

City of Peoria, Arizona
FY16 Comprehensive Annual
Financial Report (CAFR)

Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2016

City of Peoria, Arizona



City Council:

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

Administrative Staff:

Carl Swenson, City Manager
Julie Arendall, Deputy City Manager
Susan Daluddung, Deputy City Manager
Jeff Tyne, Deputy City Manager

Prepared By: Finance Department
Brent D. Mattingly, Chief Financial Officer, Finance 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, 2016

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City of Peoria

FINANCE DEPARTMENT

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December 15, 2016

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, 2016. This report was prepared by the Financial Services Division of the Finance Department.

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

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

THE FINANCIAL REPORTING ENTITY

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

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

The City encompasses approximately 179 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 2010 census and the most current Census Bureau estimate for the City of Peoria, our population increased by more than 10 percent, from 154,065 in 2010 to 171,237 in 2015. The City's growth is attributable to the comparatively affordable housing, excellent school district, and expansion of the metropolitan freeway

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

The City provides a full range of municipal services, including police and fire protection, water, sewer and solid waste services, street construction and maintenance, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. 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 Seattle Mariners and San Diego Padres. The City opened its first large community park, Rio Vista Community Park, in the southern part of the City in fiscal year 2004. This 52 acre facility has athletic fields, playgrounds, ramadas, an urban lake, skate park and other amenities for the citizens' enjoyment. The City's second community park, Pioneer Community Park was completed in fiscal year 2014 and includes ball fields, multipurpose fields, a dog park, fishing lake and other amenities. The City also has a performing arts center with a 250-seat main auditorium, 80-seat black box theater, and classroom and administrative space in the downtown area. Another attraction of the City is Lake Pleasant, in northern Peoria's Lake Pleasant Regional Park. This 10,000 acre lake is the second largest lake in Arizona, providing residents and visitors with boating, fishing, camping and other outdoor recreation activities.

LOCAL ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2016, Peoria's economy continued to see healthy home construction activity. Peoria is part of the metro Phoenix West Valley which includes Glendale, Goodyear, Surprise and Buckeye. Over the past 10 years, the West Valley has focused on transportation infrastructure and economic development. Homes sales in the West Valley continue to surpass other metro Phoenix regions. The West Valley has the region's newest freeway (Loop 303) and large communities, such as Vistancia, a top selling master-planned community in north Peoria bringing higher-end homes, golf courses and shopping amenities to attract home buyers. Home sales are expected to continue growing in Peoria and the West Valley.

The City issued 1,663 new residential building permits in fiscal year 2016 compared to 1,215 in fiscal year 2015. Median home prices in Peoria rose from \$235,000 in June 2015 to \$265,000 in June 2016. The City's total property full cash value, which lags the market, increased by 8.6% from \$14.0 billion in 2015-16 to \$15.2 billion in 2016-17. 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.

The unemployment rate in Peoria improved from 5.0% in June 2015 to 4.9% in June 2016. While growth in the U.S. economy has cooled since 2015, consumer spending remained healthy. The City's sales and use tax collections in fiscal year 2016 totaled \$79.4 million, a 6.4% increase from the \$74.6 million in the prior year.

On the commercial front, State Trailer RV & Outdoor Supplies opened its 173,000 square foot store in Peoria in November 2015, selling everything needed for RV'ing and camping and also providing RV repairs. 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 in July 2015. Aviage is expected to create 30-40 high wage jobs in Peoria.

Economic Outlook

State economists expect Arizona's economy to be well positioned to outpace the US, although the pace of growth will be less than the rapid growth rates prior to the Great Recession. The Phoenix metropolitan statistical area posted a 2.9% job growth in the second quarter of 2016 compared to the national average of 1.8%. Construction jobs are up, reflecting healthy construction activity. The short-term outlook for the US economy is continued expansion at a fairly modest pace with real GDP growth expected to average 1.9% for 2016 and projected to increase to 2.4% in 2017.

MAJOR PROJECTS AND INITIATIVES

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

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

Major Initiatives and Accomplishments in 2016

Major initiatives and accomplishments during fiscal 2016 are as follows:

Peoria Sonoran Preservation Program-

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

Ambulance and Emergency Medical Service –

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

Police Building Expansion-

The City started its multi-phase expansion of its Pinnacle Peak Public Safety building in North Peoria. The expansion consists of a new 17,000 square feet patrol services building, 10,000 square feet of additional space for police operations, renovation of another 10,000 square feet of substation to accommodate police communications and 911 dispatch functions, information technology improvements and other upgrades. This project is expected to cost \$14 million and be completed in 2017.

Pyramid Peak Water Treatment Expansion-

In October 2015, the City entered into an intergovernmental agreement with the City of Glendale to expand the joint water treatment facility capacity from 39 Million Gallons per Day (MGD) to 54 MGD to provide for and support growth. The City's share of the treatment capacity will increase from 9 MGD to 24 MGD and the City's share of the expansion costs is estimated to be \$50 million.

Purchase of New River Utilities –

During fiscal year 2015-16, the City completed its purchase of 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 were financed with a loan from the Water Infrastructure Financing Authority.

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. During fiscal year 2015-16, the City purchased various properties totaling \$779,000 to further its efforts in the redevelopment of old town.

Debt Refundings –

During fiscal year 2015-16, the City refinanced \$69.3 million of General Obligation Bonds and realized a net present value savings of \$5.2 million. The City also refinanced \$45.4 million of Vistancia Community Facilities District Bonds, achieving a net present value savings of \$11.2 million.

Accreditations and Awards –

In March 2016, the City's Information Technology department received awards from the Public Technology Institute (PTI) for its Community Services Master Plan Asset Inventory Integration, Police HunchLab Predictive Policing Program and IT Hardware Inventory Application/Database Replacement. This is the second year in a row that Peoria has been recognized by PTI for innovative technology solutions.

Also in March 2016, the City of Peoria Fire-Medical department was awarded its accreditation for the 2nd time from the Commission on Fire Accreditation International.

BOND RATING

In November 2015, all three global rating agencies, Moody's Investor Services, Standard and Poor's and Fitch Ratings, affirmed the City's Aa1 or AA+ rating for its General Obligation Bonds and designated the ratings outlook as stable. In April 2016, Fitch Ratings also affirmed the City's Water and Sewer Revenue Bonds' AA rating, designating the rating outlook as stable. These ratings reflect the city's improving economic prospects, sound financial management practices, solid reserves and manageable debt levels.

FINANCIAL CONTROLS

Internal Controls

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

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

Budgetary Controls

The City of Peoria, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. At a general election held in March 2003, the citizens of Peoria approved a permanent adjustment of the expenditure base from the original 1979-80 base of \$3,247,857 to a new base of \$18,247,857. The permanent adjustment eliminated the need for voter approval every four years. After adjustment for inflation and population growth, the City's expenditure limitation for fiscal year 2015-16 was \$819,983,730. The City may utilize the additional expenditure authority for any local budgetary purposes.

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

Financial Policies

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

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

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

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

Long Term Financial Planning

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

Additionally, the City maintains a 10-year Capital Improvement Program which the City Manager submits annually for review by the City Council. The program is updated annually and includes the cost of construction and operating expenditures. No capital improvement project will be authorized or awarded until the funding sources have been established to finance the project. When current revenues or resources are available for Capital Improvement Projects, consideration will be given first to those capital assets with the shortest useful life, and for assets whose nature make them comparatively more difficult to finance with bonds or lease financing.

OTHER INFORMATION

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

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

Independent Audit

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. The audit satisfies Article VI, Section 7, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peoria, Arizona, for the fiscal year ended June 30, 2016, 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, 2016, 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, 2016, 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, 2015. This is the 31st 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

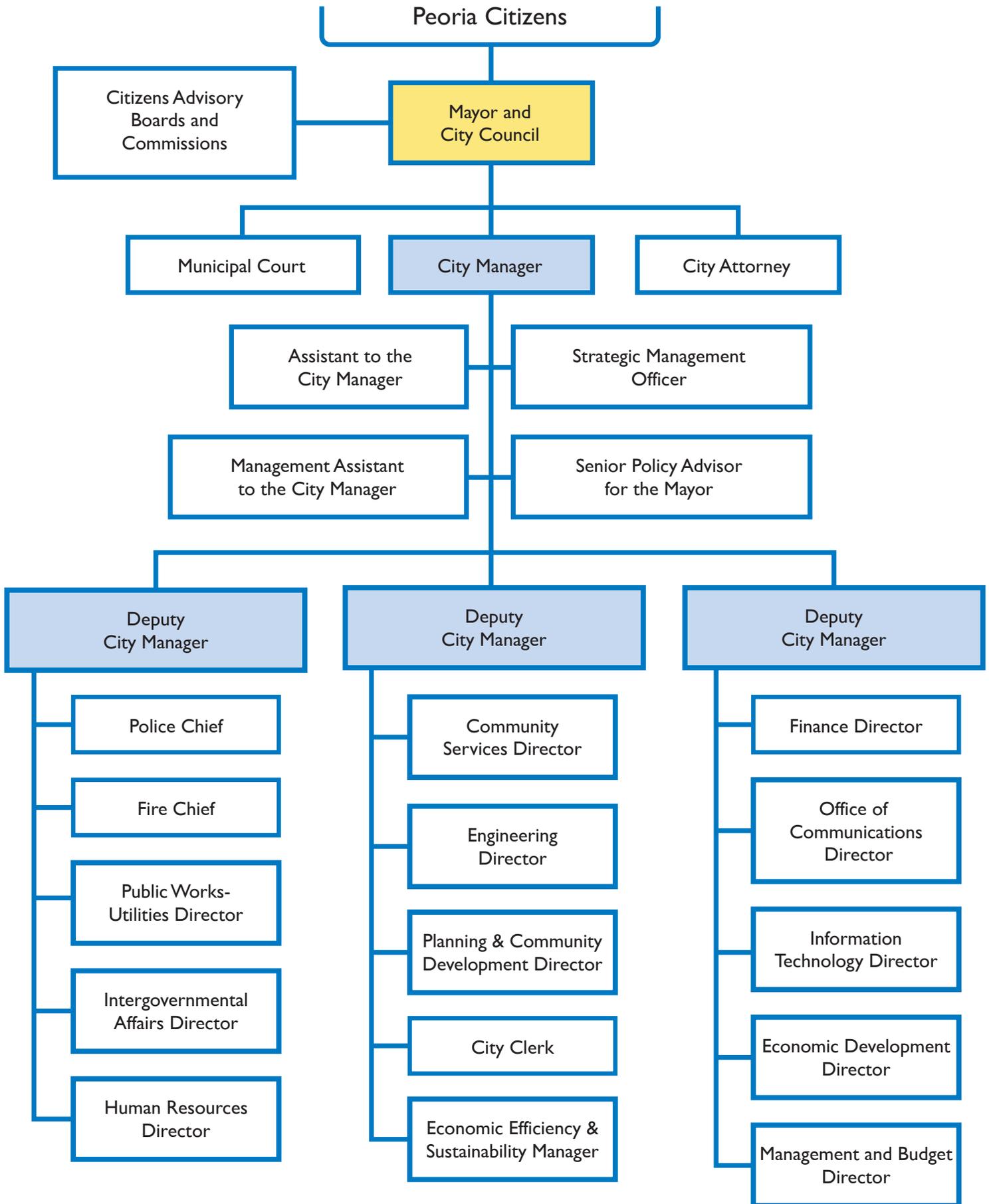
**City of Peoria
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Peoria Organizational Chart





City of Peoria

Principal Officials of the City

Fiscal Year 2016

Cathy Carlat
Mayor

Bridget Binsbacher
Vice Mayor

Jon Edwards
Councilmember

Michael Finn
Councilmember

Vicki Hunt
Councilmember

Carlo Leone
Councilmember

Bill Patena
Councilmember

Carl Swenson
City Manager

Julie Arendall
Deputy City Manager

Susan J. Daluddung
Deputy City Manager

Jeff Tyne
Deputy City Manager

George Anagnost
Municipal Judge

Thomas Adkins
Governmental Affairs Director

John Imig
Information Technology Director

Steve Burg
City Attorney

Bobby Ruiz
Fire Chief

Jennifer Stein
Director of Communications

John Sefton
Community Services Director

Roy Minter
Police Chief

Stuart Kent
Public Works-Utilities Director

Andrew Granger
Development and Engineering Director

Rhonda Geriminsky
City Clerk

Scott Whyte
Economic Development Services Director

Laura Krause
Human Resources Director

Brent Mattingly
Finance Director

Katie Gregory
Management and Budget Director

Chris Jacques
Planning and Community Development Director



City of Peoria Council Districts



**Mayor
Cathy Carlat**



**Vice Mayor
Bridget Binsbacher**
Mesquite District



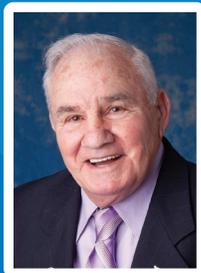
**Councilmember
Vicki Hunt**
Acacia District



**Councilmember
Bill Patena**
Ironwood District



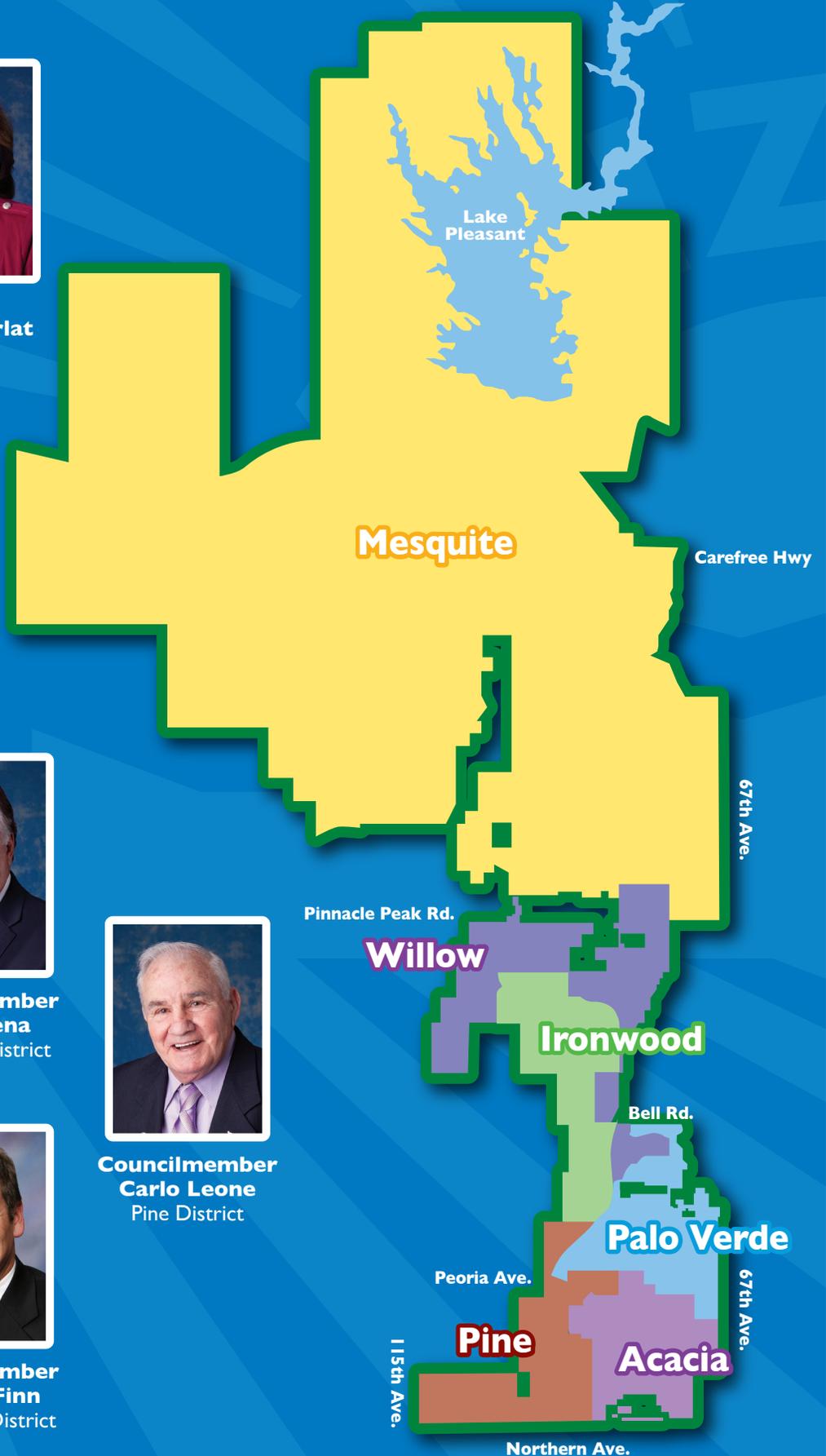
**Councilmember
Jon Edwards**
Willow District



**Councilmember
Carlo Leone**
Pine District



**Councilmember
Michael Finn**
Palo Verde 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peoria, Arizona, as of June 30, 2016, 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.

Change in Accounting Principle

As described in Note 1H., the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, 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 Disclosures 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 December 15, 2016, on our consideration of City of Peoria, Arizona’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Peoria, Arizona’s internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 15, 2016



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, 2016. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

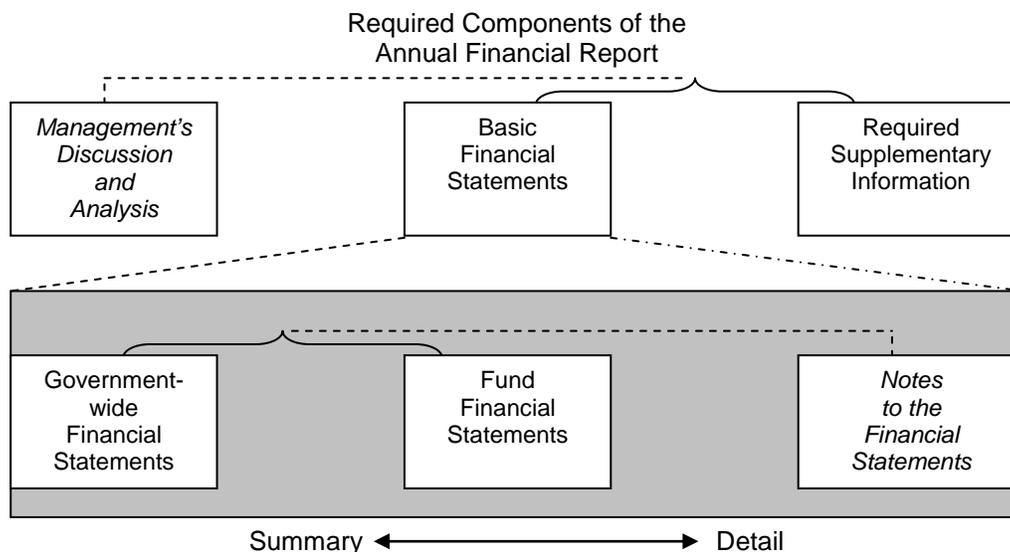
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xi of this report. It is designed to be read in conjunction with the transmittal letter as well as the financial statements and the accompanying notes to the financial statements. The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

Financial Highlights

- ◆ The City's total net position, increased \$58.0 million in fiscal year 2016, an increase of \$33.8 million in governmental activities and an increase of \$24.2 million in business-type activities.
- ◆ Total net position of the City is \$1,700.3 million, of which \$16.1 million is unrestricted with a deficit unrestricted balance in governmental activities as a result of the inclusion and presentation of net pension liabilities.
- ◆ The governmental activities program revenues increased by approximately \$8.8 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 2016.
- ◆ The business-type activities program revenues decreased by approximately \$4.6 million from the previous year. Capital Grants and Contributions decreased by \$12.3 million.
- ◆ At June 30, 2016, total fund balance of the governmental funds was \$254.5 million, an increase of \$38.6 million from the previous year. Of this, \$20.8 million or 17.8% of General Fund expenditures for fiscal year 2016 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 \$4.8 million for fiscal year 2016. Budgetary basis expenditures of the General Fund were 90.4% (\$13.9 million in savings) of the final budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2016, 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, 2016, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 305.2	\$ 263.7	\$ 103.7	\$ 101.1	\$ 408.9	\$ 364.8
Capital assets	1,155.2	1,151.4	690.0	670.9	1,845.2	1,822.3
Total assets	<u>1,460.4</u>	<u>1,415.1</u>	<u>793.7</u>	<u>772.0</u>	<u>2,254.1</u>	<u>2,187.1</u>
Total deferred outflows of resources	33.1	23.9	4.4	1.9	37.5	25.8
Other liabilities	23.5	19.8	7.3	7.5	30.8	27.3
Long-term liabilities outstanding	430.9	407.0	118.8	117.4	549.7	524.4
Total liabilities	<u>454.4</u>	<u>426.8</u>	<u>126.1</u>	<u>124.9</u>	<u>580.5</u>	<u>551.7</u>
Total deferred inflows of resources	9.4	16.3	1.4	2.6	10.8	18.9
Net position:						
Net investment in capital assets	899.7	885.7	589.7	568.2	1,489.4	1,453.9
Restricted	162.9	139.2	31.9	23.2	194.8	163.0
Unrestricted	(32.9)	(29.0)	49.0	54.4	16.1	25.4
Total net position	<u>\$ 1,029.7</u>	<u>\$ 995.9</u>	<u>\$ 670.6</u>	<u>\$ 646.4</u>	<u>\$ 1,700.3</u>	<u>\$ 1,642.3</u>

The net position of the City increased \$58 million in fiscal year 2016. Net position of governmental activities increased \$34 million, while the business-type activities increased \$24 million.

Net position consists of three components. The largest portion of net position, \$1,489.4 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 by \$35 million in fiscal year 2016 due to capital asset related expenditures and donated assets.

The \$195 million restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The increase of \$31.8 million includes an increase of \$29.1 million in restricted for capital projects primarily due to new General Obligation (G.O.) bond debt issued for such projects.

The third portion consists of Unrestricted Net Position of \$16.1 million. This category of net position may be used to meet the City's ongoing obligations to residents and creditors. New accounting guidance implemented in fiscal year 2015 required recognition of unfunded pension liabilities. Unrestricted net

position is the balance of net position remaining after calculating the other two categories discussed above. This category decreased by \$9.3 million in fiscal year 2016 primarily from an overall increase in total liabilities.

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	
	2016	2015	2016	2015	2016	2015
REVENUES:						
Program revenues:						
Fees, fines & charges for services	\$ 29.3	\$ 25.7	\$ 76.1	\$ 68.4	\$ 105.4	\$ 94.1
Operating grants and contributions	14.3	13.5	-	-	14.3	13.5
Capital grants and contributions	27.3	22.9	17.5	29.8	44.8	52.7
General revenues:						
Property taxes	20.5	19.8	-	-	20.5	19.8
Sales and use taxes	79.4	74.6	-	-	79.4	74.6
Franchise taxes	4.5	4.3	-	-	4.5	4.3
State shared sales tax	14.8	14.1	-	-	14.8	14.1
Urban revenue sharing	18.6	18.7	-	-	18.6	18.7
Auto-in-lieu taxes	6.4	5.9	-	-	6.4	5.9
Investment earnings	1.6	0.8	0.7	0.3	2.3	1.1
Miscellaneous	2.7	3.2	-	-	2.7	3.2
Total revenues	219.4	203.5	94.3	98.5	313.7	302.0
EXPENSES:						
Program activities:						
Governmental activities:						
General government	22.3	21.2	-	-	22.3	21.2
Culture and recreation	26.4	26.0	-	-	26.4	26.0
Public safety	70.3	64.3	-	-	70.3	64.3
Development services	7.1	9.5	-	-	7.1	9.5
Highways and streets	34.6	33.7	-	-	34.6	33.7
Public works	7.5	7.3	-	-	7.5	7.3
Human services	1.8	1.2	-	-	1.8	1.2
Interest expense on debt	11.6	11.4	-	-	11.6	11.4
Business-type activities:						
Water utility	-	-	33.2	34.6	33.2	34.6
Wastewater utility	-	-	22.0	21.7	22.0	21.7
Solid Waste utility	-	-	11.1	10.9	11.1	10.9
Stadium	-	-	6.7	6.4	6.7	6.4
Storm Drain utility	-	-	1.1	0.8	1.1	0.8
Total expenses	181.6	174.6	74.1	74.4	255.7	249.0
Excess (deficit) before transfers	37.8	28.9	20.2	24.1	58.0	53.0
Transfers	(4.0)	(11.9)	4.0	11.9	-	-
Increase (decrease) in net position	33.8	17.0	24.2	36.0	58.0	53.0
Net position - beginning	995.9	978.8	646.4	610.4	1,642.3	1,589.3
Net position - ending	\$ 1,029.7	\$ 995.9	\$ 670.6	\$ 646.4	\$ 1,700.3	\$ 1,642.3

For fiscal year 2016, total governmental activities revenues increased \$15.9 million while total business-type activities revenues decreased \$4.2 million. Expenses increased \$7 million and decreased by \$0.3 million for the governmental activities and business-type activities, respectively. Most governmental activities expenses experienced slight increases with public safety expense increasing by \$6 million and highways and streets expenses increasing by almost \$1 million, while Development services expenses decreased by \$2.4 million. For further explanation of these expense changes, refer to the financial analysis of the City's funds later in this document.

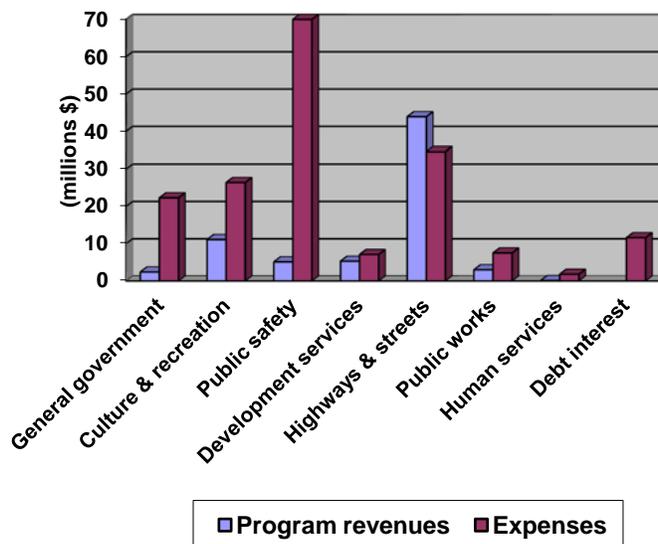
The general revenues of governmental activities increased \$7.1 million from the previous year. The primary drivers were increases in property tax, sales taxes and state shared sales tax. Property tax revenues increased by \$0.7 million in fiscal year 2016 as assessed values showed an increase. Local

sales and use taxes increased \$4.8 million as retail, contracting, rentals and restaurant & bar sales taxes increased \$2.3 million, \$1.1 million, \$0.6 million and \$0.5 million respectively while state shared sales taxes increased \$0.7 million.

Program revenues of governmental activities increased \$8.8 million mainly as a result of the following change: Highways & streets capital grants revenue increased by \$4.2 million primarily due a reimbursement of \$10.65 million from the Maricopa Association of Governments for the construction of street projects offset by lower donated capital assets from developers and higher charges for services revenues of \$2.8 million due to increased development fees. The program revenues of business-type activities decreased by \$4.6 million primarily due to a \$5.1 million decrease in capital grants revenues in the Water Utility and a \$4.5 million decrease in Capital Grants in the Wastewater Utility offset by higher charges for services of \$7.7 million mostly related to an increase in utility rates.

