

**City of Peoria, Arizona**  
**FY15 Comprehensive Annual**  
**Financial Report (CAFR)**  
Fiscal Year Ended June 30, 2015



# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2015

**City of Peoria, Arizona**



**City Council:**

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

**Administrative Staff:**

**Carl Swenson, City Manager**  
**Jeff Tyne, Deputy City Manager**  
**Susan Daluddung, Deputy City Manager**

**Prepared By: Finance & Budget Department**  
**Brent D. Mattingly, Chief Financial Officer, Finance Director**  
**Katie Gregory, Deputy Finance and Budget Director**  
**Sonia Andrews, Finance Manager**  
**Yiannis Kalaitzidis, Accounting Supervisor**



## 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, 2015*

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## City of Peoria

### FINANCE DEPARTMENT

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November 24, 2015

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, 2015. This report was prepared by the Financial Services Division of the Finance and Budget 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.

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

### **THE FINANCIAL REPORTING ENTITY**

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 2000 census and the 2010 census, the City's population increased by more than 42 percent, from 108,300 in 2000 to 154,065 in 2010. The current estimated population is 168,450. The City's tremendous growth is attributable to the comparatively affordable housing, an excellent school district, and the 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, though at a slower pace.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. Peoria 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—is the nation's first two-team baseball spring training facility and the spring training home of the San Diego Padres and Seattle Mariners. Lake Pleasant, in northern Peoria, is the second largest lake in Arizona. 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.

This report includes financial statements on both a government-wide and fund basis for 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 and 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.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

During fiscal year 2015, Peoria's economy continued to see construction activity as home sales climbed. 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. Last year homes sales in the West Valley surpassed other metro Phoenix regions. The West Valley has the region's newest freeway (Loop 303) and large communities, such as Vistancia, in Peoria are 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 1,215 new residential building permits in fiscal year 2015 compare to 1,031 in fiscal year 2014. Median re-sale home prices in Peoria rose by 2.6% from \$229,000 in June 2014 to \$235,000 in June 2015. The City's total property full cash value, which lags the market, increased by 25.0% from \$11.2 billion in 2014-15 to \$14.0 billion in 2015-16. Full cash value hit the highest point in 2008-09 at \$18.3 billion and fell to a low of \$10.1 billion in 2013-14 as a result of the housing downturn.

Unemployment rate in Peoria improved from 5.6% in June 2014 to 5.0% in June 2015. With the job market consistently improving and gains in the stock market continuing, consumer spending remained healthy in fiscal year 2015. The City's sales and use tax collections in fiscal year 2015 totaled \$74.6 million, a 4.8% increase from the \$71.2 million in the prior year.

On the commercial front, the City gained a few new businesses, most notably State Trailer RV & Outdoor Supplies, GEPACK and Aviage. State Trailer RV & Outdoor Supplies operates RV parts, accessories and service superstores. Aviage, a global tier-1 civil avionics solution provider and joint venture between General Electric Company and the Aviation Industry Corporation of China, opened its high-quality research, design and manufacturing complex in Peoria. Aviage is expected to create 30-40 high wage jobs in Peoria. GEPACK, a global manufacturer of high quality plastics and advanced composites announced the opening of a 12,000 square foot manufacturing facility in July 2014 and anticipates creating up to 20 manufacturing jobs in Peoria.

## **Economic Outlook**

With the economic slowdown in China and other global economic and financial developments, the Federal Reserve decided to hold the Fed Funds target rate at 0% to 0.25% at its September 2015 meeting. Inflation is expected to remain low in the near term. Despite some restrain in economic activity, economic forecasters predict the US economy will maintain growth at a slow and steady pace with GDP at 2.6% in 2016. Likewise, the overall economic outlook for the State of Arizona and City of Peoria is expected to mirror the nation's slow and steady growth. Population growth projected for the City of Peoria is expected to be modest. The housing market in the State or Arizona and Peoria is looking considerably better than it has since the recession and is expected to continue improving.

## **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 for 2013-15 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 2015**

Major initiatives and accomplishments during fiscal 2015 are as follows:

#### ***University Recruitment –***

The City has been working on bringing more science, technology, engineering and mathematics programs to the area through partnerships with specialty universities. In 2015, the City entered into an Economic Development Activities Agreement with Huntington University for the development of an accredited university campus in Peoria. Huntington University is expected to bring programs such as digital arts, graphic design, film production and web development to the area.

#### ***Old Town Redevelopment –***

The City adopted the Old Town Peoria Revitalization Plan back in 2009 to help breathe life into the downtown area while recognizing its historical relevance. The area targeted for revitalization is bounded by 85th Avenue to the west, Peoria Avenue to the north, Grand Avenue to the east, and Monroe Street to the south. In 2014, the City entered into a cooperative agreement with Chicanos Por La Causa, a nonprofit statewide community development corporation to assess and evaluate potential redevelopment projects and opportunities for the Old Town area.

During fiscal year 2015, the City entered into a lease purchase option with Lucidi Distilling Company, a craft distillery of ultra premium and small batch spirits to open a distillery, public

tasting room and ultimately a restaurant in the former fire station property and adjacent parking lots.

In 2015, the City also entered into an Old Town Commercial Revitalization Easement Agreement with Greenfield Townhomes, LLC and Wing Pointe Apartments LP to locate State Trailer RV & Outdoor Supplies, a large RV and trailer parts and accessory store in Old Town Peoria.

#### ***Peoria Sports Complex Renovations and Improvements –***

The professional major league baseball teams, Seattle Mariners and San Diego Padres, conduct their spring training and minor league activities at the City-owned Peoria Sports Complex. In 2012-13, both teams signed a new twenty-year joint use contract to share the facilities with an option of extending their contracts for an additional ten years. This partnership with the baseball teams contributes significantly to the economic impact of the City. As part of the contract, the City pledged approximately \$48 million for various improvements to the Sports Complex. The improvement projects consist of 3 distinct phases:

- Phase I – this phase consisted of \$30 million for construction and renovation of clubhouses and team facility improvement. Phase I was completed in fiscal year 2014.
- Phase II – this phase included stadium improvements such as a new ticket office and front entrance, expanded seating, souvenir shop and other amenities. These improvements were completed in 2015.
- Phase III – phase III will consist of approximately \$12 million for additional stadium improvements such as replacement of bleachers, creation of a kid's zone and other improvements.

Financing for Phases I and II were accomplished through Municipal Debt Authority bonds.

#### ***P83 Entertainment District-***

The Peoria Eighty Three (P83) Entertainment District surrounding the Sports Complex was one of the outcomes of the City's Urban Redesign Master Plan and continues to be a primary focus of economic development. In 2014, the City completed design concepts for phase 1 improvements which added signage, branding and medians to give the area a consistent identity. Phase 2 developments include additional streetscapes and also the Avenue Shops which will be comprised of 17.5 acres of mixed use space outside the Sports Complex Stadium. Design concepts include a 140 room hotel, retail space to accommodate a variety of retailers, restaurants and two parking structures. The City completed an economic analysis of Phase 2 and entered into a development agreement and amended ground lease in 2014 with Peoria Sports Park LLC (PSP LLC) to develop Phase 2. During 2015, PSP LLC worked on marketing and sales efforts to secure retail partners, establish debt and equity commitments and other financing arrangements.

#### ***Vistancia West Community Facilities District (CFD)-***

On August 27, 2014, the City Council approved the formation of the Vistancia West CFD. This new CFD encompasses the area of the new Trilogy West development, an active adult community. The new Trilogy West homes will share privately owned, joint recreational amenities, such as the Kiva Club, resort-type swimming pool facilities, fitness facilities, tennis and sports courts, café, spa, and meeting rooms with the Trilogy at Vistancia residents. Likewise, residents of the existing Trilogy at Vistancia community will share in new facilities and amenities that will be constructed in conjunction with the Trilogy West expansion. These include a new club, outdoor resort pool, tennis courts, fitness studio, meeting rooms, trails, and outdoor areas.

#### ***Purchase of New River Utilities –***

The City is in the process of purchasing the New River Utilities Company, a private water provider serving approximately 2,900 customers within its 1.75 square mile service area located in Peoria. The purchase price of \$10 million and another \$4 million for system improvements and connections are expected to be financed with a loan from the Water Infrastructure Financing Authority.

### ***Mid-Decade Census -***

Since the last census in 2010, Peoria has experienced significant growth in population. The census population figures are used by the State to calculate Peoria's share of state-shared and urban revenue sharing distributions. An increase in the population could generate up to \$1.5 million in additional revenues per year to the City for the next five years. Working with the US Census Bureau and other Arizona cities that have also experienced significant growth, the City Council voted in March 2015 to conduct a mid-decade census. The City expects to hire approximately 400 workers to conduct door-to-door counts from October through November. Final population figures are expected to be available at the beginning of 2016.

### ***Accreditations and Awards –***

In 2015, the City of Peoria received several outstanding awards as follows:

The Sports Complex Improvements Project Team received the 2015 American Public Works Association (APWA) Project of the Year award. The APWA Public Works Project of the Year was established to promote excellence in management and administration of public works projects by recognizing the alliance between the managing agency, the consultant/architect/engineer and the contractor.

The City also received the Honorable John R. Sticht Award for excellence in Disability Accessibility for the Peoria Sports Complex and Peoria Municipal Court.

The Peoria Police Department received an advanced Gold Standard with excellence award for successfully completing its seventh Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA) re-accreditation assessment. Peoria and Chandler are currently the only Arizona agencies to achieve Gold Standard re-accreditation.

Peoria's Community Services Department received national accreditation through the Commission for Accreditation of Park and Recreation Agencies (CAPRA) and the National Recreation and Park Association (NRPA), indicating that Peoria has met rigorous standards related to the management and administration of lands, park and recreation facilities, resources, programs, safety and services.

## **BOND RATING**

In April 2015, Fitch Ratings, a global credit rating agency affirmed the City's AA+ rating for its General Obligation bonds. Fitch designated the rating outlook as stable, reflecting the city's improving economic prospects, sound financial management practices, solid reserves and manageable debt levels. Fitch also affirmed the City's AA rating for its Park West District Improvement bonds and A- rating for its Vistancia Community Facility District bonds.

## **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 2014-15 was \$788,435,848. 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 projects 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, 2015, 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 of Peoria, Arizona, for the fiscal year ended June 30, 2015, 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, 2015, 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 of Peoria, Arizona for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This is the 30th 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,



Brent D. Mattingly  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

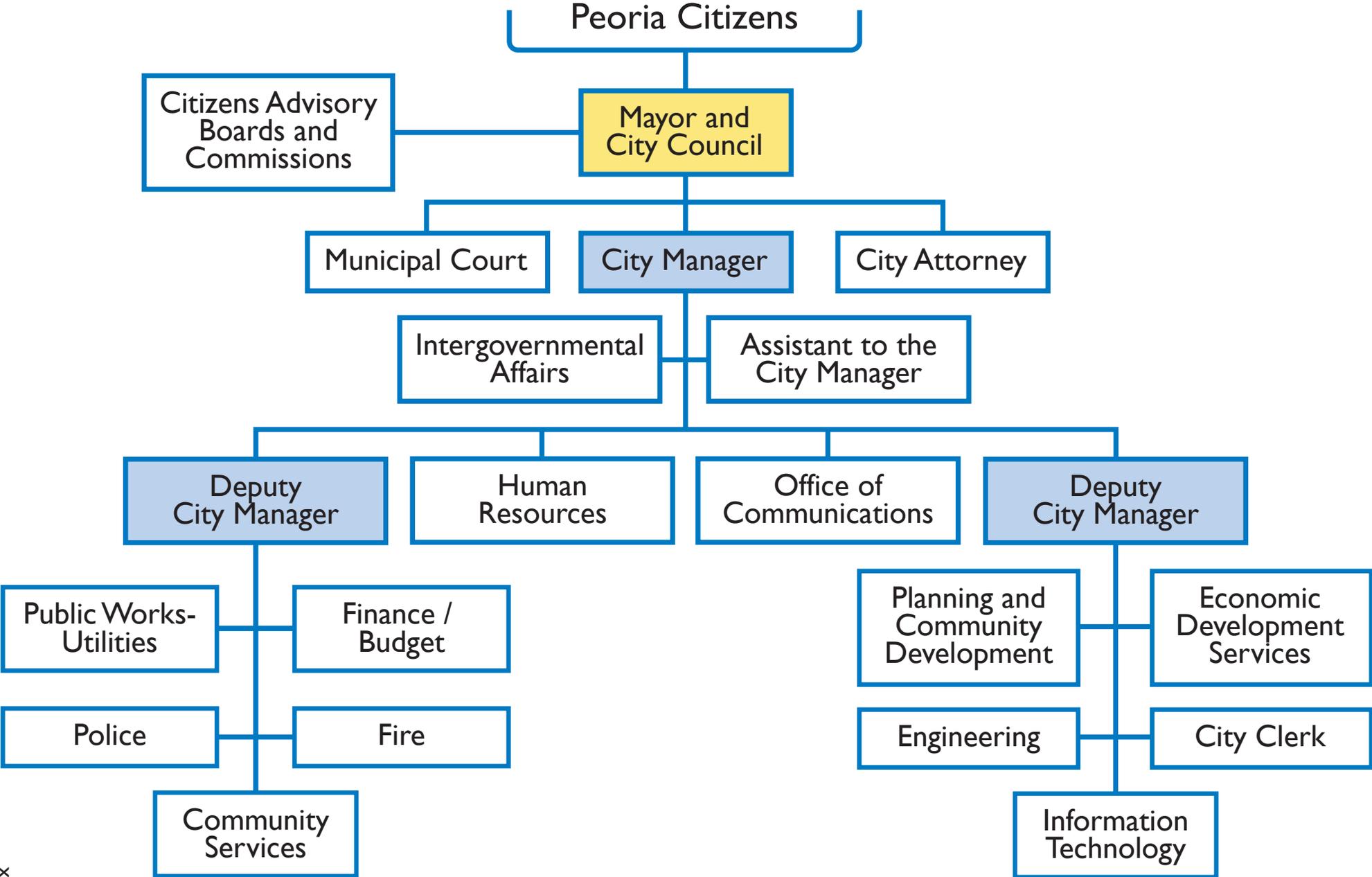
**City of Peoria  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# City of Peoria Organizational Chart





# City of Peoria Principal Officials of the City Fiscal Year 2015

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**Cathy Carlat**  
*Mayor*

**Jon Edwards**  
*Vice Mayor*

**Vicki Hunt**  
*Councilmember*

**Bill Patena**  
*Councilmember*

**Carlo Leone**  
*Councilmember*

**Bridget Binsbacher**  
*Councilmember*

**Michael Finn**  
*Councilmember*

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**Carl Swenson**  
*City Manager*

**Susan J. Daluddung**  
*Deputy City Manager*

**Jeff Tyne**  
*Deputy City Manager*

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**George Anagnost**  
*Municipal Judge*

**Thomas Adkins**  
*Governmental Affairs Director*

**John Imig**  
*Information Technology Director*

**Stephen M. Kemp**  
*City Attorney*

**Bobby Ruiz**  
*Fire Chief*

**Bo Larsen**  
*Director of Communications*

**John Sefton**  
*Community Services Director*

**Roy Minter**  
*Police Chief*

**Bill Mattingly**  
*Public Works-Utility Operations Director*

**Andrew Granger**  
*Engineering Director*

**Rhonda Geriminsky**  
*City Clerk*

**Scott Whyte**  
*Economic Development Services Director*

**Julie Ayers**  
*Human Resources Director*

**Brent Mattingly**  
*Finance and Budget Director*

**Chris Jacques**  
*Planning and Community Development Director*

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# City of Peoria Council Districts



**Mayor  
Cathy Carlat**



**Vice Mayor  
Jon Edwards**  
Willow District



**Councilmember  
Vicki Hunt**  
Acacia District



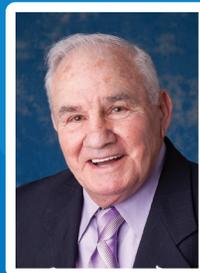
**Councilmember  
Bill Patena**  
Ironwood District



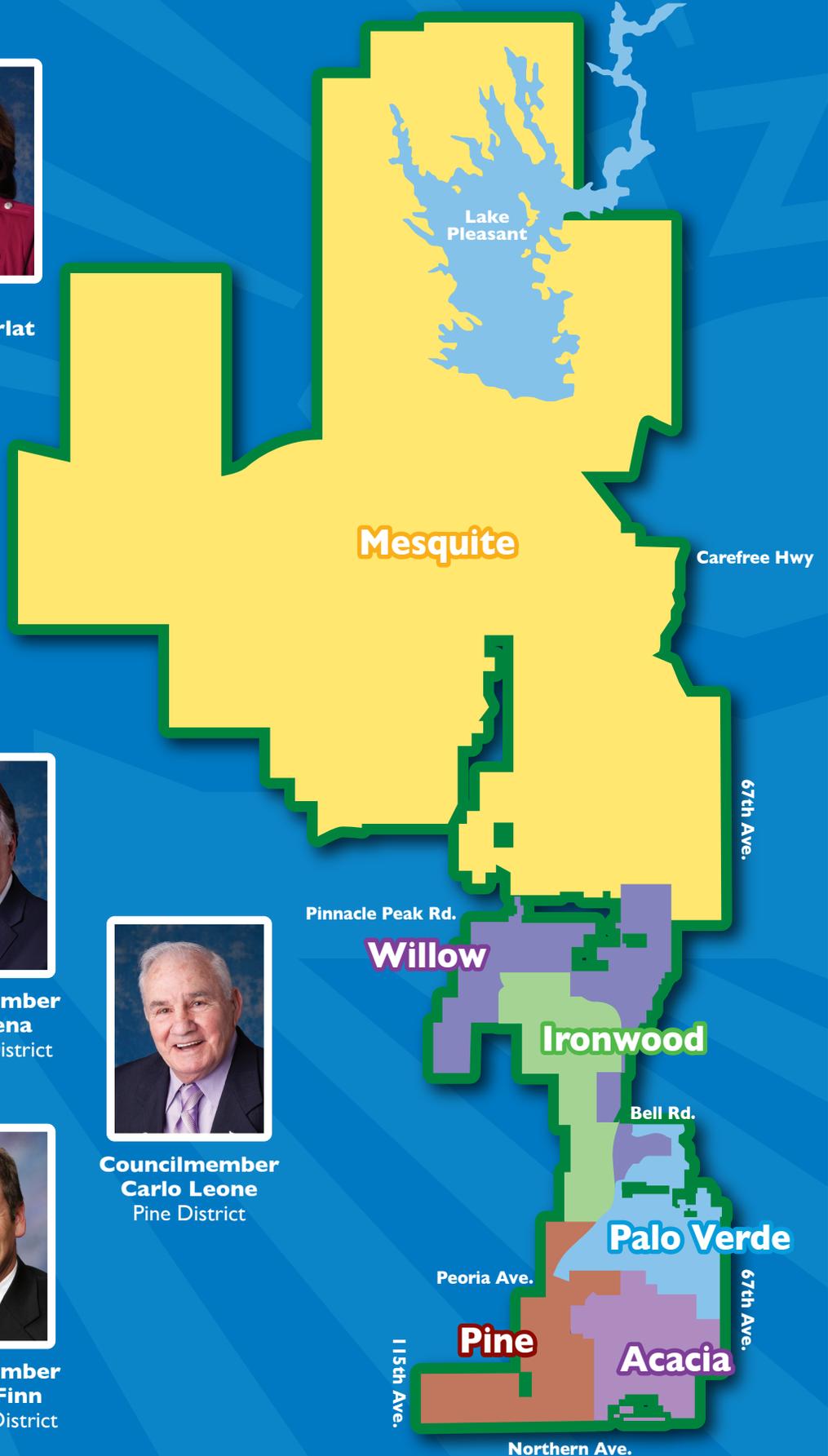
**Councilmember  
Bridget Binsbacher**  
Mesquite District



**Councilmember  
Michael Finn**  
Palo Verde District



**Councilmember  
Carlo Leone**  
Pine District



# 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's non-major governmental, internal service, and fiduciary funds presented as supplementary information in the accompanying combining fund financial statements as of and for the year ended June 30, 2015, 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, 2015, 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, internal service, and fiduciary fund of the City of Peoria, Arizona, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note 1H., the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. 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, Statistical Section, Continuing Disclosures Section and Schedules listed in the table of contents as Supplementary Information 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, Statistical and Continuing Disclosure Sections 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 24, 2015, 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.  
CPAs and Business Consultants

November 24, 2015

# **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, 2015. 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.

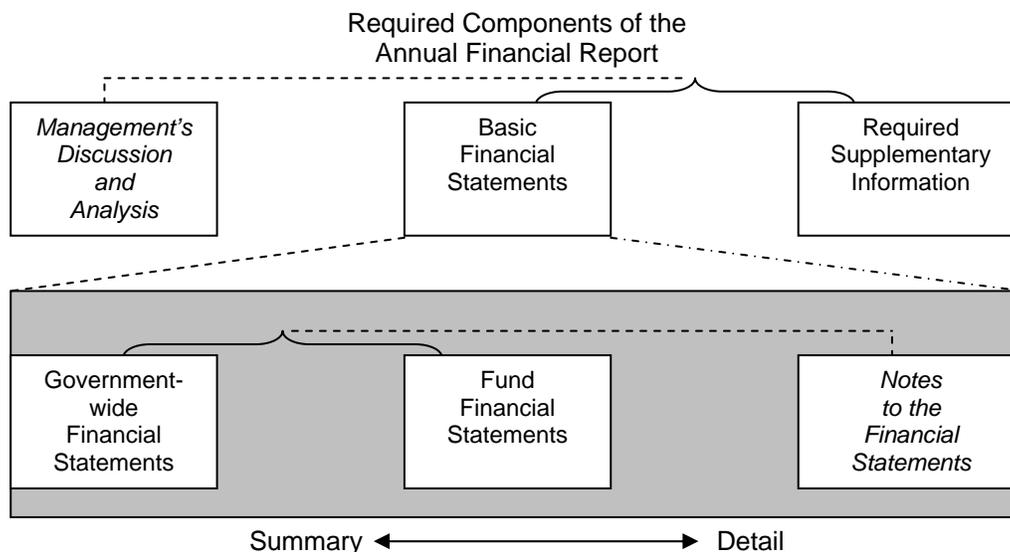
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xii of this report. It is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 17 and the accompanying notes to the financial statements. The City also issues separate financial reports, including management's discussion and analysis, for the Vistancia Community Facilities District, 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, as restated, increased \$53 million in fiscal year 2015, an increase of \$17 million in governmental activities and an increase of \$36.0 million in business-type activities.
- ◆ Total net position of the City is \$1,642.3 million, of which \$25.4 million is unrestricted with a deficit unrestricted balance in governmental activities as a result of the inclusion and presentation of net pension liabilities due to the implementation of new accounting guidance.
- ◆ The governmental activities program revenues increased by approximately \$18.5 million from the previous year. This was primarily due to an increase in donated capital assets with additional large developments' infrastructure being completed in fiscal year 2015.
- ◆ The business-type activities program revenues increased by approximately \$19.4 million from the previous year. Capital Grants and Contributions increased by \$20.5 million.
- ◆ At June 30, 2015, total fund balance of the governmental funds was \$215.9 million, down \$21.3 million from the previous year. Of this, \$21.6 million or 19.7% of General Fund expenditures for fiscal year 2015 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 \$5.8 million for fiscal year 2015. Budgetary basis expenditures of the General Fund were 91.1% (\$12.1 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 the new 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. The Storm Drain Utility Fund was reclassified in fiscal year 2012 from a governmental fund to an enterprise fund. This change was due to a change in the revenue source from primarily transfers from other governmental funds to a user fee to external customers.

**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** – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. In fiscal year 2015, the City of Peoria implemented GASB statement no. 68 & 71. These statements added required supplementary schedules and notes that have been added to the fiscal year 2015 report.

## 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, 2015, 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, 2015, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015 (restated)	2014 (restated)	2015 (restated)	2014 (restated)	2015 (restated)	2014 (restated)
Current and other assets	\$ 263.7	\$ 289.9	\$ 101.1	\$ 101.7	\$ 364.8	\$ 391.6
Capital assets	<u>1,151.4</u>	<u>1,129.8</u>	<u>670.9</u>	<u>645.7</u>	<u>1,822.3</u>	<u>1,775.5</u>
Total assets	<u>1,415.1</u>	<u>1,419.7</u>	<u>772.0</u>	<u>747.4</u>	<u>2,187.1</u>	<u>2,167.1</u>
Total deferred outflows of resources	23.9	0.3	1.9	0.3	25.8	0.6
Other liabilities	19.8	26.2	7.5	9.3	27.3	35.5
Long-term liabilities outstanding	<u>407.0</u>	<u>415.0</u>	<u>117.4</u>	<u>128.0</u>	<u>524.4</u>	<u>543.0</u>
Total liabilities	<u>426.8</u>	<u>441.2</u>	<u>124.9</u>	<u>137.3</u>	<u>551.7</u>	<u>578.5</u>
Total deferred inflows of resources	16.3	-	2.6	-	18.9	-
Net position:						
Net investment in capital assets	885.7	855.3	568.2	533.6	1,453.9	1,388.9
Restricted	139.2	151.6	23.8	23.2	163.0	174.8
Unrestricted	<u>(29.0)</u>	<u>(28.1)</u>	<u>54.4</u>	<u>53.6</u>	<u>25.4</u>	<u>25.5</u>
Total net position	<u>\$ 995.9</u>	<u>\$ 978.8</u>	<u>\$ 646.4</u>	<u>\$ 610.4</u>	<u>\$ 1,642.3</u>	<u>\$ 1,589.2</u>

The net position of the City, as restated, increased \$53 million in fiscal year 2015. Net position of governmental activities increased \$17 million, while the business-type activities increased \$36 million.

Net position consists of three components. The largest portion of net position, \$1,453.9 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 increased \$65 million in fiscal year 2015 due to capital asset related expenditures and donated assets.

The \$163 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 \$11.8 million includes a decrease of \$12.9 million in restricted for capital projects offset by a \$3.2 million increase in net position restricted for trust purposes.

The third portion consists of Unrestricted Net Position of \$25.4 million. This category of net position may be used to meet the City's ongoing obligations to residents and creditors. In fiscal year 2015, the City of Peoria implemented GASB statement no. 68 & 71. These new accounting regulations required recognition of unfunded pension liabilities and a prior period adjustment decreasing unrestricted fund balance. Unrestricted net position is the balance of net position remaining after calculating the other two categories discussed above. This category remained almost unchanged.

## 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	
	2015	2014	2015	2014	2015	2014
<b>REVENUES:</b>						
Program revenues:						
Fees, fines & charges for services	\$ 25.7	\$ 19.2	\$ 68.4	\$ 69.5	\$ 94.1	\$ 88.7
Operating grants and contributions	13.5	12.7	-	-	13.5	12.7
Capital grants and contributions	22.9	11.7	29.8	9.3	52.7	21.0
General revenues:						
Property taxes	19.8	18.2	-	-	19.8	18.2
Sales and use taxes	74.6	70.2	-	-	74.6	70.2
Franchise taxes	4.3	4.2	-	-	4.3	4.2
State shared sales tax	14.1	13.4	-	-	14.1	13.4
Urban revenue sharing	18.7	17.2	-	-	18.7	17.2
Auto-in-lieu taxes	5.9	5.5	-	-	5.9	5.5
Investment earnings	0.8	0.9	0.3	0.4	1.1	1.3
Gain on sale of capital assets	-	0.1	-	-	-	0.1
Miscellaneous	3.2	3.9	-	-	3.2	3.9
<b>Total revenues</b>	<b>203.5</b>	<b>177.2</b>	<b>98.5</b>	<b>79.2</b>	<b>302.0</b>	<b>256.4</b>
<b>EXPENSES:</b>						
Program activities:						
Governmental activities:						
General government	21.2	20.6	-	-	21.2	20.6
Culture and recreation	26.0	25.6	-	-	26.0	25.6
Public safety	64.3	60.3	-	-	64.3	60.3
Development services	9.5	9.2	-	-	9.5	9.2
Highways and streets	33.7	31.4	-	-	33.7	31.4
Public works	7.3	7.0	-	-	7.3	7.0
Human services	1.2	1.6	-	-	1.2	1.6
Interest expense on debt	11.4	12.0	-	-	11.4	12.0
Business-type activities:						
Water utility	-	-	34.6	30.8	34.6	30.8
Wastewater utility	-	-	21.7	21.1	21.7	21.1
Solid Waste utility	-	-	10.9	10.8	10.9	10.8
Stadium	-	-	6.4	5.2	6.4	5.2
Storm Drain utility	-	-	0.8	0.8	0.8	0.8
<b>Total expenses</b>	<b>174.6</b>	<b>167.7</b>	<b>74.4</b>	<b>68.7</b>	<b>249.0</b>	<b>236.4</b>
Excess (deficit) before transfers	28.9	9.5	24.1	10.5	53.0	20.0
Transfers	(11.9)	(28.2)	11.9	28.2	-	-
Change in net position before restatement	17.0	(18.7)	36.0	38.7	53.0	20.0
Restatement	(112.3)	55.1	(14.8)	6.3	(127.1)	61.4
Increase (decrease) in net position	(95.3)	36.4	21.2	45.0	(74.1)	81.4
<b>Ending net position</b>	<b>\$ 995.9</b>	<b>\$ 1,091.1</b>	<b>\$ 646.4</b>	<b>\$ 625.2</b>	<b>\$ 1,642.3</b>	<b>\$ 1,716.3</b>

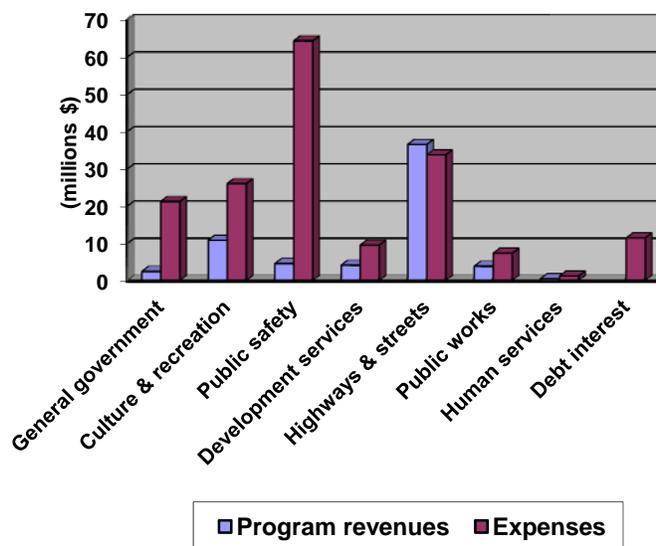
For fiscal year 2015, total governmental activities revenues increased \$26.3 million and total business-type activities revenues increased \$19.3 million. Expenses increased \$6.9 million and \$5.7 million for the governmental activities and business-type activities, respectively. General government expenses increased by \$0.6 million; culture & recreation expenses increased by \$0.4 million; public safety increased by \$4.1 million. Development services expenses increased by \$0.3 million, human services decreased by \$0.4 and highways and streets expenses increased by \$2.3 million. The increase in the business-type activities expenses are primarily in the Water Utility, Wastewater Utility and the Stadium Fund. 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 \$7.7 million from the previous year. The primary drivers were increases in property tax, sales taxes and state shared sales tax. Property tax revenues increased by \$1.6 million in fiscal year 2015 as assessed values showed an increase. Local sales and use taxes increased \$4.3 million as retail and restaurant & bar sales taxes increased \$2.0 million and \$0.8 million respectively while state shared sales taxes increased \$0.7 million.

