

# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2013

**City of Peoria, Arizona**



**City Council:**

**Bob Barrett, Mayor**  
**Tony Rivero, Vice Mayor**  
**Cathy Carlat**  
**Ron Aames**  
**Carlo Leone**  
**Jon Edwards**  
**Bill Patena**

**Administrative Staff:**

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

**Prepared By: Finance Department**

**Brent D. Mattingly, Chief Financial Officer, Finance Director**  
**Katie Gregory, Deputy Finance and Budget Director**  
**Christen Wilcox, Acting Accounting Supervisor**



# Core Values

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

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
*For the Year Ended June 30, 2013*

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City of Peoria

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October 31, 2013

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, 2013. The report was prepared by the Financial Services Division of the Finance Department.

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

Management's Discussion and Analysis presented on pages 3-17 has a different focus and purpose than the transmittal letter and should be read in conjunction with this transmittal.

### **THE FINANCIAL REPORTING ENTITY**

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

The City encompasses approximately 179 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 2000 census and the 2010 census the City's population increased by more than 42 percent, from approximately 108,300 to approximately 154,065. This followed the more than 100 percent growth that occurred in the preceding 10 years. The estimated current population is 159,600. The City's tremendous growth is attributable to the comparatively affordable housing, an excellent school district, and the expansion of the metropolitan freeway systems, allowing Peoria residents to commute effectively to other cities in the metropolitan area. Population growth trends are expected to continue, though at a slower pace. While growth is positive, this growth will continue to present challenges to the City in providing a high level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. Peoria offers a wide range of community facilities including two community centers, three swimming pools, two libraries, and 33 neighborhood parks encompassing 356 acres. The Peoria Sports Complex—operated by the City—is the nation's first two-team baseball spring training facility and the spring training home of the San Diego Padres and Seattle Mariners. Lake Pleasant, in northern Peoria, is the second largest lake in Arizona. The City opened its first large community park, Rio Vista Community

Park, in the southern part of the City in fiscal year 2004. This 50-plus acre facility has athletic fields, playgrounds, armadas, an urban lake, skate park and other amenities for the citizens' enjoyment. Phase II of Rio Vista Park, which included a recreation center and additional fields, was completed in 2007. The City's second community park is under construction and will open in fiscal year 2014. The City also has a performing arts center with a 250-seat main auditorium, 80-seat black box theater, and classroom and administrative space in the downtown area.

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

## **MAJOR INITIATIVES, SERVICE EFFORTS, AND ACCOMPLISHMENTS**

### **For The Year**

In fiscal year 2013, the City continued to invest in programs and amenities that keep Peoria a very livable community. Emphasis was placed on public safety, parks and open space, neighborhood preservation, and human services. Below are some of the service efforts and accomplishments of the City during the fiscal year.

#### **Communications**

- Redesigned the Building Peoria website to interface with the Engineering Department's database, providing the ability to update information about capital projects without the need to edit pages.
- Added a new interactive bulk trash collection map to Peoriaaz.gov, allowing users to enter an address and immediately determine the date of the next pickup.
- Completed the redesign of the Police Department's web pages and added a department employee directory.
- Implemented new citywide graphic design standards.
- Completed 509 design jobs, saving more than \$200,000 in design costs. Projects included the City's Tourism Guide, mobile app, and website; Spring Training material, ads, and promotional items; Economic Development identity and brochures; and Police Annual Report, among others.
- Delivered 324 news releases to the media, generating an equivalent ad value of more than \$3.3 million.
- Hosted another successful seven-week Peoria Leadership Institute, a program to give citizens insight into the operations of the City.

#### **Planning & Community Development**

- Successfully placed the First Presbyterian Church on the National Register of Historic Places.
- Designed and installed interpretive signs at Palo Verde Park, which was recently placed on the National Register of Historic Places.
- Managed the design and installation of new street signs in the Old Town core celebrating the area's historic and cultural heritage.
- Completed the transfer of the City's Public Housing Authority to the Housing Authority of Maricopa County, culminating a four-year effort to transition the City away from public housing and Section 8 management.
- Successfully completed Neighborhood Pride in the Brown Street neighborhood, enhancing 51 homes and leveraging the City's investment through donated goods, materials, and volunteer labor.

### **Economic Development Services**

- Welcomed Trine University, an Indiana-based non-profit university founded in 1884 and boasting academic strengths in graduate and undergraduate engineering programs.
- Maxwell Technologies, a global leader in developing, manufacturing and marketing energy storage and power delivery solutions, opened a manufacturing facility in the City and will create 150 new jobs over three years. The project's capital investment is \$26 million.
- The City's medical device accelerator, BioInspire, opened to six companies in September 2012. In the nine months that it has been operating, BioInspire has created 30 jobs with an average salary of \$50,000. The City's investment of \$977,000 has leveraged \$4.4 million in outside funding, including public grants, angel investment, and venture capital.
- Completed phase 2 of the Commercial Rehabilitation Program at Wagoner Plaza, which included the rehabilitation of a strip center with eight suites. In the two years that the rehabilitation program has been implemented, over \$428,000 has been reinvested by private property owners and vacancy in the two centers has dropped from 50 percent to 10 percent.
- The City's Peoria Eighty Three Entertainment District (P83) improvements, designed to increase pedestrian connectivity, vitality, and safety, will be defined in a design concept report. The first phase has already been funded.
- City Council approved a variety of customer service enhancements regarding site and building development, including the following new programs: electronic plan submittal, over-the-counter permitting, online permitting, and self-certification for certain tenant improvement projects.

### **Community Services**

- Opened the doors of the newly renovated and expanded Peoria Community Center with a re-Grand Opening November 30.
- In November, the City Council adopted the Peoria Youth Master Plan, a comprehensive agenda for children and youth services in the Peoria community.
- Initiated the self-assessment exercise to become an accredited agency through the Commission for Accreditation of Parks and Recreation Agencies (CAPRA).
- Organized several new special events, including Keep It Safe: A Family Affair, Fish with your Kids Day, Festival in the Plaza, Triathlon/Duathlon, Get Your Green On, Big Band Swing On, and St. Patrick's Day Event.
- Received the Outstanding Program Award for populations over 100,000+ from the Arizona Parks and Recreation Association for the City's P83 Party.
- Installed three public art pieces in Old Town Peoria – at Centennial Plaza, Osuna Park, and 84th Avenue.
- Use of library computer labs increased 77 percent, with more than 198,000 users logging in at both facilities.
- Encouraged new digital readers by making 50 ereaders available for circulation. Digital circulation increased 53 percent due to the special project.
- Celebrated 20 years of Spring Training in Peoria.

### **City Clerk**

- Successfully conducted the 2012 Primary and General Election.
- Developed a Public Records Request Policy that can be used citywide for processing public records requests.
- Reorganized the City Clerk Department structure to realize efficiencies and maximize resources.
- Developed a Lobbyist Handbook in accordance with state statute and created corresponding registration and reporting forms.

### **Engineering**

- Widened and reconstructed 83rd Avenue from Butler Drive to Mountain View Road and constructed the north half-street of Butler Drive from 83rd Avenue to 79th Avenue.
- Widened and reconstructed the 75<sup>th</sup> Avenue and Thunderbird Road intersection to accommodate three through lanes, dual left turn and right turn lanes, and traffic signal improvements.
- Completed rehabilitation of 1,916 linear feet of trunk sewer mains throughout Peoria.

- Opened Scotland Yard Neighborhood Park. This eight-acre park features a playground, basketball and tennis courts, enclosed dog park, walking trail, picnic area, ramadas, and citrus orchard.
- Earned LEED Gold certification for the renovation and expansion of the Peoria Community Center, which added 12,000 square feet of program space to the existing 14,000 square foot building in Old Town Peoria.
- Installed conduit, fiber, and network nodes on 75<sup>th</sup> Avenue from Peoria Avenue to Thunderbird Road to complete a redundant fiber link for the City.
- Performed a before and after study on Bell Road to verify the operation of the pilot Adaptive Traffic Control System (In-Synch). The results were positive. The system will be relocated to the Sports Complex area for permanent installation to help improve signal timing in the area.

### **Finance & Budget**

- Issued \$35.5 million in Municipal Development Authority bonds to fund renovations of the team clubhouses at the Peoria Sports Complex.
- Received an incremental increase in rating from Fitch Ratings for the City's bond ratings on Municipal Development Authority bonds.
- Received the 28<sup>th</sup> consecutive Certificate for Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association for the fiscal year 2012 CAFR.
- Completed a major PeopleSoft Financials system upgrade.
- Received the Distinguished Budget Award from the Government Finance Officers Association for fiscal year 2013 budget documents, the City's 20<sup>th</sup> such award.
- Received the Certificate of Excellence from the International City/County Management Association (ICMA) Performance Management Program. This is the seventh consecutive year the City has been recognized for its performance management program.

### **Fire**

- Took possession of a new Rosenbauer Type-3 fire engine that will be stationed at the Lake Pleasant Fire Station and used in an urban-interface capacity.
- Purchased a new support services building to house the department's mechanics and support personnel. The building should be refurbished and occupied early in FY2014.
- Hired six additional firefighters using funds awarded to the City by the U.S. Department of Homeland Security as part of its Staffing for Adequate Fire and Emergency Response (SAFER) grant program. The two-year, \$930,000 grant will give the City the ability to provide 24/7 staffing at the Lake Pleasant Fire Station.
- Participated in studies relating to traumatic brain injury and out-of-hospital cardiac arrests in cooperation with the Arizona Department of Health Services and the University of Arizona.
- Received a 98 percent satisfaction rating for quality of fire service on the 2013 Citizen Survey.

### **Human Resources**

- Held the third annual PACE Civic Engagement Conference. Keynote speakers included John Quinones of ABC News and Pearl Chang Esau, president and CEO of Expect More Arizona.
- Graduated the first class of the Aspiring Supervisor program.
- Coordinated screenings of "Freemont USA" as part of the Diversity Committee Film Series.
- Participated in an Emergency Operations Center tabletop exercise.

### **Information Technology**

- Replaced network infrastructure equipment in City Hall and the Technology Center, and replaced microwave equipment at two locations.
- Implemented new Police computer-aided dispatch (CAD), records management, and mobile systems.
- Installed network and technology equipment in the new Community Center facility.
- Overhauled the PC replacement process and deployment strategy, which resulted in 100 percent of projected deployments being successfully completed.
- Restructured the IT Department project management program, resulting in the creation of the IT Project Oversight Committee that oversees project approvals, prioritization, and scheduling, and monitors ongoing project status.

### **Intergovernmental Affairs**

- Continued to provide a presence in the area of regional transportation to ensure that the City is well represented at all levels of governance and transportation planning.
- Led the City's efforts to explore an international partnership with Mexico with the aim of creating mutually beneficial economic development opportunities.
- Played a key role at the state capital during negotiations over tax reform, helping to strip the final bill of its most detrimental provisions to cities and saving Peoria an estimated \$2 million.
- Received more than \$2.1 million in grant awards.

### **Police**

- Received a meritorious award from the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). The meritorious award recognizes agencies for having been CALEA-accredited for six or more continuous years.
- Expanded the department's park watch program—a partnership among citizens, police, and park rangers. The program protects neighborhood parks and educates citizens about criminal activity in and around their parks.
- More than 50 volunteers and interns donated approximately 10,000 hours to the department, performing critical tasks that saved approximately \$220,000.
- Handed out Community Partnership Awards honoring 10 local organizations that assisted in strengthening the department's relationship with the community on crime prevention.
- Partnered with the Peoria Unified School District and the Glendale Police Department in training for an active-shooter scenario.
- Joined with the Peoria Police Officers Association to honor more than 200 students from the Students With Aspiring Goals (S.W.A.G.) program at the Peoria Sports Complex before taking them to a Diamondbacks game at Chase Field. The program brings together high school students as mentors to middle school students to help them set and achieve high academic goals.
- Expanded the department's Social Media Plan, which includes the department's myPD phone app, Pinterest, Twitter and Facebook. The plan is a communication tool that strengthens community engagement to reduce crime and the fear of crime.

### **Public Works – Utilities**

- Achieved re-accreditation from the American Public Works Association (APWA) with 100 percent full compliance. APWA recognized the City for five model Best Management Practices.
- Received a 94 percent satisfaction rating for solid waste service on the 2013 Citizen Survey.
- Micro sealed 11 miles of roadway, slurry sealed 26.5 miles of roadway, chip sealed 1.5 miles of roadway, and crack filled over 387 miles of roadway.
- Replaced 28 street lights and upgraded 48 others as part of the Street Light Infill and Replacement Program.
- Secured an Americans with Disabilities Act (ADA) reimbursement allocation of \$208,000.
- Remained 100 percent compliant with federal, state, and county water and wastewater quality standards.
- Increased the use of reuse water at our wastewater treatment plants to reduce potable water use and costs.
- Received a \$50,000 grant from the Bureau of Reclamation to install state-of-the-art smart irrigation control devices at several City parks and homeowner associations.
- Developed and implemented a uniform recycling and trash receptacle standard at the City Hall campus. Existing trash receptacles were repurposed to minimize costs.
- Increased the City's drought protection supply to approximately 3.4 years of our six-year goal—a 4 percent increase from 2013.
- Diverted approximately 145,000 pounds of household hazardous waste and recyclables from the landfill.

### **For The Future**

The Council utilizes a process to assist in the identification, prioritization, and management of emerging strategic issues that, by virtue of their scope, complexity, and/or potential impact, require a coordinated

multi-departmental action plan and budget. The City Council works closely with City management to implement specific objectives and tasks designed to meet these goals.

The following summarizes the goals identified by the City Council in the 24-Month Business Plan:

- Community Building – Preserve and expand our quality of life:
  - Arts/Culture
  - Parks and recreation opportunities.
  - Quality neighborhoods / revitalization of older neighborhoods / Old Town / Arrowhead Entertainment District
  - Community-oriented services, including Fire and Police
  - Expand civic and not-for-profit partnerships.
- Enhance Current Services:
  - Our City organizational culture
  - Business model for the future
  - IT backup systems off site
  - Cost effective service delivery
  - Next generation of recycling
  - Continue energy reduction programs and LEED-certified buildings
  - Peoria is the employer of choice
  - Use technology to enhance and streamline services
  - Aggressive pursuit of grant opportunities
- Preserve our Natural Environment:
  - Land banking for parks and open space
  - Incorporate open space into our built environment
- Total Planning:
  - Employment / Jobs / Corridor
  - Mix of living environments
  - Infrastructure
  - Prudent fiscal stewardship
  - Broad Internet access
  - Sustainability Action Plan
  - Traffic study
  - Multi-modal transportation infrastructure
- Economic Development:
  - State, National, and the Pacific Rim
  - Analysis – Look at resources to expand Peoria's presence in other states and countries
  - Continue focus on downtown
  - Partner with economic development groups like GPEC
  - Assess new models for economic development
  - Partner with State Lands
  - Strengthen Sister Cities relationships and add an Asian city
  - University / higher education strategy
  - Health care strategy
- Leadership and Image:
  - Locally and regionally
  - Within Arizona
  - Community relations
  - Become a major player
  - Peoria as a destination
  - Marketing campaign promoting Peoria

Progress has been made on these goals during fiscal year 2013. The City has strategically placed itself in a better position to take advantage of opportunities as the economy recovers and development increases.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

As the local economy starts to improve, Peoria continues to face many important growth issues as well as opportunities. Peoria leadership is committed to implementing the City Council approved Economic Development Implementation Strategy (EDIS) to meet the development needs of our community. This commitment has helped to make 2013 another successful year and continues to provide a foundation for success in the years to come. The City maintains a strong commitment to continue its focus on the new economic reality and to be a leader in areas such as cost-effective service delivery, improved customer service, and strategic partnerships to maintain and enhance the quality of life in Peoria.

The American League Seattle Mariners and the National League San Diego Padres, professional major league baseball teams, continue their Cactus League Spring Training and minor league activities in Peoria at the City-owned, two-team stadium. In 2013, both teams signed a new twenty-year joint use contract to share the facilities with an option of extending their contracts for an additional ten years. This agreement contributes significantly to the economic impact of the Spring Training Cactus League of Maricopa County and to the City. The already successful Peoria Eighty Three (P83) Entertainment District surrounding the Sports Complex remains a primary focus of continued economic development. The City has begun implementation of the 2010 adopted urban design plan, as a new identity has been established and a Design Concept Report is underway to improve pedestrian connectivity, safety, and vibrancy in the area. Another implementation aspect of that plan is the development of 400,000 SF of mixed use space outside the Sports Complex stadium. An exclusive negotiating agreement is in place with a developer for that project.

In fiscal year 2013, the City has experienced an uptick in the overall economy, especially in terms of new residential development. On the commercial side, space absorption continues to be the most active sector while new builds are slowly on the rise.

This year, new developments are expected to continue in three main focus areas of economic development: entertainment; health care; and higher education. The entertainment concept for the area surrounding the sports complex is already well underway and the City's health care initiative has resulted in progressive efforts as hospital systems plan their next strategic move into the West Valley. Peoria's aggressive university recruitment strategy has resulted in a Trine University branch campus opening in the fall of 2013. The City has also entered into an Exclusive Negotiation Agreement with Huntington University and expect to finalize an agreement by this fall. The City's aggressive pursuit of university expansions involving these private universities has netted other potentially interested candidates to enter the market over the next three years.

There is also significant momentum in redevelopment of the City's older and historic downtown as interest in revitalization continues to rise. The City's implementation of the Old Town Peoria Revitalization Plan is well underway. The City has completed significant capital projects in the area, including two parks, the courthouse renovation and the Community Center remodel. The first and second phase of the Commercial Rehabilitation Program, Wagoner Plazas 1 & 2 have been completed. Contact has also been made with the new owner of the Peoria Town Center and his architectural team in developing a behavior health center in the former Wal-Mart building. Finally, the City has contracted with a development team to do two things: create a Building Re-Use Implementation Strategy for underutilized and vacant buildings in the Old Town area and actively recruit users to those buildings.

The northern part of the City also experienced a boost in prospecting activity resulting from the completion of the Loop 303 freeway and the addition of a secondary access point for the Vistancia Commercial Core. The City has a development agreement in place with the developer, Vistancia LLC that takes an aggressive approach to economic development for the area, primarily through the allocation of free land and funding for infrastructure development. To further promote the Vistancia Commercial Core, Peoria is partnering with Vistancia to produce a familiarization tour and golf luncheon this fall. The objective of the event will be to attract brokers valley wide, to promote and educate on the development opportunities in the 500 acres of Vistancia Commercial Core.

Finally, in 2013, Peoria's BioInspire, a medical device incubator, has celebrated its first year with significant success and recognition. Both Yolia Health and Nasseo, two of BioInspire's companies, were nominated for the "INNOVATOR OF THE YEAR AWARD" presented at the Governor's Celebration of Innovation Awards in November 2013. The facility, managed by BioAccel, a non-profit company that specializes in new technology development, will offer 7,000 SF to house 5-7 start-up companies.

In February 2013, Peoria's third annual investment conference targeting bankers, Real Estate Investment Trusts (REITS), investors, developers, site consultants and entrepreneurs, was held. It is the only one of its kind in Maricopa County and a premier opportunity for the City to showcase itself, its implementation plan, and its economic development initiatives to provide investment and development opportunities for those looking for viable projects to invest in.

### **Economic Outlook**

The unemployment rate in the Phoenix Metropolitan area for June 2013 was 7.2 percent, which remains below both the state (8.0 percent) and national (7.6 percent) averages. The regional economy continues to recover at a slow pace, with population growth in the 1 percent range and modest improvements in job creation over the 12-month period at 2.0 percent, slightly faster than the national rate of 1.6 percent. Construction activity began to improve markedly over the previous year (though much lower than after previous recessions) in the region as home values and re-sale activity rebounded. Most job gains in the state were in the construction, leisure, and hospitality; business and financial services; education; and health care sectors. Peoria also experienced growth in new home starts, with a 40 percent increase in single-family home permits compared to the previous fiscal year. Commercial activity improved during the year, but reflects increases over historically low levels during the previous two fiscal years.

The local housing market began to return to more normal conditions and to recover price losses experienced during the previous years. Growth in median re-sale home prices began to level-off in June 2013 after experiencing consistently strong growth that began in the fall of 2012. At \$200,000 in June 2013, the median price had risen 38 percent from a low-point in January 2012. More importantly, by spring 2013, the number of distressed properties had been reduced significantly, allowing traditional re-sale transactions to return as the primary type of re-sale transaction in the market. Whereas in June 2012, these transactions represented 40 percent of total re-sales, by June 2013 the level had increased 40 percent to a share of almost 70 percent of re-sale transactions. As lower-priced distressed inventory has decreased, so has the downward pressure on overall prices. These factors are anticipated to continue in the future, which will allow the Peoria re-sale market to return to more normal conditions in terms of price appreciation and listings available for sale. New home sale activity increased significantly during FY2013 to end at over 762 units. This compares to 473 during the prior fiscal year, a 60 percent increase. Peoria's median new home sale prices averaged almost \$287,000 in FY2013 compared to \$267,100 during FY2012.

Retail Sales: The City of Peoria, like all Arizona cities, places significant reliance on City-collected sales tax. Overall, local sales tax revenue comprised 34 percent of the City's General Fund revenue in fiscal year 2013. The City's sales tax rate (including the 0.03% transportation sales tax discussed below) remained at 1.8 percent, with a 5.6 percent rate for hotels/lodging activities, 3.3 percent on utilities, and 2.8 percent for restaurant/bar and amusement activities. Approximately 52 percent of sales tax collections were derived from retail sales in FY2013. This category experienced an 8.4 percent increase in FY2013 over the previous fiscal year and accounted for a significant share of tax revenue gains. The primary factor behind the retail gains was the performance of the City's automobile dealerships. Peoria has approximately 20 vehicle dealerships that draw a regional customer base. Auto-related revenue increased by over 17 percent compared to FY2012 and represented approximately 38 percent of all retail sales tax collections.

The City's second-largest source of sales tax revenues is from restaurant/bar activity. This category's 4.4 percent improvement over the prior fiscal year reflects consumers' growing confidence and improved outlook. Construction contracting revenues increased by over 40 percent compared to the prior fiscal year primarily due to the higher level of new home sales cited above. Fiscal year 2013 sales tax collections (all funds) increased 8.6 percent over the prior fiscal year. Fiscal year 2014 sales tax revenues are

anticipated to increase at a more moderate pace of approximately 3 percent. The moderating pace reflects anticipated reductions in the rates of growth in both the automobile sectors as well as in construction activity, but relies on more fundamental sources of growth in consumer spending and expected population increases.

Dedicated City Sales Tax for Transportation: During fiscal year 2005, a Citizens' Bond Committee recommended to City Council that voters be asked to consider an increase of .03 percent (three-tenths of one percent) to the sales tax rate for the purpose of funding the transportation needs of the City. These needs include construction and maintenance of streets as well as expansion of the City's transit program. On September 13, 2005, the citizens approved the sales tax increase by an affirmative vote of 68 percent. The dedicated transportation sales tax, which became effective January 1, 2006, generated \$9.8 million in revenue in fiscal year 2013, up from \$9.0 million in fiscal year 2012. As with other sales tax revenues, a small increase is expected in fiscal year 2014 collections.

State Shared Revenues: The City receives significant revenue allocations from the State of Arizona. These "state shared revenues" include allocations of the state-collected income tax, sales tax, and motor vehicle license fees. Revenues from these sources provided approximately 33 percent of the City's General Fund revenue in FY2013, which helps support the City's day-to-day activities. The City projects an overall increase of nearly 10 percent in these revenues in FY2014, reflecting continuing recovery in the statewide economy and income tax collections. These revenues are distributed based on census population numbers. Peoria's share of the state allocations is approximately 3.1 percent.

Property Tax: The City's property tax rate was \$1.44 per \$100 of assessed valuation for FY2013. The tax rate has not changed since FY2009. Of this, \$.19, or about 13 percent of the total, was levied as the City's primary property tax. The primary tax can be used for any general government purpose, but is limited in size by state statute. The primary tax generated \$2.2 million in revenue for the General Fund in fiscal year 2013.

With an anticipated 7.2 percent decline in the primary assessed value, the City is forecasting \$1.9 million in primary property tax revenue for FY2014—the fourth consecutive year of declining revenue. The primary assessed value will reflect the growth in housing prices seen over the last 18 months beginning in FY2015, and is expected to increase at a moderate rate thereafter.

Labor Force: Peoria has a well-educated and technically skilled labor force. This economic resource is at the forefront of our economic development efforts. The City is a member of the Greater Phoenix Economic Council (GPEC), which has been successful in introducing new businesses to the City. In addition, the City's Economic Development Services Department continues to aggressively seek new development for the City.

## **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 2013 was \$759,367,985. 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 asset 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.

## **Strategic Planning**

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

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

## **OTHER INFORMATION**

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, 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).

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, 2013, 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, 2013, 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, 2013, 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, 2012. This is the 28th 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**

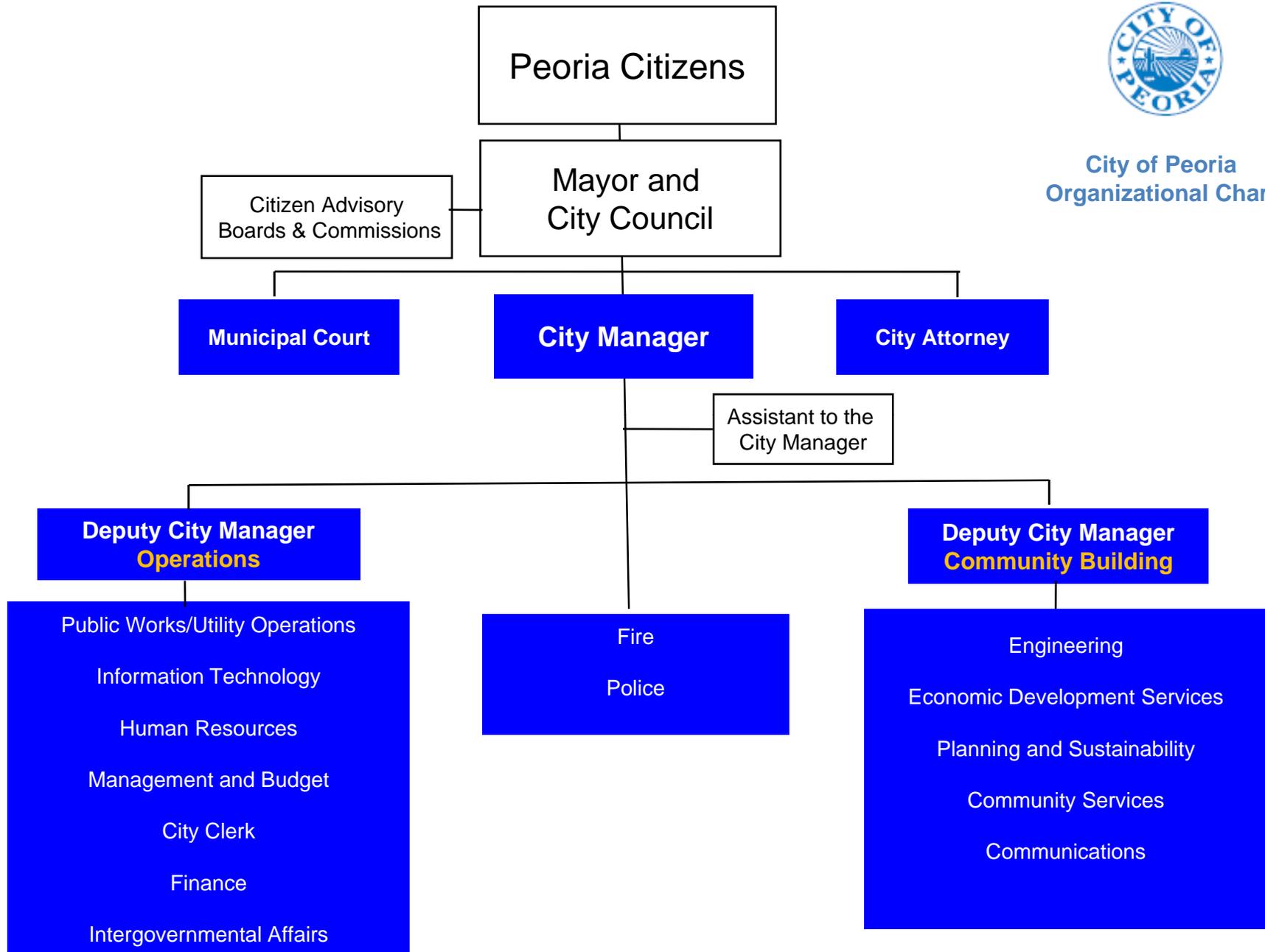
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



City of Peoria  
Organizational Chart



# City of Peoria Principal Officials of the City Fiscal Year 2013

**Bob Barrett**  
Mayor

**Tony Rivero**  
Vice-Mayor

**Cathy Carlat**  
Councilmember

**Carlo Leone**  
Councilmember



**Ron Aames**  
Councilmember

**Jon Edwards**  
Councilmember

**Bill Patena**  
Councilmember

**Carl Swenson**  
City Manager

**Jeff Tyne**

*Deputy City Manager – Operations and Administrative Services*

**Susan Daluddung**

*Deputy City Manager – Development and Community Services*

**George Anagnost**

*Municipal Judge*

**John Sefton**

*Community Services Director*

**Julie Ayers**

*Human Resources Director*

**Bobby Ruiz**

*Fire Chief*

**Rhonda Geriminsky**

*City Clerk*

**Bill Mattingly**

*Public Works /Utility Operations  
Director*

**John Imig**

*Information Technology Director*

**John Schell**

*Intergovernmental Affairs Director*

**Stephen M. Kemp**

*City Attorney*

**Andrew Granger**

*Engineering Director*

**Scott Whyte**

*Economic Development Services Director*

**Roy Minter**

*Chief of Police*

**Brent D. Mattingly**

*Chief Financial Officer, Finance Director*

**Chris Jacques**

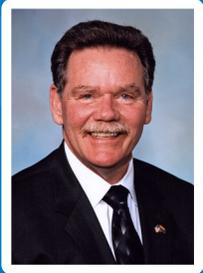
*Planning & Community Development  
Director*

**Bo Larsen**

*Public Information Director*



# City of Peoria Council Districts



**Mayor  
Bob Barrett**



**Vice Mayor  
Tony Rivero**  
Acacia District



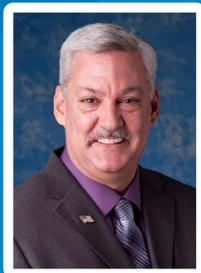
**Councilmember  
Ron Aames**  
Palo Verde District



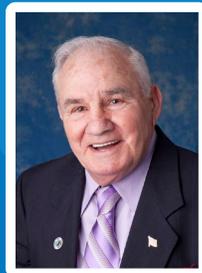
**Councilmember  
Bill Patena**  
Ironwood District



**Councilmember  
Cathy Carlat**  
Mesquite District



**Councilmember  
Jon Edwards**  
Willow District



**Councilmember  
Carlo Leone**  
Pine District



## 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's non-major governmental, internal service, and fiduciary funds presented as supplementary information in the accompanying combining fund financial statements as of and for the year ended June 30, 2013, 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 City'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 City'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, 2013, 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, and Transportation Sales Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, internal service, and fiduciary fund of the City of Peoria, Arizona, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1T., the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013, which represents changes in accounting principles. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 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, and schedules listed in the table of contents as Supplementary Information and Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information and Other Supplementary Information are the responsibility of management and were derived from and relate 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 and Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical 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 October 31, 2013, 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.  
CPAs and Business Consultants

October 31, 2013

## 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, 2013. 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.

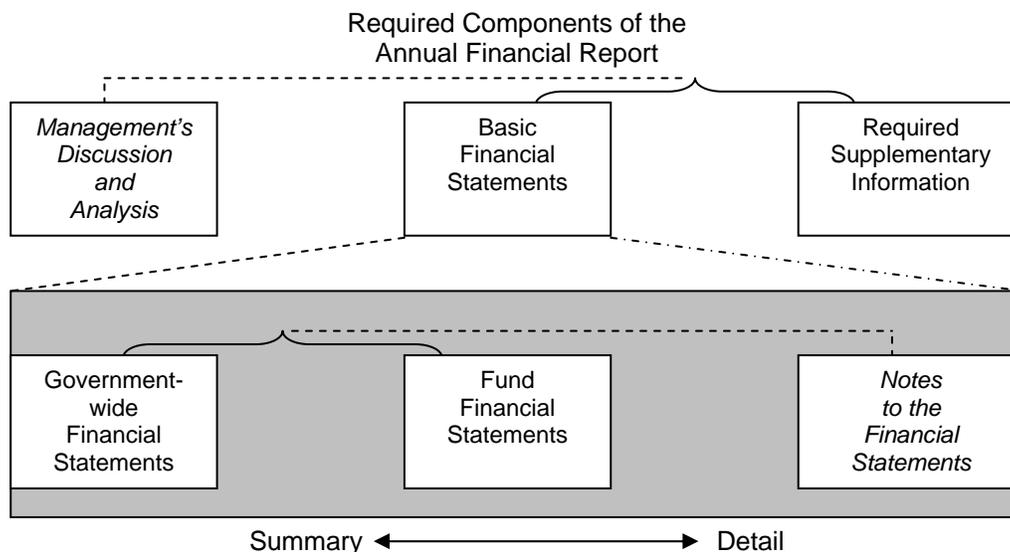
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xvi of this report. It is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 19 and the accompanying notes to the financial 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 \$24.3 million (1.5%) in fiscal year 2013, an increase of \$8.8 million (0.8%) in governmental activities and an increase of \$15.5 million (2.8%) in business-type activities.
- ◆ Total net position of the City is \$1,634.9 million, of which \$158.9 million is unrestricted (down \$13.7 million, (7.9%), from last year's \$172.6 million unrestricted net position).
- ◆ The governmental activities program revenues decreased by approximately \$5.8 million (9.9%) from the previous year. This was primarily due to a decrease in donated capital assets with fewer large developments being completed in fiscal year 2013.
- ◆ The business-type activities program revenues decreased by approximately \$0.02 million (0.0%) from the previous year. Charges for services increased \$1.1 million (1.7%), and Public Housing decreased by \$0.1 million as the City turned it over to Maricopa County as of March 31, 2013.
- ◆ At June 30, 2013, total fund balance of the governmental funds was \$275.5 million, up \$5.3 million (2.0%) from the previous year. Of this, \$14.0 million (up 9.4%) was unassigned (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) were higher than budgeted inflows by \$5.0 million for fiscal year 2013. Budgetary basis outflows of the General Fund were 93.0% (\$8.6 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2013, unassigned fund balance for the General Fund was \$14.0 million, or 13.8% of General Fund expenditures for fiscal year 2013.
- ◆ During fiscal year 2013, the City issued \$35.5 million in Municipal Development Authority (MDA) Revenue Bonds.

### 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. The additional non-required information includes combining schedules and other supplementary schedules presented after the basic financial statements (Combining Statements, Supplemental Information and Statistical Sections of this report).



### **Government-wide Financial Statements**

The government-wide financial statements (see pages 19-21) 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, police, fire, 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, the stadium, and public housing. 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, with the difference between assets and liabilities 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 (pages 22-34) 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 and in Note 2 (pages 61-65).

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, Development Fee Fund, and GO Bond Debt Service 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 (pages 100-103).

**Proprietary funds** – Proprietary funds are used to account for services primarily supported by user fees. The proprietary fund financial statements (pages 36-43) 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) and public housing activities. All of the enterprise funds are considered to be major funds of the City. The Storm Drain Utility Fund was reclassified in fiscal year 2012 from a governmental fund to an enterprise fund. This change was due to a change in the revenue source from primarily transfers from other governmental funds to a user fee to external customers.

**Internal service funds** are used for activities where the primary customer is the City itself. Because the primary customers of the internal service funds are the governmental activities, the assets and liabilities of those funds are included in the governmental activities column of the government-wide statement of net position. The costs of internal service funds are allocated to the various user functions on the government-wide statement of activities. The internal service funds are combined into a single column on the proprietary fund statements. Additional detail of the internal service funds

is provided in combining statements (pages 122-124). 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 (pages 44-45 and 130-131) 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 (pages 47-89) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

**Required supplementary information other than MD&A** – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements.

## 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, 2013, 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, 2013, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 328.7	\$ 325.4	\$ 95.8	\$ 94.0	\$ 424.5	\$ 419.4	1.2%
Capital assets	1,129.3	1,108.4	621.4	615.6	1,750.7	1,724.0	1.5
Total assets	1,458.0	1,433.8	717.2	709.6	2,175.2	2,143.4	1.5
Total deferred outflows of resources	0.4	-	0.3	-	0.7	-	100.0
Other liabilities	27.1	27.4	8.5	7.3	35.6	34.7	2.6
Long-term liabilities outstanding	376.6	363.4	128.8	138.0	505.4	501.4	0.8
Total liabilities	403.7	390.8	137.3	145.3	541.0	536.1	0.9
Net position:							
Net investment in capital assets	829.0	813.3	493.8	478.4	1,322.8	1,292.7	2.4
Restricted	131.6	118.1	21.6	24.9	153.2	143.0	7.1
Unrestricted	94.1	111.6	64.8	61.0	158.9	172.6	(7.9)
Total net position	\$ 1,054.7	\$ 1,043.0	\$ 580.2	\$ 564.3	\$ 1,634.9	\$ 1,607.3	1.7

The net position of the City increased \$27.6 million (1.7%) in fiscal year 2013. Net position of governmental activities increased \$11.6 million (1.1%), while the business-type activities increased \$15.9 million (2.8%).

Net position consists of three components. The largest portion of net position (\$1,322.8 million or 80.9%) 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 citizens. 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 \$31.1 million in fiscal year 2013 due to \$54.7 million in capital asset expenditures, \$15.4 million in donated assets, and a \$4.1 million decrease in net capital related debt, offset by \$43.5 million in depreciation expense, and asset disposals.

The second portion of the City's net position (\$153.2 million or 9.4%) represents resources that are subject to external restrictions on how they may be used. The increase of \$10.1 million includes an increase of \$4.2 million in restricted for development fees with increased development fee revenues; a decrease of \$.5 million in reserved for grant purposes, a \$2.2 million increase in restricted for transportation purposes due to decreased capital project activity and a \$4.0 million increase in net position restricted for trust purposes.

The third portion consists of Unrestricted Net Position of \$158.9 million (9.7%). This category of net position may be used to meet the City's ongoing obligations to citizens and creditors. This category decreased \$13.7 million (7.9%) in fiscal year 2013. Unrestricted net position is the balance of net position remaining after calculating the other two categories discussed above. Unrestricted net position of governmental activities decreased \$17.5 million, while unrestricted net position of business-type activities increased \$3.8 million.

## Changes in Net Position

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2013	2012	2013	2012	2013	2012	
<b>REVENUES:</b>							
Program revenues:							
Fees, fines & charges for services	\$ 18.7	\$ 17.3	\$ 67.2	\$ 66.1	\$ 85.9	\$ 83.4	3.1%
Federal grants	2.9	2.2	0.1	0.1	3.0	2.3	30.4
Capital contributions	6.7	9.9	7.3	8.4	14.0	18.3	(23.5)
Other grants and entitlements	24.3	29.0	-	-	24.3	29.0	(16.2)
General revenues:							
Property taxes	19.5	22.2	-	-	19.5	22.2	(12.2)
Sales and use taxes	66.0	60.7	-	-	66.0	60.7	8.7
Franchise taxes	4.1	4.1	-	-	4.1	4.1	0.0
State shared sales tax	12.7	12.1	-	-	12.7	12.1	3.1
Urban revenue sharing	14.4	13.2	-	-	14.4	13.2	9.1
Auto-in-lieu taxes	5.2	4.9	-	-	5.2	4.9	6.1
Investment earnings	0.6	1.0	0.2	0.3	0.8	1.3	(38.5)
Gain on sale of capital assets	0.1	0.1	-	-	0.1	0.1	0.0
Forgiveness of debt	0.6	0.0	-	-	0.6	0.0	100.0
Miscellaneous	4.4	3.5	-	-	4.4	3.5	25.7
Total revenues	<u>180.2</u>	<u>180.2</u>	<u>74.8</u>	<u>74.9</u>	<u>255.0</u>	<u>255.1</u>	(0.0)
<b>EXPENSES:</b>							
Program activities:							
Governmental activities:							
General government	19.1	20.9	-	-	19.1	20.9	(8.6)%
Culture and recreation	22.4	23.5	-	-	22.4	23.5	(4.7)
Police	35.4	35.9	-	-	35.4	35.9	(1.4)
Fire	21.4	22.3	-	-	21.4	22.3	(4.0)
Development services	8.4	5.4	-	-	8.4	5.4	55.6
Highways and streets	30.0	31.8	-	-	30.0	31.8	(5.7)
Public works	7.0	7.4	-	-	7.0	7.4	(5.4)
Human services	2.2	1.7	-	-	2.2	1.7	29.4
Interest expense on debt	12.7	12.6	-	-	12.7	12.6	0.8
Unallocated depreciation	0.6	0.6	-	-	0.6	0.6	0.0
Business-type activities:							
Water utility	-	-	29.1	30.8	29.1	30.8	(5.5)
Wastewater utility	-	-	20.3	21.9	20.3	21.9	(7.3)
Solid Waste utility	-	-	10.5	10.8	10.5	10.8	(2.8)
Stadium	-	-	5.1	5.3	5.1	5.3	(3.8)
Storm Drain utility	-	-	0.8	0.8	0.8	0.8	-
Housing	-	-	0.3	0.4	0.3	0.4	(25.0)
Total expenses	<u>159.2</u>	<u>162.1</u>	<u>66.1</u>	<u>70.0</u>	<u>225.3</u>	<u>232.1</u>	(2.9)
Excess (deficit) before transfers	<u>21.0</u>	<u>18.1</u>	<u>8.7</u>	<u>4.9</u>	<u>29.7</u>	<u>23.0</u>	29.1
Transfers	<u>(9.4)</u>	<u>(3.3)</u>	<u>9.4</u>	<u>3.3</u>	<u>-</u>	<u>-</u>	-
Special Item: Close out of							
Public Housing	-	-	(2.1)	-	(2.1)	-	-
Increase (decrease) in net position	<u>\$ 11.6</u>	<u>\$ 14.8</u>	<u>\$ 16.0</u>	<u>\$ 8.2</u>	<u>\$ 27.6</u>	<u>\$ 23.0</u>	20.0

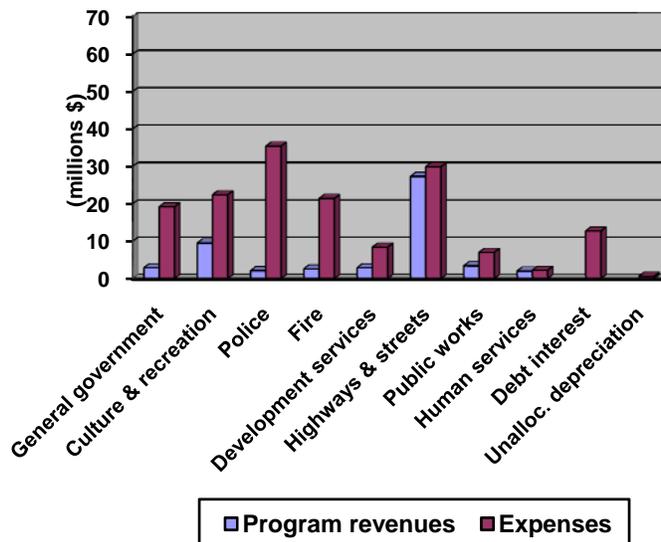
For fiscal year 2013, total governmental activities revenues remained constant at \$180.2 million, and total business-type activities revenues decreased \$0.1 million (0.1%). Expenses decreased \$3.0 million (1.7%) and \$3.9 million (5.5%) for the governmental activities and business-type activities, respectively. While some functions had increased expenses with a slowly recovering economy, general government expenses decreased by \$1.8 million (8.6%); culture & recreation expenses decreased by \$1.1 million (4.7%); public works decrease \$0.4 million (5.7%); and public safety decreased \$1.5 million (2.5%). Development services expenses increased by \$3.0 million (55.6%), human services increased by \$0.5 million (29.4) and highways and streets expenses decreased by \$1.8 million (5.7%). The decrease in the business-type activities expenses are primarily in the Water Utility (\$1.7 million, 5.5%), Wastewater Utility (\$1.6 million, 7.3%) and the Solid Waste Utility (\$0.3 million, 2.8%). 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 \$5.7 million (4.7%) from the previous year. The primary drivers were decreases in property tax and capital contributions, offset by increased local and state sales taxes. Property tax revenues decreased by \$2.7 million (12.3%) in fiscal year 2013 as assessed values continued to decline. Capital contributions decreased by \$3.2 million (32.4%) in fiscal year 2013. Local sales and use taxes increased \$5.2 million (8.6%) as retail and restaurant & bar sales taxes increased \$2.6 million and \$0.4 million respectively while state shared sales taxes increased \$0.6 million (4.8%).