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

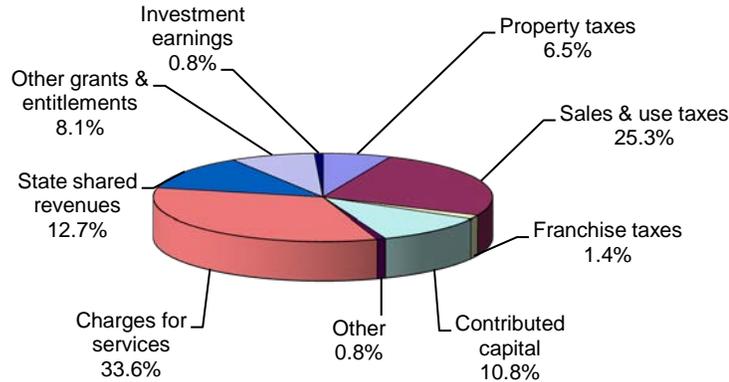


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$70.9 million are 39.0% of the governmental activities expenses for fiscal year 2016, up from 35.6% in fiscal year 2015. In the business-type activities, program revenues of \$93.6 million are 126.2% of the business-type expenses for fiscal year 2016. This compares to \$98.2 million and 131.9% in fiscal year 2015.

Governmental activities account for 69.9% of the total revenues of the City and 71.0% of the total expenses in fiscal year 2016. These percentages were 67.4% and 70.1% respectively in fiscal year 2015.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2016 is charges for services (33.6%), primarily because this is the major funding source of the business-type activities (80.7% of business-type total revenues in fiscal year 2016). The major funding sources of the governmental activities are property, sales/use taxes and state shared revenues.

Government-Wide Revenue Sources Fiscal Year 2016

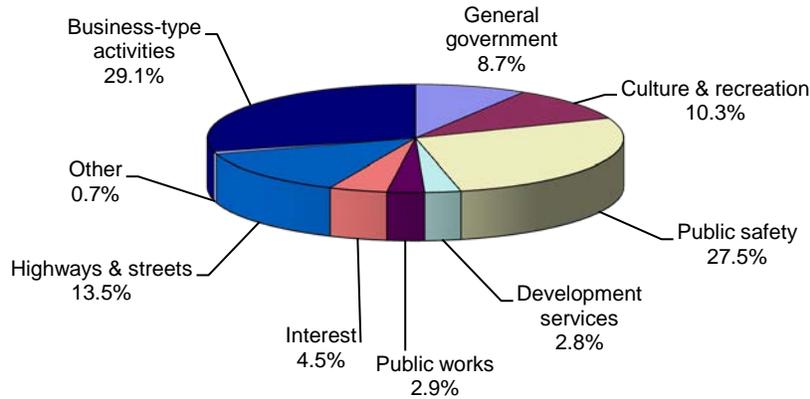


Property taxes increased from fiscal year 2016 with an increase in assessed value. The tax rates did not change in fiscal year 2016 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City increased \$6.7 million in fiscal year 2016. Expenses of the governmental activities increased \$7.0 million. This primarily includes increases of \$6.1 million for public safety, \$1.0 million for general government, and \$1.0 million for highways and streets. This is offset by a decrease of \$2.4 million in development services due to a reduction in economic development related expenses. General Government and Public Safety expenses increased primarily due to additional personnel costs and retirement costs. Highways and streets expenses increased primarily due to increases for depreciation expense as street assets increased substantially during the last two fiscal years. Expenses in business-type activities remained stable when compared to the prior year.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 29.1% of the functional expenses of the City for fiscal year 2016, while governmental activities account for 70.1% of the functional expenses. For the governmental activities, the largest users of resources are public safety (27.5% of total expense, 38.7% of governmental expenses), general government (8.7% of total expenses, 12.3% of governmental expenses), highways and streets (13.5% of total expenses, 19.1% of governmental expenses), and culture and recreation (10.3% of total expenses, 14.6% of governmental expenses).

Government-Wide Functional Expenses Fiscal Year 2016



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

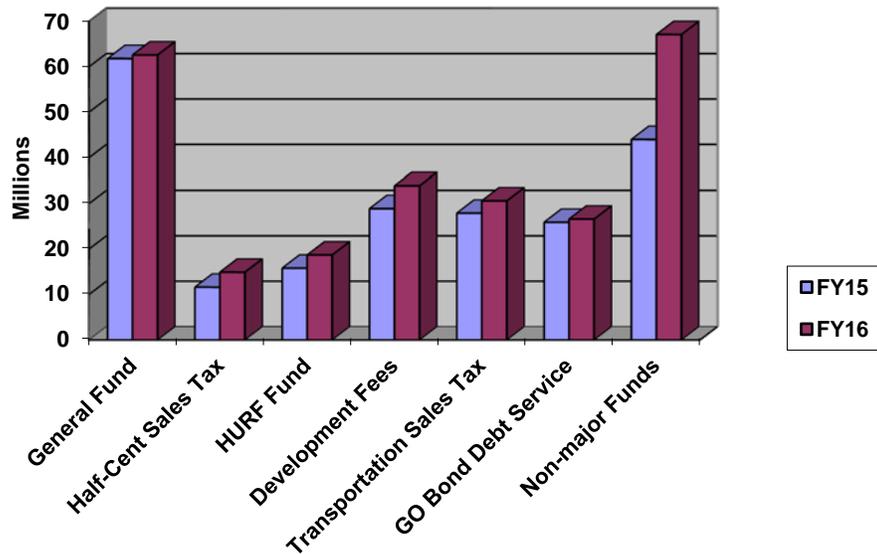
The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining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

The fund balance of the governmental funds is \$254.5, an increase of \$38.6 million from the previous year. Of this, \$151.1 million (an increase of \$23.5 million from the previous year) is classified as Nonspendable or Restricted because it is not appropriable for expenditure or is legally segregated for a specific future use. The increase in restricted fund balance is primarily due to unspent funds from the issuance of general obligation bonds which are restricted for capital projects.

An additional \$82.6 million of the governmental fund balance (an increase of \$9.2 million from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$39.0 million), debt service reserves (\$1.0 million), capital projects (\$22.2 million) and arts capital and various other purposes (\$20.4 million).

The remaining \$20.8 million of governmental fund balance is classified as Unassigned. This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unassigned fund balance increased by \$5.9 million compared to the prior year.

Governmental Funds - Fund Balance



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government including public safety, parks and recreation, community development and general administrative services. General Fund revenues increased \$4.3 million over the prior fiscal year driven mainly from an increase in overall sales tax of \$2.7 million or 6.5%. Specifically, Retail sales tax accounted for the largest impact with revenues \$1.3 million higher than prior year. Favorability was also seen in construction sales tax; up \$0.6 million versus prior year, and Restaurants and Bars; up \$0.4 million. The City also generated increases in Licenses and Permits revenue due mainly from a boost in residential building permit and inspection revenue of \$0.8 million versus prior year. Increases of \$0.6 million and \$0.1 million respectively in state shared sales tax and property tax, were in line with expectations. Total General Fund expenditures increased \$7.2 million driven primarily from full-time salary & wage increases of \$3.0 million, public safety retirement costs increases of \$2.4 million, and part-time wage increases of \$1.2 million versus prior year. The unassigned fund balance of the General Fund was 17.8% of expenditures at June 30, 2016, compared to 19.7% at June 30, 2015.

The Half-Cent Sales Tax Fund tracks the revenues from a \$.05 sales tax committed for specific purposes by Council policy. Revenues in this fund increased \$1.3 million versus the previous year due to increases mainly within the retail and construction sales categories; up \$0.6 million and \$0.3 million respectively. Expenditures in this fund decreased \$0.9 million versus prior year largely from reduced capital outlay. Total fund balance of the Half-Cent Sales Tax Fund increased by \$3.3 million in fiscal year 2016.

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 \$0.4 million due to increased highway user revenues and an increase in sales taxes. Expenditures decreased by \$2.1 million in fiscal year 2016 primarily due to lower amounts spent on street repairs. Fund balance increased \$2.8 million in fiscal year 2016.

The Transportation Sales Tax Fund tracks the collection and expenditure of the 0.3% voter approved sales tax to address transportation issues. Revenues in this fund increased \$0.9 million while expenditures decreased \$2.7 million. The increased revenues are due to increased sales tax revenue while the decreased expenditures are primarily from reduced capital outlay. The fund balance increased \$2.7 million in fiscal year 2016. 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 \$3.5 million, primarily from a boost in Streets Development fees of \$2.9 million over the prior year. Expenditures decreased \$1.6 million in fiscal year 2016 mainly from a reduction in capital outlay expenditures versus the prior year. Fund balance increased \$5 million versus prior year. All fund balance in this fund is restricted.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund increased \$0.4 million due to increased property tax revenues. The net assessed value of the City increased 1.9% in fiscal year 2016 while the tax rate was unchanged. Expenditures decreased by \$1.0 million driven by lower debt service costs versus the prior year. Fund balance increased \$0.7 million in fiscal year 2016.

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 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 \$23.9 million in fiscal year 2016. Net investment in capital assets increased \$21.4 million primarily due to the purchase of the New River Utility Company for \$10.0 million and other additions of utility infrastructure in the Water, Solid Waste, and Storm Drain Funds. In accordance with the City's Principles of Sound Financial Management, the City continues to maintain appropriate levels of stabilization reserves.

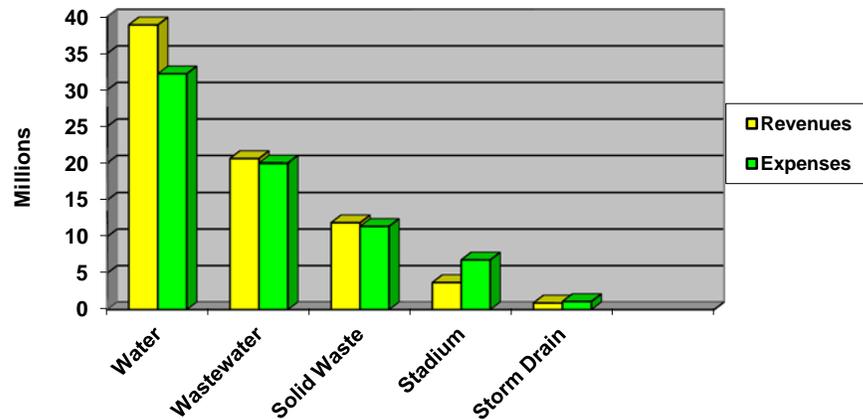
Operating revenues of the enterprise funds increased \$7.6 million in fiscal year 2016. Charges for services increased \$5.3 million in the Water Utility fund due to rate increases, increases in the number of accounts mostly from the purchase of the New River Utility Company, as well as increased usage. Charges for services increased \$1.7 million in the Wastewater Fund due to rate increases and increased usage. Charges for services increased by \$.5 million in the Sanitation Fund primarily due to an increase in new customers.

Operating expenses of the enterprise funds decreased \$0.6 million in fiscal year 2016. Contractual services/commodities decreased \$2.2 million in the Water Utility Fund and \$0.4 million in the Wastewater Fund primarily due to a decrease in water and wastewater system repair and maintenance expenditures. This was offset by an increase in salaries, wages, and benefits of \$1.0 million which was primarily due to employee salary increases. In addition, depreciation increased \$1.2 million in total across all proprietary funds.

The changes in operating revenues and expenses discussed above resulted in an increase of operating income across most proprietary funds in fiscal year 2016. 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 2016.

Fiscal Year 2016 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 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. Also, throughout the year, budget amendments are processed to provide expenditure authority from unanticipated revenue sources. These include new or increased grants and intergovernmental agreements. It is generally the policy of the City to not include revenues and operational expenditure authority for these types of items in the operational budgets unless the funding is reasonably assured at the time of completion of the annual budget. Instead, the City budgets contingency accounts to allow for later transfer to operational budgets if and when the funding is received.

No amendments increasing the City’s total adopted budget of \$511 million occurred during fiscal year 2016. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund revenues of \$124.4 million, on a budgetary basis, exceeded budgeted revenues of \$119.6 million by \$4.8 million while budgetary basis expenditures of \$131.1 million were 90.4% of final budgeted amounts. Revenues, on a budgetary basis, exceeded budgeted revenues in sales tax, property tax, franchise tax, state shared sales tax, urban revenue sharing, auto in-lieu tax, licenses and permits, rents, and investment earnings, while falling short in charges for services and fines and forfeitures. There were no expenditure overages for any of the functional categories.

During the fiscal year, the original General Fund expenditures and contingencies budget of \$161.5 million was amended by \$4.5 million to the final expenditure and contingencies budget of \$157.0 million.

Notable General Fund transfers were as follows:

- \$5.3 million transfer from the Half Cent Fund to the General Fund in support of Pinnacle Peak Public Safety Facility construction costs.
- \$2.2 million transfer from the Half Cent Fund to the General Fund as a subsidy in support of the Peoria Sports Complex.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the City had \$1.5 billion invested in various capital assets, net of accumulated depreciation and related debt, up 2.4% 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 \$22.8 million from June 30, 2015. Net capital assets of business-type activities increased \$19.0 million while governmental activities increased \$3.8 million.

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

- ✓ The City began phase III improvements at the Peoria Sports Complex. Final improvements will include the construction of a Kids Zone, 3rd base fixed seating, and event space pursuant to the current 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.
- ✓ The City invested \$2.2 million into P83 Entertainment District Improvements, including costs related to the final design and construction of a pedestrian crossing on 83rd Ave.
- ✓ The City invested \$2.2 million in land acquisition for the Sonoran Preservation Program. The program identifies areas that merit special consideration and then outlines how the city can strategically assemble them over time into a meaningful network of connected open spaces.
- ✓ The following table provides a breakdown of the capital assets of the City at June 30, 2016, and 2015. Additional information on the City's capital assets may be found in Note 6.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
	Buildings and building improvements	\$ 123.8	\$ 128.4	\$ 61.2	\$ 60.5	\$ 185.0
Equipment; Furniture	12.5	11.0	9.3	8.0	21.8	19.0
Vehicles	10.7	7.8	8.6	6.0	19.3	13.8
Surface water system	52.6	54.6	5.1	3.2	57.7	57.8
Street system	401.5	394.4	-	-	401.5	394.4
Park system	69.6	71.5	-	-	69.6	71.5
Water system	-	-	250.7	243.3	250.7	243.3
Water rights	-	-	10.6	10.8	10.6	10.8
Wastewater system	-	-	270.1	274.9	270.1	274.9
Land	350.9	346.4	16.7	16.7	367.6	363.1
Work in progress	133.6	137.3	57.6	47.5	191.2	184.8
Total	<u>\$ 1,155.2</u>	<u>\$ 1,151.4</u>	<u>\$ 689.9</u>	<u>\$ 670.9</u>	<u>\$ 1,845.1</u>	<u>\$ 1,822.3</u>

The City has adopted a ten year capital improvement plan budgeted at \$588.8 million, including \$128.7 million in fiscal year 2017. Anticipated funding for this plan for fiscal year 2017 is through a combination of impact fees, utility revenue bonds, general obligation bonds, operating revenues, City and County transportation sales taxes and other outside funding sources. The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$8.2 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 \$361.8 million at June 30, 2016. Of this total, \$269.1 million was in governmental activities and \$92.7 million was in business-type activities. The City's outstanding non-current debt (excluding claims and net pension liability) increased \$10.2 million in fiscal year 2016. This increase is related to the issuance of the Series 2016 General Obligation bonds which were offset by reductions through the refunding of General Obligations bonds for the City and the Vistancia Community Facilities District along with the annual servicing of the debt.

Of the total outstanding bonds and loans of \$373.8 million, \$160.2 million is general obligation bonds backed by the full faith and credit of the City. An additional \$2.5 million is special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to pay the debt payments. The outstanding debt also includes \$37.0 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, 2016, and 2015. 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	
	2016	2015	2016	2015	2016	2015
General obligation debt	\$ 160.2	\$ 142.9	\$ -	\$ -	\$ 160.2	\$ 142.9
Municipal Development Authority debt	72.3	76.7	-	-	72.3	76.7
Special assessment debt	2.5	2.9	-	-	2.5	2.9
Water/Sewer Revenue bonds and loans	-	-	101.8	101.3	101.8	101.3
Community Facilities District bonds	37.0	48.4	-	-	37.0	48.4
Compensated absences	7.5	7.2	0.8	0.8	8.3	8.0
Total	<u>\$ 279.5</u>	<u>\$ 278.1</u>	<u>\$ 102.6</u>	<u>\$ 102.1</u>	<u>\$ 382.1</u>	<u>\$ 380.2</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 City of Peoria continues to enjoy one of the lowest unemployment rates in the Phoenix metropolitan area while the City's population continues to increase creating demand for housing. Improvements in job, population and income growth are expected in fiscal year 2017; yet wage growth has been slow to respond.

Locally improving consumer confidence has resulted in higher sales tax revenues and is forecasted to increase by 2.5% in fiscal year 2017 with strong performance expected in the construction and retail categories of restaurants and bars and residential rentals.

New residential construction in Peoria is growing, while commercial expansion is anticipated to take longer to develop. Existing home valuations have continued to increase and information from the County Assessor's Office projects another year of modest increases in the city's assessed valuations in fiscal year 2016 which will result in higher tax collections in subsequent years.

The adopted fiscal year 2017 budget is \$497 million, a slight decrease from the fiscal year 2016 budget. The City anticipates slight property tax revenue increases due to an increase in the City's assessed valuation and improving sales tax revenues. The operating budget totals \$368.3 million, which is an increase of 7.8% from 2016. The capital projects portion of the budget, \$128.7 million, is divided in the following manner: \$7.5 million for drainage projects, \$12.0 million for operational facilities, \$10.5 million for parks, trails and open space, \$9.4 million for public safety projects, \$37.3 million for streets and traffic control projects, \$6.9 million for economic development projects, \$10.9 million for wastewater projects, and \$34.2 million for water projects.

The General Fund operating budget (not including contingency) is \$139.3 million, up 5.6% from the prior year budget. With the modest economic recovery, resident needs for City services were balanced with a slowly increasing revenue base. The budget continues to focus on preserving the City's excellent quality of life, while preserving our future financial viability.

The City has maintained cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of an ever-changing city. The City has maintained several stabilization reserves within the General Fund and Half-Cent Sales Tax Fund in accordance with the City's adopted financial policies – The Principles of Sound Financial Management. The City also maintains working capital policy reserve, rate stabilization, and debt stabilization reserves in the Utility Funds. It should be noted that while these reserves are established to address immediate and dramatic fiscal difficulties, they are not intended to cover structural budget shortfalls. With this in mind, the fiscal year 2017 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, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Pooled cash and investments	\$ 232,192,973	\$ 83,159,316	\$ 315,352,289
Accounts receivable, net	8,244,829	9,716,032	17,960,861
Interest receivable	276,232	76,964	353,196
Internal balances	(3,196,813)	3,196,813	-
Due from other governments	5,574,560	-	5,574,560
Prepaid items	102,232	89,678	191,910
Supply inventories	364,400	320,899	685,299
Restricted pooled cash and investments	6,893,571	-	6,893,571
Restricted cash with fiscal agents	22,028,423	7,167,565	29,195,988
Restricted investments	30,735,382	-	30,735,382
Special assessments receivable	2,036,876	-	2,036,876
Capital assets:			
Non-depreciable	484,469,945	74,310,180	558,780,125
Depreciable (net)	670,717,632	615,600,881	1,286,318,513
Total assets	<u>1,460,440,242</u>	<u>793,638,328</u>	<u>2,254,078,570</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	27,404,515	1,526,230	28,930,745
Deferred loss on bond refunding	5,672,471	189,604	5,862,075
Excess consideration provided for acquisition	-	2,700,167	2,700,167
Total deferred outflows of resources	<u>33,076,986</u>	<u>4,416,001</u>	<u>37,492,987</u>
LIABILITIES			
Accounts payable	6,404,909	2,836,671	9,241,580
Accrued payroll	1,760,212	199,525	1,959,737
Interest payable	7,201,467	1,747,390	8,948,857
Due to other governments	1,737,270	221,300	1,958,570
Customer deposits	3,567	2,033,812	2,037,379
Other liabilities	2,785,874	70,230	2,856,104
Unearned revenue-other	3,627,451	216,251	3,843,702
Non-current liabilities:			
Due within one year:			
Current portion of claims payable	3,331,614	-	3,331,614
Current portion of compensated absences	5,891,250	639,810	6,531,060
Current portion of bonds & loans payable	19,867,000	10,635,512	30,502,512
Due in more than one year:			
Noncurrent portion of claims payable	766,257	-	766,257
Noncurrent portion of compensated absences	1,589,790	168,900	1,758,690
Noncurrent portion of bonds & loans payable	267,471,043	92,536,259	360,007,302
Net pension liability	131,968,243	14,804,919	146,773,162
Total liabilities	<u>454,405,947</u>	<u>126,110,579</u>	<u>580,516,526</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	9,441,939	1,364,846	10,806,785
Total deferred inflow of resources	<u>9,441,939</u>	<u>1,364,846</u>	<u>10,806,785</u>
NET POSITION			
Net investment in capital assets	899,648,174	589,629,061	1,489,277,235
Restricted for:			
Debt service	39,521,498	-	39,521,498
Capital projects	27,720,794	31,826,587	59,547,381
Development fees	33,900,225	-	33,900,225
Transportation purposes	49,251,865	-	49,251,865
Grant purposes	2,545,705	-	2,545,705
Facilities maintenance	83,136	100,000	183,136
Trust purpose	9,936,323	-	9,936,323
Unrestricted	(32,938,378)	49,023,256	16,084,878
Total net position	<u>\$ 1,029,669,342</u>	<u>\$ 670,578,904</u>	<u>\$ 1,700,248,246</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, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 22,250,673	\$ 2,432,016	\$ 17,009	\$ -	\$ (19,801,648)	\$ -	\$ (19,801,648)
Culture and recreation	26,447,013	8,381,910	2,764,965	-	(15,300,138)	-	(15,300,138)
Public safety	70,342,389	4,561,239	454,011	107,494	(65,219,645)	-	(65,219,645)
Development services	7,123,106	4,151,870	1,110,963	-	(1,860,273)	-	(1,860,273)
Highways and streets	34,620,944	6,782,199	9,982,220	27,152,233	9,295,708	-	9,295,708
Public works	7,507,311	2,959,298	-	-	(4,548,013)	-	(4,548,013)
Human services	1,788,130	52,649	-	-	(1,735,481)	-	(1,735,481)
Interest on long-term debt	11,549,457	-	-	-	(11,549,457)	-	(11,549,457)
Total governmental activities	<u>181,629,023</u>	<u>29,321,181</u>	<u>14,329,168</u>	<u>27,259,727</u>	<u>(110,718,947)</u>	<u>-</u>	<u>(110,718,947)</u>
Business-type activities:							
Water Utility	33,221,797	38,912,837	-	10,237,881	-	15,928,921	15,928,921
Wastewater Utility	22,001,744	20,637,429	-	5,303,621	-	3,939,306	3,939,306
Solid Waste Utility	11,137,739	11,962,372	-	-	-	824,633	824,633
Stadium	6,742,573	3,711,304	-	28,453	-	(3,002,816)	(3,002,816)
Storm Drain Utility	1,052,977	883,052	-	1,948,714	-	1,778,789	1,778,789
Total business-type activities	<u>74,156,830</u>	<u>76,106,994</u>	<u>-</u>	<u>17,518,669</u>	<u>-</u>	<u>19,468,833</u>	<u>19,468,833</u>
Total primary government	<u>\$ 255,785,853</u>	<u>\$ 105,428,175</u>	<u>\$ 14,329,168</u>	<u>\$ 44,778,396</u>	<u>(110,718,947)</u>	<u>19,468,833</u>	<u>(91,250,114)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,994,905	-	2,994,905
Property taxes, levied for debt service					17,537,813	-	17,537,813
Sales and use taxes					79,410,364	-	79,410,364
Franchise taxes					4,461,864	-	4,461,864
Intergovernmental:							
State shared sales taxes- unrestricted					14,760,029	-	14,760,029
Urban revenue sharing- unrestricted					18,549,406	-	18,549,406
Auto in-lieu taxes- unrestricted					6,385,294	-	6,385,294
Investment earnings					1,693,475	709,850	2,403,325
Miscellaneous					2,732,726	-	2,732,726
Transfers in (out)					(3,994,967)	3,994,967	-
Total general revenues and transfers					<u>144,530,909</u>	<u>4,704,817</u>	<u>149,235,726</u>
Change in net position					<u>33,811,962</u>	<u>24,173,650</u>	<u>57,985,612</u>
Net position - beginning					<u>995,857,380</u>	<u>646,405,254</u>	<u>1,642,262,634</u>
Net position - ending					<u>\$ 1,029,669,342</u>	<u>\$ 670,578,904</u>	<u>\$ 1,700,248,246</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

Major Funds

	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
ASSETS & DEFERRED OUTFLOWS				
Assets:				
Pooled cash and investments	\$ 64,673,166	\$ 13,197,918	\$ 17,932,503	\$ 30,398,309
Accounts receivable, net	5,082,123	1,707,814	322,440	1,036,685
Interest receivable	54,079	10,358	14,159	26,167
Due from other funds	65,645	-	-	-
Due from other governments	2,929,508	-	947,374	-
Supply inventories	115,042	-	67,986	-
Restricted pooled cash and investments	305,239	-	-	-
Restricted cash with fiscal agents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>73,224,802</u>	<u>14,916,090</u>	<u>19,284,462</u>	<u>31,461,161</u>
Total assets & deferred outflows	<u>\$ 73,224,802</u>	<u>\$ 14,916,090</u>	<u>\$ 19,284,462</u>	<u>\$ 31,461,161</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,345,595	\$ 3,200	\$ 508,196	\$ 842,250
Accrued payroll	1,546,645	-	53,868	-
Due to other funds	-	-	-	-
Due to other governments	1,737,270	-	-	-
Customer deposits	3,567	-	-	-
Other liabilities	2,691,740	-	-	21,458
Unearned revenue-other	2,237,920	-	-	-
Total liabilities	<u>10,562,737</u>	<u>3,200</u>	<u>562,064</u>	<u>863,708</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	17,921	-	1,897	-
Unavailable revenue-special assessments	-	-	-	-
Total deferred inflows of resources	<u>17,921</u>	<u>-</u>	<u>1,897</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Supply inventories	115,042	-	67,986	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	305,239	-	-	-
Development fees	-	-	-	-
Transportation purposes	-	-	18,652,515	30,597,453
Grant purposes	-	-	-	-
Arts Center maintenance	83,136	-	-	-
Committed to:				
Debt service	-	1,000,000	-	-
Economic development	5,207,362	-	-	-
Arts capital	-	-	-	-
Operating reserve	14,253,136	-	-	-
Emergency reserve	9,502,090	-	-	-
Budget stabilization reserve	9,502,090	5,755,831	-	-
Assigned to:				
Capital projects	-	-	-	-
Municipal Complex reserve	2,859,523	-	-	-
Other purposes	-	8,157,059	-	-
Unassigned:				
Total fund balance	<u>62,644,144</u>	<u>14,912,890</u>	<u>18,720,501</u>	<u>30,597,453</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 73,224,802</u>	<u>\$ 14,916,090</u>	<u>\$ 19,284,462</u>	<u>\$ 31,461,161</u>