Program revenues of governmental activities increased \$18.5 million mainly as a result of the following change: Highways & Streets capital grants revenue increased by \$14.8 million primarily due to additional donations of capital infrastructure from developers. The program revenues of business-type activities increased by \$19.4 million primarily due to a \$9.7 million increase in capital grants revenues in the Water Utility and a \$6.2 million increase in Capital Grants in the Wastewater Utility.

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

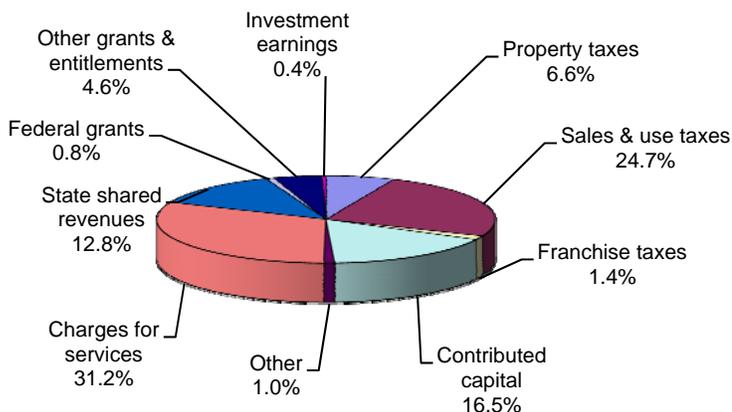


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$62.1 million are 35.6% of the governmental activities expenses for fiscal year 2015, up from 26.0% in fiscal year 2014. In the business-type activities, program revenues of \$98.2 million are 131.9% of the business-type expenses for fiscal year 2015. This compares to \$78.8 million and 114.7% in fiscal year 2014.

Governmental activities account for 67.4% of the total revenues of the City and 70.1% of the total expenses in fiscal year 2015. These percentages were 69.2% and 70.9% respectively in fiscal year 2014.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2015 is charges for services (31.2%), primarily because this is the major funding source of the business-type activities (69.4% of business-type revenues in fiscal year 2015). The major funding sources of the governmental activities are property, franchise, sales/use taxes and state shared revenues.

### Government-Wide Revenue Sources Fiscal Year 2015

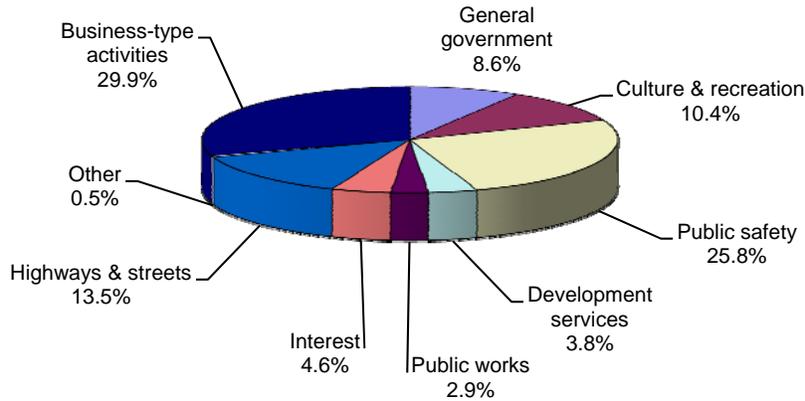


Property taxes increased from fiscal year 2014 with an increase in assessed value. The tax rates did not change in fiscal year 2015 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City increased \$12.5 million in fiscal year 2015. Expenses of the governmental activities increased \$6.8 million. This primarily includes increases of \$4.0 million for public safety and \$2.3 million for highways and streets. Public Safety expenses increased due primarily to additional personnel costs of \$1.5 million. Highways and streets expenses increased primarily due to an increase in maintenance performed on the City's street system. Expenses in business-type activities increased \$5.7 million primarily due to increased costs of contractual services, materials and supplies.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 29.9% of the functional expenses of the City for fiscal year 2015, while governmental activities account for 70.1% of the functional expenses. For the governmental activities, the largest users of resources are public safety (25.8% of total expense, 36.8% of governmental expenses), general government (8.6% of total expenses, 12.2% of governmental expenses), highways and streets (13.5% of total expenses, 19.3% of governmental expenses), and culture and recreation (10.4% of total expenses, 14.9% of governmental expenses).

## Government-Wide Functional Expenses Fiscal Year 2015



### 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

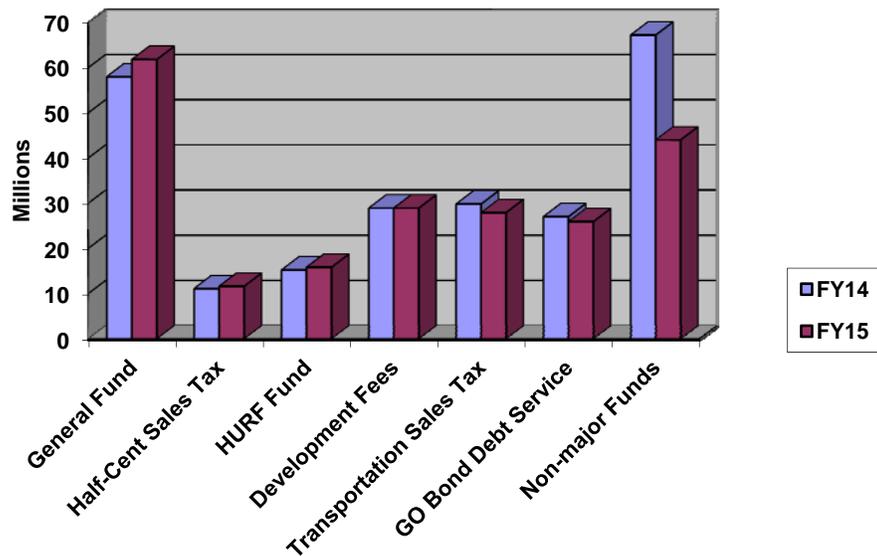
The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 90-93. Although the 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 \$215.9, a decrease of \$21.3 million from the previous year. Of this, \$127.6 million (down \$18.2 million from the previous year) is classified as Unspendable 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 caused by a decrease in restricted for capital projects and restricted for debt service.

An additional \$73.3 million of the governmental fund balance (down \$0.8 million from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$37.3 million), debt service reserves (\$1.0 million), capital projects (\$17.5 million) and arts capital and various other purposes (\$17.5 million).

The remaining \$14.9 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 remained relatively stable 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. The General Fund revenues increased \$5.9 million from the previous year. Urban revenue sharing increased \$1.5 million. Property taxes increased slightly in line with a slight increase in assessed values. The City's sales tax revenues in the General Fund increased \$1.9 million and state shared sales tax revenues increased \$0.7 million due to recovering retail sales and restaurant & bar sales. Auto-in-lieu revenue (licensing fees) increased \$0.4 million due to an increase in auto sales. Total General Fund expenditures increased \$6.4 million. Personnel costs increased \$2.5 million while other costs (contractual services and commodities) increased \$1.9 million due to an increased need for contractual services and commodities. Capital outlay remained constant with fiscal year 2014. The unassigned fund balance of the General Fund was 19.7% of expenditures at June 30, 2015, compared to 16.8% at June 30, 2014.

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 \$0.7 million from the previous year due to increased sales tax revenues. Expenditures in this fund remained constant with fiscal year 2014. Transfers out from the Half-Cent Fund decreased \$2.2 million with lower debt service transfers. Total fund balance of the Half-Cent Sales Tax Fund increased by \$0.5 million in fiscal year 2015.

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 due to increased highway user revenues and an increase in sales taxes. Expenditures increased by \$2.4 million in fiscal year 2015 primarily due to increased operating costs. Fund balance increased \$0.6 million in fiscal year 2015.

The Transportation Sales Tax Fund tracks the collection and expenditure of the .3% voter approved sales tax to address transportation issues. Revenues in this fund increased \$0.5 million while expenditures increased \$7.8 million. The increased revenues are due to increasing sales tax revenue while the increased expenditures are primarily capital outlay. The fund balance decreased \$1.9 million in fiscal year 2015. 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 in

the Development Fee Fund increased \$1.7 million, while expenditures increased \$4.9 million in fiscal year 2015. Fund balance remained constant in fiscal year 2015. 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 \$1.0 million due to increased secondary property tax revenues. The secondary assessed value of the City increased 7.0% in fiscal year 2015 while the secondary tax rate was unchanged. Expenditures remained constant with fiscal year 2014. Fund balance decreased \$1.1 million in fiscal year 2015.

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, Stadium Fund, and Storm Drain Utility Fund do not meet the quantitative GASB 34 criteria of a major fund, the City has chosen to present them as major funds due to local significance.

Total net position of the enterprise funds increased \$20.6 million in fiscal year 2015. Net investment in capital assets increased \$34.6 million with the addition of utility infrastructure in the Water, Wastewater, and Storm Funds and the completion of phase II for the renovation of the clubhouses and sports complex in the Stadium Fund. This increase was offset by a decrease of \$14.7 million in unrestricted net position which is primarily due to the implementation of new pension accounting standards requiring the recognition of a liability for future pension obligations. In accordance with the City's Principles of Sound Financial Management, the City continues to maintain appropriate levels of stabilization reserves.

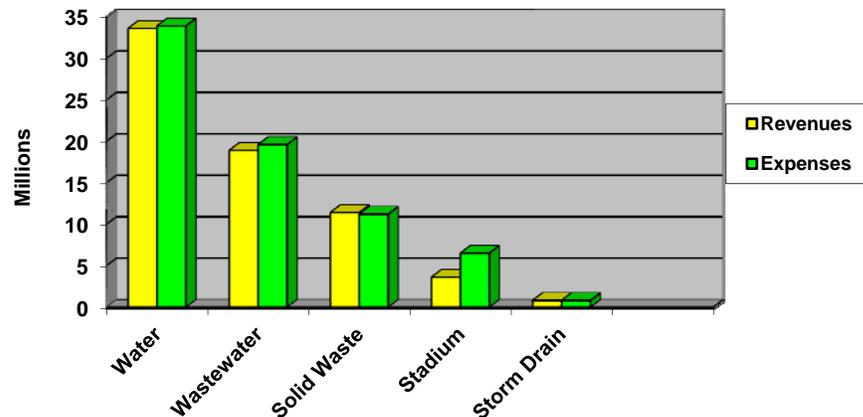
Operating revenues of the enterprise funds decreased \$1.1 million in fiscal year 2015. Charges for services decreased \$2.0 million in the Water Utility Fund primarily due to a decrease in outside water usage resulting from unseasonal weather patterns. Charges for services increased \$0.5 million in the Wastewater Fund primarily due to a return to more normalized revenue levels from a FY14 drop and \$0.2 million in Sanitation due to higher than usual roll-off revenues. In the Stadium Fund, revenues increased \$0.5 million primarily due to increased spring training attendance.

Operating expenses of the enterprise funds increased \$6.3 million in fiscal year 2015. Contractual services/commodities increased \$3.6 million in the Water Utility Fund and \$.9 million in the Wastewater Fund primarily due to an increase in water and wastewater system repair and maintenance expenditures. The Stadium operating expenses increased \$0.7 million primarily due to increased building and grounds maintenance and repair expenditures along with increased spring training payouts to the teams. Depreciation increased \$0.9 million in total across all proprietary funds.

The changes in operating revenues and expenses discussed above resulted in a decrease of \$7.4 million in operating income across all proprietary funds in fiscal year 2015. However, all enterprise fund operations experienced a positive year with most funds covering operating expenditures through operating revenues while maintaining appropriate levels of cash reserves.

The following graph shows the operating revenues and expenditures for the enterprise funds for fiscal year 2015.

### Fiscal Year 2015 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 94-102.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1.D 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 \$470 million occurred during fiscal year 2015. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund revenues of \$119.8 million, on a budgetary basis, exceeded budgeted revenues of \$114.0 million by \$5.8 million while budgetary basis expenditures of \$123.8 million were 91.1% 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, charges for other services, licenses and permits and rents, while falling short in investment earnings and fines and forfeitures. There were no expenditure overages for any of the functional categories with the exception of Public Works.

During the fiscal year, the original General Fund expenditures and contingencies budget of \$146.5 million was amended by \$7.6 million to the final expenditure and contingencies budget of \$138.9 million. Notable General Fund transfers were as follows:

- Contingency appropriation of \$3.6 million was transferred from General Fund to the GO Bond Funds and the Sports Complex Capital Reserve Fund to construct amenities and improvements at the Peoria Sports Complex.
- In fiscal year 2015, the City of Peoria made the decision to conduct a mid-decennial special census. Contingency appropriation of \$3.0 million was utilized to pay for associated costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2015, the City had \$1.5 billion invested in various capital assets, net of accumulated depreciation and related debt, up 4.7% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.8 billion. This is a net increase of \$46.8 million from June 30, 2014. Net assets of business-type activities increased \$25.2 million while governmental activities increased \$21.6 million.

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

- ✓ The completion of phase II that consisted of improvements to the stadium at the Peoria Sports Complex. These improvements are pursuant to the new lease agreement with the San Diego Padres and the Seattle Mariners. The presence of these two teams has proven to be an important community asset, as well as an important economic driver.
- ✓ Located directly north of the Sunrise Mountain Library at 98<sup>th</sup> Ave & Lake Pleasant Parkway, the City constructed a neighborhood park on approximately six acres in the Camino a Lago area. Park improvements amounted to \$2.2 million and included typical amenities.
- ✓ The City of Peoria invested \$4.4 million in a land acquisition located at Peoria Ave and Loop 101. The primary use of this land is to achieve the stated goals in the Council approved Economic Development Implementation Strategy.

The following table provides a breakdown of the capital assets of the City at June 30, 2015, and 2014. Additional information on the City's capital assets may be found in Note 6.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
	Buildings and building improvements	\$ 128.4	\$ 133.0	\$ 60.5	\$ 50.6	\$ 188.9
Equipment; Furniture	11.0	12.2	8.0	6.2	19.0	18.4
Vehicles	7.8	7.8	6.0	6.2	13.8	14.0
Surface water system	54.6	56.6	3.2	0.2	57.8	56.8
Street system	394.4	353.4	-	-	394.4	353.4
Park system	71.5	68.4	-	-	71.5	68.4
Water system	-	-	243.3	236.8	243.3	236.8
Water rights	-	-	10.8	11.1	10.8	11.1
Wastewater system	-	-	274.9	268.8	274.9	268.8
Land	346.4	340.1	16.7	16.6	363.1	356.7
Work in progress	137.3	158.3	47.5	49.2	184.8	207.5
Total	<u>\$ 1,151.4</u>	<u>\$ 1,129.8</u>	<u>\$ 670.9</u>	<u>\$ 645.7</u>	<u>\$ 1,822.3</u>	<u>\$ 1,775.5</u>

The City has adopted a ten year capital improvement plan budgeted at \$645.8 million, including \$169.3 million in fiscal year 2016. Anticipated funding for this plan for fiscal year 2016 is through a combination of impact fees, utility revenue bonds, general obligation bonds, municipal development authority 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 \$13.9 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 \$351.6 million at June 30, 2015. Of this total, \$258.0 million was in governmental activities and \$93.6 million was in business-type activities. The City's outstanding non-current debt (excluding claims and net pension liability) decreased \$27.9 million in fiscal year 2015. This decrease is directly related to servicing the debt.

Of the total outstanding bonds and loans of \$372.2 million, \$142.9 million is general obligation bonds backed by the full faith and credit of the City. An additional \$2.9 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 \$48.4 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, 2015, and 2014. 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	
	2015	2014	2015	2014	2015	2014
General obligation debt	\$ 142.9	\$ 152.8	\$ -	\$ -	\$ 142.9	\$ 152.8
Municipal Development Authority debt	76.7	81.0	-	-	76.7	81.0
Special assessment debt	2.9	3.2	-	-	2.9	3.2
Water/Sewer Revenue bonds and loans	-	-	101.3	110.5	101.3	110.5
Community Facilities District bonds	48.4	51.1	-	-	48.4	51.1
Compensated absences	7.2	6.9	0.8	0.8	8.0	7.7
Total	<u>\$ 278.1</u>	<u>\$ 295.0</u>	<u>\$ 102.1</u>	<u>\$ 111.3</u>	<u>\$ 380.2</u>	<u>\$ 406.3</u>

The City currently maintains the following ratings on its general obligation debt: "AA+" from Standard & Poor's, "Aa1" from Moody's and "AA+" 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 unemployment rate in the metropolitan Phoenix region for June 2015 was 5.3% which remains below the state (6.3%) and constant with the national average (5.3%). The regional economy continues to recover at a slow pace with population growth in the 1.6% range and modest improvements in job creation over the 12-month period at 1.9%, slightly lower than the national rate of 2.1%. Construction activity began to improve markedly over the previous year (though much lower than after previous recessions) in the region as home values and re-sale activity rebounded. Most job gains in the state were in the leisure and hospitality, business and financial services, education, and healthcare sectors. Commercial activity increased over previous years, but consisted mainly of small pads like banks rather than big box retail.

The adopted fiscal year 2016 budget is \$511 million, an increase from the fiscal year 2015 budget as the City anticipates slight property tax revenue increases due to an increase in the City's assessed valuation and improving tax revenues. The operating budget totals \$341.7 million, which is an increase of 5.2% from 2015. The capital projects portion of the budget, \$169.3 million, is divided in the following manner: \$2.3 million for drainage projects, \$9.2 million for operational facilities, \$14.6 million for parks, trails and

open space, \$9.5 million for public safety projects, \$39.3 million for streets and traffic control projects, \$48.4 million for economic development projects, \$15.9 million for wastewater projects, and \$30.1 million for water projects.

The General Fund operating budget (not including contingency) is \$131.9 million, up 7.1% 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 established 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 2016 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, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 201,201,597	\$ 83,791,894	\$ 284,993,491
Accounts receivable, net	8,309,389	8,674,507	16,983,896
Interest receivable	134,647	48,557	183,204
Internal balances	(2,883,511)	2,883,511	-
Due from other governments	6,984,997	-	6,984,997
Prepaid items	65,200	90,415	155,615
Supply inventories	446,916	334,313	781,229
Restricted pooled cash and investments	8,241,193	-	8,241,193
Restricted cash with fiscal agents	14,314,415	5,299,212	19,613,627
Restricted investments	24,561,684	-	24,561,684
Special assessments receivable	2,326,112	-	2,326,112
Capital assets:			
Non-depreciable	483,687,321	64,150,067	547,837,388
Depreciable (net)	667,668,491	606,740,778	1,274,409,269
Total assets	<u>1,415,058,451</u>	<u>772,013,254</u>	<u>2,187,071,705</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	23,640,361	1,703,459	25,343,820
Deferred loss on bond refunding	291,410	237,005	528,415
Total deferred outflows of resources	<u>23,931,771</u>	<u>1,940,464</u>	<u>25,872,235</u>
<b>LIABILITIES</b>			
Accounts payable	6,154,761	3,285,592	9,440,353
Accrued payroll	1,379,443	173,634	1,553,077
Interest payable	5,743,336	1,663,375	7,406,711
Due to other governments	1,386,994	189,547	1,576,541
Customer deposits	3,567	2,032,293	2,035,860
Other liabilities	1,979,367	2,504	1,981,871
Unearned revenue-other	3,233,723	210,061	3,443,784
Non-current liabilities:			
Due within one year:			
Current portion of claims payable	3,290,217	-	3,290,217
Current portion of compensated absences	5,400,100	612,460	6,012,560
Current portion of bonds & loans payable	18,010,000	9,456,158	27,466,158
Due in more than one year:			
Noncurrent portion of claims payable	641,829	-	641,829
Noncurrent portion of compensated absences	1,814,260	182,340	1,996,600
Noncurrent portion of bonds & loans payable	256,150,584	93,448,562	349,599,146
Net pension liability	121,657,840	13,696,960	135,354,800
Total liabilities	<u>426,846,021</u>	<u>124,953,486</u>	<u>551,799,507</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	16,286,821	2,594,978	18,881,799
Total deferred inflow of resources	<u>16,286,821</u>	<u>2,594,978</u>	<u>18,881,799</u>
<b>NET POSITION</b>			
Net investment in capital assets	885,716,419	568,223,130	1,453,939,549
Restricted for:			
Debt service	47,641,567	-	47,641,567
Capital projects	6,691,517	23,730,354	30,421,871
Development fees	28,858,752	-	28,858,752
Transportation purposes	43,783,885	-	43,783,885
Grant purposes	2,727,599	-	2,727,599
Facilities maintenance	67,084	100,000	167,084
Trust purpose	9,373,545	-	9,373,545
Unrestricted	(29,002,988)	54,351,770	25,348,782
Total net position	<u>\$ 995,857,380</u>	<u>\$ 646,405,254</u>	<u>\$ 1,642,262,634</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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 21,210,452	\$ 2,340,494	\$ 23,419	\$ -	\$ (18,846,539)	\$ -	\$ (18,846,539)
Culture and recreation	25,982,440	8,360,864	2,393,193	-	(15,228,383)	-	(15,228,383)
Public safety	64,261,923	4,176,571	344,458	9,000	(59,731,894)	-	(59,731,894)
Development services	9,544,919	2,898,297	1,185,984	-	(5,460,638)	-	(5,460,638)
Highways and streets	33,658,672	4,021,756	9,538,734	22,899,863	2,801,681	-	2,801,681
Public works	7,259,675	3,847,757	-	-	(3,411,918)	-	(3,411,918)
Human services	1,177,275	50,784	-	-	(1,126,491)	-	(1,126,491)
Interest on long-term debt	11,373,755	-	-	-	(11,373,755)	-	(11,373,755)
Total governmental activities	<u>174,469,111</u>	<u>25,696,523</u>	<u>13,485,788</u>	<u>22,908,863</u>	<u>(112,377,937)</u>	<u>-</u>	<u>(112,377,937)</u>
Business-type activities:							
Water Utility	34,566,373	33,598,235	-	15,361,231	-	14,393,093	14,393,093
Wastewater Utility	21,737,995	18,969,596	-	9,760,506	-	6,992,107	6,992,107
Solid Waste Utility	10,939,896	11,450,636	-	-	-	510,740	510,740
Stadium	6,372,954	3,556,442	-	1,637,328	-	(1,179,184)	(1,179,184)
Storm Drain Utility	813,636	842,812	-	3,001,655	-	3,030,831	3,030,831
Total business-type activities	<u>74,430,854</u>	<u>68,417,721</u>	<u>-</u>	<u>29,760,720</u>	<u>-</u>	<u>23,747,587</u>	<u>23,747,587</u>
Total primary government	<u>\$ 248,899,965</u>	<u>\$ 94,114,244</u>	<u>\$ 13,485,788</u>	<u>\$ 52,669,583</u>	<u>(112,377,937)</u>	<u>23,747,587</u>	<u>(88,630,350)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,889,150	-	2,889,150
Property taxes, levied for debt service					16,891,026	-	16,891,026
Sales and use taxes					74,556,024	-	74,556,024
Franchise taxes					4,312,836	-	4,312,836
Intergovernmental:							
State shared sales taxes- unrestricted					14,139,128	-	14,139,128
Urban revenue sharing- unrestricted					18,650,521	-	18,650,521
Auto in-lieu taxes- unrestricted					5,886,971	-	5,886,971
Investment earnings					843,648	348,717	1,192,365
Miscellaneous					3,216,595	-	3,216,595
Transfers in (out)					(11,931,172)	11,931,172	-
Total general revenues and transfers					<u>129,454,727</u>	<u>12,279,889</u>	<u>141,734,616</u>
Change in net position					<u>17,076,790</u>	<u>36,027,476</u>	<u>53,104,266</u>
Net position - beginning					1,091,122,701	625,159,136	1,716,281,837
Cumulative effect of change in accounting principle					(112,342,111)	(14,781,358)	(127,123,469)
Net position - beginning - restated					<u>978,780,590</u>	<u>610,377,778</u>	<u>1,589,158,368</u>
Net position - ending					<u>\$ 995,857,380</u>	<u>\$ 646,405,254</u>	<u>\$ 1,642,262,634</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

**Major Funds**

	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Transportation Sales Tax Fund</b>
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>				
Assets:				
Pooled cash and investments	\$ 56,081,330	\$ 10,170,198	\$ 15,078,200	\$ 27,327,259
Accounts receivable, net	5,125,988	1,609,107	427,178	973,013
Interest receivable	40,287	6,099	8,670	16,423
Due from other funds	5,934,752	-	-	-
Due from other governments	2,874,314	-	895,505	-
Supply inventories	163,703	-	70,579	-
Restricted pooled cash and investments	304,559	-	-	-
Restricted cash with fiscal agents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>70,524,933</u>	<u>11,785,404</u>	<u>16,480,132</u>	<u>28,316,695</u>
Total assets & deferred outflows	<u>\$ 70,524,933</u>	<u>\$ 11,785,404</u>	<u>\$ 16,480,132</u>	<u>\$ 28,316,695</u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,380,245	\$ 186,261	\$ 477,931	\$ 419,313
Accrued payroll	1,206,251	-	45,119	-
Due to other funds	-	-	-	-
Due to other governments	1,386,994	-	-	-
Customer deposits	3,567	-	-	-
Other liabilities	1,906,780	-	-	-
Unearned revenue-other	1,858,353	-	-	-
Total liabilities	<u>8,742,190</u>	<u>186,261</u>	<u>523,050</u>	<u>419,313</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	-	-	82,718	-
Unavailable revenue-special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>82,718</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Supply inventories	163,703	-	70,579	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Development fees	-	-	-	-
Transportation purposes	-	-	15,803,785	27,897,382
Grant purposes	-	-	-	-
Arts Center maintenance	67,084	-	-	-
Committed to:				
Debt service	-	1,000,000	-	-
Economic development	5,036,493	-	-	-
Arts capital	-	-	-	-
Operating reserve	13,661,000	-	-	-
Emergency reserve	9,107,000	-	-	-
Budget stabilization reserve	9,107,000	5,434,000	-	-
Assigned to:				
Capital projects	-	-	-	-
Municipal Complex reserve	3,056,458	-	-	-
Other purposes	-	5,165,143	-	-
Unassigned:				
Total fund balance	<u>61,782,743</u>	<u>11,599,143</u>	<u>15,874,364</u>	<u>27,897,382</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 70,524,933</u>	<u>\$ 11,785,404</u>	<u>\$ 16,480,132</u>	<u>\$ 28,316,695</u>

(continued)

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<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>
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>				
Assets:				
Pooled cash and investments	\$ 12,540,196	\$ 29,774,823	\$ 27,763,291	\$ 178,735,297
Accounts receivable, net	65,100	-	98,220	8,298,606
Interest receivable	10,738	16,993	19,273	118,483
Due from other funds	-	-	929,914	6,864,666
Due from other governments	190,408	-	3,024,770	6,984,997
Supply inventories	-	-	-	234,282
Restricted pooled cash and investments	-	-	408,835	713,394
Restricted cash with fiscal agents	13,052,629	-	1,261,786	14,314,415
Restricted investments	-	-	19,071,412	19,071,412
Special assessments receivable	-	-	2,326,112	2,326,112
Total assets	<u>25,859,071</u>	<u>29,791,816</u>	<u>54,903,613</u>	<u>237,661,664</u>
Total assets & deferred outflows	<u>\$ 25,859,071</u>	<u>\$ 29,791,816</u>	<u>\$ 54,903,613</u>	<u>\$ 237,661,664</u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 3,150	\$ 1,144,271	\$ 4,611,171
Accrued payroll	-	-	19,224	1,270,594
Due to other funds	-	929,914	5,934,752	6,864,666
Due to other governments	-	-	-	1,386,994
Customer deposits	-	-	-	3,567
Other liabilities	-	-	72,587	1,979,367
Unearned revenue-other	-	-	1,375,370	3,233,723
Total liabilities	<u>-</u>	<u>933,064</u>	<u>8,546,204</u>	<u>19,350,082</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	-	-	-	82,718
Unavailable revenue-special assessments	-	-	2,326,112	2,326,112
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,326,112</u>	<u>2,408,830</u>
Fund balances:				
Nonspendable:				
Supply inventories	-	-	-	234,282
Restricted for:				
Debt service	25,859,071	-	19,456,384	45,315,455
Capital projects	-	-	6,691,517	6,691,517
Development fees	-	28,858,752	-	28,858,752
Transportation purposes	-	-	-	43,701,167
Grant purposes	-	-	2,727,599	2,727,599
Arts Center maintenance	-	-	-	67,084
Committed to:				
Debt service	-	-	-	1,000,000
Economic development	-	-	-	5,036,493
Arts capital	-	-	4,138,297	4,138,297
Operating reserve	-	-	-	13,661,000
Emergency reserve	-	-	-	9,107,000
Budget stabilization reserve	-	-	-	14,541,000
Assigned to:				
Capital projects	-	-	17,546,784	17,546,784
Municipal Complex reserve	-	-	-	3,056,458
Other purposes	-	-	109,383	5,274,526
Unassigned:				
Total fund balance	<u>25,859,071</u>	<u>28,858,752</u>	<u>44,031,297</u>	<u>215,902,752</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 25,859,071</u>	<u>\$ 29,791,816</u>	<u>\$ 54,903,613</u>	<u>\$ 237,661,664</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, 2015**

