>26,085</u>	<u>33,448</u>	<u>59,533</u>
LIABILITIES				
Accounts payable	-	1,107	-	1,107
Other liabilities	-	24,978	33,448	58,426
Total liabilities	<u>\$ -</u>	<u>\$ 26,085</u>	<u>\$ 33,448</u>	<u>\$ 59,533</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Terramar Infrastructure Fund				
Assets:				
Pooled cash and investments	\$ 384,970	\$ -	\$ 384,970	\$ -
Total Assets	<u>384,970</u>	<u>-</u>	<u>384,970</u>	<u>-</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>384,970</u>	<u>-</u>
PLAY Peoria NFP Fund				
Assets:				
Pooled cash and investments	24,123	34,562	32,633	26,052
Interest receivable	17	32	16	33
Total Assets	<u>24,140</u>	<u>34,594</u>	<u>32,649</u>	<u>26,085</u>
Liabilities:				
Accounts payable	1,800	2,559	3,252	1,107
Other liabilities	22,340	2,638	-	24,978
Total Liabilities	<u>24,140</u>	<u>5,197</u>	<u>3,252</u>	<u>26,085</u>
Westside Fire Training IGA Fund				
Assets:				
Pooled cash and investments	30,172	39,334	36,109	33,397
Interest receivable	31	51	31	51
Total Assets	<u>30,203</u>	<u>39,385</u>	<u>36,140</u>	<u>33,448</u>
Liabilities:				
Accounts payable	-	2,553	2,553	-
Other liabilities	30,203	3,245	-	33,448
Total Liabilities	<u>30,203</u>	<u>5,798</u>	<u>2,553</u>	<u>33,448</u>
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	439,265	73,896	453,712	59,449
Interest receivable	48	83	47	84
Total Assets	<u>439,313</u>	<u>73,979</u>	<u>453,759</u>	<u>59,533</u>
Liabilities:				
Accounts payable	1,800	5,112	5,805	1,107
Other liabilities	437,513	5,883	384,970	58,426
Total Liabilities	<u>439,313</u>	<u>10,995</u>	<u>390,775</u>	<u>59,533</u>





Statistical Section

Statistical Section

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

Statistical information is different from financial statements in that the statistics usually cover more than one fiscal year and may present non-accounting information. The following tables present financial trends, information about the fiscal capacity of the government, and social and economic information, as necessary for complete disclosure and understanding of the City's financial activity. The information presented in these tables is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore not covered by the auditor's opinion.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources - sales and use taxes, property taxes and utility user fees.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Statistical Section

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**CITY OF PEORIA, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Table I

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
Net investment in capital assets	\$ 602,715,532	\$ 690,708,494	\$ 782,205,232	\$ 803,835,704	\$ 816,149,271	\$ 829,001,871	\$ 855,286,264	\$ 885,716,419	\$ 899,648,174	\$ 747,243,866
Restricted	65,528,725	54,945,644	37,649,086	118,382,244	118,105,425	131,550,563	151,624,692	139,143,949	162,959,546	149,717,064
Unrestricted	220,374,709	207,958,657	192,278,995	109,550,684	111,579,103	149,159,571	84,211,745	(29,002,988)	(32,938,378)	(41,146,402)
Total governmental activities net position	\$ 888,618,966	\$ 953,612,795	\$ 1,012,133,313	\$ 1,031,768,632	\$ 1,045,833,799	\$ 1,109,712,005	\$ 1,091,122,701	\$ 995,857,380	\$ 1,029,669,342	\$ 855,814,528
Business-type Activities										
Net investment in capital assets	\$ 427,331,359	\$ 429,764,018	\$ 469,854,140	\$ 478,230,446	\$ 478,738,661	\$ 493,788,885	\$ 533,623,141	\$ 568,223,130	\$ 589,629,061	\$ 597,736,728
Restricted	32,967,702	33,558,490	19,474,349	22,733,731	24,912,356	21,575,445	23,153,024	23,830,354	31,926,587	27,590,003
Unrestricted	41,967,371	36,507,370	53,422,064	54,791,580	61,033,753	71,130,874	68,382,971	54,351,770	49,023,256	59,376,481
Total business-type activities net position	\$ 502,266,432	\$ 499,829,878	\$ 542,750,553	\$ 555,755,757	\$ 564,684,770	\$ 586,495,204	\$ 625,159,136	\$ 646,405,254	\$ 670,578,904	\$ 684,703,212
Primary Government										
Net investment in capital assets	\$ 1,030,046,891	\$ 1,120,472,512	\$ 1,252,059,372	\$ 1,282,066,150	\$ 1,294,887,932	\$ 1,322,790,756	\$ 1,388,909,405	\$ 1,453,939,549	\$ 1,489,277,235	\$ 1,344,980,594
Restricted	98,496,427	88,504,134	57,123,435	141,115,975	143,017,781	153,126,008	174,777,716	162,974,303	194,886,133	177,307,067
Unrestricted	262,342,080	244,466,027	245,701,059	164,342,264	172,612,856	220,290,445	152,594,716	25,348,782	16,084,878	18,230,079
Total primary government net position	\$ 1,390,885,398	\$ 1,453,442,673	\$ 1,554,883,866	\$ 1,587,524,389	\$ 1,610,518,569	\$ 1,696,207,209	\$ 1,716,281,837	\$ 1,642,262,634	\$ 1,700,248,246	\$ 1,540,517,740

Source: Statement of Net Position
City financial records and reports

CITY OF PEORIA, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table II

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General Government	\$ 17,077,115	\$ 23,226,263	\$ 24,518,718	\$ 27,523,428	\$ 20,935,141	\$ 19,175,790	\$ 20,038,112	\$ 21,210,452	\$ 22,250,673	\$ 21,623,532
Culture & Recreation	21,834,144	23,185,665	21,167,750	21,066,722	23,499,906	22,434,968	25,559,518	25,982,440	26,447,013	28,371,539
Public Safety*	54,428,181	58,702,675	56,118,123	56,780,852	58,218,954	56,757,540	60,213,181	64,261,923	70,342,389	97,665,783
Development Services	6,542,413	6,354,769	6,539,886	6,135,184	5,437,784	8,374,619	9,193,743	9,544,919	7,123,106	6,630,945
Highways & Streets	22,909,823	24,046,432	22,414,044	25,598,067	31,778,203	29,967,207	31,411,752	33,658,672	34,620,944	44,979,242
Public Works	7,782,967	7,688,062	9,642,355	8,441,912	7,416,026	6,989,988	7,015,316	7,259,675	7,507,311	6,705,095
Human Services	2,887,625	2,382,604	2,188,730	1,992,977	1,655,935	2,196,801	1,629,118	1,177,275	1,788,130	1,283,420
Interest on long-term debt	11,168,041	12,610,988	12,571,503	12,616,562	12,595,752	12,739,029	12,009,243	11,373,755	11,549,457	8,451,596
Unallocated Depreciation	574,942	574,550	574,550	574,550	574,550	574,557	574,550	-	-	-
Total governmental activities expenses	<u>\$ 145,205,251</u>	<u>\$ 158,772,008</u>	<u>\$ 155,735,659</u>	<u>\$ 160,730,254</u>	<u>\$ 162,112,251</u>	<u>\$ 159,210,499</u>	<u>\$ 167,644,533</u>	<u>\$ 174,469,111</u>	<u>\$ 181,629,023</u>	<u>\$ 215,711,152</u>
Business-type Activities										
Water Utility	\$ 28,677,086	\$ 32,164,325	\$ 29,715,038	\$ 29,582,708	\$ 30,777,765	\$ 29,094,123	\$ 30,836,235	\$ 34,566,373	\$ 33,221,797	\$ 39,316,668
Wastewater Utility	17,324,471	31,039,534	30,212,381	19,891,729	21,923,061	20,342,376	21,083,666	21,737,995	22,001,744	24,075,245
Solid Waste Utility	13,250,526	10,624,589	9,985,889	9,773,553	10,859,872	10,503,928	10,806,101	10,939,896	11,137,739	11,867,773
Stadium	6,921,044	5,235,258	5,186,732	5,019,605	5,284,940	5,140,500	5,176,689	6,372,954	6,742,573	7,579,975
Storm Drain Utility	-	-	-	-	802,246	806,658	823,780	813,636	1,052,977	3,497,956
Housing	382,067	331,785	368,007	367,644	400,405	273,528	-	-	-	-
Total business-type activities expenses	<u>\$ 66,555,194</u>	<u>\$ 79,395,491</u>	<u>\$ 75,468,047</u>	<u>\$ 64,635,239</u>	<u>\$ 70,048,289</u>	<u>\$ 66,161,113</u>	<u>\$ 68,726,471</u>	<u>\$ 74,430,854</u>	<u>\$ 74,156,830</u>	<u>\$ 86,337,617</u>
Total primary government expenses	<u>\$ 211,760,445</u>	<u>\$ 238,167,499</u>	<u>\$ 231,203,706</u>	<u>\$ 225,365,493</u>	<u>\$ 232,160,540</u>	<u>\$ 225,371,612</u>	<u>\$ 236,371,004</u>	<u>\$ 248,899,965</u>	<u>\$ 255,785,853</u>	<u>\$ 302,048,769</u>
Program Revenues										
Governmental Activities										
Charges for services	\$ 25,523,896	\$ 20,130,962	\$ 17,489,464	\$ 17,722,889	\$ 17,331,656	\$ 18,745,123	\$ 19,221,921	\$ 25,696,523	\$ 29,321,181	\$ 32,311,277
Operating grants and contributions	14,382,484	12,574,749	13,096,036	13,709,669	11,071,988	12,440,760	12,693,535	13,485,788	14,329,168	14,666,090
Capital grants and contributions	41,598,499	51,366,296	55,978,635	34,932,888	30,063,998	21,485,029	11,703,447	22,908,863	27,259,727	25,638,030
Total governmental activities program revenues	<u>\$ 81,504,879</u>	<u>\$ 84,072,007</u>	<u>\$ 86,564,135</u>	<u>\$ 66,365,446</u>	<u>\$ 58,467,642</u>	<u>\$ 52,670,912</u>	<u>\$ 43,618,903</u>	<u>\$ 62,091,174</u>	<u>\$ 70,910,076</u>	<u>\$ 72,615,397</u>
Business-type Activities										
Charges for services	\$ 61,936,451	\$ 59,577,008	\$ 62,457,821	\$ 60,595,686	\$ 66,048,140	\$ 67,197,303	\$ 69,499,963	\$ 68,417,721	\$ 76,106,994	\$ 80,152,247
Operating grants and contributions	145,841	158,627	177,710	209,878	140,461	67,915	-	-	-	-
Capital grants and contributions	22,321,213	12,186,331	50,899,343	5,408,859	8,418,314	7,323,482	9,325,636	29,760,720	17,518,669	20,698,020
Total business-type activities program revenues	<u>\$ 84,403,505</u>	<u>\$ 71,921,966</u>	<u>\$ 113,534,874</u>	<u>\$ 66,214,423</u>	<u>\$ 74,606,915</u>	<u>\$ 74,588,700</u>	<u>\$ 78,825,599</u>	<u>\$ 98,178,441</u>	<u>\$ 93,625,663</u>	<u>\$ 100,850,267</u>
Total primary government program revenues	<u>\$ 165,908,384</u>	<u>\$ 155,993,973</u>	<u>\$ 200,099,009</u>	<u>\$ 132,579,869</u>	<u>\$ 133,074,557</u>	<u>\$ 127,259,612</u>	<u>\$ 122,444,502</u>	<u>\$ 160,269,615</u>	<u>\$ 164,535,739</u>	<u>\$ 173,465,664</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (63,700,372)	\$ (74,700,001)	\$ (69,171,524)	\$ (94,364,808)	\$ (103,644,609)	\$ (106,539,587)	\$ (124,025,630)	\$ (112,377,937)	\$ (110,718,947)	\$ (143,095,755)
Business-type Activities	17,848,311	(7,473,525)	38,066,827	1,579,184	4,558,626	8,427,587	10,099,128	23,747,587	19,468,833	14,512,650
Total primary government net expense	<u>\$ (45,852,061)</u>	<u>\$ (82,173,526)</u>	<u>\$ (31,104,697)</u>	<u>\$ (92,785,624)</u>	<u>\$ (99,085,983)</u>	<u>\$ (98,112,000)</u>	<u>\$ (113,926,502)</u>	<u>\$ (88,630,350)</u>	<u>\$ (91,250,114)</u>	<u>\$ (128,583,105)</u>

* Beginning in fiscal year 2015, the Police and Fire line items have been combined and are being presented in the Public Safety line item.