(continued)

**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Major Funds</u>			
	<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS & DEFERRED OUTFLOWS				
Assets:				
Pooled cash and investments	\$ 14,843,320	\$ 33,883,983	\$ 34,332,927	\$ 209,262,126
Accounts receivable, net	54,854	-	31,962	8,235,878
Interest receivable	16,554	30,660	84,868	236,845
Due from other funds	-	-	-	65,645
Due from other governments	175,383	-	1,522,295	5,574,560
Supply inventories	-	-	-	183,028
Restricted pooled cash and investments	-	-	-	305,239
Restricted cash with fiscal agents	11,360,263	-	10,668,160	22,028,423
Restricted investments	231,137	-	22,861,937	23,093,074
Special assessments receivable	-	-	2,036,876	2,036,876
Total assets	<u>26,681,511</u>	<u>33,914,643</u>	<u>71,539,025</u>	<u>271,021,694</u>
Total assets & deferred outflows	<u>\$ 26,681,511</u>	<u>\$ 33,914,643</u>	<u>\$ 71,539,025</u>	<u>\$ 271,021,694</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 14,418	\$ 861,375	\$ 4,575,034
Accrued payroll	-	-	25,187	1,625,700
Due to other funds	-	-	65,645	65,645
Due to other governments	-	-	-	1,737,270
Customer deposits	-	-	-	3,567
Other liabilities	-	-	72,676	2,785,874
Unearned revenue-other	-	-	1,386,428	3,624,348
Total liabilities	<u>-</u>	<u>14,418</u>	<u>2,411,311</u>	<u>14,417,438</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	98,009	-	-	117,827
Unavailable revenue-special assessments	-	-	2,036,876	2,036,876
Total deferred inflows of resources	<u>98,009</u>	<u>-</u>	<u>2,036,876</u>	<u>2,154,703</u>
Fund balances:				
Nonspendable:				
Supply inventories	-	-	-	183,028
Restricted for:				
Debt service	26,583,502	-	10,803,111	37,386,613
Capital projects	-	-	27,415,555	27,720,794
Development fees	-	33,900,225	-	33,900,225
Transportation purposes	-	-	-	49,249,968
Grant purposes	-	-	2,545,705	2,545,705
Arts Center maintenance	-	-	-	83,136
Committed to:				
Debt service	-	-	-	1,000,000
Economic development	-	-	-	5,207,362
Arts capital	-	-	4,129,837	4,129,837
Operating reserve	-	-	-	14,253,136
Emergency reserve	-	-	-	9,502,090
Budget stabilization reserve	-	-	-	15,257,921
Assigned to:				
Capital projects	-	-	22,196,630	22,196,630
Municipal Complex reserve	-	-	-	2,859,523
Other purposes	-	-	-	8,157,059
Unassigned:	-	-	-	20,816,526
Total fund balance	<u>26,583,502</u>	<u>33,900,225</u>	<u>67,090,838</u>	<u>254,449,553</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 26,681,511</u>	<u>\$ 33,914,643</u>	<u>\$ 71,539,025</u>	<u>\$ 271,021,694</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, 2016**

Fund balances - total governmental funds balance sheet \$ 254,449,553

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

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

Governmental capital assets	\$ 1,480,645,577	
Less accumulated depreciation	<u>(345,638,858)</u>	1,135,006,719

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

Deferred loss on bond refunding		5,672,471
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Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental bonds payable	(271,940,000)	
Compensated absences	<u>(6,808,900)</u>	(278,748,900)

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		2,036,876
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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		(15,398,043)
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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		117,827
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Interest payable on long-term debt is not reported in the governmental funds.		(7,201,467)
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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.		37,745,521
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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.		(121,863,644)
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Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	26,362,838	
Deferred inflows related to pensions	<u>(8,510,409)</u>	17,852,429

Total net position of governmental activities - statement of net position		<u><u>\$ 1,029,669,342</u></u>
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CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds			
	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
REVENUES:				
Taxes	\$50,923,881	\$19,750,909	\$ 4,270,672	\$ 11,984,570
Intergovernmental	39,973,076	-	9,982,220	-
Charges for services	11,947,082	-	51,759	-
Licenses and permits	4,080,210	-	-	-
Fines and forfeitures	1,601,014	-	-	-
Rents	915,846	-	-	-
Investment earnings	342,521	96,933	133,234	246,489
Special assessments	-	-	-	-
Miscellaneous	797,057	56,397	-	-
Total revenues	<u>110,580,687</u>	<u>19,904,239</u>	<u>14,437,885</u>	<u>12,231,059</u>
EXPENDITURES:				
Current:				
General government	15,654,467	3,299,935	-	-
Culture and recreation	21,206,897	-	-	-
Public safety	66,940,262	-	-	-
Development services	6,405,795	-	-	-
Highways and streets	-	-	12,083,346	3,537,223
Public works	5,324,914	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Capital outlay	1,123,880	26,789	273,084	4,841,779
Total expenditures	<u>116,656,215</u>	<u>3,326,724</u>	<u>12,356,430</u>	<u>8,379,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,075,528)</u>	<u>16,577,515</u>	<u>2,081,455</u>	<u>3,852,057</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	-	-
Issuance of debt	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Transfers in	8,129,911	-	1,000,000	-
Transfers out	(1,192,982)	(13,263,768)	(235,318)	(1,151,986)
Total other financing sources and uses	<u>6,936,929</u>	<u>(13,263,768)</u>	<u>764,682</u>	<u>(1,151,986)</u>
Net change in fund balances	<u>861,401</u>	<u>3,313,747</u>	<u>2,846,137</u>	<u>2,700,071</u>
Fund balances - beginning	61,782,743	11,599,143	15,874,364	27,897,382
Fund balances - ending	<u>\$62,644,144</u>	<u>\$14,912,890</u>	<u>\$ 18,720,501</u>	<u>\$ 30,597,453</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	
REVENUES:				
Taxes	\$ 14,799,909	\$ -	\$ 2,639,896	\$ 104,369,837
Intergovernmental	-	-	15,282,498	65,237,794
Charges for services	-	9,510,914	302,978	21,812,733
Licenses and permits	-	-	-	4,080,210
Fines and forfeitures	-	-	146,514	1,747,528
Rents	-	-	-	915,846
Investment earnings	117,513	283,283	242,435	1,462,408
Special assessments	-	-	381,950	381,950
Miscellaneous	-	-	2,425,276	3,278,730
Total revenues	<u>14,917,422</u>	<u>9,794,197</u>	<u>21,421,547</u>	<u>203,287,036</u>
EXPENDITURES:				
Current:				
General government	16,103	-	454,360	19,424,865
Culture and recreation	-	159,215	430,957	21,797,069
Public safety	-	5,913	1,205,253	68,151,428
Development services	-	-	724,019	7,129,814
Highways and streets	-	2,462,475	1,003,360	19,086,404
Public works	-	-	350	5,325,264
Human services	-	-	1,725,328	1,725,328
Debt service:				
Principal payments	10,265,000	-	7,745,000	18,010,000
Interest and other charges	4,348,948	-	6,257,610	10,606,558
Payment to bond escrow agent	-	-	6,707,216	6,707,216
Capital outlay	-	2,082,792	3,983,917	12,332,241
Total expenditures	<u>14,630,051</u>	<u>4,710,395</u>	<u>30,237,370</u>	<u>190,296,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>287,371</u>	<u>5,083,802</u>	<u>(8,815,823)</u>	<u>12,990,849</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	66,425,000	-	36,985,000	103,410,000
Issuance of debt	-	-	30,325,000	30,325,000
Premium on bonds issued	8,944,898	-	5,151,790	14,096,688
Payment to bond refunding escrow agent	(74,932,838)	-	(39,870,003)	(114,802,841)
Transfers in	-	-	3,761,049	12,890,960
Transfers out	-	(42,329)	(4,477,472)	(20,363,855)
Total other financing sources and uses	<u>437,060</u>	<u>(42,329)</u>	<u>31,875,364</u>	<u>25,555,952</u>
Net change in fund balances	<u>724,431</u>	<u>5,041,473</u>	<u>23,059,541</u>	<u>38,546,801</u>
Fund balances - beginning	25,859,071	28,858,752	44,031,297	215,902,752
Fund balances - ending	<u>\$ 26,583,502</u>	<u>\$ 33,900,225</u>	<u>\$ 67,090,838</u>	<u>\$ 254,449,553</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, 2016**

Net change in fund balances - total governmental funds	\$ 38,546,801
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.	(298,360)
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.	35,109
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.	(289,236)
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.	(942,898)
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 (\$11,930,148), plus other capital \$0, is exceeded by depreciation (\$29,264,476) in the current period.	(17,334,328)
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.	71,715
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	16,270,914
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.	(30,325,000)
The issuance of refunding bonds provides both a financial resource (the sale) and an other financing use (payment to bond escrow agent) in the governmental statements but these debt transactions do not create sources or uses on the statement of activities.	18,100,057
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.	18,010,000
Bond premiums or discounts and gains or losses on bond refunding are sources or uses of current financial resources for governmental fund reporting but are deferred outflows or inflows of resources for government-wide reporting.	(14,096,688)
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.	6,010,033
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.	53,843
Change in net position of governmental activities- statement of activities	\$ 33,811,962

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Taxes	\$ 46,995,699	\$ 46,995,699	\$ 50,923,881	\$ 3,928,182
Intergovernmental	39,527,319	39,527,319	39,973,076	445,757
Charges for services	27,118,704	27,118,704	25,779,252	(1,339,452)
Licenses and permits	2,677,404	2,677,404	4,080,210	1,402,806
Fines and forfeitures	1,840,099	1,840,099	1,601,014	(239,085)
Rents	618,463	618,463	915,846	297,383
Investment earnings	79,120	79,120	342,521	263,401
Miscellaneous	747,073	747,073	797,057	49,984
Total revenues	<u>119,603,881</u>	<u>119,603,881</u>	<u>124,412,857</u>	<u>4,808,976</u>
EXPENDITURES:				
Current:				
General government:				
Mayor and council	663,050	669,050	602,522	(66,528)
City manager	4,278,025	4,452,575	4,298,081	(154,494)
Human resources	2,716,901	2,688,796	2,265,784	(423,012)
Attorney	3,204,841	3,395,291	3,314,943	(80,348)
City clerk	905,386	905,386	834,690	(70,696)
Court	1,944,394	1,944,394	1,794,691	(149,703)
Economic development	1,620,347	1,977,954	1,571,938	(406,016)
Finance	10,235,074	10,249,665	9,909,170	(340,495)
Non-departmental	4,562,176	4,818,164	4,894,818	76,654
Culture and recreation	22,638,529	23,112,352	21,206,897	(1,905,455)
Public safety:				
Police	41,868,694	41,525,919	40,309,472	(1,216,447)
Fire	26,827,154	27,776,102	26,787,853	(988,249)
Development services	11,477,180	10,295,801	6,405,795	(3,890,006)
Public works	5,832,456	5,838,456	5,696,051	(142,405)
Capital outlay	3,565,997	5,399,148	1,208,317	(4,190,831)
Total expenditures	<u>142,340,204</u>	<u>145,049,053</u>	<u>131,101,022</u>	<u>(13,948,031)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,736,323)</u>	<u>(25,445,172)</u>	<u>(6,688,165)</u>	<u>18,757,007</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(19,200,000)	(11,992,754)	-	11,992,754
Transfers in	8,257,618	8,259,523	8,129,911	(129,612)
Transfers out	(709,970)	(709,970)	(580,345)	129,625
Total other financing sources and uses	<u>(11,652,352)</u>	<u>(4,443,201)</u>	<u>7,549,566</u>	<u>11,992,767</u>
Net change in fund balances	<u>(34,388,675)</u>	<u>(29,888,373)</u>	<u>861,401</u>	<u>30,749,774</u>
Fund balances - beginning	55,673,498	55,673,498	61,782,743	6,109,245
Fund balances - ending	<u>\$ 21,284,823</u>	<u>\$ 25,785,125</u>	<u>\$ 62,644,144</u>	<u>\$ 36,859,019</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, 2016**

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	\$ 124,412,857
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	(13,832,170)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 110,580,687</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 131,101,022
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(612,637)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(13,832,170)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 116,656,215</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HALF-CENT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 17,817,022	\$ 17,817,022	\$ 19,750,909	\$ 1,933,887
Investment earnings	35,000	35,000	96,933	61,933
Miscellaneous	-	-	56,397	56,397
Total revenues	<u>17,852,022</u>	<u>17,852,022</u>	<u>19,904,239</u>	<u>2,052,217</u>
EXPENDITURES:				
Current:				
General government	2,235,021	5,741,310	3,299,935	(2,441,375)
Debt service:				
Principal payments	885,000	885,000	-	(885,000)
Interest and other charges	10,000	10,000	-	(10,000)
Capital outlay	266,096	3,196,762	90,162	(3,106,600)
Total expenditures	<u>3,396,117</u>	<u>9,833,072</u>	<u>3,390,097</u>	<u>(6,442,975)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,455,905</u>	<u>8,018,950</u>	<u>16,514,142</u>	<u>8,495,192</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(3,500,000)	(527,778)	-	527,778
Transfers out	(13,200,395)	(13,200,395)	(13,200,395)	-
Total other financing sources and uses	<u>(16,700,395)</u>	<u>(13,728,173)</u>	<u>(13,200,395)</u>	<u>527,778</u>
Net change in fund balances	<u>(2,244,490)</u>	<u>(5,709,223)</u>	<u>3,313,747</u>	<u>9,022,970</u>
Fund balances - beginning	11,348,177	11,348,177	11,599,143	250,966
Fund balances - ending	<u>\$ 9,103,687</u>	<u>\$ 5,638,954</u>	<u>\$ 14,912,890</u>	<u>\$ 9,273,936</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	\$ 3,390,097
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(63,373)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,326,724</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, 2016**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 4,030,640	\$ 4,030,640	\$ 4,270,672	\$ 240,032
Intergovernmental	9,090,000	9,090,000	9,982,220	892,220
Charges for services	392,000	392,000	346,759	(45,241)
Investment earnings	50,500	50,500	133,234	82,734
Total revenues	<u>13,563,140</u>	<u>13,563,140</u>	<u>14,732,885</u>	<u>1,169,745</u>
EXPENDITURES:				
Current:				
Highways and streets	10,187,325	10,184,269	12,378,346	2,194,077
Capital outlay	4,439,340	4,555,502	273,084	(4,282,418)
Total expenditures	<u>14,626,665</u>	<u>14,739,771</u>	<u>12,651,430</u>	<u>(2,088,341)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,063,525)</u>	<u>(1,176,631)</u>	<u>2,081,455</u>	<u>3,258,086</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(500,000)	(500,000)	-	500,000
Transfers in	1,685,522	1,685,522	1,000,000	(685,522)
Transfers out	(919,130)	(919,130)	(235,318)	683,812
Total other financing sources and uses	<u>266,392</u>	<u>266,392</u>	<u>764,682</u>	<u>498,290</u>
Net change in fund balances	<u>(797,133)</u>	<u>(910,239)</u>	<u>2,846,137</u>	<u>3,756,376</u>
Fund balances - beginning	14,790,791	14,790,791	15,874,364	1,083,573
Fund balances - ending	<u>\$ 13,993,658</u>	<u>\$ 13,880,552</u>	<u>\$ 18,720,501</u>	<u>\$ 4,839,949</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	\$ 14,732,885
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(295,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,437,885</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 12,651,430
Differences - budget to GAAP:	
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(295,000)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,356,430</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 10,736,223	\$ 10,736,223	\$ 11,984,570	\$ 1,248,347
Investment earnings	50,000	50,000	246,489	196,489
Total revenues	<u>10,786,223</u>	<u>10,786,223</u>	<u>12,231,059</u>	<u>1,444,836</u>
EXPENDITURES:				
Current:				
Highways and streets	416,155	455,037	3,689,209	3,234,172
Capital outlay	26,580,013	24,444,420	4,841,779	(19,602,641)
Total expenditures	<u>26,996,168</u>	<u>24,899,457</u>	<u>8,530,988</u>	<u>(16,368,469)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,209,945)</u>	<u>(14,113,234)</u>	<u>3,700,071</u>	<u>17,813,305</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(1,000,000)	(839,667)	-	839,667
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources and uses	<u>(2,000,000)</u>	<u>(1,839,667)</u>	<u>(1,000,000)</u>	<u>839,667</u>
Net change in fund balances	<u>(18,209,945)</u>	<u>(15,952,901)</u>	<u>2,700,071</u>	<u>18,652,972</u>
Fund balances - beginning	30,470,992	30,470,992	27,897,382	(2,573,610)
Fund balances - ending	<u>12,261,047</u>	<u>14,518,091</u>	<u>30,597,453</u>	<u>16,079,362</u>
Uses/outflows or resources:				
Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement			\$ 8,530,988	
Differences - budget to GAAP:				
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes			(151,986)	
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds			<u>\$ 8,379,002</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 4,428,950	\$ 4,428,950	\$ 9,510,914	\$ 5,081,964
Investment earnings	65,715	65,715	283,283	217,568
Total revenues	<u>4,494,665</u>	<u>4,494,665</u>	<u>9,794,197</u>	<u>5,299,532</u>
EXPENDITURES:				
Current:				
Culture and recreation	451,210	489,380	159,215	(330,165)
Public safety	74,906	72,886	5,913	(66,973)
Highways and streets	3,600,000	3,600,000	2,462,475	(1,137,525)
Capital outlay	10,812,315	10,857,512	2,125,121	(8,732,391)
Total expenditures	<u>14,938,431</u>	<u>15,019,778</u>	<u>4,752,724</u>	<u>(10,267,054)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,443,766)</u>	<u>(10,525,113)</u>	<u>5,041,473</u>	<u>15,566,586</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(1,600,000)	(2,100,000)	-	2,100,000
Total other financing sources and uses	<u>(1,600,000)</u>	<u>(2,100,000)</u>	<u>-</u>	<u>2,100,000</u>
Net change in fund balances	<u>(12,043,766)</u>	<u>(12,625,113)</u>	<u>5,041,473</u>	<u>17,666,586</u>
Fund balances - beginning	29,044,669	29,044,669	28,858,752	(185,917)
Fund balances - ending	<u>\$ 17,000,903</u>	<u>\$ 16,419,556</u>	<u>\$ 33,900,225</u>	<u>\$ 17,480,669</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,752,724
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(42,329)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,710,395</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities		
	Major Enterprise Funds		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
ASSETS			
Current assets:			
Pooled cash and investments	\$ 42,643,619	\$ 19,695,486	\$ 18,406,476
Restricted pooled cash and investments	-	-	-
Accounts receivable, net	5,566,124	2,335,523	1,326,526
Interest receivable	41,740	16,091	17,435
Prepaid items	89,678	-	-
Supplies inventory	267,834	-	53,065
Total current assets	<u>48,608,995</u>	<u>22,047,100</u>	<u>19,803,502</u>
Non-current assets:			
Restricted assets:			
Cash with fiscal agents	6,222,847	944,718	-
Investments	-	-	-
Net restricted assets	<u>6,222,847</u>	<u>944,718</u>	<u>-</u>
Capital assets:			
Buildings and improvements	1,744,850	7,659,795	10,799
Distribution and collection systems	348,394,436	369,840,813	-
Water rights	12,889,809	-	-
Equipment & furniture	12,348,407	2,508,929	28,430
Vehicles	2,239,171	1,379,787	12,950,266
Less accumulated depreciation and amortization	(105,780,165)	(103,520,809)	(6,108,520)
Land and improvements	6,158,676	3,878,001	-
Construction in progress	34,408,145	21,577,593	-
Capital assets, net	<u>312,403,329</u>	<u>303,324,109</u>	<u>6,880,975</u>
Other assets	-	-	-
Total assets	<u>367,235,171</u>	<u>326,315,927</u>	<u>26,684,477</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	586,199	317,833	414,054
Deferred loss on bond refunding	179,122	10,482	-
Excess consideration provided for acquisition	2,700,167	-	-
Total deferred outflows of resources	<u>3,465,488</u>	<u>328,315</u>	<u>414,054</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,877,266	551,375	195,119
Accrued payroll	74,299	37,972	53,412
Interest payable	692,463	1,054,927	-
Due to other governments	214,362	-	-
Customer deposits	2,033,812	-	-
Other liabilities	67,725	-	-
Current portion of claims payable	-	-	-
Current portion of compensated absences	283,660	117,440	137,900
Current portion of bonds & loans payable	5,447,386	5,188,126	-
Unearned revenue-other	-	-	-
Total current liabilities	<u>10,690,973</u>	<u>6,949,840</u>	<u>386,431</u>
Non-current liabilities:			
Long-term portion of claims payable	-	-	-
Long-term portion of compensated absences	85,750	19,670	31,740
Long-term portion of bonds & loans payable	32,204,866	60,331,393	-
Net pension liability	5,686,313	3,083,082	4,016,462
Total non-current liabilities	<u>37,976,929</u>	<u>63,434,145</u>	<u>4,048,202</u>
Total liabilities	<u>48,667,902</u>	<u>70,383,985</u>	<u>4,434,633</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	524,214	284,226	370,272
Total deferred inflows of resources	<u>524,214</u>	<u>284,226</u>	<u>370,272</u>
NET POSITION			
Net investment in capital assets	277,630,366	237,815,072	6,880,975
Restricted:			
Capital projects	19,782,193	5,041,127	6,539,555
Facilities maintenance	-	-	-
Trust purpose	-	-	-
Unrestricted	24,095,984	13,119,832	8,873,096
Total net position	<u>\$ 321,508,543</u>	<u>\$ 255,976,031</u>	<u>\$ 22,293,626</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities		Total	Governmental
	Major Enterprise Funds			Activities -
	Stadium	Storm Drain		Internal
	Fund	Utility Fund		Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 1,749,653	\$ 664,082	\$ 83,159,316	\$ 22,930,847
Restricted pooled cash and investments	-	-	-	6,588,332
Accounts receivable, net	391,852	96,007	9,716,032	8,951
Interest receivable	1,030	668	76,964	39,387
Prepaid items	-	-	89,678	102,232
Supplies inventory	-	-	320,899	181,372
Total current assets	<u>2,142,535</u>	<u>760,757</u>	<u>93,362,889</u>	<u>29,851,121</u>
Non-current assets:				
Restricted assets:				
Cash with fiscal agents	-	-	7,167,565	-
Investments	-	-	-	7,642,308
Net restricted assets	<u>-</u>	<u>-</u>	<u>7,167,565</u>	<u>7,642,308</u>
Capital assets:				
Buildings and improvements	69,677,037	-	79,092,481	148,102
Distribution and collection systems	-	5,178,303	723,413,552	-
Water rights	-	-	12,889,809	-
Equipment & furniture	767,583	-	15,653,349	39,361,739
Vehicles	534,748	-	17,103,972	29,342,453
Less accumulated depreciation and amortization	(17,061,067)	(81,721)	(232,552,282)	(49,424,445)
Land and improvements	6,703,349	-	16,740,026	-
Construction in progress	57,997	1,526,419	57,570,154	753,009
Capital assets, net	<u>60,679,647</u>	<u>6,623,001</u>	<u>689,911,061</u>	<u>20,180,858</u>
Other assets	-	-	-	-
Total assets	<u>62,822,182</u>	<u>7,383,758</u>	<u>790,441,515</u>	<u>57,674,287</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	171,563	36,581	1,526,230	1,041,677
Deferred loss on bond refunding	-	-	189,604	-
Excess consideration provided for acquisition	-	-	2,700,167	-
Total deferred outflows of resources	<u>171,563</u>	<u>36,581</u>	<u>4,416,001</u>	<u>1,041,677</u>
LIABILITIES				
Current liabilities:				
Accounts payable	181,878	31,033	2,836,671	1,829,875
Accrued payroll	29,320	4,522	199,525	134,512
Interest payable	-	-	1,747,390	-
Due to other governments	6,938	-	221,300	-
Customer deposits	-	-	2,033,812	-
Other liabilities	2,505	-	70,230	-
Current portion of claims payable	-	-	-	3,331,614
Current portion of compensated absences	88,830	11,980	639,810	535,000
Current portion of bonds & loans payable	-	-	10,635,512	-
Unearned revenue-other	216,251	-	216,251	3,103
Total current liabilities	<u>525,722</u>	<u>47,535</u>	<u>18,600,501</u>	<u>5,834,104</u>
Non-current liabilities:				
Long-term portion of claims payable	-	-	-	766,257
Long-term portion of compensated absences	29,340	2,400	168,900	137,140
Long-term portion of bonds & loans payable	-	-	92,536,259	-
Net pension liability	1,664,215	354,847	14,804,919	10,104,599
Total non-current liabilities	<u>1,693,555</u>	<u>357,247</u>	<u>107,510,078</u>	<u>11,007,996</u>
Total liabilities	<u>2,219,277</u>	<u>404,782</u>	<u>126,110,579</u>	<u>16,842,100</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	153,422	32,712	1,364,846	931,530
Total deferred inflows of resources	<u>153,422</u>	<u>32,712</u>	<u>1,364,846</u>	<u>931,530</u>
NET POSITION				
Net investment in capital assets	60,679,647	6,623,001	589,629,061	20,180,858
Restricted:				
Capital projects	463,712	-	31,826,587	-
Facilities maintenance	100,000	-	100,000	-
Trust purpose	-	-	-	9,936,323
Unrestricted	<u>(622,313)</u>	<u>359,844</u>	<u>45,826,443</u>	<u>10,825,153</u>
Total net position	<u>\$ 60,621,046</u>	<u>\$ 6,982,845</u>	<u>667,382,091</u>	<u>\$ 40,942,334</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>3,196,813</u>	
			<u>\$ 670,578,904</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, 2016