Program revenues of governmental activities decreased \$5.8 million (9.9%) mainly as a result of the following change: Donations of capital assets decreased by \$3.2 million (32.4%) with fewer large developments being completed in 2013. The program revenues of business-type activities remained steady primarily due to a \$1.1 million (1.7%) increase in charges for services revenues as water and wastewater rates increased 4.5% in fiscal year 2012 and Public Housing decreased by \$0.1 million (39.7%) as the City turned over Public Housing to Maricopa County effective March 31, 2013.

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

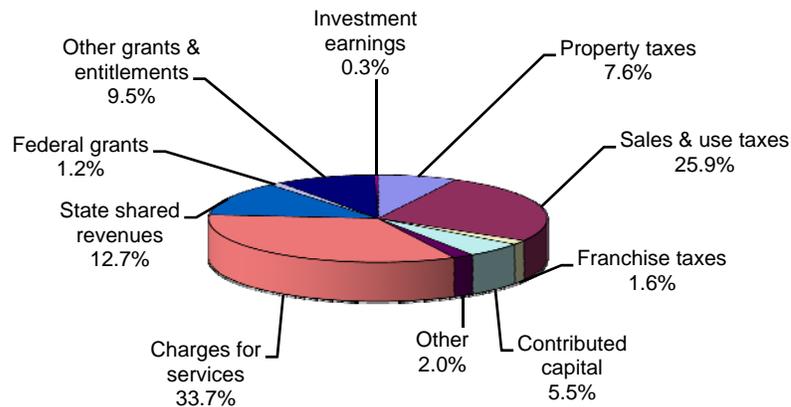


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$52.7 million are 33.1% of the governmental activities expenses for fiscal year 2013, down from 36.0% in fiscal year 2012. In the business-type activities, program revenues of \$74.6 million are 112.7% of the business-type expenses for fiscal year 2013. This compares to \$74.6 million and 106.6% in fiscal year 2012.

Governmental activities account for 70.7% of the total revenues of the City and 70.6% of the total expenses in fiscal year 2013. These percentages were 70.6% and 69.8% respectively in fiscal year 2012.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2013 is charges for services (33.7%), primarily because this is the major funding source of the business-type activities (90.1% of business-type revenues in fiscal year 2013). The major funding sources of the governmental activities are property, franchise and sales/use taxes (35.1% of total revenues, 49.7% of governmental revenues) and state shared revenues (12.7% of total revenues, 17.9% of governmental revenues).

### Government-Wide Revenue Sources Fiscal Year 2013

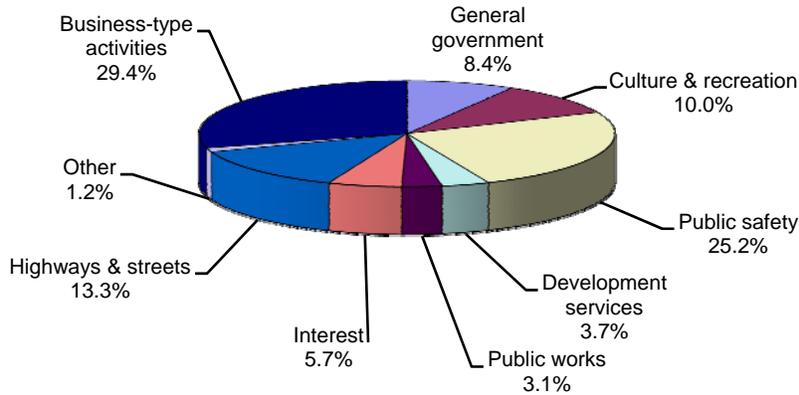


Property taxes decreased 1.1% from fiscal year 2012 with a continued decline in assessed value. The tax rates did not change in fiscal year 2013 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City decreased \$6.8 million (2.9%) in fiscal year 2013. Expenses of the governmental activities decreased \$2.9 million (1.8%). This includes increases of \$2.9 million (55.6%) for development services, and \$0.5 million (29.4%) for human services offset by a decrease of \$1.7 million (8.4%) for general government, \$1.8 million (5.7%) for highways and streets, \$1.0 million (4.5%) for culture and recreation, \$0.5 million (1.4%) for police, \$0.9 million (4.3%) for fire, and \$0.4 million (5.7%) for public works. Highways and streets expenses decreased primarily due to a decrease of \$2.8 million in depreciation expense. Culture and recreation expenses decreased primarily due to a decrease of \$1.3 million in lower depreciation expense. General government expenses decreased with \$1.6 million in lower depreciation expense. Expenses in business-type activities decreased \$3.9 million (5.5%) primarily due to lower depreciation expense.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 29.4% of the functional expenses of the City for fiscal year 2013, while governmental activities account for 70.6% of the functional expenses. For the governmental activities, the largest users of resources are public safety (25.2% of total expense, 35.6% of governmental expenses), general government (8.4% of total expenses, 12.0% of governmental expenses), highways and streets (13.3% of total expenses, 18.8% of governmental expenses), and culture and recreation (10.0% of total expenses, 14.1% of governmental expenses).

## Government-Wide Functional Expenses Fiscal Year 2013



### 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

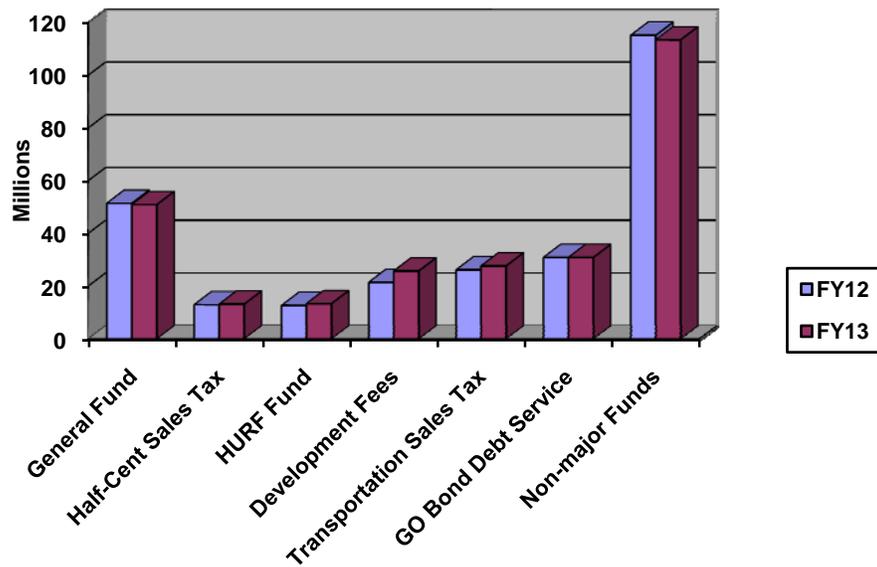
The focus of the governmental fund financial statements (pages 22-29) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 100-103. 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 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 \$275.5, an increase of \$5.3 million, or 2.0%, from the previous year. Of this, \$188.9 million (up \$19.4 million (11.4%) from the previous year) is classified as Unspendable or Restricted because it is not appropriable for expenditure or is legally segregated for a specific future use. The increase in restricted fund balance is caused by increases in restricted for debt service of \$123,453, in restricted for capital projects of \$13.5 million, in restricted for development fees of \$4.4 million due to increased development fee revenues, and in restricted for transportation purposes of \$2.3 million due to decreased capital expenditures; a decrease of \$0.3 million in unspendable.

An additional \$72.6 million of the governmental fund balance (down \$15.4 million (17.5%) from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$36.6 million), debt service reserves (\$1.0 million), capital projects (\$18.5 million) and arts capital and various other purposes (\$16.5).

The remaining \$14.0 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 increase of \$1.2 million (9.4%) during fiscal year 2013 is due primarily to increased General Fund revenues.

## Governmental Funds - Fund Balance



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues increased \$6.5 million (7.4%) from the previous year. Urban revenue sharing increased \$1.2 million (9.0%). Property taxes decreased by \$.3 million (12.2%) as assessed values continue to decrease, and investment earnings decreased \$.09 million (54.1%) due to continuing low interest rates. The City's sales tax revenues in the General Fund increased \$3.0 million (8.8%) and state shared sales tax revenues increased \$.6 million (4.8%) due to a recovering retail sales and restaurant & bar sales. Auto-in-lieu revenue (licensing fees) increased .2 million (4.3%) with an increase in auto sales. Total General Fund expenditures increased \$6.3 million (6.7%). Personnel costs increased \$3.3 million while other costs (contractual services and commodities) increased \$1.5 million as the economy begins to recover. Capital outlay increased by \$.5 million (19.8%). The unassigned fund balance of the General Fund was 13.8% of expenditures at June 30, 2013, compared to 13.5% at June 30, 2012.

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 \$1.4 million (9.3%) from the previous year due to increased sales tax revenues. Expenditures in this fund decreased \$1.0 million (26.0%) due to increased debt service payments on development agreements in fiscal year 2012 that did not repeat in fiscal year 2013. Transfers out from the Half-Cent Fund increased \$2.6 million with higher debt service transfers. Total fund balance of the Half-Cent Sales Tax Fund increased by \$.7 million (5.8%) in fiscal year 2013.

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 \$.9 million (7.5%) due to increased highway user revenues (\$.7 million or 9.3%) and a small increase in sales taxes. Expenditures increased by \$.3 million (2.3%) in fiscal year 2013 primarily due to an increase in capital outlay expenditures. Fund balance increased \$.7 million (5.9%) in fiscal year 2013.

The Transportation Sales Tax Fund tracks the collection and expenditure of the .3% voter approved sales tax to address transportation issues. Revenues in this fund increased \$.8 million (9.2%) while expenditures decreased \$1.1 million (20.9%). The increased revenues are due to increasing sales tax revenue while the decreased expenditures are primarily capital outlay. The fund balance increased \$1.5 million (5.8%) in fiscal year 2013. All fund balance in this fund is restricted.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, and streets and intersections. Revenues in the Development Fee Fund increased \$1.7 million (23.9%) with a moderate increase in development activity in the City, while expenditures decreased \$0.3 million (5.4%) in fiscal year 2013 due to increased principal payments on development agreements. Fund balance increased \$4.4 million (20.4%) in fiscal year 2013, primarily due to increased revenues. 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 decreased \$2.2 million (12.9%) due to decreased secondary property tax revenues and investment earnings. The secondary assessed value of the City decreased 10.9% in fiscal year 2013 while the secondary tax rate was unchanged. Expenditures decreased by \$3.4 million (18.5%) due to decreased principal payments on general obligation bonds issued in fiscal year 2009. The Series 2009 bond debt service was structured with large payments in fiscal year 2010 and 2011 to lower the fund balance in this fund. Fund balance increased \$0.04 million (0.1%) in fiscal year 2013.

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

Total net position of the enterprise funds increased \$14.6 million (2.6%) in fiscal year 2013. Net investment in capital assets increased \$15.4 million (3.2%) with the addition of utility infrastructure and equipment in the Water and Wastewater Funds and renovation of the clubhouses and sports complex in the Stadium Fund. Restricted net position decreased \$3.3 million (13.4%) primarily due to an increase in capital project activity in the Water Utility, Wastewater Utility, and Stadium Funds. The unrestricted net position increased \$2.9 million (4.9%) primarily due to increased net income in the utility operating portions of the Utility Funds. The Water Utility Fund, Wastewater Utility Fund, Solid Waste Fund, and Stadium Fund experienced increases in total net position of \$7.9 million (2.8%), \$3.6 million (1.5%), \$0.2 million (.8%), and \$5.2 million (22.1%) respectively. The Storm Drain Utility Fund net position increased \$37,175 (4.9%) and the Public Housing Fund total net position was reduced to \$0 with the transfer of the program to Maricopa County. The Water Utility unrestricted net position increased \$3.4 million (11.1%), the Wastewater Utility unrestricted net position increased \$0.3 million (2.3%), and the unrestricted net position of the Solid Waste Fund decreased \$.3 million (2.3%).

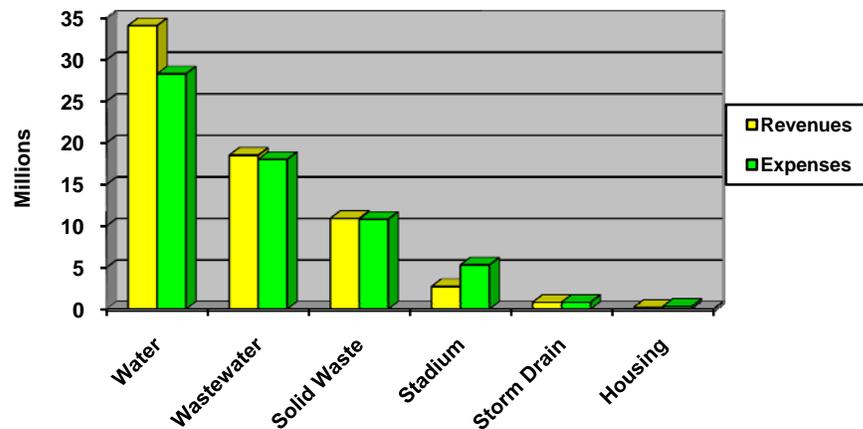
Operating revenues of the enterprise funds increased \$1.0 million (1.5%) in fiscal year 2013. Charges for services in the Water Utility Fund increased \$.2 million (.6%) due to increased usage. The Wastewater Utility Fund charges for services increased \$1.8 million (11.0%) and the Solid Waste Fund charges for services decreased by \$0.9 million primarily due to an adjustment in the rates between the two utilities. Wastewater Utility service fees were increased by 8% and solid waste service fees were decreased by 13% with no net rate increase to the utility customer. Operating expenses of the enterprise funds decreased \$1.2 million (1.9%) in fiscal year 2013. The Water Utility Fund operating expenses decreased \$0.4 million (1.3%) and the Wastewater Utility Fund decreased \$1.0 million (5.1%) primarily due to decreases in depreciation expense of \$0.4 million (5.0%) and \$1.1 million (10.5%) respectively. In the Solid Waste Fund, operating expenses increased \$0.2 million (1.7%) due to an increase of \$0.2 million (3.5%) in contractual services/commodities primarily in sanitation system supplies.

Operating income for the Water Utility Fund increased by \$0.6 million (10.8%) from fiscal year 2012 due to the increase in charges for services and a decrease in depreciation expense. Operating income for the Wastewater Utility Fund increased by \$2.8 million (121.9%) in fiscal year 2013 with the increase in charges for services and the decrease in depreciation expense discussed above. The Solid Waste Utility Fund operating income decreased \$1.1 million (91.9%) based on decreased charges for services as discussed above. The Stadium Fund and the Public Housing Fund had operating losses in fiscal years 2012 and 2013. The Stadium Fund's operating loss is substantially covered by transfers from the Half-

Cent Sales Tax Fund for governmental use and support of this facility. The Public Housing Fund operating loss is lower in fiscal year 2013 than 2012 primarily due to decreased depreciation expense. The Storm Drainage Fund essentially broke even in fiscal years 2012 and 2013.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2013.

### Fiscal year 2013 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 are required for the General Fund and all major special revenue funds and may be found on pages 30-34. 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 as well as the proprietary funds are also presented on pages 94-95, 104-112, 114-119, and 125-128.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1.E on page 53 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 \$473 million occurred during fiscal year 2013. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund inflows (revenues and other sources) of \$112.6 million, on a budgetary basis, exceeded budgeted inflows of \$107.6 million by \$5.0 million (4.6%) while budgetary basis outflows (expenditures and other uses) of \$116.0 million were 93.0% of final budgeted outflows. Revenues, on a budgetary basis, exceeded budgeted revenues in sales tax, property tax, state shared sales tax, urban revenue sharing, auto in-lieu tax, charges for other services, licenses and permits, rents, while falling short in franchise tax, investment earnings and fines and forfeitures. Reduced General Fund outflows resulted

primarily from unspent contingency. There were no expenditure overages for any of the functional categories, with the exception of capital outlay.

During the fiscal year, the original General Fund expenditures and other uses budget of \$134.7 million was amended by \$10.1 million to the final expenditure and other uses budget of \$124.6 million. Notable General Fund transfers were as follows:

- Contingency appropriation of \$0.3 million was transferred from General Fund to the Outside Sources Fund for amounts received from developers for CIP projects; Lake Pleasant Parkway and Annual Sidewalk Program.
- Appropriation of \$6.9 million was transferred from General Fund contingency to the Sports Complex Fund for Sports Complex Improvement Project.
- The purchase of turf maintenance equipment resulted in a contingency appropriation of \$0.4 million from the General Fund to the Sports Complex Fund.
- Contingency appropriation of \$2.4 million was transferred from the General Fund contingency to the Capital Project Funds for the carryover of capital improvement projects from FY2012.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2013, the City had \$1.3 billion invested in various capital assets, net of accumulated depreciation and related debt, up 1.5% 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 \$26.6 million from June 30, 2012. Net assets of business-type activities increased \$5.8 million while governmental activities increased \$20.8 million.

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

- ✓ The City spent \$7.3 million beginning a major renovation of the team clubhouses and the stadium at the Peoria Sports Complex. These improvements are pursuant to the new lease agreement with the San Diego Padres and the Seattle Mariners. The presence of these two teams has proven to be an important community asset, as well as an important economic driver. Recently constructed Spring Training complexes have raised the bar for these facilities, and the Padres and Mariners are desirous that the Peoria Sports Complex reflect this new standard. The total project costs is \$34.3 million.
- ✓ Current fire department support services facilities are inadequate to meet the department's needs. In responses, an industrial building at the corner of 78<sup>th</sup> Avenue and Seldon Lane was acquired; that with minor renovations can meet the program needs for high bay engine servicing, parts storage, shower/lockers, pandemic supplies storage, equipment and turn-out laundry/repair, SCBA compressor room, and office facilities. The City spent \$1.1 million to acquire the industrial building.
- ✓ Located at the southeast corner of 83<sup>rd</sup> and Olive Avenue, the City constructed a second community park, Pioneer Park. The park has approximately 80 acres of area to include six baseball/softball fields with associated concessions, restrooms, spectator areas and parking, four lighted soccer fields and support facilities, a five-acre lake, a skate park, a dog park, a splash park, picnic areas and gardens. The City spent an additional \$16.9 million in fiscal year 2013 for a total cost of \$19.7 million. Pioneer Park opened in September 2013.
- ✓ Sections of roadway along 83<sup>rd</sup> Ave have been widened due to development. However, the section between Butler Ave and Mountain View Road continues to be one lane in each direction. It has been determined that the area between Butler Ave and Grand Ave needs to be widened to four-lane roadway, with bike lanes and a raised landscape median. In fiscal year 2013, the City spent \$3.9 million on this street project.

The following table provides a breakdown of the capital assets of the City at June 30, 2013, and 2012. Additional information on the City's capital assets may be found in Note 12 on pages 73-75.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2013	2012	2013	2012	2013	2012	
Buildings and building improvements	\$ 137.7	\$ 133.3	\$ 21.5	\$ 23.7	\$ 159.2	\$ 157.0	1.4%
Furniture	.4	.6	.1	.1	.5	.7	(29.3)
Equipment	13.1	12.3	5.3	2.8	18.4	15.1	21.8
Vehicles	7.1	7.1	4.7	3.7	11.8	10.8	9.0
Surface water system	58.6	60.6	-	-	58.6	60.6	(3.2)
Street system	362.8	370.2	-	-	362.8	370.2	(2.0)
Park system	48.6	48.4	-	-	48.6	48.4	0.4
Water system	-	-	237.6	241.2	237.6	241.2	(1.5)
Water rights	-	-	11.3	11.6	11.3	11.6	(2.2)
Wastewater system	-	-	274.8	281.2	274.8	281.2	(2.3)
Land	339.2	336.7	16.6	17.0	355.8	353.7	0.6
Work in progress	161.7	139.2	49.5	34.3	211.2	173.5	21.7
Total	<u>\$ 1,129.2</u>	<u>\$ 1,108.4</u>	<u>\$ 621.4</u>	<u>\$ 615.6</u>	<u>\$ 1,750.6</u>	<u>\$ 1,724.0</u>	1.5

The City has adopted a ten year capital improvement plan budgeted at \$524.5 million, including \$154.1 million in fiscal year 2014. Anticipated funding for this plan for fiscal year 2014 is through a combination of impact fees (12.6%), general obligation bonds (19.2%), municipal development authority bonds (22.1%), operating revenues (23.3%), City (15.5%) and County (5.0%) transportation sales taxes and other outside funding sources (2.3%). The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$14.7 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, loans, notes, leases, contracts, compensated absences, and deferred bond premiums, net of deferred loss on bond refunding, was \$463.7 million at June 30, 2013. Of this total, \$345.4 million was in governmental activities and \$118.3 million was in business-type activities. The City's outstanding non-current debt increased \$3.2 million in fiscal year 2013. In fiscal year 2013, the Municipal Development Authority issued \$35.5 million in excise tax bonds to finance improvements to the City's sports complex facility.

Of the total outstanding bonds of \$424.4 million, \$162.4 million is general obligation bonds backed by the full faith and credit of the City. An additional \$3.5 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 \$53.7 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. The City's available debt margin at June 30, 2013, is \$66.6 million in the 6% category and \$66.8 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 75) and also in Table XXIII in the statistical section of this report (page 167).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2013, and 2012. Further detail on the City's outstanding debt may be found in Note 14 on pages 75-80.

**Outstanding Debt**  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2013	2012	2013	2012	2013	2012	
General obligation debt	\$ 162.4	\$ 171.0	\$ -	\$ -	\$ 162.4	\$ 171.0	(5.0)%
Municipal Development Authority debt	85.2	52.5	-	-	85.2	52.5	62.3
Special assessment debt	3.5	4.7	-	-	3.5	4.7	(25.5)
Water/Sewer Revenue bonds	-	-	119.5	128.3	119.5	128.3	(6.9)
Community Facilities District bonds	53.7	56.2	-	-	53.7	56.2	(4.4)
Contracts payable	57.2	62.9	6.3	6.9	63.5	69.8	(9.0)
Compensated absences	6.9	7.0	0.8	0.8	7.7	7.8	(1.3)
<b>Total</b>	<u>\$ 368.9</u>	<u>\$ 354.3</u>	<u>\$ 126.6</u>	<u>\$ 136.0</u>	<u>\$ 495.5</u>	<u>\$ 490.3</u>	1.1

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

### **ECONOMIC FACTORS**

The unemployment rate in the metropolitan Phoenix region for June 2013 was 7.2%, which remains below both the state (8.0%) and national average (7.6%). The regional economy continues to recover at a slow pace with population growth in the 1% range and modest improvements in job creation over the 12-month period at 2.0%, slightly faster than the national rate of 1.6%. Construction activity began to improve markedly over the previous year (though, much lower than after previous recessions) in the region as home values and re-sale activity rebounded. Most job gains in the state were in the construction, leisure and hospitality, business and financial services, education, and healthcare sectors. Peoria also experienced growth in new home starts with a 40% increase in single-family home permits compared to the previous fiscal year. Commercial activity improved during the year, but reflects increases over historically low levels during the previous two fiscal years.

The adopted fiscal year 2014 budget is \$468 million, a decrease of 1.1% from the fiscal year 2013 budget as the City anticipates slight property tax revenue decreases due to lag between the time properties are valued and the time they are billed. The operating budget totals \$313.9 million, which is an increase of 3.7% from 2013. The capital projects portion of the budget, \$154.1 million (a 9.6% decrease), is divided in the following manner: \$0.5 million for drainage projects, \$6.5 for operational facilities, \$46.1 million for parks, trails and open space, \$7.1 million for public safety projects, \$54.3 million for streets and traffic control projects, \$15.6 million for economic development projects, \$6.7 million for wastewater projects, and \$17.3 million for water projects.

The General Fund operating budget (not including contingency) is \$119.5 million, up 6.5% from the prior year budget. With the muted economic recovery, the citizens’ 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 fiscal year 2014 budget no longer required staff cuts, but adhering to the commitment to avoid ongoing commitments, ten new positions were added in the budget.

The City has maintained cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of an ever-changing city. The City has established several stabilization reserves within the General Fund and Half-Cent Sales Tax Fund in accordance with the City’s adopted financial policies – The Principles of Sound Financial Management. These reserves totaled \$31.4 million in the General Fund and \$5.2 million in the Half-Cent Sales Tax Fund at June 30, 2013. The City also maintains working capital policy reserve, rate stabilization, and debt stabilization reserves in the Utility Funds. At June 30, 2013, those reserves were \$11.9 million in the Water Utility, \$8.5 million in the Wastewater Utility, and \$2.2 million in the Solid Waste Utility. 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 2014 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.



**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,528,320	\$ 17,458,605	\$ 63,986,925
Cash with fiscal agents	3,745,828	-	3,745,828
Investments	183,903,685	67,517,836	251,421,521
Accounts receivable, net	10,470,509	8,472,448	18,942,957
Interest receivable	248,263	73,228	321,491
Internal balances	(1,917,820)	1,917,820	-
Due from other governments	4,287,261	-	4,287,261
Prepaid items	171,060	2,610	173,670
Supply inventories	403,255	326,492	729,747
Restricted cash and cash equivalents	47,182,046	-	47,182,046
Restricted investments	28,362,497	-	28,362,497
Other assets	1,800,000	-	1,800,000
Special assessments receivable	3,520,000	-	3,520,000
Capital assets:			
Non-depreciable	500,850,130	66,115,381	566,965,511
Depreciable (net)	628,395,502	555,314,356	1,183,709,858
Total assets	<u>1,457,950,536</u>	<u>717,198,776</u>	<u>2,175,149,312</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on bond refunding	<u>407,974</u>	<u>331,807</u>	<u>739,781</u>
<b>LIABILITIES</b>			
Accounts payable	11,956,686	3,599,571	15,556,257
Accrued payroll	1,122,629	134,898	1,257,527
Interest payable	6,389,570	1,901,629	8,291,199
Due to other governments	1,257,224	676,177	1,933,401
Other liabilities	3,037,933	277,171	3,315,104
Customer deposits	3,567	1,901,298	1,904,865
Unearned revenue-other	3,354,815	26,450	3,381,265
Non-current liabilities:			
Due within one year:			
Current portion of claims payable	1,660,785	-	1,660,785
Current portion of compensated absences	5,102,910	614,690	5,717,600
Current portion of contracts payable	5,174,034	563,190	5,737,224
Current portion of bonds payable	16,705,000	9,007,117	25,712,117
Due in more than one year:			
Noncurrent portion of claims payable	2,174,989	-	2,174,989
Noncurrent portion of compensated absences	1,779,189	228,040	2,007,229
Noncurrent portion of contracts payable	51,991,948	5,734,014	57,725,962
Noncurrent portion of bonds payable	288,145,000	110,500,533	398,645,533
Plus: Unamortized bond premium	3,850,154	2,167,805	6,017,959
Total liabilities	<u>403,706,433</u>	<u>137,332,583</u>	<u>541,039,016</u>
<b>NET POSITION</b>			
Net investment in capital assets	829,001,871	493,788,885	1,322,790,756
Restricted for:			
Debt service	53,849,607	-	53,849,607
Capital projects	3,396,396	21,475,445	24,871,841
Development fees	25,743,432	-	25,743,432
Transportation purposes	40,936,011	-	40,936,011
Grant purposes	2,725,456	-	2,725,456
Facilities maintenance	108,517	100,000	208,517
Trust purpose	4,791,144	-	4,791,144
Unrestricted	94,099,643	64,833,670	158,933,313
Total net position	<u>\$ 1,054,652,077</u>	<u>\$ 580,198,000</u>	<u>\$ 1,634,850,077</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, 2013**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Fees, Fines &amp; Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 19,175,790	\$ 2,712,644	\$ 162,996	\$ -
Culture and recreation	22,434,968	7,055,179	416,918	2,020,935
Police	35,396,834	1,135,692	491,838	467,546
Fire	21,360,706	1,664,610	356,547	622,335
Development services	8,374,619	2,398,630	495,153	-
Highways and streets	29,967,207	456,791	8,435,926	18,374,213
Public works	6,989,988	3,278,257	128,745	-
Human services	2,196,801	43,320	1,952,637	-
Interest on long-term debt	12,739,029	-	-	-
Unallocated depreciation	574,557	-	-	-
Total governmental activities	<u>159,210,499</u>	<u>18,745,123</u>	<u>12,440,760</u>	<u>21,485,029</u>
Business-type activities:				
Water Utility	29,094,123	34,100,166	-	4,106,779
Wastewater Utility	20,342,376	18,459,924	-	3,216,703
Solid Waste Utility	10,503,928	11,003,792	-	-
Stadium	5,140,500	2,716,778	-	-
Storm Drain Utility	806,658	816,478	-	-
Housing programs	273,528	100,165	67,915	-
Total business-type activities	<u>66,161,113</u>	<u>67,197,303</u>	<u>67,915</u>	<u>7,323,482</u>
Total primary government	<u>\$ 225,371,612</u>	<u>\$ 85,942,426</u>	<u>\$ 12,508,675</u>	<u>\$ 28,808,511</u>

General revenues:

Taxes:

Property taxes, levied for general purposes  
Property taxes, levied for debt service  
Sales and use taxes  
Franchise taxes  
State shared sales taxes- unrestricted  
Urban revenue sharing- unrestricted  
Auto in-lieu taxes- unrestricted

Investment earnings

Gain on sale of capital assets

Expired development agreement debt

Miscellaneous

Special Item: Close out of Public Housing

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning

Cummulative effect of change in accounting principle (note 1)

Net position - beginning - restated

Net position - ending

The accompanying notes are an integral part of the financial statements

**Net (Expense) Revenue and  
Changes in Net Position  
Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (16,300,150)	\$ -	\$ (16,300,150)
(12,941,936)	-	(12,941,936)
(33,301,758)	-	(33,301,758)
(18,717,214)	-	(18,717,214)
(5,480,836)	-	(5,480,836)
(2,700,277)	-	(2,700,277)
(3,582,986)	-	(3,582,986)
(200,844)	-	(200,844)
(12,739,029)	-	(12,739,029)
(574,557)	-	(574,557)
<u>(106,539,587)</u>	<u>-</u>	<u>(106,539,587)</u>
-	9,112,822	9,112,822
-	1,334,251	1,334,251
-	499,864	499,864
-	(2,423,722)	(2,423,722)
-	9,820	9,820
-	(105,448)	(105,448)
<u>-</u>	<u>8,427,587</u>	<u>8,427,587</u>
<u>\$ (106,539,587)</u>	<u>\$ 8,427,587</u>	<u>\$ (98,112,000)</u>
\$ 2,848,691	\$ -	\$ 2,848,691
16,628,634	-	16,628,634
65,950,235	-	65,950,235
4,136,004	-	4,136,004
12,665,191	-	12,665,191
14,425,958	-	14,425,958
5,155,206	-	5,155,206
599,263	176,176	775,439
66,465	-	66,465
630,104	-	630,104
4,397,616	-	4,397,616
-	(2,101,809)	(2,101,809)
(9,394,454)	9,394,454	-
<u>118,108,913</u>	<u>7,468,821</u>	<u>125,577,734</u>
<u>11,569,326</u>	<u>15,896,408</u>	<u>27,465,734</u>
<u>1,045,833,799</u>	<u>564,684,770</u>	<u>1,610,518,569</u>
<u>(2,751,048)</u>	<u>(383,178)</u>	<u>(3,134,226)</u>
<u>1,043,082,751</u>	<u>564,301,592</u>	<u>1,607,384,343</u>
<u>\$ 1,054,652,077</u>	<u>\$ 580,198,000</u>	<u>\$ 1,634,850,077</u>

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Major Funds			
	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>				
Assets:				
Cash and cash equivalents	\$ 10,098,918	\$ 2,430,727	\$ 2,665,138	\$ 5,653,583
Cash with fiscal agents	-	-	-	-
Investments	39,116,129	9,660,852	10,592,510	22,469,994
Accounts receivable, net	5,487,712	1,499,009	304,087	899,536
Interest receivable	39,907	11,112	11,709	25,475
Due from other funds	175,375	-	-	-
Due from other governments	2,599,327	-	802,007	-
Prepaid items	123,315	-	-	-
Supply inventories	136,328	-	73,819	-
Restricted cash and cash equivalents	326,568	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Interfund receivable (non-current)	-	-	-	-
Total assets	<u>58,103,579</u>	<u>13,601,700</u>	<u>14,449,270</u>	<u>29,048,588</u>
Total assets & deferred outflows	<u>\$ 58,103,579</u>	<u>\$ 13,601,700</u>	<u>\$ 14,449,270</u>	<u>\$ 29,048,588</u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,849,386	\$ -	\$ 1,055,695	\$ 1,461,825
Accrued payroll	984,392	-	39,300	-
Due to other funds	-	-	-	-
Due to other governments	1,256,919	-	-	-
Customer deposits	3,567	-	-	-
Other liabilities	1,918,272	-	-	-
Unearned revenue-other	1,147,133	-	-	-
Interfund payable (non-current)	-	-	-	-
Total liabilities	<u>7,159,669</u>	<u>-</u>	<u>1,094,995</u>	<u>1,461,825</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	18,922	-	5,027	-
Unavailable revenue-special assessments	-	-	-	-
Total deferred inflows of resources	<u>18,922</u>	<u>-</u>	<u>5,027</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Supply inventories	136,328	-	73,819	-
Prepaid items	123,315	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Development fees	-	-	-	-
Transportation purposes	-	-	13,275,429	27,586,763
Grant purposes	-	-	-	-
Arts Center maintenance	108,517	-	-	-
Committed to:				
Debt service	-	1,000,000	-	-
Economic development	1,829,466	-	-	-
Arts capital	-	-	-	-
Operating reserve	13,400,000	-	-	-
Emergency reserve	9,000,000	-	-	-
Budget stabilization reserve	9,000,000	5,200,000	-	-
Assigned to:				
Capital projects	-	-	-	-
Municipal Complex reserve	3,330,705	-	-	-
Council Half-Cent Policy	-	7,401,700	-	-
Other purposes	-	-	-	-
Unassigned:				
Total fund balance	<u>50,924,988</u>	<u>13,601,700</u>	<u>13,349,248</u>	<u>27,586,763</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 58,103,579</u>	<u>\$ 13,601,700</u>	<u>\$ 14,449,270</u>	<u>\$ 29,048,588</u>

The accompanying notes are an integral part of the financial statements

<b>GO Bond Debt Service Fund</b>	<b>Development Fee Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,805,329	\$ 5,743,892	\$ 8,033,551	\$ 40,431,138
-	-	3,745,828	3,745,828
23,073,104	22,828,923	31,929,107	159,670,619
1,853,418	-	391,547	10,435,309
18,781	30,080	85,720	222,784
-	-	1,200,000	1,375,375
176,777	-	709,150	4,287,261
-	-	25,000	148,315
-	-	-	210,147
-	-	46,855,478	47,182,046
-	-	28,362,497	28,362,497
-	-	3,520,000	3,520,000
-	-	890,133	890,133
<u>30,927,409</u>	<u>28,602,895</u>	<u>125,748,011</u>	<u>300,481,452</u>
<u>\$ 30,927,409</u>	<u>\$ 28,602,895</u>	<u>\$ 125,748,011</u>	<u>\$ 300,481,452</u>
\$ 720	\$ 628,318	\$ 5,421,163	\$ 10,417,107
-	-	11,076	1,034,768
-	1,341,012	34,363	1,375,375
-	-	305	1,257,224
-	-	-	3,567
-	-	1,119,661	3,037,933
-	-	2,207,682	3,354,815
-	890,133	-	890,133
<u>720</u>	<u>2,859,463</u>	<u>8,794,250</u>	<u>21,370,922</u>
101,123	-	14,287	139,359
-	-	3,520,000	3,520,000
<u>101,123</u>	<u>-</u>	<u>3,534,287</u>	<u>3,659,359</u>
-	-	-	210,147
-	-	25,000	148,315
30,825,566	-	23,024,041	53,849,607
-	-	65,254,257	65,254,257
-	25,743,432	-	25,743,432
-	-	-	40,862,192
-	-	2,725,456	2,725,456
-	-	-	108,517
-	-	-	1,000,000
-	-	-	1,829,466
-	-	3,804,379	3,804,379
-	-	-	13,400,000
-	-	-	9,000,000
-	-	-	14,200,000
-	-	18,491,040	18,491,040
-	-	-	3,330,705
-	-	-	7,401,700
-	-	95,301	95,301
-	-	-	13,996,657
<u>30,825,566</u>	<u>25,743,432</u>	<u>113,419,474</u>	<u>275,451,171</u>
<u>\$ 30,927,409</u>	<u>\$ 28,602,895</u>	<u>\$ 125,748,011</u>	<u>\$ 300,481,452</u>



**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

Fund balances - total governmental funds balance sheet		\$ 275,451,171
<p>Amounts reported for governmental activities in the statement of net position are different because (also see note 2):</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 1,381,949,305	
Less accumulated depreciation	<u>(270,648,570)</u>	1,111,300,735
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred loss on bond refunding		407,974
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental bonds payable	304,850,000	
Governmental contracts payable	57,165,982	
Compensated absences	<u>6,168,169</u>	(368,184,151)
<p>Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting</p>		
		1,800,000
<p>Advances for long-term special assessments is shown on the governmental governmental funds balance sheet, but is not on the statement of net position</p>		
		3,520,000
<p>Bond premiums are recognized at the time of issuance in the governmental funds, but recognized over the life of the bonds for government-wide reporting</p>		
		(3,850,154)
<p>Property tax revenue earned but not received within 60 days of year-end is a deferred inflow of resources for the governmental statements, but is recognized as revenue for the government-wide statements</p>		
		139,359
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		
		(6,389,570)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with the governmental activities.</p>		
		<u>40,456,713</u>
Total net position of governmental activities - statement of net position		<u>\$ 1,054,652,077</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Transportation Sales Tax Fund</b>
<b>REVENUES:</b>				
Taxes:				
Sales and use taxes	\$ 36,450,780	\$ 16,355,776	\$ 3,338,510	\$ 9,805,169
Property taxes	2,392,199	-	504,985	-
Franchise taxes	4,136,004	-	-	-
Intergovernmental:				
State shared sales taxes	12,665,191	-	-	-
Urban revenue sharing	14,425,958	-	-	-
Auto in-lieu taxes	5,155,206	-	-	-
Highway user revenue	-	-	8,435,926	-
From federal government	442	-	-	-
Other	304,007	-	-	-
Charges for services	11,726,961	-	162,815	-
Licenses and permits	2,564,075	-	-	-
Fines and forfeitures	2,058,925	-	-	-
Rents	1,101,082	-	-	-
Investment earnings	78,830	26,779	27,448	61,437
Special assessments	-	-	-	-
Miscellaneous	1,207,942	27,125	65,056	60,830
Total revenues	<u>94,267,602</u>	<u>16,409,680</u>	<u>12,534,740</u>	<u>9,927,436</u>
<b>EXPENDITURES:</b>				
Current:				
General government	13,158,069	1,441,015	-	-
Culture and recreation	19,043,986	-	-	-
Police	34,647,501	-	-	-
Fire	21,001,220	-	-	-
Development services	6,219,633	-	-	-
Highways and streets	-	-	12,332,717	1,991,302
Public works	4,785,975	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	-	1,352,910	-	-
Interest and other charges	-	18,010	-	-
Capital outlay	2,820,652	-	530,090	2,303,153
Total expenditures	<u>101,677,036</u>	<u>2,811,935</u>	<u>12,862,807</u>	<u>4,294,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,409,434)</u>	<u>13,597,745</u>	<u>(328,067)</u>	<u>5,632,981</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	8,469,088	496,659	1,066,230	-
Transfers out	(1,543,141)	(13,353,028)	-	(4,126,930)
Total other financing sources and uses	<u>6,925,947</u>	<u>(12,856,369)</u>	<u>1,066,230</u>	<u>(4,126,930)</u>
Net change in fund balances	<u>(483,487)</u>	<u>741,376</u>	<u>738,163</u>	<u>1,506,051</u>
Fund balances - beginning	51,408,475	12,860,324	12,611,085	26,080,712
Fund balances - ending	<u>\$ 50,924,988</u>	<u>\$ 13,601,700</u>	<u>\$ 13,349,248</u>	<u>\$ 27,586,763</u>