Fund balances - total governmental funds balance sheet		\$ 215,902,752
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 1,452,491,087	
Less accumulated depreciation	<u>(319,807,572)</u>	1,132,683,515
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred loss on bond refunding		291,410
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental bonds payable	(270,875,000)	
Compensated absences	<u>(6,510,540)</u>	(277,385,540)
<p>Unavailable revenue for long-term special assessments is shown on the governmental funds balance sheet, but was recognized as revenue for the government-wide statements</p>		
		2,326,112
<p>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</p>		
		(3,285,584)
<p>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</p>		
		82,718
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		
		(5,743,336)
<p>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.</p>		
		35,050,391
<p>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.</p>		
		(112,044,331)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred outflows related to pensions	22,444,751	
Deferred inflows related to pensions	<u>(14,465,478)</u>	7,979,273
Total net position of governmental activities - statement of net position		<u><u>\$ 995,857,380</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Transportation Sales Tax Fund</b>
<b>REVENUES:</b>				
Taxes	\$47,980,124	\$ 18,529,653	\$ 3,992,046	\$ 11,224,109
Intergovernmental	39,120,003	-	9,562,309	-
Charges for services	12,530,545	-	173,442	-
Licenses and permits	3,132,178	-	-	-
Fines and forfeitures	1,699,818	-	-	-
Rents	889,053	-	-	-
Investment earnings	139,171	43,966	71,504	110,780
Special assessments	-	-	-	-
Miscellaneous	759,199	-	243,891	-
Total revenues	<u>106,250,091</u>	<u>18,573,619</u>	<u>14,043,192</u>	<u>11,334,889</u>
<b>EXPENDITURES:</b>				
Current:				
General government	13,760,256	2,828,322	-	-
Culture and recreation	21,614,003	-	-	-
Public safety	59,714,728	-	-	-
Development services	8,876,406	-	-	-
Highways and streets	-	-	14,216,410	1,917,936
Public works	5,260,083	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	181,313	1,443,331	180,721	9,150,120
Total expenditures	<u>109,406,789</u>	<u>4,271,653</u>	<u>14,397,131</u>	<u>11,068,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,156,698)</u>	<u>14,301,966</u>	<u>(353,939)</u>	<u>266,833</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	-	-
Transfers in	8,682,112	-	1,000,000	-
Transfers out	(1,737,456)	(13,828,046)	(20,181)	(2,157,446)
Total other financing sources and uses	<u>6,944,656</u>	<u>(13,828,046)</u>	<u>979,819</u>	<u>(2,157,446)</u>
Net change in fund balances	<u>3,787,958</u>	<u>473,920</u>	<u>625,880</u>	<u>(1,890,613)</u>
Fund balances - beginning	57,994,785	11,125,223	15,248,484	29,787,995
Fund balances - ending	<u>\$61,782,743</u>	<u>\$ 11,599,143</u>	<u>\$ 15,874,364</u>	<u>\$ 27,897,382</u>

(continued)

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<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>	
<b>REVENUES:</b>				
Taxes	\$ 14,469,957	\$ -	\$ 2,433,991	\$ 98,629,880
Intergovernmental	-	-	6,607,160	55,289,472
Charges for services	-	6,169,160	482,231	19,355,378
Licenses and permits	-	-	-	3,132,178
Fines and forfeitures	-	-	156,822	1,856,640
Rents	-	-	-	889,053
Investment earnings	77,707	120,536	161,544	725,208
Special assessments	-	-	381,761	381,761
Miscellaneous	-	-	2,532,934	3,536,024
Total revenues	<u>14,547,664</u>	<u>6,289,696</u>	<u>12,756,443</u>	<u>183,795,594</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	496,923	17,085,501
Culture and recreation	-	40,407	526,654	22,181,064
Public safety	-	225	1,125,460	60,840,413
Development services	-	-	838,548	9,714,954
Highways and streets	-	1,198,971	2,067,576	19,400,893
Public works	-	-	1,759	5,261,842
Human services	-	-	1,147,341	1,147,341
Debt service:				
Principal payments	9,895,000	-	7,410,000	17,305,000
Interest and other charges	5,746,609	-	6,186,655	11,933,264
Capital outlay	-	5,089,007	10,447,482	26,491,974
Total expenditures	<u>15,641,609</u>	<u>6,328,610</u>	<u>30,248,398</u>	<u>191,362,246</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,093,945)</u>	<u>(38,914)</u>	<u>(17,491,955)</u>	<u>(7,566,652)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	35,000	35,000
Transfers in	-	-	6,675,380	16,357,492
Transfers out	-	-	(12,369,881)	(30,113,010)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(5,659,501)</u>	<u>(13,720,518)</u>
Net change in fund balances	<u>(1,093,945)</u>	<u>(38,914)</u>	<u>(23,151,456)</u>	<u>(21,287,170)</u>
Fund balances - beginning	26,953,016	28,897,666	67,182,753	237,189,922
Fund balances - ending	<u>\$ 25,859,071</u>	<u>\$ 28,858,752</u>	<u>\$ 44,031,297</u>	<u>\$ 215,902,752</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, 2015**

Net change in fund balances - total governmental funds	\$ (21,287,170)
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.	(322,250)
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.	19,156
Certain long-term obligations are offset by goodwill that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements	(900,000)
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.	(277,015)
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.	559,509
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 (\$26,354,877), plus other capital \$0, is exceeded by depreciation (\$28,411,399) in the current period.	(2,056,522)
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.	125,602
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	20,029,654
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.	(35,000)
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.	17,305,000
The donation of governmental capital assets from Governmental Funds is not shown in the governmental fund statements but is a transfer out in the statement of activities	(257,066)
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.	6,270,458
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.	(2,097,566)
Change in net position of governmental activities- statement of activities	<b>\$ 17,076,790</b>

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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>(Under)</b>
<b>REVENUES:</b>				
Taxes	\$ 44,574,293	\$ 44,574,293	\$ 47,980,124	\$ 3,405,831
Intergovernmental	37,518,728	37,518,728	39,120,003	1,601,275
Charges for services	25,841,648	25,841,648	26,084,379	242,731
Licenses and permits	2,574,540	2,574,540	3,132,178	557,638
Fines and forfeitures	1,960,274	1,960,274	1,699,818	(260,456)
Rents	618,463	618,463	889,053	270,590
Investment earnings	257,100	257,100	139,171	(117,929)
Miscellaneous	670,000	670,000	759,199	89,199
Total revenues	<u>114,015,046</u>	<u>114,015,046</u>	<u>119,803,925</u>	<u>5,788,879</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Mayor and council	705,276	705,276	638,168	(67,108)
City manager	4,073,220	4,138,920	3,973,013	(165,907)
Human resources	2,514,788	2,561,997	2,341,752	(220,245)
Attorney	3,264,380	3,399,380	3,250,155	(149,225)
City clerk	971,151	971,151	857,377	(113,774)
Court	1,870,388	1,870,388	1,745,085	(125,303)
Economic development	1,573,802	1,718,733	1,346,055	(372,678)
Finance	9,853,216	9,890,776	9,440,594	(450,182)
Non-departmental	2,293,385	5,190,988	3,767,050	(1,423,938)
Culture and recreation	22,198,209	22,744,414	21,960,996	(783,418)
Public safety:				
Police	38,278,848	38,070,998	36,130,515	(1,940,483)
Fire	23,957,261	24,010,635	23,602,224	(408,411)
Development services	9,079,414	11,891,102	8,876,406	(3,014,696)
Public works	5,581,077	5,622,827	5,646,108	23,281
Capital outlay	1,986,052	3,096,743	181,313	(2,915,430)
Total expenditures	<u>128,200,467</u>	<u>135,884,328</u>	<u>123,756,811</u>	<u>(12,127,517)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,185,421)</u>	<u>(21,869,282)</u>	<u>(3,952,886)</u>	<u>17,916,396</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	(18,250,000)	(3,018,435)	-	3,018,435
Transfers in	8,080,843	8,080,843	8,682,112	601,269
Transfers out	(1,100,190)	(1,100,190)	(941,268)	158,922
Total other financing sources and uses	<u>(11,269,347)</u>	<u>3,962,218</u>	<u>7,740,844</u>	<u>3,778,626</u>
Net change in fund balances	<u>(25,454,768)</u>	<u>(17,907,064)</u>	<u>3,787,958</u>	<u>21,695,022</u>
Fund balances - beginning	47,944,999	47,944,999	57,994,785	10,049,786
Fund balances - ending	<u>\$ 22,490,231</u>	<u>\$ 30,037,935</u>	<u>\$ 61,782,743</u>	<u>\$ 31,744,808</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, 2015**

**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	\$ 119,803,925
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	(13,553,834)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 106,250,091</u>

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 123,756,811
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(796,188)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(13,553,834)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 109,406,789</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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>
<b>REVENUES:</b>				
Taxes	\$ 16,969,450	\$ 16,969,450	\$ 18,529,653	\$ 1,560,203
Investment earnings	70,000	70,000	43,966	(26,034)
Total revenues	<u>17,039,450</u>	<u>17,039,450</u>	<u>18,573,619</u>	<u>1,534,169</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,988,949	2,797,825	2,828,322	30,497
Debt service:				
Principal payments	785,000	785,000	-	(785,000)
Interest and other charges	20,000	20,000	-	(20,000)
Capital outlay	378,650	1,820,269	1,544,208	(276,061)
Total expenditures	<u>3,172,599</u>	<u>5,423,094</u>	<u>4,372,530</u>	<u>(1,050,564)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,866,851</u>	<u>11,616,356</u>	<u>14,201,089</u>	<u>2,584,733</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	3,500,000	2,400,000	-	(2,400,000)
Transfers out	(13,092,159)	(13,092,159)	(13,727,169)	(635,010)
Total other financing sources and uses	<u>(9,592,159)</u>	<u>(10,692,159)</u>	<u>(13,727,169)</u>	<u>(3,035,010)</u>
Net change in fund balances	<u>4,274,692</u>	<u>924,197</u>	<u>473,920</u>	<u>(450,277)</u>
Fund balances - beginning	10,066,879	10,066,879	11,125,223	1,058,344
Fund balances - ending	<u>\$ 14,341,571</u>	<u>\$ 10,991,076</u>	<u>\$ 11,599,143</u>	<u>\$ 608,067</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	\$ 4,372,530
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(100,877)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,271,653</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 4,103,136	\$ 4,103,136	\$ 3,992,046	\$ (111,090)
Intergovernmental	8,556,214	8,556,214	9,562,309	1,006,095
Charges for services	392,000	392,000	468,442	76,442
Investment earnings	100,400	100,400	71,504	(28,896)
Miscellaneous	-	-	243,891	243,891
Total revenues	<u>13,151,750</u>	<u>13,151,750</u>	<u>14,338,192</u>	<u>1,186,442</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	10,023,048	10,150,895	14,524,396	4,373,501
Capital outlay	<u>5,254,287</u>	<u>5,976,944</u>	<u>180,721</u>	<u>(5,796,223)</u>
Total expenditures	<u>15,277,335</u>	<u>16,127,839</u>	<u>14,705,117</u>	<u>(1,422,722)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,125,585)</u>	<u>(2,976,089)</u>	<u>(366,925)</u>	<u>2,609,164</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	1,500,000	818,329	-	(818,329)
Transfers in	1,548,978	1,548,978	1,000,000	(548,978)
Transfers out	<u>(556,173)</u>	<u>(556,173)</u>	<u>(7,195)</u>	<u>548,978</u>
Total other financing sources and uses	<u>2,492,805</u>	<u>1,811,134</u>	<u>992,805</u>	<u>(818,329)</u>
Net change in fund balances	<u>367,220</u>	<u>(1,164,955)</u>	<u>625,880</u>	<u>1,790,835</u>
Fund balances - beginning	14,058,232	14,058,232	15,248,484	1,190,252
Fund balances - ending	<u>\$ 14,425,452</u>	<u>\$ 12,893,277</u>	<u>\$ 15,874,364</u>	<u>\$ 2,981,087</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	\$ 14,338,192
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	<u>(295,000)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,043,192</u>

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 14,705,117
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(12,986)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	<u>(295,000)</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,397,131</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 10,223,387	\$ 10,223,387	\$ 11,224,109	\$ 1,000,722
Investment earnings	125,000	125,000	110,780	(14,220)
Total revenues	<u>10,348,387</u>	<u>10,348,387</u>	<u>11,334,889</u>	<u>986,502</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	416,075	343,269	1,917,936	1,574,667
Capital outlay	25,330,423	28,882,776	9,150,120	(19,732,656)
Total expenditures	<u>25,746,498</u>	<u>29,226,045</u>	<u>11,068,056</u>	<u>(18,157,989)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,398,111)</u>	<u>(18,877,658)</u>	<u>266,833</u>	<u>19,144,491</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	1,000,000	99,494	-	(99,494)
Transfers out	(1,275,000)	(1,275,000)	(2,157,446)	(882,446)
Total other financing sources and uses	<u>(275,000)</u>	<u>(1,175,506)</u>	<u>(2,157,446)</u>	<u>(981,940)</u>
Net change in fund balances	<u>(15,673,111)</u>	<u>(20,053,164)</u>	<u>(1,890,613)</u>	<u>18,162,551</u>
Fund balances - beginning	22,405,999	22,405,999	29,787,995	7,381,996
Fund balances - ending	<u>\$ 6,732,888</u>	<u>\$ 2,352,835</u>	<u>\$ 27,897,382</u>	<u>\$ 25,544,547</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 13,017,244	\$ 13,017,244	\$ 6,169,160	\$ (6,848,084)
Investment earnings	184,100	184,100	120,536	(63,564)
Total revenues	<u>13,201,344</u>	<u>13,201,344</u>	<u>6,289,696</u>	<u>(6,911,648)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	502,500	534,499	40,407	(494,092)
Public safety	77,625	63,996	225	(63,771)
Development services	5,674,739	6,175,604	1,198,971	(4,976,633)
Highways and streets	-	31,325	-	(31,325)
Capital outlay	<u>17,134,298</u>	<u>15,391,801</u>	<u>5,089,007</u>	<u>(10,302,794)</u>
Total expenditures	<u>23,389,162</u>	<u>22,197,225</u>	<u>6,328,610</u>	<u>(15,868,615)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,187,818)</u>	<u>(8,995,881)</u>	<u>(38,914)</u>	<u>8,956,967</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	<u>3,800,000</u>	<u>2,997,985</u>	-	<u>(2,997,985)</u>
Total other financing sources and uses	<u>3,800,000</u>	<u>2,997,985</u>	-	<u>(2,997,985)</u>
Net change in fund balances	<u>(6,387,818)</u>	<u>(5,997,896)</u>	<u>(38,914)</u>	<u>5,958,982</u>
Fund balances - beginning	28,226,176	28,226,176	28,897,666	671,490
Fund balances - ending	<u>\$ 21,838,358</u>	<u>\$ 22,228,280</u>	<u>\$ 28,858,752</u>	<u>\$ 6,630,472</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-type Activities</b>		
	<b>Major Enterprise Funds</b>		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 42,137,074	\$ 20,676,004	\$ 19,425,747
Accounts receivable, net	4,430,634	1,940,756	1,171,095
Interest receivable	26,753	9,291	10,936
Prepaid items	90,415	-	-
Supplies inventory	184,893	-	149,420
Total current assets	<u>46,869,769</u>	<u>22,626,051</u>	<u>20,757,198</u>
Non-current assets:			
Restricted assets:			
Pooled cash and investments	-	-	-
Cash with fiscal agents	4,215,223	1,083,989	-
Investments	-	-	-
Net restricted assets	<u>4,215,223</u>	<u>1,083,989</u>	<u>-</u>
Capital assets:			
Buildings and improvements	1,744,850	7,659,795	10,799
Distribution and collection systems	332,837,367	365,700,822	-
Water rights	12,889,809	-	-
Equipment & furniture	9,774,480	2,393,982	28,430
Vehicles	1,920,168	1,106,630	11,064,578
Less accumulated depreciation and amortization	(96,404,592)	(94,330,482)	(5,868,187)
Land and improvements	6,077,325	3,878,001	-
Construction in progress	30,605,950	15,696,571	-
Capital assets, net	<u>299,445,357</u>	<u>302,105,319</u>	<u>5,235,620</u>
Other assets	-	-	-
Total assets	<u>350,530,349</u>	<u>325,815,359</u>	<u>25,992,818</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	675,669	342,529	466,862
Deferred loss on bond refunding	224,201	12,804	-
Total deferred outflows of resources	<u>899,870</u>	<u>355,333</u>	<u>466,862</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,129,609	1,598,980	262,802
Accrued payroll	63,180	34,193	48,161
Interest payable	526,480	1,136,895	-
Due to other governments	185,291	-	-
Customer Deposits	2,032,293	-	-
Other liabilities	-	-	-
Current portion of claims payable	-	-	-
Current portion of compensated absences	282,560	107,440	135,160
Current portion of bonds & loans payable	4,277,328	5,178,830	-
Unearned revenue-other	-	-	-
Total current liabilities	<u>8,496,741</u>	<u>8,056,338</u>	<u>446,123</u>
Non-current liabilities:			
Long-term portion of claims payable	-	-	-
Long-term portion of compensated absences	85,940	22,690	39,960
Long-term portion of bonds & loans payable	27,865,557	65,583,005	-
Net pension liability	5,432,832	2,754,161	3,753,885
Total non-current liabilities	<u>33,384,329</u>	<u>68,359,856</u>	<u>3,793,845</u>
Total liabilities	<u>41,881,070</u>	<u>76,416,194</u>	<u>4,239,968</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,029,285	521,794	711,197
Total deferred inflows of resources	<u>1,029,285</u>	<u>521,794</u>	<u>711,197</u>
<b>NET POSITION</b>			
Net investment in capital assets	267,526,670	231,356,291	5,235,620
Restricted:			
Capital projects	13,222,923	3,518,136	6,970,453
Facilities maintenance	-	-	-
Trust purpose	-	-	-
Unrestricted	27,770,271	14,358,277	9,302,442
Total net position	<u>\$ 308,519,864</u>	<u>\$ 249,232,704</u>	<u>\$ 21,508,515</u>

(continued)

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-type Activities</b>		Total	Governmental
	<b>Major Enterprise Funds</b>			Activities -
	Stadium	Storm Drain		Internal
	Fund	Utility Fund		Service Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 763,986	\$ 789,083	\$ 83,791,894	\$ 22,466,300
Accounts receivable, net	1,057,579	74,443	8,674,507	10,783
Interest receivable	1,151	426	48,557	16,164
Prepaid items	-	-	90,415	65,200
Supplies inventory	-	-	334,313	212,634
Total current assets	<u>1,822,716</u>	<u>863,952</u>	<u>92,939,686</u>	<u>22,771,081</u>
Non-current assets:				
Restricted assets:				
Pooled cash and investments	-	-	-	7,527,799
Cash with fiscal agents	-	-	5,299,212	-
Investments	-	-	-	5,490,272
Net restricted assets	<u>-</u>	<u>-</u>	<u>5,299,212</u>	<u>13,018,071</u>
Capital assets:				
Buildings and improvements	67,217,249	-	76,632,693	148,102
Distribution and collection systems	-	3,229,589	701,767,778	-
Water rights	-	-	12,889,809	-
Equipment & furniture	916,344	-	13,113,236	35,703,624
Vehicles	503,728	-	14,595,104	25,475,993
Less accumulated depreciation and amortization	(15,653,735)	(846)	(212,257,842)	(46,893,898)
Land and improvements	6,703,349	-	16,658,675	-
Construction in progress	-	1,188,871	47,491,392	4,238,476
Capital assets, net	<u>59,686,935</u>	<u>4,417,614</u>	<u>670,890,845</u>	<u>18,672,297</u>
Other assets	-	-	-	-
Total assets	<u>61,509,651</u>	<u>5,281,566</u>	<u>769,129,743</u>	<u>54,461,449</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	178,008	40,391	1,703,459	1,195,610
Deferred loss on bond refunding	-	-	237,005	-
Total deferred outflows of resources	<u>178,008</u>	<u>40,391</u>	<u>1,940,464</u>	<u>1,195,610</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	248,938	45,263	3,285,592	1,543,590
Accrued payroll	24,202	3,898	173,634	108,849
Interest payable	-	-	1,663,375	-
Due to other governments	4,256	-	189,547	-
Customer Deposits	-	-	2,032,293	-
Other liabilities	2,504	-	2,504	-
Current portion of claims payable	-	-	-	3,290,217
Current portion of compensated absences	72,640	14,660	612,460	532,290
Current portion of bonds & loans payable	-	-	9,456,158	-
Unearned revenue-other	210,061	-	210,061	-
Total current liabilities	<u>562,601</u>	<u>63,821</u>	<u>17,625,624</u>	<u>5,474,946</u>
Non-current liabilities:				
Long-term portion of claims payable	-	-	-	641,829
Long-term portion of compensated absences	30,100	3,650	182,340	171,530
Long-term portion of bonds & loans payable	-	-	93,448,562	-
Net pension liability	1,431,309	324,773	13,696,960	9,613,509
Total non-current liabilities	<u>1,461,409</u>	<u>328,423</u>	<u>107,327,862</u>	<u>10,426,868</u>
Total liabilities	<u>2,024,010</u>	<u>392,244</u>	<u>124,953,486</u>	<u>15,901,814</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	271,171	61,531	2,594,978	1,821,343
Total deferred inflows of resources	<u>271,171</u>	<u>61,531</u>	<u>2,594,978</u>	<u>1,821,343</u>
<b>NET POSITION</b>				
Net investment in capital assets	59,686,935	4,417,614	568,223,130	18,672,297
Restricted:				
Capital projects	18,842	-	23,730,354	-
Facilities maintenance	100,000	-	100,000	-
Trust purpose	-	-	-	9,373,545
Unrestricted	(413,299)	450,568	51,468,259	9,888,060
Total net position	<u>\$ 59,392,478</u>	<u>\$ 4,868,182</u>	<u>643,521,743</u>	<u>\$ 37,933,902</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.			<u>2,883,511</u>	
			<u>\$ 646,405,254</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, 2015**

	<b>Business-type Activities</b>		
	<b>Major Enterprise Funds</b>		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 33,399,813	\$ 18,895,883	\$ 11,395,008
Rents	-	-	-
Miscellaneous	179,829	35,648	405
Total operating revenues	<u>33,579,642</u>	<u>18,931,531</u>	<u>11,395,413</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	4,888,144	2,390,262	3,550,965
Contractual services, materials and supplies	19,870,060	8,177,595	6,825,644
Insurance claims and expenses	-	-	120
Depreciation and amortization	9,105,517	9,043,637	848,259
Total operating expenses	<u>33,863,721</u>	<u>19,611,494</u>	<u>11,224,988</u>
Operating income (loss)	<u>(284,079)</u>	<u>(679,963)</u>	<u>170,425</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	192,773	66,314	78,801
Interest expense	(885,586)	(2,213,057)	-
Gain(loss) on sale of capital assets	18,593	38,065	55,223
Total non-operating revenues (expenses)	<u>(674,220)</u>	<u>(2,108,678)</u>	<u>134,024</u>
Income (loss) before contributions and transfers	(958,299)	(2,788,641)	304,449
Capital contributions	15,361,231	10,017,576	-
Transfers in	998,325	4,663,837	-
Transfers out	(3,832,055)	(748,607)	(2,803)
Change in net position	<u>11,569,202</u>	<u>11,144,165</u>	<u>301,646</u>
Total net position - beginning	302,813,615	241,060,749	25,257,951
Cumulative effect of changes in accounting principle	(5,862,953)	(2,972,210)	(4,051,082)
Total net position - beginning, restated	<u>296,950,662</u>	<u>238,088,539</u>	<u>21,206,869</u>
Total net position - ending	<u>\$ 308,519,864</u>	<u>\$ 249,232,704</u>	<u>\$ 21,508,515</u>

(continued)

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities</b>		<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Major Enterprise Funds</b>			
	<b>Stadium Fund</b>	<b>Storm Drain Utility Fund</b>		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,431,213	\$ 842,812	\$ 65,964,729	\$ 41,082,673
Rents	2,124,639	-	2,124,639	-
Miscellaneous	590	-	216,472	440,797
Total operating revenues	<u>3,556,442</u>	<u>842,812</u>	<u>68,305,840</u>	<u>41,523,470</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	1,465,218	291,254	12,585,843	8,260,159
Contractual services, materials and supplies	3,602,598	523,737	38,999,634	12,717,225
Insurance claims and expenses	-	-	120	15,857,812
Depreciation and amortization	1,384,879	5,907	20,388,199	3,721,811
Total operating expenses	<u>6,452,695</u>	<u>820,898</u>	<u>71,973,796</u>	<u>40,557,007</u>
Operating income (loss)	<u>(2,896,253)</u>	<u>21,914</u>	<u>(3,667,956)</u>	<u>966,463</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	7,957	2,872	348,717	118,440
Interest expense	-	-	(3,098,643)	-
Gain(loss) on sale of capital assets	-	-	111,881	149,515
Total non-operating revenues (expenses)	<u>7,957</u>	<u>2,872</u>	<u>(2,638,045)</u>	<u>267,955</u>
Income (loss) before contributions and transfers	(2,888,296)	24,786	(6,306,001)	1,234,418
Capital contributions	1,637,328	3,001,655	30,017,790	9,000
Transfers in	9,496,921	1,100,915	16,259,998	2,088,145
Transfers out	(1,776)	(654)	(4,585,895)	(6,730)
Change in net position	<u>8,244,177</u>	<u>4,126,702</u>	<u>35,385,892</u>	<u>3,324,833</u>
Total net position - beginning	52,692,928	1,091,966	622,917,209	44,983,688
Cumulative effect of changes in accounting principle	(1,544,627)	(350,486)	(14,781,358)	(10,374,619)
Total net position - beginning, restated	<u>51,148,301</u>	<u>741,480</u>	<u>608,135,851</u>	<u>34,609,069</u>
Total net position - ending	<u>\$ 59,392,478</u>	<u>\$ 4,868,182</u>	<u>643,521,743</u>	<u>\$ 37,933,902</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			641,585	
Change in net position of business-type activities			<u>\$ 36,027,477</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities</b>		
	<b>Major Enterprise Funds</b>		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 34,106,993	\$ 18,975,406	\$ 11,404,991
Payments to suppliers	(18,126,492)	(6,388,859)	(2,595,894)
Payments to employees	(4,977,789)	(2,429,804)	(3,614,045)
Self-insurance costs	-	-	(120)
Payments to internal service funds	(2,481,902)	(1,004,074)	(4,307,278)
Net cash provided (used) by operating activities	<u>8,520,810</u>	<u>9,152,669</u>	<u>887,654</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	998,325	4,663,837	-
Transfers out	(3,832,055)	(748,607)	(2,803)
Net cash provided (used) by non-capital financing activities	<u>(2,833,730)</u>	<u>3,915,230</u>	<u>(2,803)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(5,502,651)	(5,002,197)	(495,579)
Disposal of capital assets	18,593	38,065	55,223
Capital contributions	3,411,212	1,007,354	-
Principal payments on capital debt	(2,942,835)	(4,652,977)	-
Interest paid on capital debt	(2,338,412)	(2,727,412)	-
Net cash provided (used) by capital and related financing activities	<u>(7,354,093)</u>	<u>(11,337,167)</u>	<u>(440,356)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	-	-
Interest received on investments	186,445	63,064	76,209
Net cash provided (used) by investing activities	<u>186,445</u>	<u>63,064</u>	<u>76,209</u>
Net increase (decrease) in cash and cash equivalents	(1,480,568)	1,793,796	520,704
Cash and cash equivalents at beginning of year	47,832,865	19,966,197	18,905,043
Cash and cash equivalents at end of year	<u>\$ 46,352,297</u>	<u>\$ 21,759,993</u>	<u>\$ 19,425,747</u>

(continued)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities Major Enterprise Funds</b>		<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Stadium Fund</b>	<b>Storm Drainage Fund</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,355,629	\$ 843,767	\$ 66,686,786	\$ 41,515,794
Payments to suppliers	(2,989,100)	(277,902)	(30,378,247)	(13,238,633)
Payments to employees	(1,478,734)	(298,263)	(12,798,635)	(8,398,461)
Self-insurance costs	-	-	(120)	(15,988,355)
Payments to internal service funds	(586,535)	(203,546)	(8,583,335)	-
Net cash provided (used) by operating activities	<u>(3,698,740)</u>	<u>64,056</u>	<u>14,926,449</u>	<u>3,890,345</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	9,496,921	1,100,915	16,259,998	2,088,145
Transfers out	(1,776)	(654)	(4,585,895)	(6,730)
Net cash provided (used) by non-capital financing activities	<u>9,495,145</u>	<u>1,100,261</u>	<u>11,674,103</u>	<u>2,081,415</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(9,479,826)	(1,106,614)	(21,586,867)	(3,915,114)
Disposal of capital assets	-	-	111,881	179,832
Capital contributions	1,637,328	-	6,055,894	-
Principal payments on capital debt	-	-	(7,595,812)	-
Interest paid on capital debt	-	-	(5,065,824)	-
Net cash provided (used) by capital and related financing activities	<u>(7,842,498)</u>	<u>(1,106,614)</u>	<u>(28,080,728)</u>	<u>(3,735,282)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	-	(745,716)
Interest received on investments	7,155	2,769	335,642	111,513
Net cash provided (used) by investing activities	<u>7,155</u>	<u>2,769</u>	<u>335,642</u>	<u>(634,203)</u>
Net increase (decrease) in cash and cash equivalents	(2,038,938)	60,472	(1,144,534)	1,602,275
Cash and cash equivalents at beginning of year	2,802,924	728,611	90,235,640	28,391,824
Cash and cash equivalents at end of year	<u>\$ 763,986</u>	<u>\$ 789,083</u>	<u>\$ 89,091,106</u>	<u>\$ 29,994,099</u>

(continued)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities</b>		
	<b>Major Enterprise Funds</b>		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (284,079)	\$ (679,963)	\$ 170,425
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	9,105,517	9,043,637	848,259
Add: Pension expense	323,052	163,770	223,217
Subtract: Employer pension contributions	(399,558)	(202,554)	(276,079)
(Increase) decrease in assets:			
Accounts receivable	513,431	43,875	9,578
Prepaid items	585	-	-
Supplies inventory	60,114	-	(5,369)
Increase (decrease) in liabilities:			
Accounts payable	(690,172)	791,665	(72,159)
Accrued payroll	2,291	5,402	7,952
Due to other governments	(30,598)	-	-
Other liabilities	(78,263)	(7,003)	-
Deposits payable	13,920	-	-
Claims payable	-	-	-
Unearned revenue - other			
Compensated absences	(15,430)	(6,160)	(18,170)
Total adjustments	8,804,889	9,832,632	717,229
Net cash provided (used) by operating activities	\$ 8,520,810	\$ 9,152,669	\$ 887,654
Non-cash investing, capital and financing activities:			
Capital assets acquired through contributions from developers and property owners	\$ 11,950,019	\$ 9,010,222	\$ -
Increase in fair market value of investments	14,994	4,573	6,126
Total non-cash investing, capital and financing activities	\$ 11,965,013	\$ 9,014,795	\$ 6,126

(continued)

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities</b>		<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Major Enterprise Funds</b>			
	<u>Stadium Fund</u>	<u>Storm Drainage Fund</u>		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (2,896,253)	\$ 21,914	\$ (3,667,956)	\$ 966,463
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,384,879	5,907	20,388,199	3,721,811
Add: Pension expense	85,110	19,312	814,461	571,646
Subtract: Employer pension contributions	(105,265)	(23,885)	(1,007,341)	(707,023)
(Increase) decrease in assets:				
Accounts receivable	(562,485)	955	5,354	(7,676)
Prepaid items	-	-	585	5,086
Supplies inventory	-	-	54,745	(17,085)
Increase (decrease) in liabilities:				
Accounts payable	25,845	42,289	97,468	(509,409)
Accrued payroll	3,019	(36)	18,628	11,105
Due to other governments	1,117	-	(29,481)	-
Other liabilities	1	-	(85,265)	-
Deposits payable	-	-	13,920	-
Claims payable	-	-	-	(130,543)
Unearned revenue - other	(1,638,328)	-	(1,638,328)	-
Compensated absences	3,620	(2,400)	(38,540)	(14,030)
Total adjustments	<u>(802,487)</u>	<u>42,142</u>	<u>18,594,405</u>	<u>2,923,882</u>
Net cash provided (used) by operating activities	<u>\$ (3,698,740)</u>	<u>\$ 64,056</u>	<u>\$ 14,926,449</u>	<u>\$ 3,890,345</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers and property owners	\$ -	\$ 3,001,655	\$ 23,961,896	\$ 9,000
Increase in fair market value of investments	308	43	26,044	9,591
Total non-cash investing, capital and financing activities	<u>\$ 308</u>	<u>\$ 3,001,698</u>	<u>\$ 23,987,940</u>	<u>\$ 18,591</u>
				(concluded)

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Pooled cash and investments	\$ 70,306	\$ 446,363
Interest receivable	46	9
Total assets	70,352	446,372
<b>LIABILITIES</b>		
Accounts payable	-	2,495
Other liabilities	-	443,877
Total liabilities	-	446,372
<b>NET POSITION</b>		
Held in trust for pension benefits	\$ 70,352	

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, 2015**

	<b>Firemen's Pension Fund</b>
<b>ADDITIONS</b>	
Contributions:	
State insurance premium tax rebate	\$ 537
Total contributions	537
Investment earnings:	
Interest and investment income	335
Total investment earnings	335
Less investment expenses:	
Investment management fees	-
Net investment earnings	335
Total additions	872
<b>DEDUCTIONS</b>	
Retirement payments	20,400
Total deductions	20,400
Change in net position	(19,528)
Net position - beginning of the year	89,880
Net position - end of the year	\$ 70,352

The accompanying notes are an integral part of the financial statements

# Notes to the Financial Statements

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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, 2015

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**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 and fire protection, 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 type funds as if they were part of the City's operations.