	Business-type Activities Major Enterprise Funds		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
OPERATING REVENUES			
Charges for services	\$ 38,690,386	\$ 20,550,552	\$ 11,859,327
Rents	-	-	-
Miscellaneous	188,394	44,290	-
Total operating revenues	<u>38,878,780</u>	<u>20,594,842</u>	<u>11,859,327</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	4,879,117	2,835,605	3,748,028
Contractual services, materials and supplies	17,627,536	7,718,190	6,795,758
Insurance claims and expenses	-	-	-
Depreciation and amortization	9,709,691	9,423,921	819,412
Total operating expenses	<u>32,216,344</u>	<u>19,977,716</u>	<u>11,363,198</u>
Operating income (loss)	<u>6,662,436</u>	<u>617,126</u>	<u>496,129</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	385,019	151,683	161,145
Interest expense	(1,003,711)	(2,048,786)	-
Gain(loss) on sale of capital assets	34,057	42,587	103,045
Total non-operating revenues (expenses)	<u>(584,635)</u>	<u>(1,854,516)</u>	<u>264,190</u>
Income (loss) before contributions and transfers	6,077,801	(1,237,390)	760,319
Capital contributions	10,237,881	5,303,621	-
Transfers in	1,599,035	3,945,561	30,347
Transfers out	(4,926,038)	(1,268,465)	(5,555)
Change in net position	<u>12,988,679</u>	<u>6,743,327</u>	<u>785,111</u>
Total net position - beginning	308,519,864	249,232,704	21,508,515
Total net position - ending	<u>\$ 321,508,543</u>	<u>\$ 255,976,031</u>	<u>\$ 22,293,626</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities		Total	Governmental
	Major Enterprise Funds			Activities -
	Stadium	Storm Drain		Internal
	Fund	Utility Fund		Service Funds
OPERATING REVENUES				
Charges for services	\$ 1,466,668	\$ 883,052	\$ 73,449,985	\$ 40,385,109
Rents	2,139,719	-	2,139,719	-
Miscellaneous	76,215	-	308,899	389,253
Total operating revenues	<u>3,682,602</u>	<u>883,052</u>	<u>75,898,603</u>	<u>40,774,362</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	1,777,003	324,539	13,564,292	8,537,580
Contractual services, materials and supplies	3,422,287	653,207	36,216,978	13,023,462
Insurance claims and expenses	-	-	-	16,593,014
Depreciation and amortization	1,602,466	80,875	21,636,365	3,386,616
Total operating expenses	<u>6,801,756</u>	<u>1,058,621</u>	<u>71,417,635</u>	<u>41,540,672</u>
Operating income (loss)	<u>(3,119,154)</u>	<u>(175,569)</u>	<u>4,480,968</u>	<u>(766,310)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	7,260	4,743	709,850	231,068
Interest expense	-	-	(3,052,497)	-
Gain(loss) on sale of capital assets	28,702	-	208,391	65,746
Total non-operating revenues (expenses)	<u>35,962</u>	<u>4,743</u>	<u>(2,134,256)</u>	<u>296,814</u>
Income (loss) before contributions and transfers	(3,083,192)	(170,826)	2,346,712	(469,496)
Capital contributions	28,453	1,948,714	17,518,669	-
Transfers in	4,285,404	337,548	10,197,895	3,618,771
Transfers out	(2,097)	(773)	(6,202,928)	(140,843)
Change in net position	<u>1,228,568</u>	<u>2,114,663</u>	<u>23,860,348</u>	<u>3,008,432</u>
Total net position - beginning	59,392,478	4,868,182	643,521,743	37,933,902
Total net position - ending	<u>\$ 60,621,046</u>	<u>\$ 6,982,845</u>	<u>667,382,091</u>	<u>\$ 40,942,334</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			313,302	
Change in net position of business-type activities			<u>\$ 24,173,650</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, 2016**

	Business-type Activities		
	Major Enterprise Funds		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 37,744,809	\$ 20,200,075	\$ 11,703,896
Payments to suppliers	(17,117,631)	(7,727,218)	(2,435,077)
Payments to employees	(5,029,208)	(2,708,797)	(3,773,797)
Self-insurance costs	-	-	-
Payments to internal service funds	<u>(2,447,823)</u>	<u>(1,038,577)</u>	<u>(4,332,009)</u>
Net cash provided (used) by operating activities	<u>13,150,147</u>	<u>8,725,483</u>	<u>1,163,013</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	1,599,035	3,945,561	30,347
Transfers out	<u>(4,926,038)</u>	<u>(1,268,465)</u>	<u>(5,555)</u>
Net cash provided (used) by non-capital financing activities	<u>(3,327,003)</u>	<u>2,677,096</u>	<u>24,792</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(16,383,213)	(6,502,720)	(2,497,083)
Disposal of capital assets	34,057	42,587	135,361
Capital contributions	3,953,431	1,163,630	-
Proceeds from loans	10,000,000	-	-
Principal payments on capital debt	(4,490,633)	(5,242,316)	-
Interest paid on capital debt	<u>(792,649)</u>	<u>(2,128,432)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(7,679,007)</u>	<u>(12,667,251)</u>	<u>(2,361,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Interest received on investments	<u>370,032</u>	<u>144,883</u>	<u>154,646</u>
Net cash provided (used) by investing activities	<u>370,032</u>	<u>144,883</u>	<u>154,646</u>
Net increase (decrease) in cash and cash equivalents	2,514,169	(1,119,789)	(1,019,271)
Cash and cash equivalents at beginning of year	<u>46,352,297</u>	<u>21,759,993</u>	<u>19,425,747</u>
Cash and cash equivalents at end of year	<u>\$ 48,866,466</u>	<u>\$ 20,640,204</u>	<u>\$ 18,406,476</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	Stadium Fund	Storm Drainage Fund		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,354,519	\$ 861,488	\$ 74,864,787	\$ 40,779,297
Payments to suppliers	(2,882,289)	(462,089)	(30,624,304)	(12,742,947)
Payments to employees	(1,634,853)	(322,780)	(13,469,435)	(8,788,387)
Self-insurance costs	-	-	-	(16,427,189)
Payments to internal service funds	(604,375)	(205,348)	(8,628,132)	-
Net cash provided (used) by operating activities	<u>(766,998)</u>	<u>(128,729)</u>	<u>22,142,916</u>	<u>2,820,774</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	4,285,404	337,548	10,197,895	3,618,771
Transfers out	(2,097)	(773)	(6,202,928)	(140,843)
Net cash provided (used) by non-capital financing activities	<u>4,283,307</u>	<u>336,775</u>	<u>3,994,967</u>	<u>3,477,928</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,595,178)	(337,548)	(28,315,742)	(4,953,795)
Disposal of capital assets	28,702	-	240,707	124,364
Capital contributions	28,453	-	5,145,514	-
Proceeds from loans	-	-	10,000,000	-
Principal payments on capital debt	-	-	(9,732,949)	-
Interest paid on capital debt	-	-	(2,921,081)	-
Net cash provided (used) by capital and related financing activities	<u>(2,538,023)</u>	<u>(337,548)</u>	<u>(25,583,551)</u>	<u>(4,829,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(2,152,036)
Interest received on investments	7,381	4,501	681,443	207,845
Net cash provided (used) by investing activities	<u>7,381</u>	<u>4,501</u>	<u>681,443</u>	<u>(1,944,191)</u>
Net increase (decrease) in cash and cash equivalents	985,667	(125,001)	1,235,775	(474,920)
Cash and cash equivalents at beginning of year	763,986	789,083	89,091,106	29,994,099
Cash and cash equivalents at end of year	<u>\$ 1,749,653</u>	<u>\$ 664,082</u>	<u>\$ 90,326,881</u>	<u>\$ 29,519,179</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities		
	Major Enterprise Funds		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 6,662,436	\$ 617,126	\$ 496,129
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	9,709,691	9,423,921	819,412
Add: Pension expense	220,078	323,274	244,421
Subtract: Employer pension contributions	(382,198)	(207,225)	(269,961)
(Increase) decrease in assets:			
Accounts receivable	(1,135,490)	(394,767)	(155,431)
Due from other governments	-	-	-
Prepaid items	737	-	-
Supplies inventory	(82,941)	-	96,355
Other assets	(2,700,167)	-	-
Increase (decrease) in liabilities:			
Accounts payable	747,657	(1,047,605)	(67,683)
Accrued payroll	11,119	3,779	5,251
Due to other governments	29,071	-	-
Other liabilities	67,725	-	-
Deposits payable	1,519	-	-
Claims payable	-	-	-
Unearned revenue - other	-	-	-
Compensated absences	910	6,980	(5,480)
Total adjustments	<u>6,487,711</u>	<u>8,108,357</u>	<u>666,884</u>
Net cash provided (used) by operating activities	<u>\$ 13,150,147</u>	<u>\$ 8,725,483</u>	<u>\$ 1,163,013</u>
	-	-	-
Non-cash investing, capital and financing activities:			
Capital assets acquired through contributions from developers and property owners	\$ 6,284,450	\$ 4,139,991	\$ -
Increase in fair market value of investments	14,994	4,573	6,126
Total non-cash investing, capital and financing activities	<u>\$ 6,299,444</u>	<u>\$ 4,144,564</u>	<u>\$ 6,126</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities -
	Stadium Fund	Storm Drainage Fund		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (3,119,154)	\$ (175,569)	\$ 4,480,968	\$ (766,310)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,602,466	80,875	21,636,365	3,386,616
Add: Pension expense	233,460	28,916	1,050,149	434,377
Subtract: Employer pension contributions	(111,858)	(23,851)	(995,093)	(679,167)
(Increase) decrease in assets:				
Accounts receivable	665,727	(21,564)	(1,041,525)	1,832
Due from other governments	-	-	-	(37,032)
Prepaid items	-	-	737	31,262
Supplies inventory	-	-	13,414	-
Other assets	-	-	(2,700,167)	-
Increase (decrease) in liabilities:				
Accounts payable	(67,060)	(14,230)	(448,921)	25,663
Accrued payroll	5,118	624	25,891	-
Due to other governments	2,682	-	31,753	-
Other liabilities	1	-	67,726	-
Deposits payable	-	-	1,519	-
Claims payable	-	-	-	165,825
Unearned revenue - other	6,190	-	6,190	3,103
Compensated absences	15,430	(3,930)	13,910	(31,680)
Total adjustments	2,352,156	46,840	17,661,948	3,587,084
Net cash provided (used) by operating activities	\$ (766,998)	\$ (128,729)	\$ 22,142,916	\$ 2,820,774
-				
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers and property owners	\$ -	\$ 1,948,714	\$ 12,373,155	\$ -
Increase in fair market value of investments	308	43	26,044	9,793
Total non-cash investing, capital and financing activities	\$ 308	\$ 1,948,757	\$ 12,399,199	\$ 9,793

(concluded)

**CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Firemen's Pension Fund	Agency Funds
ASSETS		
Pooled cash and investments	\$ 50,675	\$ 439,265
Interest receivable	55	48
Total assets	50,730	439,313
LIABILITIES		
Accounts payable	-	1,800
Other liabilities	-	437,513
Total liabilities	-	439,313
NET POSITION		
Held in trust for pension benefits	\$ 50,730	

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, 2016**

	Firemen's Pension Fund
ADDITIONS	
Contributions:	
State insurance premium tax rebate	\$ 391
Total contributions	391
Investment earnings:	
Interest and investment income	387
Total investment earnings	387
Total additions	778
DEDUCTIONS	
Retirement payments	20,400
Total deductions	20,400
Change in net position	(19,622)
Net position - beginning of the year	70,352
Net position - end of the year	\$ 50,730

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

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

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CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Vistancia West Community Facilities District

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The accounting records of the district are maintained by the City. No separate financial statements are prepared for Vistancia West.

City of Peoria Employee Benefit Trust

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

City of Peoria Workers' Compensation Trust

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 Pool, (2) Facilities Maintenance, (3) Self-Insurance which includes workers' compensation and health insurance programs, and (4) Information Technology which includes a computer replacement program.

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

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

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

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

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

I. Deposits and Investments

Cash Equivalents

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

Investments

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

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

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

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

II. Receivables

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

III. Inventory

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

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

IV. Restricted Assets

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

V. Capital Assets

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, deferred outflows related to bond refunding and excess consideration provided for acquisitions.

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

X. Net Position

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

XI. Fund Balance policies

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

XII. Stabilization arrangements

The City has set aside funds for various stabilization arrangements. The authority for the stabilization arrangements is in the Council adopted *Principals of Sound Financial Management*. The governmental fund stabilization arrangements are shown as committed fund balance on the governmental fund financial statements. The City has the following stabilization arrangements at June 30, 2016:

- 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 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.

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- 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.

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, 2016, the City implemented the provisions of GASB Statement No. 72, Fair Value Measurement and Application; GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain provisions of GASB Statements 67 and 68; and GASB Statement No. 76, The Hierarchy of

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Generally Accepted Accounting Principles for State and Local Governments. GASB Statement No. 72 established standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 73 amended GASB Statement No. 68 requirements related to note disclosures for pension related required supplementary information and payables to defined benefit pension plans. GASB Statement No. 76 establishes the hierarchy of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles.

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, 2016, the carrying amount of the City's deposits was \$45,537,555 and the bank balance was \$44,898,944. 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 \$638,611 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, 2016, the total amount of these balances was \$9,730. In addition, the City has deposited \$4,649,878 in a developer trust account with a fiscal agent in accordance with developer agreements for the construction and acquisition of water projects.

B. Investments

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

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 35% invested for a period of one year or less and no more than 20% of the City's portfolio be invested for a period greater than three years. At June 30, 2016, 59.2% 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, 2016 was 401 days.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to those securities rated A-1/P-1 or the equivalent by two nationally recognized statistical rating agencies. The City's investment policy also limits the purchase of Corporate Bonds or Notes and Banker's Acceptances to those securities rated Aa or better by two nationally recognized rating agencies and with a maximum maturity of two years and 180 days, respectively. At June 30, 2016, the City's investments include \$75.8 million in Commercial Paper, \$10.0 million in Corporate Notes and no Banker's Acceptance securities. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

<u>Investment Type</u>	<u>Moody's Rating</u>
Agency coupon securities	Aaa
Commercial Paper	P-1
Corporate Bonds - ExxonMobil	Aaa
Corporate Bonds – Chevron Corp	Aa2

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

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2016, the City's investments include 55.0% invested in U.S. Agency Coupon securities, 22.8% in Commercial Paper, 12.0% in Money Market investments and 7.0% in U.S. Treasury Notes.

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2016:

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

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

At June 30, 2016, the City's total investments of \$332,470,007 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	\$ 10,082,307	-	10,142,970	-	\$ 20,225,277
Agency coupon securities	56,903,140	60,808,417	49,853,615	-	167,565,172
Commercial paper	68,805,894	-	-	-	68,805,894
Corporate notes	2,002,392	8,018,264	-	-	10,020,656
Mutual fund-money market	34,484,220				34,484,220
State of Arizona local government investment pool	328,167	-	-	-	328,167
Total Unrestricted Investments	172,606,120	68,826,681	59,996,585	-	301,429,386

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Restricted Investments:</u>					
U.S. Treasury notes	\$ 3,004,784	-	-	-	\$ 3,004,784
Agency coupon securities	8,509,271	5,321,221	1,501,944	-	15,332,436
Commercial paper	6,979,353	-	-	-	6,979,353
Mutual fund-money market	5,418,809	-	-	-	5,418,809
State of Arizona local government investment pool	305,239	-	-	-	305,239
Total Restricted Investments	24,217,456	5,321,221	1,501,944	-	\$ 31,040,621

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

At June 30, 2016, the following fund reported a deficit in net position.

- Internal Service fund: Facilities Maintenance Fund

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

For the year ended June 30, 2016, 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, 2016.

Fund	Receivables	Allowance	Net
Governmental activities:			
General Fund	\$ 5,098,205	16,082	5,082,123
Half-Cent Sales Tax Fund	1,707,814	-	1,707,814
Highway User Revenue Fund	326,896	4,456	322,440
Transportation Sales Tax Fund	1,036,685	-	1,036,685
GO Bond Debt Service Fund	150,579	95,725	54,854
Other Governmental Funds	44,747	12,785	31,962
Total governmental funds	\$ 8,364,926	129,048	8,235,878
Internal Service Funds	\$ 8,951	-	8,951
Business-type activities:			
Water Utility Fund	\$ 6,678,642	1,112,518	5,566,124
Wastewater Utility Fund	2,933,573	598,050	2,335,523
Solid Waste Utility Fund	1,729,351	402,825	1,326,526
Stadium Fund	391,852	-	391,852
Storm Drain Utility Fund	128,636	32,629	96,007
Total enterprise funds	11,862,054	2,146,022	9,716,032
Grand totals	\$ 20,235,931	2,275,070	17,960,861

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, 2016, significant receivables due to the City included \$2,541,846 from the State of Arizona for State Shared Sales Tax revenues, \$325,066 for Auto Tax In-Lieu revenues recorded in the General fund, \$941,979 Highway User Revenue Fees revenues recorded in the Highway User Revenue Fund and \$577,077 from federal agencies for housing grant related revenues. Most other receivables are comprised of taxes or various grants due from other governments and agencies.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

6. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2016, follows:

	Balances June 30, 2015	Additions/ Transfers In	Disposals/ Transfers Out	Balances June 30, 2016
Governmental Activities:				
Non-depreciable assets:				
Work in Progress	\$ 137,282,323	5,966,343	(9,653,786)	133,594,880
Land	346,404,998	4,470,067	-	350,875,065
Total non-depreciable assets	483,687,321	10,436,410	(9,653,786)	484,469,945
Depreciable assets:				
Bulidings & Improvements	179,582,270	223,694	-	179,805,964
Equipment; Furniture	55,509,277	3,902,944	(93,133)	59,319,088
Vehicles	25,482,167	4,734,589	(868,129)	29,348,627
Surface Water System	80,362,819	-	-	80,362,819
Street System	603,900,276	22,961,197	-	626,861,473
Park System	89,533,152	549,811	-	90,082,963
Total Depreciable Assets at Historical Cost	1,034,369,961	32,372,235	(961,262)	1,065,780,934
Less Accum. Depreciation:				
Bulidings & Improvements	(51,248,377)	(4,772,757)	-	(56,021,134)
Equipment; Furniture	(44,470,965)	(2,412,560)	93,133	(46,790,392)
Vehicles	(17,657,636)	(1,855,069)	809,511	(18,703,194)
Surface Water System	(25,728,796)	(1,985,747)	-	(27,714,543)
Street System	(209,527,358)	(15,865,944)	-	(225,393,302)
Park System	(18,068,338)	(2,372,399)	-	(20,440,737)
Total Accum. Depreciation	(366,701,470)	(29,264,476)	902,644	(395,063,302)
Assets Net	667,668,491	3,107,759	(58,618)	670,717,632
Business-Type Activities				
Capital Assets, Net	\$ 1,151,355,812	13,544,169	(9,712,404)	1,155,187,577
Business-type Activities:				
Non-depreciable assets:				
Work in Progress	\$ 47,491,392	12,566,082	(2,487,320)	57,570,154
Land	16,658,675	81,351	-	16,740,026
Total non-depreciable assets	64,150,067	12,647,433	(2,487,320)	74,310,180
Depreciable assets:				
Bulidings & Improvements	76,632,693	2,459,788	-	79,092,481
Equipment; Furniture	13,113,236	2,688,874	(148,761)	15,653,349
Vehicles	14,595,104	3,575,514	(1,066,646)	17,103,972
Surface Water System	3,229,589	1,948,714	-	5,178,303
Water Rights	12,889,809	-	-	12,889,809
Water System	332,837,366	15,557,070	-	348,394,436
Wastewater System	365,700,823	4,139,990	-	369,840,813
Total Depreciable Assets at Historical Cost	818,998,620	30,369,950	(1,215,407)	848,153,163
Less Accum. Depreciation:				
Bulidings & Improvements	(16,173,690)	(1,765,375)	-	(17,939,065)
Equipment; Furniture	(5,126,396)	(1,422,816)	148,761	(6,400,451)
Vehicles	(8,614,307)	(929,142)	1,034,329	(8,509,120)
Surface Water System	(6,558)	(80,875)	-	(87,433)
Water Rights*	(2,062,369)	(257,796)	-	(2,320,165)
Water System	(89,516,344)	(8,052,696)	-	(97,569,040)
Wastewater System	(90,758,178)	(8,968,830)	-	(99,727,008)
Total Accum. Depreciation	(212,257,842)	(21,477,530)	1,183,090	(232,552,282)
Assets Net	606,740,778	8,892,420	(32,317)	615,600,881
Business-Type Activities				
Capital Assets, Net	\$ 670,890,845	21,539,853	(2,519,637)	689,911,061

*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	\$ 3,519,317
Culture and recreation	4,698,423
Public safety	2,817,447
Development services	29,821
Highways and streets	15,966,112
Public works	2,172,863
Human services	<u>60,493</u>
Total depreciation expense	<u>\$ 29,264,476</u>

For the year ended June 30, 2016, 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 \$3,052,497.

7. LONG-TERM DEBT

A. General obligation bonds

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

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

B. Revenue bonds

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

C. Municipal Development Authority 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, 2016, 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, 2016.

E. Community Facilities District bonds

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

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

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 fiscal year 2015.

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 \$108,085,886 in Water Infrastructure Financing Authority loans issued between 2002-2016. The various bonds and loans were issued for the purchase or construction of various water or wastewater infrastructure including wells, treatment plants, pumping stations, a water utility and water and wastewater distribution or collection lines. At June 30, 2016, \$101,834,337 in bonds and loans remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2016, the pledged revenues, net of operating expenses available for service of this debt were \$32,066,848. The debt principal and interest paid on this debt in fiscal year 2016 was \$12,438,099.

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, 2016, \$41,730,000 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, 2016, the pledged revenues, net of operating expenses available to service this debt were \$125,029,319. The debt principal and interest paid on this debt in fiscal year 2016 was \$3,652,808.

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

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purposes (secondary after the MDA Bonds discussed above). At June 30, 2016, \$30,530,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2016, the pledged revenues, net of operating expenses available to service this debt were \$133,607,578. The debt principal and interest paid on this debt in fiscal year 2016 was \$3,930,500.

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, 2016, \$2,500,000 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2016, the net revenues available to service this debt were \$1,078,196. The debt principal and interest paid on this debt in fiscal year 2016 was \$476,338.

G. Advance Refunding

General Obligation bonds

During fiscal year 2016, the City issued \$66,425,000 Series 2015 General Obligation Refunding Bonds for the purpose of refinancing the Series 2007A General Obligation Bonds and Series 2009A General Obligation Bonds through an advance refunding arrangement. Under the terms of the refunding bonds, sufficient assets to pay all principal and interest on the refunded bond issue have been placed in an irrevocable trust account at a commercial bank and invested in U.S. Government Securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issue refunded. The City completed the advance refunding to reduce its total debt service payments by \$6 million and had an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$5.2 million.

VCFD General Obligation bonds

During fiscal year 2016, the VCFD issued \$36,985,000 Series 2015 General Obligation Refunding Bonds for the purpose of refinancing the Series 2002 General Obligation Bonds, Series 2005 General Obligation Bonds and Series 2006 General Obligation Bonds through an advance refunding arrangement. Under the terms of the refunding bonds, the net proceeds from the refunding plus an additional \$6.7 million of reserve and construction proceeds from the Series being refunded, have been placed in an irrevocable trust account at a commercial bank and invested in U.S. Government Securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issue refunded. The VCFD completed the advance refunding to reduce its total debt service payments by \$12.7 million and had an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$11.2 million.

As a result, amounts refunded above are considered to be defeased and the corresponding liability for those bonds has been removed from the government-wide statements of net position.

Current year refunding (amounts not yet callable):

Series 2007A	General Obligation Bonds	\$ 43,085,000
Series 2009A	General Obligation Bonds	26,165,000
Series 2006	Vistancia CFD General Obligation Bonds	18,310,000

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H. Tables

The following schedule summarizes the City's long-term liability activity for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 142,925,000	96,750,000	79,515,000	160,160,000	11,920,000
MDA bonds	76,730,000	-	4,470,000	72,260,000	4,655,000
Special assessment bonds	2,855,000	-	355,000	2,500,000	370,000
CFD bonds	48,365,000	36,985,000	48,330,000	37,020,000	2,922,000
Total bonds payable	270,875,000	133,735,000	132,670,000	271,940,000	19,867,000
Net pension liabilities	121,657,840	10,310,403	-	131,968,243	-
Compensated absences	7,214,360	10,235,434	9,968,754	7,481,040	5,891,250
Deferred bond premium	3,285,584	14,096,688	1,984,229	15,398,043	-
Governmental activities totals	\$ 403,032,784	168,377,525	144,622,983	426,787,326	25,758,250
Business-type activities:					
Bonds and loans payable:					
Revenue bonds	28,055,000	-	4,770,000	23,285,000	5,250,000
WIFA loans	73,235,496	10,000,000	4,686,159	78,549,337	5,385,512
Net pension liabilities	13,696,960	1,107,959	-	14,804,919	-
Compensated absences	794,800	1,123,727	1,109,817	808,710	639,810
Deferred bond premium	1,614,224	-	276,790	1,337,434	-
Business-type activities totals	\$ 117,396,480	12,231,686	10,842,766	118,785,400	11,275,322

Bonds and loans payable at June 30, 2016 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, 2016</u>
Series 2007A	7/1/07-26	4.27	\$ 94,380,000	\$ 7,620,000
Series 2007B	7/1/07-20	4.00	18,365,000	5,650,000
Series 2009	7/1/09-28	3.86	68,440,000	6,150,000
Series 2010	7/1/10-30	4.03	29,170,000	21,065,000
Series 2012A	7/1/12-32	3.32	14,715,000	12,975,000
Series 2012B	7/1/12-22	1.75	13,690,000	9,950,000
Series 2015A	7/15/16-35	2.98	30,325,000	30,325,000
Series 2015B	7/15/16-28	2.29	66,425,000	66,425,000
Total General Obligation Bonds			\$ 335,510,000	\$ 160,160,000

**Municipal
Development Authority
Bonds**

Series 2006	7/1/06-25	4.2	\$ 6,675,000	\$ 3,910,000
Series 2008	7/1/08-26	4.6	47,000,000	30,530,000
Series 2011	7/1/12-26	3.9	7,920,000	6,210,000
Series 2012	7/1/13-32	3.3	35,510,000	31,610,000
Total Municipal Development Authority Bonds			\$ 97,105,000	\$ 72,260,000

**Special Assessment
Bonds**

Series 2006	7/1/07-22	4.25	\$ 4,950,000	\$ 2,500,000
Total Special Assessment Bonds			\$ 4,950,000	\$ 2,500,000

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<u>Community Facility District Bonds</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2016</u>
VCFD – Series 2015	7/15/16-26	3.47	\$ 36,985,000	\$36,985,000
VWCFD – Series 2015	7/15/17	1.97	35,000	35,000
Total Community Facility District Bonds			<u>\$ 37,020,000</u>	<u>\$ 37,020,000</u>

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, 2016</u>
WWW Series 2010	7/1/11-20	3.21	\$ 15,780,000	\$ 10,290,000
WWW Series 2012	7/1/12-21	1.60	23,280,000	12,995,000
Total Revenue Bonds			<u>\$ 39,060,000</u>	<u>\$ 23,285,000</u>

WIFA Loans

WIFA Series 2002	7/1/03-22	3.94	\$ 1,964,789	\$ 865,044
WIFA Series 2006	7/1/08-26	3.06	27,183,342	18,321,578
WIFA Series 2008	7/1/09-27	3.30	42,741,541	29,954,277
WIFA Series 2008	7/1/10-28	3.48	8,575,248	6,441,114
WIFA Series 2009	7/1/10-29	3.48	727,612	538,995
WIFA Series 2009	7/1/10-29	2.00	8,030,339	5,876,844
WIFA Series 2009	7/1/10-29	2.00	3,733,794	2,689,985
WIFA Series 2009	7/1/10-29	3.27	4,371,597	3,300,140
WIFA Series 2009	7/1/10-29	3.23	757,624	561,360
WIFA Series 2015	7/15/16-35	2.40	10,000,000	10,000,000
Total WIFA loans			<u>\$ 108,085,886</u>	<u>\$ 78,549,337</u>

The following table discloses the bond debt service requirements as of June 30, 2016, 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>
2017	\$ 19,867,000	\$13,801,690	\$ 33,668,690	\$ 10,635,512	\$ 3,246,525	\$ 13,882,037
2018	19,173,000	11,847,484	31,020,484	10,983,986	2,811,581	13,795,567
2019	19,620,000	9,635,990	29,255,990	10,412,537	2,446,974	12,859,511
2020	20,310,000	8,327,695	28,637,695	9,361,324	2,110,060	11,471,384
2021	21,125,000	7,540,155	28,665,155	9,705,515	1,785,982	11,491,497
2022-2026	105,755,000	24,420,225	130,175,225	33,601,923	5,514,070	39,115,993
2027-2031	49,785,000	6,317,408	56,102,408	16,989,516	1,209,343	18,198,859
2032-2036	16,305,000	1,057,638	17,362,638	144,024	49,665	193,689
Totals	<u>\$271,940,000</u>	<u>\$82,948,285</u>	<u>\$354,888,285</u>	<u>\$101,834,337</u>	<u>\$19,174,200</u>	<u>\$121,008,537</u>

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

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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, liability exposures, 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 \$1,000,000 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 2016. Commercial insurance is purchased to cover claims above the self-insurance amounts.