**CITY OF PEORIA, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Table II

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	\$ 3,728,615	\$ 3,629,629	\$ 3,833,445	\$ 3,628,286	\$ 3,187,679	\$ 2,848,691	\$ 2,744,900	\$ 2,889,150	\$ 2,994,905	\$ 3,207,433
Property taxes, levied for debt service	22,569,309	28,162,003	26,225,535	22,406,879	19,030,940	16,628,634	15,479,771	16,891,026	17,537,813	18,532,683
Sales and use taxes	68,466,910	59,004,816	56,276,937	58,082,217	60,719,648	65,950,235	70,213,953	74,556,024	79,410,364	84,236,770
Franchise taxes	3,848,746	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004	4,194,371	4,312,836	4,461,864	4,501,681
Intergovernmental										
State shared sales taxes - unrestricted	12,695,890	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191	13,431,637	14,139,128	14,760,029	15,631,512
Urban revenue sharing - unrestricted	19,539,768	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958	17,172,500	18,650,521	18,549,406	20,949,613
Auto in-lieu taxes - unrestricted	5,546,558	5,018,384	4,634,263	4,548,154	4,944,181	5,155,206	5,495,225	5,886,971	6,385,294	6,728,814
Investment Earnings	13,328,215	7,896,100	2,199,984	1,354,607	959,479	599,263	878,164	843,648	1,693,475	1,667,892
Gain on sale of capital assets	40,953	115,412	102,409	76,640	50,192	66,465	111,342	-	-	-
Elimination of development agreement debt	2,358,431	-	-	801,394	-	630,104	-	-	-	-
Miscellaneous	3,555,171	3,528,043	5,885,847	5,124,916	3,965,187	4,397,616	3,920,109	3,216,595	2,732,726	4,120,882
Special Item: Close out of Section 8 Housing	-	-	-	-	(464,390)	-	-	-	-	-
Transfers in (out)	(9,779,262)	(3,066,497)	(3,029,412)	(11,119,348)	(3,335,912)	(9,394,454)	(28,205,646)	(11,931,172)	(3,994,967)	(6,346,374)
Total governmental activities	\$ 145,899,304	\$ 139,693,830	\$ 127,692,042	\$ 114,000,127	\$ 118,459,824	\$ 118,108,913	\$ 105,436,326	\$ 129,454,727	\$ 144,530,909	\$ 153,230,906
Business-type Activities										
Investment Earnings	\$ 3,314,515	\$ 1,970,474	\$ 444,698	\$ 306,672	\$ 284,427	\$ 176,176	\$ 359,158	\$ 348,717	\$ 709,850	\$ 519,774
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	109,744
Forgiveness of debt	-	-	1,379,738	-	-	-	-	-	-	-
Special Item: Close out of Public Housing	-	-	-	-	-	(2,101,809)	-	-	-	-
Transfers in (out)	9,779,262	3,066,497	3,029,412	11,119,348	3,335,912	9,394,454	28,205,646	11,931,172	3,994,967	6,346,374
Total business-type activities	\$ 13,093,777	\$ 5,036,971	\$ 4,853,848	\$ 11,426,020	\$ 3,620,339	\$ 7,468,821	\$ 28,564,804	\$ 12,279,889	\$ 4,704,817	\$ 6,975,892
Total primary government	\$ 158,993,081	\$ 144,730,801	\$ 132,545,890	\$ 125,426,147	\$ 122,080,163	\$ 125,577,734	\$ 134,001,130	\$ 141,734,616	\$ 149,235,726	\$ 160,206,798
Change in Net Position										
Governmental Activities	\$ 71,199,303	\$ 70,522,306	\$ 33,327,234	\$ 10,355,518	\$ 11,920,237	\$ 11,569,326	\$ (18,589,304)	\$ 17,076,790	\$ 33,811,962	\$ 10,135,151
Business-type Activities	5,620,252	43,103,798	6,433,032	15,984,646	12,047,926	15,896,408	38,663,932	36,027,476	24,173,650	21,488,542
Total primary government	\$ 76,819,555	\$ 113,626,104	\$ 39,760,266	\$ 26,340,164	\$ 23,968,163	\$ 27,465,734	\$ 20,074,628	\$ 53,104,266	\$ 57,985,612	\$ 31,623,693

Source: Statement of Activities
City financial records and reports

CITY OF PEORIA, ARIZONA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table III

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> *	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved	\$ 264,489	\$ 275,184	\$ 241,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	77,741,727	67,102,145	60,238,418	-	-	-	-	-	-	-
Nonspendable	-	-	-	537,000	1,163,721	259,643	262,852	163,703	115,042	113,859
Restricted	-	-	-	30,671	70,016	108,517	54,193	67,084	388,375	354,566
Committed	-	-	-	34,288,769	33,590,254	33,229,466	37,028,922	36,911,493	38,464,678	40,221,571
Assigned	-	-	-	3,891,174	3,705,809	3,330,705	3,340,512	3,056,458	2,859,523	2,618,447
Unassigned	-	-	-	13,429,595	12,878,675	13,996,657	17,308,306	21,584,005	20,816,526	25,684,922
Total General Fund	\$ 78,006,216	\$ 67,377,329	\$ 60,480,096	\$ 52,177,209	\$ 51,408,475	\$ 50,924,988	\$ 57,994,785	\$ 61,782,743	\$ 62,644,144	\$ 68,993,365
All Other Governmental Funds										
Reserved	\$ 143,600,643	\$ 165,129,365	\$ 147,974,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	62,170,663	57,506,689	55,546,744	-	-	-	-	-	-	-
Capital projects funds	23,589,696	29,428,677	22,203,699	-	-	-	-	-	-	-
Nonspendable	-	-	-	108,919	95,828	98,819	131,641	70,579	67,986	69,711
Restricted	-	-	-	169,837,817	168,127,814	188,434,944	145,352,432	127,294,490	150,498,066	137,842,918
Committed	-	-	-	11,040,682	10,064,814	10,004,379	10,300,556	10,572,297	10,885,668	11,315,062
Assigned	-	-	-	30,055,251	40,566,996	25,988,041	23,410,508	22,821,310	30,353,689	27,978,550
Unassigned	-	-	-	-	(84,673)	-	-	(6,638,667)	-	-
Total All Other Governmental Funds	\$ 229,361,002	\$ 252,064,731	\$ 225,725,301	\$ 211,042,669	\$ 218,770,779	\$ 224,526,183	\$ 179,195,137	\$ 154,120,009	\$ 191,805,409	\$ 177,206,241

* The City implemented GASB Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011. Previous years have not been restated to the new required format.

Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Balance Sheet - Governmental Funds
City financial records and reports

CITY OF PEORIA, ARIZONA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table IV

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 98,358,262	\$ 93,896,013	\$ 90,783,641	\$ 88,244,772	\$ 87,203,131	\$ 89,948,724	\$ 93,731,980	\$ 98,629,880	\$ 104,369,837	\$ 110,535,434
Intergovernmental	52,612,549	62,718,223	45,621,921	43,917,343	54,562,371	49,831,144	50,132,922	55,289,472	65,237,794	60,096,580
Charges for Services	37,609,937	18,479,664	18,137,718	16,356,566	18,359,757	21,405,623	17,684,357	19,355,378	21,812,733	24,367,635
Licenses and Permits	3,020,436	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075	2,800,894	3,132,178	4,080,210	4,778,632
Fines and Forfeitures	2,666,731	3,733,047	2,755,104	3,068,861	2,757,022	2,257,477	2,128,289	1,856,640	1,747,528	1,571,788
Rents	358,215	395,834	421,289	403,321	486,932	1,101,082	731,901	889,053	915,846	908,678
Investment Earnings	12,125,018	7,174,109	1,992,817	1,238,174	859,146	537,732	757,747	725,208	1,462,408	1,320,578
Special Assessments	1,803,344	2,200,782	2,214,167	2,201,463	2,069,613	1,217,271	1,137,018	381,761	381,950	2,171,319
Miscellaneous	7,882,947	7,488,740	8,485,570	18,441,696	4,588,218	5,880,511	5,060,343	3,536,024	3,278,730	4,411,440
Total Revenues	\$ 216,437,439	\$ 197,889,171	\$ 172,012,184	\$ 175,544,268	\$ 172,992,735	\$ 174,743,639	\$ 174,165,451	\$ 183,795,594	\$ 203,287,036	\$ 210,162,084
Expenditures										
General Government	\$ 14,544,047	\$ 17,798,947	\$ 16,330,159	\$ 15,818,173	\$ 14,470,822	\$ 15,094,866	\$ 15,866,612	\$ 17,085,501	\$ 19,424,865	\$ 18,216,483
Culture & Recreation	21,769,313	22,303,852	19,475,634	18,784,735	18,396,187	19,668,598	21,762,725	22,181,064	21,797,069	23,862,880
Public Safety ⁽¹⁾	52,461,747	56,974,453	53,876,911	53,390,368	54,390,977	56,702,266	58,976,873	60,840,413	68,151,428	73,087,082
Development Services	6,669,979	6,489,199	6,529,594	6,051,667	5,328,403	8,568,013	9,311,964	9,714,954	7,129,814	6,291,295
Highways & Streets	14,632,287	15,469,695	13,070,648	13,891,078	14,754,432	16,355,505	17,098,590	19,400,893	19,086,404	21,610,293
Public Works	6,408,150	6,187,633	7,955,394	6,748,102	4,884,713	4,914,720	5,110,924	5,261,842	5,325,264	6,384,151
Human Services	2,817,716	2,343,847	2,145,702	1,952,861	1,586,315	2,213,374	1,604,288	1,147,341	1,725,328	1,184,926
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	74,142,416	77,515,142	60,269,181	29,176,335	26,336,595	39,612,698	17,728,188	26,491,974	12,332,241	29,367,979
Debt Service										
Interest	10,340,704	11,917,582	13,166,242	12,658,032	13,098,263	12,534,039	12,543,974	11,933,264	10,606,558	11,336,938
Principal	31,143,531	25,988,554	44,700,092	34,309,287	25,566,028	20,120,163	21,937,761	17,305,000	18,010,000	19,867,000
Payment to bond escrow agent	-	-	-	-	-	-	-	-	6,707,216	-
Total Expenditures	\$ 234,929,890	\$ 242,988,904	\$ 237,519,557	\$ 192,780,638	\$ 178,812,735	\$ 195,784,242	\$ 181,941,899	\$ 191,362,246	\$ 190,296,187	\$ 211,209,027
Excess of Revenues over (under) Expenditures	\$ (18,492,451)	\$ (45,099,733)	\$ (65,507,373)	\$ (17,236,370)	\$ (5,820,000)	\$ (21,040,603)	\$ (7,776,448)	\$ (7,566,652)	\$ 12,990,849	\$ (1,046,943)
Other Financing Sources (Uses)										
Refunding bonds issued	\$ -	\$ -	\$ -	\$ -	\$ 13,690,000	\$ -	\$ -	\$ -	\$ 103,410,000	\$ -
Issuance of debt	47,000,000	68,440,000	29,170,000	7,920,000	14,715,000	35,510,000	112,000	35,000	30,325,000	3,000,000
Premium on bonds issued	273,310	808,192	495,890	16,960	645,188	1,039,481	-	-	14,096,688	108,061
Payments to bond refunding escrow agent	-	-	-	-	(13,690,000)	-	-	-	(114,802,841)	-
Special Item: Close out Section 8 Housing	-	-	-	-	(464,390)	-	-	-	-	-
Transfers In	16,426,715	18,855,279	23,567,886	28,388,910	16,740,587	16,968,105	20,159,941	16,357,492	12,890,960	17,925,171
Transfers Out	(36,035,044)	(30,928,896)	(20,963,066)	(42,075,019)	(18,106,961)	(27,205,066)	(48,650,688)	(30,113,010)	(20,363,855)	(28,236,236)
Total Other Financing Sources (Uses)	\$ 27,664,981	\$ 57,174,575	\$ 32,270,710	\$ (5,749,149)	\$ 13,529,424	\$ 26,312,520	\$ (28,378,747)	\$ (13,720,518)	\$ 25,555,952	\$ (7,203,004)
Net Change in Fund Balance	\$ 9,172,530	\$ 12,074,842	\$ (33,236,663)	\$ (22,985,519)	\$ 7,709,424	\$ 5,271,917	\$ (36,155,195)	\$ (21,287,170)	\$ 38,546,801	\$ (8,249,947)
Debt Service as a percentage of noncapital expenditures	25.80%	22.91%	32.65%	28.71%	25.36%	20.91%	21.00%	17.73%	16.08%	17.16%

⁽¹⁾ Beginning in Fiscal Year 2015, Police and Fire expenditures were combined into the Public Safety category.

Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
City financial records and reports

**CITY OF PEORIA, ARIZONA
CITY TRANSACTION PRIVILEGE TAXES BY CATEGORY
LAST TEN FISCAL YEARS**

Table V

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Retail Sales	\$ 30,721,220	\$ 26,694,348	\$ 26,857,263	\$ 29,247,900	\$ 31,483,859	\$ 34,115,601	\$ 36,878,825	\$ 38,908,327	\$ 41,216,781	\$ 43,666,206
Contracting	11,271,722	7,014,131	4,550,512	3,611,614	3,305,409	4,716,985	6,301,005	6,257,112	7,394,036	8,587,978
Rentals	7,190,660	7,107,109	6,927,724	6,980,633	7,414,803	7,918,121	7,214,392	7,522,177	8,123,884	8,383,946
Utilities	6,584,854	6,836,000	6,906,904	6,917,391	7,232,286	7,343,965	7,388,831	7,498,115	7,904,665	8,022,722
Telecom/Cable TV	1,492,871	1,437,589	1,405,352	1,294,565	1,304,092	1,258,991	1,262,651	1,217,583	1,151,941	942,239
Restaurant/Bar	7,032,488	7,026,265	7,114,625	7,469,189	7,776,190	8,168,064	8,505,082	9,284,232	9,833,912	10,335,218
Amusement	838,550	727,023	814,694	856,274	896,320	992,752	960,332	1,036,941	1,034,959	1,021,968
Use	985,505	599,537	374,659	426,017	566,453	474,842	624,795	718,931	740,179	1,243,655
Other	2,349,040	1,562,814	1,325,204	1,278,634	740,236	960,914	2,101,228	2,112,606	2,010,007	2,032,838
Total	\$ 68,466,910	\$ 59,004,816	\$ 56,276,937	\$ 58,082,217	\$ 60,719,648	\$ 65,950,235	\$ 71,237,141	\$ 74,556,024	\$ 79,410,364	\$ 84,236,770
% Growth by Year										
Retail Sales	-0.8%	-13.1%	0.6%	8.9%	7.6%	8.4%	8.1%	5.5%	5.9%	5.9%
Contracting	-19.0%	-37.8%	-35.1%	-20.6%	-8.5%	42.7%	33.6%	-0.7%	18.2%	16.1%
Rentals	9.7%	-1.2%	-2.5%	0.8%	6.2%	6.8%	-8.9%	4.3%	8.0%	3.2%
Utilities	9.6%	3.8%	1.0%	0.2%	4.6%	1.5%	0.6%	1.5%	5.4%	1.5%
Telecom/Cable TV	19.8%	-3.7%	-2.2%	-7.9%	0.7%	-3.5%	0.3%	-3.6%	-5.4%	-18.2%
Restaurant/Bar	3.7%	-0.1%	1.3%	5.0%	4.1%	5.0%	4.1%	9.2%	5.9%	5.1%
Amusement	3.0%	-13.3%	12.1%	5.1%	4.7%	10.8%	-3.3%	8.0%	-0.2%	-1.3%
Use	25.7%	-39.2%	-37.5%	13.7%	33.0%	-16.2%	31.6%	15.1%	3.0%	68.0%
Other	29.7%	-33.5%	-15.2%	-3.5%	-42.1%	29.8%	118.7%	0.5%	-4.9%	1.1%
Total	-0.6%	-13.8%	-4.6%	3.2%	4.5%	8.6%	8.0%	4.7%	6.5%	6.1%

Note: Includes all governmental fund types

Source: City financial records and reports

**CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Table VI

	Year Taxes Are Payable										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
City Direct Rates (1):											
Retail Sales (excluding groceries)	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Groceries	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.60%	1.60%	1.60%	1.60%
Contracting	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Rentals	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Utilities	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Telecommunications	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Restaurant/Bar	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Amusement	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
All Others	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
County Rates:											
Retail Sales (excluding groceries)	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Groceries	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Rental Occupancy	-	-	-	-	-	-	-	-	-	-	-
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
Mining - Nonmetal	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
State Rates (2):											
Retail Sales (excluding groceries)	5.60%	5.60%	6.60%	6.60%	6.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Hotel/Transient Lodging	5.50%	5.50%	6.50%	6.50%	6.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mining - Nonmetal	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Mining - Severance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
All Others	5.60%	5.60%	6.60%	6.60%	6.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%

Notes:

- (1) Pursuant to City Charter, increases in the City transaction privilege (sales) tax rates are subject to voter approval. Prior to January 2017, the City collected its own sales tax. In January 2017, the state began collecting and remitting the sales tax to the City. The City has earmarked 0.8% of its sales tax for payment of Excise Tax and State Shared Revenue Obligations.
- (2) The State transaction privilege (sales) tax is levied against the same categories of business activity as the City's sale tax with the exception of groceries and prescription drugs, which the State exempts from tax. The State collects and distributes a portion of its sales tax revenues to all cities and towns based on the city or town's population relative to the aggregate population of all cities and towns as shown by the latest census.

Source: ADOR Transaction Privilege And Other Tax Rate Tables

**CITY OF PEORIA, ARIZONA
SALES TAX PAYERS - BY CATEGORY
CURRENT YEAR AND NINE YEARS AGO**

Table VII

Category	2017				2008			
	<u># of Payers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid</u>	<u>Percentage of Total City Sales Tax Revenue</u>	<u># of Payers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid</u>	<u>Percentage of Total City Sales Tax Revenue</u>
Retail Sales	3,753	24.8%	\$ 43,666,206	51.8%	3,003	22.7%	\$ 30,721,220	44.9%
Contracting	2,741	18.1%	8,587,978	10.2%	4,383	33.1%	11,271,722	16.5%
Restaurant/Bar	423	2.8%	10,335,218	12.3%	308	2.3%	7,032,488	10.3%
Rental	6,323	41.8%	8,383,946	10.0%	4,098	31.0%	7,190,660	10.5%
Utilities	12	0.1%	8,022,722	9.5%	14	0.1%	6,584,854	9.6%
Telecom/Cable TV	170	1.1%	942,239	1.1%	120	0.9%	1,492,871	2.2%
Use	1,577	10.4%	1,243,655	1.5%	697	5.3%	985,505	1.4%
Amusement	59	0.4%	1,021,968	1.2%	56	0.4%	838,550	1.2%
Others	83	0.5%	2,032,838	2.4%	552	4.2%	2,349,040	3.4%
Total	15,141	100.00%	\$ 84,236,770	100.00%	13,231	100.00%	\$ 68,466,910	100.00%

Source: City Sales Tax system
City financial records

**CITY OF PEORIA, ARIZONA
ASSESSED VALUES BY PROPERTY CLASSIFICATION
LAST TEN FISCAL YEARS**

Table VIII

	2008	2009	2010	2011	Fiscal Year 2012	2013	2014	2015	2016(b)	2017
Residential (Owner occupied)	\$ 1,041,693,334	\$ 1,219,595,280	\$ 1,048,710,389	\$ 818,535,888	\$ 687,456,278	\$ 620,970,965	\$ 546,593,560	\$ 614,234,433	\$ 626,696,840	\$ 674,378,782
Residential (Renter occupied)	116,115,688	146,413,989	155,720,660	147,284,152	122,978,913	119,387,647	161,107,937	199,613,372	214,086,717	230,466,048
Commercial, Industrial, Mining & Utilities	334,323,557	419,192,584	495,336,050	495,318,990	378,992,788	341,042,160	304,844,019	298,078,633	291,761,032	297,883,403
Agriculture & Vacant	148,077,787	207,476,727	193,685,182	147,216,152	85,330,391	54,523,204	43,659,181	42,347,136	44,305,284	40,513,630
Railroad	1,918,660	1,837,324	1,647,040	1,563,689	1,429,130	1,399,678	1,118,206	1,205,775	1,137,482	1,040,707
Historic & Environmental	58,450	76,020	64,530	53,641	140,493	103,122	83,177	59,907	24,540	396,725
Public Property Improvements	-	-	-	-	7,869	7,964	7,124	48,182	5,100	-
Net Assessed Value	<u>\$ 1,642,187,476</u>	<u>\$ 1,994,591,924</u>	<u>\$ 1,895,163,851</u>	<u>\$ 1,609,972,512</u>	<u>\$ 1,276,335,862</u>	<u>\$ 1,137,434,740</u>	<u>\$ 1,057,413,204</u>	<u>\$ 1,155,587,438</u>	<u>\$ 1,178,016,995</u>	<u>\$ 1,244,679,295</u>
% Growth	47.2%	21.5%	-5.0%	-15.0%	-20.7%	-10.9%	-7.0%	9.3%	1.9%	5.7%
Net Assessed Value Per Capita	\$ 10,557	\$ 12,524	\$ 12,301	\$ 10,377	\$ 8,141	\$ 7,087	\$ 6,444	\$ 6,860	\$ 6,879	\$ 7,186
Population	155,560	159,263	154,065	155,148	156,780	160,504	164,104	168,450	171,237	173,208
Total Direct Secondary Tax Rate	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Full Cash Value	15,118,988,316	18,279,838,277	17,162,776,025	14,588,623,722	11,862,384,776	10,635,350,631	10,057,364,678	11,162,489,178	13,968,351,523	15,264,587,035
% Growth	51.2%	20.9%	-6.1%	-15.0%	-18.7%	-10.3%	-5.4%	11.0%	25.1%	9.3%
Full Cash Value Per Capita	\$ 97,191	\$ 114,778	\$ 111,400	\$ 94,030	\$ 75,663	\$ 66,262	\$ 61,287	\$ 66,266	\$ 81,573	\$ 88,129
Net Assessed Value as a Percentage of Full Cash Value	10.9%	10.9%	11.0%	11.0%	10.8%	10.7%	10.5%	10.4%	8.4%	8.2%

Note: All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each classification is defined by property use and has an assessment ratio that is multiplied by the taxable value of the property to obtain the assessed valuation. The assessment ratios for the major classes of property are as follows:

Property Tax Assessment Ratios (a)

Fiscal Year	<u>Commercial, Industrial, Mining & Utilities</u>	<u>Residential</u>	<u>Agriculture and Vacant Land</u>	<u>Railroad</u>
2008	24.0%	10%	16%	21%
2009	23.0%	10%	16%	20%
2010	22.0%	10%	16%	18%
2011	21.0%	10%	16%	17%
2012	20.0%	10%	16%	15%
2013	20.0%	10%	16%	15%
2014	19.5%	10%	16%	15%
2015	19.0%	10%	16%	16%
2016	18.5%	10%	16%	15%
2017	18.0%	10%	15%	14%

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Source: Arizona Department of Revenue - Property Tax Division-Abstract of the Assessment Roll
City Financial Records