The accompanying notes are an integral part of the financial statements

<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 65,950,235
14,781,897	-	2,183,404	19,862,485
-	-	-	4,136,004
-	-	-	12,665,191
-	-	-	14,425,958
-	-	-	5,155,206
-	-	-	8,435,926
-	-	2,929,258	2,929,700
-	-	5,915,156	6,219,163
-	8,916,126	599,721	21,405,623
-	-	-	2,564,075
-	-	198,552	2,257,477
-	-	-	1,101,082
45,322	72,792	225,124	537,732
-	-	1,217,271	1,217,271
-	-	4,519,558	5,880,511
<u>14,827,219</u>	<u>8,988,918</u>	<u>17,788,044</u>	<u>174,743,639</u>
2,800	495	492,487	15,094,866
-	127,442	497,170	19,668,598
-	37,521	690,144	35,375,166
-	4,267	321,613	21,327,100
-	-	2,348,380	8,568,013
-	13,205	2,018,281	16,355,505
-	-	128,745	4,914,720
-	-	2,213,374	2,213,374
8,585,000	3,777,253	6,405,000	20,120,163
6,294,094	-	6,221,935	12,534,039
-	640,004	33,318,799	39,612,698
<u>14,881,894</u>	<u>4,600,187</u>	<u>54,655,928</u>	<u>195,784,242</u>
<u>(54,675)</u>	<u>4,388,731</u>	<u>(36,867,884)</u>	<u>(21,040,603)</u>
-	-	35,510,000	35,510,000
-	-	1,039,481	1,039,481
97,738	-	6,838,390	16,968,105
-	(21,242)	(8,160,725)	(27,205,066)
<u>97,738</u>	<u>(21,242)</u>	<u>35,227,146</u>	<u>26,312,520</u>
<u>43,063</u>	<u>4,367,489</u>	<u>(1,640,738)</u>	<u>5,271,917</u>
30,782,503	21,375,943	115,060,212	270,179,254
<u>\$ 30,825,566</u>	<u>\$ 25,743,432</u>	<u>\$ 113,419,474</u>	<u>\$ 275,451,171</u>



**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, 2013**

Net change in fund balances - total governmental funds	\$ 5,271,917
Amounts reported for governmental activities in the statement of activities are different because (also see note 2):	
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.	146,071
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.	(385,158)
Certain long-term obligations are offset by goodwill that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements	(540,000)
Special assessment principal payments received are revenues on the governmental operating statement, but are reductions in the outstanding special assessment debt for government-wide reporting.	(1,031,324)
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.	(204,990)
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 (\$39,612,698), plus other capital \$0, is exceeded by depreciation (\$27,952,231) in the current period.	11,660,467
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.	61,607
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	6,704,158
A development agreement (long-term debt) expired during the year. This had no effect on the governmental financial statements, but creates a special item on the statement of activities.	630,104
The issuance of long-term debt provides current financial resources in the governmental funds, but creates a long-term liability in the statement of activities.	(35,510,000)
Repayment of bonds/contracts principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. No effect on net position.	20,120,163
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.	(1,039,481)
The donation of governmental capital assets from Governmental Funds is not shown in the governmental fund statements but is a transfer out in the statement of activities	(1,342,130)
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.	7,027,922
Change in net position of governmental activities- statement of activities	<u>\$ 11,569,326</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2012	\$ 47,457,106	\$ 47,457,106	\$ 47,457,106	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	33,773,042	33,773,042	36,075,747	2,302,705
Property taxes	2,317,569	2,317,569	2,342,812	25,243
Franchise taxes	4,206,352	4,206,352	4,120,373	(85,979)
Intergovernmental:				
State shared sales taxes	12,446,215	12,446,215	12,534,939	88,724
Urban revenue sharing	15,344,410	15,344,410	15,737,409	392,999
Auto in-lieu taxes	4,793,869	4,793,869	5,090,274	296,405
From federal government	-	-	442	442
Other	248,667	248,667	258,687	10,020
Charges for services	23,098,605	23,098,605	23,603,776	505,171
Licenses and permits	1,839,088	1,839,088	2,564,075	724,987
Fines and forfeitures	2,352,061	2,352,061	2,058,925	(293,136)
Rents	365,400	365,400	1,102,069	736,669
Investment earnings	232,000	232,000	64,119	(167,881)
Miscellaneous	701,440	701,440	1,207,942	506,502
Transfers from other funds	5,900,537	5,900,537	5,899,770	(767)
Total inflows	<u>107,619,255</u>	<u>107,619,255</u>	<u>112,661,359</u>	<u>5,042,104</u>
Amounts available for appropriation	<u>155,076,361</u>	<u>155,076,361</u>	<u>160,118,465</u>	<u>5,042,104</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government:				
Mayor and council	652,117	652,117	605,405	(46,712)
City manager	3,859,336	3,859,336	3,787,296	(72,040)
Human resources	2,448,513	2,448,513	2,431,744	(16,769)
Attorney	3,115,442	3,235,442	3,218,558	(16,884)
City clerk	949,360	949,360	780,536	(168,824)
Court	1,953,037	1,953,037	1,869,818	(83,219)
Economic development	1,255,884	1,258,894	1,177,958	(80,936)
Finance	9,968,360	9,611,146	9,259,854	(351,292)
Non-departmental	2,680,574	2,893,031	1,489,478	(1,403,553)
Culture and recreation	19,672,918	19,928,163	19,161,408	(766,755)
Police	35,211,761	35,111,261	34,857,071	(254,190)
Fire	21,233,589	21,233,589	21,130,710	(102,879)
Development services	5,343,350	6,783,320	6,255,982	(527,338)
Public works	5,086,175	5,106,150	4,813,484	(292,666)
Debt service:				
Capital outlay	3,720,814	4,625,248	4,786,777	161,529
Contingencies	17,159,120	4,601,803	-	(4,601,803)
Transfers to other funds	373,713	373,713	372,896	(817)
Total charges to appropriations	<u>134,684,063</u>	<u>124,624,123</u>	<u>115,998,975</u>	<u>(8,625,148)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 20,392,298</u>	<u>\$ 30,452,238</u>	<u>\$ 44,119,490</u>	<u>\$ 13,667,252</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, 2013**

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 160,118,465
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(47,457,106)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(5,899,770)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(12,112,496)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(381,491)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 94,267,602</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 115,998,975
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	144,221
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(728,503)
Capital outlay recognized as expenditures in proprietary fund for budgetary purposes, but assets reclassified to expenditure in governmental funds for financial reporting purposes	
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,252,265)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(12,112,496)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(372,896)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 101,677,036</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 14,399,133	\$ 14,399,133	\$ 14,399,133	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	15,082,827	15,082,827	16,179,417	1,096,590
Investment earnings	79,000	79,000	22,481	(56,519)
Miscellaneous	-	-	27,125	27,125
Transfers from other funds	-	-	496,659	496,659
Total inflows	<u>15,161,827</u>	<u>15,161,827</u>	<u>16,725,682</u>	<u>1,563,855</u>
Amounts available for appropriation	<u>29,560,960</u>	<u>29,560,960</u>	<u>31,124,815</u>	<u>1,563,855</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government- non-departmental	1,364,265	2,043,731	1,441,015	(602,716)
Debt service:				
Principal payments	1,330,000	1,330,000	1,352,910	22,910
Interest and other charges	26,000	26,000	18,010	(7,990)
Capital outlay	-	112,560	143,209	30,649
Contingencies	3,000,000	1,594,315	-	(1,594,315)
Transfers to other funds	9,995,940	9,995,940	10,770,783	774,843
Total charges to appropriations	<u>15,716,205</u>	<u>15,102,546</u>	<u>13,725,927</u>	<u>(1,376,619)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 13,844,755</u>	<u>\$ 14,458,414</u>	<u>\$ 17,398,888</u>	<u>\$ 2,940,474</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 31,124,815
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(14,399,133)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(496,659)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	180,657
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 16,409,680</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 13,725,927
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(30,649)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(112,560)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(10,770,783)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,811,935</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 12,174,696	\$ 12,174,696	\$ 12,174,696	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	3,288,499	3,288,499	3,322,354	33,855
Property taxes	516,729	516,729	500,171	(16,558)
Intergovernmental:				
Highway user revenue	7,854,000	7,854,000	8,387,623	533,623
Charges for services	450,500	450,500	521,678	71,178
Investment earnings	118,771	118,771	22,183	(96,588)
Miscellaneous	-	-	65,056	65,056
Transfers from other funds	1,516,729	1,516,729	1,569,745	53,016
Total inflows	<u>13,745,228</u>	<u>13,745,228</u>	<u>14,388,810</u>	<u>643,582</u>
Amounts available for appropriation	<u>25,919,924</u>	<u>25,919,924</u>	<u>26,563,506</u>	<u>643,582</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	9,481,864	9,416,864	8,877,710	(539,154)
Capital outlay	4,605,215	4,720,114	3,818,245	(901,869)
Contingencies	1,268,627	1,250,375	-	(1,250,375)
Transfers to other funds	632,062	632,062	503,515	(128,547)
Total charges to appropriations	<u>15,987,768</u>	<u>16,019,415</u>	<u>13,199,470</u>	<u>(2,819,945)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 9,932,156</u>	<u>\$ 9,900,509</u>	<u>\$ 13,364,036</u>	<u>\$ 3,463,527</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 26,563,506
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(12,174,696)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(1,569,745)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(295,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	10,675
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,534,740</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 13,199,470
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(6,795)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	468,647
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)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(503,515)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,862,807</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, 2013**

	<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>
Budgetary fund balance, July 1, 2012	\$ 26,581,990	\$ 26,581,990	\$ 26,581,990	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	9,087,148	9,087,148	9,698,473	611,325
Investment earnings	119,000	119,000	51,052	(67,948)
Miscellaneous	-	-	60,830	60,830
Total inflows	<u>9,206,148</u>	<u>9,206,148</u>	<u>9,810,355</u>	<u>604,207</u>
Amounts available for appropriation	<u>35,788,138</u>	<u>35,788,138</u>	<u>36,392,345</u>	<u>604,207</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	1,255,904	930,756	556,643	(374,113)
Capital outlay	17,027,087	17,590,681	3,191,716	(14,398,965)
Contingencies	1,619,053	1,307,527	-	(1,307,527)
Transfers to other funds	5,415,552	5,415,552	4,126,930	(1,288,622)
Total charges to appropriations	<u>25,317,596</u>	<u>25,244,516</u>	<u>7,875,289</u>	<u>(17,369,227)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 10,470,542</u>	<u>\$ 10,543,622</u>	<u>\$ 28,517,056</u>	<u>\$ 17,973,434</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 36,392,345
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(26,581,990)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	-
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	117,081
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,927,436</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,875,289
Differences - budget to GAAP:	
The city budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	-
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	546,096
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(4,126,930)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,294,455</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2013**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 9,040,935	\$ 3,469,612	\$ 4,057,988	\$ 278,701
Investments	35,789,121	13,933,665	16,128,352	1,097,741
Accounts receivable, net	4,948,947	2,182,225	1,247,379	4,250
Interest receivable	39,979	12,090	18,472	2,031
Prepaid items	-	-	2,610	-
Supplies inventory	248,655	-	77,837	-
Total current assets	<u>50,067,637</u>	<u>19,597,592</u>	<u>21,532,638</u>	<u>1,382,723</u>
Non-current assets:				
Capital assets:				
Buildings and improvements	1,744,850	7,659,795	10,799	25,781,679
Distribution and collection systems	311,274,825	348,408,169	-	-
Water Rights	12,889,809	-	-	-
Equipment	5,301,047	2,185,969	28,430	916,344
Vehicles	1,722,934	1,246,720	10,300,730	503,728
Furniture	186,058	29,004	-	-
Less accumulated depreciation and amortization	(78,663,359)	(76,480,736)	(6,279,421)	(13,477,872)
Land and improvements	6,031,539	3,878,001	-	6,703,349
Construction in progress	26,550,656	15,413,169	-	7,538,667
Capital assets, net	<u>287,038,359</u>	<u>302,340,091</u>	<u>4,060,538</u>	<u>27,965,895</u>
Total assets	<u>337,105,996</u>	<u>321,937,683</u>	<u>25,593,176</u>	<u>29,348,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on bond refunding	314,357	17,450	-	-
Total deferred outflows of resources	<u>314,357</u>	<u>17,450</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,394,146	999,706	545,530	651,004
Accrued payroll	50,597	28,013	33,546	19,526
Accrued interest payable	618,112	1,283,517	-	-
Due to other governments	207,746	-	-	215
Customer Deposits	1,901,298	-	-	-
Other current liabilities	127,795	146,873	-	2,503
Current portion of claims payable	-	-	-	-
Current portion of compensated absences	268,390	109,800	149,430	71,990
Current portion of bonds & contracts payable	4,345,727	5,224,580	-	-
Unearned revenue-other	-	-	-	26,450
Total current liabilities	<u>8,913,811</u>	<u>7,792,489</u>	<u>728,506</u>	<u>771,688</u>
Non-current liabilities:				
Long-term portion of claims payable	-	-	-	-
Long-term portion of compensated absences	108,610	30,850	49,610	35,270
Long-term portion of bonds & contracts payable	37,920,044	78,050,446	264,057	-
Plus: Deferred bond premium	1,662,197	505,608	-	-
Total non-current liabilities	<u>39,690,851</u>	<u>78,586,904</u>	<u>313,667</u>	<u>35,270</u>
Total liabilities	<u>48,604,662</u>	<u>86,379,393</u>	<u>1,042,173</u>	<u>806,958</u>
<b>NET POSITION</b>				
Net investment in capital assets	243,424,748	218,576,907	3,796,481	27,965,895
Restricted:				
Capital projects	10,964,351	3,166,309	7,127,160	217,625
Sports Complex OM&R	-	-	-	100,000
Trust purpose	-	-	-	-
Unrestricted	34,426,592	13,832,524	13,627,362	258,140
Total net position	<u>\$ 288,815,691</u>	<u>\$ 235,575,740</u>	<u>\$ 24,551,003</u>	<u>\$ 28,541,660</u>

Some amounts reported for *business-type activities* in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position of business-type activities

The accompanying notes are an integral part of the financial statements

<u>Storm Drain Utility Fund</u>	<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 143,153	\$ 468,216	\$ 17,458,605	\$ 6,097,182
568,957	-	67,517,836	24,233,066
89,647	-	8,472,448	35,200
656	-	73,228	25,479
-	-	2,610	22,745
-	-	326,492	193,108
<u>802,413</u>	<u>468,216</u>	<u>93,851,219</u>	<u>30,606,780</u>
-	-	35,197,123	148,102
24,856	-	659,707,850	-
-	-	12,889,809	-
-	-	8,431,790	33,301,962
-	-	13,774,112	23,786,609
-	-	215,062	30,745
(2)	-	(174,901,390)	(42,292,588)
-	-	16,612,889	-
-	-	49,502,492	2,970,067
<u>24,854</u>	<u>-</u>	<u>621,429,737</u>	<u>17,944,897</u>
<u>827,267</u>	<u>468,216</u>	<u>715,280,956</u>	<u>48,551,677</u>
-	-	331,807	-
-	-	331,807	-
9,185	-	3,599,571	1,539,579
3,216	-	134,898	87,861
-	-	1,901,629	-
-	468,216	676,177	-
-	-	1,901,298	-
-	-	277,171	-
-	-	-	1,660,785
15,080	-	614,690	507,950
-	-	9,570,307	-
-	-	26,450	-
<u>27,481</u>	<u>468,216</u>	<u>18,702,191</u>	<u>3,796,175</u>
-	-	-	2,174,989
3,700	-	228,040	205,980
-	-	116,234,547	-
-	-	2,167,805	-
<u>3,700</u>	<u>-</u>	<u>118,630,392</u>	<u>2,380,969</u>
<u>31,181</u>	<u>468,216</u>	<u>137,332,583</u>	<u>6,177,144</u>
24,854	-	493,788,885	17,944,897
-	-	21,475,445	-
-	-	100,000	-
-	-	-	4,791,144
771,232	-	62,915,850	19,638,492
<u>\$ 796,086</u>	<u>\$ -</u>	<u>\$ 578,280,180</u>	<u>\$ 42,374,533</u>
		1,917,820	
		<u>\$ 580,198,000</u>	

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 34,061,533	\$ 18,423,204	\$ 10,934,962	\$ 1,283,732
Rents	-	-	-	1,434,296
From federal government	-	-	-	-
Miscellaneous	33,483	36,720	776	(1,250)
Total operating revenues	<u>34,095,016</u>	<u>18,459,924</u>	<u>10,935,738</u>	<u>2,716,778</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	4,740,579	2,391,747	3,294,605	1,573,767
Contractual services, materials and supplies	15,213,706	6,628,958	6,524,869	2,991,318
Insurance claims and expenses	-	-	-	-
Depreciation and amortization	8,352,791	8,935,712	1,017,792	710,500
Total operating expenses	<u>28,307,076</u>	<u>17,956,417</u>	<u>10,837,266</u>	<u>5,275,585</u>
Operating income (loss)	<u>5,787,940</u>	<u>503,507</u>	<u>98,472</u>	<u>(2,558,807)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	96,628	29,193	44,626	3,157
Interest expense	(1,073,334)	(2,507,798)	-	(81)
Gain(loss) on sale of capital assets	5,150	-	68,054	-
Total non-operating revenues (expenses)	<u>(971,556)</u>	<u>(2,478,605)</u>	<u>112,680</u>	<u>3,076</u>
Income (loss) before contributions and transfers	4,816,384	(1,975,098)	211,152	(2,555,731)
Capital contributions	5,448,909	3,216,703	-	-
Special Items	-	-	-	-
Transfers in	1,714,544	3,083,246	3,258	7,718,860
Transfers out	(3,849,754)	(618,844)	(23,842)	-
Change in net position	<u>8,130,083</u>	<u>3,706,007</u>	<u>190,568</u>	<u>5,163,129</u>
Total net position - beginning	280,943,952	231,994,567	24,360,435	23,378,531
Cumulative effect of changes in accounting principle (note 1)	(258,344)	(124,834)	-	-
Total net position - beginning, restated	<u>280,685,608</u>	<u>231,869,733</u>	<u>24,360,435</u>	<u>23,378,531</u>
Total net position - ending	<u>\$ 288,815,691</u>	<u>\$ 235,575,740</u>	<u>\$ 24,551,003</u>	<u>\$ 28,541,660</u>

Some amounts reported for *business-type activities* on the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in net position of business-type activities

Storm Drain Utility Fund	Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ 816,478	\$ -	\$ 65,519,909	\$ 37,326,644
-	95,131	1,529,427	-
-	67,915	67,915	-
-	5,034	74,763	230,759
<u>816,478</u>	<u>168,080</u>	<u>67,192,014</u>	<u>37,557,403</u>
290,845	-	12,291,543	7,984,645
515,811	211,239	32,085,901	12,596,334
-	-	-	11,298,944
2	62,289	19,079,086	4,028,636
<u>806,658</u>	<u>273,528</u>	<u>63,456,530</u>	<u>35,908,559</u>
<u>9,820</u>	<u>(105,448)</u>	<u>3,735,484</u>	<u>1,648,844</u>
2,499	73	176,176	61,531
-	-	(3,581,213)	-
-	-	73,204	42,513
<u>2,499</u>	<u>73</u>	<u>(3,331,833)</u>	<u>104,044</u>
12,319	(105,375)	403,651	1,752,888
-	-	8,665,612	19,000
-	(2,101,809)	(2,101,809)	-
24,856	-	12,544,764	2,312,937
-	-	(4,492,440)	(128,300)
<u>37,175</u>	<u>(2,207,184)</u>	<u>15,019,778</u>	<u>3,956,525</u>
758,911	2,207,184	563,643,580	38,418,008
-	-	(383,178)	-
<u>758,911</u>	<u>2,207,184</u>	<u>563,260,402</u>	<u>38,418,008</u>
<u>\$ 796,086</u>	<u>\$ -</u>	<u>\$ 578,280,180</u>	<u>\$ 42,374,533</u>

876,630

\$ 15,896,408

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 34,532,094	\$ 18,383,050	\$ 11,101,683	\$ 2,738,364
Payments to suppliers	(13,618,073)	(5,884,957)	(2,525,716)	(2,270,382)
Payments to employees	(4,707,677)	(2,378,805)	(3,297,799)	(1,559,237)
Self-insurance costs	-	-	-	-
Payments to internal service funds	(1,409,308)	(451,731)	(3,803,916)	(352,269)
Net cash provided (used) by operating activities	<u>14,797,036</u>	<u>9,667,557</u>	<u>1,474,252</u>	<u>(1,443,524)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,714,544	3,083,246	3,258	7,718,860
Transfers out	(3,849,754)	(618,844)	(23,842)	-
Interfund loans payable	-	-	-	-
Special Item	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(2,135,210)</u>	<u>2,464,402</u>	<u>(20,584)</u>	<u>7,718,860</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(6,323,015)	(5,419,445)	(1,592,830)	(7,677,237)
Disposal of capital assets	6,189	-	68,054	-
Capital contributions	2,108,860	1,096,764	-	-
Principal payments on capital debt	(3,841,461)	(5,573,941)	-	-
Interest paid on capital debt	(1,373,606)	(2,668,579)	-	(81)
Net cash provided (used) by capital and related financing activities	<u>(9,423,033)</u>	<u>(12,565,201)</u>	<u>(1,524,776)</u>	<u>(7,677,318)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(5,399,800)	(2,101,400)	(2,432,000)	(167,200)
Proceeds from sale of investments	1,858,077	2,481,627	2,617,829	1,307,126
Interest received on investments	77,898	23,848	36,220	2,360
Net cash provided (used) by investing activities	<u>(3,463,825)</u>	<u>404,075</u>	<u>222,049</u>	<u>1,142,286</u>
Net increase (decrease) in cash and cash equivalents	(225,032)	(29,167)	150,941	(259,696)
Cash and cash equivalents at beginning of year	9,265,967	3,498,779	3,907,047	538,397
Cash and cash equivalents at end of year	<u>\$ 9,040,935</u>	<u>\$ 3,469,612</u>	<u>\$ 4,057,988</u>	<u>\$ 278,701</u>

The accompanying notes are an integral part of the financial statements

<u>Storm Drain Utility Fund</u>	<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 820,591	\$ 180,455	\$ 67,756,237	\$ 37,522,203
(368,618)	248,212	(24,419,534)	(12,742,714)
(286,663)	-	(12,230,181)	(7,987,372)
-	-	-	(13,897,850)
(150,841)	-	(6,168,065)	-
<u>14,469</u>	<u>428,667</u>	<u>24,938,457</u>	<u>2,894,267</u>
24,856	-	12,544,764	2,312,937
-	-	(4,492,440)	(128,300)
-	(4,531)	(4,531)	-
-	(2,101,809)	(2,101,809)	-
<u>24,856</u>	<u>(2,106,340)</u>	<u>5,945,984</u>	<u>2,184,637</u>
(24,856)	-	(21,037,383)	(3,943,256)
-	1,628,634	1,702,877	179,065
-	-	3,205,624	-
-	-	(9,415,402)	-
-	-	(4,042,266)	-
<u>(24,856)</u>	<u>1,628,634</u>	<u>(29,586,550)</u>	<u>(3,764,191)</u>
(87,400)	-	(10,187,800)	(30,330,251)
79,513	-	8,344,172	29,466,366
2,202	73	142,601	50,187
<u>(5,685)</u>	<u>73</u>	<u>(1,701,027)</u>	<u>(813,698)</u>
8,784	(48,966)	(403,136)	501,015
134,369	517,182	17,861,741	5,596,167
<u>\$ 143,153</u>	<u>\$ 468,216</u>	<u>\$ 17,458,605</u>	<u>\$ 6,097,182</u>

(continued)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>	<u>Stadium Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 5,787,940	\$ 503,507	\$ 98,472	\$ (2,558,807)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	8,352,791	8,935,712	1,017,792	710,500
(Increase) decrease in assets:				
Accounts receivable	206,430	(76,874)	165,945	15,236
Prepaid items	310,678	-	(2,610)	-
Supplies inventory	(2,883)	-	(58,805)	-
Increase (decrease) in liabilities:				
Accounts payable	(154,577)	153,866	268,037	373,698
Accrued payroll	7,702	4,982	4,026	3,080
Due to other governments	(31,474)	-	-	9
Other liabilities	64,581	138,404	(11,385)	(5,040)
Deposits payable	230,648	-	-	-
Claims payable	-	-	-	-
Unearned revenue - other	-	-	-	6,350
Compensated absences	25,200	7,960	(7,220)	11,450
Total adjustments	<u>9,009,096</u>	<u>9,164,050</u>	<u>1,375,780</u>	<u>1,115,283</u>
Net cash provided (used) by operating activities	<u>\$ 14,797,036</u>	<u>\$ 9,667,557</u>	<u>\$ 1,474,252</u>	<u>\$ (1,443,524)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers and property owners	\$ 3,340,049	\$ 2,119,939	\$ -	\$ -
Decrease in fair market value of investments	(57,490)	(17,566)	(26,585)	(898)
Total non-cash investing, capital and financing activities	<u>\$ 3,282,559</u>	<u>\$ 2,102,373</u>	<u>\$ (26,585)</u>	<u>\$ (898)</u>

The accompanying notes are an integral part of the financial statements

<u>Storm Drain Utility Fund</u>	<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 9,820	\$ (105,448)	\$ 3,735,484	\$ 1,648,844
2	62,289	19,079,086	4,028,636
4,113	26,568	341,418	(35,200)
-	2,647	310,715	(22,745)
-	2,822	(58,866)	(32,590)
(2,642)	(14,234)	624,148	(91,045)
792	-	20,582	8,938
-	468,216	436,751	-
(1,006)	-	185,554	(28,605)
-	(14,193)	216,455	-
-	-	-	(2,598,906)
-	-	6,350	-
3,390	-	40,780	16,940
4,649	534,115	21,202,973	1,245,423
<u>\$ 14,469</u>	<u>\$ 428,667</u>	<u>\$ 24,938,457</u>	<u>\$ 2,894,267</u>
	-	-	
\$ -	\$ -	\$ 5,459,988	\$ 19,000
(31)	-	(102,570)	(36,691)
<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ 5,357,418</u>	<u>\$ (17,691)</u>

**CITY OF PEORIA, ARIZONA  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,929	\$ 88,933
Investments (pooled), at fair value	87,156	353,460
Interest receivable	109	
Total assets	109,194	442,393
<b>LIABILITIES</b>		
Accounts payable		1,200
Other liabilities		441,193
Total liabilities	-	442,393
<b>NET POSITION</b>		
Held in trust for pension benefits	\$ 109,194	

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, 2013**

	<b>Firemen's Pension Fund</b>
<b>ADDITIONS</b>	
Contributions:	
State insurance premium tax rebate	\$ 612
Total contributions	612
Investment earnings:	
Interest and investment income	\$ 294
Total investment earnings	294
Less investment expenses:	
Investment management fees	32
Net investment earnings	262
Total additions	874
<b>DEDUCTIONS</b>	
Retirement payments	24,650
Total deductions	24,650
Change in net position	(23,776)
Net position - beginning of the year	132,970
Net position - end of the year	\$ 109,194

The accompanying notes are an integral part of the financial statements

# Notes to the Financial Statements

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

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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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments.

The following is a summary of other significant accounting policies:

**A. Financial Reporting Entity**

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, a baseball stadium complex, and the public housing operations.

The financial reporting entity presented in these financial statements consists of the City and four blended component units. In accordance with GASB Statement #14, as amended by GASB Statement #61, these component units, discussed below, are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These component units are governed by boards, wholly or substantially, comprised of the government's elected council and the City is financially accountable for these component units. Additionally, these component units provide services entirely to the City.

**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 (the District) was formed by petition to the City Council in 2002. The district'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, the District can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District and City management has operational responsibility for the District. The City has no liability for the District's debt. For reporting purposes, the transactions of the District are included as governmental type funds as if they were part of the City's operations.

Stand-alone financial statements are prepared for the Vistancia Community Facilities District. The accounting records of the District are maintained by the City and the financial statements for the District are available from the City of Peoria Finance Department at 8401 West Monroe Street, Peoria, AZ 85345.

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**City of Peoria Employee Benefit Trust**

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

Stand-alone financial statements are prepared for the Trust. The accounting records of the Trust are maintained by the City and the financial statements are available from the City of Peoria Finance Department at 8401 West Monroe Street, Peoria, AZ 85345.

**City of Peoria Workers' Compensation Trust**

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

Stand-alone financial statements are prepared for the Trust. The accounting records of the Trust are maintained by the City and the financial statements are available from the City of Peoria Finance Department at 8401 West Monroe Street, Peoria, AZ 85345.

**B. Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (statement of net position and statement of activities) report on the City and its component units as a whole, excluding fiduciary activities. *Governmental activities*, which normally are 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. All activities, both governmental and business type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The "doubling up" effect of internal service fund activity has been removed from the government-wide statements with the expenses shown in the various functions and segments on the Statement of Activities. Quasi-external transactions, like the sale of utility services from the Enterprise Funds to the other funds, are not eliminated for the financial statements. Elimination of these charges would distort the direct costs and program revenue reported for the various functions.

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.

The government-wide Statement of Net Position reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets plus deferred outflows of

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resources less liabilities less deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position balances are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position balances are available.

Commitments or assignments of net position imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are not shown on the government-wide financial statements. Note 11 discusses the internal commitments and assignments of net position in the various funds to demonstrate the government's intended use of those net position balances.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on long-term debt and depreciation expense on assets shared by multiple functions are not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other revenues not identifiable with particular functions or segments are included as general revenues. State shared revenues, such as sales taxes, urban revenue sharing and auto-in-lieu taxes, that are not restricted for use in any function, are also included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds. Although GASB Statement #34 sets forth minimum criteria for the determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of the fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. The City has opted to add some funds as major funds because of outstanding debt or community focus. Other non-major funds, as well as the internal service funds, are combined in a single column on the fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements.

The internal service funds, which provide services to the other funds of the government, are presented in a single combined column in the proprietary fund financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service funds services are spread to the appropriate function or segment on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling up effect of these revenues and expenses.

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the

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government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements. Additional reconciliations are also provided in Note 2.

Externally imposed restrictions as well as internally imposed commitments and assignments of fund balance, as defined by GASB Statement 54, are shown on the face of the governmental fund financial statements as well as discussed in Note 11. Generally, the order in which the City would apply resources when multiple categories of fund balance are available is as follows: restricted, committed, assigned and unassigned.

The proprietary fund and fiduciary fund financial statements, except for the Agency Funds which have no measurement focus, are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary fund financial statements. The net costs/income of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund statements.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items like investment income and interest expense that are not a result of the direct operations of the activity.

### **C. Basis of Presentation**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following fund categories (further divided by fund type) are used by the City:

#### **Governmental Funds**

Governmental funds are used to account for the City's general government activities. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. The following are the Governmental Funds of the City:

General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds account for revenue sources that are restricted to expenditures for specific purposes (not including major capital projects). The restrictions may be imposed by outside parties or by the governing body. The special revenue funds presented as major funds in the basic financial statements are as follows: Half-Cent Sales Tax Fund accounts for the revenues generated from a sales tax increase designated for specific uses per Council policy; Highway User Revenue Fund is required by state statute to track receipts of specific state shared revenues and the expenditure of those funds;

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and the Transportation Sales Tax Fund accounts for the revenues generated from a sales tax increase designated by public vote for use in funding transportation needs throughout the City.

Debt Service Funds account for the resources accumulated and the servicing of long-term debt not being financed by proprietary funds. One debt service fund is presented as a major fund in the basic financial statements. 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.

Capital Projects Funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. One capital projects fund is presented as a major fund in the basic financial statements. The Development Fee Fund accounts for the receipt and expenditure of development impact or expansion fees for all governmental activities as governed by state statutes.

### **Proprietary Funds**

Proprietary funds account for activities of the City similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. The following are the Proprietary Funds of the City:

Enterprise Funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed *solely* by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. All of the enterprise funds of the City are presented discretely in the basic financial statements.

The enterprise funds of the City are as follows:

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.

The Public Housing Fund accounts for the revenues and expenses of the low income housing program operated by the City. While this program does receive Federal subsidies through the Department of Housing and Urban Development, it also generates substantial user fees. As of March 31, 2013, the City turned over operations of the Public Housing Fund to Maricopa County.

Internal Service Funds account for operations that provide services to other departments or agencies of the government or to other governments on a cost-reimbursement basis. The internal service funds are presented as one column on the proprietary fund financial statements. Combining financial statements are also presented for the internal service funds, but are not part of the basic financial statements. The internal service funds of the City are as follows:

Motor Pool Fund – accounts for the costs of operating the City garage. These costs are charged out to user departments based on direct charges for services used. This fund also accounts for the vehicle replacement fund for all of the City's general governmental vehicles.

Self-Insurance Fund – accounts for the Risk Management function of the City as well as maintaining the costs of the City's liability insurance and any claims paid under the City's self-insurance program. Also, beginning in fiscal year 2010, the City became self-insured for workers' compensation claims and health insurance claims. The City carries excess insurance coverage and uses third party administrators to monitor the workers compensation and health claims programs.

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The workers' compensation and health insurance programs operate under a trust. The costs of all these programs are allocated to all operational activities of the City.

Facilities Maintenance Fund – allocates the costs of operations and maintenance of the City's facilities to the user departments.

Information Technology Fund – maintains the costs of operation and maintenance of the City's computer systems. The computer replacement fund for all functions is also in this fund. Revenues are internal charges to user departments.

### **Fiduciary Funds**

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others. 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. The City maintains the following types of fiduciary funds:

Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefit plans, or other employee benefit plans. The City has one Pension Trust Fund to account for the activities of the volunteer firemen's retirement plan.

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. The City currently maintains four agency funds. One fund accounts for the monies collected from developers in one area of the City and held in trust by the City until reimbursed by the City to a developer that made certain infrastructure improvements in that area. Two funds account for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator. These are PLAY Peoria and Peoria Citizens Corp Council. The fourth fund accounts for monies held on behalf of Westside Fire Training IGA, a consortium of area fire departments that pool monies for training activities, for which the City acts as the administrator.

### **D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All funds are reported in the government-wide financial statements on the flow of economic resources measurement focus and accrual basis of accounting.

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and unassigned fund balance is a measure of available spendable resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers revenues available under modified accrual, if they are earned by June 30 (all eligibility requirements have been met) and the revenue is 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. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33 – *Recipient Reporting for Certain Shared Non-exchange*, receivables and revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances or deferred inflows of resources.

CITY OF PEORIA, ARIZONA  
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Property taxes and special assessments are susceptible to accrual when an enforceable legal claim has arisen. As noted above, the City recognizes property taxes received within 60 days of fiscal year-end to be revenues under modified accrual. The remaining taxes levied are considered deferred inflows of resources on the governmental fund financial statements. State Shared Sales Taxes and Highway User revenues collected and held by the state at year-end on behalf of the City are also recognized as revenue. Transaction privilege taxes (sales taxes) are considered susceptible to accrual at the time of the underlying transaction (sale). In practice, taxes collected by local businesses in June and remitted to the City or State in July are recognized as revenue in the previous fiscal year. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Interest and dividend income is recognized on the modified accrual basis. Changes in fair value of investments are recognized in investment income at the end of the year.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. 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.

Proprietary funds and pension trust funds are accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income.

The accrual basis of accounting is used for proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus.

#### **E. Budgets and Budgetary Accounting**

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 an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation (see Note 1.F). Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2013.
- 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.

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

The City prepares its annual budget on a modified cash basis, which differs from GAAP. GASB Statement #34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the annual financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis). The City has also shown this information as supplementary schedules for other governmental funds as well as enterprise funds and internal service funds.

#### **F. Expenditure Limitation**

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. The limitation restricts the annual growth of expenditures to a percentage determined by population and inflation. Certain types of expenditures are excluded from the limitation. Article 9, Sections 20 and 21 of the Arizona Constitution require the Economic Estimate Commission to determine each year the expenditure limitation for the following fiscal year for all cities in Arizona. The limitation is calculated based on the amount of fiscal year 1979-1980 actual payments of local revenues, referred to as the "base limit". Each year, the base limits for local jurisdictions are adjusted for population growth and inflation to calculate the new expenditure limitations for the cities. Local governments may carry forward revenues which were not subject to the expenditure limitation, and which were not expended in the year of receipt, to later years.

The State Constitution also gives local jurisdictions several methods of seeking approval from their citizens to override the state expenditure limitation. One of these is local approval of a permanent base adjustment. In March 2003, the voters of Peoria approved a \$15 million permanent adjustment of the expenditure base. This permanent base adjustment was effective beginning in fiscal year 2005-2006. The City of Peoria's state calculated expenditure limitation for fiscal year 2012-2013, including the permanent base adjustment, was \$759,367,985.

#### **G. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed by the City. Since they do not constitute expenditures or liabilities, encumbrances are not reported in either the fund financial statements or the government-wide financial statements. Further information about commitments outstanding at June 30 may be found in Note 20.

CITY OF PEORIA, ARIZONA  
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**H. Deposits and Investments**

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. It is generally the City's policy to hold investments to maturity.

Investment Policy

The City's funds are invested through the City's Finance Department in accordance with the City's investment policy and Arizona Revised Statutes. The City's policy is to invest in certificates of deposit, money market mutual funds, repurchase agreements, corporate securities, direct U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and the State of Arizona local government investment pool. In addition, the function of the Finance Department is to review and monitor the City's investment policy and to monitor compliance with the investment policy and reporting provisions of the law through an annual audit.

The investment balances are comprised of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to bond issuances of the Enterprise funds and the General Fund's cash reserve requirements. In addition to these, the City has other funds that are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the City.

Investment Valuation

Local Government Investment Pool - Investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of participants' position in the pool approximates the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

Other Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market price are reported at estimated fair value.

The City's investment policy permits the City to invest in fixed coupon dollar repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase similar securities in the future at a lower price that reflects a financing rate. The fair value of securities underlying fixed coupon dollar repurchase agreements must equal at least 102% the cash received. If the dealers default on their obligations to resell these securities to the City at the agreed upon buyback price, the City could suffer an economic loss if the securities have to be purchased in the open market at a price higher than the agreed-upon buyback price.

Other non-pooled investments are also generally carried at fair value. However, money market investments (such as short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations) and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) that have a remaining maturity at the time of purchase of one year or less, are carried at amortized cost. 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.

Investment Income

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments. Income from pooled cash and investments is allocated to the individual funds based on the fund's month end cash balance in relation to the total pooled investments. City management has determined that the investment income related to certain Special Revenue Funds should be allocated to the General Fund. Each fund's equity in the pooled cash and investments is

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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tracked on an ongoing basis. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as a due to the General Fund at year-end.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

**I. Inventory and Prepaid items**

Inventories are valued at cost and the City uses the first-in, first-out (FIFO) flow assumption in determining cost. Inventory in the governmental funds, which consists of expendable supplies held for consumption, is recorded as an expenditure at the time individual inventory items are consumed and is offset by a fund balance reserve (nonspendable) in the governmental fund financial statements indicating it does not constitute available expendable resources. No reservation of net position is shown in the proprietary fund statements or the government-wide financial statements for inventories.

Prepaid items are generally for payments made by the City in the current fiscal year for goods or services to be received in the subsequent fiscal year. Such items are recorded as prepaid at the time of the payment and recognized as expenditures/expenses when the related goods or services are received. Prepaid items are offset by a reservation of fund balance (nonspendable) in governmental funds to indicate it does not constitute available expendable resources. No reservation of net position is shown in the proprietary fund statements or the government-wide financial statements for prepaid items.

**J. Capital Assets**

All capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated 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. For the year ended June 30, 2013, 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 \$3,579,904.

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
Street system	20
Park facilities and landscape	40

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Streetlights and traffic control devices	10
Equipment	7
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.

**K. Water Rights**

The City entered into a lease agreement with Gila River Indian Community (GRIC) for the rights to 7,000 acre-feet of water each year through 2057. These rights, costing \$12,889,809, are being amortized over the 50 year life of the agreement on a straight-line basis starting in fiscal year 2008. Fiscal year 2013 amortization was \$257,796 and the net book value at June 30, 2013 was \$11,343,032. Also see Note 14 for debt service on this purchase.

**L. Transactions Between Funds**

Transactions that would be treated as revenue, expenditures or expenses if they involved organizations external to the governmental unit, like the sale of water from the Water Utility to various functions of the General Fund, are accounted for as revenue and expenditures or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Administrative service fees that are charged to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration) are treated as reimbursement transactions and the revenue and expenditures/expenses reduced in the allocating fund. Transfers between funds are included in the results of both governmental and proprietary funds (as other sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds).

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as “due to/from other funds” for the current portion and “interfund receivables and payables” for the non-current portion (if applicable).

Certain transactions occurring between funds that are combined within the same fund type or displayed in the same financial statement column for presentation in these annual financial statements have been eliminated from the financial statements. These transactions include transfers between funds and interdepartmental service charges. In the government-wide financial statements, only the net interfund activity and balances between governmental activities and business-type activities are shown (reported as “internal balances”). Also see Note 8.

**M. 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. Also see Notes 5 and 7.

**N. 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.

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**O. 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 funds, according to the type of debt and the funds benefiting from that debt. The General Obligation Bonds Debt Service Fund, Municipal Development Authority Bonds Debt Service Fund, Community Facilities District Bonds Debt Service Fund, and Special Assessment Debt Service Fund are all specifically established to service those specific types of debt obligations of the City. The Highway User Revenue Fund services the highway user revenue bonds, if any, which are funded by state shared gas tax revenues. The Half-Cent Sales Tax Fund and Development Fee Fund service debt obligations from development agreements. Each enterprise fund individually accounts for and services the applicable bonds and contracts payable that benefit that fund.