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

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

Health insurance -

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

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

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

Estimated liability –

The total claims liability of \$4,097,871 reported in the Self-Insurance Fund at June 30, 2016, 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 \$972,368 for liability/property claims, \$2,434,992 for workers' compensation claims and \$690,511 for health insurance claims.

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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 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
	\$ 4,062,589	\$(130,543)	\$ 14,166,470	\$(14,166,470)	\$ 3,932,046

Fiscal Year 2016:

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

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 \$11,312,339 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

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

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

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	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 retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, statute required active ASRS members to contribute at the actuarially determined rate of 11.47 percent (11.35 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 11.47 percent (10.85 percent for retirement, 0.50 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, 2016 was \$5,513,977.

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 for retirement and 0.13 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:

	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:		
2016	\$ 254,102	\$ 60,979
2015	\$ 277,654	\$ 56,472
2014	271,849	108,739

Pension Liability. At June 30, 2016, the City of Peoria reported a liability of \$82,036,552 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. 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, 2015, the City of Peoria's proportion was 0.526670 percent, which was an increase from the 0.520455 percent measured as of June 30, 2014.

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Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the City of Peoria recognized pension expense for ASRS of \$4,634,126 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	\$ 2,238,600	\$ 4,298,798
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,629,090
Changes in proportion and differences between contributions and proportionate share	704,522	634,952
Contributions subsequent to the measurement date	5,513,977	-
Total	<u>\$ 8,457,099</u>	<u>\$ 7,562,840</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:	
2017	\$ 1,909,175
2018	2,772,677
2019	1,835,740
2020	(1,897,874)
2021	-
Thereafter	-

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
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, 2014, 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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	3.94%
Fixed income	25%	0.93%
Real estate	10%	0.42%
Commodities	2%	0.08%
Multi-asset class	5%	0.17%
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	\$ 107,495,918	\$ 82,036,552	\$ 64,588,543

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

B. Public Safety Personnel Retirement System

Plan Descriptions. City of Peoria public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A 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 for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget committee analysis of the increase's effect on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms. At June 30, 2016, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	72	26
Inactive employees entitled to but not yet receiving benefits	34	17
Active employees	167	131
Total	273	174

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, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS - Police	PSPRS - Fire
Active members - pension City of Peoria	11.65%	11.65%
Pension	31.49%	21.77%
Health Insurance	0.35%	0.23%

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In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 28.62 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:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$ 4,696,546	\$ 2,747,609
Health insurance premium benefit:		
Annual OPEB cost	52,201	29,029
Contributions made	52,201	29,029

Pension Liability. At June 30, 2016, the City of Peoria reported \$44,628,212 in net pension liability for police and \$20,108,398 net pension liability for fire. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In May 2016, voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent. The change in the City's net pension liability as a result of the statutory adjustments is not known.

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

Actuarial valuation date	June 30, 2015
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, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 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. 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 Geometric Real Rate of Return
Short-term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	<u>100%</u>	

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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
PSPRS – Police			
Balances at June 30, 2015	\$ 91,251,779	\$ 49,934,163	\$ 41,317,616
Changes for the year:			
Service cost	2,557,053	-	2,557,053
Interest on the total pension liability	7,075,581	-	7,075,581
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	341,776	-	341,776
Changes of assumptions or other inputs	-	-	-
Contributions – employer	-	3,254,563	(3,254,563)
Contributions – employee	-	1,689,030	(1,689,030)
Net investment income	-	1,821,818	(1,821,818)
Benefit payments, including refunds of employee contributions	(4,791,028)	(4,791,028)	-
Administrative expense	-	(44,835)	44,835
Other changes	-	(56,762)	56,762
Balances at June 30, 2016	<u>\$ 96,435,161</u>	<u>\$ 51,806,949</u>	<u>\$ 44,628,212</u>
PSPRS – Fire			
Balances at June 30, 2015	\$ 63,042,200	\$ 46,014,691	\$ 17,027,509
Changes for the year:			
Service cost	2,056,517	-	2,056,517
Interest on the total pension liability	4,952,998	-	4,952,998
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	809,490	-	809,490
Changes of assumptions or other inputs	-	-	-
Contributions – employer	-	1,866,365	(1,866,365)
Contributions – employee	-	1,238,541	(1,238,541)
Net investment income	-	1,710,692	(1,710,692)
Benefit payments, including refunds of employee contributions	(1,949,881)	(1,949,881)	-
Administrative expense	-	(42,126)	42,126
Other changes	-	(35,356)	35,356
Balances at June 30, 2016	<u>\$ 68,911,324</u>	<u>\$ 48,802,926</u>	<u>\$ 20,108,398</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:

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	1% Decrease	Current Discount Rate	1% Increase
PSPRS – Police			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 57,302,196	\$ 44,628,212	\$ 34,176,856
PSPRS – Fire			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 29,355,633	\$ 20,108,398	\$ 12,456,980

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

Pension Expense. For the year ended June 30, 2016, the City of Peoria recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS – Police	\$ 5,555,171
PSPRS – Fire	\$ 2,525,259

Pension Deferred Outflows/Inflows of Resources. At June 30, 2016, the City of Peoria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	
	Outflows of Resources	Deferred Inflows of Resources
PSPRS – Police		
Differences between expected and actual experience	\$ 282,581	\$ 443,405
Changes of assumptions or other inputs	5,346,398	-
Net difference between projected and actual earnings on pension plan investments	1,680,011	1,472,576
Contributions subsequent to the measurement date	4,696,546	-
Total	<u>\$ 12,005,536</u>	<u>\$ 1,915,981</u>
PSPRS – Fire		
Differences between expected and actual experience	\$ 1,223,492	\$ -
Changes of assumptions or other inputs	2,942,005	-
Net difference between projected and actual earnings on pension plan investments	1,555,004	1,327,964
Contributions subsequent to the measurement date	2,747,609	-
Total	<u>\$ 8,468,110</u>	<u>\$ 1,327,964</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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Year ending June 30:	PSPRS - Police	PSPRS - Fire
2017	\$ 1,252,780	\$ 553,786
2018	1,252,780	553,786
2019	1,252,778	553,787
2020	1,558,870	996,441
2021	45,801	607,690
Thereafter	-	1,127,047

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
PSPRS – Police			
June 30, 2016	\$ 52,201	100%	\$ -
June 30, 2015	\$ 141,224	100%	-
June 30, 2014	140,406	100%	-
PSPRS – Fire			
June 30, 2016	\$ 29,029	100%	\$ -
June 30, 2015	\$ 109,573	100%	-
June 30, 2014	110,819	100%	-

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

Projections of benefits are based on (1) the plan as understood by the City of Peoria and plan's members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City of Peoria and 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 2016 PSPRS contribution requirements, are as follows:

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%

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2015, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
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, 2015.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Actuarial value of assets (a)	\$ 1,850,516	\$ 1,536,525
Actuarial accrued liability (b)	2,056,739	1,458,202
Unfunded actuarial accrued liability (funding excess) (b-a)	206,223	(78,323)
Funded ratio (a/b)	89.97%	105.37%
Annual covered payroll (c)	13,479,502	10,819,517
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((b-a)/c)	1.53%	0.00%

10. DEFERRED COMPENSATION PLAN

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

11. CONTINGENCIES 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.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016:

- \$1,459,743 in the Water utility fund for the construction of new wells.
- \$1,405,510 in the Non-Bond fund for P83 Entertainment District improvements located on 83rd avenue and Bell Road.
- \$1,017,963 in the Transportation Sales Tax fund for the construction of a Lake Pleasant Parkway sidewalk.
- \$666,107 in the GO Bond fund for Sports Complex improvements.
- \$514,163 in the GO Bond fund for Pinnacle Peak Public Safety Facility expansion.

12. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

At June 30, 2016, there was an interfund loan from the General Fund to the Other Grants Fund to cover a deficit cash balance for a reimbursable grant. The loan is expected to be repaid in the following year.

The interfund transfers generally fall within one of the following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; 2) subsidy transfers; 3) transfers to fund internal service equipment replacement funds; or 4) capital assets purchased or constructed in one fund, but capitalized in another. There were no significant transfers during fiscal year 2016 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2016:

<u>Fund</u>	<u>Transfers out</u>	<u>Transfers in</u>
Governmental funds:		
General Fund	\$ 1,192,982	8,129,911
Half-Cent Sales Tax Fund	13,263,768	-
Highway User Revenue Fund	235,318	1,000,000
Transportation Sales Tax Fund	1,151,986	-
Development Fee Fund	42,329	-
Non-Major Governmental Funds	<u>4,477,472</u>	<u>3,761,049</u>
Total governmental funds	<u>20,363,855</u>	<u>12,890,960</u>
Enterprise funds:		
Water Utility Fund	4,926,038	1,599,035
Wastewater Utility Fund	1,268,465	3,945,561
Solid Waste Utility Fund	5,555	30,347
Stadium Fund	2,097	4,285,404
Storm Drain Utility Fund	<u>773</u>	<u>337,548</u>
Total enterprise funds	<u>6,202,928</u>	<u>10,197,895</u>
Internal Service funds	<u>140,843</u>	<u>3,618,771</u>
Grand totals	<u>\$ 26,707,626</u>	<u>26,707,626</u>

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

13. STABILIZATION ARRANGEMENTS

The committed and assigned fund balances of the governmental funds are shown on the fund financial statements. The following table presents the City's stabilization reserves included in the proprietary fund financial statements at June 30, 2016:

Water Utility Fund:	
Working capital policy reserve	\$ 5,626,663
Rate stabilization	1,734,446
Debt stabilization	4,580,265
System asset maintenance	7,971,981
Capital equipment replacement	<u>754,145</u>
	<u>20,667,500</u>
Wastewater Utility Fund:	
Working capital policy reserve	2,638,449
Rate stabilization	940,335
Debt stabilization	2,287,288
System asset maintenance	8,058,279
Capital equipment replacement	<u>569,477</u>
	<u>14,493,828</u>
Solid Waste Utility Fund:	
Working capital policy reserve	2,108,757
Capital equipment replacement	<u>2,245,071</u>
	<u>4,353,828</u>
Stadium Fund:	
Capital equipment replacement	<u>447,419</u>
Total enterprise funds	<u><u>39,962,575</u></u>
Internal Service Funds:	
Capital equipment replacement	10,727,972
Risk management purpose	<u>8,473,057</u>
Total internal service funds	<u><u>19,201,029</u></u>

14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

15. SUBSEQUENT EVENTS

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 most of the estimated \$52 million cost of the expansion with Water Infrastructure Finance Authority loans (WIFA). WIFA awarded a loan of \$49 million in late October of 2016. City Council approval of the WIFA loan is anticipated in January of 2017.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Vistancia West Community Facilities District (District) – Debt Issuance

In July 2016, the District issued the Series 2016 General Obligation Bonds (Bonds) in the amount of \$3,000,000, maturing in 2029, with a net interest cost of 4.15%. The Bonds were issued to finance the costs to acquire and construct certain public infrastructure benefiting the District and to pay costs of issuance related to the Bonds. The proceeds and premiums from the sale of the Bonds, net certain issuance costs have been placed in an escrow trust account to be used exclusively for the purposes stated above.

New River Utility – Possible Taxable Event Upon Dissolution

The City purchased the New River Utility in November 2015. The Utility maintained its legal status as a corporation until August 2016, at which point the Arizona Corporation Commission approved its dissolution. Upon this dissolution, and based on the structure of the sale of the Utility to the City there is a possible taxable event due and payable by the City to the federal and state government. The City's liability has not yet been determined but is estimated to be between \$100,000 and \$3.1 million.

**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, 2016

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)		2014 through 2007
	2016 (2015)	2015 (2014)	
Proportion of the net pension liability	0.526670%	0.520455%	Information not available
Proportionate share of the net pension liability	\$ 82,036,552	\$ 77,009,675	
Covered-employee payroll	\$ 47,561,194	\$ 46,266,286	
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.49%	166.45%	
Plan fiduciary net position as a percentage of the total pension liability	68.35%	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, 2016

Public Safety Personnel Retirement System	Reporting Fiscal Year		
	(Measurement Date)		
	<u>2016 (2015)</u>	<u>2015 (2014)</u>	<u>2014 through</u> <u>2007</u>
Peoria Police Department			
Total pension liability			
Service cost	\$ 2,557,053	\$ 2,556,976	Information not available
Interest on the total pension liability	7,075,581	6,074,980	
Changes in benefit terms	-	1,228,208	
Differences between expected and actual experience in the measurement of the pension liability	341,776	(672,105)	
Changes of assumptions or other inputs	-	8,103,978	
Benefit payments, including refunds of employee contributions	(4,791,028)	(4,300,112)	
Net change in total pension liability	5,183,382	12,991,925	
Total pension liability - beginning	91,251,779	78,259,854	
Total pension liability - ending (a)	<u>\$ 96,435,161</u>	<u>\$ 91,251,779</u>	
Plan fiduciary net position			
Contributions - employer	\$ 3,254,563	\$ 2,907,800	
Contributions - employee	1,689,030	1,491,406	
Net investment income	1,821,818	5,954,387	
Benefit payments, including refunds of employee contributions	(4,791,028)	(4,300,112)	
Administrative expense	(44,835)	-	
Other changes	(56,762)	(1,313,936)	
Net change in plan fiduciary net position	1,872,786	4,739,545	
Plan fiduciary net position - beginning	49,934,163	45,194,618	
Plan fiduciary net position - ending (b)	<u>\$ 51,806,949</u>	<u>\$ 49,934,163</u>	
Net pension liability/(asset) - ending (a)-(b)	44,628,212	41,317,616	
Plan fiduciary net position as a percentage of the total pension liability	53.72%	54.72%	
Covered valuation payroll	\$ 13,449,859	\$ 13,035,510	
Net pension liability/(asset) as a percentage of covered-employee payroll	331.81%	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, 2016

Public Safety Personnel Retirement System	Reporting Fiscal Year		
	(Measurement Date)		
	<u>2016 (2015)</u>	<u>2015 (2014)</u>	<u>2014 through 2007</u>
Peoria Fire Department			
Total pension liability			
Service cost	\$ 2,056,517	\$ 2,013,025	Information not available
Interest on the total pension liability	4,952,998	4,197,224	
Changes in benefit terms	-	453,523	
Differences between expected and actual experience in the measurement of the pension liability	809,490	660,641	
Changes of assumptions or other inputs	-	3,815,327	
Benefit payments, including refunds of employee contributions	<u>(1,949,881)</u>	<u>(1,117,704)</u>	
Net change in total pension liability	5,869,124	10,022,036	
Total pension liability - beginning	63,042,200	53,020,164	
Total pension liability - ending (a)	<u>\$ 68,911,324</u>	<u>\$ 63,042,200</u>	
Plan fiduciary net position			
Contributions - employer	\$ 1,866,365	\$ 1,885,422	
Contributions - employee	1,238,541	1,168,186	
Net investment income	1,710,692	5,369,649	
Benefit payments, including refunds of employee contributions	(1,949,881)	(1,117,704)	
Administrative expense	(42,126)	-	
Other changes	<u>(35,356)</u>	<u>(1,063,021)</u>	
Net change in plan fiduciary net position	2,788,235	6,242,532	
Plan fiduciary net position - beginning	46,014,691	39,772,159	
Plan fiduciary net position - ending (b)	<u>\$ 48,802,926</u>	<u>\$ 46,014,691</u>	
Net pension liability/(asset) - ending (a)-(b)	20,108,398	17,027,509	
Plan fiduciary net position as a percentage of the total pension liability	70.82%	72.99%	
Covered valuation payroll	\$ 11,068,029	\$ 10,934,868	
Net pension liability/(asset) as a percentage of covered-employee payroll	181.68%	155.72%	

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2016**

	Reporting Fiscal Year			2014 through 2007
	2016	2015	2014	
Arizona State Retirement System				
Statutorily required contribution	\$ 5,513,977	\$ 5,458,945	\$ 5,019,946	Information not available
Actual contributions in relation to the statutorily required contribution	<u>5,513,977</u>	<u>5,458,945</u>	<u>5,019,946</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	<u>\$ 50,820,065</u>	<u>\$ 47,561,194</u>	<u>\$ 46,266,286</u>	
Actual contribution as a percentage of covered-employee payroll	10.85%	11.48%	10.85%	
Public Safety Personnel Retirement System				
Peoria Police Department				
Statutorily required contribution	\$ 4,406,379	\$ 3,235,398	\$ 2,907,800	Information not available
Actual contributions in relation to the statutorily required contribution	<u>4,696,546</u>	<u>3,235,398</u>	<u>2,907,800</u>	
Contribution deficiency (excess)	<u>\$ (290,167)</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	<u>\$ 13,992,947</u>	<u>\$ 13,449,859</u>	<u>\$ 13,035,510</u>	
Actual contribution as a percentage of covered-employee payroll	33.56%	24.06%	22.31%	
Peoria Fire Department				
Statutorily required contribution	\$ 2,568,191	\$ 1,842,016	\$ 1,885,422	Information not available
Actual contributions in relation to the statutorily required contribution	<u>2,747,609</u>	<u>1,842,016</u>	<u>1,885,422</u>	
Contribution deficiency (excess)	<u>\$ (179,418)</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	<u>\$ 11,796,929</u>	<u>\$ 11,068,029</u>	<u>\$ 10,934,868</u>	
Actual contribution as a percentage of covered-employee payroll	23.29%	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, 2016**

Note 1 – Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age method
Amortization method	Level percent-of-pay, Closed
Remaining amortization period	22 years
Asset valuation method	7-year smoothed market value 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 to June 30, 2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2014, 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, 2015, 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.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB PLANS' FUNDING PROGRESS
JUNE 30, 2016**

Health Insurance Premium Benefit

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll ((b-a)/c)
PSPRS Police						
6/30/2015	\$ 1,850,516	\$ 2,056,739	\$ 206,223	89.97%	\$ 13,479,502	1.53%
6/30/2014	1,687,575	1,819,628	132,053	92.74%	13,283,045	0.99%
6/30/2013	-	1,698,633	1,698,633	0.00%	13,250,689	12.82%
PSPRS Fire						
6/30/2015	\$ 1,536,525	\$ 1,458,202	\$ (78,323)	105.37%	\$ 10,819,517	0.00%
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%

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, 2016**

Note 1 – Factors that Affect the Identification of Trends

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



Combining Statements & Budgetary Schedules

Combining Fund Financial Statements and Budgetary Schedules

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

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

Debt Service Funds

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

General Obligation (GO) Bonds Debt Service Fund

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

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 14,756,977	\$ 14,756,977	\$ 14,799,909	\$ 42,932
Investment earnings	160,000	160,000	117,513	(42,487)
Total revenues	<u>14,916,977</u>	<u>14,916,977</u>	<u>14,917,422</u>	<u>445</u>
EXPENDITURES:				
Current:				
General Government	16,103	16,103	16,103	-
Debt service:				
Principal payments	10,265,000	10,265,000	10,265,000	-
Interest and other charges	6,152,860	5,952,860	4,348,948	(1,603,912)
Total expenditures	<u>16,433,963</u>	<u>16,233,963</u>	<u>14,630,051</u>	<u>(1,603,912)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,516,986)</u>	<u>(1,316,986)</u>	<u>287,371</u>	<u>1,604,357</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	66,425,000	66,425,000
Premium on bonds issued	-	-	8,944,898	8,944,898
Payment to bond refunding escrow agent	-	-	(74,932,838)	(74,932,838)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>437,060</u>	<u>437,060</u>
Net change in fund balances	<u>(1,516,986)</u>	<u>(1,316,986)</u>	<u>75,220,209</u>	<u>76,537,195</u>
Fund balances - beginning	27,518,856	27,518,856	25,859,071	(1,659,785)
Fund balances - ending	<u>\$ 26,001,870</u>	<u>\$ 26,201,870</u>	<u>\$ 26,583,502</u>	<u>\$ 381,632</u>

NON-MAJOR GOVERNMENTAL FUNDS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

Public Transit Fund

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

Other Grants Fund

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

Debt Service Funds

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

Municipal Development Authority (MDA) Bonds Debt Service Fund

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

Community Facilities District (CFD) Bonds Debt Service Fund

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

Special Assessment Bonds Debt Service Fund

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

Capital Projects Funds

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

Community Facilities District (CFD) Bonds Capital Projects Fund

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

General Obligation (GO) Bond Capital Projects Fund

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

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, 2016**

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Bonds	CFD Bonds	Special Assessment Bonds
ASSETS & DEFERRED OUTFLOWS					
Pooled cash and investments	\$ 809,431	\$ 4,974,635	\$ 2,465,370	\$ 253,082	\$ 548,196
Accounts receivable, net	7,138	1,650	-	23,174	-
Interest receivable	797	4,958	3,771	-	537
Due from other governments	440,049	1,061,183	-	21,063	-
Restricted cash with fiscal agents	-	-	3,647,508	3,788,001	53,125
Restricted investments	-	-	-	-	-
Special assessments receivable	-	-	-	-	2,036,876
Total assets	1,257,415	6,042,426	6,116,649	4,085,320	2,638,734
Total assets & deferred outflows	\$ 1,257,415	\$ 6,042,426	\$ 6,116,649	\$ 4,085,320	\$ 2,638,734
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES					
Liabilities:					
Accounts payable	\$ 48,222	\$ 387,614	\$ -	\$ 716	\$ -
Accrued payroll	8,512	16,675	-	-	-
Due to other funds	-	65,645	-	-	-
Other liabilities	500	89	-	-	-
Unearned revenue-other	-	97,042	-	-	-
Total liabilities	57,234	567,065	-	716	-
Deferred inflows of resources:					
Unavailable revenue-special assessments	-	-	-	-	2,036,876
Total deferred inflows of resources	-	-	-	-	2,036,876
Fund balances:					
Restricted for:					
Debt service	-	-	6,116,649	4,084,604	601,858
Capital projects	-	-	-	-	-
Grant purposes	1,200,181	1,345,524	-	-	-
Committed for:					
Arts capital	-	4,129,837	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Total fund balance	1,200,181	5,475,361	6,116,649	4,084,604	601,858
Total liabilities, deferred inflows & fund balance	\$ 1,257,415	\$ 6,042,426	\$ 6,116,649	\$ 4,085,320	\$ 2,638,734

(continued)

**CITY OF PEORIA, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Capital Project Funds				Total Non-Major Governmental Funds
	CFD Bonds	GO Bond Capital Projects Fund	MDA Bonds	Non-Bond	
ASSETS & DEFERRED OUTFLOWS					
Pooled cash and investments	\$ 4,431	\$ 160,150	\$ -	\$ 25,117,632	\$ 34,332,927
Accounts receivable, net	-	-	-	-	31,962
Interest receivable	-	60,588	-	14,217	84,868
Due from other governments	-	-	-	-	1,522,295
Restricted cash with fiscal agents	3,179,526	-	-	-	10,668,160
Restricted investments	1,261,639	21,600,298	-	-	22,861,937
Special assessments receivable	-	-	-	-	2,036,876
Total assets	<u>4,445,596</u>	<u>21,821,036</u>	<u>-</u>	<u>25,131,849</u>	<u>71,539,025</u>
Total assets & deferred outflows	<u>\$ 4,445,596</u>	<u>\$ 21,821,036</u>	<u>\$ -</u>	<u>\$ 25,131,849</u>	<u>\$ 71,539,025</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 140,463	-	\$ 284,360	\$ 861,375
Accrued payroll	-	-	-	-	25,187
Due to other funds	-	-	-	-	65,645
Other liabilities	-	-	-	72,087	72,676
Unearned revenue-other	-	-	-	1,289,386	1,386,428
Total liabilities	<u>-</u>	<u>140,463</u>	<u>-</u>	<u>1,645,833</u>	<u>2,411,311</u>
Deferred inflows of resources:					
Unavailable revenue-special assessments	-	-	-	-	2,036,876
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,036,876</u>
Fund balances:					
Restricted for:					
Debt service	-	-	-	-	10,803,111
Capital projects	4,445,596	21,680,573	-	1,289,386	27,415,555
Grant purposes	-	-	-	-	2,545,705
Committed for:					
Arts capital	-	-	-	-	4,129,837
Assigned to:					
Capital projects	-	-	-	22,196,630	22,196,630
Total fund balance	<u>4,445,596</u>	<u>21,680,573</u>	<u>-</u>	<u>23,486,016</u>	<u>67,090,838</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 4,445,596</u>	<u>\$ 21,821,036</u>	<u>\$ -</u>	<u>\$ 25,131,849</u>	<u>\$ 71,539,025</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Bonds	CFD Bonds	Special Assessment Bonds
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 2,639,896	\$ -
Intergovernmental	1,042,806	3,589,589	-	-	-
Charges for service	52,649	250,329	-	-	-
Fines and forfeitures	-	146,514	-	-	-
Investment earnings	5,646	35,206	26,672	285	3,808
Special assessments	-	-	-	-	381,950
Miscellaneous	37,308	232,344	-	2,113,610	-
Total revenues	<u>1,138,409</u>	<u>4,253,982</u>	<u>26,672</u>	<u>4,753,791</u>	<u>385,758</u>
EXPENDITURES:					
Current:					
General government	-	412,632	7,723	34,005	-
Culture and recreation	-	430,957	-	-	-
Public safety	-	1,205,253	-	-	-
Development services	-	724,019	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	-	-	-	-
Human services	1,013,051	712,277	-	-	-
Debt service:					
Principal payments	-	-	4,470,000	2,920,000	355,000
Interest and other charges	-	-	3,123,308	2,803,269	121,638
Payment to bond escrow agent	-	-	-	4,523,199	-
Capital outlay	-	35,844	-	-	-
Total expenditures	<u>1,013,051</u>	<u>3,520,982</u>	<u>7,601,031</u>	<u>10,280,473</u>	<u>476,638</u>
Excess (deficiency) of revenues over expenditures	<u>125,358</u>	<u>733,000</u>	<u>(7,574,359)</u>	<u>(5,526,682)</u>	<u>(90,880)</u>
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	-	-	36,985,000	-
Issuance of debt	-	-	-	-	-
Premium on bonds issued	-	-	-	3,761,386	-
Payment to bond refunding escrow agent	-	-	-	(39,870,003)	-
Transfers in	-	-	3,701,657	10,000	-
Transfers out	(372,524)	(785,571)	-	(49,392)	-
Total other financing sources and uses	<u>(372,524)</u>	<u>(785,571)</u>	<u>3,701,657</u>	<u>836,991</u>	<u>-</u>
Net change in fund balances	<u>(247,166)</u>	<u>(52,571)</u>	<u>(3,872,702)</u>	<u>(4,689,691)</u>	<u>(90,880)</u>
Fund balances - beginning	1,447,347	5,527,932	9,989,351	8,774,295	692,738
Fund balances - ending	<u>\$ 1,200,181</u>	<u>\$ 5,475,361</u>	<u>\$ 6,116,649</u>	<u>\$ 4,084,604</u>	<u>\$ 601,858</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, 2016