**CITY OF PEORIA, ARIZONA
COMPARATIVE ASSESSED VALUES
LAST TEN FISCAL YEARS**

Table IX

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (a)</u>	<u>2017</u>
City of Peoria	\$ 1,642,187,476	\$ 1,994,591,924	\$ 1,895,163,851	\$ 1,609,972,512	\$ 1,276,335,862	\$ 1,137,434,740	\$ 1,057,413,204	\$ 1,155,587,438	\$ 1,178,016,995	\$ 1,244,679,295
Peoria Unified School District No. 11	2,064,548,189	2,484,660,275	2,393,720,410	2,030,314,508	1,581,371,147	1,460,442,551	1,350,310,615	1,471,213,352	1,475,721,803	1,549,607,885
Maricopa County	49,534,573,831	58,303,635,287	57,984,051,727	49,662,543,618	38,760,296,498	34,400,455,712	32,229,006,810	35,079,646,593	34,623,670,323	36,135,494,474
State of Arizona	71,852,630,420	86,183,351,753	86,525,272,506	75,664,423,588	61,764,402,437	56,283,023,907	52,598,341,678	55,349,948,120	54,840,074,052	56,573,588,295

(a) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Source: Arizona Department of Revenue - Property Tax Division Abstract of the Assessment Roll
City financial records

CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 assessed value)

Table X

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Direct City										
Primary	\$ 0.24	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Secondary	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Total	<u>1.49</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>
Peoria Unified School District No. 11 (1)										
Primary	3.82	3.77	2.99	3.24	3.71	4.01	4.18	4.43	4.93	4.78
Secondary	2.72	1.90	2.46	2.09	1.68	3.02	3.35	2.84	2.84	3.26
Total	<u>6.54</u>	<u>5.67</u>	<u>5.45</u>	<u>5.33</u>	<u>5.39</u>	<u>7.03</u>	<u>7.53</u>	<u>7.27</u>	<u>7.77</u>	<u>8.04</u>
Maricopa County (2)										
Primary	1.92	1.78	2.05	2.20	2.68	2.87	3.08	3.11	3.13	3.14
Secondary	0.59	0.59	0.59	0.64	0.54	0.78	0.79	0.86	0.97	1.01
Total	<u>2.51</u>	<u>2.37</u>	<u>2.64</u>	<u>2.84</u>	<u>3.22</u>	<u>3.65</u>	<u>3.87</u>	<u>3.98</u>	<u>4.10</u>	<u>4.15</u>
Total										
Primary	5.98	5.74	5.23	5.63	6.58	7.07	7.45	7.73	8.25	8.11
Secondary	4.56	3.74	4.30	3.98	3.47	5.05	5.39	4.95	5.06	5.52
Total	<u>10.54</u>	<u>9.48</u>	<u>9.53</u>	<u>9.61</u>	<u>10.05</u>	<u>12.12</u>	<u>12.84</u>	<u>12.69</u>	<u>13.31</u>	<u>13.63</u>

(1) Peoria Unified School District serves the majority of the City of Peoria. Other areas of the City are served by the Deer Valley Unified School District whose most recent rates are as follows:

	Primary	Secondary
Deer Valley Unified School District	\$ 4.25	\$ 2.45

(2) The Maricopa County rates includes the rates for the County, State Education Equalization Assistance and other county districts and special districts as follows:

	Primary	Secondary
Maricopa County	\$ 1.40	\$ -
State Education Equalization Assistance	0.50	-
Maricopa County Community College District	1.24	0.23
Maricopa County Flood Control District	-	0.18
Maricopa County Fire District Assistance	-	0.01
Maricopa County Library District	-	0.06
Maricopa County Special Health Care District	-	0.31
West Maricopa Education Center	-	0.08
Central Arizona Water Conservation District	-	0.14
Fiscal Year 2017 Tax Rate	<u>\$ 3.14</u>	<u>\$ 1.01</u>

Note: All rates rounded to two decimal places from the four shown by the County

Source: Maricopa County Assessor - Tax Rates Publication

**CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING PROPERTY TAX LEVIES
LAST TEN FISCAL YEARS**

Table XI

	Tax Levy Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Direct City										
Primary	\$ 3,002,150	\$ 2,849,397	\$ 3,202,665	\$ 2,901,540	\$ 2,411,739	\$ 2,154,484	\$ 1,998,305	\$ 2,115,212	\$ 2,238,232	\$ 2,364,891
Secondary	20,527,343	24,932,399	23,689,548	20,124,656	15,954,198	14,217,934	13,217,665	14,444,843	14,725,212	15,558,491
Total	<u>23,529,493</u>	<u>27,781,796</u>	<u>26,892,213</u>	<u>23,026,196</u>	<u>18,365,937</u>	<u>16,372,418</u>	<u>15,215,970</u>	<u>16,560,055</u>	<u>16,963,444</u>	<u>17,923,382</u>
Peoria Unified School District No. 11 (1)										
Primary	61,400,326	71,071,459	63,259,063	63,956,114	60,801,278	58,370,644	56,069,720	62,749,751	72,782,246	74,140,908
Secondary	56,465,081	47,095,296	58,903,282	43,487,879	27,635,770	44,104,877	45,266,377	41,807,627	41,966,017	50,494,525
Maricopa County (2)										
Primary	751,042,721	811,397,481	1,016,398,826	1,030,448,332	1,031,164,830	982,926,843	986,315,014	1,043,203,072	1,083,409,268	1,134,787,546
Secondary	272,271,935	312,172,569	312,960,824	295,233,122	264,170,408	249,995,761	251,345,124	274,744,408	234,978,404	337,146,316
Total										
Primary	815,445,197	885,318,337	1,082,860,554	1,097,305,986	1,094,377,847	1,043,451,971	1,044,383,039	1,108,068,035	1,158,429,746	1,211,293,345
Secondary	349,264,359	384,200,264	395,553,654	358,845,657	307,760,376	308,318,572	309,829,166	330,996,878	291,669,633	403,199,332
Total	<u>1,164,709,556</u>	<u>1,269,518,601</u>	<u>1,478,414,208</u>	<u>1,456,151,643</u>	<u>1,402,138,223</u>	<u>1,351,770,543</u>	<u>1,354,212,205</u>	<u>1,439,064,913</u>	<u>1,450,099,379</u>	<u>1,614,492,677</u>

(1) The Peoria Unified School District serves the majority of the City of Peoria. Other areas of the City are served by Deer Valley Unified School District, whose most recent tax levies are as follows:

	Primary	Secondary
Deer Valley Unified School District	\$ 97,776,264	\$ 56,241,537

(2) The tax levies for Maricopa County include those for the County, State Education Equalization, and other county and special districts whose most recent tax levies are as follows:

	Primary	Secondary
Maricopa County	\$ 506,222,142	\$ -
State Education Equalization Assistance	181,352,524	
Maricopa County Community College District	447,212,880	82,211,035
Maricopa County Flood Control District	-	58,463,580
Maricopa County Fire District Assistance	-	4,030,569
Maricopa County Library District	-	20,091,335
Maricopa County Special Health Care District	-	110,524,141
West Maricopa Education Center	-	11,148,304
Central Arizona Water Conservation District	-	50,677,352
Fiscal Year 2017 Tax Levy	<u>\$ 1,134,787,546</u>	<u>\$ 337,146,316</u>

Source: Maricopa County Assessor - Tax Rates and Levies publication

**CITY OF PEORIA, ARIZONA
LIMITED PROPERTY VALUE TOP TEN TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table XII

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017 (a)</u>		<u>% of Limited Property Assessed Value</u>	<u>2008</u>		<u>% of Taxable Secondary Assessed Value</u>
		<u>Value</u>	<u>Rank</u>		<u>Value</u>	<u>Rank</u>	
Arizona Public Service	Gas & Electric Utility	\$ 24,395,235	1	1.96%	\$ 18,043,880	1	1.10%
Vestar LPTC LLC	Property Development	8,959,020	2	0.72%	-		
Sprint Wireless	Telecommunications	7,002,852	3	0.56%	-		
Parke West Retail I LLC	Shopping Center	5,440,536	4	0.44%	-		
Southwest Gas Corporation	Gas Utility	4,789,877	5	0.38%	4,596,191	10	0.28%
DDRA Arrowhead Crossing LLC	Shopping Center	4,702,289	6	0.38%	4,799,328	9	0.29%
Miller Family Real Estate LLC	Shopping Center	4,404,480	7	0.35%	-		
BCC Development Inc	Property Development	3,773,154	8	0.30%	-		
Freedom Plaza Limited Partnership Lease	Retirement Housing	3,484,971	9	0.28%	-		
Cypress Lake Pleasant Center LLC	Property Development	3,417,681	10	0.28%	-		
Qwest Corporation	Telecommunications	-			10,224,146	2	0.62%
Vistancia LLC	Multi-family Housing	-			10,192,385	3	0.62%
Sprint Spectrum LP	Telecommunications	-			8,040,561	4	0.49%
Inland Western Glendale LLC	Shopping Center	-			5,716,817	5	0.35%
Larry Miller Real Estate - Peoria LLC	Shopping Center	-			5,679,524	6	0.35%
Safeway	Grocery Store	-			4,844,798	7	0.30%
Courtland Homes Inc	Multi-family Housing	-			4,842,960	8	0.29%
Total		\$ 70,370,095		5.65%	\$ 76,980,590		4.69%

(a) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For fiscal year 2017, the assessed value of Salt River Project property within the City of Peoria is \$19,552,127.

Source - Maricopa County Treasurer's or Assessor's Office

**CITY OF PEORIA, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table XIII

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected with the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽²⁾	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 17,923,382	\$ 17,596,843	98.18%	\$ -	\$ 17,596,843	98.18%
2016	16,963,444	16,695,651	98.42%	158,134	16,853,785	99.35%
2015	16,560,055	16,290,571	98.37%	180,312	16,470,883	99.46%
2014	15,215,970	14,882,168	97.81%	229,620	15,111,788	99.32%
2013	16,372,418	15,962,490	97.50%	247,161	16,209,651	99.01%
2012	18,365,937	17,628,300	95.98%	373,758	18,002,058	98.02%
2011	23,026,196	21,884,397	95.04%	544,345	22,428,742	97.41%
2010	26,892,213	25,561,505	95.05%	788,747	26,350,252	97.98%
2009	27,781,796	26,280,210	94.60%	933,656	27,213,866	97.96%
2008	23,529,493	22,741,557	96.65%	718,352	23,459,909	99.70%

Notes: ⁽¹⁾ Levy figures obtained from Maricopa County Tax Levy Books-February Publication.
⁽²⁾ Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2017.

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports

**CITY OF PEORIA, ARIZONA
UTILITY STATISTICAL DATA
LAST TEN FISCAL YEARS**

Table XIV

**Average Utility Bill Amounts
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (c)</u>	<u>2017</u>
Water										
Average bill	\$35.59	\$36.73	\$35.46	\$34.36	\$38.00	\$37.41	\$37.31	\$35.54	\$37.53	\$39.13
% Increase	2.12%	3.20%	-3.46%	-3.10%	10.59%	-1.55%	-0.27%	-4.74%	5.60%	4.26%
Wastewater										
Average bill	21.24	21.36	21.45	20.45	21.49	24.16	23.36	23.99	24.64	25.22
% Increase	-1.30%	0.56%	0.42%	-4.66%	5.09%	12.42%	-3.31%	2.70%	2.71%	2.35%
Residential Solid Waste										
Average bill	14.85	15.18	15.36	15.35	15.40	13.38	13.38	13.35	13.44	13.39
% Increase	-0.40%	2.22%	1.19%	-0.07%	0.33%	-13.12%	0.00%	-0.22%	0.67%	-0.37%

**Utility Service Connections
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (c)</u>	<u>2017</u>
Water										
# of Accounts	46,146	46,902	47,606	47,793	48,509	49,416	50,399	51,405	55,558	57,011
% Increase	1.13%	1.64%	1.50%	0.39%	1.50%	1.87%	1.99%	2.00%	8.08%	2.62%
Wastewater										
# of Accounts	48,759	49,923	50,383	50,715	51,527	52,674	53,548	54,599	56,235	57,909
% Increase	1.94%	2.39%	0.92%	0.66%	1.60%	2.23%	1.66%	1.96%	3.00%	2.98%
Residential Solid Waste										
# of Accounts	47,146	48,006	48,382	48,752	49,506	50,727	51,609	52,640	54,262	55,828
% Increase	1.81%	1.82%	0.78%	0.76%	1.55%	2.47%	1.74%	2.00%	3.08%	2.89%

**Charges for Water Services
Base Minimum Monthly Bill
As of June 30, 2017**

**Charges for Wastewater Services
Base Minimum Monthly Bill
As of June 30, 2017**

<u>Multi Family Customers</u>	<u>Resid., Commerc. & Landscape Customers</u>		<u>Multi Family Customers</u>	<u>Resid., Commerc. & Landscape Customers</u>	
	<u>Meter Size</u>	<u>Charge</u>		<u>Meter Size</u>	<u>Charge</u>
	5/8"-3/4"	\$ 15.61		5/8"-3/4"	\$ 9.08 (& Resid. 1")
<u>Base Charge</u>	1"	18.62	<u>Base Charge</u>	1"	11.55
<u>per Meter</u>	1 1/2"	29.62	<u>per Meter</u>	1 1/2"	20.60
\$9.60	2"	41.65	\$4.14	2"	30.48
	3"	73.76		3"	56.87
<u>Charge per Dwelling Unit</u>	4"	109.84	<u>Charge per Dwelling Unit</u>	4"	86.53
\$3.61	6"	210.02	\$2.97	6"	168.87
	8"	330.29		8"	267.73

(a) Base service charge is based on each bill rendered.