Stand-alone financial statements are prepared for the Vistancia Community Facilities District. The accounting records of the district are maintained by the City and the financial statements for Vistancia are available on the City's website [www.peoriaaz.gov](http://www.peoriaaz.gov).

**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 OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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 type funds as if they were part of the City's operations.

Stand-alone financial statements have not been prepared for the Vistancia West Community Facilities District during the current fiscal year.

**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.

Stand-alone financial statements are prepared for the Trust. The accounting records of the Trust are maintained by the City and the financial statements are available on the City's website [www.peoriaaz.gov](http://www.peoriaaz.gov).

**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 the Trust. The accounting records of the Trust are maintained by the City and the financial statements are available on the City's website [www.peoriaaz.gov](http://www.peoriaaz.gov).

**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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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.

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, (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 four agency funds. One 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. One fund, PLAY Peoria, accounts for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator. The fourth 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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.

### **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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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- 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.
- The City Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments must be approved by the City Council. Additionally, budget revisions involving personnel or capital asset expenditures/expenses or 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 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.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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.

**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 \$5,000 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 the fair market 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 320 hours while Police and Fire department employees accrue at a maximum rate of 340 and

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544 hours, respectively. 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; however, the City makes no payment on the unused portion upon employment termination except on the condition of retirement. 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.

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 periods(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 and deferred outflows related to bond refunding.

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 two sources: property taxes and special assessments.

### **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.

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**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 include 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 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 *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, 2015:

- 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.
- 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

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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 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 based on the full cash value 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 full cash 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.

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**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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.

**H. New Accounting Principles**

For the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB Statement No. 69 did not impact the preparation of the financial statements.

**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, 2015, the carrying amount of the City's deposits was \$74,577,017 and the bank balance was \$74,360,765. 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 \$216,252 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, 2015 the total amount of these balances was \$6,730.

**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, 2015, 70.3% of the City's investments have a maturity of less than one year and no 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, 2015 was 345 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 Banker's Acceptances to those securities rated Aa or better by two nationally recognized rating agencies and with a maximum maturity of 180 days. At June 30, 2015, the City's investments include \$59.9 million in Commercial Paper 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

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structure on a 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.

Investment Type	Moody's Rating
Federal Farm Credit Bank – Agency Note	Aaa
Federal Farm Credit Bank – Discount Note	P-1
Federal Home Loan Bank – Agency Note	Aaa
Fannie Mae – Agency Note	Aaa
Freddie Mac – Agency Note	Aaa
Commercial Paper	P-1

The City's investment in the State of Arizona local government investment pool is limited to a pool that invests only in government securities. At June 30, 2015, the State Treasurer's pool had a credit rating of AAAF/S1 by Standard and Poor's (S&P).

*Concentration of credit risk:* The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2015, the City's investments include 57.8% invested in U.S. Agency Coupon securities, 5.7% in U.S. Agency Discount Notes, 6.9% in U.S. Treasury Notes, 22.7% in Commercial Paper.

*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's investment in the State of Arizona's local government investment pool is stated at fair value, which also approximates the value of the investment upon withdrawal.

At June 30, 2015, the City's investments included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Unrestricted Investments:</u>					
U.S. Treasury notes	\$ 18,130,400	-	-	-	\$ 18,130,400
Agency coupon securities	69,248,573	21,403,113	55,347,994	-	145,999,680
Agency discount notes	14,991,600	-	-	-	14,991,600
Commercial paper	56,890,800	-	-	-	56,890,800
Mutual fund-money market	2,056,402	-	-	-	2,056,402
State of Arizona local government investment pool	407,791	-	-	-	407,791
Total unrestricted investments	161,725,566	21,403,113	55,347,994	-	238,476,673

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Restricted Investments:</u>					
Agency coupon securities	\$ 4,763,742	1,499,700	-	-	\$ 6,263,442
Commercial paper	2,990,946	-	-	-	2,990,946
Mutual fund-money market	15,307,297	-	-	-	15,307,297
State of Arizona local government investment pool	304,559	-	-	-	304,559
Total Restricted Investments	23,366,544	1,499,700	-	-	\$ 24,866,244

**Total Investments**

**263,342,917**

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

At June 30, 2015 the following funds reported deficits in fund balances/net position.

- Governmental fund: GO Bond Capital Projects Fund
- Internal Service fund: Facilities Maintenance Fund

The Facilities Maintenance Fund deficit resulted from the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, which for the first time reported pension liabilities on financial statements. The GO Bond Capital Projects Fund deficit is the result of construction activity and is expected to be corrected through the issuance of voter authorized general obligation debt in fiscal year 2015-2016.

For the year ended June 30, 2015, 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, 2015.

Fund	Receivables	Allowance	Net
Governmental activities:			
General Fund	\$ 5,147,877	21,889	5,125,988
Half-Cent Sales Tax Fund	1,609,107	-	1,609,107
Highway User Revenue Fund	434,976	7,798	427,178
Transportation Sales Tax Fund	973,013	-	973,013
GO Bond Debt Service Fund	239,740	174,640	65,100
Other Governmental Funds	125,426	27,206	98,220
Total governmental funds	<u>\$ 8,530,139</u>	<u>231,533</u>	<u>8,298,606</u>
Internal Service Funds	<u>\$ 10,783</u>	<u>-</u>	<u>10,783</u>
Business-type activities:			
Water Utility Fund	\$ 5,911,004	1,480,370	4,430,634
Wastewater Utility Fund	2,663,093	722,337	1,940,756
Solid Waste Utility Fund	1,644,515	473,420	1,171,095
Stadium Fund	1,057,579	-	1,057,579
Storm Drain Utility Fund	111,546	37,103	74,443
Total enterprise funds	<u>11,387,737</u>	<u>2,713,230</u>	<u>8,674,507</u>
Grand totals	<u>\$ 19,928,659</u>	<u>2,944,763</u>	<u>16,983,896</u>

**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, 2015 significant receivables due to the City included \$2,386,539 from the State of Arizona for State Shared Sales Tax revenues, \$246,157 for Auto Tax In-Lieu revenues recorded in the General fund, \$891,115 Highway User Revenue Fees revenues recorded in the Highway User Revenue Fund and \$2,250,000 from the Maricopa Association of Governments, related to the Lake Pleasant Parkway project, recorded in the Non-Bond fund. 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, 2015, follows:

	Balances June 30, 2014	Additions/ Transfers In	Disposals/ Transfers Out	Balances June 30, 2015
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Work in Progress	\$ 158,344,934	11,355,874	(32,418,485)	137,282,323
Land	340,088,536	6,316,462	-	346,404,998
<b>Total non-depreciable assets</b>	<b>498,433,470</b>	<b>17,672,336</b>	<b>(32,418,485)</b>	<b>483,687,321</b>
Depreciable assets:				
Buildings & Improvements	179,448,618	133,652	-	179,582,270
Equipment; Furniture	53,982,329	1,526,948	-	55,509,277
Vehicles	24,744,630	2,193,495	(1,455,958)	25,482,167
Surface Water System	80,362,819	-	-	80,362,819
Street System	548,309,673	55,590,603	-	603,900,276
Park System	84,189,123	5,344,029	-	89,533,152
<b>Total Depreciable Assets at Historical Cost</b>	<b>971,037,192</b>	<b>64,788,727</b>	<b>(1,455,958)</b>	<b>1,034,369,961</b>
Less Accumulated Depreciation:				
Buildings & Improvements	(46,474,775)	(4,773,602)	-	(51,248,377)
Equipment; Furniture	(41,786,109)	(2,684,856)	-	(44,470,965)
Vehicles	(16,990,840)	(2,092,438)	1,425,642	(17,657,636)
Surface Water System	(23,743,305)	(1,985,491)	-	(25,728,796)
Street System	(194,916,082)	(14,611,276)	-	(209,527,358)
Park System	(15,804,602)	(2,263,736)	-	(18,068,338)
<b>Total Accum. Depreciation</b>	<b>(339,715,713)</b>	<b>(28,411,399)</b>	<b>1,425,642</b>	<b>(366,701,470)</b>
<b>Assets Net</b>	<b>631,321,479</b>	<b>36,377,328</b>	<b>(30,316)</b>	<b>667,668,491</b>
Governmental Activities Capital Assets, Net	\$ 1,129,754,949	54,049,664	(32,448,801)	1,151,355,812
<b>Business-type Activities:</b>				
Non-depreciable assets:				
Work in Progress	\$ 49,206,607	5,521,239	(7,236,454)	47,491,392
Land	16,612,889	45,786	-	16,658,675
<b>Total non-depreciable assets</b>	<b>65,819,496</b>	<b>5,567,025</b>	<b>(7,236,454)</b>	<b>64,150,067</b>
Depreciable assets:				
Buildings & Improvements	65,194,628	11,438,065	-	76,632,693
Equipment; Furniture	10,679,734	2,433,502	-	13,113,236
Vehicles	14,826,201	769,356	(1,000,453)	14,595,104
Surface Water System	227,934	3,001,655	-	3,229,589
Water Rights	12,889,809	-	-	12,889,809
Water System	318,065,020	14,772,346	-	332,837,366
Wastewater System	350,897,554	14,803,269	-	365,700,823
<b>Total Depreciable Assets at Historical Cost</b>	<b>772,780,880</b>	<b>47,218,193</b>	<b>(1,000,453)</b>	<b>818,998,620</b>
Less Accum. Depreciation:				
Buildings & Improvements	(14,636,006)	(1,537,684)	-	(16,173,690)
Equipment; Furniture	(4,475,123)	(651,273)	-	(5,126,396)
Vehicles	(8,646,579)	(968,181)	1,000,453	(8,614,307)
Surface Water System	(651)	(5,907)	-	(6,558)
Water Rights	(1,804,573)	(257,796)	-	(2,062,369)
Water System	(81,191,532)	(8,324,812)	-	(89,516,344)
Wastewater System	(82,115,632)	(8,642,546)	-	(90,758,178)
<b>Total Accum. Depreciation</b>	<b>(192,870,096)</b>	<b>(20,388,199)</b>	<b>1,000,453</b>	<b>(212,257,842)</b>
<b>Assets Net</b>	<b>579,910,784</b>	<b>26,829,994</b>	<b>-</b>	<b>606,740,778</b>
Business-Type Activities Capital Assets, Net	\$ 645,730,280	32,397,019	(7,236,454)	670,890,845

\*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	\$ 3,767,948
Culture and recreation	4,649,826
Public safety	2,933,579
Development services	6,493
Highways and streets	14,817,347
Public works	2,192,061
Human services	<u>44,145</u>
Total depreciation expense	<u>\$ 28,411,399</u>

For the year ended June 30, 2015, 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 \$3,098,643.

**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 secondary assessed valuation. Also, outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City’s net secondary 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 bonds**

Municipal Development Authority (MDA) Bonds 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 bonds, 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.

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

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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, 2015, 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. There were no delinquent assessments at June 30, 2015.

**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, 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 City Council formed the Vistancia West Community Facilities District (VWCFD) in August 2014. In December 2014, the VWCFD was authorized through an election to issue up to \$9,000,000 of general obligation bonds to construct public infrastructure within the district. VWCFD issued taxable general obligation bonds of \$35,000 in the current 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 \$98,085,886 in Water Infrastructure Financing Authority loans issued between 2002-2009. The various bonds and loans were issued for the purchase or construction of various water or wastewater infrastructure including wells, treatment plants, pumping stations and water and wastewater distribution or collection lines. At June 30, 2015, \$101,290,497 in bonds and loans remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2015, the pledged revenues, net of operating expenses available for service of this debt were \$21,862,764. The debt principal and interest paid on this debt in fiscal year 2015 was \$12,307,580.

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, 2015, \$43,815,000 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, 2015, the pledged revenues, net of operating expenses available to service this debt were \$120,117,167. The debt principal and interest paid on this debt in fiscal year 2015 was \$3,662,083.

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, 2015, \$32,915,000 of the bonds

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remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2015, the pledged revenues, net of operating expenses available to service this debt were \$127,789,973. The debt principal and interest paid on this debt in fiscal year 2015 was \$3,933,325.

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, 2015, \$2,855,000 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2015, the net revenues available to service this debt were \$1,168,526. The debt principal and interest paid on this debt in fiscal year 2015 was \$475,788.

**G. Tables**

The following schedule summarizes the City's long-term liability activity for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 152,820,000	-	9,895,000	142,925,000	10,265,000
MDA Bonds	81,035,000	-	4,305,000	76,730,000	4,470,000
Special assessment bonds	3,195,000	-	340,000	2,855,000	355,000
CFD bonds	51,095,000	35,000	2,765,000	48,365,000	2,920,000
Total bonds payable	288,145,000	35,000	17,305,000	270,875,000	18,010,000
Net pension liabilities	121,262,432	395,408	-	121,657,840	-
Compensated absences	6,906,140	9,007,560	8,699,340	7,214,360	5,400,100
Deferred bond premium	3,567,869	-	282,285	3,285,584	-
Governmental activities totals	\$ 419,881,441	9,437,968	26,286,625	403,032,784	23,410,100
<b>Business-type activities:</b>					
Bonds and loans payable:					
Revenue bonds	32,720,000	-	4,665,000	28,055,000	4,770,000
WIFA loans	77,780,535	-	4,545,039	73,235,496	4,686,158
Net pension liabilities	15,674,207	-	1,977,247	13,696,960	-
Compensated absences	833,340	1,011,415	1,049,955	794,800	612,460
Deferred bond premium	1,891,014	-	276,790	1,614,224	-
Business-type activities totals	\$ 128,899,096	1,011,415	12,514,031	117,396,480	10,068,618

Bonds and loans payable at June 30, 2015 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, 2015</u>
Series 2007A	7/1/07-26	4.27	\$ 94,380,000	\$ 54,300,000
Series 2007B	7/1/07-20	4.00	18,365,000	7,440,000
Series 2009	7/1/09-28	3.86	68,440,000	34,250,000
Series 2010	7/1/10-30	4.03	29,170,000	22,130,000
Series 2012A	7/1/12-32	3.32	14,715,000	13,575,000
Series 2012B	7/1/12-22	1.75	13,690,000	11,230,000
Total General Obligation Bonds			\$ 238,760,000	\$ 142,925,000

**Municipal  
Development Authority  
Bonds**

Series 2006	7/1/06-25	4.2	\$ 6,675,000	\$ 4,220,000
Series 2008	7/1/08-26	4.6	47,000,000	32,915,000
Series 2011	7/1/12-26	3.9	7,920,000	6,665,000
Series 2012	7/1/13-32	3.3	35,510,000	32,930,000
Total Municipal Development Authority Bonds			\$ 97,105,000	\$ 76,730,000

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<u>Special Assessment Bonds</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2015</u>
Series 2006	7/1/07-22	4.25	\$ 4,950,000	\$ 2,855,000
Total Special Assessment Bonds			\$ 4,950,000	\$ 2,855,000

<u>Community Facility District Bonds</u>				
VCFD – Series 2002	7/15/05-22	6.69	\$ 21,250,000	\$ 12,250,000
VCFD – Series 2005	7/15/07-24	5.47	23,550,000	17,050,000
VCFD – Series 2006	7/15/09-26	4.26	22,760,000	19,030,000
VWCFD – Series 2015	7/15/17	1.97	35,000	35,000
Total Community Facility District Bonds			\$ 67,595,000	\$ 48,365,000

**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, 2015</u>
WWW Series 2010	7/1/11-20	3.21	\$ 15,780,000	\$ 11,570,000
WWW Series 2012	7/1/12-21	1.60	23,280,000	16,485,000
Total Revenue Bonds			\$ 39,060,000	\$ 28,055,000

<u>WIFA Loans</u>				
WIFA Series 2002	7/1/03-22	3.94	\$ 1,964,789	\$ 970,610
WIFA Series 2006	7/1/08-26	3.06	27,183,342	19,704,993
WIFA Series 2008	7/1/09-27	3.30	42,741,541	31,963,449
WIFA Series 2008	7/1/10-28	3.48	8,575,248	6,827,899
WIFA Series 2009	7/1/10-29	3.48	727,612	572,171
WIFA Series 2009	7/1/10-29	2.00	8,030,339	6,237,532
WIFA Series 2009	7/1/10-29	2.00	3,733,794	2,872,652
WIFA Series 2009	7/1/10-29	3.27	4,371,597	3,493,392
WIFA Series 2009	7/1/10-29	3.23	757,624	592,799
Total WIFA loans			\$ 98,085,886	\$ 73,235,497

The following table discloses the bond debt service requirements as of June 30, 2015, 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>
2016	\$ 18,010,000	\$11,191,568	\$ 29,201,568	\$ 9,456,159	\$ 3,171,763	\$ 12,627,922
2017	18,332,000	10,470,287	28,802,287	10,081,747	2,845,809	12,927,556
2018	18,523,000	9,703,618	28,226,618	10,416,947	2,494,759	12,911,706
2019	19,285,000	8,880,694	28,165,694	9,831,905	2,143,516	11,975,421
2020	20,080,000	8,052,851	28,132,851	8,766,775	1,820,286	10,587,061
2021-2025	104,130,000	26,984,262	131,114,262	33,206,906	5,371,028	38,577,934
2026-2030	60,970,000	6,596,702	67,566,702	19,530,058	964,744	20,494,802
2031-2033	11,545,000	567,357	12,112,357	-	-	-
Totals	\$270,875,000	\$82,447,339	\$353,322,339	\$101,290,497	\$18,811,905	\$120,102,402

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Long-term compensated absences 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 cover 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, and operating budget.

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 \$850,000 per claim on public safety employees and \$750,000 for all other employees up to an aggregate stop loss of \$4,519,271 for fiscal year 2015. 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 as well as aggregate insurance for claims in excess of 125% of the City's total actuarially projected claims.

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.

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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 have insurance coverage been significantly reduced in recent years.

**Estimated liability –**

The total claims liability of \$3,932,046 reported in the Self-Insurance Fund at June 30, 2015 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 \$1,277,971 for liability/property claims, \$2,087,668 for workers' compensation claims and \$566,407 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 2014:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 1,898,573	\$(251,819)	\$ 1,588,528	\$ (1,588,528)	\$ 1,646,754
Workers' comp	1,378,432	471,312	771,647	(771,647)	1,849,744
Health insurance	558,769	7,322	12,945,651	(12,945,651)	566,091
	<u>\$ 3,835,774</u>	<u>\$ 226,815</u>	<u>\$ 15,305,826</u>	<u>\$(15,305,826)</u>	<u>\$ 4,062,589</u>

Fiscal Year 2015:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 1,646,754	\$(368,783)	\$ 793,259	\$ (793,259)	\$ 1,277,971
Workers' comp	1,849,744	237,924	800,757	(800,757)	2,087,668
Health insurance	566,091	316	12,572,454	(12,572,454)	566,407
	<u>\$ 4,062,589</u>	<u>\$(130,543)</u>	<u>\$ 14,166,470</u>	<u>\$(14,166,470)</u>	<u>\$ 3,932,046</u>

**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 \$11,124,280 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

**Beginning Net Position Restatement.** The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

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	Statement of Activities
Net position, June 30, 2014, as previously reported	\$ 1,716,281,837
Net pension liability	(136,936,639)
Deferred outflows - contributions during fiscal year 2014	9,813,170
Net position, June 30, 2014, as restated	<u>\$ 1,589,158,368</u>

**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](http://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 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 survivor benefit is determined by the retirement benefit option chosen. 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, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement & health insurance benefits and 0.12 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 11.60 percent (10.89 percent for retirement, 0.59 for health insurance premium benefit, and 0.12 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, 2015 was \$5,458,945.

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In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement and 0.06 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:

Year ending June 30:	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	\$ 277,654	\$ 56,472
2014	271,849	108,739
2013	320,008	117,811

**Pension Liability.** At June 30, 2015, the City of Peoria reported a liability of \$77,009,675 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014. 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, 2014, the City of Peoria's proportion was 0.520455 percent, which was a decrease from the 0.530105 percent measured as of June 30, 2013.

**Pension Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2015, the City of Peoria recognized pension expense for ASRS of \$4,579,216 and 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
Differences between expected and actual experience	\$ 3,913,857	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	13,466,614
Changes in proportion and differences between contributions and proportionate share	-	1,123,377
Contributions subsequent to the measurement date	5,663,664	-
Total	\$ 9,577,521	\$ 14,589,991

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 liability in the year ended June 30, 2016. 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:	
2016	\$ 2,153,402
2017	2,153,402
2018	3,002,678
2019	3,366,652
2020	-
Thereafter	-

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
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, 2013 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 8.79 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

**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 8.79 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.

**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	\$ 97,336,279	\$ 77,009,675	\$ 65,981,471

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**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](http://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 seven-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. The report is available on the PSPRS website at [www.psprs.com](http://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% of retired member's pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. 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, 2015, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	66	23
Inactive employees entitled to but not yet receiving benefits	31	15
Active employees	165	136
Total	262	174

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS - Police	PSPRS - Fire
Active members - pension City of Peoria	11.05%	11.05%
Pension	23.89%	16.64%
Health Insurance	1.05%	0.99%

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS 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	\$ 3,235,398	\$ 1,842,016
Health insurance premium benefit:		
Annual OPEB cost	141,224	109,573
Contributions made	141,224	109,573

**Pension Liability.** At June 30, 2015, the City of Peoria reported \$41,317,616 in net pension liability for police and \$17,027,509 net pension liability for fire. The net pension liabilities were measured as of June 30, 2014, 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 liability as of June 30, 2014 reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
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, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2014.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 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.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

**Pension Discount Rates.** The discount rate of 7.85% was used to measure the total pension liability.

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.

**Changes in the Agent Plans Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>PSPRS – Police</b>			
Balances at June 30, 2014	\$ 78,259,854	\$ 45,194,618	\$ 33,065,236
Changes for the year:			
Service cost	2,556,976	-	2,556,976
Interest on the total pension liability	6,074,980	-	6,074,980
Changes of benefit terms	1,228,208	-	1,228,208
Differences between expected and actual experience in the measurement of the pension liability	(672,105)	-	(672,105)
Changes of assumptions or other inputs	8,103,978	-	8,103,978
Contributions – employer	-	2,907,800	(2,907,800)
Contributions – employee	-	1,491,406	(1,491,406)
Net investment income	-	5,954,387	(5,954,387)
Benefit payments, including refunds of employee contributions	(4,300,112)	(4,300,112)	-
Other changes	-	(1,313,936)	1,313,936
Balances at June 30, 2015	\$ 91,251,779	\$ 49,934,163	\$ 41,317,616

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>PSPRS – Fire</b>			
Balances at June 30, 2014	\$ 53,020,164	\$ 39,772,159	\$ 13,248,005
Changes for the year:			
Service cost	2,013,025	-	2,013,025
Interest on the total pension liability	4,197,224	-	4,197,224
Changes of benefit terms	453,523	-	453,523
Differences between expected and actual experience in the measurement of the pension liability	660,641	-	660,641
Changes of assumptions or other inputs	3,815,327		3,815,327
Contributions – employer	-	1,885,422	(1,885,422)
Contributions – employee	-	1,168,186	(1,168,186)
Net investment income	-	5,369,649	(5,369,649)
Benefit payments, including refunds of employee contributions	(1,117,704)	(1,117,704)	-
Other changes	-	(1,063,021)	1,063,021
Balances at June 30, 2015	<u>\$ 63,042,200</u>	<u>\$ 46,014,691</u>	<u>\$ 17,027,509</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the 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
<b>PSPRS – Police</b>			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 53,514,769	\$ 41,317,616	\$ 31,278,394
<b>PSPRS – Fire</b>			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 25,643,299	\$ 17,027,509	\$ 9,908,317

**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](http://www.psprs.com).

**Pension Expense.** For the year ended June 30, 2015, the City of Peoria recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS – Police	\$ 5,572,056
PSPRS – Fire	\$ 2,359,115

**Pension Deferred Outflows/Inflows of Resources.** At June 30, 2015, the City of Peoria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS – Police</b>		
Differences between expected and actual experience	\$ -	\$ 557,755
Changes of assumptions or other inputs	6,725,188	-
Net difference between projected and actual earnings on pension plan investments	-	1,963,434
Contributions subsequent to the measurement date	3,235,398	-
Total	<u>\$ 9,960,586</u>	<u>\$ 2,521,189</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS – Fire</b>		
Differences between expected and actual experience	\$ 585,031	\$ -
Changes of assumptions or other inputs	3,378,666	-
Net difference between projected and actual earnings on pension plan investments	-	1,770,619
Contributions subsequent to the measurement date	1,842,016	-
Total	<u>\$ 5,805,713</u>	<u>\$ 1,770,619</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, 2016. 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:	PSPRS -	
	Police	PSPRS - Fire
2016	\$ 773,582	\$ 69,616
2017	773,582	69,616
2018	773,582	69,616
2019	773,582	69,616
2020	1,109,671	512,271
Thereafter	-	1,402,343

**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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
<b>PSPRS – Police</b>			
June 30, 2015	\$ 141,224	\$ 141,224	\$ -
June 30, 2014	140,406	140,406	-
June 30, 2013	146,069	146,069	-
<b>PSPRS – Fire</b>			
June 30, 2015	\$ 109,573	\$ 109,573	\$ -
June 30, 2014	110,819	110,819	-
June 30, 2013	114,372	114,372	-

**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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 plan's 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 2015 PSPRS contribution requirements, are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 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	7.85%
Projected salary increases includes inflation at	4.5%-8.5% 4.5%

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 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	7.85%
Projected salary increases includes inflation at	4%-8% 4%

**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, 2014.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Actuarial value of assets (a)	\$ 1,687,575	\$ 1,375,003
Actuarial accrued liability (b)	1,819,628	1,352,871
Unfunded actuarial accrued liability (funding excess) (b-a)	132,053	(22,132)
Funded ratio (a/b)	92.74%	101.64%
Annual covered payroll (c )	13,283,045	10,735,468
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((b-a)/c)	0.99%	0.00%

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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 AND COMMITMENTS**

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 \$40.0 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, 2015:

- \$704,543 in the Water and Wastewater utility fund (s) for acquisition and replacement of the supervisory control and data acquisition (SCADA) equipment.
- \$695,909 in the Water utility funds for the construction of new wells.
- \$521,362 mostly in the Non-Bond fund for P83 Entertainment District improvements located on 83<sup>rd</sup> avenue and Bell Road.

**12. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES**

At June 30, 2015, there was an interfund loan that is considered to be a long-term loan: The Development Fee Fund owes the MDA Debt Service Fund \$929,914 to repay future debt service payments for bonds used to complete construction of Happy Valley Road. In addition, there was an interfund loan from the General Fund to the GO Bond Capital Projects Fund in the amount of \$5,932,622 for amounts expended on capital projects that will be funded by general obligations bonds expected to be issued during the next fiscal year.

The net transfers from governmental activities to business-type activities presented on the government-wide statement of activities are primarily operational subsidies from the Half-Cent Sales Tax Fund to the Stadium Fund and the transfer of completed capital assets from the MDA to the Stadium Fund and Vistancia CFD Fund to the Wastewater Utility Fund.