	Capital Project Funds				Total Non-Major Governmental Funds
	CFD Bonds	GO Bond Capital Projects Fund	MDA Bonds	Non-Bond	
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,639,896
Intergovernmental	-	-	-	10,650,103	15,282,498
Charges for service	-	-	-	-	302,978
Fines and forfeitures	-	-	-	-	146,514
Investment earnings	8,608	61,331	14	100,865	242,435
Special assessments	-	-	-	-	381,950
Miscellaneous	-	-	-	42,014	2,425,276
Total revenues	<u>8,608</u>	<u>61,331</u>	<u>14</u>	<u>10,792,982</u>	<u>21,421,547</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	454,360
Culture and recreation	-	-	-	-	430,957
Public safety	-	-	-	-	1,205,253
Development services	-	-	-	-	724,019
Highways and streets	-	856,019	-	147,341	1,003,360
Public works	350	-	-	-	350
Human services	-	-	-	-	1,725,328
Debt service:					
Principal payments	-	-	-	-	7,745,000
Interest and other charges	3,574	205,821	-	-	6,257,610
Payment to bond escrow agent	2,184,017	-	-	-	6,707,216
Capital outlay	106,169	1,377,842	-	2,464,062	3,983,917
Total expenditures	<u>2,294,110</u>	<u>2,439,682</u>	<u>-</u>	<u>2,611,403</u>	<u>30,237,370</u>
Excess (deficiency) of revenues over expenditures	<u>(2,285,502)</u>	<u>(2,378,351)</u>	<u>14</u>	<u>8,181,579</u>	<u>(8,815,823)</u>
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	-	-	-	36,985,000
Issuance of debt	-	30,325,000	-	-	30,325,000
Premium on bonds issued	-	1,390,404	-	-	5,151,790
Payment to bond refunding escrow agent	-	-	-	-	(39,870,003)
Transfers in	49,392	-	-	-	3,761,049
Transfers out	-	(2,850,895)	(9,825)	(409,265)	(4,477,472)
Total other financing sources and uses	<u>49,392</u>	<u>28,864,509</u>	<u>(9,825)</u>	<u>(409,265)</u>	<u>31,875,364</u>
Net change in fund balances	<u>(2,236,110)</u>	<u>26,486,158</u>	<u>(9,811)</u>	<u>7,772,314</u>	<u>23,059,541</u>
Fund balances - beginning	6,681,706	(4,805,585)	9,811	15,713,702	44,031,297
Fund balances - ending	<u>\$ 4,445,596</u>	<u>\$ 21,680,573</u>	<u>\$ -</u>	<u>\$ 23,486,016</u>	<u>\$ 67,090,838</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 393,000	\$ 393,000	\$ 1,042,806	\$ 649,806
Charges for services	33,000	33,000	52,649	19,649
Investment earnings	4,000	4,000	5,646	1,646
Miscellaneous	20,000	20,000	37,308	17,308
Total inflows	<u>450,000</u>	<u>450,000</u>	<u>1,138,409</u>	<u>688,409</u>
EXPENDITURES:				
Current:				
Human services	1,077,848	1,144,874	1,241,802	96,928
Capital outlay	-	143,000	-	(143,000)
Total expenditures	<u>1,077,848</u>	<u>1,287,874</u>	<u>1,241,802</u>	<u>(46,072)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(627,848)</u>	<u>(837,874)</u>	<u>(103,393)</u>	<u>734,481</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(143,773)	(143,773)	(143,773)	-
Total other financing sources and uses	<u>(143,773)</u>	<u>(143,773)</u>	<u>(143,773)</u>	<u>-</u>
Net change in fund balances	<u>(771,621)</u>	<u>(981,647)</u>	<u>(247,166)</u>	<u>734,481</u>
Fund balances - beginning	778,942	778,942	1,447,347	668,405
Fund balances - ending	<u>\$ 7,321</u>	<u>\$ (202,705)</u>	<u>\$ 1,200,181</u>	<u>\$ 1,402,886</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,241,802
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(228,751)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,013,051</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental:	\$ 6,338,789	\$ 6,338,789	\$ 3,589,589	\$ (2,749,200)
Charges for services	556,392	556,392	250,329	(306,063)
Fines and forfeitures	160,000	160,000	146,514	(13,486)
Investment earnings	24,100	24,100	35,206	11,106
Miscellaneous	3,845	3,845	232,344	228,499
Total revenues	<u>7,083,126</u>	<u>7,083,126</u>	<u>4,253,982</u>	<u>(2,829,144)</u>
EXPENDITURES:				
Current:				
General government	353,256	549,201	412,632	(136,569)
Culture and recreation	486,759	519,059	430,957	(88,102)
Public safety	537,331	1,537,587	1,390,387	(147,200)
Development services	1,351,830	1,359,257	724,019	(635,238)
Human Services	858,568	925,502	712,277	(213,225)
Capital outlay	971,000	1,778,731	333,613	(1,445,118)
Total expenditures	<u>4,558,744</u>	<u>6,669,337</u>	<u>4,003,885</u>	<u>(2,665,452)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,524,382</u>	<u>413,789</u>	<u>250,097</u>	<u>(163,692)</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(3,050,000)	(874,857)	-	874,857
Transfers in	-	1,941	-	(1,941)
Transfers out	(290,749)	(294,594)	(302,668)	(8,074)
Total other financing sources and uses	<u>(3,340,749)</u>	<u>(1,167,510)</u>	<u>(302,668)</u>	<u>864,842</u>
Net change in fund balances	<u>(816,367)</u>	<u>(753,721)</u>	<u>(52,571)</u>	<u>701,150</u>
Fund balances - beginning	5,692,521	5,692,521	5,527,932	(164,589)
Fund balances - ending	<u>\$ 4,876,154</u>	<u>\$ 4,938,800</u>	<u>\$ 5,475,361</u>	<u>\$ 536,561</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 4,003,885
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(482,903)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,520,982</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final	(budgetary basis)	
REVENUES:				
Investment earnings	\$ 12,000	\$ 12,000	\$ 26,672	\$ 14,672
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>26,672</u>	<u>14,672</u>
EXPENDITURES:				
Current:				
General government	7,723	7,723	7,723	-
Debt service:				
Principal payments	4,470,000	4,470,000	4,470,000	-
Interest and other charges	4,274,307	4,104,307	3,123,308	(980,999)
Total expenditures	<u>8,752,030</u>	<u>8,582,030</u>	<u>7,601,031</u>	<u>(980,999)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,740,030)</u>	<u>(8,570,030)</u>	<u>(7,574,359)</u>	<u>995,671</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,691,832	3,691,832	3,701,657	9,825
Total other financing sources and uses	<u>3,691,832</u>	<u>3,691,832</u>	<u>3,701,657</u>	<u>9,825</u>
Net change in fund balances	<u>(5,048,198)</u>	<u>(4,878,198)</u>	<u>(3,872,702)</u>	<u>1,005,496</u>
Fund balances - beginning	9,988,777	9,988,777	9,989,351	574
Fund balances - ending	<u>\$ 4,940,579</u>	<u>\$ 5,110,579</u>	<u>\$ 6,116,649</u>	<u>\$ 1,006,070</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Taxes	\$ 2,629,478	\$ 2,629,478	\$ 2,639,896	\$ 10,418
Investment earnings	-	-	285	285
Miscellaneous	3,213,422	3,213,422	2,113,610	(1,099,812)
Total revenues	<u>5,842,900</u>	<u>5,842,900</u>	<u>4,753,791</u>	<u>(1,089,109)</u>
EXPENDITURES:				
Current:				
General government	363,000	363,000	34,005	(328,995)
Debt service:				
Principal payments	2,938,500	2,938,500	2,920,000	(18,500)
Interest and other charges	2,555,900	2,555,900	2,803,269	247,369
Payment to bond escrow agent	-	-	4,523,199	4,523,199
Total expenditures	<u>5,857,400</u>	<u>5,857,400</u>	<u>10,280,473</u>	<u>4,423,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,500)</u>	<u>(14,500)</u>	<u>(5,526,682)</u>	<u>(5,512,182)</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	36,985,000	36,985,000
Premium on bonds issued	-	-	3,761,386	3,761,386
Payment to bond refunding escrow agent	-	-	(39,870,003)	(39,870,003)
Contingencies	(2,500)	(2,500)	-	2,500
Transfers in	17,000	17,000	10,000	(7,000)
Transfers out	-	-	(49,392)	(49,392)
Total other financing sources and uses	<u>14,500</u>	<u>14,500</u>	<u>836,991</u>	<u>822,491</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(4,689,691)</u>	<u>(4,689,691)</u>
Fund balances - beginning	4,437,915	4,437,915	8,774,295	4,336,380
Fund balances - ending	<u>\$ 4,437,915</u>	<u>\$ 4,437,915</u>	<u>\$ 4,084,604</u>	<u>\$ (353,311)</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment earnings	\$ 1,500	\$ 1,500	\$ 3,808	\$ 2,308
Special assessments	<u>476,738</u>	<u>476,738</u>	<u>381,950</u>	<u>(94,788)</u>
Total revenues	<u>478,238</u>	<u>478,238</u>	<u>385,758</u>	<u>(92,480)</u>
EXPENDITURES:				
Debt service:				
Principal payments	355,000	355,000	355,000	-
Interest and other charges	<u>121,738</u>	<u>121,738</u>	<u>121,638</u>	<u>(100)</u>
Total expenditures	<u>476,738</u>	<u>476,738</u>	<u>476,638</u>	<u>(100)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,500</u>	<u>1,500</u>	<u>(90,880)</u>	<u>(92,380)</u>
Net change in fund balances	<u>1,500</u>	<u>1,500</u>	<u>(90,880)</u>	<u>(92,380)</u>
Fund balances - beginning	786,203	786,203	692,738	(93,465)
Fund balances - ending	<u>\$ 787,703</u>	<u>\$ 787,703</u>	<u>\$ 601,858</u>	<u>\$ (185,845)</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Investment earnings	\$ 17,000	\$ 17,000	\$ 8,608	\$ (8,392)
Total revenues	<u>17,000</u>	<u>17,000</u>	<u>8,608</u>	<u>(8,392)</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public Works	-	-	350	350
Debt service:				
Interest and other charges	60,000	60,000	3,574	(56,426)
Payment to bond escrow agent	-	-	2,184,017	2,184,017
Capital outlay	8,568,678	8,568,678	106,169	(8,462,509)
Total expenditures	<u>8,628,678</u>	<u>8,628,678</u>	<u>2,294,110</u>	<u>(6,334,568)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,611,678)</u>	<u>(8,611,678)</u>	<u>(2,285,502)</u>	<u>6,326,176</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	60,000	60,000	-	(60,000)
Transfers in	-	-	49,392	49,392
Transfers out	(17,000)	(17,000)	-	17,000
Total other financing sources and uses	<u>43,000</u>	<u>43,000</u>	<u>49,392</u>	<u>6,392</u>
Net change in fund balances	<u>(8,568,678)</u>	<u>(8,568,678)</u>	<u>(2,236,110)</u>	<u>6,332,568</u>
Fund balances - beginning	8,568,678	8,568,678	6,681,706	(1,886,972)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,445,596</u>	<u>\$ 4,445,596</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment earnings	\$ 450	\$ 450	\$ 61,331	\$ 60,881
Total revenues	<u>450</u>	<u>450</u>	<u>61,331</u>	<u>60,881</u>
EXPENDITURES:				
Current:				
Highways and streets	349,618	555,701	856,019	300,318
Debt service:				
Interest and other charges	-	370,000	205,821	(164,179)
Capital outlay	19,848,007	15,652,295	4,228,737	(11,423,558)
Total expenditures	<u>20,197,625</u>	<u>16,577,996</u>	<u>5,290,577</u>	<u>(11,287,419)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,197,175)</u>	<u>(16,577,546)</u>	<u>(5,229,246)</u>	<u>11,348,300</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	22,665,880	22,665,880	30,325,000	7,659,120
Premium on bonds issued	-	-	1,390,404	1,390,404
Contingencies	-	2,672,280	-	(2,672,280)
Total other financing sources and uses	<u>22,665,880</u>	<u>25,338,160</u>	<u>31,715,404</u>	<u>6,377,244</u>
Net change in fund balances	<u>2,468,705</u>	<u>8,760,614</u>	<u>26,486,158</u>	<u>17,725,544</u>
Fund balances - beginning	(2,467,709)	(2,467,709)	(4,805,585)	(2,337,876)
Fund balances - ending	<u>\$ 996</u>	<u>\$ 6,292,905</u>	<u>\$ 21,680,573</u>	<u>\$ 15,387,668</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	\$ 5,290,577
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(2,850,895)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,439,682</u>

CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON SCHEDULE
 MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	-	-	\$ 14	\$ 14
Total revenues	-	-	14	14
EXPENDITURES:				
Current:				
Culture and recreation	300,000	300,000	-	(300,000)
Capital outlay	30,000,000	30,000,000	-	(30,000,000)
Total expenditures	30,300,000	30,300,000	-	(30,300,000)
Excess (deficiency) of revenues over (under) expenditures	(30,300,000)	(30,300,000)	14	30,300,014
OTHER FINANCING SOURCES (USES):				
Issuance of debt	30,300,000	30,300,000	-	(30,300,000)
Transfers out	-	-	(9,825)	(9,825)
Total other financing sources and uses	30,300,000	30,300,000	(9,825)	(30,309,825)
Net change in fund balances	-	-	(9,811)	(9,811)
Fund balances - beginning	-	-	9,811	9,811
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
NON-BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ 10,650,103	\$ 10,650,103
Investment earnings	60,000	60,000	100,865	40,865
Miscellaneous	5,613,621	5,613,321	42,014	(5,571,307)
Total revenues	<u>5,673,621</u>	<u>5,673,321</u>	<u>10,792,982</u>	<u>5,119,661</u>
EXPENDITURES:				
Current:				
Highways and streets	2,222,644	1,718,138	147,341	(1,570,797)
Capital outlay	15,737,120	16,158,745	2,873,327	(13,285,418)
Contingencies	1,000,000	2,630,525	-	(2,630,525)
Total expenditures	<u>18,959,764</u>	<u>20,507,408</u>	<u>3,020,668</u>	<u>(17,486,740)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,286,143)</u>	<u>(14,834,087)</u>	<u>7,772,314</u>	<u>22,606,401</u>
Net change in fund balances	<u>(13,286,143)</u>	<u>(14,834,087)</u>	<u>7,772,314</u>	<u>22,606,401</u>
Fund balances - beginning	17,246,239	17,246,239	15,713,702	(1,532,537)
Fund balances - ending	<u>\$ 3,960,096</u>	<u>\$ 2,412,152</u>	<u>\$ 23,486,016</u>	<u>\$ 21,073,864</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Uses/outflows or resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 3,020,668
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(409,265)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,611,403</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, 2016

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
ASSETS					
Current assets:					
Pooled cash and investments	\$ 8,781,762	\$ 9,641,961	\$ 391,411	\$ 4,115,713	\$22,930,847
Restricted pooled cash and investments	-	6,588,332	-	-	6,588,332
Accounts receivable, net	4,420	97	-	4,434	8,951
Interest receivable	8,308	27,660	383	3,036	39,387
Prepaid items	-	65,200	-	37,032	102,232
Supplies inventory	181,372	-	-	-	181,372
Total current assets	<u>8,975,862</u>	<u>16,323,250</u>	<u>391,794</u>	<u>4,160,215</u>	<u>29,851,121</u>
Non-current assets:					
Restricted assets:					
Investments	-	7,642,308	-	-	7,642,308
Total restricted assets	<u>-</u>	<u>7,642,308</u>	<u>-</u>	<u>-</u>	<u>7,642,308</u>
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment & furniture	1,429,048	-	17,741	37,914,950	39,361,739
Vehicles	29,342,453	-	-	-	29,342,453
Less accumulated depreciation	(19,945,440)	-	(11,092)	(29,467,913)	(49,424,445)
Construction in progress	1,815	-	-	751,194	753,009
Total capital assets, net	<u>10,827,876</u>	<u>-</u>	<u>6,649</u>	<u>9,346,333</u>	<u>20,180,858</u>
Total assets	<u>19,803,738</u>	<u>23,965,558</u>	<u>398,443</u>	<u>13,506,548</u>	<u>57,674,287</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	98,732	18,398	339,304	585,243	1,041,677
Total deferred outflows of resources	<u>98,732</u>	<u>18,398</u>	<u>339,304</u>	<u>585,243</u>	<u>1,041,677</u>
LIABILITIES					
Current liabilities:					
Accounts payable	115,014	1,264,412	90,961	359,488	1,829,875
Accrued payroll	13,468	2,253	41,633	77,158	134,512
Current portion of claims payable	-	3,331,614	-	-	3,331,614
Current portion of compensated absences	42,710	10,340	172,010	309,940	535,000
Unearned revenue-other	-	3,103	-	-	3,103
Total current liabilities	<u>171,192</u>	<u>4,611,722</u>	<u>304,604</u>	<u>746,586</u>	<u>5,834,104</u>
Non-current liabilities:					
Long-term portion of claims payable	-	766,257	-	-	766,257
Compensated absences	17,980	1,680	64,290	53,190	137,140
Net pension liability	957,733	178,465	3,291,357	5,677,044	10,104,599
Total non-current liabilities	<u>975,713</u>	<u>946,402</u>	<u>3,355,647</u>	<u>5,730,234</u>	<u>11,007,996</u>
Total liabilities	<u>1,146,905</u>	<u>5,558,124</u>	<u>3,660,251</u>	<u>6,476,820</u>	<u>16,842,100</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	88,292	16,452	303,426	523,360	931,530
Total deferred inflows of resources	<u>88,292</u>	<u>16,452</u>	<u>303,426</u>	<u>523,360</u>	<u>931,530</u>
NET POSITION					
Net investment in capital assets	10,827,876	-	6,649	9,346,333	20,180,858
Restricted - trust purpose	-	9,936,323	-	-	9,936,323
Unrestricted	7,839,397	8,473,057	(3,232,579)	(2,254,722)	10,825,153
Total net position	<u>\$18,667,273</u>	<u>\$18,409,380</u>	<u>\$ (3,225,930)</u>	<u>\$ 7,091,611</u>	<u>\$40,942,334</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES					
Charges for services	\$ 6,426,292	\$ 19,010,981	\$ 5,859,798	\$ 9,088,038	\$ 40,385,109
Miscellaneous	1,588	349,855	-	37,810	389,253
Total operating revenues	<u>6,427,880</u>	<u>19,360,836</u>	<u>5,859,798</u>	<u>9,125,848</u>	<u>40,774,362</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	773,009	244,303	2,828,547	4,691,721	8,537,580
Contractual services, materials and supplies	3,524,444	1,024,133	3,074,982	5,399,903	13,023,462
Insurance claims and expenses	-	16,593,014	-	-	16,593,014
Depreciation and amortization	1,960,436	-	2,534	1,423,646	3,386,616
Total operating expenses	<u>6,257,889</u>	<u>17,861,450</u>	<u>5,906,063</u>	<u>11,515,270</u>	<u>41,540,672</u>
Operating income (loss)	169,991	1,499,386	(46,265)	(2,389,422)	(766,310)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	58,957	147,818	2,719	21,574	231,068
Gain (Loss) on sale of capital assets	65,305	-	441	-	65,746
Total non-operating revenues	<u>124,262</u>	<u>147,818</u>	<u>3,160</u>	<u>21,574</u>	<u>296,814</u>
Income (loss) before transfers	294,253	1,647,204	(43,105)	(2,367,848)	(469,496)
Transfers in	1,291,212	-	83,000	2,244,559	3,618,771
Transfers out	(134,332)	(441)	(6,070)	-	(140,843)
Change in net position	<u>1,451,133</u>	<u>1,646,763</u>	<u>33,825</u>	<u>(123,289)</u>	<u>3,008,432</u>
Total net position - beginning	<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>
Total net position - ending	<u>\$ 18,667,273</u>	<u>\$ 18,409,380</u>	<u>\$ (3,225,930)</u>	<u>\$ 7,091,611</u>	<u>\$ 40,942,334</u>

**CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
Increase (decrease) in cash and cash equivalents					
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,430,045	\$ 19,367,880	\$ 5,859,798	\$ 9,121,574	\$ 40,779,297
Payments to suppliers	(3,590,756)	(869,366)	(3,021,177)	(5,261,648)	(12,742,947)
Payments to employees	(884,520)	(258,832)	(2,970,679)	(4,674,356)	(8,788,387)
Self-insurance costs	-	(16,427,189)	-	-	(16,427,189)
Net cash provided (used) by operating activities	<u>1,954,769</u>	<u>1,812,493</u>	<u>(132,058)</u>	<u>(814,430)</u>	<u>2,820,774</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	1,291,212	-	83,000	2,244,559	3,618,771
Transfers out	(134,332)	(441)	(6,070)	-	(140,843)
Net cash provided (used) by non-capital financing activities	<u>1,156,880</u>	<u>(441)</u>	<u>76,930</u>	<u>2,244,559</u>	<u>3,477,928</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(3,304,075)	-	1	(1,649,721)	(4,953,795)
Disposal of capital assets	123,923	-	441	-	124,364
Net cash flows used by capital and related financing activities	<u>(3,180,152)</u>	<u>-</u>	<u>442</u>	<u>(1,649,721)</u>	<u>(4,829,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(2,152,036)	-	-	(2,152,036)
Interest received on investments	56,238	128,706	2,587	20,314	207,845
Net cash provided (used) by investing activities	<u>56,238</u>	<u>(2,023,330)</u>	<u>2,587</u>	<u>20,314</u>	<u>(1,944,191)</u>
Net increase (decrease) in cash and cash equivalents	(12,265)	(211,278)	(52,099)	(199,278)	(474,920)
Cash and cash equivalents at beginning of year	8,794,027	16,441,571	443,510	4,314,991	29,994,099
Cash and cash equivalents at end of year	<u>\$ 8,781,762</u>	<u>\$ 16,230,293</u>	<u>\$ 391,411</u>	<u>\$ 4,115,713</u>	<u>\$ 29,519,179</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 169,991	\$ 1,499,386	\$ (46,265)	\$ (2,389,422)	\$ (766,310)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,960,436	-	2,534	1,423,646	3,386,616
Add: Pension expense	(22,333)	(4,776)	95,929	365,557	434,377
Subtract: Employer pension contributions	(64,373)	(11,995)	(221,224)	(381,575)	(679,167)
(Increase) decrease in assets:					
Accounts receivable	2,165	3,941	-	(4,274)	1,832
Prepaid items	-	-	-	(37,032)	(37,032)
Supplies inventory	31,262	-	-	-	31,262
Increase (decrease) in liabilities:					
Accounts payable	(97,574)	154,767	53,805	175,287	286,285
Accrued payroll	2,025	502	5,103	18,033	25,663
Claims payable	-	165,825	-	-	165,825
Deferred revenue	-	3,103	-	-	3,103
Compensated absences	(26,830)	1,740	(21,940)	15,350	(31,680)
Total adjustments	<u>1,784,778</u>	<u>313,107</u>	<u>(85,793)</u>	<u>1,574,992</u>	<u>3,587,084</u>
Net cash provided (used) by operating activities	<u>\$ 1,954,769</u>	<u>\$ 1,812,493</u>	<u>\$ (132,058)</u>	<u>\$ (814,430)</u>	<u>\$ 2,820,774</u>
Non-cash investing, capital and financing activities:					
Decrease in fair market value of investments	\$ -	\$ 8,972	\$ 69	\$ 752	\$ 9,793
Total non-cash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 8,972</u>	<u>\$ 69</u>	<u>\$ 752</u>	<u>\$ 9,793</u>

FIDUCIARY FUNDS

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

Agency Funds

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

Terramar Infrastructure Fund

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

PLAY Peoria NFP Fund

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

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, 2016**

	Terramar Infrastructure Fund	PLAY Peoria NFP Fund	Peoria Citizens Corp Council NFP Fund	Westside Fire Training IGA Fund	Total
ASSETS					
Pooled cash and investments	\$ 384,970	\$ 24,123	\$ -	\$ 30,172	\$ 439,265
Interest receivable	-	17	-	31	48
Total assets	<u>384,970</u>	<u>24,140</u>	<u>-</u>	<u>30,203</u>	<u>439,313</u>
LIABILITIES					
Accounts payable	-	1,800	-	-	1,800
Other liabilities	384,970	22,340	-	30,203	437,513
Total liabilities	<u>\$ 384,970</u>	<u>\$ 24,140</u>	<u>-</u>	<u>\$ 30,203</u>	<u>\$ 439,313</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Terramar Infrastructure Fund</u>				
Assets:				
Pooled cash and investments	\$ 384,970	\$ -	\$ -	\$ 384,970
Total Assets	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
<u>PLAY Peoria NFP Fund</u>				
Assets:				
Pooled cash and investments	27,182	53,770	56,829	24,123
Interest receivable	9	17	9	17
Total Assets	<u>27,191</u>	<u>53,787</u>	<u>56,838</u>	<u>24,140</u>
Liabilities:				
Accounts payable	2,495	17,991	18,686	1,800
Other liabilities	24,696	2,356	4,712	22,340
Total Liabilities	<u>27,191</u>	<u>20,347</u>	<u>23,398</u>	<u>24,140</u>
<u>Peoria Citizens Corp Council NFP Fund</u>				
Assets:				
Pooled cash and investments	2,068	3	2,071	-
Total Assets	<u>2,068</u>	<u>3</u>	<u>2,071</u>	<u>-</u>
Liabilities:				
Accounts payable	-	2,070	2,070	-
Other liabilities	2,068	-	2,068	-
Total Liabilities	<u>2,068</u>	<u>2,070</u>	<u>4,138</u>	<u>-</u>
<u>Westside Fire Training IGA Fund</u>				
Assets:				
Pooled cash and investments	32,143	8,445	10,416	30,172
Interest receivable	-	31	-	31
Total Assets	<u>32,143</u>	<u>8,476</u>	<u>10,416</u>	<u>30,203</u>
Liabilities:				
Accounts payable	-	10,385	10,385	-
Other liabilities	32,143	-	1,940	30,203
Total Liabilities	<u>32,143</u>	<u>10,385</u>	<u>12,325</u>	<u>30,203</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	446,363	62,218	69,316	439,265
Interest receivable	9	48	9	48
Total Assets	<u>446,372</u>	<u>62,266</u>	<u>69,325</u>	<u>439,313</u>
Liabilities:				
Accounts payable	2,495	30,446	31,141	1,800
Other liabilities	443,877	2,356	8,720	437,513
Total Liabilities	<u>446,372</u>	<u>32,802</u>	<u>39,861</u>	<u>439,313</u>