(b) For residential & multi-plex users, volume is measured as the rate per 1,000 gallons of a four-month winter average (December - March).

For commercial customers, the volume charge is based on actual monthly usage.

(c) Water account total includes the acquisition of New River System. These accounts were excluded from the FY16 average water bill calculation, but included beginning in FY17.

Source: City customer service and billing records

(continued)

CITY OF PEORIA, ARIZONA
UTILITY STATISTICAL DATA

Volume Charges for Water Services Usage Per Month As of June 30, 2017				Charges for Residential Solid Waste As of June 30, 2017
Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)	
0 - 4,000	\$ 1.09	\$ -	\$ -	Monthly fee
4,001 - 10,000	2.83	-	-	Single container & recycling \$ 13.10
10,001 - 20,000	4.01	-	-	Additional container 10.50
10,001 - 25,000	4.38	-	-	
1,000+	-	2.83	-	
0 - 10,000	-	-	1.09	
10,001 - 50,000	-	-	2.83	
50,001+	-	-	4.01	

Water Meter Permit Charges As of June 30, 2017		Charges for Storm Water As of June 30, 2017	
Meter Size	Charge	Monthly	All Customers
3/4"	\$ 317		
1 1/2"	493		
2"	629 - 1,033		
3"	1,751 - 2,662		
4"	2,231 - 3,172		
6"	3,781 - 5,086		
Hydrant meter	1,280		
Commercial accounts	By meter size	Base charge	\$ 1.00

- (a) Base service charge is based on each bill rendered.
- (b) For residential & multiplex users, volume is measured as the rate per 1,000 gallons of a three-month winter average (December - February).
For commercial customers, the volume charge is based on actual monthly usage.

Source: City customer service and billing records

(continued)

**CITY OF PEORIA, ARIZONA
UTILITY STATISTICAL DATA
TEN LARGEST WATER USERS
CURRENT YEAR AND TEN YEARS AGO**

Table XIV

<u>Entity</u>	<u>Type of User</u>	<u>2017</u>			<u>2008</u>		
		<u>Avg Monthly Water Usage</u>	<u>Rank</u>	<u>Monthly Water Usage</u>	<u>Avg Monthly Water Usage</u>	<u>Rank</u>	<u>Monthly Water Usage</u>
Desert Harbor Lake	Homeowner's Association	7,072	1	0.89%	7,351	1	1.02%
City of Peoria Padre's Pump Station	Sports Complex	6,396	2	0.81%	5,983	2	0.83%
Trilogy at Vistancia	Commercial Landscape	2,614	3	0.33%	3,161	3	0.44%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	2,032	4	0.26%	1,330	6	0.19%
Sun Garden Park II HOA	Homeowner's Association	1,885	5	0.24%	2,237	4	0.31%
Sun Garden Mobile Home Park	Homeowner's Association	1,512	6	0.19%			
Desert Harbor Landscape	Homeowner's Association	1,501	7	0.19%			
Equity Lifestyle Prop Inc - Casa Del Sol East	Multi-Family Residential	1,403	8	0.18%	1,120	10	0.16%
Equity Lifestyle Prop Inc - Casa Del Sol West	Multi-Family Residential	1,288	9	0.16%			
Polynesian Village	Homeowner's Association	1,248	10	0.16%	1,444	5	0.20%
Centennial High School	Public School				1,323	7	0.18%
Ventana Lakes S. of Beardsley Lake	Multi-Family Residential				1,213	8	0.17%
Equity Lifestyle Prop Inc - Casa Del Sol	Multi-Family Residential				1,207	9	0.17%

Source: City customer service and billing records

(concluded)

**CITY OF PEORIA, ARIZONA
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Table XV

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Fiscal Year 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
General Obligation Bonds	\$ 126,195,000	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000	\$ 152,820,000	\$ 145,088,146	\$ 170,995,550	\$ 158,031,697
Municipal Development Authority Debt Obligations	65,795,653	60,985,393	55,943,338	58,365,965	52,480,000	85,230,000	81,035,000	77,797,482	73,257,994	68,529,573
Highway User Revenue Bonds	3,295,000	3,005,000	-	-	-	-	-	-	-	-
Special Assessment Bonds	12,027,427	10,402,812	8,042,321	6,155,000	4,660,000	3,520,000	3,195,000	2,865,416	2,508,814	2,137,211
Community Facilities District Bonds	64,610,000	63,060,000	60,890,000	58,615,000	56,230,000	53,725,000	51,095,000	48,409,540	40,575,685	40,400,804
Business-type Activities										
Water and Sewer Revenue Bonds	19,555,000	18,000,000	15,780,000	15,780,000	38,480,000	37,295,000	32,720,000	29,669,224	24,622,433	19,095,643
WIFA Loans	127,917,495	117,346,302	130,298,508	121,975,538	89,803,906	82,212,652	77,780,535	73,235,496	78,549,337	74,229,903
Municipal Development Authority Debt Obligations	1,579,347	1,229,607	861,662	449,034	-	-	-	-	-	-
Long-Term Loan Payable	1,235,000	1,064,632	6,883,276	-	-	-	-	-	-	-
Total Primary Government	<u>\$ 422,209,922</u>	<u>\$ 458,153,746</u>	<u>\$ 463,659,105</u>	<u>\$ 428,920,537</u>	<u>\$ 412,613,906</u>	<u>\$ 424,357,652</u>	<u>\$ 398,645,535</u>	<u>\$ 377,065,304</u>	<u>\$ 390,509,813</u>	<u>\$ 362,424,831</u>
Total Debt Per Capita	\$ 2,714.13	\$ 2,876.71	\$ 3,009.50	\$ 2,764.59	\$ 2,631.80	\$ 2,643.91	\$ 2,429.22	\$ 2,238.44	\$ 2,280.52	\$ 2,092.43
Total Debt as a % of Personal Income	7.1%	7.6%	8.5%	7.8%	7.4%	7.1%	6.4%	5.8%	5.7%	5.1%

Source: City financial records. Debt schedule exhibits and Long-term liability activity footnote

**CITY OF PEORIA, ARIZONA
RATIO OF NET GENERAL BONDED DEBT
TO FULL CASH VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Table XVI

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonded Debt (1)	\$ 126,195,000	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000	\$ 152,820,000	\$ 145,088,146	\$ 170,995,550	\$ 158,031,697
Less:										
Debt Service Reserves (2)	<u>36,464,380</u>	<u>44,978,714</u>	<u>35,352,142</u>	<u>31,849,469</u>	<u>30,782,503</u>	<u>30,825,566</u>	<u>28,924,537</u>	<u>25,859,071</u>	<u>26,583,502</u>	<u>25,529,967</u>
Net Bonded Debt	<u>\$ 89,730,620</u>	<u>\$ 138,081,286</u>	<u>\$ 149,607,858</u>	<u>\$ 135,730,531</u>	<u>\$ 140,177,497</u>	<u>\$ 131,549,434</u>	<u>\$ 123,895,463</u>	<u>\$ 119,229,075</u>	<u>\$ 144,412,048</u>	<u>\$ 132,501,730</u>
Percentage of Net Bonded Debt to Full Cash Value	0.6%	0.8%	0.9%	0.9%	1.2%	1.2%	1.2%	1.1%	1.0%	0.9%
Percentage of Net Bonded Debt to Assessed Value (3)	5.5%	6.9%	7.9%	8.4%	11.0%	11.6%	11.7%	10.3%	12.3%	10.6%
Net Bonded Debt Per Capita	\$577	\$867	\$971	\$875	\$894	\$820	\$755	\$708	\$843	\$765
Net Bonded Debt as a % of Personal Income	1.50%	2.30%	2.74%	2.47%	2.53%	2.20%	1.99%	1.83%	2.12%	1.87%

(1) Represents face value of general obligation debt outstanding plus deferred bond premiums

(2) Fund balance of GO Bond Debt Service Fund per the fund financial statements

(3) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service.

Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values.

Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years

and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Note: Personal income and population information may be found on Table XXV
Full cash value information may be found on Table VIII

Sources - City debt service schedules & Long-term liability footnote.

CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT - CURRENT FISCAL YEAR
AS OF JUNE 30, 2017

Table XVII

Governmental Unit	Limited Assessed Valuation	General Obligation Bonds Outstanding (2)	Percentage Applicable to City of Peoria (1)	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 56,573,588,295	\$ -	2.20%	\$ -	\$ -
Maricopa County	36,135,494,474	-	3.44%	-	-
Maricopa County Community College District	36,135,494,474	509,430,000	3.44%	17,547,206	0.23
Maricopa County Flood Control District	32,624,765,419	-	3.82%	-	0.18
Maricopa County Library District	36,135,494,474	-	3.44%	-	0.06
Maricopa County Fire District Assistance	36,135,494,474	-	3.44%	-	0.01
Maricopa County Special Health Care District	36,198,108,538	73,000,000	3.44%	2,510,120	0.31
Central AZ Water Conservation	36,198,108,538	-	3.44%	-	0.14
West MEC Vocational District	13,271,790,771	141,255,000	9.38%	<u>13,247,434</u>	0.08
Sub-total - City-wide overlapping				<u>33,304,760</u>	
Total City-wide debt levies (3)				191,336,457	
Unified School Districts:					
Peoria No. 11	1,067,596,292	217,615,000	85.77%	186,654,480	3.26
Deer Valley No. 97	171,947,005	219,675,000	13.81%	30,347,141	2.45
Nadaburg No. 81	1,334,523	540,000	0.11%	<u>579</u>	0.35
Sub-total - Unified school district overlapping				<u>217,002,200</u>	
Total overlapping				<u><u>250,306,960</u></u>	
Direct:					
City of Peoria	\$ 1,244,679,295	\$ 158,031,697	100.00%	<u>158,031,697</u>	\$ 1.25
Total direct and overlapping debt				<u><u>\$ 408,338,657</u></u>	

Notes: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the city. This table estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses in the city. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Does not include debt amount of Vistancia Community Facilities District (\$34,098,000) or Vistancia West Community Facilities District (\$3,000,000).

(1) Percentage applicable to the City is computed on the ratio of secondary assessed valuation.

(2) Includes total stated principal amount of general obligation bonds outstanding. Does not include certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed.

(3) Total City-wide debt levies are County debt plus City debt.