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 2015 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2015:

Fund	Transfers out	Transfers in
Governmental funds:		
General Fund	\$ 1,737,456	8,682,112
Half-Cent Sales Tax Fund	13,828,046	-
Highway User Revenue Fund	20,181	1,000,000
Transportation Sales Tax Fund	2,157,446	-
Non-Major Governmental Funds	<u>12,369,881</u>	<u>6,675,380</u>
Total governmental funds	<u>30,113,010</u>	<u>16,357,492</u>
Enterprise funds:		
Water Utility Fund	3,832,055	998,325
Wastewater Utility Fund	748,607	4,663,837
Solid Waste Utility Fund	2,803	-
Stadium Fund	1,776	9,496,921
Storm Drain Utility Fund	<u>654</u>	<u>1,100,915</u>
Total enterprise funds	<u>4,585,895</u>	<u>16,259,998</u>
Internal Service funds	<u>6,730</u>	<u>2,088,145</u>
Grand totals	<u>\$ 34,705,635</u>	<u>34,705,635</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 unrestricted net position on the proprietary fund financial statements at June 30, 2015:

Water Utility Fund:	
Working capital policy reserve	\$ 6,200,000
Rate stabilization	1,750,000
Debt stabilization	4,400,000
System asset maintenance	7,299,425
Capital equipment replacement	<u>914,804</u>
	<u>20,564,229</u>
Wastewater Utility Fund:	
Working capital policy reserve	2,625,000
Rate stabilization	940,000
Debt stabilization	2,367,000
System asset maintenance	7,679,000
Capital equipment replacement	<u>747,148</u>
	<u>14,358,148</u>
Solid Waste Utility Fund:	
Working capital policy reserve	2,100,000
Capital equipment replacement	<u>3,187,784</u>
	<u>5,287,784</u>
Stadium Fund:	
Capital equipment replacement	<u>449,303</u>
Total proprietary funds	<u>40,748,766</u>
Internal Service Funds:	
Capital equipment replacement	11,208,548
Risk management purpose	<u>7,389,071</u>
Total internal service funds	<u>18,597,619</u>

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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. SUBSEQUENT EVENTS**

**Utility Company Purchase and Related New Financing**

The City purchased the New River Water Utility Company (Company) and its assets for a total amount of \$10,000,000. The Company services customers that reside within the City's boundaries. The City entered into an agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) to obtain a loan in the amount of up to \$14,000,000, for a term 20 years, at a rate of 2.397%. Annual debt service payments of \$889,345 are expected to be made from the City's utility operations net revenues. The loan proceeds will be used to purchase the New River Utility Company, the CAP allocation of water rights available to the Company, and make a number of upgrades to the New River system, including improving well sites, installing two new interconnections with the Company's system and replacing and integrating meters into the City's current radio-read system.

**Water Utility – Pyramid Peak Water Treatment Plant Expansion**

The City entered into an intergovernmental agreement with the City of Glendale in May of 1996, as amended in subsequent agreements, providing for the treatment and transportation of 9 million gallons per day (MGD) of the plant's total resilient capacity of 39 MGD.

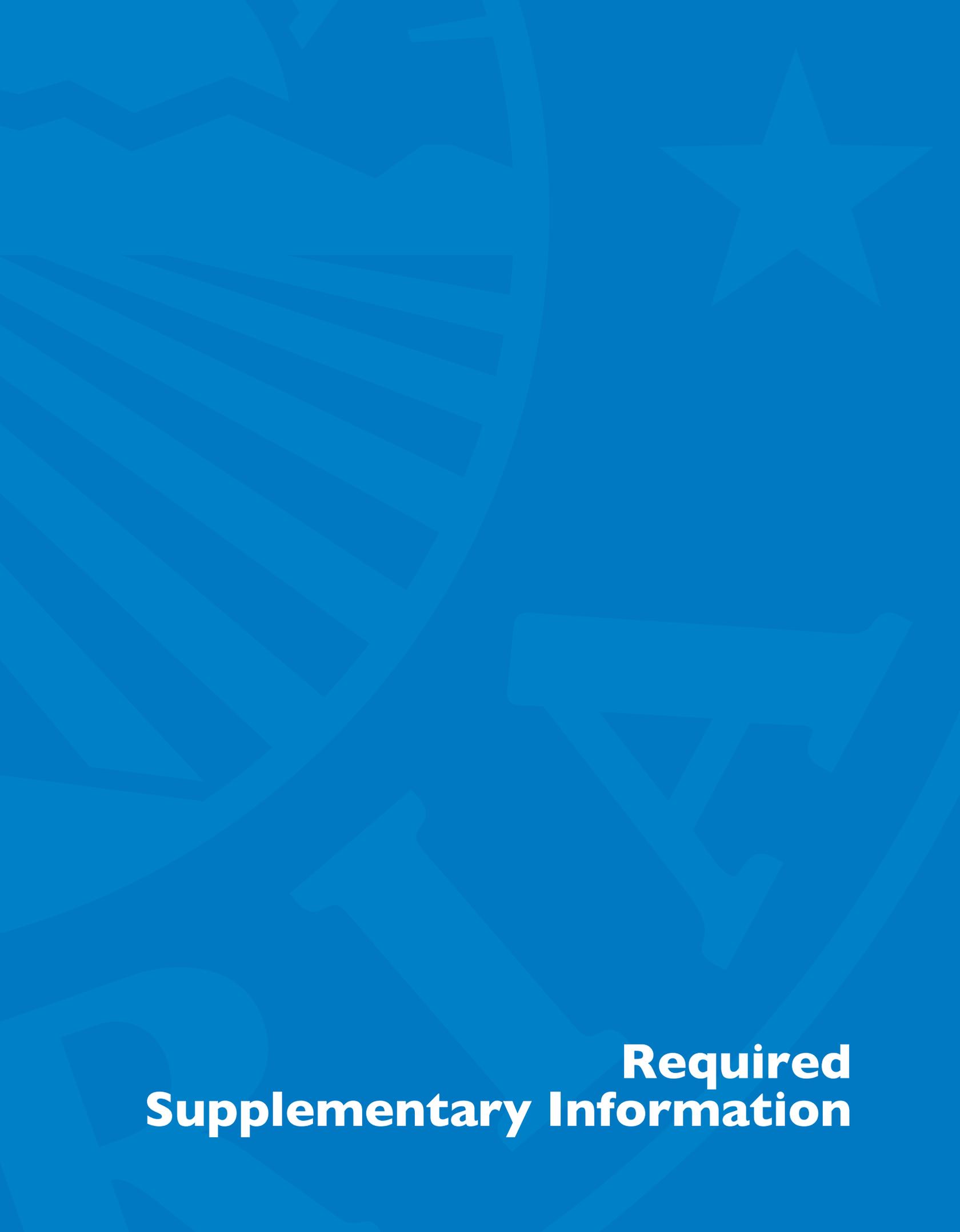
In October of 2015, the City entered into a new intergovernmental agreement with the City of Glendale to expand the water treatment facility capacity from the current 39 MGD to 54 MGD, which will increase the City's capacity from 9 MGD to 24 MGD. This expansion will increase the City's capacity to 44% of the plant's total capacity from the previous capacity of 23%. The City is responsible for the full cost of the expansion, and once completed, will also be responsible for a proportionate share of the plant's operating expenses (44%).

The City plans to fund the estimated \$43 - \$46 million cost of the expansion with Water Infrastructure Finance Authority loans.

**Vistancia Community Facilities District – Debt Refunding and New Debt Issuance**

In September 2015, the District issued the Series 2015 General Obligation Refunding Bonds in the amount of \$36,985,000, maturing in 2026 with a net interest cost of 3.47%. The Refunding Bonds were issued to refund all outstanding amounts of the Series 2002 Bonds, the Series 2005 Bonds and the Series 2006 Bonds, which were issued to finance the costs to acquire and construct certain public infrastructure within the boundaries of the District (see Note 1 and Note 7 for additional information). The proceeds and premiums from the sale of the Bonds, net of issuance costs, along with certain amounts contributed by the District have been placed in an escrow trust account to be used exclusively for the servicing of debt until the refunded bonds are paid off (7/15/16). The district is expected to have net present value savings of \$4,447,471.





**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, 2015**

**Arizona State Retirement System**

	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
Proportion of the net pension liability	0.520455%	Information
Proportionate share of the net pension liability	\$ 77,009,675	not available
Covered-employee payroll	\$ 46,266,286	
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.45%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)  
AND RELATED RATIOS  
AGENT PENSION PLANS  
JUNE 30, 2015**

<b>Public Safety Personnel Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
<b>Peoria Police Department</b>		
Total pension liability		
Service cost	\$ 2,556,976	Information not available
Interest on the total pension liability	6,074,980	
Changes in benefit terms	1,228,208	
Differences between expected and actual experience in the measurement of the pension liability	(672,105)	
Changes of assumptions or other inputs	8,103,978	
Benefit payments, including refunds of employee contributions	(4,300,112)	
Net change in total pension liability	12,991,925	
Total pension liability - beginning	78,259,854	
Total pension liability - ending (a)	\$ 91,251,779	
Plan fiduciary net position		
Contributions - employer	\$ 2,907,800	
Contributions - employee	1,491,406	
Net investment income	5,954,387	
Benefit payments, including refunds of employee contributions	(4,300,112)	
Other changes	(1,313,936)	
Net change in plan fiduciary net position	4,739,545	
Plan fiduciary net position - beginning	45,194,618	
Plan fiduciary net position - ending (b)	\$ 49,934,163	
Net pension liability/(asset) - ending (a)-(b)	41,317,616	
Plan fiduciary net position as a percentage of the total pension liability	54.72%	
Covered valuation payroll	\$ 13,035,510	
Net pension liability/(asset) as a percentage of covered-employee payroll	316.96%	

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)  
AND RELATED RATIOS  
AGENT PENSION PLANS  
JUNE 30, 2015**

<b>Public Safety Personnel Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
<b>Peoria Fire Department</b>		
Total pension liability		
Service cost	\$ 2,013,025	Information not available
Interest on the total pension liability	4,197,224	
Changes in benefit terms	453,523	
Differences between expected and actual experience in the measurement of the pension liability	660,641	
Changes of assumptions or other inputs	3,815,327	
Benefit payments, including refunds of employee contributions	(1,117,704)	
Net change in total pension liability	10,022,036	
Total pension liability - beginning	53,020,164	
Total pension liability - ending (a)	\$ 63,042,200	
Plan fiduciary net position		
Contributions - employer	\$ 1,885,422	
Contributions - employee	1,168,186	
Net investment income	5,369,649	
Benefit payments, including refunds of employee contributions	(1,117,704)	
Other changes	(1,063,021)	
Net change in plan fiduciary net position	6,242,532	
Plan fiduciary net position - beginning	39,772,159	
Plan fiduciary net position - ending (b)	\$ 46,014,691	
Net pension liability/(asset) - ending (a)-(b)	17,027,509	
Plan fiduciary net position as a percentage of the total pension liability	72.99%	
Covered valuation payroll	\$ 10,934,868	
Net pension liability/(asset) as a percentage of covered-employee payroll	155.72%	

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
JUNE 30, 2015**

	Reporting Fiscal Year		2013 through 2006
	2015	2014	
<b>Arizona State Retirement System</b>			
Statutorily required contribution	\$ 5,458,945	\$ 5,019,946	Information not available
Actual contributions in relation to the statutorily required contribution	<u>5,458,945</u>	<u>5,019,946</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	<u>\$ 47,561,194</u>	<u>\$ 46,266,286</u>	
Actual contribution as a percentage of covered-employee payroll	11.48%	10.85%	
<b>Public Safety Personnel Retirement System</b>			
<b>Peoria Police Department</b>			
Statutorily required contribution	\$ 3,235,398	\$ 2,907,800	Information not available
Actual contributions in relation to the statutorily required contribution	<u>3,235,398</u>	<u>2,907,800</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	<u>\$ 13,449,859</u>	<u>\$ 13,035,510</u>	
Actual contribution as a percentage of covered-employee payroll	24.06%	22.31%	
<b>Peoria Fire Department</b>			
Statutorily required contribution	\$ 1,842,016	\$ 1,885,422	Information not available
Actual contributions in relation to the statutorily required contribution	<u>1,842,016</u>	<u>1,885,422</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	<u>\$ 11,068,029</u>	<u>\$ 10,934,868</u>	
Actual contribution as a percentage of covered-employee payroll	16.64%	17.24%	

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO PENSION PLAN SCHEDULES  
JUNE 30, 2015**

**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 closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions: Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
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)

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2013, valuation for ASRS 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 actuarial assumptions used in the June 30, 2014, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption from 4.5% to 4.0%.

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB PLANS' FUNDING PROGRESS  
JUNE 30, 2015**

**Health Insurance Premium Benefit**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial 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)
<b>PSPRS Police</b>						
6/30/2014	\$ 1,687,575	\$ 1,819,628	\$ 132,053	92.74%	\$ 13,283,045	0.99%
6/30/2013	-	1,698,633	1,698,633	0.00%	13,250,689	12.82%
6/30/2012	-	1,637,968	1,637,968	0.00%	12,995,169	12.60%
<b>PSPRS Fire</b>						
6/30/2014	\$ 1,375,003	\$ 1,352,871	\$ (22,132)	101.64%	\$ 10,735,468	0.00%
6/30/2013	-	1,282,533	1,282,533	0.00%	10,431,141	12.30%
6/30/2012	-	1,377,734	1,377,734	0.00%	10,470,454	13.16%

See accompanying notes to schedule of agent OPEB plans' funding progress

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
JUNE 30, 2015**

**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.



The background of the slide is a solid blue color with faint, semi-transparent patterns of the United States flag, including stars and stripes, scattered across the surface.

# **Combining Statements & Budgetary Schedules**

# Combining Fund Financial Statements and Budgetary Schedules

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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, 2015**

	<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>
<b>REVENUES:</b>				
Taxes	\$ 14,476,518	\$ 14,476,518	\$ 14,469,957	\$ (6,561)
Investment earnings	155,000	155,000	77,707	(77,293)
Total revenues	<u>14,631,518</u>	<u>14,631,518</u>	<u>14,547,664</u>	<u>(83,854)</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal payments	9,895,000	9,895,000	9,895,000	-
Interest and other charges	6,147,634	6,147,634	5,746,609	(401,025)
Total expenditures	<u>16,042,634</u>	<u>16,042,634</u>	<u>15,641,609</u>	<u>(401,025)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,411,116)</u>	<u>(1,411,116)</u>	<u>(1,093,945)</u>	<u>317,171</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,411,116)</u>	<u>(1,411,116)</u>	<u>(1,093,945)</u>	<u>317,171</u>
Fund balances - beginning	28,572,810	28,572,810	26,953,016	(1,619,794)
Fund balances - ending	<u>\$ 27,161,694</u>	<u>\$ 27,161,694</u>	<u>\$ 25,859,071</u>	<u>\$ (1,302,623)</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 (a blended component unit) 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.

### **Municipal Development Authority (MDA) Bonds Capital Projects Fund**

This fund accounts for the construction or purchase of capital assets to be funded through the use of Municipal Development Authority Bonds.

### **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, 2015**

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Bonds	CFD Bonds	Special Assessment Bonds
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>					
Pooled cash and investments	\$ 1,380,392	\$ 5,486,939	\$ 5,393,849	\$ -	\$ 631,682
Accounts receivable, net	74,213	1,650	-	22,357	-
Interest receivable	652	3,131	3,421	36	387
Due from other funds	-	-	929,914	-	-
Due from other governments	-	741,216	-	23,554	-
Restricted pooled cash and investments	-	-	-	-	-
Restricted cash with fiscal agents	-	-	-	-	60,669
Restricted investments	-	-	3,662,167	8,728,624	-
Special assessments receivable	-	-	-	-	2,326,112
Total assets	1,455,257	6,232,936	9,989,351	8,774,571	3,018,850
Total assets & deferred outflows	\$ 1,455,257	\$ 6,232,936	\$ 9,989,351	\$ 8,774,571	\$ 3,018,850
<b>LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,310	\$ 368,766	\$ -	\$ 276	\$ -
Accrued payroll	6,100	13,124	-	-	-
Due to other funds	-	2,130	-	-	-
Other liabilities	500	-	-	-	-
Unearned revenue-other	-	320,984	-	-	-
Total liabilities	7,910	705,004	-	276	-
Deferred inflows of resources:					
Unavailable revenue-special assessments	-	-	-	-	2,326,112
Total deferred inflows of resources	-	-	-	-	2,326,112
Fund balances:					
Restricted for:					
Debt service	-	-	9,989,351	8,774,295	692,738
Capital projects	-	-	-	-	-
Grant purposes	1,447,347	1,280,252	-	-	-
Committed for:					
Arts capital	-	4,138,297	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Other purposes	-	109,383	-	-	-
Unassigned:					
Total fund balance	1,447,347	5,527,932	9,989,351	8,774,295	692,738
Total liabilities, deferred inflows & fund balance	\$ 1,455,257	\$ 6,232,936	\$ 9,989,351	\$ 8,774,571	\$ 3,018,850

(continued)

**CITY OF PEORIA, ARIZONA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>Capital Project Funds</b>				<b>Total Non-Major Governmental Funds</b>
	<b>CFD Bonds</b>	<b>GO Bond Capital Projects Fund</b>	<b>MDA Bonds</b>	<b>Non-Bond</b>	
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>					
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 14,870,429	\$ 27,763,291
Accounts receivable, net	-	-	-	-	98,220
Interest receivable	1,621	86	153	9,786	19,273
Due from other funds	-	-	-	-	929,914
Due from other governments	-	-	-	2,260,000	3,024,770
Restricted pooled cash and investments	-	399,022	9,813	-	408,835
Restricted cash with fiscal agents	-	1,201,117	-	-	1,261,786
Restricted investments	6,680,621	-	-	-	19,071,412
Special assessments receivable	-	-	-	-	2,326,112
Total assets	<u>6,682,242</u>	<u>1,600,225</u>	<u>9,966</u>	<u>17,140,215</u>	<u>54,903,613</u>
Total assets & deferred outflows	<u>\$ 6,682,242</u>	<u>\$ 1,600,225</u>	<u>\$ 9,966</u>	<u>\$ 17,140,215</u>	<u>\$ 54,903,613</u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 536	\$ 473,188	\$ 155	\$ 300,040	\$ 1,144,271
Accrued payroll	-	-	-	-	19,224
Due to other funds	-	5,932,622	-	-	5,934,752
Other liabilities	-	-	-	72,087	72,587
Unearned revenue-other	-	-	-	1,054,386	1,375,370
Total liabilities	<u>536</u>	<u>6,405,810</u>	<u>155</u>	<u>1,426,513</u>	<u>8,546,204</u>
Deferred inflows of resources:					
Unavailable revenue-special assessments	-	-	-	-	2,326,112
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,326,112</u>
Fund balances:					
Restricted for:					
Debt service	-	-	-	-	19,456,384
Capital projects	6,681,706	-	9,811	-	6,691,517
Grant purposes	-	-	-	-	2,727,599
Committed for:					
Arts capital	-	-	-	-	4,138,297
Assigned to:					
Capital projects	-	-	-	17,546,784	17,546,784
Other purposes	-	-	-	-	109,383
Unassigned:					
Total fund balance	<u>6,681,706</u>	<u>(4,805,585)</u>	<u>9,811</u>	<u>15,713,702</u>	<u>44,031,297</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 6,682,242</u>	<u>\$ 1,600,225</u>	<u>\$ 9,966</u>	<u>\$ 17,140,215</u>	<u>\$ 54,903,613</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Bonds	CFD Bonds	Special Assessment Bonds
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 2,433,991	\$ -
Intergovernmental	835,781	2,892,171	-	-	-
Charges for service	50,784	431,447	-	-	-
Fines and forfeitures	-	156,822	-	-	-
Investment earnings	4,647	21,117	23,074	24,626	2,611
Special assessments	-	-	-	-	381,761
Miscellaneous	82,766	142,862	-	1,950,716	-
Total revenues	<u>973,978</u>	<u>3,644,419</u>	<u>23,074</u>	<u>4,409,333</u>	<u>384,372</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	478,215	-	18,708	-
Culture and recreation	-	526,654	-	-	-
Public safety	-	1,125,460	-	-	-
Development services	-	838,548	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	1,759	-	-	-
Human services	986,471	160,870	-	-	-
Debt service:					
Principal payments	-	-	4,305,000	2,765,000	340,000
Interest and other charges	-	-	3,308,408	2,711,311	136,338
Capital outlay	137,096	100,013	-	-	-
Total expenditures	<u>1,123,567</u>	<u>3,231,519</u>	<u>7,613,408</u>	<u>5,495,019</u>	<u>476,338</u>
Excess (deficiency) of revenues over expenditures	<u>(149,589)</u>	<u>412,900</u>	<u>(7,590,334)</u>	<u>(1,085,686)</u>	<u>(91,966)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond proceeds	-	-	-	-	-
Transfers in	275,000	4,427	3,707,283	1,163,024	-
Transfers out	(654)	(528,150)	-	-	-
Total other financing sources and uses	<u>274,346</u>	<u>(523,723)</u>	<u>3,707,283</u>	<u>1,163,024</u>	<u>-</u>
Net change in fund balances	<u>124,757</u>	<u>(110,823)</u>	<u>(3,883,051)</u>	<u>77,338</u>	<u>(91,966)</u>
Fund balances - beginning	1,322,590	5,638,755	13,872,402	8,696,957	784,704
Fund balances - ending	<u>\$ 1,447,347</u>	<u>\$ 5,527,932</u>	<u>\$ 9,989,351</u>	<u>\$ 8,774,295</u>	<u>\$ 692,738</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, 2015**

	<b>Capital Project Funds</b>				<b>Total Non-Major Governmental Funds</b>
	<b>CFD Bonds</b>	<b>GO Bond Capital Projects Fund</b>	<b>MDA Bonds</b>	<b>Non-Bond</b>	
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,433,991
Intergovernmental	-	-	-	2,879,208	6,607,160
Charges for service	-	-	-	-	482,231
Fines and forfeitures	-	-	-	-	156,822
Investment earnings	11,682	1,311	1,034	71,442	161,544
Special assessments	-	-	-	-	381,761
Miscellaneous	-	-	3,000	353,590	2,532,934
Total revenues	<u>11,682</u>	<u>1,311</u>	<u>4,034</u>	<u>3,304,240</u>	<u>12,756,443</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	496,923
Culture and recreation	-	-	-	-	526,654
Public safety	-	-	-	-	1,125,460
Development services	-	-	-	-	838,548
Highways and streets	-	1,407,984	-	659,592	2,067,576
Public works	-	-	-	-	1,759
Human services	-	-	-	-	1,147,341
Debt service:					
Principal payments	-	-	-	-	7,410,000
Interest and other charges	30,598	-	-	-	6,186,655
Capital outlay	-	4,920,841	-	5,289,532	10,447,482
Total expenditures	<u>30,598</u>	<u>6,328,825</u>	<u>-</u>	<u>5,949,124</u>	<u>30,248,398</u>
Excess (deficiency) of revenues over expenditures	<u>(18,916)</u>	<u>(6,327,514)</u>	<u>4,034</u>	<u>(2,644,884)</u>	<u>(17,491,955)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond proceeds	35,000	-	-	-	35,000
Transfers in	-	1,520,243	5,403	-	6,675,380
Transfers out	(3,025,075)	(1,818,452)	(6,359,753)	(637,797)	(12,369,881)
Total other financing sources and uses	<u>(2,990,075)</u>	<u>(298,209)</u>	<u>(6,354,350)</u>	<u>(637,797)</u>	<u>(5,659,501)</u>
Net change in fund balances	<u>(3,008,991)</u>	<u>(6,625,723)</u>	<u>(6,350,316)</u>	<u>(3,282,681)</u>	<u>(23,151,456)</u>
Fund balances - beginning	9,690,697	1,820,138	6,360,127	18,996,383	67,182,753
Fund balances - ending	<u>\$ 6,681,706</u>	<u>\$ (4,805,585)</u>	<u>\$ 9,811</u>	<u>\$ 15,713,702</u>	<u>\$ 44,031,297</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>(Under)</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 393,200	\$ 393,200	\$ 835,781	\$ 442,581
Charges for services	31,500	31,500	50,784	19,284
Investment earnings	2,000	2,000	4,647	2,647
Miscellaneous	5,000	5,000	82,766	77,766
Total inflows	<u>431,700</u>	<u>431,700</u>	<u>973,978</u>	<u>542,278</u>
<b>EXPENDITURES:</b>				
Current:				
Human services	1,173,050	1,173,050	986,471	(186,579)
Capital outlay	140,000	140,000	137,096	(2,904)
Total expenditures	<u>1,313,050</u>	<u>1,313,050</u>	<u>1,123,567</u>	<u>(189,483)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(881,350)</u>	<u>(881,350)</u>	<u>(149,589)</u>	<u>731,761</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	50,000	50,000	-	(50,000)
Transfers in	275,000	275,000	275,000	-
Transfers out	(654)	(654)	(654)	-
Total other financing sources and uses	<u>324,346</u>	<u>324,346</u>	<u>274,346</u>	<u>(50,000)</u>
Net change in fund balances	<u>(557,004)</u>	<u>(557,004)</u>	<u>124,757</u>	<u>681,761</u>
Fund balances - beginning	694,120	694,120	1,322,590	628,470
Fund balances - ending	<u>\$ 137,116</u>	<u>\$ 137,116</u>	<u>\$ 1,447,347</u>	<u>\$ 1,310,231</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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>
<b>REVENUES:</b>				
Intergovernmental:	\$ 6,432,169	\$ 6,432,169	\$ 2,892,171	\$ (3,539,998)
Charges for services	1,304,278	1,304,278	431,447	(872,831)
Fines and forfeitures	160,000	160,000	156,822	(3,178)
Investment earnings	14,350	14,350	21,117	6,767
Miscellaneous	-	-	142,862	142,862
Total revenues	<u>7,910,797</u>	<u>7,910,797</u>	<u>3,644,419</u>	<u>(4,266,378)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	422,084	566,965	478,215	(88,750)
Culture and recreation	550,727	602,322	526,654	(75,668)
Public safety	572,259	2,002,192	1,234,471	(767,721)
Development services	1,491,795	1,587,883	838,548	(749,335)
Public works	-	-	8,971	8,971
Human Services	827,461	949,535	160,870	(788,665)
Capital outlay	1,482,000	1,751,720	100,013	(1,651,707)
Total expenditures	<u>5,346,326</u>	<u>7,460,617</u>	<u>3,347,742</u>	<u>(4,112,875)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,564,471</u>	<u>450,180</u>	<u>296,677</u>	<u>(153,503)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingencies	3,100,000	1,184,796	-	(1,184,796)
Transfers in	-	-	4,427	4,427
Transfers out	(293,558)	(293,558)	(411,927)	(118,369)
Total other financing sources and uses	<u>2,806,442</u>	<u>891,238</u>	<u>(407,500)</u>	<u>(1,298,738)</u>
Net change in fund balances	<u>5,370,913</u>	<u>1,341,418</u>	<u>(110,823)</u>	<u>(1,452,241)</u>
Fund balances - beginning	7,004,117	7,004,117	5,638,755	(1,365,362)
Fund balances - ending	<u>\$ 12,375,030</u>	<u>\$ 8,345,535</u>	<u>\$ 5,527,932</u>	<u>\$ (2,817,603)</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	\$ 3,347,742
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	<u>(116,223)</u>
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,231,519</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>(Under)</b>
<b>REVENUES:</b>				
Investment earnings	\$ 85,000	\$ 85,000	\$ 23,074	\$ (61,926)
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>23,074</u>	<u>(61,926)</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal payments	4,305,000	4,305,000	4,305,000	-
Interest and other charges	4,365,482	4,365,482	3,308,408	(1,057,074)
Total expenditures	<u>8,670,482</u>	<u>8,670,482</u>	<u>7,613,408</u>	<u>(1,057,074)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,585,482)</u>	<u>(8,585,482)</u>	<u>(7,590,334)</u>	<u>995,148</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,693,782	3,693,782	3,707,283	13,501
Total other financing sources and uses	<u>3,693,782</u>	<u>3,693,782</u>	<u>3,707,283</u>	<u>13,501</u>
Net change in fund balances	<u>(4,891,700)</u>	<u>(4,891,700)</u>	<u>(3,883,051)</u>	<u>1,008,649</u>
Fund balances - beginning	13,890,371	13,890,371	13,872,402	(17,969)
Fund balances - ending	<u>\$ 8,998,671</u>	<u>\$ 8,998,671</u>	<u>\$ 9,989,351</u>	<u>\$ 990,680</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
<b>REVENUES:</b>				
Taxes	\$ 2,444,700	\$ 2,444,700	\$ 2,433,991	\$ (10,709)
Investment earnings	25,000	25,000	24,626	(374)
Miscellaneous	3,026,812	3,026,812	1,950,716	(1,076,096)
Total revenues	<u>5,496,512</u>	<u>5,496,512</u>	<u>4,409,333</u>	<u>(1,087,179)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	18,200	18,200	18,708	508
Debt service:				
Principal payments	2,765,000	2,765,000	2,765,000	-
Interest and other charges	2,713,312	2,713,312	2,711,311	(2,001)
Total expenditures	<u>5,496,512</u>	<u>5,496,512</u>	<u>5,495,019</u>	<u>(1,493)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,085,686)</u>	<u>(1,085,686)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	1,163,024	1,163,024
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,163,024</u>	<u>1,163,024</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>77,338</u>	<u>77,338</u>
Fund balances - beginning	8,680,231	8,680,231	8,696,957	16,726
Fund balances - ending	<u>\$ 8,680,231</u>	<u>\$ 8,680,231</u>	<u>\$ 8,774,295</u>	<u>\$ 94,064</u>