**P. Compensated Absences**

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. Upon employment termination, payment is made to the employee for the unused leave.

City employees are granted one sick leave day 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 May at a rate of 25% and the employees' sick leave is reduced to the allowable maximum.

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

**Q. 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 Self-Insurance Fund (accounted for in the Internal Service Funds) to account for and finance its uninsured risks of loss. Premiums are paid into the internal service fund 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 fund. 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 property and public liability up to \$1,000,000 and for damage to City vehicles valued up to \$100,000. Vehicles with a value in excess of \$100,000 have a \$5,000 deductible. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts up to \$40,000,000.

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

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

**Workers' compensation -**

On July 1, 2009, the City established a workers' compensation trust fund for work-related injuries to employees. For workers' compensation insurance, the City is self-insured up to \$850,000 per claim on public safety employees and \$750,000 for all other employees up to an aggregate stop loss of \$3,423,282 for fiscal year 2013. Commercial insurance is purchased to cover claims above the self-insurance amounts.

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

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

**Health insurance -**

On January 1, 2010, the City established a health insurance trust fund for health insurance coverage for City employees and dependants. The City is self-insured for employee health claims up to \$200,000 per claimant. Commercial insurance is purchased for claims in excess of those limits as well as aggregate insurance for claims in excess of 125% of the City's total actuarially projected claims.

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

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

**Estimated liability –**

The total claims liability of \$3,835,774 reported in the Self-Insurance Fund at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement #10 which requires that liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims liability consists of \$1,898,573 for liability/property claims, \$1,378,432 for workers' compensation claims and \$558,769 for health insurance claims.

For additional information on insurance amounts, see Table XXXIV in the Statistical Section of this report. 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:

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Fiscal Year 2012:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 1,761,000	\$ 1,383,409	\$ 2,226,420	\$ (2,226,420)	\$ 3,144,409
Workers' comp	675,000	1,902,748	2,331,374	(2,331,374)	2,577,748
Health insurance	719,000	(6,477)	11,700,457	(11,700,457)	712,523
	<u>\$ 3,155,000</u>	<u>\$ 3,279,680</u>	<u>\$ 16,258,251</u>	<u>\$(16,258,251)</u>	<u>\$ 6,434,680</u>

Fiscal Year 2013:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 3,144,409	\$(1,245,836)	\$ 2,158,084	\$ (2,158,084)	\$ 1,898,573
Workers' comp	2,577,748	(1,199,316)	575,858	(575,858)	1,378,432
Health insurance	712,523	(153,754)	10,579,379	(10,579,379)	558,769
	<u>\$ 6,434,680</u>	<u>\$(2,598,906)</u>	<u>\$ 13,313,321</u>	<u>\$(13,313,321)</u>	<u>\$ 3,835,774</u>

Detailed financial statements of the three functions making up the self-insurance fund may be found on pages 134-135.

**R. 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.

**S. New Accounting Standards**

During fiscal year 2013, the City implemented the following new accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Statement No. 65 – Items Previously Reported as Assets and Liabilities

**T. Change in Accounting Principle**

The implementation of GASB Statements #63 and 65 are a change in accounting principle, which cause certain prior period net position/fund balances to be restated. Under previous accounting principles, bond issuance costs which were expensed in the year incurred in the governmental funds, were deferred and amortized over the life of the bonds in the government-wide and proprietary fund statements. GASB Statement No. 65 requires that bond issuance costs no longer be deferred, causing an adjustment to beginning net position to reflect the removal of unamortized bond issuance costs.

The following re-statements of net position are included in the fund and government-wide financial statements:

Government-wide Statement of Activities:	
Governmental Activities	\$ 2,751,048
Business-type Activities	383,178
Total	<u>\$ 3,134,226</u>

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Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position:

Water Utility Fund	\$ 258,344
Wastewater Utility Fund	124,834
Total	<u>\$ 383,178</u>

**U. 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. Specifically, the city has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable), valuation of capital assets and depreciation expense, and the ultimate outcome of claims payable. Actual results could differ from those estimates.

**2. RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE STATEMENTS**

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual accounting basis while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual accounting basis. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each fund financial statement. Additional reconciliations are provided below.

Reconciliation of Governmental Funds Balance Sheet and the government-wide Statement of Net Position:

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Internal Service Funds (2)</b>	<b>Eliminations (3)</b>	<b>Statement of Net Position Totals</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 40,431,138	-	6,097,182	-	46,528,320
Cash with fiscal agent	3,745,828	-	-	-	3,745,828
Investments	159,670,619	-	24,233,066	-	183,903,685
Accounts receivable, net	10,435,309	-	35,200	-	10,470,509
Interest receivable	222,784	-	25,479	-	248,263
Due from other funds	1,375,375	-	(1,917,820)	(1,375,375)	(1,917,820)
Due from other governments	4,287,261	-	-	-	4,287,261
Prepaid items	148,315	-	22,745	-	171,060
Supply inventories	210,147	-	193,108	-	403,255
Other assets	-	1,800,000	-	-	1,800,000
Restricted cash/cash equivalents	47,182,046	-	-	-	47,182,046
Restricted investments	28,362,497	-	-	-	28,362,497
Special assessment receivables	3,520,000	-	-	-	3,520,000
Interfund receivable (non-current)	890,133	-	-	(890,133)	-
Capital assets	-	1,111,300,735	17,944,897	-	1,129,245,632
Total assets	<u>\$ 300,481,452</u>	<u>1,113,100,735</u>	<u>46,633,857</u>	<u>(2,265,508)</u>	<u>1,457,950,536</u>
<b>Deferred outflows of resources</b>					
Deferred loss on bond refunding	\$ -	407,974	-	-	407,974
Total Assets & Deferred Outflows	<u>\$ 300,481,452</u>	<u>1,113,508,709</u>	<u>46,633,857</u>	<u>(2,265,508)</u>	<u>1,458,358,510</u>

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	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Eliminations (3)	Statement of Net Position Totals
<b>Liabilities</b>					
Accounts payable	\$ 10,417,107	-	1,539,579	-	11,956,686
Accrued payroll	1,034,768	-	87,861	-	1,122,629
Interest payable	-	6,389,570	-	-	6,389,570
Due to other funds	1,375,375	-	-	(1,375,375)	-
Due to other governments	1,257,224	-	-	-	1,257,224
Claims/deposits payable	3,567	-	1,660,785	-	1,664,352
Other liabilities	3,037,933	-	-	-	3,037,933
Unearned revenue-other	3,354,815	-	-	-	3,354,815
Interfund payable (non-current)	890,133	-	-	(890,133)	-
Unamortized bond premium	-	3,850,154	-	-	3,850,154
Compensated absences-current	-	4,594,960	507,950	-	5,102,910
Current bonds/contracts payable	-	21,879,034	-	-	21,879,034
Long-term liabilities	-	341,710,157	2,380,969	-	344,091,126
Total liabilities	<u>\$ 21,370,922</u>	<u>378,423,875</u>	<u>6,177,144</u>	<u>(2,265,508)</u>	<u>403,706,433</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue-property taxes	139,359	(139,359)	-	-	-
Unavailable revenue-special assessments	3,520,000	(3,520,000)	-	-	-
Total Deferred Inflows	<u>\$ 3,659,359</u>	<u>(3,659,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance/Net Position</b>					
Total fund balance/net position	<u>\$ 275,451,171</u>	<u>738,744,193</u>	<u>40,456,713</u>	<u>-</u>	<u>1,054,652,077</u>
Total liabilities, deferred inflows & fund balance/net position	<u>\$ 300,481,452</u>	<u>1,113,508,709</u>	<u>46,633,857</u>	<u>(2,265,508)</u>	<u>1,458,358,510</u>

- (1) When capital assets (land, buildings, equipment, etc.) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds, and thus a reduction in fund balance. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Costs of capital assets	\$ 1,381,949,305
Accumulated depreciation	<u>(270,648,570)</u>
	<u>\$ 1,111,300,735</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when paid.

Interest payable	\$ <u>(6,389,570)</u>
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Bond premiums are recognized at the time of issuance in the governmental funds, but are amortized over the life of the bonds on the statement of net position.

	\$ <u>(3,850,154)</u>
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities in the governmental fund statement. All liabilities, both current and long-term are reported in the statement of net position.

Contracts payable	\$ (57,165,982)
Bonds payable	(304,850,000)
Compensated absences	<u>(6,168,169)</u>
Subtotal	<u>(368,184,151)</u>
Less: current compensated absences	(4,594,960)
current portion of bonds/contracts	<u>(21,879,034)</u>
	<u>\$ (341,710,157)</u>

Loss on refunding bonds is expensed at the time of issuance in the governmental funds, but is amortized over the life of the bonds on the statement of net position.

	\$ <u>407,974</u>
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Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill.

	\$ <u>1,800,000</u>
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Advanced revenue for the long-term special assessment receivables shown on the governmental fund statements is not included on the statement of net position. Also, certain property tax revenues deferred under modified accrual for the governmental fund statements, is recognized as revenue in the year received under accrual accounting for the government-wide statements.

Advanced special assessment revenue	\$ 3,520,000
Deferred property tax revenue	<u>139,359</u>
	<u>\$ 3,659,359</u>

- (2) Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor pool, information technology, and facilities maintenance, to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position, but are not included on the governmental fund balance sheet.

ISF Net Position	\$ <u>40,456,713</u>
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(3) Certain interfund transactions between governmental activities are eliminated in the consolidation of those activities for the statement of net position.

Interfund receivables - current	\$ 1,375,375
Interfund receivables - non-current	890,133
Interfund payables - current	(1,375,375)
Interfund payables - non-current	(890,133)
	<u>\$ -</u>

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities:

	Total Governmental Funds	Long-term Revenues/ Expenses(1)	Capital- related Items(2)	Internal Service Funds(3)	Long-term Debt Transactions(4)	Eliminations and Adjustments(5)	Statement of Activities
<b>Revenues and Other Sources</b>							
Taxes:							
Sales and use taxes	\$ 65,950,235	-	-	-	-	-	65,950,235
Property taxes	19,862,485	(385,158)	-	-	-	-	19,477,327
Franchise taxes	4,136,004	-	-	-	-	-	4,136,004
Intergovernmental:							
State shared sales taxes	12,665,191	-	-	-	-	-	12,665,191
Urban revenue sharing	14,425,958	-	-	-	-	-	14,425,958
Auto-in-lieu taxes	5,155,206	-	-	-	-	-	5,155,206
Highway user revenue	8,435,926	-	-	-	-	-	8,435,926
From federal government	2,929,700	-	-	-	-	-	2,929,700
Other governmental	6,219,163	-	-	-	-	-	6,219,163
Charges for services	21,405,623	-	-	-	-	867,759	22,273,382
Licenses and permits	2,564,075	-	-	-	-	-	2,564,075
Fines and forfeitures	2,257,477	-	-	-	-	-	2,257,477
Rents	1,101,082	-	-	-	-	-	1,101,082
Investment earnings	537,732	-	-	61,531	-	-	599,263
Special assessments	1,217,271	(1,031,324)	-	-	-	-	185,947
Miscellaneous	5,880,511	-	19,093	-	-	(1,501,988)	4,397,616
Other sources:							
Gain on sale of capital assets	-	-	66,465	-	-	-	66,465
Capital contributions	-	-	6,704,158	-	-	-	6,704,158
Capital-related debt issued	35,510,000	-	-	-	(35,510,000)	-	-
Premium on bonds issued	1,039,481	-	-	-	(1,039,481)	-	-
Expired development agreement	-	-	-	-	630,104	-	630,104
Transfers in	16,968,105	-	3,777,254	2,312,937	36,549,481	(58,415,316)	1,192,461
Total revenues and other sources	228,261,225	(1,416,482)	10,566,970	2,374,468	630,104	(59,049,545)	181,366,740
<b>Expenditures/Expenses</b>							
Current:							
General government	15,094,866	514,910	4,156,703	(429,165)	-	(161,524)	19,175,790
Culture and recreation	19,668,598	31,910	3,817,353	(610,188)	-	(472,705)	22,434,968
Police	35,375,166	(16,980)	1,572,468	(1,533,820)	-	-	35,396,834
Fire	21,327,100	(230,910)	1,548,144	(1,283,628)	-	-	21,360,706
Development services	8,568,013	(22,890)	6,084	(176,588)	-	-	8,374,619
Highways and streets	16,355,505	39,130	14,117,536	(544,964)	-	-	29,967,207
Public works	4,914,720	81,060	2,143,565	(149,357)	-	-	6,989,988
Human services	2,213,374	(2,300)	39,771	(54,044)	-	-	2,196,801
Debt service:							
Principal payments	20,120,163	-	-	-	(20,120,163)	-	-
Interest and other charges	12,534,039	204,990	-	-	-	-	12,739,029
Capital outlay	39,612,698	-	(39,612,698)	-	-	-	-
Unallocated depreciation	-	-	574,557	-	-	-	574,557
Total expenditures/expenses	195,784,242	598,290	(11,636,517)	(4,781,754)	(20,120,163)	(634,229)	159,210,499
<b>Other financing uses/changes in net position</b>							
Transfers out	27,205,066	-	5,119,384	128,300	36,549,481	(58,415,316)	10,586,915
Total expenditures/expenses & other financing uses	222,989,308	598,290	(6,517,133)	(4,653,454)	16,429,318	(59,049,545)	169,797,414
Net change for the year	\$ 5,271,917	(2,015,402)	17,084,103	7,027,922	(15,799,214)	-	11,569,326

(1) 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.

Accrual of long-term compensated absences	\$ 146,071
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Interest expense on long-term debt is accrued for the statement of activities but is not accrued for the governmental fund statements. Amortization of bond premiums and deferred loss on refunding is also included in the statement of activities, but not the governmental fund statements.

Accrued interest	\$ (428,993)
Amortization of loss on refunding	(58,282)
Amortization of bond premium	<u>282,285</u>
	<u>\$ (204,990)</u>

Property taxes revenues not received within 60 days of year-end are deferred for governmental fund reporting, but are not deferred for government-wide reporting. When these revenues are subsequently received, they are recognized in the governmental operating statement and reversed in the statement of activities.

\$ (385,158)

Special assessment principal payments received are reported as revenue on the governmental fund statements, but are reductions to the outstanding special assessment debt for government-wide reporting. Also, the sale of additional special assessment bonds is reported as a receivable and Advances in the governmental funds, but on the government-wide financial statements, it is reported as an increase in outstanding debt and the revenue is recognized.

Current year principal payments received \$ (1,031,324)

Certain long-term debt obligations are offset by a goodwill asset that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements.

\$ (540,000)

- (2) When capital assets that are to be used in the governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 39,612,698
Depreciation expense	(27,952,231)
	<u>\$ 11,660,467</u>

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets is removed from the capital assets account in the statement of net position and offset against the sales proceeds resulting in a "gain on sale of capital assets" in the statement of activities. Thus, more revenue is reported in the governmental funds than gain in the statement of activities.

Cost of capital assets disposed of: \$ 19,093

Donations of capital assets are not shown on the governmental funds, but are included in the assets of the City. On the statement of activities, these donations are shown as capital contributions.

Capital contributions \$ 6,704,158

Gains and losses on sales of fixed assets are not shown on the governmental fund statements, but are included in the statement of activities.

Gains	\$ 66,465
Losses	(23,951)
	<u>\$ 42,514</u>

The donation of capital assets between Governmental and Proprietary Funds is not shown in the governmental fund statements but is a transfer in/out on the statement of activities.

Transfers out	\$ (5,119,384)
Transfers in	<u>3,777,254</u>
	<u>\$ (1,342,130)</u>

- (3) Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor pool, information technology, and facilities maintenance, to the individual funds. The adjustments for internal service funds "close" those funds by charging the additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

Revenue and other sources	\$ 2,374,468
Expenditures and other uses	<u>4,653,454</u>
Change in net position	<u>\$ 7,027,922</u>

- (4) Repayment of bond principal is reported as an expenditure in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the City as a whole however, the principal payments reduce the long-term liabilities in the statement of net position and do not result in an expense in the statement of activities.

Principal payments made \$ 20,120,163

**CITY OF PEORIA, ARIZONA  
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The issuance of additional debt is reported as an other financing source in the governmental funds, but is an increase in outstanding debt, not an other financing source, for government-wide reporting.

Bonds issued	<u>\$ (35,510,000)</u>
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Certain bond transactions, like bond premiums and loss on refunding, are reported as revenues or expenditures in the governmental funds because they provide, or use, current financial resources. However, for the City as a whole, these costs are amortized (expensed) over the life of the bonds.

Bond premium	\$ (1,039,481)
Loss on bond refunding	-
	<u>\$ (1,039,481)</u>

A Development Agreement (long term not carried in the governmental funds) expired without meeting the revenue requirements necessary to cause the City to pay out the entire amount of the agreement. This transaction has no effect on the governmental statements, but creates a special item on the statement of activities

<u>\$ 630,104</u>
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Certain debt transactions cause transfers between funds.

Transfers out	\$ 36,549,481
Transfers in	<u>(36,549,481)</u>
	<u>\$ -</u>

- (5) Certain other transactions are treated differently under modified accrual accounting used in the governmental funds and full accrual accounting used for the statement of activities. Also interfund transactions between governmental funds or between business-type activities are eliminated in the statement of activities and only net transactions between governmental and business-type activities remain.

Interfund charges for service between governmental activities are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of revenues and expenditures in the charging fund so that the expenses remain in the charged activity.

Interfund charges for services revenue	\$ 634,229
Interfund service charges	<u>(634,229)</u>
	<u>\$ -</u>

Interfund transfers between governmental activities, other than Internal Service Funds, are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of transfers in and transfers out to eliminate the doubling up effect of these transactions within the governmental activities. Elimination of transfers to/from the Internal Service Funds is netted into the results of the Internal Service Funds in (3) above.

Transfers out	\$ 58,415,316
Transfers in	<u>(58,415,316)</u>
	<u>\$ -</u>

**3. BUDGET BASIS OF ACCOUNTING**

The City prepares the annual budget on a modified cash basis, which differs from GAAP, as discussed in Note 1.E. Budgetary comparison statements for the General Fund and major Special Revenue Funds are included with the basic financial statements. Budgetary comparison schedules for all other governmental funds as well as schedules of operation – budget and actual for the proprietary funds are presented as supplementary information. In all cases, the budgetary statements or schedules include a reconciliation of the adjustments required to convert the budgetary revenues and expenditures or change in net position on a budgetary basis, to revenues and expenditures/expenses or change in net position on a GAAP basis.

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide Statement of Net Position, and on the fund financial statements, as "Cash and cash equivalents" and "Investments".

At June 30, 2013, the carrying amount of the City's deposits was \$37,961,857 and the bank balance was \$37,510,164. 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 trust name. The difference between the City's carrying amount and the bank balance of \$451,693 represents deposits in transit, outstanding checks and other reconciling items.

CITY OF PEORIA, ARIZONA  
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**B. Investments**

City charter, ordinance, and trust agreements authorize the City to invest in obligations of the U.S. Treasury or its agencies and instrumentalities. In addition, the City may invest in certificates of deposit, mutual fund money market, repurchase agreements, corporate securities and the State of Arizona local government investment pool. The State Treasurer's Investment Pool is overseen according to Arizona State Statute by the State Board of Deposit.

Governmental Accounting Standards Board Statement No. 40 – Deposit and Investment Risk Disclosures (Statement 40) requires the City to disclose its deposit and investment policies regarding certain types of investment risks. The City's adopted investment policy is in compliance with Statement 40.

*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, 2013, 72.5% of the City's investments have a maturity of less than one year and 4.5% have maturities greater than three years. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed one year. The WAM at June 30, 2013 was 356 days.

*Credit risk:* State law and the City's investment policy limits the purchase of Commercial Paper to those securities rated A-1/P-1 or the equivalent by two nationally recognized statistical rating agencies. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better by two nationally recognized rating agencies and with a maximum maturity of 180 days. At June 30, 2013, the City's investments include \$86.9 million in Commercial Paper and no Banker's Acceptance securities. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital 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 market value of at least 102 percent of the cost of the repurchase agreement. The market values of securities underlying repurchase agreements were at or above the required level during the fiscal year.

Investment Type	Moody's Rating	S&P Rating	% of Investments
Federal Farm Credit Bank - Agency Note	Aaa	AA+	2.8
Federal Farm Credit Bank – Callable Agency Note	Aaa	AA+	4.2
Federal Home Loan Bank - Agency Note	Aaa	AA+	7.9
Federal Home Loan Bank - Callable Agency Note	Aaa	AA+	0.9
Federal Home Loan Mortgage Corp - Agency Note	Aaa	AA+	2.8
Federal Home Loan Mortgage Corp - Callable Agency Note	Aaa	AA+	8.7
Federal National Mortgage Assoc - Agency Note	Aaa	AA+	8.9
Federal National Mortgage Assoc - Callable Agency Note	Aaa	AA+	5.8

The City's investment in the State of Arizona local government investment pool is limited to a pool that invests only in government securities. At June 30, 2013, all investments of that pool were U.S. Government Obligations and Agencies, and it therefore does not carry a credit rating.

*Concentration of credit risk:* The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2013, the City's investments include 46.1% invested in U.S. Agency Coupon securities, 7.9% in U.S. Treasury Notes, 24.3% in Commercial Paper, and 21.7% in money market funds, cash with fiscal agent, and the Arizona State Investment Pool.

*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 market values along with original safekeeping receipts.

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

At June 30, 2013, the City's investments included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<b>Unrestricted Investments:</b>					
U.S. Treasury notes and strips	\$ 26,183,530	-	-	-	\$ 26,183,530
Agency coupon securities	55,286,942	48,958,628	29,944,500	16,096,624	150,286,694
Agency discount notes	1,999,153	-	-	-	1,999,153
Commercial paper	71,431,327	-	-	-	71,431,327
State of Arizona local government investment pool	297,072	-	-	-	297,072
Mutual fund-money market	25,342,820	-	-	-	25,342,820
Total unrestricted investments	180,540,844	48,958,628	29,944,500	16,096,624	275,540,596
Less: amount included in cash and cash equivalents					25,292,606
Plus: amount included in restricted investments					1,614,147
Unrestricted investments, net					\$ 251,862,137
Total investments per statement of net position					\$ 251,421,521
Plus: Investments in fiduciary funds					440,616
Net unrestricted investments					\$ 251,862,137
<b>Restricted Investments:</b>					
Agency coupon securities	9,081,192	1,392,463	1,995,900	-	\$ 12,469,555
Commercial paper	15,484,974	-	-	-	15,484,974
Mutual fund-money market	51,767,885	-	-	-	51,767,885
U.S. Treasury notes and strips	2,019,000	-	-	-	2,019,000
Total Restricted Investments	78,353,051	1,392,463	1,995,900	-	\$ 81,741,414
Less: amount included in restricted cash with fiscal agents					3,745,828
Less: amount included in restricted cash and cash equivalents					48,018,941
Less: amount included in unrestricted investments					1,614,147
Net restricted investments					\$ 28,362,498
Restricted cash, cash equivalents, and cash with fiscal agents at June 30, 2013, consisted of the following:					
Restricted investments included in restricted cash and cash equivalents					48,018,941
Less: amount included in unrestricted cash and cash equivalents					836,895
Total restricted cash and cash equivalents per statement of net position					\$ 47,182,046
Cash with Fiscal Agents at June 30, 2013, consisted of the following:					
Cash with fiscal agents					\$ -
Restricted investments included in cash with fiscal agents					3,745,828
Total cash with fiscal agents					\$ 3,745,828

CITY OF PEORIA, ARIZONA  
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Unrestricted Cash and cash equivalents at June 30, 2013, consisted of the following:

Investments included in cash and cash equivalents	\$ 25,292,605
Carrying amount of city deposits	37,961,857
Amounts due from restricted cash	836,895
Cash on hand	<u>6,430</u>
Total cash and cash equivalents	64,097,787
Less: Cash and cash equivalents of Fiduciary funds	<u>110,862</u>
Total cash and cash equivalents per statement of net position	<u>\$ 63,986,925</u>

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost.

Investment income is comprised of the following for the year ended June 30, 2013:

Net interest and dividends	\$ 1,169,148
Net decrease in the fair value of investments	<u>(393,447)</u>
Total net investment income	775,701
Less: net investment income of Fiduciary funds	<u>262</u>
Total net investment income per statement of activities	<u>\$ 775,439</u>

The net decrease in the fair value of investments during fiscal year 2012-2013 was approximately \$393,447. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2013, was approximately \$381,353.

**5. PROPERTY TAXES**

Arizona law provides for a two tiered tax system: (1) a primary system for taxes levied to pay for current operation and maintenance expenses, and (2) a secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of maximum permissible bonded indebtedness.

Specific provisions are made under each system for determining full cash values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the full cash value of locally assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on annual increases in full cash value of any property. Primary levies on residential property are limited to one percent of the primary full cash value of such property. Additionally, primary taxes on all types of property are limited to a maximum increase of two percent over the prior year's levy, adjusted for new construction and annexations. Secondary property taxes levied to pay principal and interest on bonded indebtedness are not limited. The City's primary and secondary assessed valuation for fiscal year 2013 are \$1,133,938,910 and \$1,137,434,740 respectively.

The Arizona tax year has been defined as a calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year. The definition of the tax year is a function of the fact that the tax lien for the year attaches to the real property as of January 1 of the year in question.

The City Council adopts the annual tax levy each year on or before the third Monday in August. The basis of this levy is 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

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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. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase that has not been redeemed may demand a County Treasurer's Deed from the County Treasurer.

Property taxes are recognized as revenue in the government-wide financial statements when an enforceable legal claim has arisen. Therefore, the City recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the year it is levied. For the governmental fund financial statements, property tax revenues not collected within 60 days of year end are deferred. Unsecured taxes on personal property, which are assessed on a monthly basis using different procedures than those mentioned above, are recognized as revenue on a cash basis for both the governmental fund statements and the government-wide statements.

**6. DUE FROM OTHER GOVERNMENTS**

The following amounts are due from other governments at June 30, 2013:

<b>Governmental activities:</b>	
General Fund:	
Due from Maricopa County for:	
Property tax	30,122
Due from State of Arizona for:	
State shared sales tax	2,177,346
Auto lieu tax	250,023
Miscellaneous other	24,849
Due from Peoria Unified School District	116,987
Subtotal	<u>2,599,327</u>
Highway User Revenue Fund:	
Due from State of Arizona (Highway user revenue)	797,774
Due from Maricopa County – Property tax (SLIDS)	4,233
Subtotal	<u>802,007</u>
GO Bond Debt Service Fund:	
Due from Maricopa County (Property tax)	176,777
Subtotal	<u>176,777</u>
Non-major Governmental Funds:	
Due from US Department of Housing & Urban Development	230,121
Due from US Department of Transportation	62,091
Due from US Department of Interior	38,972
Due from other Federal agencies	121,554
Due from Maricopa County:	
Home Grant	47,501
Property tax	28,805
Other	55,464
Due from State of Arizona	
Various Grants	124,642
Subtotal	<u>709,150</u>
Total Governmental Activities	<u>\$ 4,287,261</u>

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**7. 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, 2013.

Fund	Receivables	Allowance	Net
Governmental funds:			
General Fund	\$ 5,515,834	28,122	5,487,712
Half-Cent Sales Tax Fund	1,499,009	-	1,499,009
Highway User Revenue Fund	310,804	6,717	304,087
Transportation Sales Tax Fund	899,536	-	899,536
GO Bond Debt Service Fund	2,038,298	184,880	1,853,418
Other Governmental Funds	420,057	28,510	391,547
Total governmental funds	\$ 10,683,538	248,229	10,435,309
Enterprise funds:			
Water Utility Fund	\$ 7,762,103	2,813,156	4,948,947
Wastewater Utility Fund	2,804,668	622,443	2,182,225
Solid Waste Utility Fund	1,687,422	440,043	1,247,379
Stadium Fund	4,250	-	4,250
Storm Drain Utility Fund	118,367	28,720	89,647
Public Housing Fund	-	-	-
Total enterprise funds	12,376,810	3,904,362	8,472,448
Internal Service Funds	35,200	-	35,200
Grand totals	\$ 23,095,548	4,152,591	18,942,957

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

Net interfund receivables and payables between governmental activities and business-type activities of \$1,917,820 are included in the government-wide financial statements at June 30, 2013. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). Other interfund payables and receivables, \$34,363 at June 30, 2013, shown on the fund financial statements generally represent short-term cash loans at year end. Such balances are expected to be repaid in the next fiscal year.

At June 30, 2013, there are two interfund loans that are considered to be long-term loans: 1) The General Fund has an outstanding balance of \$141,012 (all current) due from the Development Fee Fund for a cash loan for the completion of the Sunrise Mountain Branch Library construction, and 2) The Development Fee Fund owes the MDA Debt Service Fund \$2,090,133 (\$1,200,000 current and \$890,133 long-term) to repay future debt service payments for bonds used to complete construction of Happy Valley Road.

The net transfers of \$9,394,454 from governmental activities to business-type activities on the government-wide statement of activities are primarily operational subsidies from the Half-Cent Sales Tax Fund to the Stadium Fund and the transfer of completed capital assets from the MDA to the Stadium Fund and the General Fund to the Water Utility Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2013:

Fund	Transfers out	Transfers in
Governmental funds:		
General Fund	\$ 1,543,141	8,469,088
Half-Cent Sales Tax Fund	13,353,028	496,659
Highway User Revenue Fund	-	1,066,230
Transportation Sales Tax Fund	4,126,930	-
GO Bond Debt Service Fund	-	97,738
Development Fee Fund	21,242	-
Non-Major Governmental Funds	8,160,725	6,838,390
Total governmental funds	27,205,066	16,968,105

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Enterprise funds:		
Water Utility Fund	3,849,754	1,714,544
Wastewater Utility Fund	618,844	3,083,246
Solid Waste Utility Fund	23,842	3,258
Stadium Fund	-	7,718,860
Storm Drain Utility Fund	-	24,856
Total enterprise funds	<u>4,492,440</u>	<u>12,544,764</u>
Internal Service funds	<u>128,300</u>	<u>2,312,937</u>
Grand totals	\$ <u>31,825,806</u>	<u>31,825,806</u>

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 2013 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

**9. 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 disclosed on the face of those statements.

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

At June 30, 2013, one fund, as shown in the basic financial statements, was in a deficit position. The Facilities Maintenance Fund, as shown in the Combining Statements for the Internal Service Funds, has a deficit balance of \$144,158 at June 30, 2013. The City intends to remedy this situation through service charges to the various operating departments in future fiscal years.

For the year ended June 30, 2013, expenditures, including capital outlay and transfers, did not exceed budget at the fund level (i.e. the level of budgetary control) in any funds other than Facilities Maintenance Fund where higher capital outlay caused expenditures to exceed the budget by \$9,226.

**11. FUND BALANCE/NET POSITION RESTRICTIONS, COMMITMENTS AND ASSIGNMENTS**

Only restrictions imposed by external sources are shown as Restricted Net Position on the government-wide financial statements. Additionally, restrictions for inventories, prepaid items, and long-term interfund loans are shown as nonspendable fund balance on the governmental fund financial statements. Restrictions imposed by external sources or State of Arizona enabling legislation are shown as restricted fund balance on the governmental fund financial statements. Commitments or assignments of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, commit or assign portions of net position in other funds to demonstrate the government's intended use of those net position balances. 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. The authority to make assignments has been delegated by the City Council to the Chief Financial Officer. Much of the authority to commit fund balance is established in *Principals of Sound Financial Management* last adopted by Council by resolution in November 2010. As previously noted in Note 1.B, 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. The committed and assigned fund balances of the governmental funds are shown on the fund financial statements. The following are the commitments or assignments of net position included in unrestricted net position on the proprietary fund financial statements at June 30, 2013:

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Water Utility Fund:	
Committed for working capital policy reserve	\$ 7,100,000
Committed for rate stabilization	1,600,000
Committed for debt stabilization	3,200,000
Committed for system asset maintenance	6,939,861
Committed for capital equipment replacement	<u>1,035,990</u>
	<u>19,875,851</u>
Wastewater Utility Fund:	
Committed for working capital policy reserve	4,500,000
Committed for rate stabilization	900,000
Committed for debt stabilization	3,100,000
Committed for system asset maintenance	4,725,000
Committed for capital equipment replacement	<u>600,202</u>
	<u>13,825,202</u>
Solid Waste Utility Fund:	
Committed for working capital policy reserve	2,200,000
Committed for capital equipment replacement	<u>3,152,956</u>
	<u>5,352,956</u>
Stadium Fund:	
Committed for capital equipment replacement	<u>146,244</u>
Total proprietary funds	<u><u>39,225,253</u></u>
Internal Service Funds:	
Committed for capital equipment replacement	12,337,917
Assigned for Workers' Compensation self-insurance reserve	650,000
Assigned for risk management purpose	<u>6,256,183</u>
Total internal service funds	<u><u>19,244,100</u></u>

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 commitments for stabilization arrangements in the proprietary funds are shown above. The City has the following stabilization arrangements at June 30, 2013:

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 operating 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). 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 gross enterprise 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.

In the event the Enterprise Funds do not have sufficient fund balance to fully fund the four reserves just discussed, the funding priority will be 1) Working Capital Reserve, 2) Rate Stabilization Reserve, 3) Debt Stabilization Reserve and 4) Asset Maintenance Reserve.

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.

**12. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2013, follows:

	<u>Balances</u> <u>June 30, 2012</u>	<u>Additions/</u> <u>Transfers in</u>	<u>Disposals/</u> <u>Transfers out</u>	<u>Balances</u> <u>June 30, 2013</u>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Work in Progress – Parks	\$ 16,874,160	19,934,496	(10,509,062)	26,299,594
Work in Progress – Buildings	992,426	131,343	(311,545)	812,224
Work in Progress - Equipment	117,740	-	-	117,740
Work in Progress – Furniture	31,036	-	-	31,036
Work in Progress – Surface water	9,850,137	6,276	(38,214)	9,818,199
Work in Progress – Streets	104,999,631	13,446,354	(18,262)	118,427,723
Work in Progress – Technology	3,258,530	723,861	(1,926,964)	2,055,427
Work in Progress – Vehicles	446,428	384,175	(451,363)	379,240
Work in Progress – CFD	2,634,530	2,455,422	(1,342,130)	3,747,822
Land	336,691,112	2,470,013	-	339,161,125
Total non-depreciable assets	475,895,730	39,551,940	(14,597,540)	500,850,130

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	Balances June 30, 2012	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2013
<b>Depreciable assets:</b>				
Buildings & Improvements	170,730,564	8,718,054	-	179,448,618
Furniture	2,131,775	-	-	2,131,775
Equipment	45,423,032	4,526,519	-	49,949,551
Vehicles	22,778,135	2,133,702	(1,119,055)	23,792,782
Surface water system	80,324,605	38,214	-	80,362,819
Street system	536,820,597	6,550,813	-	543,371,410
Park system	60,343,077	1,936,628	-	62,279,705
Total depreciable assets at historical cost	<u>918,551,785</u>	<u>23,903,930</u>	<u>(1,119,055)</u>	<u>941,336,660</u>
<b>Less accumulated depreciation for:</b>				
Buildings & Improvements	(37,394,414)	(4,306,635)	-	(41,701,049)
Furniture	(1,586,340)	(158,417)	-	(1,744,757)
Equipment	(33,086,884)	(3,773,366)	-	(36,860,250)
Vehicles	(15,697,079)	(1,996,205)	1,042,153	(16,651,131)
Surface water system	(19,778,414)	(1,979,144)	-	(21,757,558)
Street system	(166,594,210)	(13,989,888)	-	(180,584,098)
Park system	(11,893,739)	(1,748,576)	-	(13,642,315)
Total accum. depreciation assets, net	<u>(286,031,080)</u>	<u>(27,952,231)</u>	<u>1,042,153</u>	<u>(312,941,158)</u>
Governmental activities capital assets, net	<u>\$ 1,108,416,435</u>	<u>35,503,639</u>	<u>(14,674,442)</u>	<u>1,129,245,632</u>
<b>Business-type activities:</b>				
<b>Non-depreciable assets:</b>				
Work in Progress - Water	\$ 23,497,031	3,053,625	-	26,550,656
Work in Progress - Wastewater	10,628,039	4,785,130	-	15,413,169
Work in Progress - Stadium	229,106	7,309,561	-	7,538,667
Land	17,020,639	2,600	(410,350)	16,612,889
Total non-depreciable assets	<u>51,374,815</u>	<u>15,150,916</u>	<u>(410,350)</u>	<u>66,115,381</u>
<b>Depreciable assets:</b>				
Buildings & improvements	38,474,045	-	(3,276,922)	35,197,123
Furniture	224,675	-	(9,613)	215,062
Equipment	5,027,793	3,428,348	(24,351)	8,431,790
Vehicles	12,100,600	2,091,346	(417,834)	13,774,112
Surface water system	-	24,856	-	24,856
Water Rights	12,889,809	-	-	12,889,809
Water system	307,604,328	3,670,497	-	311,274,825
Wastewater system	346,276,759	2,131,410	-	348,408,169
Total depreciable assets at historical cost	<u>722,598,009</u>	<u>11,346,457</u>	<u>(3,728,720)</u>	<u>730,215,746</u>
<b>Less accumulated depreciation for:</b>				
Buildings & improvements	(14,823,329)	(941,328)	2,061,629	(13,703,028)
Furniture	(175,939)	(15,865)	9,612	(182,192)
Equipment	(2,236,374)	(874,992)	20,256	(3,091,110)
Surface water system	-	(2)	-	(2)
Vehicles	(8,362,203)	(1,175,374)	417,832	(9,119,745)
Water Rights	(1,288,981)	(257,796)	-	(1,546,777)
Water system	(66,352,650)	(7,329,441)	66	(73,682,025)
Wastewater system	(65,092,223)	(8,484,288)	-	(73,576,511)
Total accum. depreciation	<u>(158,331,699)</u>	<u>(19,079,086)</u>	<u>2,509,395</u>	<u>(174,901,390)</u>
Total depreciable assets, net	<u>564,266,310</u>	<u>(7,732,629)</u>	<u>(1,219,325)</u>	<u>555,314,356</u>
Business-type activities capital assets, net	<u>\$ 615,641,125</u>	<u>7,418,287</u>	<u>(1,629,675)</u>	<u>621,429,737</u>

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

General government	\$ 4,156,703
Culture and recreation	3,817,353
Police	1,609,945
Fire	1,490,878
Development services	6,084
Highways and streets	14,117,536
Public works	2,143,565
Human services	35,610

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Unallocated	<u>574,557</u>
Total depreciation expense	<u>\$ 27,952,231</u>

### 13. COMMUNITY FACILITIES DISTRICT DEBT

Community Facilities Districts (CFD's), special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On October 15, 2002 the City Council formed the Vistancia Community Facilities District (VCFD) pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. VCFD was subsequently authorized, by the voters of the district on November 12, 2002, to issue up to \$100,000,000 in general obligation bonds to construct public infrastructure within VCFD. VCFD issued \$21,250,000 in fiscal year 2003 and \$23,550,000 in fiscal year 2005 and \$22,760,000 in fiscal year 2007 of general obligation bonds against this authorization. These bonds will be repaid by the property owners within VCFD. The bonds are obligations of the district only. The City has no obligation for VCFD debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of VCFD.

### 14. 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. While GO bonds may be issued for both governmental and business-type activities, at June 30, 2013, there are no outstanding GO bonds in the business-type activities.

GO bonds are backed by the "full faith and credit" of the City and are repaid through the City's levying of property (ad valorem) taxes. There is no legal limit on the secondary property tax used for debt service on GO bonds.

**Statutory Debt Limitation:** Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, (after January 1, 1974) parks and open space, and (after December 7, 2006) public safety and transportation purposes may not exceed 20 percent of a City's net secondary assessed valuation. Also outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City's net secondary assessed valuation. The City's computation of legal debt margins available for creation of additional debt at June 30, 2013 was \$66,581,084 and \$66,776,948 for the 6 percent and 20 percent debt limits respectively. Also see Table XXIII in the Statistical Section.

#### 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. Also see Table XXV in the Statistical Section of this report.

#### 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

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service requirements. The City utilizes the City's excise tax and other unrestricted revenues to pay the lease payments. Also see Table XXIV in the Statistical Section of this report.

**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 action, 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 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, 2013, 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, 2013. Also see Tables XXVI and XXVII in the Statistical Section of this report.

**E. Community Facilities District bonds**

Community Facilities District (CFD) bonds are issued by separate legal entities formed for the purposes of financing public infrastructure improvement within a specific area of the City. The repayment of these bonds 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. See further discussion of CFD bonds outstanding in Note 13.

**F. Authorized and issued debt**

The voters of the City authorized \$22,080,000 of general obligation bonds at a special bond election in March 1990, and \$75,150,000 in September 1994 of which \$592,560 and \$12,000,657, respectively, was unissued at June 30, 2013. In September 1996, the voters authorized \$75,550,000 in either general obligation bonds or utility revenue bonds. To date, the City has not issued general obligation bonds against this authorization; however, \$60,380,132 in utility revenue bonds has been issued against the 1996 authorization, leaving \$15,169,868 unissued against the authorization. In September 2000, the voters authorized \$282,000,000 in bonds as follows: \$164,000,000 in general obligation, utility revenue bonds or Water Infrastructure Finance Authority of Arizona Revolving Fund Loan for the acquisition and construction of water and wastewater facilities; \$22,300,000 in general obligation or utility revenue bonds for storm drainage projects; \$47,150,000 in general obligation or highway user revenue bonds for street, bridges and traffic control projects; and \$48,550,000 in general obligation bonds for parks, open space, public safety and public service projects. General obligation bonds in the amount of \$21,681,456 in 2003, \$59,472,631 in 2007, \$19,555,776 in 2009, \$9,384,315 in 2010 and \$495,000 in 2012; and water infrastructure debt of \$13,965,546 in 2008, \$8,575,248 in 2009, and \$13,775,827 in 2010 have been issued against the 2000 authorization, leaving \$135,094,201 unissued. In May 2005, the voters authorized \$196,000,000 in general obligation bonds as follows: \$52,000,000 for public safety and municipal operations, \$109,000,000 for streets, bridges and traffic control projects, and \$35,000,000 for parks, recreation and library projects. Also in May 2005 the voters authorized \$160,000,000 in revenue or general obligation bonds for water treatment, water system, wastewater, and storm drainage projects. General obligation bonds in the amount of \$24,087,416 in 2007, \$38,511,231 in 2009, \$9,497,031 in 2010, and \$8,775,000 in 2012 were issued against the 2005 authorization leaving \$115,129,322 unissued. Water infrastructure debt of \$24,631,066 in 2007, \$28,775,995 in 2008, \$10,372,993 in 2009 and \$4,045,230 in 2010 in general obligation

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bonds for drainage projects were issued against the 2005 water, wastewater and storm drainage authorization leaving \$92,174,716 unissued at June 30, 2013.