Sources: - City of Peoria financial records
- Maricopa County Treasurer
- Individual jurisdictions' CAFRs and official statements

- Maricopa County Assessor
- State of Arizona, Department of Revenue, Abstract of the Assessment Roll

CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - CURRENT FISCAL YEAR
AS OF JUNE 30, 2017

Table XVIII

Governmental Unit	Limited Assessed Valuation	Debt Outstanding (2)	Percentage Applicable to City of Peoria (1)	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 56,573,588,295	\$ -	2.20%	\$ -	\$ -
Maricopa County	36,135,494,474	-	3.44%	-	-
Maricopa County Community College District	36,135,494,474	509,430,000	3.44%	17,547,206	0.23
Maricopa County Flood Control District	32,624,765,419	-	3.82%	-	0.18
Maricopa County Library District	36,135,494,474	-	3.44%	-	0.06
Maricopa County Fire District Assistance	36,135,494,474	-	3.44%	-	0.01
Maricopa County Special Health Care District	36,198,108,538	-	3.44%	-	0.31
Central AZ Water Conservation	36,198,108,538	-	3.44%	-	0.14
West MEC Vocational District	13,271,790,771	141,255,000	9.38%	13,247,434	0.08
Sub-total - City-wide overlapping				<u>30,794,640</u>	
Total City-wide debt levies (3)				<u>188,826,337</u>	
Unified School Districts:					
Peoria No. 11	1,067,596,292	217,615,000	85.77%	186,654,480	3.26
Deer Valley No. 97	171,947,005	219,675,000	13.81%	30,347,141	2.45
Nadaburg No. 81	1,334,523	540,000	0.11%	579	0.35
Sub-total - Unified school district overlapping				<u>217,002,200</u>	
Total overlapping				<u>247,796,840</u>	
Direct:					
City of Peoria	1,244,679,295	\$ 158,031,697	100.00%	<u>158,031,697</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 405,828,537</u>	

Notes: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the city. This table estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses in the city. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Does not include debt amount of Vistancia Community Facilities District (\$34,098,000) or Vistancia West Community Facilities District (\$3,000,000).

(1) Percentage applicable to the City is computed on the ratio of secondary assessed valuation.

(2) Includes total stated principal amount of general obligation bonds outstanding. Does not include certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed.

(3) Total City-wide debt levies are County debt plus City debt.

Sources: - City of Peoria financial records
- Maricopa County Treasurer
- Individual jurisdictions' CAFRs and official statements

- Maricopa County Assessor
- State of Arizona, Department of Revenue, Abstract of the Assessment Roll

**CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS**

Table XIX

Governmental Unit	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	-	-	-	-	-	-	-	-	-	-
Community College District	18,505,348	17,301,999	21,354,408	23,908,932	22,084,125	25,357,414	23,384,382	21,550,210	20,203,810	17,547,206
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
West MEC Vocational District	-	-	-	-	-	3,241,000	3,198,843	3,025,964	6,722,916	13,247,434
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	<u>18,505,348</u>	<u>17,301,999</u>	<u>21,354,408</u>	<u>23,908,932</u>	<u>22,084,125</u>	<u>28,598,414</u>	<u>26,583,225</u>	<u>24,576,174</u>	<u>26,926,726</u>	<u>30,794,640</u>
Total City-wide levies (1)	<u>331,783,787</u>	<u>393,645,062</u>	<u>405,549,288</u>	<u>384,534,551</u>	<u>371,967,077</u>	<u>394,056,576</u>	<u>317,946,402</u>	<u>298,736,758</u>	<u>314,264,769</u>	<u>188,826,337</u>
Unified School Districts:										
Peoria No. 11	224,219,333	210,241,616	166,217,415	196,735,864	177,729,492	163,033,794	208,200,535	180,916,246	219,811,259	186,654,480
Deer Valley No. 97	15,471,750	21,558,687	26,201,313	24,618,198	25,445,126	25,160,995	27,264,686	25,506,618	26,927,344	30,347,141
Nadaburg No. 81	-	-	-	7,800	4,524	284,900	2,286	1,212	789	579
Sub-total - Unified school district overlapping	<u>239,691,083</u>	<u>231,800,303</u>	<u>192,418,728</u>	<u>221,361,862</u>	<u>203,179,142</u>	<u>188,479,689</u>	<u>235,467,507</u>	<u>206,424,076</u>	<u>246,739,392</u>	<u>217,002,200</u>
Total overlapping	<u>258,196,431</u>	<u>249,102,302</u>	<u>213,773,136</u>	<u>245,270,794</u>	<u>225,263,267</u>	<u>217,078,103</u>	<u>262,050,732</u>	<u>231,000,250</u>	<u>273,666,118</u>	<u>247,796,840</u>
Direct (2):										
City of Peoria	<u>313,278,439</u>	<u>376,343,063</u>	<u>384,194,880</u>	<u>360,625,619</u>	<u>349,882,952</u>	<u>365,458,162</u>	<u>291,363,177</u>	<u>274,160,584</u>	<u>287,338,043</u>	<u>158,031,697</u>
Total direct and overlapping debt	<u>\$ 571,474,870</u>	<u>\$ 625,445,365</u>	<u>\$ 597,968,016</u>	<u>\$ 605,896,413</u>	<u>\$ 575,146,219</u>	<u>\$ 582,536,265</u>	<u>\$ 553,413,909</u>	<u>\$ 505,160,834</u>	<u>\$ 561,004,161</u>	<u>\$ 405,828,537</u>

(1) - Total City-wide debt levies are County debt plus City debt.

(2) - Due to a recommended change in accounting principle, the contracts payable category is no longer being used to calculate direct governmental activities debt.

Sources: City Financial Records
- Maricopa County Treasurer for debt of other entities

**CITY OF PEORIA, ARIZONA
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

Table XX

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Fiscal Year 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Property Assessed Value (1)	\$ 1,642,187,476	\$ 1,994,591,924	\$ 1,895,163,851	\$ 1,609,972,512	\$ 1,276,335,862	\$ 1,137,434,740	\$ 1,057,413,204	\$ 1,155,587,438	\$ 1,178,016,995	\$ 1,244,679,295
6% Limitation										
Debt limit	\$ 98,531,249	\$ 119,675,515	\$ 113,709,831	\$ 96,598,351	\$ 76,580,152	\$ 68,246,084	\$ 63,444,792	\$ 69,335,246	\$ 70,681,020	\$ 74,680,758
Total net debt applicable to limit	<u>13,310,000</u>	<u>6,745,000</u>	<u>5,565,000</u>	<u>4,570,000</u>	<u>2,735,000</u>	<u>1,665,000</u>	<u>350,000</u>	<u>-</u>	<u>4,814,727</u>	<u>4,149,727</u>
Legal 6% Debt Margin	<u>\$ 85,221,249</u>	<u>\$ 112,930,515</u>	<u>\$ 108,144,831</u>	<u>\$ 92,028,351</u>	<u>\$ 73,845,152</u>	<u>\$ 66,581,084</u>	<u>\$ 63,094,792</u>	<u>\$ 69,335,246</u>	<u>\$ 65,866,293</u>	<u>\$ 70,531,031</u>
Total net debt applicable to the limit as a percentage of debt limit	13.5%	5.6%	4.9%	4.7%	3.6%	2.4%	0.6%	0.0%	6.8%	5.6%
20% Limitation										
Debt limit	\$ 328,437,495	\$ 398,918,385	\$ 379,032,770	\$ 321,994,502	\$ 255,267,172	\$ 227,486,948	\$ 211,482,641	\$ 231,117,488	\$ 235,603,399	\$ 248,935,859
Total net debt applicable to limit	<u>112,885,000</u>	<u>176,315,000</u>	<u>179,395,000</u>	<u>163,010,000</u>	<u>168,225,000</u>	<u>160,710,000</u>	<u>152,470,000</u>	<u>142,925,000</u>	<u>155,345,273</u>	<u>144,090,273</u>
Legal 20% Debt Margin	<u>\$ 215,552,495</u>	<u>\$ 222,603,385</u>	<u>\$ 199,637,770</u>	<u>\$ 158,984,502</u>	<u>\$ 87,042,172</u>	<u>\$ 66,776,948</u>	<u>\$ 59,012,641</u>	<u>\$ 88,192,488</u>	<u>\$ 80,258,126</u>	<u>\$ 104,845,586</u>
Total net debt applicable to the limit as a percentage of debt limit	34.4%	44.2%	47.3%	50.6%	65.9%	70.6%	72.1%	61.8%	65.9%	57.9%

(1) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Source: Maricopa County Assessor and City records

CITY OF PEORIA, ARIZONA
PLEGGED REVENUE COVERAGE - MUNICIPAL DEVELOPMENT AUTHORITY DEBT OBLIGATIONS
GOVERNMENTAL PORTION
LAST TEN FISCAL YEARS

Table XXI

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Senior Lien MDA Debt (excludes 2008 Transportation MDA Debt)										
Pledged Revenues										
Sales and use taxes (1)	\$ 58,145,253	\$ 50,215,336	\$ 47,957,886	\$ 49,541,810	\$ 51,737,833	\$ 56,145,066	\$ 60,587,446	\$ 63,331,915	\$ 67,425,794	\$ 71,476,726
State-shared sales tax	12,695,890	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191	13,431,637	14,139,128	14,760,029	15,631,512
Urban revenue sharing	19,539,768	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958	17,172,500	18,650,521	18,549,406	20,949,613
Franchise taxes	3,848,746	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004	4,194,371	4,312,836	4,461,864	4,501,681
License and permits	3,020,436	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075	2,800,894	3,132,178	4,080,210	4,778,632
Fines and forfeitures	2,404,459	3,309,210	2,525,753	2,813,535	2,521,407	2,058,925	1,933,142	1,699,818	1,601,014	1,433,868
User fees and charges	16,137,447	11,420,810	10,185,728	10,502,078	10,895,825	11,889,776	12,535,479	12,703,987	11,998,841	14,376,186
Miscellaneous	6,247,418	3,781,537	1,674,775	2,692,430	1,656,235	2,534,262	1,379,952	2,146,784	2,341,988	2,980,499
Total Pledged Revenues	\$ 122,039,417	\$ 105,935,592	\$ 95,507,133	\$ 96,318,307	\$ 98,320,665	\$ 106,419,257	\$ 114,035,421	\$ 120,117,167	\$ 125,219,146	\$ 136,128,717
Senior Lien Debt Service Requirements										
Principal (2)	3,185,000	3,400,000	3,575,000	3,990,000	1,569,999	665,000	2,010,000	2,020,000	2,085,000	2,165,000
Interest (2)	1,005,806	842,867	670,386	482,594	505,827	1,065,571	1,708,383	1,642,083	1,567,808	1,483,533
Total Senior Lien Debt Service Requirements	4,190,806	4,242,867	4,245,386	4,472,594	2,075,826	1,730,571	3,718,383	3,662,083	3,652,808	3,648,533
Estimated Coverage	29.12	24.97	22.50	21.54	47.36	61.49	30.67	32.80	34.28	37.31
2008 Transportation MDA Debt (3)										
Net Pledged Revenues from above (4)										
Additional Pledged Revenues (5)	117,848,611	101,692,725	91,261,747	91,845,713	96,244,839	104,688,686	110,317,038	116,455,084	121,566,339	132,480,184
Total	10,978,453	9,356,675	8,491,097	8,682,846	9,088,210	9,927,436	10,861,145	11,334,889	12,231,059	12,939,338
	<u>128,827,064</u>	<u>111,049,400</u>	<u>99,752,844</u>	<u>100,528,559</u>	<u>105,333,049</u>	<u>114,616,122</u>	<u>121,178,183</u>	<u>127,789,973</u>	<u>133,797,398</u>	<u>145,419,522</u>
Debt Service Requirements										
Principal	-	1,760,000	1,835,000	1,920,000	2,005,000	2,095,000	2,185,000	2,285,000	2,385,000	2,490,000
Interest	-	1,659,171	2,005,188	1,940,963	1,873,763	1,803,588	1,730,263	1,648,325	1,545,500	1,438,175
Total Annual Requirements	-	3,419,171	3,840,188	3,860,963	3,878,763	3,898,588	3,915,263	3,933,325	3,930,500	3,928,175
Estimated Coverage	-	32.48	25.98	26.04	27.16	29.40	30.95	32.49	34.04	37.02

Note: (1) Excludes the 0.3% Transportation Sales Tax approved by voters in September 2005 for the 2008 Transportation MDA Debt.