**CITY OF PEORIA, ARIZONA  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL ASSESSMENT DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Investment earnings	\$ 400	\$ 400	\$ 2,611	\$ 2,211
Special assessments	476,288	476,288	381,761	(94,527)
Total revenues	<u>476,688</u>	<u>476,688</u>	<u>384,372</u>	<u>(92,316)</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal payments	340,000	340,000	340,000	-
Interest and other charges	136,288	136,338	136,338	-
Total expenditures	<u>476,288</u>	<u>476,338</u>	<u>476,338</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>400</u>	<u>350</u>	<u>(91,966)</u>	<u>(92,316)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>400</u>	<u>350</u>	<u>(91,966)</u>	<u>(92,316)</u>
Fund balances - beginning	121,864	121,864	784,704	662,840
Fund balances - ending	<u>\$ 122,264</u>	<u>\$ 122,214</u>	<u>\$ 692,738</u>	<u>\$ 570,524</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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>
<b>REVENUES:</b>				
Investment earnings	\$ 45,000	\$ 45,000	\$ 11,682	\$ (33,318)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>11,682</u>	<u>(33,318)</u>
<b>EXPENDITURES:</b>				
Interest and other charges	-	-	30,598	-
Capital outlay	9,648,962	9,648,962	1,862,051	(7,786,911)
Total expenditures	<u>9,648,962</u>	<u>9,648,962</u>	<u>1,892,649</u>	<u>(7,786,911)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,603,962)</u>	<u>(9,603,962)</u>	<u>(1,880,967)</u>	<u>7,753,593</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	35,000	35,000
Contingencies	50,000	50,000	-	(50,000)
Transfers out	-	-	(1,163,024)	(1,163,024)
Total other financing sources and uses	<u>50,000</u>	<u>50,000</u>	<u>(1,128,024)</u>	<u>(1,178,024)</u>
Net change in fund balances	<u>(9,553,962)</u>	<u>(9,553,962)</u>	<u>(3,008,991)</u>	<u>6,575,569</u>
Fund balances - beginning	9,690,168	9,690,168	9,690,697	529
Fund balances - ending	<u>\$ 136,206</u>	<u>\$ 136,206</u>	<u>\$ 6,681,706</u>	<u>\$ 6,576,098</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	\$ 1,892,649
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,862,051)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 30,598</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Investment earnings	\$ 19,200	\$ 19,200	\$ 1,311	\$ (17,889)
Total revenues	<u>19,200</u>	<u>19,200</u>	<u>1,311</u>	<u>(17,889)</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	256,039	268,445	1,407,984	1,139,539
Capital outlay	11,409,732	17,306,436	6,734,150	(10,572,286)
Total expenditures	<u>11,665,771</u>	<u>17,574,881</u>	<u>8,142,134</u>	<u>(9,432,747)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,646,571)</u>	<u>(17,555,681)</u>	<u>(8,140,823)</u>	<u>9,414,858</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	11,300,000	11,300,000	-	(11,300,000)
Contingencies	450,000	313,133	-	(313,133)
Transfers in	-	-	1,520,243	1,520,243
Transfers out	-	-	(5,143)	(5,143)
Total other financing sources and uses	<u>11,750,000</u>	<u>11,613,133</u>	<u>1,515,100</u>	<u>(10,098,033)</u>
Net change in fund balances	<u>103,429</u>	<u>(5,942,548)</u>	<u>(6,625,723)</u>	<u>(683,175)</u>
Fund balances - beginning	936,950	936,950	1,820,138	883,188
Fund balances - ending	<u>\$ 1,040,379</u>	<u>\$ (5,005,598)</u>	<u>\$ (4,805,585)</u>	<u>\$ 200,013</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	\$ 8,142,134
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,813,309)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,328,825</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 1,034	\$ 1,034
Miscellaneous	-	-	3,000	3,000
Total revenues	<u>-</u>	<u>-</u>	<u>4,034</u>	<u>4,034</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	371,332	352,618	-	(352,618)
Capital outlay	<u>36,747,803</u>	<u>36,667,647</u>	<u>6,359,753</u>	<u>(30,307,894)</u>
Total expenditures	<u>37,119,135</u>	<u>37,020,265</u>	<u>6,359,753</u>	<u>(30,660,512)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,119,135)</u>	<u>(37,020,265)</u>	<u>(6,355,719)</u>	<u>30,664,546</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	30,300,000	30,300,000	-	(30,300,000)
Transfers in	-	-	5,403	5,403
Transfers out	-	-	-	-
Total other financing sources and uses	<u>30,300,000</u>	<u>30,300,000</u>	<u>5,403</u>	<u>(30,294,597)</u>
Net change in fund balances	<u>(6,819,135)</u>	<u>(6,720,265)</u>	<u>(6,350,316)</u>	<u>369,949</u>
Fund balances - beginning	6,819,135	6,819,135	6,360,127	(459,008)
Fund balances - ending	<u>\$ -</u>	<u>\$ 98,870</u>	<u>\$ 9,811</u>	<u>\$ (89,059)</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	\$ 6,359,753
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(6,359,753)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ -</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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>
<b>REVENUES:</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 2,879,208	\$ 2,879,208
Investment earnings	79,000	79,000	71,442	(7,558)
Miscellaneous	4,615,795	4,615,795	353,590	(4,262,205)
Total revenues	<u>4,694,795</u>	<u>4,694,795</u>	<u>3,304,240</u>	<u>(1,390,555)</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	584,815	2,076,941	659,592	(1,417,349)
Capital outlay	9,715,000	11,823,522	5,289,532	(6,533,990)
Contingencies	1,200,000	151,005	-	(151,005)
Total expenditures	<u>11,499,815</u>	<u>14,051,468</u>	<u>5,949,124</u>	<u>(8,102,344)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,805,020)</u>	<u>(9,356,673)</u>	<u>(2,644,884)</u>	<u>6,711,789</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(637,797)	(637,797)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(637,797)</u>	<u>(637,797)</u>
Net change in fund balances	<u>(6,805,020)</u>	<u>(9,356,673)</u>	<u>(3,282,681)</u>	<u>6,073,992</u>
Fund balances - beginning	13,689,866	13,689,866	18,996,383	5,306,517
Fund balances - ending	<u>\$ 6,884,846</u>	<u>\$ 4,333,193</u>	<u>\$ 15,713,702</u>	<u>\$ 11,380,509</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, 2015**

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash and investments	\$ 8,794,027	\$ 8,913,772	\$ 443,510	\$ 4,314,991	\$ 22,466,300
Accounts receivable, net	6,585	4,038	-	160	10,783
Interest receivable	5,589	8,548	251	1,776	16,164
Prepaid items	-	65,200	-	-	65,200
Supplies inventory	212,634	-	-	-	212,634
Total current assets	<u>9,018,835</u>	<u>8,991,558</u>	<u>443,761</u>	<u>4,316,927</u>	<u>22,771,081</u>
Non-current assets:					
Restricted assets:					
Pooled cash and investments	-	7,527,799	-	-	7,527,799
Investments	-	5,490,272	-	-	5,490,272
Total restricted assets	<u>-</u>	<u>13,018,071</u>	<u>-</u>	<u>-</u>	<u>13,018,071</u>
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment & furniture	1,475,608	-	17,741	34,210,275	35,703,624
Vehicles	25,475,993	-	-	-	25,475,993
Less accumulated depreciation	(18,841,075)	-	(8,557)	(28,044,266)	(46,893,898)
Construction in progress	1,432,329	-	-	2,806,147	4,238,476
Total capital assets, net	<u>9,542,855</u>	<u>-</u>	<u>9,184</u>	<u>9,120,258</u>	<u>18,672,297</u>
Total assets	<u>18,561,690</u>	<u>22,009,629</u>	<u>452,945</u>	<u>13,437,185</u>	<u>54,461,449</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	120,737	22,570	394,765	657,538	1,195,610
Total deferred outflows of resources	<u>120,737</u>	<u>22,570</u>	<u>394,765</u>	<u>657,538</u>	<u>1,195,610</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	212,588	1,109,645	37,156	184,201	1,543,590
Accrued payroll	11,443	1,751	36,530	59,125	108,849
Current portion of claims payable	-	3,290,217	-	-	3,290,217
Current portion of compensated absences	52,760	8,510	184,500	286,520	532,290
Total current liabilities	<u>276,791</u>	<u>4,410,123</u>	<u>258,186</u>	<u>529,846</u>	<u>5,474,946</u>
Non-current liabilities:					
Long-term portion of claims payable	-	641,829	-	-	641,829
Compensated absences	34,760	1,770	73,740	61,260	171,530
Net pension liability	970,809	181,478	3,174,172	5,287,050	9,613,509
Total non-current liabilities	<u>1,005,569</u>	<u>825,077</u>	<u>3,247,912</u>	<u>5,348,310</u>	<u>10,426,868</u>
Total liabilities	<u>1,282,360</u>	<u>5,235,200</u>	<u>3,506,098</u>	<u>5,878,156</u>	<u>15,901,814</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	183,927	34,382	601,367	1,001,667	1,821,343
Total deferred inflows of resources	<u>183,927</u>	<u>34,382</u>	<u>601,367</u>	<u>1,001,667</u>	<u>1,821,343</u>
<b>NET POSITION</b>					
Net investment in capital assets	9,542,855	-	9,184	9,120,258	18,672,297
Restricted - trust purpose	-	9,373,545	-	-	9,373,545
Unrestricted	7,673,285	7,389,072	(3,268,939)	(1,905,358)	9,888,060
Total net position	<u>\$ 17,216,140</u>	<u>\$ 16,762,617</u>	<u>\$ (3,259,755)</u>	<u>\$ 7,214,900</u>	<u>\$ 37,933,902</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,565,062	\$ 20,050,761	\$ 5,941,567	\$ 8,525,283	\$ 41,082,673
Miscellaneous	1,144	424,638	2,093	12,922	440,797
Total operating revenues	<u>6,566,206</u>	<u>20,475,399</u>	<u>5,943,660</u>	<u>8,538,205</u>	<u>41,523,470</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	865,305	227,443	2,826,741	4,340,670	8,260,159
Contractual services, materials and supplies	3,776,417	844,723	3,097,571	4,998,514	12,717,225
Insurance claims and expenses	-	15,857,812	-	-	15,857,812
Depreciation and amortization	2,202,675	-	2,534	1,516,602	3,721,811
Total operating expenses	<u>6,844,397</u>	<u>16,929,978</u>	<u>5,926,846</u>	<u>10,855,786</u>	<u>40,557,007</u>
Operating income (loss)	(278,191)	3,545,421	16,814	(2,317,581)	966,463
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	40,268	63,676	1,761	12,735	118,440
Gain (Loss) on sale of capital assets	149,515	-	-	-	149,515
Total non-operating revenues	<u>189,783</u>	<u>63,676</u>	<u>1,761</u>	<u>12,735</u>	<u>267,955</u>
Income (loss) before transfers	(88,408)	3,609,097	18,575	(2,304,846)	1,234,418
Capital contributions	9,000	-	-	-	9,000
Transfers in	104,295	-	110,000	1,873,850	2,088,145
Transfers out	(1,589)	(467)	(4,674)	-	(6,730)
Change in net position	<u>23,298</u>	<u>3,608,630</u>	<u>123,901</u>	<u>(430,996)</u>	<u>3,324,833</u>
Total net position - beginning	<u>18,240,511</u>	<u>13,349,833</u>	<u>41,817</u>	<u>13,351,527</u>	<u>44,983,688</u>
Cumulative effect of change in accounting principle	(1,047,669)	(195,846)	(3,425,473)	(5,705,631)	(10,374,619)
Total net assets - beginning, restated	17,192,842	13,153,987	(3,383,656)	7,645,896	34,609,069
Total net position - ending	<u>\$ 17,216,140</u>	<u>\$ 16,762,617</u>	<u>\$ (3,259,755)</u>	<u>\$ 7,214,900</u>	<u>\$ 37,933,902</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>Increase (decrease) in cash and cash equivalents</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,559,621	\$ 20,472,166	\$ 5,943,660	\$ 8,540,347	\$ 41,515,794
Payments to suppliers	(3,769,309)	(1,083,689)	(3,124,767)	(5,260,868)	(13,238,633)
Payments to employees	(870,156)	(230,470)	(2,877,966)	(4,419,869)	(8,398,461)
Self-insurance costs	-	(15,988,355)	-	-	(15,988,355)
Net cash provided (used) by operating activities	<u>1,920,156</u>	<u>3,169,652</u>	<u>(59,073)</u>	<u>(1,140,390)</u>	<u>3,890,345</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	104,295	-	110,000	1,873,850	2,088,145
Transfers out	(1,589)	(467)	(4,674)	-	(6,730)
Net cash provided (used) by non-capital financing activities	<u>102,706</u>	<u>(467)</u>	<u>105,326</u>	<u>1,873,850</u>	<u>2,081,415</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(3,572,061)	-	-	(343,053)	(3,915,114)
Disposal of capital assets	179,832	-	-	-	179,832
Net cash flows used by capital and related financing activities	<u>(3,392,229)</u>	<u>-</u>	<u>-</u>	<u>(343,053)</u>	<u>(3,735,282)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(745,716)	-	-	(745,716)
Interest received on investments	38,940	58,740	1,625	12,208	111,513
Net cash provided (used) by investing activities	<u>38,940</u>	<u>(686,976)</u>	<u>1,625</u>	<u>12,208</u>	<u>(634,203)</u>
Net increase (decrease) in cash and cash equivalents	(1,330,427)	2,482,209	47,878	402,615	1,602,275
Cash and cash equivalents at beginning of year	10,124,454	13,959,362	395,632	3,912,376	28,391,824
Cash and cash equivalents at end of year	<u>\$ 8,794,027</u>	<u>\$ 16,441,571</u>	<u>\$ 443,510</u>	<u>\$ 4,314,991</u>	<u>\$ 29,994,099</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (278,191)	\$ 3,545,421	\$ 16,814	\$ (2,317,581)	\$ 966,463
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,202,675	-	2,534	1,516,602	3,721,811
Add: Pension expense	57,727	10,791	188,745	314,383	571,646
Subtract: Employer pension contributions	(71,397)	(13,347)	(233,444)	(388,835)	(707,023)
(Increase) decrease in assets:					
Accounts receivable	(6,585)	(3,233)	-	2,142	(7,676)
Prepaid items	-	(65,200)	-	70,286	5,086
Supplies inventory	(17,085)	-	-	-	(17,085)
Increase (decrease) in liabilities:					
Accounts payable	24,193	(173,766)	(27,196)	(332,640)	(509,409)
Accrued payroll	129	(201)	3,734	7,443	11,105
Claims payable	-	(130,543)	-	-	(130,543)
Compensated absences	8,690	(270)	(10,260)	(12,190)	(14,030)
Total adjustments	<u>2,198,347</u>	<u>(375,769)</u>	<u>(75,887)</u>	<u>1,177,191</u>	<u>2,923,882</u>
Net cash provided (used) by operating activities	<u>\$ 1,920,156</u>	<u>\$ 3,169,652</u>	<u>\$ (59,073)</u>	<u>\$ (1,140,390)</u>	<u>\$ 3,890,345</u>
Non-cash investing, capital and financing activities:					
Capital assets acquired through contributions from developers	\$ 9,000	\$ -	\$ -	\$ -	\$ 9,000
Decrease in fair market value of investments	3,129	5,437	94	931	9,591
Total non-cash investing, capital and financing activities	<u>\$ 12,129</u>	<u>\$ 5,437</u>	<u>\$ 94</u>	<u>\$ 931</u>	<u>\$ 18,591</u>

The accompanying notes are an integral part of the financial statements

## **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 assets and changes in net assets 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.

#### **Peoria Citizens Corp Council NFP Fund**

Accounts for monies held on behalf of Peoria Citizens Corp Council (PCCC), a separate not-for profit agency for which the City operates as the administrator. PCCC is organized for charitable and educational purposes supporting community activities that engage and train individuals in emergency preparedness and response, crime prevention, and promotion of good public health and safety practices through education, training, guidance, and volunteer service.

#### **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, 2015**

	<b>Terramar Infrastructure Fund</b>	<b>PLAY Peoria NFP Fund</b>	<b>Peoria Citizens Corp Council NFP Fund</b>	<b>Westside Fire Training IGA Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Pooled cash and investments	\$ 384,970	\$ 27,182	\$ 2,068	\$ 32,143	\$ 446,363
Interest receivable	-	9	-	-	9
Total assets	<u>384,970</u>	<u>27,191</u>	<u>2,068</u>	<u>32,143</u>	<u>446,372</u>
<b>LIABILITIES</b>					
Accounts payable	-	2,495	-	-	2,495
Other liabilities	384,970	24,696	2,068	32,143	443,877
Total liabilities	<u>384,970</u>	<u>27,191</u>	<u>2,068</u>	<u>32,143</u>	<u>446,372</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b><u>Terramar Infrastructure Fund</u></b>				
Assets:				
Pooled cash and investments	\$ 384,970	\$ 296,729	\$ 296,729	\$ 384,970
Total Assets	<u>384,970</u>	<u>296,729</u>	<u>296,729</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
<b><u>PLAY Peoria NFP Fund</u></b>				
Assets:				
Pooled cash and investments	23,777	51,000	47,595	27,182
Interest receivable	-	9	-	9
Total Assets	<u>23,777</u>	<u>51,009</u>	<u>47,595</u>	<u>27,191</u>
Liabilities:				
Accounts payable	-	6,848	4,353	2,495
Other liabilities	23,777	919	-	24,696
Total Liabilities	<u>23,777</u>	<u>7,767</u>	<u>4,353</u>	<u>27,191</u>
<b><u>Peoria Citizens Corp Council NFP Fund</u></b>				
Assets:				
Pooled cash and investments	2,060	1,596	1,588	2,068
Total Assets	<u>2,060</u>	<u>1,596</u>	<u>1,588</u>	<u>2,068</u>
Liabilities:				
Other liabilities	2,060	8	-	2,068
Total Liabilities	<u>2,060</u>	<u>8</u>	<u>-</u>	<u>2,068</u>
<b><u>Westside Fire Training IGA Fund</u></b>				
Assets:				
Pooled cash and investments	36,306	30,366	34,529	32,143
Total Assets	<u>36,306</u>	<u>30,366</u>	<u>34,529</u>	<u>32,143</u>
Liabilities:				
Accounts payable	-	6,545	6,545	-
Other liabilities	36,306	-	4,163	32,143
Total Liabilities	<u>36,306</u>	<u>6,545</u>	<u>10,708</u>	<u>32,143</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Pooled cash and investments	447,113	379,691	380,441	446,363
Interest receivable	-	9	-	9
Total Assets	<u>447,113</u>	<u>379,700</u>	<u>380,441</u>	<u>446,372</u>
Liabilities:				
Accounts payable	-	13,393	10,898	2,495
Other liabilities	447,113	927	4,163	443,877
Total Liabilities	<u>447,113</u>	<u>14,320</u>	<u>15,061</u>	<u>446,372</u>

The accompanying notes are an integral part of the financial statements



**Statistical Section**

# Statistical Section

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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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	113
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	118
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.	
<b>Debt Capacity</b>	130
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.	
<b>Economic and Demographic Information</b>	140
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	142
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

Financial presentations included in the Statistical Section provide data on the financial, physical and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.

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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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Net investment in capital assets	\$ 523,429,904	\$ 591,763,494	\$ 602,715,532	\$ 690,708,494	\$ 782,205,232	\$ 803,835,704	\$ 816,149,271	\$ 829,001,871	\$ 855,286,264	\$ 885,716,419
Restricted	41,483,246	40,822,727	65,528,725	54,945,644	37,649,086	118,382,244	118,105,425	131,550,563	151,624,692	139,143,949
Unrestricted	131,307,050	173,833,813	220,374,709	207,958,657	192,278,995	109,550,684	111,579,103	149,159,571	84,211,745	(29,002,988)
Total governmental activities net assets	<u>\$ 696,220,200</u>	<u>\$ 806,420,034</u>	<u>\$ 888,618,966</u>	<u>\$ 953,612,795</u>	<u>\$ 1,012,133,313</u>	<u>\$ 1,031,768,632</u>	<u>\$ 1,045,833,799</u>	<u>\$ 1,109,712,005</u>	<u>\$ 1,091,122,701</u>	<u>\$ 995,857,380</u>
Business-type Activities										
Net investment in capital assets	\$ 311,724,201	\$ 369,615,117	\$ 427,331,359	\$ 429,764,018	\$ 469,854,140	\$ 478,230,446	\$ 478,738,661	\$ 493,788,885	\$ 533,623,141	\$ 568,223,130
Restricted	79,329,431	32,749,544	32,967,702	33,558,490	19,474,349	22,733,731	24,912,356	21,575,445	23,153,024	23,830,354
Unrestricted	53,032,272	68,959,683	41,967,371	36,507,370	53,422,064	54,791,580	61,033,753	71,130,874	68,382,971	54,351,770
Total business-type activities net assets	<u>\$ 444,085,904</u>	<u>\$ 471,324,344</u>	<u>\$ 502,266,432</u>	<u>\$ 499,829,878</u>	<u>\$ 542,750,553</u>	<u>\$ 555,755,757</u>	<u>\$ 564,684,770</u>	<u>\$ 586,495,204</u>	<u>\$ 625,159,136</u>	<u>\$ 646,405,254</u>
Primary Government										
Net investment in capital assets	\$ 835,154,105	\$ 961,378,611	\$ 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
Restricted	120,812,677	73,572,271	98,496,427	88,504,134	57,123,435	141,115,975	143,017,781	153,126,008	174,777,716	162,974,303
Unrestricted	184,339,322	242,793,496	262,342,080	244,466,027	245,701,059	164,342,264	172,612,856	220,290,445	152,594,716	25,348,782
Total primary government net assets	<u>\$ 1,140,306,104</u>	<u>\$ 1,277,744,378</u>	<u>\$ 1,390,885,398</u>	<u>\$ 1,453,442,673</u>	<u>\$ 1,554,883,866</u>	<u>\$ 1,587,524,389</u>	<u>\$ 1,610,518,569</u>	<u>\$ 1,696,207,209</u>	<u>\$ 1,716,281,837</u>	<u>\$ 1,642,262,634</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ 21,608,973	\$ 24,469,279	\$ 17,077,115	\$ 23,226,263	\$ 24,518,718	\$ 27,523,428	\$ 20,935,141	\$ 19,175,790	\$ 20,038,112	\$ 21,210,452
Culture & Recreation	16,304,875	17,947,721	21,834,144	23,185,665	21,167,750	21,066,722	23,499,906	22,434,968	25,559,518	25,982,440
Public Safety*	39,910,275	45,950,325	54,428,181	58,702,675	56,118,123	56,780,852	58,218,954	56,757,540	60,213,181	64,261,923
Development Services	4,882,448	5,605,618	6,542,413	6,354,769	6,539,886	6,135,184	5,437,784	8,374,619	9,193,743	9,544,919
Highways & Streets	18,713,722	23,031,544	22,909,823	24,046,432	22,414,044	25,598,067	31,778,203	29,967,207	31,411,752	33,658,672
Public Works	5,791,128	6,288,446	7,782,967	7,688,062	9,642,355	8,441,912	7,416,026	6,989,988	7,015,316	7,259,675
Human Services	2,054,042	2,316,358	2,887,625	2,382,604	2,188,730	1,992,977	1,655,935	2,196,801	1,629,118	1,177,275
Interest on long-term debt	7,223,963	8,065,449	11,168,041	12,610,988	12,571,503	12,616,562	12,595,752	12,739,029	12,009,243	11,373,755
Unallocated Depreciation	575,334	575,334	574,942	574,550	574,550	574,550	574,550	574,557	574,550	-
<b>Total governmental activities expenses</b>	<b>\$ 117,064,760</b>	<b>\$ 134,250,074</b>	<b>\$ 145,205,251</b>	<b>\$ 158,772,008</b>	<b>\$ 155,735,659</b>	<b>\$ 160,730,254</b>	<b>\$ 162,112,251</b>	<b>\$ 159,210,499</b>	<b>\$ 167,644,533</b>	<b>\$ 174,469,111</b>
<b>Business-type Activities</b>										
Water Utility	\$ 25,859,997	\$ 27,058,901	\$ 28,677,086	\$ 32,164,325	\$ 29,715,038	\$ 29,582,708	\$ 30,777,765	\$ 29,094,123	\$ 30,836,235	\$ 34,566,373
Wastewater Utility	12,782,965	14,523,268	17,324,471	31,039,534	30,212,381	19,891,729	21,923,061	20,342,376	21,083,666	21,737,995
Solid Waste Utility	8,688,437	9,458,194	13,250,526	10,624,589	9,985,889	9,773,553	10,859,872	10,503,928	10,806,101	10,939,896
Stadium	5,442,993	5,448,667	6,921,044	5,235,258	5,186,732	5,019,605	5,284,940	5,140,500	5,176,689	6,372,954
Storm Drain Utility	-	-	-	-	-	-	802,246	806,658	823,780	813,636
Housing	369,052	371,540	382,067	331,785	368,007	367,644	400,405	273,528	-	-
<b>Total business-type activities expenses</b>	<b>\$ 53,143,444</b>	<b>\$ 56,860,570</b>	<b>\$ 66,555,194</b>	<b>\$ 79,395,491</b>	<b>\$ 75,468,047</b>	<b>\$ 64,635,239</b>	<b>\$ 70,048,289</b>	<b>\$ 66,161,113</b>	<b>\$ 68,726,471</b>	<b>\$ 74,430,854</b>
<b>Total primary government expenses</b>	<b>\$ 170,208,204</b>	<b>\$ 191,110,644</b>	<b>\$ 211,760,445</b>	<b>\$ 238,167,499</b>	<b>\$ 231,203,706</b>	<b>\$ 225,365,493</b>	<b>\$ 232,160,540</b>	<b>\$ 225,371,612</b>	<b>\$ 236,371,004</b>	<b>\$ 248,899,965</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for services	\$ 22,666,481	\$ 23,226,773	\$ 25,523,896	\$ 20,130,962	\$ 17,489,464	\$ 17,722,889	\$ 17,331,656	\$ 18,745,123	\$ 19,221,921	\$ 25,696,523
Operating grants and contributions	12,117,734	13,954,308	14,382,484	12,574,749	13,096,036	13,709,669	11,071,988	12,440,760	12,693,535	13,485,788
Capital grants and contributions	103,368,209	59,793,946	41,598,499	51,366,296	55,978,635	34,932,888	30,063,998	21,485,029	11,703,447	22,908,863
<b>Total governmental activities program revenues</b>	<b>\$ 138,152,424</b>	<b>\$ 96,975,027</b>	<b>\$ 81,504,879</b>	<b>\$ 84,072,007</b>	<b>\$ 86,564,135</b>	<b>\$ 66,365,446</b>	<b>\$ 58,467,642</b>	<b>\$ 52,670,912</b>	<b>\$ 43,618,903</b>	<b>\$ 62,091,174</b>
<b>Business-type Activities</b>										
Charges for services	\$ 53,196,965	\$ 61,918,282	\$ 61,936,451	\$ 59,577,008	\$ 62,457,821	\$ 60,595,686	\$ 66,048,140	\$ 67,197,303	\$ 69,499,963	\$ 68,417,721
Operating grants and contributions	137,532	135,174	145,841	158,627	177,710	209,878	140,461	67,915	-	-
Capital grants and contributions	14,097,716	18,219,423	22,321,213	12,186,331	50,899,343	5,408,859	8,418,314	7,323,482	9,325,636	29,760,720
<b>Total business-type activities program revenues</b>	<b>\$ 67,432,213</b>	<b>\$ 80,272,879</b>	<b>\$ 84,403,505</b>	<b>\$ 71,921,966</b>	<b>\$ 113,534,874</b>	<b>\$ 66,214,423</b>	<b>\$ 74,606,915</b>	<b>\$ 74,588,700</b>	<b>\$ 78,825,599</b>	<b>\$ 98,178,441</b>
<b>Total primary government program revenues</b>	<b>\$ 205,584,637</b>	<b>\$ 177,247,906</b>	<b>\$ 165,908,384</b>	<b>\$ 155,993,973</b>	<b>\$ 200,099,009</b>	<b>\$ 132,579,869</b>	<b>\$ 133,074,557</b>	<b>\$ 127,259,612</b>	<b>\$ 122,444,502</b>	<b>\$ 160,269,615</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ 21,087,664	\$ (37,275,047)	\$ (63,700,372)	\$ (74,700,001)	\$ (69,171,524)	\$ (94,364,808)	\$ (103,644,609)	\$ (106,539,587)	\$ (124,025,630)	\$ (112,377,937)
Business-type Activities	14,288,769	23,412,309	17,848,311	(7,473,525)	38,066,827	1,579,184	4,558,626	8,427,587	10,099,128	23,747,587
<b>Total primary government net expense</b>	<b>\$ 35,376,433</b>	<b>\$ (13,862,738)</b>	<b>\$ (45,852,061)</b>	<b>\$ (82,173,526)</b>	<b>\$ (31,104,697)</b>	<b>\$ (92,785,624)</b>	<b>\$ (99,085,983)</b>	<b>\$ (98,112,000)</b>	<b>\$ (113,926,502)</b>	<b>\$ (88,630,350)</b>

\* 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	\$ 3,274,982	\$ 3,722,092	\$ 3,728,615	\$ 3,629,629	\$ 3,833,445	\$ 3,628,286	\$ 3,187,679	\$ 2,848,691	\$ 2,744,900	\$ 2,889,150
Property taxes, levied for debt service	12,930,561	14,392,472	22,569,309	28,162,003	26,225,535	22,406,879	19,030,940	16,628,634	15,479,771	16,891,026
Sales and use taxes	61,156,870	68,873,970	68,466,910	59,004,816	56,276,937	58,082,217	60,719,648	65,950,235	70,213,953	74,556,024
Franchise taxes	3,004,895	3,983,701	3,848,746	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004	4,194,371	4,312,836
Intergovernmental										
State shared sales taxes - unrestricted	11,681,284	13,130,116	12,695,890	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191	13,431,637	14,139,128
Urban revenue sharing - unrestricted	11,707,782	15,996,992	19,539,768	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958	17,172,500	18,650,521
Auto in-lieu taxes - unrestricted	5,251,577	5,725,299	5,546,558	5,018,384	4,634,263	4,548,154	4,944,181	5,155,206	5,495,225	5,886,971
Investment Earnings	6,723,061	12,100,831	13,328,215	7,896,100	2,199,984	1,354,607	959,479	599,263	878,164	843,648
Gain on sale of capital assets	81,122	60,785	40,953	115,412	102,409	76,640	50,192	66,465	111,342	-
Elimination of development agreement debt	17,279	23,941	2,358,431	-	-	801,394	-	630,104	-	-
Miscellaneous	5,584,218	7,439,193	3,555,171	3,528,043	5,885,847	5,124,916	3,965,187	4,397,616	3,920,109	3,216,595
Special Item: Close out of Section 8 Housing	-	-	-	-	-	-	(464,390)	-	-	-
Transfers in (out)	(12,660,507)	2,025,489	(9,779,262)	(3,066,497)	(3,029,412)	(11,119,348)	(3,335,912)	(9,394,454)	(28,205,646)	(11,931,172)
Total governmental activities	<u>\$ 108,753,124</u>	<u>\$ 147,474,881</u>	<u>\$ 145,899,304</u>	<u>\$ 139,693,830</u>	<u>\$ 127,692,042</u>	<u>\$ 114,000,127</u>	<u>\$ 118,459,824</u>	<u>\$ 118,108,913</u>	<u>\$ 105,436,326</u>	<u>\$ 129,454,727</u>
Business-type Activities										
Investment Earnings	\$ 5,222,148	\$ 5,851,620	\$ 3,314,515	\$ 1,970,474	\$ 444,698	\$ 306,672	\$ 284,427	\$ 176,176	\$ 359,158	\$ 348,717
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	1,379,738	-	-	-	-	-
Special Item: Close out of Public Housing	-	-	-	-	-	-	-	(2,101,809)	-	-
Transfers in (out)	12,660,507	(2,025,489)	9,779,262	3,066,497	3,029,412	11,119,348	3,335,912	9,394,454	28,205,646	11,931,172
Total business-type activities	<u>\$ 17,882,655</u>	<u>\$ 3,826,131</u>	<u>\$ 13,093,777</u>	<u>\$ 5,036,971</u>	<u>\$ 4,853,848</u>	<u>\$ 11,426,020</u>	<u>\$ 3,620,339</u>	<u>\$ 7,468,821</u>	<u>\$ 28,564,804</u>	<u>\$ 12,279,889</u>
Total primary government	<u>\$ 126,635,779</u>	<u>\$ 151,301,012</u>	<u>\$ 158,993,081</u>	<u>\$ 144,730,801</u>	<u>\$ 132,545,890</u>	<u>\$ 125,426,147</u>	<u>\$ 122,080,163</u>	<u>\$ 125,577,734</u>	<u>\$ 134,001,130</u>	<u>\$ 141,734,616</u>
Change in Net Position										
Governmental Activities	\$ 71,478,077	\$ 83,774,509	\$ 71,199,303	\$ 70,522,306	\$ 33,327,234	\$ 10,355,518	\$ 11,920,237	\$ 11,569,326	\$ (18,589,304)	\$ 17,076,790
Business-type Activities	41,294,964	21,674,442	5,620,252	43,103,798	6,433,032	15,984,646	12,047,926	15,896,408	38,663,932	36,027,476
Total primary government	<u>\$ 112,773,041</u>	<u>\$ 105,448,951</u>	<u>\$ 76,819,555</u>	<u>\$ 113,626,104</u>	<u>\$ 39,760,266</u>	<u>\$ 26,340,164</u>	<u>\$ 23,968,163</u>	<u>\$ 27,465,734</u>	<u>\$ 20,074,628</u>	<u>\$ 53,104,266</u>