In November 2008, the voters authorized \$378,000,000 in bonds as follows: \$276,700,000 in general obligation or utility revenue bonds for transportation and drainage projects, \$60,300,000 for public safety and municipal operations projects, and \$41,000,000 for parks, recreation and trails projects. General obligation bonds in the amount of \$6,243,424 were issued in 2010 and \$5,445,000 in 2012 against the 2008 authorization leaving \$366,311,576 unissued as of June 30, 2013.

Additionally, in 1996 the citizens of Peoria approved \$42,480,000 in Water Infrastructure Finance Authority of Arizona revolving fund loan for the acquisition and construction of water and wastewater facilities. These projects are financed by utility rates for water and wastewater. As of June 30, 2013, \$23,605,000 remains available of this authorization. For further detail of authorized, issued and unissued bonds, see Table XXIX in the Statistical Section of this report.

**G. Bond covenants and restrictions**

There are various limitations and restrictions contained in debt covenants on some bonds requiring that the City maintain certain reserves or other restrictions. No violations of those covenants occurred during the fiscal year ending June 30, 2013.

**H. Arbitrage**

Under U.S. Treasury Department regulations, all government tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. In general the requirements stipulate that the earnings from investments of tax-exempt bond proceeds that exceed related interest expenditures on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated each general obligation bond and revenue bond issue subject to the arbitrage rebate requirement as of June 30, 2013. At June 30, 2013, there is no outstanding arbitrage liability.

Bonds and loans payable at June 30, 2013 are comprised of the following:

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
<b>General Obligation Bonds</b>							
03/01/07	Series A (2007)	Various improvements	7/1/07-26	4.27	20	94,380,000	61,090,000
03/01/07	Series B (2007)	Refunding portions of Series 1995, 1996, 2000	7/1/07-20	4.00	14	18,365,000	10,780,000
02/19/09	Series 2009	Various improvements	7/1/09-28	3.86	7.4	68,440,000	37,945,000
06/24/10	Series 2010	Various improvements	07/1/10-30	4.03	10.5	29,170,000	24,155,000
06/28/12	Series 2012A	Various improvements	07/1/12-32	3.32	11.38	14,715,000	14,715,000
06/28/12	Series 2012B	Refunding of Series 2003A	7/1/12-22	1.75	5.7	13,690,000	13,690,000
Total General Obligation Bonds						238,760,000	162,375,000
<b>Municipal Development Authority Bonds</b>							
03/09/06	Series 2006	Revenue Bonds MDA Series 2006 – Community Theater	7/1/06-25	4.2	10.9	6,675,000	4,805,000
03/12/08	Series 2008	Revenue Bonds MDA Series 2008 - Transportation	7/1/08-26	4.6	10.5	47,000,000	37,385,000
06/08/11	Series 2011	Revenue Bonds MDA Series 2011	7/1/12-26	3.9	8.7	7,920,000	7,530,000
07/18/12	Series 2012	Revenue Bonds MDA Series 2012	7/1/13-32	3.3	11.6	35,510,000	35,510,000
Total General Obligation Bonds						97,105,000	85,230,000
<b>Special Assessment Bonds</b> with governmental commitment (collateralized by the special assessments levied on the property benefiting from the improvements)							
04/01/07	ID# 0601	99 <sup>th</sup> Ave & Northern ID-Street improvements	7/1/07-22	4.25	15	4,660,000	3,520,000
Total Improvement District Bonds						4,660,000	3,520,000
<b>Community Facility District Bonds</b> (collateralized by ad valorem property taxes levied on the property benefiting from the improvements)							
12/17/02	Series 2002	Vistancia Community Facilities District infrastructure	7/15/05-22	6.69	12.7	21,250,000	14,450,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	18,900,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/09-26	4.26	20	22,760,000	20,375,000
Total Community Facilities District Bonds						67,560,000	53,725,000

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Total bonds payable recorded in governmental activities	304,850,000
Less current portion	<u>(16,705,000)</u>
Long-term portion of bonds payable recorded in governmental activities	\$288,145,000

**CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

**Revenue Bonds**

07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,169,884
12/08/06	WIFA Series 2006 CW 1	Butler Water Treatment Plant	7/1/08-26	3.06	20	27,183,342	22,349,661
02/15/08	WIFA Series 2006 CW 2	Butler Water Treatment Plant	7/1/09-27	3.30	20	42,741,541	35,791,511
05/16/08	WIFA Series 2006 CW 3	Butler Water Treatment Plant	7/1/10-28	3.48	19	8,575,253	7,562,886
07/17/09	WIFA Series CW0182009	Northern Ave Repairs	7/1/10-29	3.48	20	1,577,978	635,215
07/17/09	WIFA Series DW0382009	Various improvements	7/1/10-29	2.00	20	8,484,204	6,961,702
07/17/09	WIFA Series CW0412009	Beardsley upgrades & Northern Ave repairs	7/1/10-29	2.00	20	4,021,623	3,227,316
07/17/09	WIFA Series CW0172009	Beardsley reclamation facility	7/1/10-29	3.27	20	4,545,000	3,861,721
11/20/09	WIFA Series DW1272009	Pinnacle Peak Road improvements	7/1/10-29	3.23	20	1,780,000	652,756
05/27/10	WWW Series 2010	Refunding Series 1998A & Series 2000 Revenue Bonds	7/1/11-20	3.21	6.2	15,780,000	14,015,000
06/28/12	WWW Series 2012	Refunding Series 1995, 1997, WIFA Series 2000 PH 1&2	7/1/12-21	1.60	4.3	23,280,000	23,280,000
	Total Revenue Bonds					<u>200,318,811</u>	<u>119,507,652</u>

Total bonds payable recorded in business-type activities	119,507,652
Less current portion	<u>(9,007,117)</u>
Long-term portion of bonds payable recorded in business-type activities	<u>110,500,535</u>
Total long-term portion of bonds payable	<u>\$398,645,535</u>
<b>Reconciliation to total bonded debt principal:</b>	
Total long-term portion of bonds payable	\$398,645,535
Add:	
Current portion of bonds payable	25,712,117
Total bonded debt principal as of June 30, 2013	<u>\$424,357,652</u>

**Contracts Payable**

The contracts payable listed below are generally development agreements where, in return for developers constructing capital infrastructure that the City would otherwise be responsible for constructing, and then dedicating (donating) that infrastructure to the City, the City has agreed to repay the developer at some future time. Both the liability (Contracts payable) and the capital asset are reported in the governmental activities on the government-wide financial statements. No other financing source or use is reported in the governmental fund financial statements since these are not cash transactions.

Other debt at June 30, 2013 consists of the following:

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
06/01/94	Planned area retail project	Offsite improvements-Bell Rd & Paradise Ln-IDs 8802 and 9303 – DMB Circle Road	06/20/17	Prime	7.0	4,538,187	309,094
03/16/99	Master-planned community	Street & infrastructure improvements-West Wing Pkwy; Park land; Trail improvements; Open space land – West Wing	03/16/14	-	-	4,316,327	3,940,961
10/22/01	Master-planned community	Fire station building, equipment & land; Street & infrastructure improvements-parts of El Mirage Road, Ridgeline Rd, Vistancia Blvd, Jomax Rd, Ln Mtn Rd, Westland Rd; Park land & improvements - Vistancia	10/22/26	-	-	45,251,014	23,348,852
07/01/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd – DIB Investment Group	05/20/20	-	-	1,800,000	1,022,194
11/18/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd- BCC Development (Acura)	04/30/14	-	-	1,800,000	929,815
02/17/04	Residential development	Neighborhood park land & improvements; Right of way land on 67 <sup>th</sup> Ave – Sonoran Mtn Ranch	02/17/14	-	-	1,382,257	102,014
03/16/04	Residential development	Street & infrastructure improvements; Right of way land; Park land; Library land – Camino A Lago	08/31/14	-	-	14,512,075	11,094,044
10/19/04	Residential development	Street & infrastructure improvements; Right of way land; Trail land; Fire station land – Rock Springs	-	-	-	3,901,317	3,026,791
12/14/04	Planned area retail project	Offsite improvements-92 <sup>nd</sup> Ave & Bell Rd – Phoenix Motor Co.	07/29/18	-	-	1,800,000	1,379,531
02/11/05	Master-planned community	Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio	02/11/15	-	-	10,587,249	8,614,259
09/14/05	Residential development	Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams – Casa Del Ray	-	-	-	588,659	54,935
10/12/06	Planned area retail project	Offsite improvements & Right of way land-Peoria east of 83 <sup>rd</sup> Ave - Wal-Mart	10/01/13	-	-	6,926,205	2,342,091

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Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued):</b>							
12/22/06	Residential development	Right of way land – Peoria Place	-	-	-	748,209	748,209
03/05/09	Planned area retail project	Right of way land; Intersection improvements – Empire Center	-	-	-	253,192	253,192
Total contracts payable recorded in governmental activities							57,165,982
Less estimated current portion							(5,174,034)
Long-term portion of contracts payable in governmental activities							<u>51,991,948</u>

**CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

12/14/00	Master-planned community	Water and wastewater treatment plant facilities and lift stations - Quintero	-	-	-	661,005	626,568
10/22/01	Master-planned community	Water rights-4,200 acre feet of assured water supply - Vistancia	10/22/26	-	-	4,841,000	2,348,454
02/17/04	Residential development	Wastewater infrastructure improvements –Sonoran Mtn Ranch	02/17/14	-	-	2,376,931	173,070
03/16/04	Residential development	Water rights-947 acre feet water allocation – Camino A Lago	08/31/14	-	-	426,208	292,851
02/11/05	Master-planned community	Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio	02/11/15	-	-	3,427,985	2,856,261
Total contracts payable recorded in business-type activities							6,297,204
Less estimated current portion							(563,190)
Long-term portion of contracts payable							5,734,014
Total long-term contracts payable as of June 30, 2013							<u>\$ 57,722,962</u>

The following is a summary of changes in non-current liabilities reported in the government-wide financial statements for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 170,960,000	-	8,585,000	162,375,000	9,555,000
MDA Bonds	52,480,000	35,510,000	2,760,000	85,230,000	4,195,000
Special assessment bonds	4,660,000	-	1,140,000	3,520,000	325,000
CFD bonds	56,230,000	-	2,505,000	53,725,000	2,630,000
Total bonds payable	284,330,000	35,510,000	14,990,000	304,850,000	16,705,000
Contracts payable	62,926,249	-	5,760,267	57,165,982	5,174,034
Compensated absences	7,011,230	8,394,712	8,523,843	6,882,099	5,102,910
Deferred bond premium	3,092,958	1,039,481	282,285	3,850,154	-
Deferred loss on refunding	(466,255)	-	(58,382)	(407,873)	-
Governmental activities totals	<u>\$ 356,894,183</u>	<u>44,944,193</u>	<u>29,498,013</u>	<u>372,340,362</u>	<u>26,981,944</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	128,283,906	-	8,776,254	119,507,652	9,007,117
Contracts payable	6,936,350	-	639,146	6,297,204	563,190
Compensated absences	801,950	863,196	822,416	842,730	614,690
Deferred bond premium	2,444,595	-	276,791	2,176,804	-
Deferred loss on refunding	(379,208)	-	(47,401)	(331,807)	-
Business-type activities totals	<u>\$ 138,087,593</u>	<u>863,196</u>	<u>10,467,206</u>	<u>128,483,583</u>	<u>10,184,997</u>

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The following is a summary of bond debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2013:

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Total
2014	15,628,409	7,633,645	474,600	12,695,674	5,484,633	41,916,961
2015	15,638,309	7,595,408	475,788	12,684,630	5,476,311	41,870,446
2016	15,665,759	7,583,308	476,338	12,652,567	5,475,713	41,853,685
2017	15,263,734	7,576,707	476,250	12,952,581	5,468,074	41,737,346
2018	14,693,884	7,571,358	480,525	12,937,109	5,462,674	41,145,550
2019	14,681,728	7,549,657	478,950	12,001,210	5,455,359	40,166,904
2020	14,644,259	7,561,183	481,738	10,613,246	5,445,671	38,746,097
2021	14,665,603	7,557,017	483,675	10,633,223	5,443,926	38,783,444
2022	13,467,774	7,547,712	484,761	7,706,818	5,432,718	34,639,783
2023	13,453,315	7,546,978	-	6,888,325	5,425,388	33,314,006
2024	11,861,871	7,517,769	-	6,744,469	5,427,431	31,551,540
2025	11,846,175	7,532,213	-	6,741,606	5,419,936	31,539,930
2026	11,831,774	7,508,634	-	6,747,233	5,437,175	31,524,816
2027	11,835,219	3,157,307	-	6,753,332	5,430,802	27,176,660
2028	6,085,050	2,464,791	-	4,728,820	-	13,278,661
2029	6,076,688	2,463,106	-	1,656,385	-	10,196,179
2030	2,820,575	2,455,581	-	304,515	-	5,580,671
2031	2,815,638	2,459,128	-	-	-	5,274,766
2032	967,406	2,455,300	-	-	-	3,422,706
2033	957,622	2,457,263	-	-	-	3,414,885
Less Interest	(52,525,792)	(30,964,065)	(792,625)	(25,934,091)	(22,560,811)	(132,777,384)
	<u>\$162,375,000</u>	<u>85,230,000</u>	<u>3,520,000</u>	<u>119,507,652</u>	<u>53,725,000</u>	<u>424,357,652</u>

The following table discloses the bond debt service requirements as of June 30, 2013, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2014	25,712,117	16,204,844	41,916,961
2015	26,539,387	15,331,059	41,870,446
2016	27,490,996	14,362,689	41,853,685
2017	28,422,081	13,315,265	41,737,346
2018	28,947,787	12,197,763	41,145,550
2019-2023	141,976,908	43,673,326	185,650,234
2024-2028	119,278,968	15,792,639	135,071,607
2029-2033	<u>25,989,408</u>	<u>1,899,799</u>	<u>27,889,207</u>
Totals	<u>\$ 424,357,652</u>	<u>132,777,384</u>	<u>557,135,036</u>

The City had no outstanding variable rate bonds at June 30, 2013. The City had \$309,094 in variable rate outstanding contracts payable at June 30, 2013. Interest on this debt is tied to the prime rate with an interest rate cap that varies per agreement. The City had no short-term debt activity during the year ended June 30, 2013.

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

**15. ADVANCE REFUNDINGS**

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

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Prior Years Refundings (amounts callable on October 31, 2013)

2000 Ph2 Water Infrastructure Authority Bonds	\$7,912,547
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**16. 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 \$161,258,811 in Water Infrastructure Financing Authority Bonds issued in 1995-2010. The various bonds were issued for the purchase or construction of various water or wastewater infrastructure including wells, treatment plants, pumping stations and water and wastewater distribution or collection lines. At June 30, 2013, \$119,507,652 in bonds remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2013, the net revenues available for service of this debt were \$26,911,394. The debt principal and interest paid on this debt in fiscal year 2013 was \$12,356,158 (45.9% of available net pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for revenue bonds, refer to Table XXV of the Statistical Section.

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, 2013, \$47,845,000 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, 2013, the pledged revenues available to service this debt were \$105,886,977. The debt principal and interest paid on this debt in fiscal year 2013 was \$1,162,481 (1.1% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for MDA bonds, refer to Table XXIV of the Statistical Section.

The City has pledged certain revenues for the repayment of \$47,000,000 in Municipal Development Authority Bonds issued in 2008. The bonds were issued to construct transportation infrastructure. The bonds have a senior lien on the .03% transportation sales tax and a secondary lien on the excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes (secondary after the MDA Bonds discussed above). At June 30, 2013, \$37,385,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2013, the net revenues available to service this debt were \$114,651,932. The debt principal and interest paid on this debt in fiscal year 2013 was \$3,898,588 (3.4% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for revenue bonds, refer to Table XXV of the Statistical Section.

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, 2013 \$3,520,000 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2013, the net revenues available to service this debt were \$1,484,283. The debt principal and interest paid on this debt in fiscal year 2013 was \$1,362,820 (91.8% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for Special Assessment bonds, refer to Table XXVI of the Statistical Section.

**17. RETIREMENT AND PENSION PLANS**

All full-time employees of the City are covered by one of three pension plans. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retiree's average compensation. Long-term disability benefits vary by

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circumstances, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are paid as a flat dollar amount per month towards the retiree’s health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The Arizona State Retirement System (A.S.R.S.) is for the benefit of the employees of the state and certain other governmental jurisdictions. All full-time City employees, except sworn fire and police personnel, are included in the Arizona State Retirement System plan, which is a cost sharing, multiple-employer, defined benefit plan. Sworn police and fire personnel participate in the Public Safety Retirement System, which is an agent multiple-employer defined benefit plan. In addition, the Mayor and City Council members are covered by the State’s Elected Officials Plan, which is also a multiple-employer defined benefit cost sharing plan.

**Arizona State Retirement System:**

a. **Plan Description**

All of the City’s full-time employees, other than those covered by one of the other retirement plans, participate in the Arizona State Retirement System (System), a cost sharing multiple-employer defined benefit pension plan; health insurance premium plan; and long-term disability plan. The System was established by the State of Arizona to provide benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, Article 2 of the Arizona Revised Statutes. The System provides for retirement, disability, health insurance premiums, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, 3300 N. Central Ave., Suite 1300, Phoenix, Arizona, 85012 or by calling 1-800-621-3778 or 602-240-2000.

b. **Funding Policy**

Covered employees were required by state statute to contribute 11.14 percent (10.9 percent for retirement and 0.24 percent for long-term disability) of their salaries to the System and the City was required to match it (10.25 percent for retirement, .65 percent for health insurance premium, and 0.24 percent for long-term disability). Arizona Revised Statutes (A.R.S.) provide statutory authority for determining the employees’ and employers’ contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to impose a contribution rate other than the actuarially determined rate. The City was also required to contribute an alternate contribution rate of 8.64 percent of salaries for those employees that are currently receiving retirement benefits from the System. These retirement members are not required to contribute to the System. These amounts have been included in the employer retirement fund contributions in the following table.

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

<b><u>Fiscal Year Ended</u></b>	<b><u>Retirement Fund</u></b>	<b><u>Health Benefit Supplement Fund</u></b>	<b><u>Long-Term Disability Fund</u></b>
2011	4,439,940	290,740	123,195
2012	4,263,942	272,167	103,682
2013	5,048,667	320,008	117,811

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**Elected Officials Retirement Plan:**

a. **Plan Description**

The City's Mayor and Council members participate in the Elected Officials Retirement System (EORP), a cost sharing, multiple-employer defined benefit pension plan and insurance premium plan. The Board of Trustees of the Public Safety Personnel Retirement System (PSPRS) is the administrator for the EORP which was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges and certain elected city officials. EORP provides retirement benefits, death and disability benefits, and health insurance premium benefits.

Because the health insurance premium plan benefit of the EORP is not established as a formal trust, it is reported in accordance with GASB Statement 45 as an agent multiple-employer plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan. According to GASB Statement 43, the health insurance subsidy paid by the Plan represents other post employment benefits. The Plan does not administer a separate healthcare plan as defined under IRC 401h or an equivalent arrangement. In addition, the Plan is not statutorily authorized to maintain a separate account for the health insurance subsidy assets and benefit payments. Therefore, in accordance with GASB Statement 43, the healthcare subsidy is reported by the Plan as an agency fund. All assets of the plan are available to pay both pension and health insurance subsidy. The pension benefits and health insurance subsidy are funded through employer contributions based on an annual actuarial valuation. Contributions are separately accounted for by employer but are not segregated by contribution type.

EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 3010 E. Camelback Rd., Ste 200, Phoenix, Arizona, 85016, by calling 602-255-5575, or on the internet at [www.psprs.com](http://www.psprs.com).

b. **Funding Policy**

The EORP's funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 11.50 percent of their annual covered salary. The employer rate for fiscal year 2012-2013 was 36.44 percent. The health insurance premium portion of the contribution rate was actuarially set at 1.80 percent of covered payroll. The City's contributions from employer and employees for the fiscal year 2013, 2012, and 2011 were \$17,410, \$15,140, and \$11,010, respectively for the employees and \$55,166, \$49,943, and \$46,649, respectively for the employer. These contributions matched the required contributions for those years.

c. **Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual contributions are subject to continual revisions as actual results are compared to past expectations and new estimates are made.

Projections of benefits are based on 1) the plan as understood by the City and the 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 and the plan members to that point. Actuarial calculations reflect a long-term prospective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The required contribution was determined as part of the June 30, 2011, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.25 percent investment rate of return, (b) projected salary increases of 4.5 percent, and (c) payroll growth of 4.5

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percent per year. Since the health insurance premium benefits are fixed, no health care cost trend rate is used in the actuarial valuation.

The actuarial value of EORP assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period. EORP's assets in excess of actuarial accrued liabilities are amortized as level percents of payroll over an open period of 20 years, while unfunded actuarial liabilities are amortized as level percents of payroll over a closed period of 25 years.

**Public Safety Personnel Retirement System:**

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan and insurance premium plan, which acts as a common investment and administrative agent for the various fire and police agencies within the state. Sworn police and fire personnel are eligible to participate in the plan. The plan provides retirement and disability benefits, death benefits, and insurance premium benefits, to plan members and beneficiaries. The PSPRS is jointly administered by the Fund Manager and 209 Local Boards and was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Safety Personnel Retirement System 3010 East Camelback Rd., Ste 200, Phoenix, Arizona, 85016, by calling 602-255-5575, or on the internet at [www.psprs.com](http://www.psprs.com).

b. **Funding Policy**

PSPRS police personnel are required to contribute 9.55 percent of their annual covered salary and fire personnel are required to contribute 9.55 percent while the City is required to contribute an actuarially determined rate. Police personnel contributed \$1,266,014 and fire personnel \$1,015,995 during fiscal year 2012-2013. The City rate for fiscal year 2013 was 20.85 percent for police personnel and 16.15 percent for fire members. The City was also required to contribute 14.57 percent for those police and fire personnel that were currently drawing retirement benefits from a PSPRS retirement system and were not required to make employee contributions. The health insurance premium portion of the contribution rate was actuarially set at 1.02 percent of covered payroll for police and 1.01 percent for fire for fiscal year 2013. Benefit and contribution provisions are established by state law and may be amended only by the State of Arizona Legislature (A.R.S. Section 38-843).

c. **Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual contributions are subject to continual revisions as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of the plans' 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 and the 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 and the plan members to that point. Actuarial calculations reflect a long-term prospective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The most recent actuarial valuation and related information follow.

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	Fire	Police
Valuation date	6/30/2012	6/30/2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level % of pay, closed for underfunded, open for overfunded	Level % of pay, closed for underfunded, open for overfunded
Remaining amortization period	24 years for underfunded 20 years for overfunded	24 years for underfunded 20 years for overfunded
Asset valuation method	7 years smoothed market	7 years smoothed market
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.0% - 9.0%	5.0% -9.0%
Includes inflation at	5.0%	5.0%
Cost of living adjustments	None	None

Since the health insurance premium benefits are fixed, no health care cost trend rate is used in the actuarial valuation.

**Annual Pension/OPEB Cost - Agent Plans:**

The City's pension/OPEB costs for the agent plans for the year ended June 30, 2013, follows:

	PSPRS - Police		PSPRS - Fire		EORP	
	Pension	Health Insurance	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$2,622,025	\$134,785	\$1,632,474	\$107,353	\$52,441	\$2,725
Contributions made	2,622,025	134,785	1,632,474	107,353	52,441	2,725

**Three Year Trend Information for Agent Plans:**

Annual pension cost information for the current and two preceding years follows for each of the agent plans.

<u>Fiscal Year Ended</u>	<u>Annual Pension/OPEB Cost</u>	<u>Annual Costs Contributed</u>	<u>Percentage of Net Pension/OPEB Obligation</u>
<b><u>PSPRP - Police - Pension</u></b>			
2011	\$2,112,544	100%	\$ 0
2012	2,090,120	100	0
2013	2,622,025	100	0
<b><u>PSPRP - Police – Health Insurance</u></b>			
2011	\$ 126,533	100%	\$ 0
2012	123,935	100	0
2013	134,785	100	0
<b><u>PSPRP - Fire - Pension</u></b>			
2011	\$1,457,929	100%	\$ 0
2012	1,394,608	100	0
2013	1,632,474	100	0
<b><u>PSPRP - Fire – Health Insurance</u></b>			
2011	\$ 99,083	100%	\$ 0
2012	109,878	100	0
2013	107,353	100	0

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**EORP – Pension**

2011	\$ 43,878	100%	\$ 0
2012	47,233	100	0
2013	52,441	100	0

**EORP – Health Insurance**

2011	\$ 2,772	100%	\$ 0
2012	2,710	100	0
2013	2,725	100	0

**Volunteer Firemen's Pension Trust Fund**

The Volunteer Firemen's Pension Trust plan covers participants in a volunteer firemen program formerly sponsored by the City. There are currently four individuals receiving monthly benefits of \$425 each. There are no potential additional demands upon the fund since the volunteer program has been discontinued. An actuarial valuation of this pension plan has not been performed. The City believes the unfunded liability, if any, is not material.

**Schedule of Funding Progress:**

The funded status of the plans as of the most recent valuation date, June 30, 2012, and the prior two years follow. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and therefore, actuarial information for the City, as a participating government, is not available.

**Schedule of Funding Progress (Latest Available Actuarial Information)**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
<b><u>Police – Retirement</u></b>						
2010	\$38,917,135	\$54,236,036	71.8%	\$15,318,901	\$13,537,319	113.2%
2011	42,776,856	62,806,469	68.1	20,029,613	12,989,140	154.2
2012	47,252,572	72,134,658	65.5	24,882,086	12,995,169	191.5
<b><u>Police – Health Insurance Subsidy</u></b>						
2010	\$ 0	\$1,188,099	0.0%	\$1,188,099	\$13,537,319	8.78%
2011	0	1,547,097	0.0	1,547,097	12,989,140	12.12
2012	0	1,637,968	0.0	1,637,968	12,995,169	12.60
<b><u>Fire – Retirement</u></b>						
2010	\$32,543,378	\$37,236,602	87.4%	\$4,693,224	\$10,423,082	45.0%
2011	36,477,794	44,039,032	82.8	7,591,238	10,271,122	73.9
2012	41,223,476	49,863,454	82.7	8,639,978	10,470,454	82.5

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**Fire – Health Insurance Subsidy**

2010	\$ 0	\$1,152,655	0.0%	\$1,152,655	\$10,423,082	11.06%
2011	0	1,390,847	0.0	1,390,847	10,271,122	13.54
2012	0	1,377,734	0.0	1,377,734	10,470,454	13.16

**18. LEASES**

The City leases vehicles, equipment and land under certain non-cancelable operating leases. Operating leases do not give rise to property rights or lease obligations (long-term debt), and therefore the results of the lease agreements are not reflected in the City's Statement of Net Position. Lease costs for the fiscal year ended June 30, 2013 were \$158,989.

The following is a schedule of the future minimum lease payments on the operating leases.

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 192,356
2015	196,312
2016	196,518
2017	200,842
2018	<u>205,286</u>
Total	\$ 991,314

The City is the lessor on several operating leases of land. The cost of the real property associated with these leases is \$2,218,519. Operating lease revenues for fiscal year 2013 were \$901,183.

The following is a schedule of five years minimum future rental revenues on these leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 311,335
2015	314,739
2016	320,187
2017	348,889
2018	355,427

**19. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Additionally, the City offers its management employees an additional deferred compensation plan created in accordance with Internal Revenue Code Section 401a. 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.

**20. COMMITMENTS AND CONTINGENCIES**

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.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The following table presents the City's commitments and encumbrances as of June 30, 2013:

<u>Fund/Description</u>	<u>Remaining Commitment</u>
General Fund:	
Old Town Commercial Rehab	\$ 219,968
Public Safety Equipment	130,583
Systems Upgrades	82,719
Parks and Recreation Facilities	<u>7,877</u>
	441,147
Highway User Revenue Fund:	
Streets/Traffic Infrastructure	51,504
Sidewalk Improvements	25,135
ADA Ramp Improvements	<u>1,205</u>
	77,844
Development Fee Fund:	
Parks and Recreation Facilities	106,759
Municipal Facilities	46,175
Streets/Traffic Infrastructure	<u>3,713</u>
	156,647
Transportation Sales Tax Fund:	
Streets/Traffic Infrastructure	4,459,993
Non-Major Governmental Funds:	
GO Bond Cap Proj – Streets/Traffic Infrastructure	6,807,067
GO Bond Cap Proj – Parks and Recreation Facilities	300,674
GO Bond Cap Proj – Asset Management System Upgrade	136,819
GO Bond Cap Proj – Police CAD Replacement	136,488
GO Bond Cap Proj – Drainage Infrastructure	98,095
GO Bond Cap Proj – Municipal Facilities	48,410
Non-Bond Cap Proj –Parks and Recreation Facilities	2,496,195
Non-Bond Cap Proj –Drainage Infrastructure	555,828
Non-Bond Cap Proj –Streets/Traffic Infrastructure	505,567
CFD Cap Proj – Recharge Wells	222,361
MDA Bonds Capital Proj – Parks and Recreation Facilities	<u>24,895,534</u>
	36,203,038
Water Utility Fund:	
Water Lines	1,076,199
Wells and Reservoirs	354,942
Water Facilities	119,663
Systems Upgrades	82,720
Operational Purposes	<u>80,944</u>
	1,714,468
Wastewater Utility Fund:	
Wastewater Lines	1,075,589
Systems Upgrades	82,723
Operational Purposes	<u>52,413</u>
	1,210,725
Total commitments	<u>\$ 44,263,862</u>

## **21. OTHER MATTERS**

### **Park West Development**

The City signed a development agreement with DJN Eagle Mountain, LLC on July 5, 2005, and amended on April 15, 2008, with provisions that reimbursement will be made by the City to the developer for certain public infrastructure improvements related to the retail component of a mixed use project called Park West in the southwest area of the City. The developer is required by the agreement to complete construction of 150,000 square feet of retail business space by July 31, 2008, and an additional 360,000 square feet of retail business space by March 31, 2010, and to have a capital investment of at least forty-five million dollars in the project within 36 months of the construction commencement date. Reimbursements will begin once certain construction obligations are met by the developer. The agreement caps the reimbursement amount at no more than \$9,000,000. Payments will be made quarterly, consisting of fifty percent of one percent of sales tax revenues generated by the project. No liability will be recorded by the City until such time as the developer has met all obligations of the agreement. The developer is in default of the terms of the Agreement related to the improvement district, but the Agreement has not been terminated. Because of the default, the \$9,000,000 has not been recorded as a liability as of June 30, 2013.

### **Vistancia**

The City approved a development agreement with Shea Sunbelt Pleasant Point LLC on October 22, 2001, for development of a master-planned community north of Happy Valley Road and west of the Agua Fria River. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications, water rights acquisition, fire station building and equipment, and park and trail development. In return the City agreed to certain impact fee reimbursements. Individual liabilities will not be recorded until the developer has met City requirements associated with each agreed-upon item. As of June 30, 2013, there are currently estimated potential impact fee reimbursements of the following that are not yet recorded as liabilities: One neighborhood park site currently estimated at \$450,000; two community park sites currently estimated at \$4,500,000; one library site currently estimated at \$750,000; and street and intersection improvements and associated ROW land dedications currently estimated at \$11,500,000.

### **Saddleback Heights**

The City approved a development agreement with Diamond Ventures Inc. on December 24, 2002 for a master-planned community located on the southwest corner of 163rd Avenue and State Highway 74. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications, and provision of certain equipment. Associated with some of these requirements, the City has agreed to credit the developer from impact fees and other sources. As of June 30, 2013, no building activities have commenced and the credits could not be reliably estimated. The agreement is in force for 25 years from the signing of the agreement. The developer is currently seeking an amendment to the development plan and agreement. As of June 30, 2013, these potential credits/reimbursements could not be reliably estimated.

### **Lake Pleasant Heights**

On December 19, 2005, the City approved a development agreement with Group Three Properties, Noranda Properties Inc., and Pleasant Views LLC, which terminated an existing development agreement and enabled the developer to rely on existing City ordinances related to infrastructure improvements, right-of-way and land dedications. Subsequently, these entities no longer have ownership interests in the land, and new developers are looking to amend or restate a development agreement. The development is a master-planned community east of Vistancia North and south of State Route 74. As the developer(s) moves forward with the project, there may be infrastructure and land dedications resulting in impact fee credits due them from the City. As of June 30, 2013, the potential credits could not be reliably estimated.



# Combining Fund Financial Statements and Budgetary Schedules

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

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

## **Debt Service Funds**

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

### **General Obligation 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.

## **Capital Projects Funds**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

### **Development Fee Fund**

This fund accounts for the collection of governmental development/impact fees, including streets, parks and open space, library, public safety, and general government, and the expenditure of those funds for capital construction or new equipment needed because of new development.

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 30,261,459	\$ 30,261,459	\$ 30,261,459	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property taxes	14,251,508	14,251,508	14,452,592	201,084
Investment earnings	112,000	112,000	37,374	(74,626)
Transfers in	-	-	-	-
Total inflows	<u>14,363,508</u>	<u>14,363,508</u>	<u>14,489,966</u>	<u>126,458</u>
Amounts available for appropriation	<u>44,624,967</u>	<u>44,624,967</u>	<u>44,751,425</u>	<u>126,458</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	2,800	2,800
Debt service:				
Principal payments	8,585,000	8,585,000	8,585,000	-
Interest and other charges	6,480,202	6,480,202	6,293,374	(186,828)
Contingencies	500,000	490,098	-	-
Total charges to appropriations	<u>15,565,202</u>	<u>15,555,300</u>	<u>14,881,174</u>	<u>(184,028)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 29,059,765</u>	<u>\$ 29,069,667</u>	<u>\$ 29,870,251</u>	<u>\$ 310,486</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 44,751,425
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(30,261,459)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	337,253
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 14,827,219</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,881,174
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	720
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 14,881,894</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
DEVELOPMENT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 32,114,798	\$ 32,114,798	\$ 32,114,798	\$ -
<b>RESOURCES (INFLOWS):</b>				
Impact/expansion fees	4,940,100	4,940,100	8,916,126	3,976,026
Investment earnings	231,670	230,487	58,819	(171,668)
Total inflows	<u>5,171,770</u>	<u>5,170,587</u>	<u>8,974,945</u>	<u>3,804,358</u>
Amounts available for appropriation	<u>37,286,568</u>	<u>37,285,385</u>	<u>41,089,743</u>	<u>3,804,358</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government-non departmental	-	-	-	-
Culture and recreation	261,162	284,457	71,705	(212,752)
Police	42,343	39,591	34,679	(4,912)
Fire	7,327	12,196	(31,570)	(43,766)
Highways and streets	186,024	176,229	11,705	(164,524)
Debt service:				
Principal payments	2,370,457	3,075,855	3,777,253	701,398
Capital outlay	11,271,537	11,355,120	346,858	(11,008,262)
Contingencies	1,587,710	848,010	-	(848,010)
Transfers out	-	-	-	-
Total charges to appropriations	<u>15,726,560</u>	<u>15,791,458</u>	<u>4,210,630</u>	<u>(11,580,828)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 21,560,008</u>	<u>\$ 21,493,927</u>	<u>\$ 36,879,113</u>	<u>\$ 15,385,186</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 41,089,743
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(32,114,798)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	13,973
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,988,918</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,210,630
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	410,799
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(21,242)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,600,187</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 revenues 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 Bonds Debt Service Fund**

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

#### **Community Facilities District (CFD) Bonds Debt Service Fund**

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

#### **Special Assessment Bonds Debt Service Fund**

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

## **Capital Projects Funds**

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

### **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.

### **Community Facilities District (CFD) Bonds Capital Projects Fund**

This fund accounts for the expenditure of Vistancia 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.