Statistical Section

Statistical Section

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

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

Statistical Section

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

Table I

	<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>	<u>2016</u>
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 899,648,174
Restricted	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	162,959,546
Unrestricted	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)	(32,938,378)
Total governmental activities net position	<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>	<u>\$ 1,029,669,342</u>
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 589,629,061
Restricted	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	31,926,587
Unrestricted	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	49,023,256
Total business-type activities net position	<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>	<u>\$ 670,578,904</u>
Primary Government										
Net investment in capital assets	\$ 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	\$ 1,489,277,235
Restricted	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	194,886,133
Unrestricted	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	16,084,878
Total primary government net position	<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>	<u>\$ 1,700,248,246</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 22,250,673
Culture & Recreation	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	26,447,013
Public Safety*	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	70,342,389
Development Services	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	7,123,106
Highways & Streets	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	34,620,944
Public Works	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	7,507,311
Human Services	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	1,788,130
Interest on long-term debt	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	11,549,457
Unallocated Depreciation	575,334	574,942	574,550	574,550	574,550	574,550	574,550	574,550	-	-
Total governmental activities expenses	<u>\$ 134,250,074</u>	<u>\$ 145,205,251</u>	<u>\$ 158,772,008</u>	<u>\$ 155,735,659</u>	<u>\$ 160,730,254</u>	<u>\$ 162,112,251</u>	<u>\$ 159,210,499</u>	<u>\$ 167,644,533</u>	<u>\$ 174,469,111</u>	<u>\$ 181,629,023</u>
Business-type Activities										
Water Utility	\$ 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	\$ 33,221,797
Wastewater Utility	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	22,001,744
Solid Waste Utility	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	11,137,739
Stadium	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	6,742,573
Storm Drain Utility	-	-	-	-	-	802,246	806,658	823,780	813,636	1,052,977
Housing	371,540	382,067	331,785	368,007	367,644	400,405	273,528	-	-	-
Total business-type activities expenses	<u>\$ 56,860,570</u>	<u>\$ 66,555,194</u>	<u>\$ 79,395,491</u>	<u>\$ 75,468,047</u>	<u>\$ 64,635,239</u>	<u>\$ 70,048,289</u>	<u>\$ 66,161,113</u>	<u>\$ 68,726,471</u>	<u>\$ 74,430,854</u>	<u>\$ 74,156,830</u>
Total primary government expenses	<u>\$ 191,110,644</u>	<u>\$ 211,760,445</u>	<u>\$ 238,167,499</u>	<u>\$ 231,203,706</u>	<u>\$ 225,365,493</u>	<u>\$ 232,160,540</u>	<u>\$ 225,371,612</u>	<u>\$ 236,371,004</u>	<u>\$ 248,899,965</u>	<u>\$ 255,785,853</u>
Program Revenues										
Governmental Activities										
Charges for services	\$ 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	\$ 29,321,181
Operating grants and contributions	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	14,329,168
Capital grants and contributions	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	27,259,727
Total governmental activities program revenues	<u>\$ 96,975,027</u>	<u>\$ 81,504,879</u>	<u>\$ 84,072,007</u>	<u>\$ 86,564,135</u>	<u>\$ 66,365,446</u>	<u>\$ 58,467,642</u>	<u>\$ 52,670,912</u>	<u>\$ 43,618,903</u>	<u>\$ 62,091,174</u>	<u>\$ 70,910,076</u>
Business-type Activities										
Charges for services	\$ 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	\$ 76,106,994
Operating grants and contributions	135,174	145,841	158,627	177,710	209,878	140,461	67,915	-	-	-
Capital grants and contributions	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	17,518,669
Total business-type activities program revenues	<u>\$ 80,272,879</u>	<u>\$ 84,403,505</u>	<u>\$ 71,921,966</u>	<u>\$ 113,534,874</u>	<u>\$ 66,214,423</u>	<u>\$ 74,606,915</u>	<u>\$ 74,588,700</u>	<u>\$ 78,825,599</u>	<u>\$ 98,178,441</u>	<u>\$ 93,625,663</u>
Total primary government program revenues	<u>\$ 177,247,906</u>	<u>\$ 165,908,384</u>	<u>\$ 155,993,973</u>	<u>\$ 200,099,009</u>	<u>\$ 132,579,869</u>	<u>\$ 133,074,557</u>	<u>\$ 127,259,612</u>	<u>\$ 122,444,502</u>	<u>\$ 160,269,615</u>	<u>\$ 164,535,739</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (110,718,947)
Business-type Activities	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	19,468,833
Total primary government net expense	<u>\$ (13,862,738)</u>	<u>\$ (45,852,061)</u>	<u>\$ (82,173,526)</u>	<u>\$ (31,104,697)</u>	<u>\$ (92,785,624)</u>	<u>\$ (99,085,983)</u>	<u>\$ (98,112,000)</u>	<u>\$ (113,926,502)</u>	<u>\$ (88,630,350)</u>	<u>\$ (91,250,114)</u>

* 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	\$ 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	\$ 2,994,905
Property taxes, levied for debt service	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	17,537,813
Sales and use taxes	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	79,410,364
Franchise taxes	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	4,461,864
Intergovernmental										
State shared sales taxes - unrestricted	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	14,760,029
Urban revenue sharing - unrestricted	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	18,549,406
Auto in-lieu taxes - unrestricted	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	6,385,294
Investment Earnings	12,100,831	13,328,215	7,896,100	2,199,984	1,354,607	959,479	599,263	878,164	843,648	1,693,475
Gain on sale of capital assets	60,785	40,953	115,412	102,409	76,640	50,192	66,465	111,342	-	-
Elimination of development agreement debt	23,941	2,358,431	-	-	801,394	-	630,104	-	-	-
Miscellaneous	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	2,732,726
Special Item: Close out of Section 8 Housing	-	-	-	-	-	(464,390)	-	-	-	-
Transfers in (out)	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)	(3,994,967)
Total governmental activities	\$ 147,474,881	\$ 145,899,304	\$ 139,693,830	\$ 127,692,042	\$ 114,000,127	\$ 118,459,824	\$ 118,108,913	\$ 105,436,326	\$ 129,454,727	\$ 144,530,909
Business-type Activities										
Investment Earnings	\$ 5,851,620	\$ 3,314,515	\$ 1,970,474	\$ 444,698	\$ 306,672	\$ 284,427	\$ 176,176	\$ 359,158	\$ 348,717	\$ 709,850
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)	(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	3,994,967
Total business-type activities	\$ 3,826,131	\$ 13,093,777	\$ 5,036,971	\$ 4,853,848	\$ 11,426,020	\$ 3,620,339	\$ 7,468,821	\$ 28,564,804	\$ 12,279,889	\$ 4,704,817
Total primary government	\$ 151,301,012	\$ 158,993,081	\$ 144,730,801	\$ 132,545,890	\$ 125,426,147	\$ 122,080,163	\$ 125,577,734	\$ 134,001,130	\$ 141,734,616	\$ 149,235,726
Change in Net Position										
Governmental Activities	\$ 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	\$ 33,811,962
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Business-type Activities	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	24,173,650
Total primary government	\$ 105,448,951	\$ 76,819,555	\$ 113,626,104	\$ 39,760,266	\$ 26,340,164	\$ 23,968,163	\$ 27,465,734	\$ 20,074,628	\$ 53,104,266	\$ 57,985,612

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>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>	<u>2016</u>
General Fund										
Reserved	\$ 216,652	\$ 264,489	\$ 275,184	\$ 241,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	74,842,586	77,741,727	67,102,145	60,238,418	-	-	-	-	-	-
Nonspendable	-	-	-	-	537,000	1,163,721	259,643	262,852	163,703	115,042
Restricted	-	-	-	-	30,671	70,016	108,517	54,193	67,084	388,375
Committed	-	-	-	-	34,288,769	33,590,254	33,229,466	37,028,922	36,911,493	38,464,678
Assigned	-	-	-	-	3,891,174	3,705,809	3,330,705	3,340,512	3,056,458	2,859,523
Unassigned	-	-	-	-	13,429,595	12,878,675	13,996,657	17,308,306	21,584,005	20,816,526
Total General Fund	<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>	<u>\$ 62,644,144</u>
All Other Governmental Funds										
Reserved	\$ 154,966,318	\$ 143,600,643	\$ 165,129,365	\$ 147,974,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	49,251,757	62,170,663	57,506,689	55,546,744	-	-	-	-	-	-
Capital projects funds	18,917,375	23,589,696	29,428,677	22,203,699	-	-	-	-	-	-
Nonspendable	-	-	-	-	108,919	95,828	98,819	131,641	70,579	67,986
Restricted	-	-	-	-	169,837,817	168,127,814	188,434,944	145,352,432	127,294,490	150,498,066
Committed	-	-	-	-	11,040,682	10,064,814	10,004,379	10,300,556	10,572,297	10,885,668
Assigned	-	-	-	-	30,055,251	40,566,996	25,988,041	23,410,508	22,821,310	30,353,689
Unassigned	-	-	-	-	-	(84,673)	-	-	(6,638,667)	-
Total All Other Governmental Funds	<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>	<u>\$ 191,805,409</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>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>	<u>2016</u>
Revenues										
Taxes	\$ 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	\$ 104,369,837
Intergovernmental	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	65,237,794
Charges for Services	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	21,812,733
Licenses and Permits	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	4,080,210
Fines and Forfeitures	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	1,747,528
Rents	249,069	358,215	395,834	421,289	403,321	486,932	1,101,082	731,901	889,053	915,846
Investment Earnings	10,942,001	12,125,018	7,174,109	1,992,817	1,238,174	859,146	537,732	757,747	725,208	1,462,408
Special Assessments	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	381,950
Miscellaneous	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	3,278,730
Total Revenues	\$ 220,591,297	\$ 216,437,439	\$ 197,889,171	\$ 172,012,184	\$ 175,544,268	\$ 172,992,735	\$ 174,743,639	\$ 174,165,451	\$ 183,795,594	\$ 203,287,036
Expenditures										
General Government	\$ 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	\$ 19,424,865
Culture & Recreation	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	21,797,069
Public Safety ⁽¹⁾	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	68,151,428
Development Services	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	7,129,814
Highways & Streets	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	19,086,404
Public Works	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	5,325,264
Human Services	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	1,725,328
Other	45,912	-	-	-	-	-	-	-	-	-
Capital Outlay	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	12,332,241
Debt Service										
Interest	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	10,606,558
Principal	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	18,010,000
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	6,707,216
Total Expenditures	\$ 213,283,409	\$ 234,929,890	\$ 242,988,904	\$ 237,519,557	\$ 192,780,638	\$ 178,812,735	\$ 195,784,242	\$ 181,941,899	\$ 191,362,246	\$ 190,296,187
Excess of Revenues over (under) Expenditures	\$ 7,307,888	\$ (18,492,451)	\$ (45,099,733)	\$ (65,507,373)	\$ (17,236,370)	\$ (5,820,000)	\$ (21,040,603)	\$ (7,776,448)	\$ (7,566,652)	\$ 12,990,849
Other Financing Sources (Uses)										
Refunding bonds issued	\$ 18,365,000	\$ -	\$ -	\$ -	\$ -	\$ 13,690,000	\$ -	\$ -	\$ -	\$ 103,410,000
Issuance of debt	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	30,325,000
Premium on bonds issued	1,502,204	273,310	808,192	495,890	16,960	645,188	1,039,481	-	-	14,096,688
Payments to bond refunding escrow agent	(18,365,000)	-	-	-	-	(13,690,000)	-	-	-	(114,802,841)
Special Item: Close out Section 8 Housing	-	-	-	-	-	(464,390)	-	-	-	-
Transfers In	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	12,890,960
Transfers Out	(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)	(20,363,855)
Total Other Financing Sources (Uses)	\$ 120,269,405	\$ 27,664,981	\$ 57,174,575	\$ 32,270,710	\$ (5,749,149)	\$ 13,529,424	\$ 26,312,520	\$ (28,378,747)	\$ (13,720,518)	\$ 25,555,952
Net Change in Fund Balance	\$ 127,577,293	\$ 9,172,530	\$ 12,074,842	\$ (33,236,663)	\$ (22,985,519)	\$ 7,709,424	\$ 5,271,917	\$ (36,155,195)	\$ (21,287,170)	\$ 38,546,801
Debt Service as a percentage of noncapital expenditures	17.80%	25.80%	22.91%	32.65%	28.71%	25.36%	20.91%	21.00%	17.73%	16.08%

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

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

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

Table V

	Fiscal Year									
	<u>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>	<u>2016</u>
Retail Sales	\$ 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	\$ 41,216,781
Contracting	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	7,394,036
Rentals	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	8,123,884
Utilities	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	7,904,665
Telecom/Cable TV	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	1,151,941
Restaurant/Bar	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	9,833,912
Amusement	814,307	838,550	727,023	814,694	856,274	896,320	992,752	960,332	1,036,941	1,034,959
Use	783,997	985,505	599,537	374,659	426,017	566,453	474,842	624,795	718,931	740,179
Other	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	2,010,007
Total	\$ 68,873,970	\$ 68,466,910	\$ 59,004,816	\$ 56,276,937	\$ 58,082,217	\$ 60,719,648	\$ 65,950,235	\$ 71,237,141	\$ 74,556,024	\$ 79,410,364
% Growth by Year										
Retail Sales	15.4%	-0.8%	-13.1%	0.6%	8.9%	7.6%	8.4%	8.1%	5.5%	5.9%
Contracting	-0.8%	-19.0%	-37.8%	-35.1%	-20.6%	-8.5%	42.7%	33.6%	-0.7%	18.2%
Rentals	19.8%	9.7%	-1.2%	-2.5%	0.8%	6.2%	6.8%	-8.9%	4.3%	8.0%
Utilities	21.3%	9.6%	3.8%	1.0%	0.2%	4.6%	1.5%	0.6%	1.5%	5.4%
Telecom/Cable TV	15.4%	19.8%	-3.7%	-2.2%	-7.9%	0.7%	-3.5%	0.3%	-3.6%	-5.4%
Restaurant/Bar	13.3%	3.7%	-0.1%	1.3%	5.0%	4.1%	5.0%	4.1%	9.2%	5.9%
Amusement	24.2%	3.0%	-13.3%	12.1%	5.1%	4.7%	10.8%	-3.3%	8.0%	-0.2%
Use	61.4%	25.7%	-39.2%	-37.5%	13.7%	33.0%	-16.2%	31.6%	15.1%	3.0%
Other	8.1%	29.7%	-33.5%	-15.2%	-3.5%	-42.1%	29.8%	118.7%	0.5%	-4.9%
Total	12.6%	-0.6%	-13.8%	-4.6%	3.2%	4.5%	8.6%	8.0%	4.7%	6.5%

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

Notes:

- (1) Pursuant to City Charter, increases in the City transaction privilege (sales) tax rates are subject to voter approval. 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	2016				2007			
	<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	3,755	23.0%	\$ 41,216,781	51.9%	2,612	20.4%	\$ 30,963,887	45.0%
Contracting	3,419	21.0%	7,394,036	9.3%	4,106	32.1%	13,910,951	20.2%
Restaurant/Bar	442	2.7%	9,833,912	12.4%	267	2.1%	6,782,852	9.9%
Rental	6,640	40.7%	8,123,884	10.2%	3,709	29.0%	6,554,938	9.5%
Utilities	13	0.1%	7,904,665	10.0%	9	0.1%	6,005,833	8.7%
Telecom/Cable TV	170	1.1%	1,151,941	1.5%	124	1.0%	1,245,892	1.8%
Use	1,710	10.5%	740,179	0.9%	879	6.9%	783,997	1.1%
Amusement	67	0.4%	1,034,959	1.3%	51	0.4%	814,307	1.2%
Others	82	0.5%	2,010,007	2.5%	1,017	8.0%	1,811,313	2.6%
Total	16,298	100.00%	\$ 79,410,364	100.00%	12,774	100.00%	\$ 68,873,970	100.00%

Source: City Sales Tax system
City financial records

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

Table VIII

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016(d)
Residential (Owner occupied)	\$ 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	\$ 626,696,840
Residential (Renter occupied)	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	214,086,717
Commercial, Industrial, Mining & Utilities	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	291,761,032
Agriculture & Vacant	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	44,305,284
Railroad	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	1,137,482
Historic & Environmental	-	58,450	76,020	64,530	53,641	140,493	103,122	83,177	59,907	24,540
Public Property Improvements	-	-	-	-	-	7,869	7,964	7,124	48,182	5,100
Net Assessed Value	<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>	<u>\$ 1,178,016,995</u>
% Growth	15.7%	47.2%	21.5%	-5.0%	-15.0%	-20.7%	-10.9%	-7.0%	9.3%	1.9%
Net Assessed Value Per Capita	\$ 7,264	\$ 10,557	\$ 12,524	\$ 12,301	\$ 10,377	\$ 8,141	\$ 7,087	\$ 6,444	\$ 6,860	\$ 6,879
Population	153,592	155,560	159,263	154,065	155,148	156,780	160,504	164,104	168,450	171,237
Total Direct Secondary Tax Rate	1.20	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Full Cash Value	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	13,968,351,523
% Growth	14.4%	51.2%	20.9%	-6.1%	-15.0%	-18.7%	-10.3%	-5.4%	11.0%	25.1%
Full Cash Value Per Capita	\$ 65,103	\$ 97,191	\$ 114,778	\$ 111,400	\$ 94,030	\$ 75,663	\$ 66,262	\$ 61,287	\$ 66,266	\$ 81,573
Net Assessed Value as a Percentage of Full Cash Value	11.2%	10.9%	10.9%	11.0%	11.0%	10.8%	10.7%	10.5%	10.4%	8.4%

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)

Fiscal Year	<u>Commercial, Industrial, Mining & Utilities</u>	Residential	Agriculture and Vacant Land (c)	Railroad
	(b)			
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%
2016	18.5%	10%	16%	15%

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

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

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

Table IX

	Fiscal Year									
	<u>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>	<u>2016 (a)</u>
City of Peoria	\$ 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	\$ 1,178,016,995
Peoria Unified School District No. 11	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	1,475,721,803
Maricopa County	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	34,623,670,323
State of Arizona	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	54,840,074,052

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

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

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

Table X

	Fiscal Year									
	<u>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>	<u>2016</u>
Total Direct City										
Primary	\$ 0.28	\$ 0.24	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Secondary	1.20	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Total	<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>	<u>1.44</u>
Peoria Unified School District No. 11 (1)										
Primary	4.29	3.82	3.77	2.99	3.24	3.71	4.01	4.18	4.43	4.93
Secondary	3.31	2.72	1.90	2.46	2.09	1.68	3.02	3.35	2.84	2.84
Total	<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>	<u>7.77</u>
Maricopa County (2)										
Primary	2.06	1.92	1.78	2.05	2.20	2.68	2.87	3.08	3.11	3.13
Secondary	0.68	0.59	0.59	0.59	0.64	0.54	0.78	0.79	0.86	0.97
Total	<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>3.87</u>	<u>3.98</u>	<u>4.10</u>
Total										
Primary	6.63	5.98	5.74	5.23	5.63	6.58	7.07	7.45	7.73	8.25
Secondary	5.19	4.56	3.74	4.30	3.98	3.47	5.05	5.39	4.95	5.06
Total	<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>12.84</u>	<u>12.69</u>	<u>13.31</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	\$ 4.36	\$ 1.96

(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	\$ 1.36	\$ -
State Education Equalization Assistance	0.51	-
Maricopa County Community College District	1.26	0.23
Maricopa County Flood Control District	-	0.16
Maricopa County Fire District Assistance	-	0.01
Maricopa County Library District	-	0.06
Maricopa County Special Health Care District	-	0.30
West Maricopa Education Center	-	0.07
Central Arizona Water Conservation District	-	0.14
Fiscal Year 2015 Tax Rate	<u>\$ 3.13</u>	<u>\$ 0.97</u>

Note: All rates rounded to two decimal places from the four shown by the County
Source: Maricopa County Assessor - Tax Rates Publication

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

Table XI

	Tax Levy Fiscal Year									
	<u>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>	<u>2016</u>
Total Direct City										
Primary	\$ 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	\$ 2,238,232
Secondary	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	14,725,212
Total	<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>	<u>16,963,444</u>
Peoria Unified School District No. 11 (1)										
Primary	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	72,782,246
Secondary	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	41,966,017
Maricopa County (2)										
Primary	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	1,083,409,268
Secondary	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	234,978,404
Total										
Primary	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	1,158,429,746
Secondary	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	291,669,633
Total	<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>	<u>1,450,099,379</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	\$ 96,269,171	\$ 43,267,740

(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	\$ 471,193,529	\$ -
State Education Equalization Assistance	174,988,030	
Maricopa County Community College District	437,227,709	
Maricopa County Flood Control District	-	49,512,136
Maricopa County Fire District Assistance	-	4,013,398
Maricopa County Library District	-	19,250,761
Maricopa County Special Health Care District	-	104,614,204
West Maricopa Education Center	-	8,927,758
Central Arizona Water Conservation District	-	48,660,147
Fiscal Year 2016 Tax Levy	<u>\$1,083,409,268</u>	<u>\$ 234,978,404</u>

Source: Maricopa County Assessor - Tax Rates and Levies publication

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

Table XII

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 (a)</u>		<u>2007</u>			
		<u>Limited Property Assessed Value</u>	<u>Rank</u>	<u>% of Limited Property Assessed Value</u>	<u>Taxable Secondary Assessed Value</u>	<u>Rank</u>	<u>% of Taxable Secondary Assessed Value</u>
Arizona Public Service	Gas & Electric Utility	\$ 23,516,704	1	2.00%	\$ 16,561,102	1	1.48%
Parke West LLC	Shopping Center	5,248,347	2	0.45%	-		
Sprint Wireless	Telecommunications	5,182,165	3	0.44%	-		
Vestar Arizona XLVIII LLC	Property Development	4,968,647	4	0.42%	-		
DDRA Arrowhead Crossing LLC	Shopping Center	4,478,370	5	0.38%	4,715,699	8	0.42%
Southwest Gas Corporation	Gas Utility	4,181,863	6	0.35%	4,407,792	10	0.40%
Miller Family Real Estate LLC	Shopping Center	4,046,337	7	0.34%	-		
Vestar LPTC LLC	Property Development	3,759,704	8	0.32%	-		
Target Corporation	Shopping Center	3,508,421	9	0.30%	4,431,983	9	0.40%
BCC Development Inc	Property Development	3,497,734	10	0.30%	-		
Qwest Corporation	Telecommunications	-			9,440,518	2	0.85%
Sprint Spectrum LP	Telecommunications	-			7,322,358	3	0.66%
Vistancia LLC	Multi-family Housing	-			6,819,761	4	0.61%
Cox Communications	Cable & Telecommunications	-			5,342,596	5	0.48%
Safeway	Grocery Store	-			5,052,214	6	0.45%
Inland Western Glendale LLC	Shopping Center	-			4,761,553	7	0.43%
Total		\$ 62,388,292		5.30%	\$ 68,855,576		6.17%

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

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For fiscal year 2016, the assessed value of Salt River Project property within the City of Peoria is \$20,099,544.

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

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

Table XIII

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected with the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽²⁾	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 16,963,444	\$ 16,695,651	98.42%	\$ -	\$ 16,695,651	98.42%
2015	16,560,055	16,290,571	98.37%	202,286	16,492,857	99.59%
2014	15,215,970	14,882,168	97.81%	206,069	15,088,236	99.16%
2013	16,372,418	15,962,490	97.50%	247,018	16,209,508	99.00%
2012	18,365,937	17,628,300	95.98%	373,292	18,001,592	98.02%
2011	23,026,196	21,884,397	95.04%	543,680	22,428,076	97.40%
2010	26,892,213	25,561,505	95.05%	788,633	26,350,138	97.98%
2009	27,781,796	26,280,210	94.60%	933,491	27,213,700	97.96%
2008	23,529,493	22,741,557	96.65%	718,164	23,459,722	99.70%
2007	16,400,167	15,784,673	96.25%	406,047	16,190,720	98.72%

Notes: ⁽¹⁾ Levy figures obtained from Maricopa County Tax Levy Books-February Publication.
⁽²⁾ Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2016.

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>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>	<u>2016 (c)</u>
Water										
Average bill	\$34.85	\$35.59	\$36.73	\$35.46	\$34.36	\$38.00	\$37.41	\$37.31	\$35.54	\$37.53
% Increase	0.75%	2.12%	3.20%	-3.46%	-3.10%	10.59%	-1.55%	-0.27%	-4.74%	5.60%
Wastewater										
Average bill	21.52	21.24	21.36	21.45	20.45	21.49	24.16	23.36	23.99	24.64
% Increase	14.83%	-1.30%	0.56%	0.42%	-4.66%	5.09%	12.42%	-3.31%	2.70%	2.71%
Residential Solid Waste										
Average bill	14.91	14.85	15.18	15.36	15.35	15.40	13.38	13.38	13.35	13.44
% Increase	2.26%	-0.40%	2.22%	1.19%	-0.07%	0.33%	-13.12%	0.00%	-0.22%	0.67%

**Utility Service Connections
Last Ten Fiscal Years**

	<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>	<u>2016 (c)</u>
Water										
# of Accounts	45,630	46,146	46,902	47,606	47,793	48,509	49,416	50,399	51,405	55,558
% Increase	3.19%	1.13%	1.64%	1.50%	0.39%	1.50%	1.87%	1.99%	2.00%	8.08%
Wastewater										
# of Accounts	47,831	48,759	49,923	50,383	50,715	51,527	52,674	53,548	54,599	56,235
% Increase	4.13%	1.94%	2.39%	0.92%	0.66%	1.60%	2.23%	1.66%	1.96%	3.00%
Residential Solid Waste										
# of Accounts	46,309	47,146	48,006	48,382	48,752	49,506	50,727	51,609	52,640	54,262
% Increase	4.78%	1.81%	1.82%	0.78%	0.76%	1.55%	2.47%	1.74%	2.00%	3.08%

**Charges for Water Services
Base Minimum Monthly Bill
As of June 30, 2016**

**Charges for Wastewater Services
Base Minimum Monthly Bill
As of June 30, 2016**

<u>Multi Family Customers</u>	<u>Resid., Commerc. & Landscape Customers</u>		<u>Multi Family Customers</u>	<u>Resid., Commerc. & Landscape Customers</u>	
	<u>Meter Size</u>	<u>Charge</u>		<u>Meter Size</u>	<u>Charge</u>
	5/8"-3/4"	\$ 15.31		5/8"-3/4"	\$ 8.65 (& Resid. 1")
<u>Base Charge</u>	1"	18.38	<u>Base Charge</u>	1"	11.00
<u>per Meter</u>	1 1/2"	29.04	<u>per Meter</u>	1 1/2"	19.62
\$9.41	2"	40.83	\$3.94	2"	29.03
	3"	72.32		3"	54.17
<u>Charge per</u>	4"	107.69	<u>Charge per</u>	4"	82.41
<u>Dwelling Unit</u>	6"	205.90	<u>Dwelling Unit</u>	6"	160.83
\$3.54	8"	323.81	\$2.82	8"	254.98

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

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

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

(c) FY2016 Average Water bill calculation excludes New River System accounts; Water account total includes the acquisition of New River System

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, 2016					Charges for Residential Solid Waste As of June 30, 2016	
Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)			
0 - 4,000	\$ 1.06	\$ -	\$ -			Monthly fee
4,001 - 10,000	2.73	-	-			Single container & recycling \$ 13.10
10,001 - 20,000	3.86	-	-			Additional container 10.50
10,001 - 25,000	4.22	-	-			
1,000+	-	2.73	-			
0 - 10,000	-	-	1.06			
10,001 - 50,000	-	-	2.73			
50,001+	-	-	3.86			

Water Meter Permit Charges As of June 30, 2016			Charges for Storm Water As of June 30, 2016	
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