(2) Debt service requirements reflect all outstanding MDA issues other than the 2008 MDA Transportation issue discussed below. Although the debt service on some MDA debt obligations, including the 2011 MDA Debt Obligation, are funded by Enterprise Funds, the pledged revenue for all MDA debt is excise taxes and state shared revenues.

(3) The 2008 Transportation MDA Debt Obligation is backed by a senior lien on the .03% transaction privilege tax approved by voters in 2005 and a subordinated lien of the Excise Taxes and State Shared revenues.

(4) Pledged revenues on the non-transportation MDA Debt Obligations, less the debt requirements for the non-transportation MDA Debt Obligations.

(5) Revenues of the Transportation Sales Tax Fund, primarily consisting of the 0.3% transaction privilege tax discussed above.

Source: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Debt service schedules, City financial records

CITY OF PEORIA, ARIZONA
PLEDGED REVENUE COVERAGE - WATER AND WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS

Table XXII

	Fiscal Year									
	<u>2008</u>	<u>2009</u> ⁽²⁾	<u>2010</u>	<u>2011</u>	<u>2012</u> ⁽⁶⁾	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gross Revenue (1)	\$ 49,812,486	\$ 46,956,831	\$ 48,087,688	\$ 46,141,098	\$ 50,720,705	\$ 52,680,761	\$ 54,515,296	\$ 52,770,260	\$ 64,032,933	\$ 64,032,933
Operating and Maintenance Expenses (2)	34,287,751	33,751,517	28,067,908	28,610,625	28,823,261	28,974,990	30,942,736	35,326,061	35,787,927	35,787,927
Net Revenue Available for Debt Service	<u>\$ 15,524,735</u>	<u>\$ 13,205,314</u>	<u>\$ 20,019,780</u>	<u>\$ 17,530,473</u>	<u>\$ 21,897,444</u>	<u>\$ 23,705,771</u>	<u>\$ 23,572,560</u>	<u>\$ 17,444,199</u>	<u>\$ 28,245,006</u>	<u>\$ 28,245,006</u>
Development Fee Revenue	5,821,318	1,841,126	1,616,718	1,899,935	2,820,416	3,205,623	4,311,153	4,418,565	5,116,972	6,268,689
Total Net Revenue	<u>\$ 21,346,053</u>	<u>\$ 15,046,440</u>	<u>\$ 21,636,498</u>	<u>\$ 19,430,408</u>	<u>\$ 24,717,860</u>	<u>\$ 26,911,394</u>	<u>\$ 27,883,713</u>	<u>\$ 21,862,764</u>	<u>\$ 33,361,978</u>	<u>\$ 34,513,695</u>
Debt Service Requirements										
Principal (3)	4,220,006	4,372,224	7,362,889	7,025,129	7,941,123	8,776,254	9,007,117	9,210,038	9,456,159	10,635,513
Interest (4)	3,316,344	4,852,315	4,332,089	4,501,266	4,242,754	3,579,904	3,343,413	3,097,542	3,026,940	2,621,761
Total Debt Service Requirements	<u>\$ 7,536,350</u>	<u>\$ 9,224,539</u>	<u>\$ 11,694,978</u>	<u>\$ 11,526,395</u>	<u>\$ 12,183,877</u>	<u>\$ 12,356,158</u>	<u>\$ 12,350,530</u>	<u>\$ 12,307,580</u>	<u>\$ 12,483,099</u>	<u>\$ 13,257,274</u>
Ratio of Total Net Revenue/ Total Bond Expense	2.83	1.63	1.85	1.69	2.03	2.18	2.26	1.78	2.67	2.60
Ratio of Net Available/ Total Bond Expense (5)	2.06	1.43	1.71	1.52	1.80	1.92	1.91	1.42	2.26	2.13

(1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.

(2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds, less depreciation amortization. For FY09 also excludes a one-time insurance claim (\$7,930,000) and a one-time charge from Central Arizona Project for back billed water capital recovery charges (\$3,670,364).

(3) Includes principal for Water and Sewer Revenue bonds and Water Infrastructure Finance Authority loans. Although some MDA bonds are financed by the Utility Funds, the pledged revenue is excise tax therefore the debt is included in the MDA Bond debt coverage calculations on Table XXI.

(4) Bond interest payments only. Does not include amortization of loss on refunding, capitalized interest, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net position.

(5) Excludes Development Fee Revenue.

(6) In FY2012 \$24,810,509 in principal and \$405,829 in interest were defeased. These additional debt payments have been removed from the FY12 debt service requirements so as not to distort the ratios.

Source: Statement of Revenues, Expenses, and Changes in Fund Net Position
Repayment schedules for debt serviced by Water and Wastewater Utility Enterprise funds

**CITY OF PEORIA, ARIZONA
 PLEDGED REVENUE COVERAGE - SPECIAL ASSESSMENT BONDS
 LAST TEN FISCAL YEARS**

Table XXIII

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Fiscal Year 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Pledged Revenues (1)	\$ 3,167,933	\$ 3,365,342	\$ 3,402,865	\$ 2,645,451	\$ 2,262,112	\$ 1,484,283	\$ 1,259,303	\$ 1,168,526	\$ 1,078,196	\$ 2,787,558
Debt Service Requirements										
Principal	1,264,637	1,624,615	2,360,492	1,887,322	1,495,000	1,140,000	325,000	340,000	355,000	370,000
Interest (2)	697,840	675,958	559,205	432,302	316,720	222,820	149,600	135,788	121,338	106,250
Total Annual Requirements	<u>\$ 1,962,477</u>	<u>\$ 2,300,573</u>	<u>\$ 2,919,697</u>	<u>\$ 2,319,624</u>	<u>\$ 1,811,720</u>	<u>\$ 1,362,820</u>	<u>\$ 474,600</u>	<u>\$ 475,788</u>	<u>\$ 476,338</u>	<u>\$ 476,250</u>
Estimated Coverage	1.61	1.46	1.17	1.14	1.25	1.09	2.65	2.46	2.26	5.85

(1) - Pledged revenues equals Special Assessment Debt Service Fund current year fund balance plus current year principal & interest payments.

(2) - Bond interest payments only. Does not include agent fees included in interest expense on the Statement of Revenues, Expenditures and Changes in Fund Balance.

Source: City financial records
 Governmental Fund Financial Statements

**CITY OF PEORIA, ARIZONA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Table XXIV

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (3)</u>	<u>2015 (4)</u>	<u>2016 (5)</u>	<u>2017 (6)</u>
Current Assessments Due	\$ 1,749,724	\$ 2,196,027	\$ 2,211,609	\$ 2,171,435	\$ 1,849,026	\$ 1,213,646	\$ 455,116	\$ 381,761	\$ 381,950	\$344,741
Assessments Collected	1,749,246	2,193,992	2,211,599	2,171,435	1,848,788	1,213,646	455,116	381,761	381,950	344,741
Prepaid Assessments Collected	44,061	2,041	38,301	-	205,901	-	675,958	-	-	1,809,173
Total Assessments Collected (1)	<u>\$ 1,793,307</u>	<u>\$ 2,196,033</u>	<u>\$ 2,249,900</u>	<u>\$ 2,171,435</u>	<u>\$ 2,054,689</u>	<u>\$ 1,213,646</u>	<u>\$ 1,131,074</u>	<u>\$ 381,761</u>	<u>\$ 381,950</u>	<u>\$2,153,914</u>
Ratio of Current Collections to Amount Due	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Outstanding Assessment Principal (2)	\$ 11,476,365	\$ 9,871,061	\$ 8,141,515	\$ 6,328,423	\$ 4,551,324	\$ 3,520,000	\$ 2,603,127	\$ 2,326,112	\$ 2,036,876	\$0.00

(1) Does not include penalties or administrative fees which are included in special assessment revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

(2) Principal only. Assessments Receivable on Balance Sheet-Governmental Funds may include delinquent administrative charges, interest and penalties.

(3) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$25,957,000 for Lot No. 1, \$17,577,500 for Lot No. 2 and \$669,500 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

(4) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$25,957,000 for Lot No. 1, \$23,400,000 for Lot No. 2 and \$669,500 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

(5) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$30,000,000 for Lot No. 1, \$21,066,600 for Lot No. 2 and \$770,300 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

(6) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$30,000,000 for Lot No. 1, \$25,285,800 for Lot No. 2 and \$733,200 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

Source: City financial records and reports

**CITY OF PEORIA, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table XXV

	<u>2008</u>	<u>2009</u>	<u>2010 *</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City Of Peoria										
Population	155,560	159,263	154,065	155,148	156,780	160,504	164,104	168,450	171,237	173,208
% growth	1.3%	2.4%	-3.3%	0.7%	1.1%	2.4%	2.2%	2.6%	1.7%	1.2%
Unemployment Rate	3.6%	6.7%	7.0%	8.7%	7.1%	6.8%	6.0%	5.0%	4.9%	4.2%
Personal income (\$000's) **	5,964,948	5,998,322	5,462,529	5,489,757	5,547,504	5,966,094	6,236,937	6,526,595	6,823,110	7,068,792
Maricopa County										
Population	3,987,492	4,105,623	4,217,427	4,328,379	4,438,459	3,922,600	3,944,859	4,008,651	4,076,438	4,137,076
% growth	2.8%	3.0%	2.7%	2.6%	2.5%	-11.6%	0.6%	1.6%	1.7%	1.5%
Unemployment Rate	5.1%	9.4%	9.7%	9.0%	7.6%	7.1%	6.4%	5.3%	5.3%	4.5%
Per Capita Income	39,530	38,811	36,530	36,643	38,411	39,300	40,030	41,222	42,092	NA
State of Arizona										
Population	6,629,455	6,812,137	6,999,810	7,186,070	7,370,993	6,553,800	6,581,054	6,667,241	6,828,065	6,931,071
% growth	3.1%	2.8%	2.8%	2.7%	2.6%	-11.1%	0.4%	1.3%	2.4%	1.5%
Unemployment Rate	5.9%	10.2%	10.6%	10.0%	8.7%	8.5%	7.5%	6.3%	6.2%	5.3%
Per Capita Income	35,863	35,772	33,972	33,967	35,446	36,243	36,823	37,895	39,156	40,415
United States of America										
Unemployment Rate	5.7%	9.7%	9.6%	9.3%	8.4%	7.8%	6.3%	5.3%	4.9%	4.4%
Phoenix MSA										
Per Capita Income	38,345	37,663	35,456	35,384	37,171	38,006	38,745	39,846	40,811	NA

NA = Data not available at this time.

* - Census years. Mid decade census conducted for population only.

** - In thousands of dollars. Peoria personal income calculated by multiplying Phoenix Metropolitan Statistical Area (MSA) per capita income times Peoria population.

Notes : Population estimates in non-census years are estimates from the sources listed below.

Most recent per capita income information is one-two years old. Most recent year of Peoria persona income calculated using most recent available per capital information. Per capita income information not available for the City of Peoria.

Source: City population for most current year based on City staff estimates based on building permit activity.

Other population and unemployment data - U.S. Bureau of Labor Statistics (www.bls.gov) and Arizona Department of Commerce (www.workforce.az.gov).

Unemployment statistics for June of the fiscal year using non-seasonally adjusted figures.