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> *	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 948,135	\$ 216,652	\$ 264,489	\$ 275,184	\$ 241,678	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	65,224,766	74,842,586	77,741,727	67,102,145	60,238,418	-	-	-	-	-
Nonspendable	-	-	-	-	-	537,000	1,163,721	259,643	262,852	163,703
Restricted	-	-	-	-	-	30,671	70,016	108,517	54,193	67,084
Committed	-	-	-	-	-	34,288,769	33,590,254	33,229,466	37,028,922	36,911,493
Assigned	-	-	-	-	-	3,891,174	3,705,809	3,330,705	3,340,512	3,056,458
Unassigned	-	-	-	-	-	13,429,595	12,878,675	13,996,657	17,308,306	21,584,005
Total General Fund	<u>\$ 66,172,901</u>	<u>\$ 75,059,238</u>	<u>\$ 78,006,216</u>	<u>\$ 67,377,329</u>	<u>\$ 60,480,096</u>	<u>\$ 52,177,209</u>	<u>\$ 51,408,475</u>	<u>\$ 50,924,988</u>	<u>\$ 57,994,785</u>	<u>\$ 61,782,743</u>
All Other Governmental Funds										
Reserved	\$ 84,931,450	\$154,966,318	\$ 143,600,643	\$ 165,129,365	\$ 147,974,858	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	41,501,121	49,251,757	62,170,663	57,506,689	55,546,744	-	-	-	-	-
Capital projects funds	(21,988,077)	18,917,375	23,589,696	29,428,677	22,203,699	-	-	-	-	-
Nonspendable	-	-	-	-	-	108,919	95,828	98,819	131,641	70,579
Restricted	-	-	-	-	-	169,837,817	168,127,814	188,434,944	145,352,432	127,294,490
Committed	-	-	-	-	-	11,040,682	10,064,814	10,004,379	10,300,556	10,572,297
Assigned	-	-	-	-	-	30,055,251	40,566,996	25,988,041	23,410,508	22,821,310
Unassigned	-	-	-	-	-	-	(84,673)	-	-	(6,638,667)
Total All Other Governmental Funds	<u>\$104,444,494</u>	<u>\$223,135,450</u>	<u>\$ 229,361,002</u>	<u>\$ 252,064,731</u>	<u>\$ 225,725,301</u>	<u>\$ 211,042,669</u>	<u>\$ 218,770,779</u>	<u>\$ 224,526,183</u>	<u>\$ 179,195,137</u>	<u>\$ 154,120,009</u>

\* 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									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Taxes	\$ 80,238,340	\$ 90,780,140	\$ 98,358,262	\$ 93,896,013	\$ 90,783,641	\$ 88,244,772	\$ 87,203,131	\$ 89,948,724	\$ 93,731,980	\$ 98,629,880
Intergovernmental	41,899,532	64,283,444	52,612,549	62,718,223	45,621,921	43,917,343	54,562,371	49,831,144	50,132,922	55,289,472
Charges for Services	34,863,016	39,290,401	37,609,937	18,479,664	18,137,718	16,356,566	18,359,757	21,405,623	17,684,357	19,355,378
Licenses and Permits	4,807,840	3,878,132	3,020,436	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075	2,800,894	3,132,178
Fines and Forfeitures	2,112,799	2,203,756	2,666,731	3,733,047	2,755,104	3,068,861	2,757,022	2,257,477	2,128,289	1,856,640
Rents	228,492	249,069	358,215	395,834	421,289	403,321	486,932	1,101,082	731,901	889,053
Investment Earnings	6,050,060	10,942,001	12,125,018	7,174,109	1,992,817	1,238,174	859,146	537,732	757,747	725,208
Special Assessments	2,262,770	1,971,991	1,803,344	2,200,782	2,214,167	2,201,463	2,069,613	1,217,271	1,137,018	381,761
Miscellaneous	5,562,231	6,992,363	7,882,947	7,488,740	8,485,570	18,441,696	4,588,218	5,880,511	5,060,343	3,536,024
<b>Total Revenues</b>	<b>\$ 178,025,080</b>	<b>\$ 220,591,297</b>	<b>\$ 216,437,439</b>	<b>\$ 197,889,171</b>	<b>\$ 172,012,184</b>	<b>\$ 175,544,268</b>	<b>\$ 172,992,735</b>	<b>\$ 174,743,639</b>	<b>\$ 174,165,451</b>	<b>\$ 183,795,594</b>
<b>Expenditures</b>										
General Government	\$ 19,767,909	\$ 22,833,440	\$ 14,544,047	\$ 17,798,947	\$ 16,330,159	\$ 15,818,173	\$ 14,470,822	\$ 15,094,866	\$ 15,866,612	\$ 17,085,501
Culture & Recreation	15,300,068	17,013,511	21,769,313	22,303,852	19,475,634	18,784,735	18,396,187	19,668,598	21,762,725	22,181,064
Public Safety <sup>(1)</sup>	38,137,983	44,685,510	52,461,747	56,974,453	53,876,911	53,390,368	54,390,977	56,702,266	58,976,873	60,840,413
Development Services	4,986,442	5,526,599	6,669,979	6,489,199	6,529,594	6,051,667	5,328,403	8,568,013	9,311,964	9,714,954
Highways & Streets	10,333,402	14,679,124	14,632,287	15,469,695	13,070,648	13,891,078	14,754,432	16,355,505	17,098,590	19,400,893
Public Works	4,640,211	5,010,116	6,408,150	6,187,633	7,955,394	6,748,102	4,884,713	4,914,720	5,110,924	5,261,842
Human Services	1,991,939	2,291,469	2,817,716	2,343,847	2,145,702	1,952,861	1,586,315	2,213,374	1,604,288	1,147,341
Other	539	45,912	-	-	-	-	-	-	-	-
Capital Outlay	34,944,336	76,919,805	74,142,416	77,515,142	60,269,181	29,176,335	26,336,595	39,612,698	17,728,188	26,491,974
Debt Service										
Interest	6,747,072	8,099,492	10,340,704	11,917,582	13,166,242	12,658,032	13,098,263	12,534,039	12,543,974	11,933,264
Principal	16,881,632	16,178,431	31,143,531	25,988,554	44,700,092	34,309,287	25,566,028	20,120,163	21,937,761	17,305,000
<b>Total Expenditures</b>	<b>\$ 153,731,533</b>	<b>\$ 213,283,409</b>	<b>\$ 234,929,890</b>	<b>\$ 242,988,904</b>	<b>\$ 237,519,557</b>	<b>\$ 192,780,638</b>	<b>\$ 178,812,735</b>	<b>\$ 195,784,242</b>	<b>\$ 181,941,899</b>	<b>\$ 191,362,246</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 24,293,547</b>	<b>\$ 7,307,888</b>	<b>\$ (18,492,451)</b>	<b>\$ (45,099,733)</b>	<b>\$ (65,507,373)</b>	<b>\$ (17,236,370)</b>	<b>\$ (5,820,000)</b>	<b>\$ (21,040,603)</b>	<b>\$ (7,776,448)</b>	<b>\$ (7,566,652)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 6,722,550	\$ 122,090,000	\$ 47,000,000	\$ 68,440,000	\$ 29,170,000	\$ 7,920,000	\$ 14,715,000	\$ 35,510,000	\$ 112,000	\$ 35,000
Proceeds from refunding	-	18,365,000	-	-	-	-	13,690,000	-	-	-
Payments to bond refunding escrow agent	-	(18,365,000)	-	-	-	-	(13,690,000)	-	-	-
Premium on bonds issued	20,559	1,502,204	273,310	808,192	495,890	16,960	645,188	1,039,481	-	-
Special Item: Close out Section 8 Housing	-	-	-	-	-	-	(464,390)	-	-	-
Transfers In	10,116,361	17,798,434	16,426,715	18,855,279	23,567,886	28,388,910	16,740,587	16,968,105	20,159,941	16,357,492
Transfers Out	(26,870,128)	(21,121,233)	(36,035,044)	(30,928,896)	(20,963,066)	(42,075,019)	(18,106,961)	(27,205,066)	(48,650,688)	(30,113,010)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (10,010,658)</b>	<b>\$ 120,269,405</b>	<b>\$ 27,664,981</b>	<b>\$ 57,174,575</b>	<b>\$ 32,270,710</b>	<b>\$ (5,749,149)</b>	<b>\$ 13,529,424</b>	<b>\$ 26,312,520</b>	<b>\$ (28,378,747)</b>	<b>\$ (13,720,518)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 14,282,889</b>	<b>\$ 127,577,293</b>	<b>\$ 9,172,530</b>	<b>\$ 12,074,842</b>	<b>\$ (33,236,663)</b>	<b>\$ (22,985,519)</b>	<b>\$ 7,709,424</b>	<b>\$ 5,271,917</b>	<b>\$ (36,155,195)</b>	<b>\$ (21,287,170)</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>19.89%</b>	<b>17.80%</b>	<b>25.80%</b>	<b>22.91%</b>	<b>32.65%</b>	<b>28.71%</b>	<b>25.36%</b>	<b>20.91%</b>	<b>21.00%</b>	<b>17.73%</b>

<sup>(1)</sup> 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Retail Sales	\$ 26,832,950	\$ 30,963,887	\$ 30,721,220	\$ 26,694,348	\$ 26,857,263	\$ 29,247,900	\$ 31,483,859	\$ 34,115,601	\$ 36,878,825	\$ 38,908,327
Contracting	14,022,558	13,910,951	11,271,722	7,014,131	4,550,512	3,611,614	3,305,409	4,716,985	6,301,005	6,257,112
Rentals	5,469,550	6,554,938	7,190,660	7,107,109	6,927,724	6,980,633	7,414,803	7,918,121	7,214,392	7,522,177
Utilities	4,949,457	6,005,833	6,584,854	6,836,000	6,906,904	6,917,391	7,232,286	7,343,965	7,388,831	7,498,115
Telecom/Cable TV	1,079,620	1,245,892	1,492,871	1,437,589	1,405,352	1,294,565	1,304,092	1,258,991	1,262,651	1,217,583
Restaurant/Bar	5,986,135	6,782,852	7,032,488	7,026,265	7,114,625	7,469,189	7,776,190	8,168,064	8,505,082	9,284,232
Amusement	655,728	814,307	838,550	727,023	814,694	856,274	896,320	992,752	960,332	1,036,941
Use	485,720	783,997	985,505	599,537	374,659	426,017	566,453	474,842	624,795	718,931
Other	1,675,151	1,811,313	2,349,040	1,562,814	1,325,204	1,278,634	740,236	960,914	2,101,228	2,112,606
<b>Total</b>	<b>\$ 61,156,869</b>	<b>\$ 68,873,970</b>	<b>\$ 68,466,910</b>	<b>\$ 59,004,816</b>	<b>\$ 56,276,937</b>	<b>\$ 58,082,217</b>	<b>\$ 60,719,648</b>	<b>\$ 65,950,235</b>	<b>\$ 71,237,141</b>	<b>\$ 74,556,024</b>
<b>% Growth by Year</b>										
Retail Sales	22.7%	15.4%	-0.8%	-13.1%	0.6%	8.9%	7.6%	8.4%	8.1%	5.5%
Contracting	78.1%	-0.8%	-19.0%	-37.8%	-35.1%	-20.6%	-8.5%	42.7%	33.6%	-0.7%
Rentals	27.3%	19.8%	9.7%	-1.2%	-2.5%	0.8%	6.2%	6.8%	-8.9%	4.3%
Utilities	92.1%	21.3%	9.6%	3.8%	1.0%	0.2%	4.6%	1.5%	0.6%	1.5%
Telecom/Cable TV	17.3%	15.4%	19.8%	-3.7%	-2.2%	-7.9%	0.7%	-3.5%	0.3%	-3.6%
Restaurant/Bar	18.5%	13.3%	3.7%	-0.1%	1.3%	5.0%	4.1%	5.0%	4.1%	9.2%
Amusement	19.3%	24.2%	3.0%	-13.3%	12.1%	5.1%	4.7%	10.8%	-3.3%	8.0%
Use	-14.8%	61.4%	25.7%	-39.2%	-37.5%	13.7%	33.0%	-16.2%	31.6%	15.1%
Other	-8.7%	8.1%	29.7%	-33.5%	-15.2%	-3.5%	-42.1%	29.8%	118.7%	0.5%
<b>Total</b>	<b>34.3%</b>	<b>12.6%</b>	<b>-0.6%</b>	<b>-13.8%</b>	<b>-4.6%</b>	<b>3.2%</b>	<b>4.5%</b>	<b>8.6%</b>	<b>8.0%</b>	<b>4.7%</b>

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>City Direct Rates (1):</b>										
Retail Sales (excluding groceries)	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%	1.80%	1.80%	1.60%
Contracting	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%
Hotel/Transient Lodging	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%
Telecommunications	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%
Amusement	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%
<b>County Rates:</b>										
Retail Sales (excluding groceries)	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%
Rental Occupancy	3.00%	-	-	-	-	-	-	-	-	-
Hotel/Transient Lodging	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%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
<b>State Rates (2):</b>										
Retail Sales (excluding groceries)	5.60%	5.60%	5.60%	5.60%	6.60%	6.60%	6.60%	5.60%	5.60%	5.60%
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	6.50%	6.50%	6.50%	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%
Mining - Severance	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%	5.60%	5.60%	6.60%	6.60%	6.60%	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. The City collects its own sales taxes. 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	2015				2006			
	<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	3,360	21.3%	\$ 38,908,327	52.2%	2,312	21.1%	\$ 26,832,950	43.9%
Contracting	3,614	22.9%	6,257,112	8.4%	3,549	32.4%	14,022,558	22.9%
Restaurant/Bar	357	2.3%	9,284,232	12.5%	237	2.3%	5,986,135	9.8%
Rental	6,614	41.9%	7,522,177	10.1%	3,144	28.7%	5,469,550	8.9%
Utilities	11	0.1%	7,498,115	10.0%	8	0.1%	4,949,457	8.1%
Telecom/Cable TV Use	182	1.1%	1,217,583	1.6%	114	1.0%	1,079,620	1.8%
Amusement	1,505	9.5%	718,931	1.0%	825	7.5%	1,604,174	2.6%
Others	60	0.4%	1,036,941	1.4%	46	0.4%	655,728	1.1%
	79	0.5%	2,112,606	2.8%	706	6.5%	556,698	0.9%
<b>Total</b>	<u>15,782</u>	<u>100.00%</u>	<u>\$ 74,556,024</u>	<u>100.00%</u>	<u>10,941</u>	<u>100.00%</u>	<u>\$ 61,156,870</u>	<u>100.00%</u>

Source: City Sales Tax system  
City financial records

**CITY OF PEORIA, ARIZONA  
SECONDARY ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Table VIII

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Fiscal Year 2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential (Owner occupied)	\$ 582,512,691	\$ 626,591,494	\$ 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
Residential (Renter occupied)	64,003,067	75,761,506	116,115,688	146,413,989	155,720,660	147,284,152	122,978,913	119,387,647	161,107,937	199,613,372
Commercial, Industrial, Mining & Utilities	242,554,778	293,807,014	334,323,557	419,192,584	495,336,050	495,318,990	378,992,788	341,042,160	304,844,019	298,078,633
Agriculture & Vacant	73,674,495	117,630,028	148,077,787	207,476,727	193,685,182	147,216,152	85,330,391	54,523,204	43,659,181	42,347,136
Railroad	1,724,400	1,830,109	1,918,660	1,837,324	1,647,040	1,563,689	1,429,130	1,399,678	1,118,206	1,205,775
Historic & Environmental	-	-	58,450	76,020	64,530	53,641	140,493	103,122	83,177	59,907
Public Property Improvements	-	-	-	-	-	-	7,869	7,964	7,124	48,182
Net Assessed Value	<u>\$ 964,469,431</u>	<u>\$ 1,115,620,151</u>	<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>
% Growth	16.5%	15.7%	47.2%	21.5%	-5.0%	-15.0%	-20.7%	-10.9%	-7.0%	9.3%
Net Assessed Value Per Capita	\$ 6,646	\$ 7,264	\$ 10,557	\$ 12,524	\$ 12,301	\$ 10,377	\$ 8,141	\$ 7,087	\$ 6,444	\$ 6,860
Population	145,125	153,592	155,560	159,263	154,065	155,148	156,780	160,504	164,104	168,450
Total Direct Secondary Tax Rate	1.30	1.20	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Full Cash Value	8,736,985,007	9,999,273,539	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
% Growth	16.1%	14.4%	51.2%	20.9%	-6.1%	-15.0%	-18.7%	-10.3%	-5.4%	11.0%
Full Cash Value Per Capita	\$ 60,203	\$ 65,103	\$ 97,191	\$ 114,778	\$ 111,400	\$ 94,030	\$ 75,663	\$ 66,262	\$ 61,287	\$ 66,266
Net Assessed Value as a Percentage of Full Cash Value	11.0%	11.2%	10.9%	10.9%	11.0%	11.0%	10.8%	10.7%	10.5%	10.4%

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)**

<u>Fiscal Year</u>	<u>Commercial, Industrial, Mining &amp; Utilities (b)</u>	<u>Residential</u>	<u>Agriculture and Vacant Land (c)</u>	<u>Railroad</u>
2006	25.0%	10%	16%	21%
2007	24.5%	10%	16%	22%
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%

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) The assessment ratio for commercial, industrial, mining & utility properties will be reduced to 18.5% in fiscal year 2016 and 18% for fiscal year 2017 and thereafter.
- (c) The assessment ratio for agriculture and vacant properties will be reduced to 15% in fiscal year 2017 and thereafter.

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

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

Table IX

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City of Peoria	\$ 964,469,431	\$ 1,115,620,151	\$ 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
Peoria Unified School District No. 11	1,297,757,445	1,467,901,555	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
Maricopa County	33,168,406,054	36,294,693,601	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
State of Arizona	48,931,946,145	54,394,764,521	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

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Direct City										
Primary	\$ 0.29	\$ 0.28	\$ 0.24	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Secondary	1.30	1.20	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Total	<u>1.59</u>	<u>1.48</u>	<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>
Peoria Unified School District No. 11 (1)										
Primary	4.13	4.29	3.82	3.77	2.99	3.24	3.71	4.01	4.18	4.43
Secondary	3.80	3.31	2.72	1.90	2.46	2.09	1.68	3.02	3.35	2.84
Total	<u>7.93</u>	<u>7.60</u>	<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>
Maricopa County (2)										
Primary	2.59	2.06	1.92	1.78	2.05	2.20	2.68	2.87	3.11	3.11
Secondary	0.51	0.68	0.59	0.59	0.59	0.64	0.54	0.78	0.86	0.86
Total	<u>3.10</u>	<u>2.74</u>	<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>3.98</u>	<u>3.98</u>
State of Arizona										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	4.42	6.63	5.98	5.74	5.23	5.63	6.58	7.07	7.48	7.73
Secondary	6.56	5.19	4.56	3.74	4.30	3.98	3.47	5.05	5.47	4.95
Total	<u>10.98</u>	<u>11.82</u>	<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>12.94</u>	<u>12.69</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	\$ 4.41	\$ 2.07

(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	\$ 1.32	\$ -
State Education Equalization Assistance	0.51	-
Maricopa County Community College District	1.28	0.24
Maricopa County Flood Control District	-	0.14
Maricopa County Fire District Assistance	-	0.01
Maricopa County Library District	-	0.06
Maricopa County Special Health Care District	-	0.19
West Maricopa Education Center	-	0.08
Central Arizona Water Conservation District	-	0.14
Fiscal Year 2015 Tax Rate	<u>\$ 3.11</u>	<u>\$ 0.86</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Direct City										
Primary	\$ 2,640,883	\$ 3,012,725	\$ 3,002,150	\$ 2,849,397	\$ 3,202,665	\$ 2,901,540	\$ 2,411,739	\$ 2,154,484	\$ 1,998,305	\$ 2,115,212
Secondary	12,538,103	13,387,442	20,527,343	24,932,399	23,689,548	20,124,656	15,954,198	14,217,934	13,217,665	14,444,843
Total	<u>15,178,986</u>	<u>16,400,167</u>	<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>
Peoria Unified School District No. 11 (1)										
Primary	50,475,795	58,945,121	61,400,326	71,071,459	63,259,063	63,956,114	60,801,278	58,370,644	56,069,720	62,749,751
Secondary	49,294,120	48,531,032	56,465,081	47,095,296	58,903,282	43,487,879	27,635,770	44,104,877	45,266,377	41,807,627
Maricopa County (2)										
Primary	398,725,245	696,740,167	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
Secondary	167,896,576	240,972,424	272,271,935	312,172,569	312,960,824	295,233,122	264,170,408	249,995,761	251,345,124	274,744,408
State of Arizona										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	451,841,923	758,698,013	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
Secondary	229,728,799	302,890,898	349,264,359	384,200,264	395,553,654	358,845,657	307,760,376	308,318,572	309,829,166	330,996,878
Total	<u>681,570,722</u>	<u>1,061,588,911</u>	<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>

(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	\$ 93,211,327	\$ 45,570,443

(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	\$ 442,762,977	\$ -
State Education Equalization Assistance	170,582,239	-
Maricopa County Community College District	429,857,856	82,901,341
Maricopa County Flood Control District	-	43,660,332
Maricopa County Fire District Assistance	-	3,946,541
Maricopa County Library District	-	19,504,284
Maricopa County Special Health Care District	-	65,124,108
West Maricopa Education Center	-	10,531,190
Central Arizona Water Conservation District	-	49,076,612
Fiscal Year 2015 Tax Levy	<u>\$ 1,043,203,072</u>	<u>\$ 274,744,408</u>

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

Source: Maricopa County Assessor - Tax Rates and Levies publication

**CITY OF PEORIA, ARIZONA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

**Table XII**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2015</b>		<b>% of</b>		<b>2006</b>		<b>% of</b>	
		<b>Taxable Secondary Assessed Value</b>	<b>Rank</b>	<b>Taxable Secondary Assessed Value</b>	<b>Rank</b>	<b>Taxable Secondary Assessed Value</b>	<b>Rank</b>	<b>Taxable Secondary Assessed Value</b>	<b>Rank</b>
Arizona Public Service	Gas & Electric Utility	\$ 24,001,357	1	2.08%			\$ 15,364,233	2	1.59%
Sprint Nextel Wireless LP	Telecommunications	5,591,596	2	0.48%	-		-		
Vestar Arizona XLVIII LLC	Property Development	5,075,133	3	0.44%	-		-		
Parke West LLC	Shopping Center	5,027,237	4	0.44%	-		-		
Miller Family Real Estate LLC	Shopping Center	4,586,391	5	0.40%	-		-		
DDRA Arrowhead Crossing LLC	Shopping Center	4,423,574	6	0.38%	6,115,921	4	0.63%		
Southwest Gas Corporation	Gas Utility	4,063,367	7	0.35%	4,155,418	9	0.43%		
Vestar LPTC LLC	Property Development	3,806,948	8	0.33%	-		-		
Excel Lake Pleasant LLC	Shopping Center	3,775,669	9	0.33%	-		-		
Target Corporation	Shopping Center	3,757,848	10	0.33%	3,871,230	10	0.40%		
Qwest Corporation	Telecommunications	-			11,160,630	3	1.16%		
Safeway	Grocery Store	-			4,478,046	8	0.46%		
Sprint Spectrum LP	Telecommunications	-			5,087,587	6	0.53%		
Larry Miller Real Estate - Dealerships	Auto/Light Truck Dealership	-			4,892,616	7	0.51%		
Cox Communications	Cable & Telecommunications	-			5,874,935	5	0.61%		
Salt River Project	Gas & Electric Utility	-			17,210,325	1	1.78%		
<b>Total</b>		<b>\$ 64,109,120</b>		<b>5.55%</b>	<b>\$ 78,210,941</b>		<b>8.11%</b>		

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For fiscal year 2015, the assessed value of Salt River Project property within the City of Peoria is \$19,018,409.

Source - Maricopa County Treasurer's Office

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

**Table XIII**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year <sup>(1)</sup></b>	<b>Collected with the Fiscal Year of the Levy <sup>(2)</sup></b>		<b>Collections in Subsequent Years <sup>(2)</sup></b>	<b>Total Collections To Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2015</b>	\$ 16,560,055	\$ 16,290,571	98.37%	\$ -	\$ 16,290,571	98.37%
<b>2014</b>	15,215,970	14,882,168	97.81%	204,426	15,086,594	99.15%
<b>2013</b>	16,372,418	15,962,490	97.50%	244,230	16,206,720	98.99%
<b>2012</b>	18,365,937	17,628,300	95.98%	372,754	18,001,054	98.01%
<b>2011</b>	23,026,196	21,884,397	95.04%	542,930	22,427,327	97.40%
<b>2010</b>	26,892,213	25,561,505	95.05%	788,216	26,349,721	97.98%
<b>2009</b>	27,781,796	26,280,210	94.60%	935,430	27,215,640	97.96%
<b>2008</b>	23,529,493	22,741,557	96.65%	718,125	23,459,682	99.70%
<b>2007</b>	16,400,167	15,784,673	96.25%	406,008	16,190,681	98.72%
<b>2006</b>	15,178,986	14,715,154	96.94%	346,463	15,061,617	99.23%

Notes: <sup>(1)</sup> Levy figures obtained from Maricopa County Tax Levy Books-February Publication.

<sup>(2)</sup> Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2015.