Entity	Type of User	2016			2007		
		Avg Monthly Water Usage	Rank	Monthly Water Usage	Avg Monthly Water Usage	Rank	Monthly Water Usage
Desert Harbor Lake	Homeowner's Association	7,103	1	0.99%	6,513	2	0.99%
City of Peoria Padre's Pump Station	Sports Complex	6,604	2	0.92%	6,629	1	1.01%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	3,702	3	0.51%			
Trilogy at Vistancia	Commercial Landscape	2,549	4	0.35%	2,771	3	0.42%
Liberty High School	Public School	2,316	5	0.32%			
Westwing Mountain HOA	Homeowner's Association	1,949	6	0.27%			
Sun Garden Park II HOA	Homeowner's Association	1,679	7	0.23%	2,140	4	0.33%
Sun Garden Mobile Home Park	Homeowner's Association	1,576	8	0.22%			
Centennial High School	Public School	1,411	9	0.20%			
Polynesian Village	Homeowner's Association	1,252	10	0.17%	1,595	7	0.24%
Freedom Plaza LTD Partnership	Healthcare Facility				1,624	5	0.25%
Desert Harbor Landscape	Homeowner's Association				1,596	6	0.24%
Forum at Desert Harbor	Multi-Family Residential				1,487	8	0.23%
Equity Lifestyle Prop Inc - Casa Del Sol	Multi-Family Residential				1,379	9	0.21%
Parkridge Park	City Park				1,302	10	0.20%

Source: City customer service and billing records

(concluded)

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

Table XV

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General Obligation Bonds	\$ 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	\$ 170,995,550
Municipal Development Authority Bonds	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	73,257,994
Highway User Revenue Bonds	3,570,000	3,295,000	3,005,000	-	-	-	-	-	-	-
Special Assessment Bonds	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	2,508,814
Community Facilities District Bonds	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	40,575,685
Business-type Activities										
Water and Sewer Revenue Bonds	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	24,622,433
WIFA Loans	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	78,549,337
Municipal Development Authority Bonds	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	-	-	-	-	-	-
Total Primary Government	\$ 358,413,884	\$ 422,209,922	\$ 458,153,746	\$ 463,659,105	\$ 428,920,537	\$ 412,613,906	\$ 424,357,652	\$ 398,645,535	\$ 377,065,304	\$ 390,509,813
Total Debt Per Capita	\$ 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	\$ 2,280.52
Total Debt as a % of Personal Income	6.2%	7.1%	7.6%	8.5%	7.8%	7.4%	7.1%	6.4%	5.8%	5.7%

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>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>	<u>2016</u>
Bonded Debt (1)	\$ 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	\$ 170,995,550
Less:										
Debt Service Reserves (2)	<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>	<u>26,583,502</u>
Net Bonded Debt	<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>	<u>\$ 144,412,048</u>
Percentage of Net Bonded Debt to Full Cash Value	1.1%	0.6%	0.8%	0.9%	0.9%	1.2%	1.2%	1.2%	1.1%	1.0%
Percentage of Net Bonded Debt to Assessed Value (3)	9.7%	5.5%	6.9%	7.9%	8.4%	11.0%	11.6%	11.7%	10.3%	12.3%
Net Bonded Debt Per Capita	\$704	\$577	\$867	\$971	\$875	\$894	\$820	\$755	\$708	\$843
Net Bonded Debt as a % of Personal Income	1.88%	1.50%	2.30%	2.74%	2.47%	2.53%	2.20%	1.99%	1.83%	2.12%

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

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

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

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

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

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

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

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

CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT - CURRENT FISCAL YEAR
AS OF JUNE 30, 2016

Table XVII

Governmental Unit	Limited Assessed Valuation	General Obligation Bonds Outstanding (2)	Percentage Applicable to City of Peoria (1)	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 54,840,074,052	\$ -	2.15%	\$ -	\$ -
Maricopa County	34,623,670,323	-	3.40%	-	-
Maricopa County Community College District	34,623,670,323	593,820,000	3.40%	20,203,810	0.23
Maricopa County Flood Control District	31,100,587,859	-	3.79%	-	0.16
Maricopa County Library District	34,623,670,323	-	3.40%	-	0.06
Maricopa County Fire District Assistance	34,623,670,323	-	3.40%	-	0.01
Maricopa County Special Health Care District	34,623,670,323	106,000,000	3.40%	3,606,487	0.30
Central AZ Water Conservation	34,757,248,273	-	3.39%	-	0.14
West MEC Vocational District	12,790,483,748	72,995,000	9.21%	6,722,916	0.07
Sub-total - City-wide overlapping				<u>30,533,213</u>	
Total City-wide debt levies (3)				201,528,763	
Unified School Districts:					
Peoria No. 11	1,015,575,944	254,970,000	86.21%	219,811,259	2.84
Deer Valley No. 97	160,522,587	197,610,000	13.63%	26,927,344	1.96
Nadaburg No. 81	1,327,530	700,000	0.11%	789	0.37
Sub-total - Unified school district overlapping				<u>246,739,392</u>	
Total overlapping				<u>277,272,605</u>	
Direct:					
City of Peoria	\$ 1,178,016,995	\$ 170,995,550	100.00%	170,995,550	\$ 1.25
Total direct and overlapping debt				<u>\$ 448,268,155</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, 2016

Table XVIII

Governmental Unit	Limited Assessed Valuation	Debt Outstanding (2)	Percentage Applicable to City of Peoria (1)	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 54,840,074,052	\$ -	2.15%	\$ -	\$ -
Maricopa County	34,623,670,323	-	3.40%	-	-
Maricopa County Community College District	34,623,670,323	593,820,000	3.40%	20,203,810	0.23
Maricopa County Flood Control District	31,100,587,859	-	3.79%	-	0.16
Maricopa County Library District	34,623,670,323	-	3.40%	-	0.06
Maricopa County Fire District Assistance	34,623,670,323	-	3.40%	-	0.01
Maricopa County Special Health Care District	34,623,670,323	-	3.40%	-	0.30
Central AZ Water Conservation	34,757,248,273	-	3.39%	-	0.14
West MEC Vocational District	12,790,483,748	72,995,000	9.21%	<u>6,722,916</u>	0.07
Sub-total - City-wide overlapping				<u>26,926,726</u>	
Total City-wide debt levies (3)				314,264,769	
Unified School Districts:					
Peoria No. 11	1,015,575,944	254,970,000	86.21%	219,811,259	2.84
Deer Valley No. 97	160,522,587	197,610,000	13.63%	26,927,344	1.96
Nadaburg No. 81	1,327,530	700,000	0.11%	789	0.37
Sub-total - Unified school district overlapping				<u>246,739,392</u>	
Total overlapping				<u>273,666,118</u>	
Direct:					
City of Peoria	1,178,016,995	\$ 287,338,043	100.00%	<u>287,338,043</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 561,004,161</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	-	-	-	-	-	-	-	-	-	-
Community College District	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	20,203,810
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
West MEC Vocational District	-	-	-	-	-	-	3,241,000	3,198,843	3,025,964	6,722,916
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	<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>	<u>26,926,726</u>
Total City-wide levies (1)	<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>	<u>314,264,769</u>
Unified School Districts:										
Peoria No. 11	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	219,811,259
Deer Valley No. 97	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	26,927,344
Nadaburg No. 81	-	-	-	-	7,800	4,524	284,900	2,286	1,212	789
Sub-total - Unified school district overlapping	<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>	<u>246,739,392</u>
Total overlapping	<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>	<u>273,666,118</u>
Direct (2):										
City of Peoria	<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>	<u>287,338,043</u>
Total direct and overlapping debt	<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>	<u>\$ 561,004,161</u>

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

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

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

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

Table XX

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Fiscal Year 2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Property Assessed Value (1)	\$ 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	\$ 1,178,016,995
<u>6% Limitation</u>										
Debt limit	\$ 66,937,209	\$ 98,531,249	\$ 119,675,515	\$ 113,709,831	\$ 96,598,351	\$ 76,580,152	\$ 68,246,084	\$ 63,444,792	\$ 69,335,246	\$ 70,681,020
Total net debt applicable to limit	28,470,000	13,310,000	6,745,000	5,565,000	4,570,000	2,735,000	1,665,000	350,000	-	4,814,727
Legal 6% Debt Margin	<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>	<u>\$ 65,866,293</u>
Total net debt applicable to the limit as a percentage of debt limit	42.5%	13.5%	5.6%	4.9%	4.7%	3.6%	2.4%	0.6%	0.0%	6.8%
<u>20% Limitation</u>										
Debt limit	\$ 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	\$ 235,603,399
Total net debt applicable to limit	114,365,000	112,885,000	176,315,000	179,395,000	163,010,000	168,225,000	160,710,000	152,470,000	142,925,000	155,345,273
Legal 20% Debt Margin	<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>	<u>\$ 80,258,126</u>
Total net debt applicable to the limit as a percentage of debt limit	51.3%	34.4%	44.2%	47.3%	50.6%	65.9%	70.6%	72.1%	61.8%	65.9%

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

Source: Maricopa County Assessor and City records

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

Table XXI

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Senior Lien MDA Debt (excludes 2008 Transportation MDA Debt)										
Pledged Revenues										
Sales and use taxes (1)	\$ 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	\$ 67,425,794
State-shared sales tax	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	14,760,029
Urban revenue sharing	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	18,549,406
Franchise taxes	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	4,461,864
License and permits	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	4,080,210
Fines and forfeitures	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	1,601,014
User fees and charges	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	11,998,841
Miscellaneous	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	2,341,988
Total Pledged Revenues	\$ 117,980,567	\$ 122,039,417	\$ 105,935,592	\$ 95,507,133	\$ 96,318,307	\$ 98,320,665	\$ 106,419,257	\$ 114,035,421	\$ 120,117,167	\$ 125,219,146
Senior Lien Debt Service Requirements										
Principal (2)	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	2,085,000
Interest (2)	1,117,252	1,005,806	842,867	670,386	482,594	505,827	1,065,571	1,708,383	1,642,083	1,567,808
Total Senior Lien Debt Service Requirements	4,412,252	4,190,806	4,242,867	4,245,386	4,472,594	2,075,826	1,730,571	3,718,383	3,662,083	3,652,808
Estimated Coverage (6)	26.74	29.12	24.97	22.50	21.54	47.36	61.49	30.67	32.80	34.28
2008 Transportation MDA Debt (3)										
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	121,566,339
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	12,231,059
Total		128,827,064	111,049,400	99,752,844	100,528,559	105,333,049	114,616,122	121,178,183	127,789,973	133,797,398
Debt Service Requirements										
Principal		-	1,760,000	1,835,000	1,920,000	2,005,000	2,095,000	2,185,000	2,285,000	2,385,000
Interest		-	1,659,171	2,005,188	1,940,963	1,873,763	1,803,588	1,730,263	1,648,325	1,545,500
Total Annual Requirements		-	3,419,171	3,840,188	3,860,963	3,878,763	3,898,588	3,915,263	3,933,325	3,930,500
Estimated Coverage		-	32.48	25.98	26.04	27.16	29.40	30.95	32.49	34.04

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 privilege tax approved by voters in 2005 and a subordinated lien of the Excise Taxes and State Shared revenues.

(4) Pledged revenues on the non-transportation MDA 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 privilege tax discussed above.

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

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

Table XXII

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁽²⁾	<u>2010</u>	<u>2011</u>	<u>2012</u> ⁽⁶⁾	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Gross Revenue (1)	\$ 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	\$ 60,010,324
Operating and Maintenance Expenses (2)	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	33,060,448
Net Revenue Available for Debt Service	<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>	<u>\$ 26,949,876</u>
Development Fee Revenue	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	5,116,972
Total Net Revenue	<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>	<u>\$ 32,066,848</u>
Debt Service Requirements										
Principal (3)	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	9,456,159
Interest (4)	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	3,026,940
Total Debt Service Requirements	<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>	<u>\$ 12,483,099</u>
Ratio of Total Net Revenue/ Total Bond Expense	4.21	2.83	1.63	1.85	1.69	2.03	2.18	2.26	1.78	2.57
Ratio of Net Available/ Total Bond Expense (5)	3.04	2.06	1.43	1.71	1.52	1.80	1.92	1.91	1.42	2.16

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

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

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

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

(5) Excludes Development Fee Revenue.

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

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

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

Table XXIII

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Pledged Revenues (1)	\$ 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	\$ 1,078,196
Debt Service Requirements										
Principal	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	355,000
Interest (2)	638,657	697,840	675,958	559,205	432,302	316,720	222,820	149,600	135,788	121,338
Total Annual Requirements	<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>	<u>\$ 476,338</u>
Estimated Coverage	1.52	1.61	1.46	1.17	1.14	1.25	1.09	2.65	2.46	2.26

(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>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>	<u>2016 (5)</u>
Current Assessments Due	\$ 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	\$ 381,950
Assessments Collected	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	381,950
Prepaid Assessments Collected	7,818	44,061	2,041	38,301	-	205,901	-	675,958	-	-
Total Assessments Collected (1)	<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>	<u>\$ 381,950</u>
Ratio of Current Collections to Amount Due	99.8%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Outstanding Assessment Principal (2)	\$ 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	\$ 2,036,876

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

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

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

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

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

Source: City financial records and reports

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

Table XXV

	<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>	<u>2016</u>
City Of Peoria										
Population	153,592	155,560	159,263	154,065	155,148	156,780	160,504	164,104	168,450	171,237
% growth	5.8%	1.3%	2.4%	-3.3%	0.7%	1.1%	2.4%	2.2%	2.6%	1.7%
Unemployment Rate	2.1%	3.6%	6.7%	7.0%	8.7%	7.1%	6.8%	6.0%	5.0%	4.9%
Personal income (\$000's) **	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	6,823,110
Maricopa County										
Population	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	4,076,438
% growth	2.3%	2.8%	3.0%	2.7%	2.6%	2.5%	-11.6%	0.6%	1.6%	1.7%
Unemployment Rate	3.0%	5.1%	9.4%	9.7%	9.0%	7.6%	7.1%	6.4%	5.3%	5.3%
Per Capita Income	38,520	39,530	38,811	36,530	36,643	38,411	39,300	40,030	41,222	NA
State of Arizona										
Population	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	6,828,065
% growth	2.0%	3.1%	2.8%	2.8%	2.7%	2.6%	-11.1%	0.4%	1.3%	2.4%
Unemployment Rate	3.6%	5.9%	10.2%	10.6%	10.0%	8.7%	8.5%	7.5%	6.3%	6.2%
Per Capita Income	34,817	35,863	35,772	33,972	33,967	35,446	36,243	36,823	37,895	39,156
United States of America										
Unemployment Rate	4.7%	5.7%	9.7%	9.6%	9.3%	8.4%	7.8%	6.3%	5.3%	4.9%
Phoenix MSA										
Per Capita Income	37,519	38,345	37,663	35,456	35,384	37,171	38,006	38,745	39,846	NA

NA = Data not available at this time.

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

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

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

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

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

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

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

Per Capita Income Data - U.S. Dept of Commerce, Bureau of Economic Analysis, Info available through 2014 for Phoenix & Maricopa County and 2015 for State of Arizona

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

Table XXVI

Employer	2016			2007		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
Peoria Unified School District	3,818	1	4.6%	4,380	1	5.9%
City of Peoria	1,143	2	1.4%	1,537	2	2.1%
Brookdale Senior Living	778	3	0.9%			
Walmart (3 Locations)	621	4	0.8%			
Fry's Food Stores (4 Locations)	523	5	0.6%	487	5	0.7%
Target (3 Locations)	383	6	0.5%	541	4	0.7%
McDonalds	345	7	0.4%			
OakCraft	325	8	0.4%			
Antigua	313	9	0.4%	304	8	0.4%
Arizona Medical Clinic	300	10	0.4%			
Plaza Del Rio Campus				545	3	0.7%
Northern Pipeline				415	6	0.6%
Safeway (4 Locations)				310	7	0.4%
Home Depot (2 Locations)				275	9	0.4%
Emmanuel Care Campus				260	10	0.3%
Total	8,549		10.4%	9,054		12.2%
 Total City Employment	 82,395			 74,371		

Sources: City of Peoria Economic Development Department & MAG Database
Arizona Unemployment Statistics Program Special Employment Report www.azstats.gov

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

Table XXVII

	Full-time Equivalent Employees as of June 30, 2016									
	<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>	<u>2016</u>
General Government										
Mayor & Council	6.00	6.00	6.00	6.00	-	-	-	-	-	-
City Manager	12.00	13.00	13.00	10.00	15.00	15.00	16.00	16.00	16.00	16.00
Office of Communications	12.50	13.50	9.50	8.50	8.00	7.00	8.00	8.00	8.00	9.00
Human Resources	14.00	17.00	17.00	19.00	18.00	17.00	17.50	17.50	17.50	19.00
Attorney	23.80	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
City Clerk	8.00	9.00	9.00	9.00	9.00	8.00	7.00	7.00	7.00	7.00
Court	16.00	22.00	22.00	22.00	21.00	20.90	20.90	20.90	20.90	20.90
Economic Development	4.00	5.00	5.00	13.30	27.80	26.00	26.00	28.00	30.50	31.50
Finance & Budget	89.00	97.00	96.00	89.75	86.75	80.75	80.75	80.00	80.00	79.00
Culture & Recreation	124.39	131.74	142.04	125.47	115.97	113.57	111.97	115.97	115.97	119.22
Police	264.00	286.00	287.00	271.00	287.00	289.00	288.00	292.00	292.00	295.00
Fire	157.00	173.00	170.00	167.00	164.00	162.00	167.50	168.50	168.50	175.50
Community Development	51.80	53.80	49.80	51.00	15.50	12.50	12.50	13.50	14.00	15.00
Engineering	47.00	49.00	45.25	39.75	39.75	33.25	33.25	33.25	33.25	33.25
Highways & Streets	44.00	44.00	43.00	41.00	44.00	38.80	38.80	38.80	38.80	38.80
Public Works	69.00	70.50	69.50	63.75	56.75	57.95	57.95	57.95	57.95	57.95
Human Services	14.50	14.50	14.50	11.75	10.00	7.50	7.50	7.50	7.50	7.50
Water Utility	72.00	75.00	72.75	60.75	57.75	56.50	55.50	55.50	55.50	55.50
Wastewater Utility	19.00	25.00	28.25	29.25	29.25	29.50	29.50	29.50	29.50	31.50
Solid Waste Utility	44.00	47.00	45.00	45.00	43.25	45.00	45.00	45.50	45.50	49.50
Information Technology	43.00	47.00	47.00	46.00	41.60	39.00	39.00	40.00	40.00	41.00
Stadium	16.00	19.00	19.00	19.00	15.50	15.50	16.50	17.50	17.50	17.50
Total FTE	<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>	<u>1,145.62</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
General Government										
Registered Voters in City	63,544	71,051	76,323	82,578	86,803	85,592	87,432	89,604	87,541	93,916
Voter Participation (last election)	25.4%	60.6%	81.2%	29.2%	29.2%	23.7%	23.7%	24.9%	31.3% ^(F)	N/A
Culture & Recreation										
Recreation Participants	77,602	119,620	131,372	132,391	134,661	136,200	134,045	122,318	120,232	104,544
New Recreation Accounts	4,923	6,692	6,237	5,903	5,968	6,106	5,396	5,533	5,483	5,166
Special Event Participants	*	*	*	46,578	60,715	65,347	73,800	74,950	79,550	71,300
Police										
Calls for Service	103,921	62,341 ^(A)	60,219	56,683	56,764	57,184	54,159	52,193	47,612	53,256
Avg Response Time (minutes)	5.20	5.98	5.47	5.65	5.87	6.01	4.52 ^(C)	4.39 ^(C)	4.55 ^(C)	5.13 ^(C)
Fire										
Number of Incidents	12,788	13,649	13,361	14,874	15,403	17,717	18,719	19,312	20,873	23,824
Avg Response Time (minutes)	4.40	4.40	4.43	5.02	5.19	5.08	5.14	5.30	5.24	5.38
Development Services										
Building Permits Issued	3,692	2,943	1,486	1,497	1,401	2,371	3,625 ^(D)	3,993 ^(D)	4,534 ^(D)	5,818 ^(D)
Value of Building Permits (millions \$)	\$368.8	\$225.5	\$84.5	\$131.8	\$63.8	\$111.2	\$169.0	\$188.3	\$221.1	\$311.9
Highways & Streets										
Asphalt Used (in tons)	7,999	8,365	2,441	2,832	2,677	2,038	3,122	2,227	2,302	1,289
Centerline Miles Swept	8,496	7,604	7,526	5,935	6,159	6,202	6,143	5,660	4,968	4,118
Miles Inspected	275	381	423	422	85 ^(B)	163	187	205	211	296
Public Works										
Number of Vehicle Work Orders	5,787	5,679	5,917	5,697	5,856	5,608	5,899	5,464	5,493	5,558
Human Services										
Number of Dial-a-Ride users	5,310	5,750	6,174	899	747	759	830	836	850	749
Number of Annual Trips	47,244	45,451	43,263	31,568	27,440	31,082	32,101	33,308	30,212	30,756
Section 8 Unit Months Available	984	984	984	984	984	**	**	**	**	**
Section 8 Unit Months Leased	788	916	846	793	911	**	**	**	**	**
Business-type Activities										
Water Utility ^(E)										
Annual Consumption (000's gal)	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	8,650,664
Wastewater Utility										
Wastewater Treated (billion gal)	3.67	3.60	3.90	3.70	3.50	3.61	3.64	3.69	3.74	3.78
Solid Waste Utility										
Residential Tonnage Processed	71,396	61,290	48,970	47,540	47,989	46,299	47,717	47,987	51,666	52,593
Commercial Tonnage Processed	25,260	20,519	22,856	21,981	20,340	19,700	20,561	21,176	25,227	23,309
Recycle Tonnage Processed	1,927	11,549	16,084	15,516	16,277	15,715	15,184	15,155	16,077	16,447
Stadium										
Spring Training Attendance	220,357	230,434	211,243	200,029	188,244	190,643	196,881	192,513	238,847	240,111
Sporting Rentals Days	195	234	246	208	336	350	290	322	297	339
Non-Sporting Rentals Days	54	83	66	74	108	134	143	146	151	204
Public Housing										
Unit Months Available	840	840	840	840	840	840	840	NA***	NA***	NA***
Number of Unit Months Leased	827	812	796	745	787	813	797	NA***	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.

^(A) 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.

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

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

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

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

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

Source: Various City Departments

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

Table XXIX

	Fiscal Year									
	<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>	<u>2016</u>
Governmental Activities:										
General Government										
Annexed Area (square miles)	177.9	177.9	177.9	179.0	179.1	179.1	179.1	179.1	179.1	179.1
Culture & Recreation										
# of Neighborhood Parks	26	26	28	28	28	32	33	33	34	34
Total Neighborhood Park Acreage	264	264	314	322	322	285	294	294	305	301
# of Community Parks	1	1	1	1	1	1	1	2	2	2
Total Community Park Acreage	52	52	52	52	52	52	52	139	139	139
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	101	103	92	86	86	86	86	88	88	90
Fire										
Stations (full-time / part-time)	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7/1	7/1	7/1	8/0
Number of Fire Engines	9	9	9	9	7	7	8	8	8	8
Number of Ladder Trucks	1	1	2	2	2	2	2	2	2	2
Highways & Streets										
Streets (miles maintained)	537	538	551	554	584	590	622	1452 ^(A)	1505 ^(A)	1,534
Crack Seal Application (linear feet)	*	*	*	*	*	*	*	1,165,460	1,156,722	2,144,476
Surface Treatments (lane miles)	*	*	*	*	*	*	*	88	96	60
Public Works										
Street Lights	12,737	13,618	13,726	13,901	14,093	14,333	15,006	14,786	14,945	15,565
Vehicles in Fleet	661	720	683	670	673	687	714	738	732	778
Utilities										
Number of Pump Stations	*	*	*	*	*	*	*	25	25	30
Number of Lift Stations	*	*	*	*	*	*	*	15	14	13
Number of Wells	*	*	*	*	*	*	*	38	40	46
Number of Reservoirs	*	*	*	*	*	*	*	30	30	33
Human Services										
Dial-a-Ride Buses	11	11	11	9	7	7	7	6	5	5
Business-type Activities										
Water Utility										
Number of Water Accounts	45,630	46,146	46,902	47,606	47,793	48,509	49,516	50,399	51,405	55,558
Storage Capacity (million gal)	40.0	41.8	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	47,831	48,759	49,923	50,383	50,715	51,527	52,674	53,548	54,599	56,235
Treatment Capacity (billion gal)	14.15	25.70	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25
Solid Waste Utility										
Number of Solid Waste Accounts	46,309	47,146	48,006	43,382	48,752	49,506	50,727	51,609	52,640	54,262
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	45
Public Housing										
Number of Public Housing Units	70	70	70	70	70	70	70	N/A**	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.

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

Source: Various City Departments

Continuing Disclosures

Continuing Disclosure Section

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

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

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

Continuing Disclosures Annual Report

For the Year Ended June 30, 2016

Audited Financial Statements

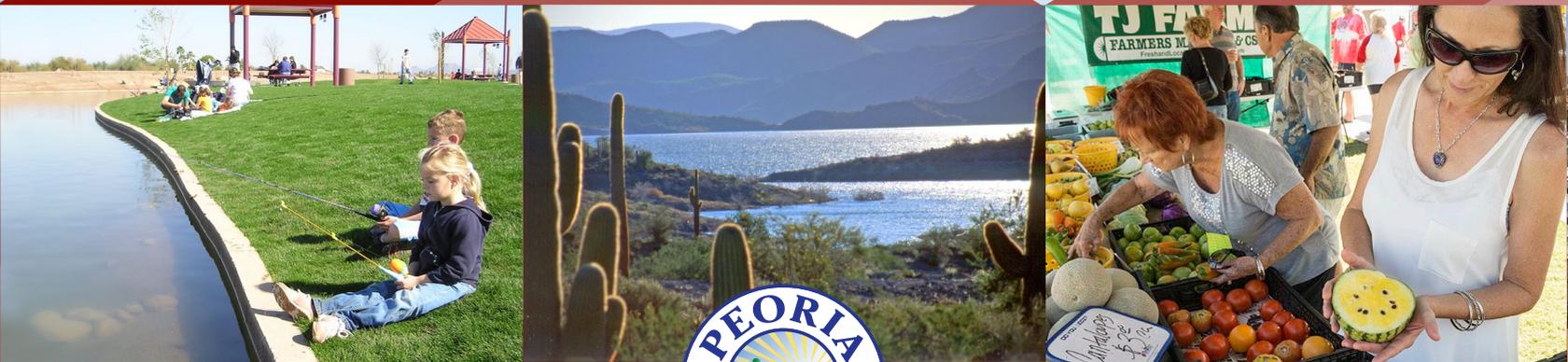
The City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2016, is included as part of this submittal.

Other Financial Information

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

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

	<u>Statistical Section</u>	<u>Page</u>
<u>General Obligation Bonds (CUSIP 712838)</u>		
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Comparison of assessed value to full cash value	Table VIII	121
Comparative assessed values	Table IX	122
Direct and overlapping assessed values	Table XVII	132
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Legal debt margin and unused borrowing capacity	Table XX	135
<u>Water and Wastewater Revenue Bonds (CUSIP 712851)</u>		
Net revenues and debt service coverage	Table XXII	137
Number of utility service connections	Table XIVa	127
Ten largest water users	Table XIVc	129
<u>Municipal Development Authority Bonds (CUSIP 71284R and 71285A)</u>		
Excise tax and state shared revenues and debt service coverage	Table XXI	136
Privilege and use tax rates by category	Table VI	119
Annual debt service requirements	Table XXI	136
<u>Improvement District Bonds (CUSIP 712844)</u>		
Legal debt margin and unused borrowing capacity	Table XX	135
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Property tax levies and collections	Table XIII	126
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City of Peoria

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