Per Capita Income Data - U.S. Dept of Commerce, Bureau of Economic Analysis, Info available through 2015 for Phoenix & Maricopa County and 2016 for State of Arizona

**CITY OF PEORIA, ARIZONA
MAJOR EMPLOYERS WITHIN THE CITY
CURRENT YEAR AND TEN YEARS AGO**

Table XXVI

Employer	2017			2008		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
Peoria Unified School District	4,037	1	4.7%	4,500	1	6.1%
City of Peoria	1,192	2	1.4%	1,244	2	1.7%
Walmart (Multiple Locations)	604	3	0.7%	748	3	1.0%
Fry's Food Stores (4 Locations)	518	4	0.6%	543	5	0.7%
Banner Health	511	5	0.6%			
The Younger Brothers Group Inc	485	6	0.6%			
Brookdale Senior Living	471	7	0.5%			
Target (3 Locations)	400	8	0.5%	523	6	0.7%
McDonalds	345	9	0.4%			
Antigua	339	10	0.4%	287	7	0.4%
Plaza Del Rio Campus/Freedom Plaza & Care Center				700	4	0.9%
Larry Miller Dodge/Hyundai				270	8	0.4%
Safeway (4 Locations)				264	9	0.4%
Northern Pipeline				260	10	0.4%
Emmanuel Care Campus				260	10	0.4%
Total	8,902		10.3%	9,599		13.0%
Total City Employment	86,620			73,866		

Sources: City of Peoria Economic Development Department & Maricopa Association of Governments Employer Database 2016
Arizona Unemployment Statistics Program Special Employment Report www.azstats.gov

CITY OF PEORIA, ARIZONA
AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table XXVII

Full-time Equivalent Employees as of June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Mayor & Council	6.00	6.00	6.00	-	-	-	-	-	-	-
City Manager	13.00	13.00	10.00	15.00	15.00	16.00	16.00	16.00	16.00	18.00
Office of Communications	13.50	9.50	8.50	8.00	7.00	8.00	8.00	8.00	9.00	9.00
Human Resources	17.00	17.00	19.00	18.00	17.00	17.50	17.50	17.50	19.00	19.00
Attorney	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
City Clerk	9.00	9.00	9.00	9.00	8.00	7.00	7.00	7.00	7.00	7.00
Court	22.00	22.00	22.00	21.00	20.90	20.90	20.90	20.90	20.90	20.90
Economic Development***	5.00	5.00	13.30	27.80	26.00	26.00	28.00	30.50	31.50	8.00
Finance & Budget	97.00	96.00	89.75	86.75	80.75	80.75	80.00	80.00	79.00	79.00
Culture & Recreation	131.74	142.04	125.47	115.97	113.57	111.97	115.97	115.97	119.22	121.47
Police	286.00	287.00	271.00	287.00	289.00	288.00	292.00	292.00	295.00	299.00
Fire	173.00	170.00	167.00	164.00	162.00	167.50	168.50	168.50	175.50	194.50
Community Development	53.80	49.80	51.00	15.50	12.50	12.50	13.50	14.00	15.00	16.00
Development and Engineering***	49.00	45.25	39.75	39.75	33.25	33.25	33.25	33.25	33.25	65.00
Highways & Streets	44.00	43.00	41.00	44.00	38.80	38.80	38.80	38.80	38.80	38.80
Public Works	70.50	69.50	63.75	56.75	57.95	57.95	57.95	57.95	57.95	57.95
Human Services	14.50	14.50	11.75	10.00	7.50	7.50	7.50	7.50	7.50	7.50
Water Utility	75.00	72.75	60.75	57.75	56.50	55.50	55.50	55.50	55.50	58.50
Wastewater Utility	25.00	28.25	29.25	29.25	29.50	29.50	29.50	29.50	31.50	32.50
Solid Waste Utility	47.00	45.00	45.00	43.25	45.00	45.00	45.50	45.50	49.50	53.25
Information Technology	47.00	47.00	46.00	41.60	39.00	39.00	40.00	40.00	41.00	42.00
Stadium	19.00	19.00	19.00	15.50	15.50	16.50	17.50	17.50	17.50	18.50
Total FTE**	<u>1,244.04</u>	<u>1,236.59</u>	<u>1,174.27</u>	<u>1,131.87</u>	<u>1,100.72</u>	<u>1,105.12</u>	<u>1,118.87</u>	<u>1,121.87</u>	<u>1,145.62</u>	<u>1,191.87</u>

Note: Counts do include part-time non-seasonal benefitted employees.

* Interdepartmental reorganization is reflected in FY2011 numbers. This will explain some of the significant changes in departments such as Mayor and Council, City Manager, Economic Development and Community Development.

**The Total FTE presentation for years 2008-2013 was updated to reflect a calculation correction.

***The presentation was updated in fiscal year 2017 to reflect the renaming of departments.

Source: City budget office

CITY OF PEORIA, ARIZONA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
Fiscal Year

Table XXVIII

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
General Government										
Registered Voters in City	71,051	76,323	82,578	86,803	85,592	87,432	89,604	87,541	93,916	101,881
Voter Participation (last election)	60.6%	81.2%	29.2%	29.2%	23.7%	23.7%	24.9%	31.3% ^(F)	N/A	76.7%
Culture & Recreation										
Recreation Participants	119,620	131,372	132,391	134,661	136,200	134,045	122,318	120,232	104,544	109,220
New Recreation Accounts	6,692	6,237	5,903	5,968	6,106	5,396	5,533	5,483	5,166	5,396
Special Event Participants	*	*	46,578	60,715	65,347	73,800	74,950	79,550	71,300	102,938
Police										
Calls for Service	62,341	60,219	56,683	56,764	57,184	54,159	52,193	47,612	53,256	55,136
Avg Response Time (minutes)	5.98	5.47	5.65	5.87	6.01	4.52 ^(C)	4.39 ^(C)	4.55 ^(C)	5.13 ^(C)	5.40 ^(C)
Fire										
Number of Incidents	13,649	13,361	14,874	15,403	17,717	18,719	19,312	20,873	23,824	23,726
Avg Response Time (minutes)	4.40	4.43	5.02	5.19	5.08	5.14	5.30	5.24	5.38	5.16 ^(A)
Development Services										
Building Permits Issued	2,943	1,486	1,497	1,401	2,371	3,625 ^(D)	3,993 ^(D)	4,534 ^(D)	5,818 ^(D)	6,336 ^(D)
Value of Building Permits (millions \$)	\$225.5	\$84.5	\$131.8	\$63.8	\$111.2	\$169.0	\$188.3	\$221.1	\$311.9	\$393.3
Highways & Streets										
Asphalt Used (in tons)	8,365	2,441	2,832	2,677	2,038	3,122	2,227	2,302	1,289	1,930
Centerline Miles Swept	7,604	7,526	5,935	6,159	6,202	6,143	5,660	4,968	4,118	6,199
Miles Inspected	381	423	422	85 ^(B)	163	187	205	211	296	1,551 ^(G)
Public Works										
Number of Vehicle Work Orders	5,679	5,917	5,697	5,856	5,608	5,899	5,464	5,493	5,558	5,732
Human Services										
Number of Dial-a-Ride users	5,750	6,174	899	747	759	830	836	850	749	585
Number of Annual Trips	45,451	43,263	31,568	27,440	31,082	32,101	33,308	30,212	30,756	27,241
Business-type Activities										
Water Utility ^(E)										
Annual Consumption (000's gal)	8,626,688	8,674,450	8,212,711	8,003,947	8,448,795	8,405,929	8,662,507	8,090,136	8,650,664	9,488,059
Wastewater Utility										
Wastewater Treated (billion gal)	3.60	3.90	3.70	3.50	3.61	3.64	3.69	3.74	3.78	3.87
Solid Waste Utility										
Residential Tonnage Processed	61,290	48,970	47,540	47,989	46,299	47,717	47,987	51,666	52,593	54,967
Commercial Tonnage Processed	20,519	22,856	21,981	20,340	19,700	20,561	21,176	25,227	23,309	20,895
Recycle Tonnage Processed	11,549	16,084	15,516	16,277	15,715	15,184	15,155	16,077	16,447	16,698
Stadium										
Spring Training Attendance	230,434	211,243	200,029	188,244	190,643	196,881	192,513	238,847	240,111	227,646
Sporting Rentals Days	234	246	208	336	350	290	322	297	339	333
Non-Sporting Rentals Days	83	66	74	108	134	143	146	151	204	210

Notes: * Information is not available for these fiscal years.

^(A) Decrease in Fire Average Response time reflects change in calculation. Beginning in FY17, average response time is calculated 1st unit on scene and only includes code 3 (emergency calls).

^(B) Changed from lane miles to center line miles in FY11 to be consistent with other highway measurements

^(C) Decrease in Police Average Response time reflects calculation change. New Calculation=Dispatch to Arrival. Previous calculation=Call for Service to Arrival.

^(D) Beginning FY13, this number includes all permits issued including tenant improvements, C of O permits, and spec suite permits.

^(E) Beginning in FY15, Average Gallons/Household/Year is no longer being presented.

^(F) Percentage reflects voter participation in March 2015 Special General Election for Mesquite District Council. Eligible registered voters = 16,582.

^(G) In FY17 an electronic survey of every road was completed.

Source: Various City Departments

**CITY OF PEORIA, ARIZONA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Table XXIX

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
General Government										
Annexed Area (square miles)	177.9	177.9	179.0	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Culture & Recreation										
# of Neighborhood Parks	26	28	28	28	32	33	33	34	34	34
Total Neighborhood Park Acreage	264	314	322	322	285	294	294	305	301	301
# of Community Parks	1	1	1	1	1	1	2	2	2	2
Total Community Park Acreage	52	52	52	52	52	52	139	139	139	139
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	103	92	86	86	86	86	88	88	90	91
Fire										
Stations (full-time / part-time)	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7/1	7/1	7/1	8/0	8/0
Number of Fire Engines ^(B)	9	9	9	7	7	7	7	7	7	7
Number of Ladder Trucks	1	2	2	2	2	2	2	2	2	2
Highways & Streets										
Streets (miles maintained)	538	551	554	584	590	622	1452 ^(A)	1505 ^(A)	1,534	1,551
Crack Seal Application (linear feet)	*	*	*	*	*	*	1,165,460	1,156,722	2,144,476	2,007,173
Surface Treatments (lane miles)	*	*	*	*	*	*	88	96	60	99
Public Works										
Street Lights	13,618	13,726	13,901	14,093	14,333	15,006	14,786	14,945	15,565	15,722
Vehicles in Fleet	720	683	670	673	687	714	738	732	778	795
Utilities										
Number of Pump Stations	*	*	*	*	*	*	25	25	30	30
Number of Lift Stations	*	*	*	*	*	*	15	14	13	13
Number of Wells	*	*	*	*	*	*	38	40	46	47
Number of Reservoirs	*	*	*	*	*	*	30	30	33	33
Human Services										
Dial-a-Ride Buses	11	11	9	7	7	7	6	5	5	5
Business-type Activities										
Water Utility										
Number of Water Accounts	46,146	46,902	47,606	47,793	48,509	49,516	50,399	51,405	55,558	57,011
Storage Capacity (million gal)	41.8	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	48,759	49,923	50,383	50,715	51,527	52,674	53,548	54,599	56,235	57,909
Treatment Capacity (billion gal)	25.70	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25
Solid Waste Utility										
Number of Solid Waste Accounts	47,146	48,006	43,382	48,752	49,506	50,727	51,609	52,640	54,262	55,828
Stadium										
Number of Practice Fields	13	13	13	13	13	13	13	13	13	13
Number of Clubhouses	3	3	3	3	3	3	3	3	3	3
Total Complex Acreage ^(C)	125	125	125	125	125	125	125	125	125	125

Notes: * Information not tracked during this fiscal year.

^(A) Measurement changed from centerlane miles to lane miles in FY14.

^(B) Number of fire engines reported in FY13, FY14, FY15 and FY16 was restated to exclude a bush truck previously reported as a fire engine.

^(C) Number updated in FY17 for all years presented to reflect land owned by the City which was used to construct office space, and thus not part of Stadium complex acreage.

Source: Various City Departments



Continuing Disclosures



Continuing Disclosure Section

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

Continuing Disclosures Annual Report

For the Year Ended June 30, 2017

Audited Financial Statements

The City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2017, is included as part of this submittal.

Other Financial Information

Information concerning the outstanding debt by type of bond can be found in the Notes to the Financial Statements, Note 7 Long Term Debt.

Other financial information required per the City's Continuing Disclosure Agreements and Undertakings for each type of bond obligation is incorporated by reference as follows:

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<u>Improvement District Bonds (CUSIP 712844)</u>		
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City of Peoria

FINANCE DEPARTMENT

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