### **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  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Bonds	CFD Bonds	Special Assessment Bonds
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>					
Cash and cash equivalents	\$ 179,906	\$ 1,069,629	\$ 1,628,228	\$ -	\$ 24,478
Cash with fiscal agents	-	-	3,745,828	-	-
Investments	715,033	4,251,209	6,471,340	-	97,289
Accounts receivable, net	39,926	61,650	-	116,281	-
Interest receivable	752	4,776	652	9,505	57
Due from other funds	-	-	1,200,000	-	-
Due from other governments	62,091	618,254	-	28,805	-
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	4,444,414	-
Restricted investments	-	-	-	4,381,954	-
Special assessments receivable	-	-	-	-	3,520,000
Interfund receivable (non-current)	-	-	890,133	-	-
Total assets	<u>997,708</u>	<u>6,005,518</u>	<u>13,936,181</u>	<u>8,980,959</u>	<u>3,641,824</u>
Total assets & deferred outflows	<u>\$ 997,708</u>	<u>\$ 6,005,518</u>	<u>\$ 13,936,181</u>	<u>\$ 8,980,959</u>	<u>\$ 3,641,824</u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 827	\$ 243,237	\$ -	\$ 276	\$ 360
Accrued payroll	5,008	6,068	-	-	-
Due to other funds	-	34,363	-	-	-
Due to other governments	-	305	-	-	-
Other liabilities	500	-	-	-	-
Unearned revenue-other	-	87,782	-	-	-
Total liabilities	<u>\$ 6,335</u>	<u>\$ 371,755</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 360</u>
Deferred inflows of resources:					
Unavailable revenue-property taxes	-	\$ -	\$ -	\$ 14,287	\$ -
Unavailable revenue-special assessments	-	-	-	-	3,520,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,287</u>	<u>3,520,000</u>
Fund balances:					
Unspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Debt service	-	-	13,936,181	8,966,396	121,464
Capital projects	-	-	-	-	-
Grant Purposes	991,373	1,734,083	-	-	-
Committed for:					
Arts Capital	-	3,804,379	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Other purposes	-	95,301	-	-	-
Total fund balance	<u>991,373</u>	<u>5,633,763</u>	<u>13,936,181</u>	<u>8,966,396</u>	<u>121,464</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 997,708</u>	<u>\$ 6,005,518</u>	<u>\$ 13,936,181</u>	<u>\$ 8,980,959</u>	<u>\$ 3,641,824</u>

The accompanying notes are an integral part of the financial statements

Capital Projects Funds				Total
GO	CFD	MDA	Non-Bond	Non-Major
Bonds	Bonds	Bonds		Governmental
				Funds
\$ -	\$ -	\$ -	\$ 5,131,310	\$ 8,033,551
-	-	-	-	3,745,828
-	-	-	20,394,236	31,929,107
30,546	-	-	143,144	391,547
15,409	22,524	-	32,045	85,720
-	-	-	-	1,200,000
-	-	-	-	709,150
25,000	-	-	-	25,000
5,780,760	2,748,658	33,881,646	-	46,855,478
16,169,607	7,810,936	-	-	28,362,497
-	-	-	-	3,520,000
-	-	-	-	890,133
<u>22,021,322</u>	<u>10,582,118</u>	<u>33,881,646</u>	<u>25,700,735</u>	<u>125,748,011</u>
<u>\$ 22,021,322</u>	<u>\$ 10,582,118</u>	<u>\$ 33,881,646</u>	<u>\$ 25,700,735</u>	<u>\$ 125,748,011</u>
\$ 1,040,927	\$ 64,684	\$ 2,695,727	\$ 1,375,125	\$ 5,421,163
-	-	-	-	11,076
-	-	-	-	34,363
-	-	-	-	305
247,364	95,859	457,664	318,274	1,119,661
-	-	-	2,119,900	2,207,682
<u>\$ 1,288,291</u>	<u>\$ 160,543</u>	<u>\$ 3,153,391</u>	<u>\$ 3,813,299</u>	<u>\$ 8,794,250</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,287
-	-	-	-	3,520,000
-	-	-	-	3,534,287
\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
-	-	-	-	23,024,041
20,708,031	10,421,575	30,728,255	3,396,396	65,254,257
-	-	-	-	2,725,456
-	-	-	-	3,804,379
-	-	-	18,491,040	18,491,040
-	-	-	-	95,301
<u>20,733,031</u>	<u>10,421,575</u>	<u>30,728,255</u>	<u>21,887,436</u>	<u>113,419,474</u>
<u>\$ 22,021,322</u>	<u>\$ 10,582,118</u>	<u>\$ 33,881,646</u>	<u>\$ 25,700,735</u>	<u>\$ 125,748,011</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, 2013**

	Special Revenue Funds		Debt	Service Funds	Special Assessment Bonds
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Bonds	CFD Bonds	
<b>REVENUES:</b>					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ 2,183,404	\$ -
Intergovernmental:					
From federal government	142,571	2,786,687	-	-	-
Other	610,091	705,073	-	-	-
Charges for service	43,316	556,405	-	-	-
Fines and forfeitures	-	198,552	-	-	-
Investment earnings	1,826	20,050	2,514	19,831	984
Special assessments	-	-	-	-	1,217,271
Miscellaneous	62,815	133,249	-	3,424,335	-
Total revenues	<u>860,619</u>	<u>4,400,016</u>	<u>2,514</u>	<u>5,627,570</u>	<u>1,218,255</u>
<b>EXPENDITURES:</b>					
Current operating:					
General government	-	172,494	-	-	-
Culture and recreation	-	492,983	-	-	-
Police	-	690,144	-	-	-
Fire	-	321,613	-	-	-
Development services	-	495,153	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	128,745	-	-	-
Human services	1,013,401	1,199,973	-	-	-
Debt service:					
Principal payments	-	-	2,760,000	2,505,000	1,140,000
Interest and other charges	-	-	2,880,325	2,985,974	223,179
Capital outlay	-	218,200	-	-	-
Total expenditures	<u>1,013,401</u>	<u>3,719,305</u>	<u>5,640,325</u>	<u>5,490,974</u>	<u>1,363,179</u>
Excess (deficiency) of revenues over expenditures	<u>(152,782)</u>	<u>680,711</u>	<u>(5,637,811)</u>	<u>136,596</u>	<u>(144,924)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital-related debt issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers in	200,000	12,349	6,626,041	-	-
Transfers out	(131,850)	(415,578)	(715,508)	-	(184,004)
Total other financing sources and uses	<u>68,150</u>	<u>(403,229)</u>	<u>5,910,533</u>	<u>-</u>	<u>(184,004)</u>
Net change in fund balances	<u>(84,632)</u>	<u>277,482</u>	<u>272,722</u>	<u>136,596</u>	<u>(328,928)</u>
Fund balances - beginning	1,076,005	5,356,281	13,663,459	8,829,800	450,392
Fund balances - ending	<u>\$ 991,373</u>	<u>\$ 5,633,763</u>	<u>\$ 13,936,181</u>	<u>\$ 8,966,396</u>	<u>\$ 121,464</u>

Capital Projects Funds				Total Non-Major Governmental Funds
GO Bonds	CFD Bonds	MDA Bonds	Non-Bond	
\$ -	\$ -	\$ -	\$ -	\$ 2,183,404
-	-	-	-	2,929,258
-	-	-	4,599,992	5,915,156
-	-	-	-	599,721
-	-	-	-	198,552
70,582	31,148	3	78,186	225,124
-	-	-	-	1,217,271
338,203	-	-	560,956	4,519,558
<u>408,785</u>	<u>31,148</u>	<u>3</u>	<u>5,239,134</u>	<u>17,788,044</u>
-	-	-	319,993	492,487
-	-	4,187	-	497,170
-	-	-	-	690,144
-	-	-	-	321,613
-	-	-	1,853,227	2,348,380
1,211,310	-	-	806,971	2,018,281
-	-	-	-	128,745
-	-	-	-	2,213,374
-	-	-	-	-
-	-	-	-	6,405,000
15,800	-	116,657	-	6,221,935
15,936,518	2,455,422	-	14,708,659	33,318,799
<u>17,163,628</u>	<u>2,455,422</u>	<u>120,844</u>	<u>17,688,850</u>	<u>54,655,928</u>
<u>(16,754,843)</u>	<u>(2,424,274)</u>	<u>(120,841)</u>	<u>(12,449,716)</u>	<u>(36,867,884)</u>
-	-	35,510,000	-	35,510,000
-	-	1,039,481	-	1,039,481
-	-	-	-	6,838,390
<u>(875,927)</u>	<u>-</u>	<u>(5,615,712)</u>	<u>(222,146)</u>	<u>(8,160,725)</u>
<u>(875,927)</u>	<u>-</u>	<u>30,933,769</u>	<u>(222,146)</u>	<u>35,227,146</u>
<u>(17,630,770)</u>	<u>(2,424,274)</u>	<u>30,812,928</u>	<u>(12,671,862)</u>	<u>(1,640,738)</u>
38,363,801	12,845,849	(84,673)	34,559,298	115,060,212
<u>\$ 20,733,031</u>	<u>\$ 10,421,575</u>	<u>\$ 30,728,255</u>	<u>\$ 21,887,436</u>	<u>\$ 113,419,474</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 435,599	\$ 435,599	\$ 435,599	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	125,646	125,646	141,837	16,191
Other	-	-	610,091	610,091
Charges for services	27,000	27,000	107,592	80,592
Investment earnings	2,500	2,500	1,369	(1,131)
Miscellaneous	15,000	15,000	62,815	47,815
Transfers from other funds	516,964	516,964	200,000	(316,964)
Total inflows	<u>687,110</u>	<u>687,110</u>	<u>1,123,704</u>	<u>436,594</u>
Amounts available for appropriation	<u>1,122,709</u>	<u>1,122,709</u>	<u>1,559,303</u>	<u>436,594</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	995,894	989,690	1,045,835	56,145
Capital outlay	-	131,850	131,850	-
Transfers out	125,646	125,646	-	(125,646)
Total charges to appropriations	<u>1,121,540</u>	<u>1,247,186</u>	<u>1,177,685</u>	<u>(69,501)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 1,169</u>	<u>\$ (124,477)</u>	<u>\$ 381,618</u>	<u>\$ 506,095</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 1,559,303
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(435,599)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(63,085)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(200,000)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 860,619</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,177,685
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	300
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(32,734)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(131,850)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,013,401</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2012	\$ 6,111,457	\$ 6,111,457	\$ 6,111,457	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	2,761,833	2,761,833	2,866,919	105,086
Other	4,780,231	4,780,231	635,373	(4,144,858)
Charges for services	1,423,437	1,423,437	499,490	(923,947)
Fines and forfeitures	220,000	220,000	198,552	(21,448)
Investment earnings	16,800	16,688	18,144	1,456
Miscellaneous	12,000	12,000	133,249	121,249
Transfers from other funds	10,000	10,000	9,999	(1)
Total inflows	<u>9,224,301</u>	<u>9,224,189</u>	<u>4,361,726</u>	<u>(4,862,463)</u>
Amounts available for appropriation	<u>15,335,758</u>	<u>15,335,646</u>	<u>10,473,183</u>	<u>(4,862,463)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government:				
Mayor and council	300	300	-	(300)
Attorney	45,587	89,975	73,475	(16,500)
City Manager	-	73,890	73,869	(21)
Court	328,432	328,432	11,987	(316,445)
Non-departmental	9,833	9,833	4,286	(5,547)
Culture and recreation	468,119	502,528	398,573	(103,955)
Police	856,782	1,219,698	651,445	(568,253)
Fire	57,443	1,042,987	321,613	(721,374)
Development services	1,198,204	1,198,204	470,696	(727,508)
Public works	153,853	198,297	135,422	(62,875)
Human Services	1,752,026	1,752,026	1,199,973	(552,053)
Capital outlay	486,958	620,049	369,786	(250,263)
Contingencies	3,635,308	1,939,856	-	(1,939,856)
Transfers out	328,841	328,841	296,495	(32,346)
Total charges to appropriations	<u>9,321,686</u>	<u>9,304,916</u>	<u>4,007,620</u>	<u>(5,297,296)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 6,014,072</u>	<u>\$ 6,030,730</u>	<u>\$ 6,465,563</u>	<u>\$ 434,833</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 10,473,183
<b>Differences - budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(6,111,457)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	48,289
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(9,999)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,400,016</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,007,620
<b>Differences - budget to GAAP:</b>	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	350
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	126,913
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(119,083)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(296,495)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,719,305</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<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>
Budgetary fund balance, July 1, 2012	\$ 15,622,700	\$ 15,622,700	\$ 15,622,700	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	10,000	10,000	1,862	(8,138)
Transfers from other funds	7,031,959	7,031,959	6,626,041	(405,918)
Total inflows	<u>7,041,959</u>	<u>7,041,959</u>	<u>6,627,903</u>	<u>(414,056)</u>
Amounts available for appropriation	<u>22,664,659</u>	<u>22,664,659</u>	<u>22,250,603</u>	<u>(414,056)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contingencies	500,000	500,000	-	(500,000)
Debt service:				
Principal payments	3,969,954	6,425,449	2,760,000	(3,665,449)
Interest and other charges	3,097,396	3,221,061	2,880,325	(340,736)
Transfers to other funds	-	-	715,508	715,508
Total charges to appropriations	<u>7,567,350</u>	<u>10,146,510</u>	<u>6,355,833</u>	<u>(3,790,677)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 15,097,309</u>	<u>\$ 12,518,149</u>	<u>\$ 15,894,770</u>	<u>\$ 3,376,621</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 22,250,603
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(15,622,700)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	652
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(6,626,041)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,514</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,355,833
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(715,508)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,640,325</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 8,720,506	\$ 8,720,506	\$ 8,720,506	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property Taxes	2,193,084	2,193,084	2,150,438	(42,646)
Investment earnings	23,900	23,900	20,711	(3,189)
Miscellaneous	3,281,047	3,281,047	3,424,335	143,288
Total inflows	<u>5,498,031</u>	<u>5,498,031</u>	<u>5,595,484</u>	<u>97,453</u>
Amounts available for appropriation	<u>14,218,537</u>	<u>14,218,537</u>	<u>14,315,990</u>	<u>97,453</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	5,056	5,056	-	(5,056)
Debt service:				
Principal payments	2,505,000	2,505,000	2,505,000	-
Interest and other charges	2,987,975	2,987,975	2,985,974	(2,001)
Total charges to appropriations	<u>5,498,031</u>	<u>5,498,031</u>	<u>5,490,974</u>	<u>(7,057)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 8,720,506</u>	<u>\$ 8,720,506</u>	<u>\$ 8,825,016</u>	<u>\$ 104,510</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 14,315,990
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(8,720,506)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	32,086
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,627,570</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,490,974
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,490,974</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 459,694	\$ 459,694	\$ 459,694	\$ -
<b>RESOURCES (INFLOWS):</b>				
Special assessments	1,354,718	1,354,718	1,217,521	(137,197)
Investment earnings	950	950	1,082	132
Total inflows	<u>1,355,668</u>	<u>1,355,668</u>	<u>1,218,603</u>	<u>(137,065)</u>
Amounts available for appropriation	<u>1,815,362</u>	<u>1,815,362</u>	<u>1,678,297</u>	<u>(137,065)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Debt service:				
Principal payments	1,140,000	1,140,000	1,140,000	-
Interest and other charges	214,718	224,620	222,819	(1,801)
Transfers out	-	-	-	-
Total charges to appropriations	<u>1,354,718</u>	<u>1,364,620</u>	<u>1,362,819</u>	<u>(1,801)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 460,644</u>	<u>\$ 450,742</u>	<u>\$ 315,478</u>	<u>\$ (135,264)</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 1,678,297
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(459,694)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(348)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,218,255</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,362,819
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	360
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,363,179</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 23,530,140	\$ 23,530,140	\$ 23,530,140	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital-related debt issued	19,924,555	19,924,555	-	(19,924,555)
Investment earnings	45,000	45,000	62,499	17,499
Miscellaneous	-	-	338,203	338,203
Total inflows	<u>19,969,555</u>	<u>19,969,555</u>	<u>400,702</u>	<u>(19,568,853)</u>
Amounts available for appropriation	<u>43,499,695</u>	<u>43,499,695</u>	<u>23,930,842</u>	<u>(19,568,853)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	1,623,221	1,664,008	1,751,989	87,981
Interest and fiscal charges	146,260	146,260	25,800	(120,460)
Capital outlay	40,317,811	45,794,320	16,265,166	(29,529,154)
Transfers out	-	-	753,333	753,333
Total charges to appropriations	<u>42,087,292</u>	<u>47,604,588</u>	<u>18,796,288</u>	<u>(28,808,300)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 1,412,403</u>	<u>\$ (4,104,893)</u>	<u>\$ 5,134,554</u>	<u>\$ 9,239,447</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 23,930,842
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(23,530,140)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	8,083
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 408,785</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 18,796,288
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(854,471)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(24,856)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(753,333)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 17,163,628</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 12,905,376	\$ 12,905,376	\$ 12,905,376	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	38,500	38,500	11,055	(27,445)
Total inflows	<u>38,500</u>	<u>38,500</u>	<u>11,055</u>	<u>(27,445)</u>
Amounts available for appropriation	<u>12,943,876</u>	<u>12,943,876</u>	<u>12,916,431</u>	<u>(27,445)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Capital outlay	12,816,516	12,891,516	2,356,037	(10,535,479)
Contingencies	75,000	-	-	-
Total charges to appropriations	<u>12,891,516</u>	<u>12,891,516</u>	<u>2,356,037</u>	<u>(10,535,479)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 52,360</u>	<u>\$ 52,360</u>	<u>\$ 10,560,394</u>	<u>\$ 10,508,034</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 12,916,431
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(12,905,376)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	20,093
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 31,148</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,356,037
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	99,385
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,455,422</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over</u>
	<u>Original</u>	<u>Final</u>	<u>(budgetary basis)</u>	<u>(Under)</u>
Budgetary fund balance, July 1, 2012	\$ (10,700)	\$ (10,700)	\$ (10,700)	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	-	-	3	3
Capital related debt issued	35,135,700	35,135,700	35,510,000	374,300
Premium on bonds issued	-	-	1,039,481	1,039,481
Total inflows	<u>35,135,700</u>	<u>35,135,700</u>	<u>36,549,484</u>	<u>1,413,784</u>
Amounts available for appropriation	<u>35,125,000</u>	<u>35,125,000</u>	<u>36,538,784</u>	<u>1,413,784</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Culture and recreation	435,000	109,200	4,187	(105,013)
Capital outlay	29,474,009	36,240,606	3,403,640	(32,836,966)
Interest and other charges	346,900	346,900	116,657	(230,243)
Transfers to other funds	-	-	-	-
Total charges to appropriations	<u>30,255,909</u>	<u>36,696,706</u>	<u>3,524,484</u>	<u>(33,172,222)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 4,869,091</u>	<u>\$ (1,571,706)</u>	<u>\$ 33,014,300</u>	<u>\$ 34,586,006</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 36,538,784
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	10,700
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(35,510,000)
Premiums on bonds are a budgetary resource, but are not a revenue for financial reporting purposes	(1,039,481)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,524,484
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	2,212,072
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(5,615,712)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 120,844</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2012	\$ 36,264,119	\$ 36,264,119	\$ 36,264,119	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental revenue:				
Other governmental revenue	-	-	4,142,971	4,142,971
Investment earnings	120,666	120,491	64,307	(56,184)
Miscellaneous	3,468,369	3,468,369	1,196,244	(2,272,125)
Total inflows	<u>3,589,035</u>	<u>3,588,860</u>	<u>5,403,522</u>	<u>1,814,662</u>
Amounts available for appropriation	<u>39,853,154</u>	<u>39,852,979</u>	<u>41,667,641</u>	<u>1,814,662</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services:				
General government - non-departmental	-	-	82,541	82,541
Development services	-	-	647,085	647,085
Highways and streets	1,952,028	2,749,353	806,971	(1,942,382)
Capital outlay	26,949,376	25,638,876	15,330,482	(10,308,394)
Contingencies	1,696,412	1,607,136	-	(1,607,136)
Total charges to appropriations	<u>30,597,816</u>	<u>29,995,365</u>	<u>16,867,079</u>	<u>(13,128,286)</u>
Budgetary fund balance, June 30, 2013	<u>\$ 9,255,338</u>	<u>\$ 9,857,614</u>	<u>\$ 24,800,562</u>	<u>\$ 14,942,948</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 41,667,641
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(36,264,119)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(164,388)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,239,134</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,867,079
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,043,917
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(222,146)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 17,688,850</u>

# **ENTERPRISE FUNDS**

## **Schedule of Operations – Budget and Actual**

### **Enterprise Funds**

Enterprise Funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed *solely* by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. All of the enterprise funds of the City are presented discretely in the basic financial statements.

#### **Water Utility Fund**

The Water Utility Fund accounts for the revenues from charges to the customers of the City's water services, as well as the expenditure of those funds to operate, maintain, and expand the water treatment and distribution systems.

#### **Wastewater Utility Fund**

The Wastewater Utility Fund accounts for the revenue from charges to the customers of the City's wastewater services, as well as the expenditure of those funds to operate, maintain, and expand the wastewater collection and treatment systems.

#### **Solid Waste Utility Fund**

The Solid Waste Utility Fund accounts for the revenue from charges to the customers of the City's solid waste services, as well as the expenditure of those funds to operate, maintain, and expand the solid waste collection and disposal systems.

#### **Stadium Fund**

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.

#### **Storm Drain Utility**

This fund collects and expends storm water user fees included on utility bill sent out by the City. The fee is to provide funding for the Storm Water Management Plan to comply with the National Pollution Discharge Elimination System (NPDES).

#### **Public Housing Fund**

The Public Housing Fund accounts for the revenues and expenses of the low income housing program operated by the City. While this program does receive Federal subsidies through the Department of Housing and Urban Development, it also generates substantial user fees.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**WATER UTILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 34,303,172	\$ 34,303,172	\$ 34,559,991	\$ 256,819
Miscellaneous	41,000	41,000	33,483	(7,517)
Total operating revenues	<u>34,344,172</u>	<u>34,344,172</u>	<u>34,593,474</u>	<u>249,302</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	4,971,439	4,971,439	4,724,809	(246,630)
Contractual services, materials and supplies	16,586,970	16,244,484	14,736,887	(1,507,597)
Capital outlay	14,126,370	12,776,918	5,349,759	(7,427,159)
Contingencies	3,323,772	4,690,502	-	(4,690,502)
Total operating expenses	<u>39,008,551</u>	<u>38,683,343</u>	<u>24,811,455</u>	<u>(13,871,888)</u>
Operating income (loss)	<u>(4,664,379)</u>	<u>(4,339,171)</u>	<u>9,782,019</u>	<u>14,121,190</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	223,000	222,833	77,898	(144,935)
Interest expense	(1,378,744)	(1,386,460)	(1,373,607)	12,853
Debt principal payments	(3,601,340)	(4,066,295)	(3,841,460)	224,835
Total nonoperating revenues (expenses)	<u>(4,757,084)</u>	<u>(5,229,922)</u>	<u>(5,137,169)</u>	<u>92,753</u>
Income (loss) before contributions and transfers	<u>(9,421,463)</u>	<u>(9,569,093)</u>	<u>4,644,850</u>	<u>14,213,943</u>
Capital contributions	920,000	920,000	2,108,860	1,188,860
Transfers in	-	-	38,254	38,254
Transfers (out)	(3,627,185)	(3,627,185)	(3,507,760)	119,425
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (12,128,648)</u>	<u>\$ (12,276,278)</u>	<u>\$ 3,284,204</u>	<u>\$ 15,560,482</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(418,348)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(61,380)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	61,380
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(15,770)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(71,410)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	5,015,017
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	3,340,049
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations and therefore not an expense for GAAP purposes.	3,841,460
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(8,352,791)
Loss on refunding and bond premiums are expensed in the year of issuance for budgetary purposes but are amortized to interest expense over the life of the bonds for GAAP purposes.	168,226
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	5,150
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,334,296
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 8,130,083</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
WASTEWATER UTILITY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 19,348,140	\$ 19,348,140	\$ 19,638,862	\$ 290,722
Miscellaneous	55,000	55,000	36,720	(18,280)
Total operating revenues	<u>19,403,140</u>	<u>19,403,140</u>	<u>19,675,582</u>	<u>272,442</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	2,505,163	2,505,163	2,387,274	(117,889)
Contractual services, materials and supplies	8,405,636	8,302,404	6,928,609	(1,373,795)
Capital outlay	10,401,054	9,004,286	6,034,324	(2,969,962)
Depreciation and amortization			-	-
Contingencies	1,634,355	3,134,355	-	(3,134,355)
Total operating expenses	<u>22,946,208</u>	<u>22,946,208</u>	<u>15,350,207</u>	<u>(7,596,001)</u>
Operating income (loss)	<u>(3,543,068)</u>	<u>(3,543,068)</u>	<u>4,325,375</u>	<u>7,868,443</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	55,250	55,179	23,848	(31,331)
Interest expense	(2,593,702)	(2,595,656)	(2,541,607)	54,049
Debt principal payments	(5,383,448)	(5,435,702)	(5,573,641)	(137,939)
Total nonoperating revenues (expenses)	<u>(7,921,900)</u>	<u>(7,976,179)</u>	<u>(8,091,400)</u>	<u>(115,221)</u>
Income (loss) before contributions and transfers	<u>(11,464,968)</u>	<u>(11,519,247)</u>	<u>(3,766,025)</u>	<u>7,753,222</u>
Capital contributions	330,000	330,000	1,096,764	766,764
Transfers in	2,699,123	2,699,123	2,672,707	(26,416)
Transfers out	(335,132)	(335,132)	(285,568)	49,564
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (8,770,977)</u>	<u>\$ (8,825,256)</u>	<u>\$ (282,122)</u>	<u>\$ 8,543,134</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	82,219
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,292,532)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	1,292,532
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(4,473)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(201,121)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	5,342,182
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	2,119,939
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations, and therefore not an expense, for GAAP purposes.	5,573,641
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(8,935,712)
Loss on refunding and bond premiums are expensed in the year of issuance for budgetary purposes but are amortized to interest expense over the life of the bonds for GAAP purposes.	(65,809)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	77,263
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 3,706,007</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 12,246,910	\$ 12,246,910	\$ 12,168,659	\$ (78,251)
Miscellaneous	-	-	776	776
Total operating revenues	<u>12,246,910</u>	<u>12,246,910</u>	<u>12,169,435</u>	<u>(77,475)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,352,141	3,352,141	3,309,184	(42,957)
Contractual services, materials and supplies	7,617,978	7,650,049	7,385,999	(264,050)
Capital outlay	1,725,000	1,725,000	1,616,673	(108,327)
Contingencies	2,500,000	2,467,929	-	(2,467,929)
Total operating expenses	<u>15,195,119</u>	<u>15,195,119</u>	<u>12,311,856</u>	<u>(2,883,263)</u>
Operating income (loss)	<u>(2,948,209)</u>	<u>(2,948,209)</u>	<u>(142,421)</u>	<u>2,805,788</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	93,000	93,000	36,220	(56,780)
Debt principal payments	(5,310)	(5,310)	-	5,310
Total nonoperating revenues (expenses)	<u>87,690</u>	<u>87,690</u>	<u>36,220</u>	<u>(51,470)</u>
Income (loss) before contributions and transfers	<u>(2,860,519)</u>	<u>(2,860,519)</u>	<u>(106,201)</u>	<u>2,754,318</u>
Transfers in	290,000	290,000	293,258	3,258
Transfers (out)	(295,674)	(295,674)	(290,000)	5,674
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (2,866,193)</u>	<u>\$ (2,866,193)</u>	<u>\$ (102,943)</u>	<u>\$ 2,763,250</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(157,539)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,067,752)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	1,067,752
The City budgets compensated absences on the cash basis, rather than the accrual basis.	14,579
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(206,622)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,616,673
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,017,792)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	68,054
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(23,842)
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 190,568</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**STADIUM FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,354,239	\$ 1,354,239	\$ 1,323,166	\$ (31,073)
Rents	1,317,000	1,317,000	1,434,296	117,296
Miscellaneous	-	-	(1,250)	(1,250)
Total operating revenues	<u>2,671,239</u>	<u>2,671,239</u>	<u>2,756,212</u>	<u>84,973</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,590,739	1,590,739	1,564,277	(26,462)
Contractual services, materials and supplies	2,939,735	3,114,017	2,648,159	(465,858)
Capital outlay	1,300,000	1,881,311	1,879,940	(1,371)
Contingencies	500,000	459,997	-	(459,997)
Total operating expenses	<u>6,330,474</u>	<u>7,046,064</u>	<u>6,092,376</u>	<u>(953,688)</u>
Operating loss	<u>(3,659,235)</u>	<u>(4,374,825)</u>	<u>(3,336,164)</u>	<u>1,038,661</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	9,575	9,572	2,360	(7,212)
Interest expense	(4,339)	(10,005)	(81)	9,924
Debt principal payments	(55,437)	(167,942)	-	167,942
Total nonoperating revenues (expenses)	<u>(50,201)</u>	<u>(168,375)</u>	<u>2,279</u>	<u>170,654</u>
Income (loss) before transfers	<u>(3,709,436)</u>	<u>(4,543,200)</u>	<u>(3,333,885)</u>	<u>1,209,315</u>
Transfers in	2,027,329	2,027,329	1,921,563	(105,766)
Transfers (out)	(107,205)	(107,205)	-	107,205
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (1,789,312)</u>	<u>\$ (2,623,076)</u>	<u>\$ (1,412,322)</u>	<u>\$ (1,210,754)</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(8,089)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(30,548)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	30,548
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(9,490)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(373,707)
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(710,500)
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 5,163,129</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
STORM DRAIN UTILITY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 816,600	\$ 816,600	\$ 820,591	\$ 3,991
Total operating revenues	<u>816,600</u>	<u>816,600</u>	<u>820,591</u>	<u>3,991</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	316,321	316,321	287,669	(28,652)
Contractual services, materials and supplies	567,358	566,022	518,453	(47,569)
Contingencies	50,000	51,336	-	(51,336)
Total operating expenses	<u>933,679</u>	<u>933,679</u>	<u>806,122</u>	<u>(127,557)</u>
Operating income (loss)	<u>(117,079)</u>	<u>(117,079)</u>	<u>14,469</u>	<u>131,548</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	4,000	4,000	2,202	(1,798)
Total nonoperating revenues (expenses)	<u>4,000</u>	<u>4,000</u>	<u>2,202</u>	<u>(1,798)</u>
Income (loss) before contributions and transfers	<u>(113,079)</u>	<u>(113,079)</u>	<u>16,671</u>	<u>129,750</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (113,079)</u>	<u>\$ (113,079)</u>	<u>\$ 16,671</u>	<u>\$ 129,750</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(3,816)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(3,176)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	2,642
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 37,175</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
PUBLIC HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Rent	-	-	107,506	107,506
From federal government	327,871	327,871	67,915	(259,956)
Miscellaneous	-	-	5,034	5,034
Total operating revenues	<u>327,871</u>	<u>327,871</u>	<u>180,455</u>	<u>(147,416)</u>
<b>OPERATING EXPENSES:</b>				
Contractual services, materials and supplies	327,871	327,871	(248,212)	(576,083)
Total operating expenses	<u>327,871</u>	<u>327,871</u>	<u>(248,212)</u>	<u>(576,083)</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>428,667</u>	<u>428,667</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	100	100	73	(27)
Total nonoperating revenues (expenses)	<u>100</u>	<u>100</u>	<u>73</u>	<u>(27)</u>
Income (loss) before transfers	<u>100</u>	<u>100</u>	<u>428,740</u>	<u>428,640</u>
Special Items	-	-	(2,101,809)	(2,101,809)
Transfers (out)	-	-	-	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ (1,673,069)</u>	<u>\$ (1,673,169)</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(12,375)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(459,451)
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(62,289)
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ (2,207,184)</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.



## **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. Detailed Combining Schedules of the three self-insurance programs are provided in the Supplemental Information tab of this document.

### **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, 2013**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,018,937	\$ 3,334,927	\$ 42,109	\$ 701,209	\$ 6,097,182
Investments	8,024,204	13,254,563	167,364	2,786,935	24,233,066
Accounts receivable, net	-	35,200	-	-	35,200
Interest receivable	9,203	13,190	74	3,012	25,479
Prepaid items	4,000	-	-	18,745	22,745
Supplies inventory	193,108	-	-	-	193,108
Total current assets	<u>10,249,452</u>	<u>16,637,880</u>	<u>209,547</u>	<u>3,509,901</u>	<u>30,606,780</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	1,173,585	-	17,741	32,110,636	33,301,962
Vehicles	23,786,609	-	-	-	23,786,609
Furniture	-	-	-	30,745	30,745
Less accumulated depreciation	(17,619,647)	-	(3,488)	(24,669,453)	(42,292,588)
Construction in progress	379,241	-	-	2,590,826	2,970,067
Total capital assets, net	<u>7,719,788</u>	<u>-</u>	<u>14,253</u>	<u>10,210,856</u>	<u>17,944,897</u>
Total assets	<u>17,969,240</u>	<u>16,637,880</u>	<u>223,800</u>	<u>13,720,757</u>	<u>48,551,677</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	179,725	1,096,320	60,748	202,786	1,539,579
Accrued payroll	14,479	1,719	29,020	42,643	87,861
Current portion of claims payable	-	1,660,785	-	-	1,660,785
Current portion of compensated absences	54,850	5,660	175,990	271,450	507,950
Total current liabilities	<u>249,054</u>	<u>2,764,484</u>	<u>265,758</u>	<u>516,879</u>	<u>3,796,175</u>
Non-current liabilities:					
Long-term portion of claims payable	-	2,174,989	-	-	2,174,989
Compensated absences	31,300	1,080	102,200	71,400	205,980
Total long-term liabilities	<u>31,300</u>	<u>2,176,069</u>	<u>102,200</u>	<u>71,400</u>	<u>2,380,969</u>
Total liabilities	<u>280,354</u>	<u>4,940,553</u>	<u>367,958</u>	<u>588,279</u>	<u>6,177,144</u>
<b>NET POSITION</b>					
Net investment in capital assets	7,719,788	-	14,253	10,210,856	17,944,897
Restricted - trust purpose	-	4,791,144	-	-	4,791,144
Unrestricted	9,969,098	6,906,183	(158,411)	2,921,622	19,638,492
Total net position	<u>\$ 17,688,886</u>	<u>\$ 11,697,327</u>	<u>\$ (144,158)</u>	<u>\$ 13,132,478</u>	<u>\$ 42,374,533</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,154,114	\$ 17,752,762	\$ 5,895,231	\$ 7,524,537	\$ 37,326,644
Miscellaneous	1,353	195,043	1,040	33,323	230,759
Total operating revenues	<u>6,155,467</u>	<u>17,947,805</u>	<u>5,896,271</u>	<u>7,557,860</u>	<u>37,557,403</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	857,818	179,861	2,823,449	4,123,517	7,984,645
Contractual services, materials and supplies	4,188,618	1,028,977	2,907,160	4,471,579	12,596,334
Insurance claims and expenses	-	11,298,944	-	-	11,298,944
Depreciation and amortization	2,051,021	-	2,534	1,975,081	4,028,636
Total operating expenses	<u>7,097,457</u>	<u>12,507,782</u>	<u>5,733,143</u>	<u>10,570,177</u>	<u>35,908,559</u>
Operating income (loss)	(941,990)	5,440,023	163,128	(3,012,317)	1,648,844
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	22,178	31,916	162	7,275	61,531
Gain (Loss) on sale of capital assets	42,513	-	-	-	42,513
Total non-operating revenues	<u>64,691</u>	<u>31,916</u>	<u>162</u>	<u>7,275</u>	<u>104,044</u>
Income (loss) before transfers	(877,299)	5,471,939	163,290	(3,005,042)	1,752,888
Capital contributions	19,000	-	-	-	19,000
Transfers in	440,736	-	29,000	1,843,201	2,312,937
Transfers out	(26,299)	(49,645)	(39,856)	(12,500)	(128,300)
Change in net position	<u>(443,862)</u>	<u>5,422,294</u>	<u>152,434</u>	<u>(1,174,341)</u>	<u>3,956,525</u>
Total net position - beginning	<u>18,132,748</u>	<u>6,275,033</u>	<u>(296,592)</u>	<u>14,306,819</u>	<u>38,418,008</u>
Total net position - ending	<u>\$ 17,688,886</u>	<u>\$ 11,697,327</u>	<u>\$ (144,158)</u>	<u>\$ 13,132,478</u>	<u>\$ 42,374,533</u>

**CITY OF PEORIA, ARIZONA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
<b>Increase (decrease) in cash and cash equivalents</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,155,467	\$ 17,912,605	\$ 5,896,271	\$ 7,557,860	\$ 37,522,203
Payments to suppliers	(4,265,025)	(955,960)	(2,928,412)	(4,593,317)	(12,742,714)
Payments to employees	(874,443)	(174,150)	(2,810,744)	(4,128,035)	(7,987,372)
Self-insurance costs	-	(13,897,850)	-	-	(13,897,850)
Net cash provided (used) by operating activities	<u>1,015,999</u>	<u>2,884,645</u>	<u>157,115</u>	<u>(1,163,492)</u>	<u>2,894,267</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	440,736	-	29,000	1,843,201	2,312,937
Transfers out	(26,299)	(49,645)	(39,856)	(12,500)	(128,300)
Net cash provided (used) by non-capital financing activities	<u>414,437</u>	<u>(49,645)</u>	<u>(10,856)</u>	<u>1,830,701</u>	<u>2,184,637</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(2,232,480)	-	-	(1,710,776)	(3,943,256)
Disposal of capital assets	179,065	-	-	-	179,065
Net cash flows used by capital and related financing activities	<u>(2,053,415)</u>	<u>-</u>	<u>-</u>	<u>(1,710,776)</u>	<u>(3,764,191)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(10,043,142)	(16,589,490)	(209,474)	(3,488,145)	(30,330,251)
Proceeds from sale of investments	10,609,176	14,411,791	92,850	4,352,549	29,466,366
Interest received on investments	18,625	25,319	322	5,921	50,187
Net cash provided (used) by investing activities	<u>584,659</u>	<u>(2,152,380)</u>	<u>(116,302)</u>	<u>870,325</u>	<u>(813,698)</u>
Net increase (decrease) in cash and cash equivalents	(38,320)	682,620	29,957	(173,242)	501,015
Cash and cash equivalents at beginning of year	2,057,257	2,652,307	12,152	874,451	5,596,167
Cash and cash equivalents at end of year	<u>\$ 2,018,937</u>	<u>\$ 3,334,927</u>	<u>\$ 42,109</u>	<u>\$ 701,209</u>	<u>\$ 6,097,182</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (941,990)	\$ 5,440,023	\$ 163,128	\$ (3,012,317)	\$ 1,648,844
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,051,021	-	2,534	1,975,081	4,028,636
(Increase) decrease in assets:					
Accounts receivable	-	(35,200)	-	-	(35,200)
Prepaid items	(4,000)	-	-	(18,745)	(22,745)
Supplies inventory	(32,590)	-	-	-	(32,590)
Increase (decrease) in liabilities:					
Accounts payable	(39,817)	73,017	(21,252)	(102,993)	(91,045)
Accrued payroll	3,565	1,039	2,107	2,227	8,938
Other liabilities	(2,980)	(238)	(10,122)	(15,265)	(28,605)
Claims payable	-	(2,598,906)	-	-	(2,598,906)
Compensated absences	(17,210)	4,910	20,720	8,520	16,940
Total adjustments	<u>1,957,989</u>	<u>(2,555,378)</u>	<u>(6,013)</u>	<u>1,848,825</u>	<u>1,245,423</u>
Net cash provided (used) by operating activities	<u>\$ 1,015,999</u>	<u>\$ 2,884,645</u>	<u>\$ 157,115</u>	<u>\$ (1,163,492)</u>	<u>\$ 2,894,267</u>
Non-cash investing, capital and financing activities:					
Capital assets acquired through contributions from developers	\$ 19,000	\$ -	\$ -	\$ -	\$ 19,000
Decrease in fair market value of investments	(13,300)	(18,931)	(124)	(4,336)	(36,691)
Total non-cash investing, capital and financing activities	<u>\$ 5,700</u>	<u>\$ (18,931)</u>	<u>\$ (124)</u>	<u>\$ (4,336)</u>	<u>\$ (17,691)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**MOTOR POOL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 6,612,485	\$ 6,612,485	\$ 6,180,980	\$ (431,505)
Miscellaneous	-	-	1,353	1,353
Total operating revenues	<u>6,612,485</u>	<u>6,612,485</u>	<u>6,182,333</u>	<u>(430,152)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	942,042	942,042	874,443	(67,599)
Contractual services, materials and supplies	4,146,580	4,146,580	4,288,399	141,819
Capital outlay	2,473,383	2,546,917	1,950,708	(596,209)
Contingencies	1,100,000	1,070,094	-	(1,070,094)
Total operating expenses	<u>8,662,005</u>	<u>8,705,633</u>	<u>7,113,550</u>	<u>(1,592,083)</u>
Operating income (loss)	<u>(2,049,520)</u>	<u>(2,093,148)</u>	<u>(931,217)</u>	<u>1,161,931</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	32,251	32,251	18,625	(13,626)
Total nonoperating revenues (expenses)	<u>32,251</u>	<u>32,251</u>	<u>18,625</u>	<u>(13,626)</u>
Income (loss) before transfers	<u>(2,017,269)</u>	<u>(2,060,897)</u>	<u>(912,592)</u>	<u>1,148,305</u>
Transfers in	193,046	193,046	53,484	(139,562)
Transfers (out)	(36,714)	(36,714)	-	36,714
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (1,860,937)</u>	<u>\$ (1,904,565)</u>	<u>\$ (859,108)</u>	<u>\$ 1,045,457</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	3,553
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(26,866)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	26,866
The City budgets compensated absences on the cash basis, rather than the accrual basis.	16,625
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	76,407
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,947,216
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	19,000
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,051,021)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	42,513
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	360,953
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ (443,862)</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
SELF-INSURANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,677,427	\$ 17,677,427	\$ 17,717,562	\$ 40,135
Miscellaneous	-	-	195,043	195,043
Total operating revenues	<u>17,677,427</u>	<u>17,677,427</u>	<u>17,912,605</u>	<u>235,178</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	163,337	163,337	174,151	10,814
Contractual services, materials and supplies	1,262,671	1,262,671	943,157	(319,514)
Insurance claims and expenses	16,442,792	16,442,792	13,904,383	(2,538,409)
Contingencies	3,500,000	3,500,000	-	(3,500,000)
Total operating expenses	<u>21,368,800</u>	<u>21,368,800</u>	<u>15,021,691</u>	<u>(6,347,109)</u>
Operating loss	<u>(3,691,373)</u>	<u>(3,691,373)</u>	<u>2,890,914</u>	<u>6,582,287</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	68,000	68,000	25,319	(42,681)
Total nonoperating revenues	<u>68,000</u>	<u>68,000</u>	<u>25,319</u>	<u>(42,681)</u>
Income (loss) before transfers	<u>(3,623,373)</u>	<u>(3,623,373)</u>	<u>2,916,233</u>	<u>6,539,606</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (3,623,373)</u>	<u>\$ (3,623,373)</u>	<u>\$ 2,916,233</u>	<u>\$ 6,539,606</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	41,797
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(5,710)
The City budgets insurance claims on the cash basis, rather than the accrual basis.	2,592,636
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(73,017)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(49,645)
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 5,422,294</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
FACILITIES MAINTENANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,895,231	\$ 5,895,231	\$ 5,935,087	\$ 39,856
Miscellaneous	-	-	1,040	1,040
Total operating revenues	<u>5,895,231</u>	<u>5,895,231</u>	<u>5,936,127</u>	<u>40,896</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	2,853,037	2,853,037	2,810,744	(42,293)
Contractual services, materials and supplies	2,835,349	2,887,749	2,928,412	40,663
Capital outlay	29,000	29,000	39,856	10,856
Total operating expenses	<u>5,717,386</u>	<u>5,769,786</u>	<u>5,779,012</u>	<u>9,226</u>
Operating income (loss)	<u>177,845</u>	<u>125,445</u>	<u>157,115</u>	<u>31,670</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	2,000	1,978	322	(1,656)
Total nonoperating revenues	<u>2,000</u>	<u>1,978</u>	<u>322</u>	<u>(1,656)</u>
Income (loss) before transfers	<u>179,845</u>	<u>127,423</u>	<u>157,437</u>	<u>30,014</u>
Transfers in	29,000	29,000	29,000	-
Transfers (out)	-	-	-	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 208,845</u>	<u>\$ 156,423</u>	<u>\$ 186,437</u>	<u>\$ 30,014</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(160)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(12,705)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	21,252
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	39,856
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes	(2,534)
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ 152,434</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
INFORMATION TECHNOLOGY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over</u>
	<u>Original</u>	<u>Final</u>	<u>(budgetary basis)</u>	<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 7,570,289	\$ 7,570,289	\$ 7,553,170	\$ (17,119)
Miscellaneous	-	-	33,323	33,323
Total operating revenues	<u>7,570,289</u>	<u>7,570,289</u>	<u>7,586,493</u>	<u>16,204</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	4,177,160	4,177,160	4,128,035	(49,125)
Contractual services, materials and supplies	4,436,416	4,437,384	4,232,037	(205,347)
Capital outlay	1,822,460	1,822,460	1,328,966	(493,494)
Contingencies	500,000	500,000	-	(500,000)
Total operating expenses	<u>10,936,036</u>	<u>10,937,004</u>	<u>9,689,038</u>	<u>(1,247,966)</u>
Operating loss	<u>(3,365,747)</u>	<u>(3,366,715)</u>	<u>(2,102,545)</u>	<u>1,264,170</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	7,750	7,750	5,921	(1,829)
Total nonoperating revenues	<u>7,750</u>	<u>7,750</u>	<u>5,921</u>	<u>(1,829)</u>
Income before transfers	<u>(3,357,997)</u>	<u>(3,358,965)</u>	<u>(2,096,624)</u>	<u>1,262,341</u>
Transfers in	1,058,977	1,058,977	1,058,977	-
Transfers (out)	-	-	-	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (2,299,020)</u>	<u>\$ (2,299,988)</u>	<u>\$ (1,037,647)</u>	<u>\$ 1,262,341</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures**

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	1,354
The City budgets compensated absences on the cash basis, rather than the accrual basis.	4,518
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(28,633)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	28,633
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	121,738
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	939,053
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,975,081)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	771,724
Change in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ (1,174,341)</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

## **FIDUCIARY FUNDS**

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

### **Agency Funds**

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

#### **Terramar Infrastructure Fund**

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

#### **PLAY Peoria NFP Fund**

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

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

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

#### **Westside Fire Training IGA Fund**

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

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**JUNE 30, 2013**

	<b>Terramar Infrastructure Fund</b>	<b>PLAY Peoria NFP Fund</b>	<b>Peoria Citizens Corp Council NFP Fund</b>	<b>Westside Fire Training IGA Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 77,390	\$ 4,624	\$ 414	\$ 6,505	\$ 88,933
Investments (pooled), at fair value	307,580	18,380	1,645	25,855	353,460
Total assets	<u>384,970</u>	<u>23,004</u>	<u>2,059</u>	<u>32,360</u>	<u>442,393</u>
<b>LIABILITIES</b>					
Accounts payable	-	1,200	-	-	1,200
Other liabilities	384,970	21,804	2,059	32,360	441,193
Total liabilities	<u>384,970</u>	<u>23,004</u>	<u>2,059</u>	<u>32,360</u>	<u>442,393</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<b>Terramar Infrastructure Fund</b>				
Assets:				
Cash and cash equivalents	\$ 74,382	\$ 925,751	\$ 922,743	\$ 77,390
Investments	310,588	922,742	925,750	307,580
Total Assets	<u>384,970</u>	<u>1,848,493</u>	<u>1,848,493</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
<b>PLAY Peoria NFP Fund</b>				
Assets:				
Cash and cash equivalents	6,101	80,920	82,397	4,624
Investments	25,476	55,140	62,236	18,380
Total Assets	<u>31,577</u>	<u>136,060</u>	<u>144,633</u>	<u>23,004</u>
Liabilities:				
Accounts payable	397	5,926	5,123	1,200
Other liabilities	31,180	-	9,376	21,804
Total Liabilities	<u>31,577</u>	<u>5,926</u>	<u>14,499</u>	<u>23,004</u>
<b>Peoria Citizens Corp Council NFP Fund</b>				
Assets:				
Cash and cash equivalents	398	4,952	4,936	414
Investments	1,661	4,936	4,952	1,645
Total Assets	<u>2,059</u>	<u>9,888</u>	<u>9,888</u>	<u>2,059</u>
Liabilities:				
Accounts payable	-	-	-	-
Other liabilities	2,059	-	-	2,059
Total Liabilities	<u>2,059</u>	<u>-</u>	<u>-</u>	<u>2,059</u>
<b>Westside Fire Training IGA Fund</b>				
Assets:				
Cash and cash equivalents	5,350	81,288	80,133	6,505
Investments	22,340	77,563	74,048	25,855
Total Assets	<u>27,690</u>	<u>158,851</u>	<u>154,181</u>	<u>32,360</u>
Liabilities:				
Accounts payable	27	2,543	2,570	-
Other liabilities	27,663	4,697	-	32,360
Total Liabilities	<u>27,690</u>	<u>7,240</u>	<u>2,570</u>	<u>32,360</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	86,231	1,092,911	1,090,209	88,933
Investments	360,065	1,060,381	1,066,986	353,460
Total Assets	<u>446,296</u>	<u>2,153,292</u>	<u>2,157,195</u>	<u>442,393</u>
Liabilities:				
Accounts payable	424	8,469	7,693	1,200
Other liabilities	445,872	4,697	-	441,193
Total Liabilities	<u>446,296</u>	<u>13,166</u>	<u>7,693</u>	<u>442,393</u>

The accompanying notes are an integral part of the financial statements



## OTHER SUPPLEMENTARY INFORMATION

This section contains schedules which the City deems necessary to provide detailed schedules of the self-insurance programs and the Federal Financial Data Schedule for Housing to enable the user of the financial statements to fully understand the financial position and results of operation of the City.