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water										
Average bill	\$34.59	\$34.85	\$35.59	\$36.73	\$35.46	\$34.36	\$38.00	\$37.41	\$37.31	\$35.54
% Increase	-2.65%	0.75%	2.12%	3.20%	-3.46%	-3.10%	10.59%	-1.55%	-0.27%	-4.74%
Wastewater										
Average bill	18.74	21.52	21.24	21.36	21.45	20.45	21.49	24.16	23.36	23.99
% Increase	-3.75%	14.83%	-1.30%	0.56%	0.42%	-4.66%	5.09%	12.42%	-3.31%	2.70%
Residential Solid Waste										
Average bill	14.58	14.91	14.85	15.18	15.36	15.35	15.40	13.38	13.38	13.35
% Increase	9.46%	2.26%	-0.40%	2.22%	1.19%	-0.07%	0.33%	-13.12%	0.00%	-0.22%

**Utility Service Connections  
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water										
# of Accounts	44,221	45,630	46,146	46,902	47,606	47,793	48,509	49,416	50,399	51,405
% Increase	3.63%	3.19%	1.13%	1.64%	1.50%	0.39%	1.50%	1.87%	1.99%	2.00%
Wastewater										
# of Accounts	45,933	47,831	48,759	49,923	50,383	50,715	51,527	52,674	53,548	54,599
% Increase	4.81%	4.13%	1.94%	2.39%	0.92%	0.66%	1.60%	2.23%	1.66%	1.96%
Residential Solid Waste										
# of Accounts	44,198	46,309	47,146	48,006	48,382	48,752	49,506	50,727	51,609	52,640
% Increase	4.08%	4.78%	1.81%	1.82%	0.78%	0.76%	1.55%	2.47%	1.74%	2.00%

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2015**

**Charges for Wastewater Services  
As of June 30, 2015**

<u>Meter Size</u>	<u>All Customers</u>	<u>Monthly Base Fee (a)</u>	<u>Monthly Volume Charge (b)</u>
5/8"-3/4"	\$ 15.54	5/8"-3/4" \$ 7.42	All Customers 2.18
1"	18.39	1" 7.42	
1 1/2"	29.09	1 1/2" 12.23	
2"	40.85	2" 17.49	
3"	72.26	3" 31.55	
4"	107.55	4" 47.34	
6"	205.53	6" 91.18	
8"	323.16	8" 143.82	

(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 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

Volume Charges for Water Services Usage Per Month As of June 30, 2015					Charges for Residential Solid Waste As of June 30, 2015	
Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)			
0 - 4,000	\$ 1.00	\$ -	\$ -			Monthly fee
4,001 - 10,000	2.59	-	-			Single container & recycling \$ 13.10
10,001 - 20,000	3.66	-	-			Additional container 10.50
10,001 - 25,000	4.00	-	-			
0 - 10,000	-	1.00	1.00			
10,001 - 50,000	-	2.59	2.59			
50,001+	-	3.66	3.66			

Water Meter Permit Charges As of June 30, 2015			Charges for Storm Water As of June 30, 2015	
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>2015</u>			<u>2006</u>		
		<u>Avg Monthly Water Usage</u>	<u>Rank</u>	<u>% Avg Monthly Water Usage</u>	<u>Avg Monthly Water Usage</u>	<u>Rank</u>	<u>Monthly Water Usage</u>
City of Peoria Padre's Pump Station	Sports Complex	5,581	1	0.83%	7,166	2	1.09%
Trilogy at Vistancia	Commercial Landscape	3,088	2	0.46%	4,089	3	0.62%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	2,957	3	0.44%			
Desert Harbor Lake	Homeowner's Association	2,442	4	0.36%	8,540	1	1.30%
Liberty High School	Public School	2,093	5	0.31%			
Sun Garden Park II HOA	Homeowner's Association	1,924	6	0.29%	2,444	4	0.37%
New River Utility Company	Private Water Utility	1,889	7	0.28%			
Christ's Church of the Valley	Church	1,513	8	0.22%			
Sun Garden Mobile Home Park	Homeowner's Association	1,438	9	0.21%	1,514	10	0.23%
Pleasant Valley HOA	Homeowner's Association	1,391	10	0.21%			
Freedom Plaza LTD Partnership	Healthcare Facility				1,937	8	0.29%
Polynesian Village	Homeowner's Association				1,978	7	0.30%
Parkridge Park	City Park				2,097	6	0.32%
City of Peoria Beardsley WRF	Water Reclamation Facility				2,370	5	0.36%
Equity Lifestyle Prop Inc - Casa Del Sol	Multi-Family Residential				1,688	9	0.26%

Source: City customer service and billing records

(concluded)

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

Table XV

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
General Obligation Bonds	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000	\$ 152,820,000	\$ 145,088,146
Municipal Development Authority Bonds	24,628,578	21,653,530	65,795,653	60,985,393	55,943,338	58,365,965	52,480,000	85,230,000	81,035,000	77,797,482
Highway User Revenue Bonds	3,830,000	3,570,000	3,295,000	3,005,000	-	-	-	-	-	-
Special Assessment Bonds	9,822,570	13,292,064	12,027,427	10,402,812	8,042,321	6,155,000	4,660,000	3,520,000	3,195,000	2,865,416
Community Facilities District Bonds	44,075,000	66,085,000	64,610,000	63,060,000	60,890,000	58,615,000	56,230,000	53,725,000	51,095,000	48,409,540
Business-type Activities										
Water and Sewer Revenue Bonds	23,275,000	21,050,000	19,555,000	18,000,000	15,780,000	15,780,000	38,480,000	37,295,000	32,720,000	29,669,224
WIFA Loans	47,387,253	88,021,820	127,917,495	117,346,302	130,298,508	121,975,538	89,803,906	82,212,652	77,780,535	73,235,496
Municipal Development Authority Bonds	2,226,422	1,906,470	1,579,347	1,229,607	861,662	449,034	-	-	-	-
Long-Term Loan Payable	-	-	1,235,000	1,064,632	6,883,276	-	-	-	-	-
<b>Total Primary Government</b>	<b><u>\$ 206,449,823</u></b>	<b><u>\$ 358,413,884</u></b>	<b><u>\$ 422,209,922</u></b>	<b><u>\$ 458,153,746</u></b>	<b><u>\$ 463,659,105</u></b>	<b><u>\$ 428,920,537</u></b>	<b><u>\$ 412,613,906</u></b>	<b><u>\$ 424,357,652</u></b>	<b><u>\$ 398,645,535</u></b>	<b><u>\$ 377,065,304</u></b>
Total Debt Per Capita	\$ 1,422.57	\$ 2,333.55	\$ 2,714.13	\$ 2,876.71	\$ 3,009.50	\$ 2,764.59	\$ 2,631.80	\$ 2,643.91	\$ 2,429.22	\$ 2,238.44
Total Debt as a % of Personal Income	4.1%	6.2%	7.1%	7.6%	8.5%	7.8%	7.4%	7.1%	6.4%	5.8%

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bonded Debt (1)	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000	\$ 152,820,000	\$ 145,088,146
Less:										
Debt Service Reserves (2)	<u>24,205,524</u>	<u>34,727,031</u>	<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>
Net Bonded Debt	<u>\$ 26,999,476</u>	<u>\$ 108,107,969</u>	<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>
Percentage of Net Bonded Debt to Full Cash Value	0.3%	1.1%	0.6%	0.8%	0.9%	0.9%	1.2%	1.2%	1.2%	1.1%
Percentage of Net Bonded Debt to Secondary Assessed Value	2.8%	9.7%	5.5%	6.9%	7.9%	8.4%	11.0%	11.6%	11.7%	10.3%
Net Bonded Debt Per Capita	\$186	\$704	\$577	\$867	\$971	\$875	\$894	\$820	\$755	\$708
Net Bonded Debt as a % of Personal Income	0.53%	1.88%	1.50%	2.30%	2.74%	2.47%	2.53%	2.20%	1.99%	1.83%

(1) Represents face value of general obligation debt outstanding

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

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, 2015**

Table XVII

Governmental Unit	Secondary 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	\$ 55,349,948,120	\$ -	2.09%	\$ -	\$ -
Maricopa County	35,079,646,593	-	3.29%	-	-
Maricopa County Community College District	35,079,646,593	654,190,000	3.29%	21,550,210	0.24
Maricopa County Flood Control District	31,365,181,149	-	3.68%	-	0.14
Maricopa County Library District	35,079,646,593	-	3.29%	-	0.06
Maricopa County Fire District Assistance	35,079,646,593	-	3.29%	-	0.01
Maricopa County Special Health Care District	35,079,646,593	-	3.29%	-	0.19
Central AZ Water Conservation	35,054,723,160	-	3.30%	-	0.14
West MEC Vocational District	13,001,468,671	34,045,000	8.89%	3,025,964	0.08
Sub-total - City-wide overlapping				<u>24,576,174</u>	
Total City-wide debt levies (3)				169,664,320	
Unified School Districts:					
Peoria No. 11	999,514,414	209,175,912	86.49%	180,916,246	2.84
Deer Valley No. 97	154,451,149	190,775,000	13.37%	25,506,618	2.07
Nadaburg No. 81	1,355,749	1,010,000	0.12%	1,212	0.37
Sub-total - Unified school district overlapping				<u>206,424,076</u>	
Total overlapping				<u>231,000,250</u>	
Direct:					
City of Peoria	\$ 1,155,587,438	\$ 145,088,146	100.00%	<u>145,088,146</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 376,088,396</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.

(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

- 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, 2015**

Table XVIII

Governmental Unit	Secondary 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	\$ 55,349,948,120	\$ -	2.09%	\$ -	\$ -
Maricopa County	35,079,646,593	-	3.29%	-	-
Maricopa County Community College District	35,079,646,593	654,190,000	3.29%	21,550,210	0.24
Maricopa County Flood Control District	31,365,181,149	-	3.68%	-	0.14
Maricopa County Library District	35,079,646,593	-	3.29%	-	0.06
Maricopa County Fire District Assistance	35,079,646,593	-	3.29%	-	0.01
Maricopa County Special Health Care District	35,079,646,593	-	3.29%	-	0.19
Central AZ Water Conservation	35,054,723,160	-	3.30%	-	0.14
West MEC Vocational District	13,001,468,671	34,045,000	8.89%	3,025,964	0.08
Sub-total - City-wide overlapping				<u>24,576,174</u>	
Total City-wide debt levies (3)				<u>298,736,758</u>	
Unified School Districts:					
Peoria No. 11	999,514,414	209,175,912	86.49%	180,916,246	2.84
Deer Valley No. 97	154,451,149	190,775,000	13.37%	25,506,618	2.07
Nadaburg No. 81	1,355,749	1,010,000	0.12%	1,212	0.37
Sub-total - Unified school district overlapping				<u>206,424,076</u>	
Total overlapping				<u>231,000,250</u>	
Direct:					
City of Peoria	1,155,587,438	\$ 274,160,584	100.00%	<u>274,160,584</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 505,160,834</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.

(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

- 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	-	-	-	-	-	-	-	-	-	-
Community College District	11,594,345	10,710,280	18,505,348	17,301,999	21,354,408	23,908,932	22,084,125	25,357,414	23,384,382	21,550,210
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
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	<u>11,594,345</u>	<u>10,710,280</u>	<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>
Total City-wide levies (1)	<u>163,028,901</u>	<u>297,071,313</u>	<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>
Unified School Districts:										
Peoria No. 11	196,625,176	205,291,709	224,219,333	210,241,616	166,217,415	196,735,864	177,729,492	163,033,794	208,200,535	180,916,246
Deer Valley No. 97	20,573,318	24,204,834	15,471,750	21,558,687	26,201,313	24,618,198	25,445,126	25,160,995	27,264,686	25,506,618
Nadaburg No. 81	-	-	-	-	-	7,800	4,524	284,900	2,286	1,212
Sub-total - Unified school district overlapping	<u>217,198,494</u>	<u>229,496,543</u>	<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>
Total overlapping	<u>228,792,839</u>	<u>240,206,823</u>	<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>
Direct (2):										
City of Peoria	<u>151,434,556</u>	<u>286,361,033</u>	<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>
Total direct and overlapping debt	<u>\$ 380,227,395</u>	<u>\$ 526,567,856</u>	<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>

(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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Secondary Assessed Value	\$ 964,469,431	\$ 1,115,620,151	\$ 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
<b><u>6% Limitation</u></b>										
Debt limit	\$ 57,868,166	\$ 66,937,209	\$ 98,531,249	\$ 119,675,515	\$ 113,709,831	\$ 96,598,351 <sup>4</sup>	\$ 76,580,152	\$ 68,246,084	\$ 63,444,792	\$ 69,335,246
Total net debt applicable to limit	<u>13,350,000</u>	<u>28,470,000</u>	<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>
Legal 6% Debt Margin	<u>\$ 44,518,166</u>	<u>\$ 38,467,209</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	23.1%	42.5%	13.5%	5.6%	4.9%	4.7%	3.6%	2.4%	0.6%	0.0%
<b><u>20% Limitation</u></b>										
Debt limit	\$ 192,893,886	\$ 223,124,030	\$ 328,437,495	\$ 398,918,385	\$ 379,032,770	\$ 321,994,502	\$ 255,267,172	\$ 227,486,948	\$ 211,482,641	\$ 231,117,488
Total net debt applicable to limit	<u>37,855,000</u>	<u>114,365,000</u>	<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>
Legal 20% Debt Margin	<u>\$ 155,038,886</u>	<u>\$ 108,759,030</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	19.6%	51.3%	34.4%	44.2%	47.3%	50.6%	65.9%	70.6%	72.1%	61.8%

Source: Maricopa County Assessor

**CITY OF PEORIA, ARIZONA  
PLEDGED REVENUE COVERAGE - MUNICIPAL DEVELOPMENT AUTHORITY BONDS  
GOVERNMENTAL PORTION  
LAST TEN FISCAL YEARS**

Table XXI

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Fiscal Year 2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Senior Lien MDA Debt (excludes 2008 Transportation MDA Debt)</b>										
Pledged Revenues										
Sales and use taxes (1)	\$ 57,255,493	\$ 59,153,094	\$ 58,145,253	\$ 50,215,336	\$ 47,957,886	\$ 49,541,810	\$ 51,737,833	\$ 56,145,066	\$ 60,587,446	\$ 63,331,915
State-shared sales tax	11,681,284	13,130,116	12,695,890	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191	13,431,637	14,139,128
Urban revenue sharing	11,707,782	15,996,992	19,539,768	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958	17,172,500	18,650,521
Franchise taxes	3,004,895	3,983,701	3,848,746	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004	4,194,371	4,312,836
License and permits	4,807,840	3,878,132	3,020,436	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075	2,800,894	3,132,178
Fines and forfeitures	2,078,281	2,135,525	2,404,459	3,309,210	2,525,753	2,813,535	2,521,407	2,058,925	1,933,142	1,699,818
User fees and charges	14,025,003	14,208,071	16,137,447	11,420,810	10,185,728	10,502,078	10,895,825	11,889,776	12,535,479	12,703,987
Miscellaneous	3,775,821	5,494,936	6,247,418	3,781,537	1,674,775	2,692,430	1,656,235	2,534,262	1,379,952	2,146,784
<b>Total Pledged Revenues</b>	<b>\$ 108,336,399</b>	<b>\$ 117,980,567</b>	<b>\$ 122,039,417</b>	<b>\$ 105,935,592</b>	<b>\$ 95,507,133</b>	<b>\$ 96,318,307</b>	<b>\$ 98,320,665</b>	<b>\$ 106,419,257</b>	<b>\$ 114,035,421</b>	<b>\$ 120,117,167</b>
Senior Lien Debt Service Requirements										
Principal (2)	2,524,999	3,295,000	3,185,000	3,400,000	3,575,000	3,990,000	1,569,999	665,000	2,010,000	2,020,000
Interest (2)	1,017,160	1,117,252	1,005,806	842,867	670,386	482,594	505,827	1,065,571	1,708,383	1,642,083
<b>Total Senior Lien Debt Service Requirements</b>	<b>3,542,159</b>	<b>4,412,252</b>	<b>4,190,806</b>	<b>4,242,867</b>	<b>4,245,386</b>	<b>4,472,594</b>	<b>2,075,826</b>	<b>1,730,571</b>	<b>3,718,383</b>	<b>3,662,083</b>
Estimated Coverage (6)	30.58	26.74	29.12	24.97	22.50	21.54	47.36	61.49	30.67	32.80
<b>2008 Transportation MDA Debt (3)</b>										
Net Pledged Revenues from above (4)			117,848,611	101,692,725	91,261,747	91,845,713	96,244,839	104,688,686	110,317,038	116,455,084
Additional Pledged Revenues (5)			10,978,453	9,356,675	8,491,097	8,682,846	9,088,210	9,927,436	10,861,145	11,334,889
<b>Total</b>			<b>128,827,064</b>	<b>111,049,400</b>	<b>99,752,844</b>	<b>100,528,559</b>	<b>105,333,049</b>	<b>114,616,122</b>	<b>121,178,183</b>	<b>127,789,973</b>
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
Interest			-	1,659,171	2,005,188	1,940,963	1,873,763	1,803,588	1,730,263	1,648,325
<b>Total Annual Requirements</b>			<b>-</b>	<b>3,419,171</b>	<b>3,840,188</b>	<b>3,860,963</b>	<b>3,878,763</b>	<b>3,898,588</b>	<b>3,915,263</b>	<b>3,933,325</b>
Estimated Coverage			-	32.48	25.98	26.04	27.16	29.40	30.95	32.49

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 bonds, including the 2011 MDA Bonds, are funded by Enterprise Funds, the pledged revenue for all MDA debt is excise taxes and state shared revenues.

(3) The 2008 Transportation MDA Bonds are backed by a senior lien on the .03% transaction privileged 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 Bonds, less the debt requirements for the non-transportation MDA Bonds.

(5) Revenues of the Transportation Sales Tax Fund, primarily consisting of the 0.3% transaction privileged 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**  
**PLEGDED REVENUE COVERAGE - WATER AND WASTEWATER REVENUE BONDS**  
**LAST TEN FISCAL YEARS**

Table XXII

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <sup>(2)</sup>	<u>2010</u>	<u>2011</u>	<u>2012</u> <sup>(6)</sup>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gross Revenue (1)	\$ 44,982,822	\$ 53,290,996	\$ 49,812,486	\$ 46,956,831	\$ 48,087,688	\$ 46,141,098	\$ 50,720,705	\$ 52,680,761	\$ 54,515,296	\$ 52,770,260
Operating and Maintenance Expenses (2)	27,318,074	30,532,640	34,287,751	33,751,517	28,067,908	28,610,625	28,823,261	28,974,990	30,942,736	35,326,061
Net Revenue Available for Debt Service	<u>\$ 17,664,748</u>	<u>\$ 22,758,356</u>	<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>
Development Fee Revenue	12,887,675	8,826,809	5,821,318	1,841,126	1,616,718	1,899,935	2,820,416	3,205,623	4,311,153	4,418,565
Total Net Revenue	<u>\$ 30,552,423</u>	<u>\$ 31,585,165</u>	<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>
Debt Service Requirements										
Principal (3)	4,672,124	4,855,563	4,220,006	4,372,224	7,362,889	7,025,129	7,941,123	8,776,254	9,007,117	9,210,038
Interest (4)	2,961,997	2,641,850	3,316,344	4,852,315	4,332,089	4,501,266	4,242,754	3,579,904	3,343,413	3,097,542
Total Debt Service Requirements	<u>\$ 7,634,121</u>	<u>\$ 7,497,413</u>	<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>
Ratio of Total Net Revenue/ Total Bond Expense	4.00	4.21	2.83	1.63	1.85	1.69	2.03	2.18	2.26	1.78
Ratio of Net Available/ Total Bond Expense (5)	2.31	3.04	2.06	1.43	1.71	1.52	1.80	1.92	1.91	1.42

(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 charges 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 assets.

(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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Pledged Revenues (1)	\$ 3,516,277	\$ 3,216,095	\$ 3,167,933	\$ 3,365,342	\$ 3,402,865	\$ 2,645,451	\$ 2,262,112	\$ 1,484,283	\$ 1,259,303	\$ 1,168,526
Debt Service Requirements										
Principal	1,608,983	1,480,506	1,264,637	1,624,615	2,360,492	1,887,322	1,495,000	1,140,000	325,000	340,000
Interest (2)	747,720	638,657	697,840	675,958	559,205	432,302	316,720	222,820	149,600	135,788
Total Annual Requirements	<u>\$ 2,356,703</u>	<u>\$ 2,119,163</u>	<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>
Estimated Coverage	1.49	1.52	1.61	1.46	1.17	1.14	1.25	1.09	2.65	2.46

(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>2006</u>	<u>2007</u>	<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>
Current Assessments Due	\$ 1,987,461	\$ 1,965,107	\$ 1,749,724	\$ 2,196,027	\$ 2,211,609	\$ 2,171,435	\$ 1,849,026	\$ 1,213,646	\$ 455,116	\$ 381,761
Assessments Collected	1,983,885	1,961,724	1,749,246	2,193,992	2,211,599	2,171,435	1,848,788	1,213,646	455,116	381,761
Prepaid Assessments Collected	275,392	7,818	44,061	2,041	38,301	-	205,901	-	675,958	-
Total Assessments Collected (1)	<u>\$ 2,259,277</u>	<u>\$ 1,969,542</u>	<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>
Ratio of Current Collections to Amount Due	99.8%	99.8%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Outstanding Assessment Principal (2)	\$ 9,243,866	\$ 12,782,394	\$ 11,476,365	\$ 9,871,061	\$ 8,141,515	\$ 6,328,423	\$ 4,551,324	\$ 3,520,000	\$ 2,603,127	\$ 2,326,112

(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.

Source: City financial records and reports

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

**Table XXV**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 *</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Of Peoria										
Population	145,125	153,592	155,560	159,263	154,065	155,148	156,780	160,504	164,104	168,450
% growth	5.9%	5.8%	1.3%	2.4%	-3.3%	0.7%	1.1%	2.4%	2.2%	2.6%
Unemployment Rate	2.6%	2.1%	3.6%	6.7%	7.0%	8.7%	7.1%	6.8%	6.0%	5.0%
Personal income (\$000's) **	5,058,622	5,762,618	5,964,948	5,998,322	5,462,529	5,489,757	5,547,504	5,966,094	6,236,937	6,526,595
Maricopa County										
Population	3,792,675	3,879,150	3,987,492	4,105,623	4,217,427	4,328,379	4,438,459	3,922,600	3,944,859	4,008,651
% growth	3.0%	2.3%	2.8%	3.0%	2.7%	2.6%	2.5%	-11.6%	0.6%	1.6%
Unemployment Rate	3.7%	3.0%	5.1%	9.4%	9.7%	9.0%	7.6%	7.1%	6.4%	5.3%
Per Capita Income	35,595	38,520	39,530	38,811	36,530	36,643	38,411	39,300	40,030	NA
State of Arizona										
Population	6,305,210	6,432,007	6,629,455	6,812,137	6,999,810	7,186,070	7,370,993	6,553,800	6,581,054	6,667,241
% growth	3.7%	2.0%	3.1%	2.8%	2.8%	2.7%	2.6%	-11.1%	0.4%	1.3%
Unemployment Rate	4.4%	3.6%	5.9%	10.2%	10.6%	10.0%	8.7%	8.5%	7.5%	6.3%
Per Capita Income	32,419	34,817	35,863	35,772	33,972	33,967	35,446	36,243	36,823	37,895
United States of America										
Unemployment Rate	4.8%	4.7%	5.7%	9.7%	9.6%	9.3%	8.4%	7.8%	6.3%	5.3%
Phoenix MSA										
Per Capita Income	34,857	37,519	38,345	37,663	35,456	35,384	37,171	38,006	38,745	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](http://www.bls.gov)) and Arizona Department of Commerce ([www.workforce.az.gov](http://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 2013 for Phoenix & Maricopa County and 2014 for State of Arizona

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

**Table XXVI**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Peoria Unified School District	3,429	1	4.3%	4,346	1	6.7%
City of Peoria	1,107	2	1.4%	1,537	2	2.4%
Brookdale Senior Living	630	3	0.8%	600	3	0.9%
Walmart (3 Locations)	579	4	0.7%			
Younger Brothers	525	5	0.7%			
Fry's Food Stores (4 Locations)	498	6	0.6%	487	4	0.8%
Target (3 Locations)	385	7	0.5%	391	6	0.6%
Antigua	330	8	0.4%			0.0%
OakCraft	302	9	0.4%	336	7	0.5%
Arizona Medical Clinic	300	10	0.4%			
Immanuel Care Campus				257	10	0.4%
Albertson's (2 Locations)				297	9	0.5%
Northern Pipeline				400	5	0.6%
Safeway (4 Locations)				311	8	
<b>Total</b>	<b>8,085</b>		<b>10.2%</b>	<b>8,962</b>		<b>13.4%</b>

Total City Employment

79,665

Sources: City of Peoria Economic Development Department & MAG Database  
Arizona Unemployment Statistics Program Special Employment Report [www.azstats.gov](http://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, 2015

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Mayor & Council	5.00	6.00	6.00	6.00	6.00	-	-	-	-	-
City Manager	10.50	12.00	13.00	13.00	10.00	15.00	15.00	16.00	16.00	16.00
Office of Communications	11.00	12.50	13.50	9.50	8.50	8.00	7.00	8.00	8.00	8.00
Human Resources	13.00	14.00	17.00	17.00	19.00	18.00	17.00	17.50	17.50	17.50
Attorney	22.70	23.80	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
City Clerk	8.00	8.00	9.00	9.00	9.00	9.00	8.00	7.00	7.00	7.00
Court	13.00	16.00	22.00	22.00	22.00	21.00	20.90	20.90	20.90	20.90
Economic Development	4.00	4.00	5.00	5.00	13.30	27.80	26.00	26.00	28.00	30.50
Finance & Budget	86.00	89.00	97.00	96.00	89.75	86.75	80.75	80.75	80.00	80.00
Culture & Recreation	109.36	124.39	131.74	142.04	125.47	115.97	113.57	111.97	115.97	115.97
Police	250.00	264.00	286.00	287.00	271.00	287.00	289.00	288.00	292.00	292.00
Fire	134.00	157.00	173.00	170.00	167.00	164.00	162.00	167.50	168.50	168.50
Community Development	50.80	51.80	53.80	49.80	51.00	15.50	12.50	12.50	13.50	14.00
Engineering	43.00	47.00	49.00	45.25	39.75	39.75	33.25	33.25	33.25	33.25
Highways & Streets	40.00	44.00	44.00	43.00	41.00	44.00	38.80	38.80	38.80	38.80
Public Works	61.50	69.00	70.50	69.50	63.75	56.75	57.95	57.95	57.95	57.95
Human Services	8.50	14.50	14.50	14.50	11.75	10.00	7.50	7.50	7.50	7.50
Water Utility	70.02	72.00	75.00	72.75	60.75	57.75	56.50	55.50	55.50	55.50
Wastewater Utility	16.50	19.00	25.00	28.25	29.25	29.25	29.50	29.50	29.50	29.50
Solid Waste Utility	40.00	44.00	47.00	45.00	45.00	43.25	45.00	45.00	45.50	45.50
Information Technology	39.00	43.00	47.00	47.00	46.00	41.60	39.00	39.00	40.00	40.00
Stadium	14.00	16.00	19.00	19.00	19.00	15.50	15.50	16.50	17.50	17.50
<b>Total FTE</b>	<u>1,135.88</u>	<u>1,239.99</u>	<u>1,341.04</u>	<u>1,332.59</u>	<u>1,264.02</u>	<u>1,218.62</u>	<u>1,181.47</u>	<u>1,185.87</u>	<u>1,118.87</u>	<u>1,121.87</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.

Source: City budget office

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

Table XXVIII

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government										
Registered Voters in City	62,328	63,544	71,051	76,323	82,578	86,803	85,592	87,432	89,604	87,541
Voter Participation (last election)	25.4%	25.4%	60.6%	81.2%	29.2%	29.2%	23.7%	23.7%	24.9%	31.3% <sup>(F)</sup>
Culture & Recreation										
Recreation Participants	75,145	77,602	119,620	131,372	132,391	134,661	136,200	134,045	122,318	120,232
New Recreation Accounts	5,160	4,923	6,692	6,237	5,903	5,968	6,106	5,396	5,533	5,483
Special Event Participants	*	*	*	*	46,578	60,715	65,347	73,800	74,950	79,550
Police										
Calls for Service	102,385	103,921	62,341 <sup>(A)</sup>	60,219	56,683	56,764	57,184	54,159	52,193	47,612
Avg Response Time (minutes)	4.80	5.20	5.98	5.47	5.65	5.87	6.01	4.52 <sup>(C)</sup>	4.39 <sup>(C)</sup>	4.55 <sup>(C)</sup>
Fire										
Number of Incidents	12,445	12,788	13,649	13,361	14,874	15,403	17,717	18,719	19,312	20,873
Avg Response Time (minutes)	4.30	4.40	4.40	4.43	5.02	5.19	5.08	5.14	5.30	5.24
Development Services										
Building Permits Issued	4,811	3,692	2,943	1,486	1,497	1,401	2,371	3,625 <sup>(D)</sup>	3,993 <sup>(D)</sup>	4,534 <sup>(D)</sup>
Value of Building Permits (millions \$)	\$412.3	\$368.8	\$225.5	\$84.5	\$131.8	\$63.8	\$111.2	\$169.0	\$188.3	\$221.1
Highways & Streets										
Asphalt Used (in tons)	5,035	7,999	8,365	2,441	2,832	2,677	2,038	3,122	2,227	2,302
Centerline Miles Swept	8,697	8,496	7,604	7,526	5,935	6,159	6,202	6,143	5,660	4,968
Miles Inspected	218	275	381	423	422	85 <sup>(B)</sup>	163	187	205	211
Public Works										
Number of Vehicle Work Orders	5,920	5,787	5,679	5,917	5,697	5,856	5,608	5,899	5,464	5,493
Human Services										
Number of Dial-a-Ride users	5,147	5,310	5,750	6,174	899	747	759	830	836	850
Number of Annual Trips	42,232	47,244	45,451	43,263	31,568	27,440	31,082	32,101	33,308	30,212
Section 8 Unit Months Available	984	984	984	984	984	984	**	**	**	**
Section 8 Unit Months Leased	773	788	916	846	793	911	**	**	**	**
Business-type Activities										
Water Utility <sup>(E)</sup>										
Annual Consumption (000's gal)	7,889,653	8,220,760	8,626,688	8,674,450	8,212,711	8,003,947	8,448,795	8,405,929	8,662,507	8,090,136
Wastewater Utility										
Wastewater Treated (billion gal)	3.55	3.67	3.60	3.90	3.70	3.50	3.61	3.64	3.69	3.74
Solid Waste Utility										
Residential Tonnage Processed	69,191	71,396	61,290	48,970	47,540	47,989	46,299	47,717	47,987	51,666
Commercial Tonnage Processed	22,943	25,260	20,519	22,856	21,981	20,340	19,700	20,561	21,176	25,227
Recycle Tonnage Processed	1,690	1,927	11,549	16,084	15,516	16,277	15,715	15,184	15,155	16,077
Stadium										
Spring Training Attendance	200,153	220,357	230,434	211,243	200,029	188,244	190,643	196,881	192,513	238,847
Sporting Rentals Days	*	195	234	246	208	336	350	290	322	297
Non-Sporting Rentals Days	*	54	83	66	74	108	134	143	146	151
Public Housing										
Unit Months Available	840	840	840	840	840	840	840	840	NA***	NA***
Number of Unit Months Leased	831	827	812	796	745	787	813	797	NA***	NA***

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

\*\* City discontinued participation in Section 8 housing programs as of 6/30/11.

\*\*\* As of FY14, all public housing units have been transferred to Maricopa County for administration.

<sup>(A)</sup> The drop in calls for service reflect a change in what is considered a "call for service". Prior to FY08, calls for service included officer initiated calls. Beginning in FY08, only calls coming into the 911 center are counted as calls for service.

<sup>(B)</sup> Changed from lane miles to center line miles in FY11 to be consistent with other highway measurements

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

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

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

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

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

Table XXIX

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:										
General Government										
Annexed Area (square miles)	177.9	177.9	177.9	177.9	179.0	179.1	179.1	179.1	179.1	179.1
Culture & Recreation										
# of Neighborhood Parks	26	26	26	28	28	28	32	33	33	34
Total Neighborhood Park Acreage	264	264	264	314	322	322	285	294	294	305
# of Community Parks	1	1	1	1	1	1	1	1	2	2
Total Community Park Acreage	52	52	52	52	52	52	52	52	139	139
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	90	101	103	92	86	86	86	86	88	88
Fire										
Stations (full-time / part-time)	6 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7/1	7/1	7/1
Number of Fire Engines	8	9	9	9	9	7	7	8	8	8
Number of Ladder Trucks	1	1	1	2	2	2	2	2	2	2
Highways & Streets										
Streets (miles maintained)	518	537	538	551	554	584	590	622	1452 <sup>(A)</sup>	1505 <sup>(A)</sup>
Crack Seal Application (linear feet)	*	*	*	*	*	*	*	*	1,165,460	1,156,722
Surface Treatments (lane miles)	*	*	*	*	*	*	*	*	88	96
Public Works										
Street Lights	12,000	12,737	13,618	13,726	13,901	14,093	14,333	15,006	14,786	14,945
Vehicles in Fleet	621	661	720	683	670	673	687	714	738	732
Utilities										
Number of Pump Stations	*	*	*	*	*	*	*	*	25	25
Number of Lift Stations	*	*	*	*	*	*	*	*	15	14
Number of Well	*	*	*	*	*	*	*	*	38	40
Number of Reservoirs	*	*	*	*	*	*	*	*	30	30
Human Services										
Dial-a-Ride Buses	9	11	11	11	9	7	7	7	6	5
Business-type Activities										
Water Utility										
Number of Water Accounts	44,221	45,630	46,146	46,902	47,606	47,793	48,509	49,516	50,399	51,405
Storage Capacity (million gal)	40.0	40.0	41.8	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	45,933	47,831	48,759	49,923	50,383	50,715	51,527	52,674	53,548	54,599
Treatment Capacity (billion gal)	14.15	14.15	25.70	16.25	16.25	16.25	16.25	16.25	16.25	16.25
Solid Waste Utility										
Number of Solid Waste Accounts	44,198	46,309	47,146	48,006	43,382	48,752	49,506	50,727	51,609	52,640
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	145	145	145	145	145	145	145	145	145	145
Public Housing										
Number of Public Housing Units	70	70	70	70	70	70	70	70	N/A**	N/A**

Notes: \* Information not tracked during this fiscal year.

\*\*As of FY2014, all public housing units have been transferred to Maricopa County for administration.

<sup>(A)</sup> Measurement changed from centerlane miles to lane miles in FY14.

Source: Various City Departments

# Continuing Disclosures

# Continuing Disclosure Section

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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](http://www.emma.msrb.org).

# Continuing Disclosures Annual Report

For the Year Ended June 30, 2015

## Audited Financial Statements

The City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2015 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 on page 58, 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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## **City of Peoria**

### **FINANCE & BUDGET DEPARTMENT**

8401 West Monroe Street  
Peoria, Arizona 85345

[www.peoriaaz.gov](http://www.peoriaaz.gov)