### Description of Schedules

	<u>Page</u>
Combining Detailed Schedules – Self-Insurance Fund	
Combining Detailed Schedule of Net Position	134
Combining Detailed Schedule of Revenues, Expenses, and Changes in Fund Net Position	135
 Federal Financial Data Schedule	 136

**CITY OF PEORIA, ARIZONA**  
**COMBINING DETAILED SCHEDULE OF NET POSITION**  
**SELF-INSURANCE FUND**  
**JUNE 30, 2013**

	Risk Management Fund	Employee Trust		Total
		Workers' Compensation Fund	Health Insurance Fund	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,809,669	\$ 532,490	\$ 992,768	\$ 3,334,927
Investments	7,192,475	2,116,363	3,945,725	13,254,563
Accounts receivable, net	-	-	35,200	35,200
Interest receivable	7,505	2,130	3,555	13,190
Total current assets	<u>9,009,649</u>	<u>2,650,983</u>	<u>4,977,248</u>	<u>16,637,880</u>
Total assets	<u>9,009,649</u>	<u>2,650,983</u>	<u>4,977,248</u>	<u>16,637,880</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	196,434	27,228	872,658	1,096,320
Accrued payroll	1,719	-	-	1,719
Current portion of claims payable	843,885	258,131	558,769	1,660,785
Current portion of compensated absences	5,660	-	-	5,660
Total current liabilities	<u>1,047,698</u>	<u>285,359</u>	<u>1,431,427</u>	<u>2,764,484</u>
Non-current liabilities:				
Compensated absences	1,080	-	-	1,080
Long-term portion of claims payable	1,054,688	1,120,301	-	2,174,989
Total long-term liabilities	<u>1,055,768</u>	<u>1,120,301</u>	<u>-</u>	<u>2,176,069</u>
Total liabilities	<u>2,103,466</u>	<u>1,405,660</u>	<u>1,431,427</u>	<u>4,940,553</u>
<b>NET POSITION</b>				
Restricted - trust purpose	-	1,245,323	3,545,821	4,791,144
Unrestricted	6,906,183	-	-	6,906,183
Total net position	<u>\$ 6,906,183</u>	<u>\$ 1,245,323</u>	<u>\$ 3,545,821</u>	<u>\$ 11,697,327</u>

**CITY OF PEORIA, ARIZONA**  
**COMBINING DETAILED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**SELF-INSURANCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Risk Management Fund	Employee Trust		Total
		Workers' Compensation Fund	Health Insurance Fund	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,467,922	\$ 1,100,005	\$ 14,184,835	\$ 17,752,762
Miscellaneous	122,510	23,974	48,559	195,043
Total operating revenues	2,590,432	1,123,979	14,233,394	17,947,805
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	135,902	43,959	-	179,861
Contractual services, materials and supplies	48,237	334,204	646,536	1,028,977
Insurance claims and expenses	912,248	(481,707)	10,868,403	11,298,944
Total operating expenses	1,096,387	(103,544)	11,514,939	12,507,782
Operating income	1,494,045	1,227,523	2,718,455	5,440,023
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	18,063	5,205	8,648	31,916
Total non-operating revenues	18,063	5,205	8,648	31,916
Income before transfers	1,512,108	1,232,728	2,727,103	5,471,939
Transfers out	(49,645)	-	-	(49,645)
Change in net position	1,462,463	1,232,728	2,727,103	5,422,294
Total net position - beginning	5,443,720	12,595	818,718	6,275,033
Total net position - ending	\$ 6,906,183	\$ 1,245,323	\$ 3,545,821	\$ 11,697,327

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Supplementary Information - Federal Financial Data Schedule**

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	BALANCE SHEET	Public Housing 14.850A & 14.872	TOTAL PROJECTS
<b>ASSETS:</b>			
<b>Current Assets:</b>			
111	Cash-unrestricted	468,216	468,216
114	Cash-tenant security deposits	-	-
100	<b>Total Cash</b>	<b>468,216</b>	<b>468,216</b>
122-020	Accounts receivable - HUD other projects - Capital fund	-	-
122-030	Accounts receivable - HUD other projects - Other	-	-
122	<b>Accounts Receivable - HUD Other Projects</b>	<b>-</b>	<b>-</b>
125	Accounts receivable - miscellaneous	-	-
126	Accounts receivable - tenants	-	-
126.1	Allowance for doubtful accounts - tenants	-	-
126.2	Allowance for doubtful accounts - other	-	-
120	<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	<b>-</b>	<b>-</b>
142	Prepaid expenses and other assets	-	-
143	Inventories	-	-
143.1	Allowance for obsolete inventories	-	-
150	<b>Total Current Assets</b>	<b>468,216</b>	<b>468,216</b>
<b>Non-current Assets:</b>			
161	Land	-	-
162	Buildings	-	-
164	Furniture, equipment and machinery - administration	-	-
166	Accumulated depreciation	-	-
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>-</b>	<b>-</b>
180	<b>Total Non-current Assets</b>	<b>-</b>	<b>-</b>
190	<b>Total Assets</b>	<b>468,216</b>	<b>468,216</b>
<b>LIABILITIES AND EQUITY:</b>			
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
311	Bank Overdraft	-	-
312	Accounts payable <= 90 days	-	-
321	Accrued wage/payroll taxes payable	-	-
322	Accrued compensated absences - current portion	-	-
332	Accounts payable - HUD PHA Projects	-	-
333	Accounts payable - other government	-	-
341	Tenant security deposits	-	-
345	Other current liabilities	468,216	468,216
310	<b>Total Current Liabilities</b>	<b>468,216</b>	<b>468,216</b>
<b>Non-current Liabilities:</b>			
354	Accrued compensated absences - non-current	-	-
350	<b>Total Non-current Liabilities</b>	<b>-</b>	<b>-</b>
300	<b>Total Liabilities</b>	<b>468,216</b>	<b>468,216</b>
<b>EQUITY:</b>			
508.1	Invested in capital assets, net of related debt	-	-
511.1	Restricted net assets	-	-
512.1	Unrestricted net assets	-	-
513	<b>Total Equity/Net Assets</b>	<b>-</b>	<b>-</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>468,216</b>	<b>468,216</b>

(continued)

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

INCOME STATEMENT		Public Housing Capital 14.872	Public Housing Operating 14.850A	TOTAL PROJECTS
<b>REVENUE:</b>				
70300	Net tenant rental revenue	-	95,131	95,131
70400	Tenant revenue - other	-	5,035	5,035
70500	<b>Total Tenant Revenue</b>	-	<b>100,166</b>	<b>100,166</b>
70600-010	Housing assistance payments	-	-	-
70600-020	Ongoing administrative fees earned	-	-	-
70600	HUD PHA operating grants	66,222	67,915	134,137
71100-020	Administrative fee	-	-	-
71100	Investment income - unrestricted	-	73	73
71400	Fraud recovery	-	-	-
71500	Other revenue	-	-	-
7000	<b>Total Revenue</b>	<b>66,222</b>	<b>168,154</b>	<b>234,376</b>
<b>EXPENSES:</b>				
91100	Administrative salaries	3,503	20,911	24,414
91200	Auditing fees	-	1,177	1,177
91300	Management fee	-	27,373	27,373
91310	Bookkeeping fee	-	3,851	3,851
91500	Employee benefit contributions - administrative	-	8,949	8,949
91600	Office expenses	-	23,765	23,765
91800	Travel	-	-	-
91900	Other	-	-	-
91000	<b>Total Operating - Administrative</b>	<b>3,503</b>	<b>86,026</b>	<b>89,529</b>
93100	Water	-	9,504	9,504
93200	Electricity	-	4,976	4,976
93300	Gas	-	3,055	3,055
93600	Sewer	-	2,371	2,371
93000	<b>Total Utilities</b>	-	<b>19,906</b>	<b>19,906</b>
94100	Ordinary maintenance and operations - labor	1,500	28,677	30,177
94200	Ordinary maintenance and operations - materials and other	15,524	25,913	41,437
94300-010	Ordinary maintenance and operations - garbage & trash removal contracts	-	4,380	4,380
94300-020	Ordinary maintenance and operations - heating & cooling contracts	-	-	-
94300-050	Ordinary maintenance and operations - landscape & grounds contracts	1,750	3,822	5,572
94300-060	Ordinary maintenance and operations - unit turnaround contracts	34,937	-	34,937
94300-070	Ordinary maintenance and operations - electrical contracts	-	-	-
94300-080	Ordinary maintenance and operations - plumbing contracts	-	170	170
94300-090	Ordinary maintenance and operations - extermination contracts	-	4,115	4,115
94300-100	Ordinary maintenance and operations - janitorial contracts	-	-	-
94300-110	Ordinary maintenance and operations - routine maintenance contracts	599	-	599
94300-120	Ordinary maintenance and operations - misc contracts	6,409	2,665	9,074
94300	<b>Total Ordinary Maintenance and Operations Contracts</b>	<b>43,695</b>	<b>15,152</b>	<b>58,847</b>
94500	Employee benefit contribution - ordinary maintenance	-	9,812	9,812
94000	<b>Total Maintenance</b>	<b>60,719</b>	<b>79,554</b>	<b>140,273</b>
95200	Protective services - other contract costs	-	829	829
95000	<b>Total Protective Services</b>	-	<b>829</b>	<b>829</b>
96130	Workmen's Compensation	-	1,051	1,051
96140	All other insurance	-	12,649	12,649
96100	<b>Total Insurance Premiums</b>	-	<b>13,700</b>	<b>13,700</b>
96200	Other general expenses	2,000	-	2,000
96210	Compensated absences	-	3,931	3,931
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenant rents	-	7,295	7,295
96600	Bad debt - other	-	-	-
96000	<b>Total Other General Expenses</b>	<b>2,000</b>	<b>11,226</b>	<b>13,226</b>
96900	<b>Total Operating Expenses</b>	<b>66,222</b>	<b>211,241</b>	<b>277,463</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	-	<b>(43,087)</b>	<b>(43,087)</b>
97300-050	All other	-	-	-
97300	<b>Housing Assistance Payments</b>	-	-	-
97400	Depreciation expense	-	62,289	62,289
90000	<b>Total Expenses</b>	<b>66,222</b>	<b>273,530</b>	<b>339,752</b>
10080	Special Items	-	(2,101,807)	(2,101,807)
10100	<b>Total Other Financing Sources (Uses)</b>	-	<b>(2,101,807)</b>	<b>(2,101,807)</b>
1000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	-	<b>(2,207,183)</b>	<b>(2,207,183)</b>

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

INCOME STATEMENT (continued)		Public Housing Capital 14.872	Public Housing Operating 14.850A	TOTAL PROJECTS
<b>OTHER INFORMATION:</b>				
11030	Beginning equity	-	2,207,184	2,207,184
11170-001	Administrative Fee Equity - Beginning Balance	-	-	-
11170-010	Administrative Fee Revenue	-	-	-
11170-040	Investment Income	-	-	-
11170-045	Fraud Recovery Revenue	-	-	-
11170-050	Other Revenue	-	-	-
11170-060	Total Admin Fee Revenues	-	-	-
11170-080	Total Operating Expenses	-	-	-
11170-100	Other Expenses	-	-	-
11170-110	Total Expenses	-	-	-
11170-002	Net Administrative Fee	-	-	-
11170-003	<b>Administrative Fee Equity - Ending Balance</b>	-	-	-
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-	-
11180-010	Housing Assistance Payment Revenues	-	-	-
11180-015	Fraud Recovery Revenue	-	-	-
11180-020	Other Revenue	-	-	-
11180-030	Total HAP Revenues	-	-	-
11180-080	Housing Assistance Payments	-	-	-
11180-100	Total Housing Assistance Payments Expenses	-	-	-
11180-002	Net Housing Assistance Payments	-	-	-
11180-003	Housing Assistance Payments Equity - Ending Balance	-	-	-
11180	<b>Housing Assistance Payments Equity</b>	-	-	-
11190-210	Total ACC HCV Units	-	-	-
11190	<b>Unit Months Available</b>	-	813	813
11210	<b>Unit Months Leased</b>	-	797	797
11270	<b>Excess Cash</b>	-	23,121	23,121

# Statistical Section

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

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	141
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	151
These schedules contain information to help the reader assess the City's most significant local revenue sources - sales and use taxes, property taxes and utility user fees.	
<b>Debt Capacity</b>	163
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.	
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These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	176
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

# Statistical Section

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

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

Table I

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities										
Net investment in capital assets	\$ 396,789,364	\$ 412,711,011	\$ 523,429,904	\$ 591,763,494	\$ 602,715,532	\$ 690,708,494	\$ 782,205,232	\$ 803,835,704	\$ 816,149,271	\$ 829,001,871
Restricted	22,011,167	35,660,531	41,483,246	40,822,727	65,528,725	54,945,644	37,649,086	118,382,244	118,105,425	131,550,563
Unrestricted	108,663,727	118,007,870	131,307,050	173,833,813	220,374,709	207,958,657	192,278,995	109,550,684	111,579,103	94,099,643
Total governmental activities net assets	<u>\$ 527,464,258</u>	<u>\$ 566,379,412</u>	<u>\$ 696,220,200</u>	<u>\$ 806,420,034</u>	<u>\$ 888,618,966</u>	<u>\$ 953,612,795</u>	<u>\$ 1,012,133,313</u>	<u>\$ 1,031,768,632</u>	<u>\$ 1,045,833,799</u>	<u>\$ 1,054,652,077</u>
Business-type Activities										
Net investment in capital assets	\$ 216,306,907	\$ 273,024,663	\$ 311,724,201	\$ 369,615,117	\$ 427,331,359	\$ 429,764,018	\$ 469,854,140	\$ 478,230,446	\$ 478,738,661	\$ 493,788,885
Restricted	73,597,149	83,015,115	79,329,431	32,749,544	32,967,702	33,558,490	19,474,349	22,733,731	24,912,356	21,575,445
Unrestricted	58,112,123	55,874,702	53,032,272	68,959,683	41,967,371	36,507,370	53,422,064	54,791,580	61,033,753	64,833,670
Total business-type activities net assets	<u>\$ 348,016,179</u>	<u>\$ 411,914,480</u>	<u>\$ 444,085,904</u>	<u>\$ 471,324,344</u>	<u>\$ 502,266,432</u>	<u>\$ 499,829,878</u>	<u>\$ 542,750,553</u>	<u>\$ 555,755,757</u>	<u>\$ 564,684,770</u>	<u>\$ 580,198,000</u>
Primary Government										
Net investment in capital assets	\$ 613,096,271	\$ 685,735,674	\$ 835,154,105	\$ 961,378,611	\$ 1,030,046,891	\$ 1,120,472,512	\$ 1,252,059,372	\$ 1,282,066,150	\$ 1,294,887,932	\$ 1,322,790,756
Restricted	95,608,316	118,675,646	120,812,677	73,572,271	98,496,427	88,504,134	57,123,435	141,115,975	143,017,781	153,126,008
Unrestricted	166,775,850	173,882,572	184,339,322	242,793,496	262,342,080	244,466,027	245,701,059	164,342,264	172,612,856	158,933,313
Total primary government net assets	<u>\$ 875,480,437</u>	<u>\$ 978,293,892</u>	<u>\$ 1,140,306,104</u>	<u>\$ 1,277,744,378</u>	<u>\$ 1,390,885,398</u>	<u>\$ 1,453,442,673</u>	<u>\$ 1,554,883,866</u>	<u>\$ 1,587,524,389</u>	<u>\$ 1,610,518,569</u>	<u>\$ 1,634,850,077</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ 16,794,131	\$ 18,810,419	\$ 21,608,973	\$ 24,469,279	\$ 17,077,115	\$ 23,226,263	\$ 24,518,718	\$ 27,523,428	\$ 20,935,141	\$ 19,175,790
Culture & Recreation	13,580,663	15,135,836	16,304,875	17,947,721	21,834,144	23,185,665	21,167,750	21,066,722	23,499,906	22,434,968
Police	19,519,868	21,844,025	25,725,922	28,548,401	34,513,465	37,084,671	35,140,959	35,536,887	35,905,144	35,396,834
Fire	11,025,133	12,731,478	14,184,353	17,401,924	19,914,716	21,618,004	20,977,164	21,243,965	22,313,810	21,360,706
Development Services	4,280,766	4,557,154	4,882,448	5,605,618	6,542,413	6,354,769	6,539,886	6,135,184	5,437,784	8,374,619
Highways & Streets	16,554,235	21,839,566	18,713,722	23,031,544	22,909,823	24,046,432	22,414,044	25,598,067	31,778,203	29,967,207
Public Works	4,460,277	5,187,303	5,791,128	6,288,446	7,782,967	7,688,062	9,642,355	8,441,912	7,416,026	6,989,988
Human Services	1,665,219	1,869,601	2,054,042	2,316,358	2,887,625	2,382,604	2,188,730	1,992,977	1,655,935	2,196,801
Interest on long-term debt	6,884,380	6,017,664	7,223,963	8,065,449	11,168,041	12,610,988	12,571,503	12,616,562	12,595,752	12,739,029
Unallocated Deprecation	582,180	576,719	575,334	575,334	574,942	574,550	574,550	574,550	574,550	574,557
<b>Total governmental activities expenses</b>	<b>\$ 95,346,852</b>	<b>\$ 108,569,765</b>	<b>\$ 117,064,760</b>	<b>\$ 134,250,074</b>	<b>\$ 145,205,251</b>	<b>\$ 158,772,008</b>	<b>\$ 155,735,659</b>	<b>\$ 160,730,254</b>	<b>\$ 162,112,251</b>	<b>\$ 159,210,499</b>
<b>Business-type Activities</b>										
Water Utility	\$ 21,344,055	\$ 23,815,912	\$ 25,859,997	\$ 27,058,901	\$ 28,677,086	\$ 32,164,325	\$ 29,715,038	\$ 29,582,708	\$ 30,777,765	\$ 29,094,123
Wastewater Utility	11,049,354	12,469,667	12,782,965	14,523,268	17,324,471	31,039,534	30,212,381	19,891,729	21,923,061	20,342,376
Solid Waste Utility	7,798,343	8,462,126	8,688,437	9,458,194	13,250,526	10,624,589	9,985,889	9,773,553	10,859,872	10,503,928
Stadium	4,341,127	4,623,886	5,442,993	5,448,667	6,921,044	5,235,258	5,186,732	5,019,605	5,284,940	5,140,500
Storm Drain Utility	-	-	-	-	-	-	-	-	802,246	806,658
Housing	357,785	344,030	369,052	371,540	382,067	331,785	368,007	367,644	400,405	273,528
<b>Total business-type activities expenses</b>	<b>\$ 44,890,664</b>	<b>\$ 49,715,621</b>	<b>\$ 53,143,444</b>	<b>\$ 56,860,570</b>	<b>\$ 66,555,194</b>	<b>\$ 79,395,491</b>	<b>\$ 75,468,047</b>	<b>\$ 64,635,239</b>	<b>\$ 70,048,289</b>	<b>\$ 66,161,113</b>
<b>Total primary government expenses</b>	<b>\$ 140,237,516</b>	<b>\$ 158,285,386</b>	<b>\$ 170,208,204</b>	<b>\$ 191,110,644</b>	<b>\$ 211,760,445</b>	<b>\$ 238,167,499</b>	<b>\$ 231,203,706</b>	<b>\$ 225,365,493</b>	<b>\$ 232,160,540</b>	<b>\$ 225,371,612</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for services	\$ 14,305,895	\$ 21,078,973	\$ 22,666,481	\$ 23,226,773	\$ 25,523,896	\$ 20,130,962	\$ 17,489,464	\$ 17,722,889	\$ 17,331,656	\$ 18,745,123
Operating grants and contributions	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484	12,574,749	13,096,036	13,709,669	11,071,988	12,440,760
Capital grants and contributions	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499	51,366,296	55,978,635	34,932,888	30,063,998	21,485,029
<b>Total governmental activities program revenues</b>	<b>\$ 51,971,644</b>	<b>\$ 69,515,305</b>	<b>\$ 138,152,424</b>	<b>\$ 96,975,027</b>	<b>\$ 81,504,879</b>	<b>\$ 84,072,007</b>	<b>\$ 86,564,135</b>	<b>\$ 66,365,446</b>	<b>\$ 58,467,642</b>	<b>\$ 52,670,912</b>
<b>Business-type Activities</b>										
Charges for services	\$ 47,136,002	\$ 47,962,423	\$ 53,196,965	\$ 61,918,282	\$ 61,936,451	\$ 59,577,008	\$ 62,457,821	\$ 60,595,686	\$ 66,048,140	\$ 67,197,303
Operating grants and contributions	129,308	136,736	137,532	135,174	145,841	158,627	177,710	209,878	140,461	67,915
Capital grants and contributions	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213	12,186,331	50,899,343	5,408,859	8,418,314	7,323,482
<b>Total business-type activities program revenues</b>	<b>\$ 82,119,032</b>	<b>\$ 96,220,208</b>	<b>\$ 67,432,213</b>	<b>\$ 80,272,879</b>	<b>\$ 84,403,505</b>	<b>\$ 71,921,966</b>	<b>\$ 113,534,874</b>	<b>\$ 66,214,423</b>	<b>\$ 74,606,915</b>	<b>\$ 74,588,700</b>
<b>Total primary government program revenues</b>	<b>\$ 134,090,676</b>	<b>\$ 165,735,513</b>	<b>\$ 205,584,637</b>	<b>\$ 177,247,906</b>	<b>\$ 165,908,384</b>	<b>\$ 155,993,973</b>	<b>\$ 200,099,009</b>	<b>\$ 132,579,869</b>	<b>\$ 133,074,557</b>	<b>\$ 127,259,612</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (43,375,208)	\$ (39,054,460)	\$ 21,087,664	\$ (37,275,047)	\$ (63,700,372)	\$ (74,700,001)	\$ (69,171,524)	\$ (94,364,808)	\$ (103,644,609)	\$ (106,539,587)
Business-type Activities	37,228,368	46,504,587	14,288,769	23,412,309	17,848,311	(7,473,525)	38,066,827	1,579,184	4,558,626	8,427,587
<b>Total primary government net expense</b>	<b>\$ (6,146,840)</b>	<b>\$ 7,450,127</b>	<b>\$ 35,376,433</b>	<b>\$ (13,862,738)</b>	<b>\$ (45,852,061)</b>	<b>\$ (82,173,526)</b>	<b>\$ (31,104,697)</b>	<b>\$ (92,785,624)</b>	<b>\$ (99,085,983)</b>	<b>\$ (98,112,000)</b>

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

Table II

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	\$ 2,724,739	\$ 2,926,017	\$ 3,274,982	\$ 3,722,092	\$ 3,728,615	\$ 3,629,629	\$ 3,833,445	\$ 3,628,286	\$ 3,187,679	\$ 2,848,691
Property taxes, levied for debt service	9,940,516	11,240,627	12,930,561	14,392,472	22,569,309	28,162,003	26,225,535	22,406,879	19,030,940	16,628,634
Sales and use taxes	40,579,522	45,535,559	61,156,870	68,873,970	68,466,910	59,004,816	56,276,937	58,082,217	60,719,648	65,950,235
Franchise taxes	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004
State shared sales taxes - unrestricted	9,116,684	10,038,874	11,681,284	13,130,116	12,695,890	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191
Urban revenue sharing - unrestricted	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958
Auto in-lieu taxes - unrestricted	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558	5,018,384	4,634,263	4,548,154	4,944,181	5,155,206
Investment Earnings	1,698,168	2,930,923	6,723,061	12,100,831	13,328,215	7,896,100	2,199,984	1,354,607	959,479	599,263
Gain on sale of capital assets	160,917	148,518	81,122	60,785	40,953	115,412	102,409	76,640	50,192	66,465
Elimination of development agreement debt	839,099	-	17,279	23,941	2,358,431	-	-	801,394	-	630,104
Miscellaneous	443,892	2,480,978	5,584,218	7,439,193	3,555,171	3,528,043	5,885,847	5,124,916	3,965,187	4,397,616
Special Item: Close out of Section 8 Housing	-	-	-	-	-	-	-	-	(464,390)	-
Transfers in (out)	(1,404,110)	(14,546,789)	(12,660,507)	2,025,489	(9,779,262)	(3,066,497)	(3,029,412)	(11,119,348)	(3,335,912)	(9,394,454)
Total governmental activities	<u>\$ 80,772,879</u>	<u>\$ 77,969,614</u>	<u>\$ 108,753,124</u>	<u>\$ 147,474,881</u>	<u>\$ 145,899,304</u>	<u>\$ 139,693,830</u>	<u>\$ 127,692,042</u>	<u>\$ 114,000,127</u>	<u>\$ 118,459,824</u>	<u>\$ 118,108,913</u>
Business-type Activities										
Investment Earnings	\$ 1,349,492	\$ 2,846,925	\$ 5,222,148	\$ 5,851,620	\$ 3,314,515	\$ 1,970,474	\$ 444,698	\$ 306,672	\$ 284,427	\$ 176,176
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)	1,404,110	14,546,789	12,660,507	(2,025,489)	9,779,262	3,066,497	3,029,412	11,119,348	3,335,912	9,394,454
Total business-type activities	<u>\$ 2,753,602</u>	<u>\$ 17,393,714</u>	<u>\$ 17,882,655</u>	<u>\$ 3,826,131</u>	<u>\$ 13,093,777</u>	<u>\$ 5,036,971</u>	<u>\$ 4,853,848</u>	<u>\$ 11,426,020</u>	<u>\$ 3,620,339</u>	<u>\$ 7,468,821</u>
Total primary government	<u>\$ 83,526,481</u>	<u>\$ 95,363,328</u>	<u>\$ 126,635,779</u>	<u>\$ 151,301,012</u>	<u>\$ 158,993,081</u>	<u>\$ 144,730,801</u>	<u>\$ 132,545,890</u>	<u>\$ 125,426,147</u>	<u>\$ 122,080,163</u>	<u>\$ 125,577,734</u>
Change in Net Position										
Governmental Activities	\$ 37,397,671	\$ 38,915,154	\$ 129,840,788	\$ 110,199,834	\$ 82,198,932	\$ 64,993,829	\$ 58,520,518	\$ 19,635,319	\$ 14,815,215	\$ 11,569,326
Business-type Activities	39,981,970	63,898,301	32,171,424	27,238,440	30,942,088	(2,436,554)	42,920,675	13,005,204	8,178,965	15,896,408
Total primary government	<u>\$ 77,379,641</u>	<u>\$ 102,813,455</u>	<u>\$ 162,012,212</u>	<u>\$ 137,438,274</u>	<u>\$ 113,141,020</u>	<u>\$ 62,557,275</u>	<u>\$ 101,441,193</u>	<u>\$ 32,640,523</u>	<u>\$ 22,994,180</u>	<u>\$ 27,465,734</u>

Source: Statement of Activities  
City financial records and reports

**CITY OF PEORIA, ARIZONA  
PROGRAM REVENUES  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

Table III

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services										
General Government	\$ 1,576,952	\$ 3,122,641	\$ 3,346,730	\$ 2,747,370	\$ 2,293,928	\$ 3,635,662	\$ 2,955,225	\$ 3,111,713	\$ 2,839,814	\$ 2,712,644
Culture & Recreation	4,278,605	5,117,914	5,793,176	6,927,760	8,111,802	8,035,499	7,133,645	6,642,642	6,810,891	7,055,179
Police	603,702	1,123,337	828,053	1,283,559	790,269	1,326,404	813,032	1,050,490	1,112,621	1,135,692
Fire	730,868	1,557,835	1,844,083	1,737,666	1,717,319	1,748,715	1,457,280	1,580,191	1,693,101	1,664,610
Development Services	4,121,816	5,840,631	5,660,591	4,614,166	3,526,784	1,568,529	1,231,534	1,323,358	1,720,697	2,398,630
Highways & Streets	176,195	205,291	104,654	433,400	345,417	348,351	445,074	516,778	424,505	456,791
Public Works	2,709,759	3,987,875	4,950,541	5,318,686	8,607,833	3,336,840	3,310,544	3,350,178	2,687,325	3,278,257
Human Services	107,998	123,449	138,653	164,166	130,544	130,962	143,130	147,539	42,702	43,320
Operating grants and contributions	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484	12,574,749	13,096,036	13,709,669	11,071,988	12,440,760
Capital grants and contributions	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499	51,366,296	55,978,635	34,932,888	30,063,998	21,485,029
Total governmental activities program revenues	<u>\$ 51,971,644</u>	<u>\$ 69,515,305</u>	<u>\$ 138,152,424</u>	<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>
Business-type Activities										
Charges for services										
Water Utility	\$ 25,175,285	\$ 24,932,796	\$ 28,240,253	\$ 33,511,407	\$ 31,866,685	\$ 30,104,254	\$ 30,789,786	\$ 30,004,279	\$ 33,896,048	\$ 34,100,166
Wastewater Utility	10,971,239	11,608,902	12,227,879	14,907,360	15,423,188	15,331,781	16,994,511	15,933,154	16,624,110	18,459,924
Solid Waste Utility	7,728,124	8,330,792	9,715,409	10,395,273	11,216,061	11,166,354	11,764,271	11,904,142	11,873,744	11,003,792
Stadium	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780	2,866,609	2,800,976	2,629,765	2,711,665	2,716,778
Storm Drain Utility	-	-	-	-	-	-	-	-	804,487	816,478
Housing	128,332	128,141	153,630	150,877	150,737	108,010	108,277	124,346	138,086	100,165
Operating grants and contributions	129,308	136,736	137,532	135,174	145,841	158,627	177,710	209,878	140,461	67,915
Capital grants and contributions	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213	12,186,331	50,899,343	5,408,859	8,418,314	7,323,482
Total business-type activities program revenues	<u>\$ 82,119,032</u>	<u>\$ 96,220,208</u>	<u>\$ 67,432,213</u>	<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>
Total primary government program revenues	<u>\$ 134,090,676</u>	<u>\$ 165,735,513</u>	<u>\$ 205,584,637</u>	<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>

Source: Statement of Activities  
City financial records and reports

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

Table IV

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011 *	2012	2013
General Fund										
Reserved	\$ 3,061,807	\$ 150,764	\$ 948,135	\$ 216,652	\$ 264,489	\$ 275,184	\$ 241,678	\$ -	\$ -	\$ -
Unreserved	43,989,346	52,553,522	65,224,766	74,842,586	77,741,727	67,102,145	60,238,418	-	-	-
Nonspendable	-	-	-	-	-	-	-	537,000	1,163,721	259,643
Restricted	-	-	-	-	-	-	-	30,671	70,016	108,517
Committed	-	-	-	-	-	-	-	34,288,769	33,590,254	33,229,466
Assigned	-	-	-	-	-	-	-	3,891,174	3,705,809	3,330,705
Unassigned	-	-	-	-	-	-	-	13,429,595	12,878,675	13,996,657
<b>Total General Fund</b>	<b>\$ 47,051,153</b>	<b>\$ 52,704,286</b>	<b>\$ 66,172,901</b>	<b>\$ 75,059,238</b>	<b>\$ 78,006,216</b>	<b>\$ 67,377,329</b>	<b>\$ 60,480,096</b>	<b>\$ 52,177,209</b>	<b>\$ 51,408,475</b>	<b>\$ 50,924,988</b>
General Fund as % of current year revenues (1)										
Reserved	4.4%	0.2%	1.0%	0.2%	0.2%	0.3%	0.3%	-	-	-
Unreserved	62.6%	64.2%	67.6%	70.9%	71.1%	70.3%	69.5%	-	-	-
Unspendable	-	-	-	-	-	-	-	0.6%	1.3%	0.3%
Restricted	-	-	-	-	-	-	-	0.0%	0.1%	0.1%
Committed	-	-	-	-	-	-	-	39.7%	38.3%	35.4%
Assigned	-	-	-	-	-	-	-	4.5%	4.2%	3.6%
Unassigned	-	-	-	-	-	-	-	15.5%	14.7%	14.9%
<b>Total General Fund</b>	<b>67.0%</b>	<b>64.4%</b>	<b>68.6%</b>	<b>71.1%</b>	<b>71.3%</b>	<b>70.6%</b>	<b>69.8%</b>	<b>60.4%</b>	<b>58.6%</b>	<b>54.3%</b>
General Fund as % of current year expenditures (2)										
Reserved	4.7%	0.2%	1.1%	0.2%	0.2%	0.3%	0.2%	-	-	-
Unreserved	67.3%	68.2%	76.4%	72.0%	70.2%	61.1%	57.0%	-	-	-
Unspendable	-	-	-	-	-	-	-	0.5%	1.2%	0.3%
Restricted	-	-	-	-	-	-	-	0.0%	0.1%	0.1%
Committed	-	-	-	-	-	-	-	34.4%	35.2%	32.7%
Assigned	-	-	-	-	-	-	-	3.9%	3.9%	3.3%
Unassigned	-	-	-	-	-	-	-	13.5%	13.5%	13.8%
<b>Total General Fund</b>	<b>72.0%</b>	<b>68.4%</b>	<b>77.5%</b>	<b>72.2%</b>	<b>70.4%</b>	<b>61.4%</b>	<b>57.2%</b>	<b>52.3%</b>	<b>53.9%</b>	<b>50.1%</b>
All Other Governmental Funds										
Reserved	\$ 60,276,977	\$ 82,831,364	\$ 84,931,450	\$ 154,966,318	\$ 143,600,643	\$ 165,129,365	\$ 147,974,858	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	21,662,579	25,365,373	41,501,121	49,251,757	62,170,663	57,506,689	55,546,744	-	-	-
Capital projects funds	8,300,215	(4,566,517)	(21,988,077)	18,917,375	23,589,696	29,428,677	22,203,699	-	-	-
Unspendable	-	-	-	-	-	-	-	108,919	95,828	98,819
Restricted	-	-	-	-	-	-	-	169,837,817	168,127,814	188,434,944
Committed	-	-	-	-	-	-	-	11,040,682	10,064,814	10,004,379
Assigned	-	-	-	-	-	-	-	30,055,251	40,566,996	25,988,041
Unassigned	-	-	-	-	-	-	-	-	(84,673)	-
<b>Total All Other Governmental Funds</b>	<b>\$ 90,239,771</b>	<b>\$ 103,630,220</b>	<b>\$ 104,444,494</b>	<b>\$ 223,135,450</b>	<b>\$ 229,361,002</b>	<b>\$ 252,064,731</b>	<b>\$ 225,725,301</b>	<b>\$ 211,042,669</b>	<b>\$ 218,770,779</b>	<b>\$ 224,526,183</b>

\* 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.

(1) Revenues are operating revenues. Does not include Other Financing Sources.

(2) Expenditures are operating expenditures. Does not include Other Financing Uses.

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**  
**(accrual basis of accounting)**

Table V

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 55,774,213	\$ 62,170,531	\$ 80,238,340	\$ 90,780,140	\$ 98,358,262	\$ 93,896,013	\$ 90,783,641	\$ 88,244,772	\$ 87,203,131	\$ 89,948,724
Intergovernmental	34,841,183	36,747,293	41,899,532	64,283,444	52,612,549	62,718,223	45,621,921	43,917,343	54,562,371	49,831,144
Charges for services	18,430,649	30,768,591	34,863,016	39,290,401	37,609,937	18,479,664	18,137,718	16,356,566	18,359,757	21,405,623
Licenses and Permits	3,597,522	5,041,680	4,807,840	3,878,132	3,020,436	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075
Fines and Forfeitures	1,086,327	1,823,626	2,112,799	2,203,756	2,666,731	3,733,047	2,755,104	3,068,861	2,757,022	2,257,477
Rents	89,829	174,837	228,492	249,069	358,215	395,834	421,289	403,321	486,932	1,101,082
Investment Earnings	1,467,703	2,652,530	6,050,060	10,942,001	12,125,018	7,174,109	1,992,817	1,238,174	859,146	537,732
Special assessments	2,598,445	2,252,142	2,262,770	1,971,991	1,803,344	2,200,782	2,214,167	2,201,463	2,069,613	1,217,271
Miscellaneous	3,293,560	2,560,291	5,562,231	6,992,363	7,882,947	7,488,740	8,485,570	18,441,696	4,588,218	5,880,511
<b>Total Revenues</b>	<b>\$ 121,179,431</b>	<b>\$ 144,191,521</b>	<b>\$ 178,025,080</b>	<b>\$ 220,591,297</b>	<b>\$ 216,437,439</b>	<b>\$ 197,889,171</b>	<b>\$ 172,012,184</b>	<b>\$ 175,544,268</b>	<b>\$ 172,992,735</b>	<b>\$ 174,743,639</b>
<b>Expenditures</b>										
General Government	\$ 15,386,608	\$ 18,144,444	\$ 19,767,909	\$ 22,833,440	\$ 14,544,047	\$ 17,798,947	\$ 16,330,159	\$ 15,818,173	\$ 14,470,822	\$ 15,094,866
Culture & Recreation	12,395,888	13,935,373	15,300,068	17,013,511	21,769,313	22,303,852	19,475,634	18,784,735	18,396,187	19,668,598
Police	18,663,675	20,915,014	24,715,113	28,163,474	33,340,756	36,458,108	34,131,465	33,926,463	33,717,021	35,375,166
Fire	10,440,007	12,206,093	13,422,870	16,522,036	19,120,991	20,516,345	19,745,446	19,463,905	20,673,956	21,327,100
Development Services	4,253,710	4,575,963	4,986,442	5,526,599	6,669,979	6,489,199	6,529,594	6,051,667	5,328,403	8,568,013
Highways & Streets	8,825,795	13,930,314	10,333,402	14,679,124	14,632,287	15,469,695	13,070,648	13,891,078	14,754,432	16,355,505
Public Works	3,107,787	3,993,427	4,640,211	5,010,116	6,408,150	6,187,633	7,955,394	6,748,102	4,884,713	4,914,270
Human Services	1,590,605	1,768,107	1,991,939	2,291,469	2,817,716	2,343,847	2,145,702	1,952,861	1,586,315	2,213,724
Other	16,823	3,849	539	45,912	-	-	-	-	-	-
Capital Outlay	52,502,380	33,148,181	34,944,336	76,919,805	74,142,416	77,515,142	60,269,181	29,176,335	26,336,595	39,612,698
Debt Service										
Interest	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704	11,917,582	13,166,242	12,658,032	13,098,263	12,534,039
Principal	9,737,936	15,304,972	16,881,632	16,178,431	31,143,531	25,988,554	44,700,092	34,309,287	25,566,028	20,120,163
<b>Total Expenditures</b>	<b>\$ 143,220,840</b>	<b>\$ 144,972,313</b>	<b>\$ 153,731,533</b>	<b>\$ 213,283,409</b>	<b>\$ 234,929,890</b>	<b>\$ 242,988,904</b>	<b>\$ 237,519,557</b>	<b>\$ 192,780,638</b>	<b>\$ 178,812,735</b>	<b>\$ 195,784,242</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ (22,041,409)</b>	<b>\$ (780,792)</b>	<b>\$ 24,293,547</b>	<b>\$ 7,307,888</b>	<b>\$ (18,492,451)</b>	<b>\$ (45,099,733)</b>	<b>\$ (65,507,373)</b>	<b>\$ (17,236,370)</b>	<b>\$ (5,820,000)</b>	<b>\$ (21,040,603)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 164,548	\$ 23,809,728	\$ 6,722,550	\$ 122,090,000	\$ 47,000,000	\$ 68,440,000	\$ 29,170,000	\$ 7,920,000	\$ 14,715,000	\$ 35,510,000
Proceeds from refunding	-	-	-	18,365,000	-	-	-	-	13,690,000	-
Payments to bond refunding escrow agent	-	-	-	(18,365,000)	-	-	-	-	(13,690,000)	-
Premium on bonds issued	-	75,552	20,559	1,502,204	273,310	808,192	495,890	16,960	645,188	1,039,481
Special Item: Close out Section 8 Housing	-	-	-	-	-	-	-	-	(464,390)	-
Transfers In	6,193,157	11,766,397	10,116,361	17,798,434	16,426,715	18,855,279	23,567,886	28,388,910	16,740,587	16,968,105
Transfers Out	(11,266,511)	(15,827,303)	(26,870,128)	(21,121,233)	(36,035,044)	(30,928,896)	(20,963,066)	(42,075,019)	(18,106,961)	(27,205,066)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (4,908,806)</b>	<b>\$ 19,824,374</b>	<b>\$ (10,010,658)</b>	<b>\$ 120,269,405</b>	<b>\$ 27,664,981</b>	<b>\$ 57,174,575</b>	<b>\$ 32,270,710</b>	<b>\$ (5,749,149)</b>	<b>\$ 13,529,424</b>	<b>\$ 26,312,520</b>
<b>Net Change in Fund Balance</b>	<b>\$ (26,950,215)</b>	<b>\$ 19,043,582</b>	<b>\$ 14,282,889</b>	<b>\$ 127,577,293</b>	<b>\$ 9,172,530</b>	<b>\$ 12,074,842</b>	<b>\$ (33,236,663)</b>	<b>\$ (22,985,519)</b>	<b>\$ 7,709,424</b>	<b>\$ 5,271,917</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>17.68%</b>	<b>19.99%</b>	<b>19.89%</b>	<b>17.80%</b>	<b>25.80%</b>	<b>22.91%</b>	<b>32.65%</b>	<b>28.71%</b>	<b>25.36%</b>	<b>20.91%</b>

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

**CITY OF PEORIA, ARIZONA  
GOVERNMENT-WIDE REVENUES BY FUNCTION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

Table VI

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities:</b>										
General Government	\$ 3,842,493	\$ 5,155,229	\$ 5,471,741	\$ 5,099,910	\$ 3,872,997	\$ 4,092,800	\$ 3,512,654	\$ 3,483,196	\$ 3,138,886	\$ 2,875,640
Culture & Recreation	8,427,932	11,784,749	14,003,877	12,243,385	12,673,351	9,516,656	8,872,476	8,255,882	8,783,964	9,493,032
Police	1,697,650	2,579,817	3,128,006	5,271,968	3,468,250	2,844,901	2,228,397	1,920,702	2,249,525	2,095,076
Fire	1,553,178	3,075,988	3,729,960	4,098,537	3,202,518	2,148,000	1,999,601	2,093,976	2,347,846	2,643,492
Development Services	4,756,969	6,545,647	6,459,264	5,437,544	4,148,578	2,195,564	2,077,759	2,188,283	2,243,301	2,893,783
Highways & Streets	24,079,992	34,210,694	98,404,102	57,310,910	42,357,347	58,042,435	61,824,066	41,466,907	35,542,046	27,266,930
Public Works	5,887,194	4,161,349	4,950,541	5,418,686	8,929,561	3,341,185	4,114,022	5,443,608	2,862,435	3,407,002
Human Services	1,726,236	2,001,832	2,004,933	2,094,087	2,852,277	1,890,466	1,935,160	1,512,892	1,299,639	1,995,957
Unallocated General Revenues	82,176,989	92,516,403	121,413,631	145,449,392	155,678,566	142,760,327	130,721,454	125,119,475	121,795,736	127,503,367
<b>Total Governmental Activities</b>	<b>\$ 134,148,633</b>	<b>\$ 162,031,708</b>	<b>\$ 259,566,055</b>	<b>\$ 242,424,419</b>	<b>\$ 237,183,445</b>	<b>\$ 226,832,334</b>	<b>\$ 217,285,589</b>	<b>\$ 191,484,921</b>	<b>\$ 180,263,378</b>	<b>\$ 180,174,279</b>
<b>Business-type Activities:</b>										
Water Utility	\$ 45,639,906	\$ 49,238,279	\$ 36,888,294	\$ 44,900,179	44,368,035	37,864,324	57,524,177	33,948,181	38,998,580	38,206,945
Wastewater Utility	24,595,006	34,300,518	16,668,034	21,116,119	24,784,247	19,647,683	41,038,763	17,276,923	19,869,458	21,676,627
Solid Waste Utility	8,493,458	9,454,742	10,732,529	11,017,165	11,674,865	11,276,713	11,884,971	12,025,330	11,944,178	11,003,792
Stadium	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780	2,866,609	2,800,976	2,629,765	2,711,665	2,716,778
Storm Drain Utility	-	-	-	-	-	-	-	-	804,487	816,478
Housing	257,640	264,877	283,562	286,051	296,578	266,637	285,987	334,224	278,547	168,080
Unallocated General Revenues	1,349,492	2,846,925	5,222,148	5,851,620	3,314,515	1,970,474	1,824,436	306,672	284,427	176,176
<b>Total Business-type Activities</b>	<b>\$ 83,468,524</b>	<b>\$ 99,067,133</b>	<b>\$ 72,654,361</b>	<b>\$ 86,124,499</b>	<b>\$ 87,718,020</b>	<b>\$ 73,892,440</b>	<b>\$ 115,359,310</b>	<b>\$ 66,521,095</b>	<b>\$ 74,891,342</b>	<b>\$ 74,764,876</b>
<b>Total Primary Government</b>	<b>\$ 217,617,157</b>	<b>\$ 261,098,841</b>	<b>\$ 332,220,416</b>	<b>\$ 328,548,918</b>	<b>\$ 324,901,465</b>	<b>\$ 300,724,774</b>	<b>\$ 332,644,899</b>	<b>\$ 258,006,016</b>	<b>\$ 255,154,720</b>	<b>\$ 254,939,155</b>

Note: Unallocated General Revenues do not include transfers between governmental activities and business-type activities.

Source: Statement of Activities.  
City financial records and reports

**CITY OF PEORIA, ARIZONA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

Table VII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Transaction Taxes (1)	\$ 40,579,522	\$ 45,535,559	\$ 61,156,870	\$ 68,873,970	\$ 68,466,910	\$ 59,004,816	\$ 56,276,937	\$ 58,082,217	\$ 60,719,648	\$ 65,950,235
Franchise Taxes	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004
Property Taxes										
Primary Taxes	2,077,178	2,285,792	2,612,397	2,896,360	2,975,900	2,691,525	3,188,468	2,866,098	2,521,692	2,214,665
Secondary Taxes	9,749,392	10,688,571	12,393,713	13,211,927	19,176,935	24,105,340	23,564,788	20,037,286	16,735,182	14,568,676
Special District* Taxes	619,973	868,197	796,821	1,571,936	3,633,664	3,729,995	3,554,681	2,978,348	2,895,288	2,826,052
In Lieu Taxes	252,345	293,417	273,644	242,246	256,107	345,155	243,351	242,926	247,158	253,093
Total Property Taxes	<u>\$ 12,698,888</u>	<u>\$ 14,135,977</u>	<u>\$ 16,076,575</u>	<u>\$ 17,922,469</u>	<u>\$ 26,042,606</u>	<u>\$ 30,872,015</u>	<u>\$ 30,551,288</u>	<u>\$ 26,124,658</u>	<u>\$ 22,399,320</u>	<u>\$ 19,862,485</u>
Total Taxes	<u>\$ 55,774,213</u>	<u>\$ 62,170,531</u>	<u>\$ 80,238,340</u>	<u>\$ 90,780,140</u>	<u>\$ 98,358,262</u>	<u>\$ 93,896,013</u>	<u>\$ 90,783,641</u>	<u>\$ 88,244,772</u>	<u>\$ 87,203,131</u>	<u>\$ 89,948,723</u>

(1) See Detail in Table X

Notes: Includes all governmental fund types.

\* Special Districts include Street Light Improvement Districts (SLIDs), Maintenance Improvement Districts (MIDs) and Community Facilities Districts (CFDs). SLIDs and MIDs levy primary property taxes. CFDs may levy both primary and secondary property taxes.

Source: City financial records

**CITY OF PEORIA, ARIZONA**  
**INTERGOVERNMENTAL REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

Table VIII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Shared Sales Tax	\$ 9,116,684	\$ 10,038,874	\$ 11,681,284	\$ 13,130,116	\$ 12,695,890	\$ 10,991,095	\$ 10,137,682	\$ 11,649,489	\$ 12,087,651	\$ 12,665,191
County Shared Sales Tax	-	-	-	-	-	12,837,089	-	-	-	-
Urban Revenue Sharing	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958
Auto in-Lieu	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558	5,018,384	4,634,263	4,548,154	4,944,181	5,155,206
HURF Revenues	7,501,918	7,878,977	8,475,784	9,870,460	9,488,625	8,287,891	7,852,103	8,018,271	7,714,173	8,435,926
Local Transportation Aid	650,734	650,056	657,162	658,598	666,237	640,826	375,639	-	-	-
Federal	2,340,738	2,685,415	2,822,321	3,101,796	2,904,788	2,970,534	4,043,930	5,036,285	2,226,322	2,929,700
Other	1,053,460	778,059	1,303,622	15,800,183	1,770,683	1,576,741	1,108,368	1,256,148	14,359,038	6,219,163
Total Intergovernmental Revenue	<u>\$ 34,841,183</u>	<u>\$ 36,747,293</u>	<u>\$41,899,532</u>	<u>\$ 64,283,444</u>	<u>\$ 52,612,549</u>	<u>\$ 62,718,223</u>	<u>\$ 45,621,921</u>	<u>\$ 43,917,343</u>	<u>\$ 54,562,371</u>	<u>\$ 49,831,144</u>

Notes: Includes all governmental fund types  
Includes all governmental revenues, including revenues from federal government

Source: City financial records

**CITY OF PEORIA, ARIZONA  
DEVELOPMENT/EXPANSION FEES BY TYPE  
LAST TEN FISCAL YEARS**

Table IX

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities:										
Streets	\$ 2,740,580	\$ 7,029,058	\$ 8,460,281	\$11,093,775	\$ 8,950,451	\$3,425,308	\$ 3,941,479	\$ 2,754,212	\$ 4,521,099	\$ 5,824,877
Parks/Recreation	2,778,480	5,045,791	5,113,046	4,020,306	3,647,109	883,944	1,162,332	1,040,832	1,425,820	1,844,398
Library	586,200	1,028,504	969,582	691,434	501,209	99,061	109,019	108,307	141,526	176,537
Public Safety	1,461,477	2,730,568	3,275,831	5,649,715	3,515,573	654,919	789,170	480,085	869,324	1,070,881
General Government	1,381,237	2,020,208	2,105,106	2,167,340	1,413,319	326,373	391,226	239,759	184,101	(567)
Total Governmental Activities	<u>\$ 8,947,974</u>	<u>\$ 17,854,129</u>	<u>\$ 19,923,846</u>	<u>\$23,622,570</u>	<u>\$ 18,027,661</u>	<u>\$5,389,605</u>	<u>\$ 6,393,226</u>	<u>\$ 4,623,195</u>	<u>\$ 7,141,870</u>	<u>\$ 8,916,126</u>
Business-type Activities:										
Water Expansion	7,025,548	7,671,535	6,972,529	4,973,097	3,297,819	1,073,071	898,045	1,111,092	1,531,494	1,661,806
Water Resource	1,287,101	1,801,486	1,550,288	1,133,833	659,750	321,008	258,463	225,007	372,805	447,053
Wastewater Expansion	3,658,370	4,391,622	4,364,858	2,719,879	1,863,749	447,047	460,210	563,836	916,117	1,096,764
Solid Waste Expansion	765,334	1,123,950	1,009,520	621,892	458,804	110,359	120,700	121,188	70,434	-
Total Business-type Activities	<u>\$ 12,736,353</u>	<u>\$ 14,988,593</u>	<u>\$ 13,897,195</u>	<u>\$ 9,448,701</u>	<u>\$ 6,280,122</u>	<u>\$1,951,485</u>	<u>\$ 1,737,418</u>	<u>\$ 2,021,123</u>	<u>\$ 2,890,850</u>	<u>\$ 3,205,623</u>
Total Primary Government	<u>\$ 21,684,327</u>	<u>\$ 32,842,722</u>	<u>\$ 33,821,041</u>	<u>\$33,071,271</u>	<u>\$ 24,307,783</u>	<u>\$7,341,090</u>	<u>\$ 8,130,644</u>	<u>\$ 6,644,318</u>	<u>\$ 10,032,720</u>	<u>\$ 12,121,749</u>

Source: City financial records

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

Table X

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Retail Sales	\$ 19,946,715	\$ 21,861,810	\$ 26,832,950	\$ 30,963,887	\$ 30,721,220	\$ 26,694,348	\$ 26,857,263	\$ 29,247,900	\$ 31,483,859	\$ 34,115,601
Contracting	6,147,387	7,871,565	14,022,558	13,910,951	11,271,722	7,014,131	4,550,512	3,611,614	3,305,409	4,716,985
Rentals	3,756,875	4,297,474	5,469,550	6,554,938	7,190,660	7,107,109	6,927,724	6,980,633	7,414,803	7,918,121
Utilities	2,445,199	2,576,655	4,949,457	6,005,833	6,584,854	6,836,000	6,906,904	6,917,391	7,232,286	7,343,965
Telecom/Cable TV	815,105	920,471	1,079,620	1,245,892	1,492,871	1,437,589	1,405,352	1,294,565	1,304,092	1,258,991
Restaurant/Bar	4,432,723	5,052,224	5,986,135	6,782,852	7,032,488	7,026,265	7,114,625	7,469,189	7,776,190	8,168,064
Amusement	443,680	549,702	655,728	814,307	838,550	727,023	814,694	856,274	896,320	992,752
Use	599,172	570,265	485,720	783,997	985,505	599,537	374,659	426,017	566,453	474,842
Other	1,992,666	1,835,393	1,675,151	1,811,313	2,349,040	1,562,814	1,325,204	1,278,634	740,236	960,914
<b>Total</b>	<b>\$ 40,579,522</b>	<b>\$ 45,535,559</b>	<b>\$ 61,156,869</b>	<b>\$ 68,873,970</b>	<b>\$ 68,466,910</b>	<b>\$ 59,004,816</b>	<b>\$ 56,276,937</b>	<b>\$ 58,082,217</b>	<b>\$ 60,719,648</b>	<b>\$ 65,950,235</b>
<b>% Growth by Year</b>										
Retail Sales	9.1%	9.6%	22.7%	15.4%	-0.8%	-13.1%	0.6%	8.9%	7.6%	8.4%
Contracting	14.4%	28.0%	78.1%	-0.8%	-19.0%	-37.8%	-35.1%	-20.6%	-8.5%	42.7%
Rentals	13.3%	14.4%	27.3%	19.8%	9.7%	-1.2%	-2.5%	0.8%	6.2%	6.8%
Utilities	8.4%	5.4%	92.1%	21.3%	9.6%	3.8%	1.0%	0.2%	4.6%	1.5%
Telecom/Cable TV	13.3%	12.9%	17.3%	15.4%	19.8%	-3.7%	-2.2%	-7.9%	0.7%	-3.5%
Restaurant/Bar	12.4%	14.0%	18.5%	13.3%	3.7%	-0.1%	1.3%	5.0%	4.1%	5.0%
Amusement	18.8%	23.9%	19.3%	24.2%	3.0%	-13.3%	12.1%	5.1%	4.7%	10.8%
Use	-0.5%	-4.8%	-14.8%	61.4%	25.7%	-39.2%	-37.5%	13.7%	33.0%	-16.2%
Other	87.2%	-7.9%	-8.7%	8.1%	29.7%	-33.5%	-15.2%	-3.5%	-42.1%	29.8%
<b>Total</b>	<b>12.9%</b>	<b>12.2%</b>	<b>34.3%</b>	<b>12.6%</b>	<b>-0.6%</b>	<b>-13.8%</b>	<b>-4.6%</b>	<b>3.2%</b>	<b>4.5%</b>	<b>8.6%</b>

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 XI**

	<b>Year Taxes Are Payable</b>									
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>City Direct Rates:</b>										
Retail Sales	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Contracting	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Rental	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Utilities	3.00%	3.00%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Restaurant/Bar	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Amusement	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Others	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
<b>County Rate</b>										
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
<b>State Rate</b>										
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.50%	6.50%	6.50%	5.50%
All Others	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	6.60%	6.60%	6.60%	5.60%

Source: Model City Tax Code, ADOR 91-5312

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

**Table XII**

Category	2013				2005			
	<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	2,370	16.07%	\$ 34,115,601	51.7%	2,365	23.4%	\$ 21,861,810	48.0%
Contracting	3,948	26.77%	4,716,985	7.2%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	348	2.36%	8,168,064	12.4%	235	2.3%	5,052,224	11.1%
Rental	6,447	43.71%	7,918,121	12.0%	2,867	28.3%	4,297,474	9.4%
Utilities	16	0.11%	7,343,965	11.1%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	135	0.92%	1,258,991	1.9%	126	1.2%	920,471	2.0%
Use	1,342	9.10%	474,842	0.7%	857	8.5%	570,265	1.3%
Amusement	59	0.40%	992,752	1.5%	45	0.4%	549,702	1.2%
Others	84	0.57%	960,914	1.5%	402	4.0%	1,835,393	4.0%
<b>Total</b>	<u>14,749</u>	<u>100.00%</u>	<u>\$ 65,950,235</u>	<u>100.00%</u>	<u>10,122</u>	<u>100.00%</u>	<u>\$ 45,535,559</u>	<u>100.00%</u>

Note: Information is unavailable prior to FY05 due to change in tax software.

Source: City Sales Tax system  
City financial records

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

Table XIII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential (Owner occupied)	\$ 464,911,130	\$ 497,294,057	\$ 582,512,691	\$ 626,591,494	\$ 1,041,693,334	\$ 1,219,595,280	\$ 1,048,710,389	\$ 818,535,888	\$ 687,456,278	\$ 620,970,965
Residential (Renter occupied)	42,487,659	51,436,849	64,003,067	75,761,506	116,115,688	146,413,989	155,720,660	147,284,152	122,978,913	119,387,647
Commercial, Industrial, Mines & Utilities	190,086,111	218,209,727	242,554,778	293,807,014	334,323,557	419,192,584	495,336,050	495,318,990	378,992,788	341,042,160
Agriculture & Vacant	51,802,238	58,949,534	73,674,495	117,630,028	148,077,787	207,476,727	193,685,182	147,216,152	85,330,391	54,523,204
Railroad	951,301	1,712,708	1,724,400	1,830,109	1,918,660	1,837,324	1,647,040	1,563,689	1,429,130	1,399,678
Historic & Environmental	190,782	30,780	-	-	58,450	76,020	64,530	53,641	140,493	103,122
Public Property Improvements	-	-	-	-	-	-	-	-	7,869	7,964
Net Assessed Value	<u>\$ 750,429,221</u>	<u>\$ 827,633,655</u>	<u>\$ 964,469,431</u>	<u>\$ 1,115,620,151</u>	<u>\$ 1,642,187,476</u>	<u>\$ 1,994,591,924</u>	<u>\$ 1,895,163,851</u>	<u>\$ 1,609,972,512</u>	<u>\$ 1,276,335,862</u>	<u>\$ 1,137,434,740</u>
% Growth	13.2%	10.3%	16.5%	15.7%	47.2%	21.5%	-5.0%	-15.0%	-20.7%	-10.9%
Net Assessed Value Per Capita	\$ 5,651	\$ 6,039	\$ 6,646	\$ 7,264	\$ 10,557	\$ 12,524	\$ 12,301	\$ 10,377	\$ 8,141	\$ 7,087
Population	132,805	137,045	145,125	153,592	155,560	159,263	154,065	155,148	156,780	160,504
Total Direct Secondary Tax Rate	1.30	1.30	1.30	1.20	1.25	1.25	1.25	1.25	1.25	1.25
Full Cash Value	6,743,773,145	7,525,637,782	8,736,985,007	9,999,273,539	15,118,988,316	18,279,838,277	17,162,776,025	14,588,623,722	11,862,384,776	10,635,350,631
% Growth	14.9%	11.6%	16.1%	14.4%	51.2%	20.9%	-6.1%	-15.0%	-18.7%	-10.3%
Full Cash Value Per Capita	\$ 50,780	\$ 54,914	\$ 60,203	\$ 65,103	\$ 97,191	\$ 114,778	\$ 111,400	\$ 94,030	\$ 75,663	\$ 66,262
Net Assessed Value as a Percentage of Full Cash Value	11.1%	11.0%	11.0%	11.2%	10.9%	10.9%	11.0%	11.0%	10.8%	10.7%

Note: In 1968, a statewide re-appraisal program was completed in which property's value was assessed by usage classification on varying percentages of actual cash value. These percentages for the last ten years are as follows:

**Property Classifications (a)**

<u>Fiscal Year</u>	<u>Commercial and Industrial (b)</u>	<u>Residential</u>	<u>Agriculture and Vacant Land</u>
2004	25.0%	10%	16%
2005	25.0%	10%	16%
2006	24.5%	10%	16%
2007	24.0%	10%	16%
2008	23.0%	10%	16%
2009	22.0%	10%	16%
2010	21.0%	10%	16%
2011	21.0%	10%	16%
2012	20.0%	10%	16%
2013	20.0%	10%	16%

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.  
(b) Beginning in 1995, an annually adjusted exemption exists for commercial, industrial and agricultural property. Any portion of the full cash value in excess of that exemption is assessed at 25% or 16% as applicable.

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 XIV

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Direct City										
Primary	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.28	\$ 0.24	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Secondary	1.30	1.30	1.30	1.20	1.25	1.25	1.25	1.25	1.25	1.25
Total	<u>1.59</u>	<u>1.59</u>	<u>1.59</u>	<u>1.48</u>	<u>1.49</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>
School District (1)										
Primary	4.56	4.46	4.13	4.29	3.82	3.77	2.99	3.24	3.71	4.01
Secondary	4.04	3.90	3.80	3.31	2.72	1.90	2.46	2.09	1.68	3.02
County (2)										
Primary	2.59	2.59	2.59	2.06	1.92	1.78	2.05	2.20	2.68	2.87
Secondary	0.51	0.51	0.51	0.68	0.59	0.59	0.59	0.64	0.54	0.78
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	7.44	7.34	4.42	6.63	5.98	5.74	5.23	5.63	6.58	7.07
Secondary	5.85	5.71	6.56	5.19	4.56	3.74	4.30	3.98	3.47	5.05
Total	<u>13.29</u>	<u>13.05</u>	<u>10.98</u>	<u>11.82</u>	<u>10.54</u>	<u>9.48</u>	<u>9.53</u>	<u>9.61</u>	<u>10.05</u>	<u>12.12</u>

(1) The school district tax levies are for the Peoria Unified School District, which 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:

	Deer Valley
Primary	\$ 3.91
Secondary	2.85

(2) These tax rates include the rates for Maricopa County, Education Equalization, Maricopa Community College District, West Maricopa Education Center, Maricopa County Flood Control District, Fire District Assistance, County Free Library, Central Arizona Water Conservation District, and Special Health Care. The various rates for the most recent year are as follows:

	Primary	Secondary
Maricopa County	\$ 1.24	\$ -
Education Equalization	0.47	-
Community College District	1.16	0.22
West Maricopa Education Center	-	0.05
County Flood Control District	-	0.18
Fire District Assistance	-	0.01
County Free Library	-	0.05
Central AZ Water Conservation	-	0.10
Special Health Care	-	0.17
	<u>\$ 2.87</u>	<u>\$ 0.78</u>

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

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

Table XV

	Tax Levies									
	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Direct City										
Primary	\$ 2,077,622	\$ 2,295,435	\$ 2,640,883	\$ 3,012,725	\$ 3,002,150	\$ 2,849,397	\$ 3,202,665	\$ 2,901,540	\$ 2,411,739	\$ 2,154,484
Secondary	9,755,580	10,759,238	12,538,103	13,387,442	20,527,343	24,932,399	23,689,548	20,124,656	15,954,198	14,217,934
Total	<u>11,833,202</u>	<u>13,054,673</u>	<u>15,178,986</u>	<u>16,400,167</u>	<u>23,529,493</u>	<u>27,781,796</u>	<u>26,892,213</u>	<u>23,026,196</u>	<u>18,365,937</u>	<u>16,372,418</u>
School District (1)										
Primary	45,718,267	48,345,544	50,475,795	58,945,121	61,400,326	71,071,459	63,259,063	63,956,114	60,801,278	58,370,644
Secondary	42,454,023	44,291,944	49,294,120	48,531,032	56,465,081	47,095,296	58,903,282	43,487,879	27,635,770	44,104,877
County (2)										
Primary	726,446,055	726,446,055	398,725,245	696,740,167	751,042,721	811,397,481	1,016,398,826	1,030,448,332	1,031,164,830	982,926,843
Secondary	145,100,016	145,100,016	167,896,576	240,972,424	272,271,935	312,172,569	312,960,824	295,233,122	264,170,408	249,995,761
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	774,241,944	777,087,034	451,841,923	758,698,013	815,445,197	885,318,337	1,082,860,554	1,097,305,986	1,094,377,847	1,043,451,971
Secondary	197,309,619	200,151,198	229,728,799	302,890,898	349,264,359	384,200,264	395,553,654	358,845,657	307,760,376	308,318,572
Total	<u>971,551,563</u>	<u>977,238,232</u>	<u>681,570,722</u>	<u>1,061,588,911</u>	<u>1,164,709,556</u>	<u>1,269,518,601</u>	<u>1,478,414,208</u>	<u>1,456,151,643</u>	<u>1,402,138,223</u>	<u>1,351,770,543</u>

(1) The school district tax levies are for the Peoria Unified School District, which 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 tax levies are as follows:

Primary	81,894,797
Secondary	59,824,187

(2) These tax rates include the rates for Maricopa County, Education Equalization, Maricopa Community College District, West Maricopa Education Center, Maricopa County Flood Control District, Fire District Assistance, County Free Library, Central Arizona Water Conservation District, and Special Health Care. The various rates for the most recent year are as follows:

	Primary	Secondary
Maricopa County	\$ 425,111,491	\$ -
Education Equalization	161,622,544	-
Community College District	396,192,808	76,200,590
West Maricopa Education Center	-	6,142,163
County Flood Control District	-	54,584,578
Fire District Assistance	-	3,782,401
County Free Library	-	16,925,024
Central AZ Water Conservation	-	34,465,535
Special Health Care	-	57,895,470
	<u>\$ 982,926,843</u>	<u>\$ 249,995,761</u>

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

Source: Maricopa County Assessor - Tax Rates and Levies publication

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

Table XVI

Taxpayer	2013			2004		
	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value
Arizona Public Service	\$ 23,195,396	1	2.04%	\$ 12,726,121	1	1.92%
Vestar Arizona XLVIII LLC	8,752,872	2	0.77%			
Parke West LLC	6,681,435	3	0.59%			
Qwest Corporation	5,418,735	4	0.48%	11,157,954	2	1.68%
DDRA Arrowhead Crossing LLC	4,939,537	5	0.43%			
Plaza III Limited Partnership	4,385,299	6	0.39%	2,898,316	11	0.44%
Target Corporation	4,259,111	7	0.37%	3,692,066	8	0.56%
Sprint Nextel Wireless LP	4,120,034	8	0.36%	5,762,882	4	0.87%
BCC Development Inc	4,007,925	9	0.35%			
Inland Western Glendale LLC	3,635,992	10	0.32%			
Lake Pleasant Pavilion LLC	3,302,683	11	0.29%			
Southwest Gas Corporation	3,304,493	12	0.29%	3,840,780	7	0.58%
RES-AZ HP 160 LLC	3,137,280	13	0.28%			
Wal-Mart Stores Inc	2,801,791	14	0.25%			
PDG America Properties LLC	2,872,495	15	0.25%			
Lifehouse Capital Montecito LLC	2,711,073	16	0.24%			
Cox Communications	-			5,862,831	3	0.88%
Developers Diversified Realty Corp	-			5,454,703	5	0.82%
Larry Miller Real Estate - Peoria LLC	-			5,012,676	6	0.76%
Albertsons Inc	-			3,540,311	9	0.53%
Safeway Inc	-			3,287,011	10	0.50%
North Valley Shopping Center LLC	-			2,740,568	12	0.41%
Camden Operations TR Arizona Inc	-			2,550,384	13	0.38%
Lou Grubb Chevrolet	-			2,459,818	15	0.37%
Peoria Sunset LLC	-			2,391,973	16	0.36%
Harkins Phoenix Cinamas LLC	-			2,515,185	14	0.38%
<b>Total</b>	<b>\$ 87,526,151</b>		<b>7.70%</b>	<b>\$ 75,893,579</b>		<b>11.45%</b>

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For Fiscal year 2013, the assessed value of Salt River Project property within the City of Peoria is \$16,929,178.

Source - Maricopa County Treasurer's Office

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

Table XVII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Tax Levy</b>	\$ 11,833,202	\$ 13,054,673	\$ 15,178,986	\$ 16,400,167	\$ 23,529,493	\$ 27,781,796	\$ 26,892,213	\$ 23,026,196	\$ 18,365,937	\$ 16,372,418
<b>Collected within the Fiscal Year of the Levy:</b>										
Amount Collected	11,624,426	12,817,287	14,827,945	15,926,805	22,822,879	26,269,411	25,792,963	22,021,842	17,780,536	16,071,438
Percentage of Levy	98.24%	98.18%	97.69%	97.11%	97.00%	94.56%	95.91%	95.64%	96.81%	98.16%
<b>Collections in Subsequent Years (1)</b>	\$ 207,277	\$ 235,057	\$ 344,238	\$ 469,736	\$ 700,987	\$ 1,504,838	\$ 1,069,800	\$ 989,465	\$ 559,360	\$ -
<b>Total Collections to Date:</b>										
Amount Collected	11,831,703	13,052,344	15,172,183	16,396,541	23,523,866	27,774,249	26,862,763	23,011,307	18,339,896	16,071,438
Percentage of Levy	99.99%	99.98%	99.96%	99.98%	99.98%	99.97%	99.89%	99.94%	99.86%	98.16%

(1) Amount is the difference between collections to date (from County reports) and the amount collected in the year of the levy.

Source: Maricopa County Treasurer  
City financial records and reports

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

Table XVIII

<b>Average Utility Bill Amounts Last Ten Fiscal Years</b>										
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water										
Average bill	\$ 39.06	\$ 35.53	\$ 34.59	\$ 34.85	\$ 35.59	\$ 36.73	\$ 35.46	\$ 34.36	\$ 38.00	\$ 37.41
% Increase	-1.39%	-9.04%	-2.65%	0.75%	2.12%	3.20%	-3.46%	-3.10%	10.59%	-1.55%
Wastewater										
Average bill	18.53	19.47	18.74	21.52	21.24	21.36	21.45	20.45	21.49	24.16
% Increase	-1.07%	5.07%	-3.75%	14.83%	-1.30%	0.56%	0.42%	-4.66%	5.09%	12.42%
Residential Solid Waste										
Average bill	12.49	13.32	14.58	14.91	14.85	15.18	15.36	15.35	15.40	13.38
% Increase	no change	6.65%	9.46%	2.26%	-0.40%	2.22%	1.19%	-0.07%	0.33%	-13.12%

<b>Utility Service Connections Last Ten Fiscal Years</b>										
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water										
#	38,818	42,673	44,221	45,630	46,146	46,902	47,606	47,793	48,509	49,416
% Increase	3.06%	9.93%	3.63%	3.19%	1.13%	1.64%	1.50%	0.39%	1.50%	1.87%
Wastewater										
#	40,984	43,824	45,933	47,831	48,759	49,923	50,383	50,715	51,527	52,674
% Increase	2.96%	6.93%	4.81%	4.13%	1.94%	2.39%	0.92%	0.66%	1.60%	2.23%
Residential Solid Waste										
#	39,747	42,467	44,198	46,309	47,146	48,006	48,382	48,752	49,506	50,727
% Increase	3.12%	6.84%	4.08%	4.78%	1.81%	1.82%	0.78%	0.76%	1.55%	2.47%

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2013**

**Charges for Wastewater Services  
As of June 30, 2013**

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

Source: City customer service and billing records

**CITY OF PEORIA, ARIZONA  
UTILITY STATISTICAL DATA**

Table XVIII

<b>Volume Charges for Water Services Usage Per Month As of June 30, 2013</b>					
<b>Volume Consumption (gallons)</b>	<b>Residential (per 1,000 gallons)</b>	<b>Multiplex (per 1,000 gallons)</b>	<b>Commercial (per 1,000 gallons)</b>	<b>Charges for Residential Solid Waste As of June 30, 2013</b>	
0 - 4,000	\$ 1.00	\$ -	\$ -		Monthly fee
4,001 - 10,000	2.59	-	-	Single container & recycling	\$ 13.10
10,001 - 20,000	3.66	-	-	Additional container	10.50
10,001 - 25,000	4.00	-	-		
0 - 10,000		1.00	1.00		
10,001 - 50,000		2.59	2.59		
50,001+		3.66	3.66		

<b>Water Meter Permit Charges As of June 30, 2013</b>	
<b>Meter Size</b>	<b>Charge</b>
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

<b>Charges for Storm Water As of June 30, 2013</b>	
<b>Monthly</b>	<b>All Customers</b>
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 users, the volume charge is based on actual monthly water usage.

Source: City customer service and billing records

(continued)

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

Table XVIII

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Miscellaneous data on water utility</b>										
Annual consumption (000's gal)	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450	8,212,711	8,003,947	8,448,795	8,405,929
Average gallons/household/month	14,904	15,056	16,213	16,320	14,751	14,606	13,720	13,267	13,839	13,656
Average gallons/household/year	178,850	180,679	194,552	195,840	177,016	175,270	164,636	159,203	166,070	163,869
Average daily demand (MGD)	20.43	20.10	23.21	24.46	23.63	23.93	23.69	23.64	24.13	22.34
Peak demand (MGD)	30.00	32.00	32.00	34.40	33.39	34.84	35.40	32.45	32.45	32.59
Number of active wells in system	28	27	27	29	31	31	32	32	32	33
Available storage capacity (million gallon)	37.3	40.0	40.0	40.0	41.8	42.0	42.0	42.0	42.0	42.0
<b>Miscellaneous data on wastewater utility</b>										
Treatment plant capacity:										
Beardsley treatment plant (million gallon/day)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Jomax treatment plant (million gallon/day)	0.00	0.75	0.75	0.75	2.25	2.25	2.25	2.25	2.25	2.25
Tolleson regional plant (million gallon/day)	9.40	9.40	9.40	9.40	9.40	N/A	N/A	N/A	N/A	N/A
Butler treatment plant (million gallon/day)	0.00	0.00	0.00	0.00	10.00	10.00	10.00	10.00	10.00	10.00
Annual wastewater treated:										
Beardsley treatment plant (billion gallon)	0.606	0.674	0.763	0.851	0.870	1.007	1.018	0.966	0.918	0.925
Jomax treatment plant (billion gallon)	-	0.0065	0.057	0.091	0.119	0.134	0.144	0.156	0.162	0.182
Tolleson regional plant (billion gallon)	2.620	2.731	2.731	2.727	2.600	0.009	N/A	N/A	N/A	N/A
Butler treatment plant (billion gallon)	-	-	-	-	0.036	2.732	2.546	2.381	2.527	2.529
Average daily flow:										
Beardsley treatment plant (million gallon/day)	1.67	1.85	2.09	2.33	2.40	2.75	2.78	2.65	2.52	3.22
Jomax treatment plant (million gallon/day)	-	0.02	0.16	0.25	0.33	0.37	0.39	0.43	0.44	0.52
Tolleson regional plant (million gallon/day)	7.19	7.48	7.88	7.47	7.12	N/A	N/A	N/A	N/A	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	2.57	7.48	6.97	6.52	6.92	7.04
Peak flow:										
Beardsley treatment plant (million gallon/day)	3.20	2.30	2.50	3.00	3.50	3.30	3.50	3.20	3.04	3.22
Jomax treatment plant (million gallon/day)	-	0.278	0.278	0.33	0.26	0.53	0.67	0.63	0.66	0.74
Tolleson regional plant (million gallon/day)	11.80	10.88	10.88	8.92	10.99	N/A	N/A	N/A	N/A	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	7.50	10.16	8.50	8.35	11.34	8.32
<b>Miscellaneous data on solid waste service</b>										
Residential tonnage processed	64,358	65,950	69,191	71,396	61,290	48,970	47,540	47,989	46,299	47,717
Commercial tonnage processed	19,157	18,436	22,943	25,260	20,519	22,856	21,981	20,340	19,700	20,561
Recycling tonnage processed	1,133	1,523	1,690	1,927	11,549	16,084	15,516	16,277	15,715	15,184
	84,648	85,909	93,824	98,583	93,358	87,910	85,037	84,606	81,714	83,462

Source: City records

Notes: The Butler treatment plant became operational in mid-June 2008  
The City stopped using the Tolleson Regional Treatment Plant after opening the City's Butler Plant

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

Table XVIII

Entity	Type of User	2013			2004		
		Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage	Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage
City of Peoria Padre's Pump Station	Sports Complex	6,772	1	0.96%	3,097	2	0.56%
Desert Harbor	Homeowner's Association	5,656	2	0.80%	6,458	1	1.17%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	3,287	4	0.47%	1,279	9	0.23%
Trilogy at Vistancia	Commercial Landscape	2,415	3	0.34%	-		
Christ's Church of the Valley	Church	2,055	5	0.29%	-		
Sun Garden Park II H/O Assn.	Homeowner's Association	1,845	6	0.26%	1,920	3	0.35%
Freedom Plaza LTD Partnership	Health Care Facility	1,665	7	0.24%	1,711	4	0.31%
Sun Garden Mobile Home Park	Homeowner's Association	1,552	8	0.22%	1,692	6	0.31%
Centennial High School	Public School	1,488	9	0.21%	1,429	7	0.26%
Forum at Desert Harbor	Health Care Facility	1,478	10	0.21%	1,354	8	0.24%
Desert Harbor Landscaping	Homeowner's Association	1,272	11	0.18%	1,223	10	0.22%
Polynesian Village	Homeowner's Association	1,224	12	0.17%	1,693	5	0.31%

Source: City customer service and billing records

(concluded)

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

Table XIX

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
General Obligation Bonds	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000
Municipal Development Authority Bonds	22,255,141	20,199,999	24,628,578	21,653,530	65,795,653	60,985,393	55,943,338	58,365,965	52,480,000	85,230,000
Highway User Revenue Bonds	4,305,000	4,075,000	3,830,000	3,570,000	3,295,000	3,005,000	-	-	-	-
Special Assessment Bonds	12,938,689	11,431,553	9,822,570	13,292,064	12,027,427	10,402,812	8,042,321	6,155,000	4,660,000	3,520,000
Community Facilities District Bonds	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000	63,060,000	60,890,000	58,615,000	56,230,000	53,725,000
Business-type Activities										
Water and Sewer Revenue Bonds	27,350,000	25,395,000	23,275,000	21,050,000	19,555,000	18,000,000	15,780,000	15,780,000	38,480,000	37,295,000
WIFA Bonds	52,606,867	50,042,301	47,387,253	88,021,820	127,917,495	117,346,302	130,298,508	121,975,538	89,803,906	82,212,652
Municipal Development Authority Bonds	2,759,859	2,505,001	2,226,422	1,906,470	1,579,347	1,229,607	861,662	449,034	-	-
Long-Term Loan Payable	-	-	-	-	1,235,000	1,064,632	6,883,276	-	-	-
<b>Total Primary Government</b>	<b>\$ 208,445,556</b>	<b>\$ 213,828,854</b>	<b>\$ 206,449,823</b>	<b>\$ 358,413,884</b>	<b>\$ 422,209,922</b>	<b>\$ 458,153,746</b>	<b>\$ 463,659,105</b>	<b>\$ 428,920,537</b>	<b>\$ 412,613,906</b>	<b>\$ 424,357,652</b>
Total debt per capita	\$ 1,569.56	\$ 1,560.28	\$ 1,422.57	\$ 2,333.55	\$ 2,714.13	\$ 2,876.71	\$ 3,009.50	\$ 2,764.59	\$ 2,631.80	\$ 2,643.91
Total Debt as a % of Personal Income	5.1%	4.8%	4.2%	6.7%	7.8%	8.4%	8.7%	7.7%	7.3%	7.2%

Source: City financial records. See Exhibits 1 & 2 and footnote 14.

**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 XX

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Bonded Debt (1)	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000
Less:										
Debt Service Reserves (2)	<u>18,843,020</u>	<u>17,598,666</u>	<u>24,205,524</u>	<u>34,727,031</u>	<u>36,464,380</u>	<u>44,978,714</u>	<u>35,352,142</u>	<u>31,849,469</u>	<u>30,782,503</u>	<u>30,825,566</u>
Net Bonded Debt	<u>\$ 46,136,980</u>	<u>\$ 37,781,334</u>	<u>\$ 26,999,476</u>	<u>\$ 108,107,969</u>	<u>\$ 89,730,620</u>	<u>\$ 138,081,286</u>	<u>\$ 149,607,858</u>	<u>\$ 135,730,531</u>	<u>\$ 140,177,497</u>	<u>\$ 131,549,434</u>
Percentage of Net Bonded Debt to Full Cash Value	0.7%	0.5%	0.3%	1.1%	0.6%	0.8%	0.9%	0.9%	1.2%	1.2%
Net Bonded Debt Per Capita	\$347	\$276	\$186	\$704	\$577	\$867	\$971	\$875	\$894	\$820
Net Bonded Debt as a % of Personal Income	1.12%	0.85%	0.54%	2.01%	1.66%	2.53%	2.82%	2.43%	2.48%	2.23%

(1) Represents face value of general obligation debt outstanding

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

Note: Personal income and population information may be found on Table XXX  
Full cash value information may be found on Table XIII

Sources - City debt service schedules. See Exhibits 1 & 2, also footnote 14.

**CITY OF PEORIA, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - CURRENT FISCAL YEAR**  
**AS OF JUNE 30, 2013**

Table XXI

Governmental Unit	Secondary Assessed Valuation	Debt Outstanding	Percentage Applicable to City of Peoria	Amount Applicable to City of Peoria (1)	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 56,283,023,907	\$ -	2.02%	\$ -	\$ -
Maricopa County	34,400,455,716	-	3.31%	-	-
Community College District	34,400,455,716	766,085,000	3.31%	25,357,414	0.22
County Flood Control District	30,665,493,359	-	3.71%	-	0.18
County Free Library	34,400,455,716	-	3.31%	-	0.05
Fire District Assistance	34,400,455,716	-	3.31%	-	0.01
County Special Health Care	34,400,455,716	-	3.31%	-	0.17
Central AZ Water Conservation	34,465,534,205	-	3.31%	-	0.10
West MEC Vocational District	12,284,325,659	35,000,000	9.26%	3,241,000	0.05
Sub-total - City-wide overlapping				<u>28,598,414</u>	
Total City-wide debt levies (1)				394,056,576	
Unified School Districts:					
Peoria No. 11	1,460,442,551	185,730,000	87.78%	163,033,794	3.02
Deer Valley No. 97	2,100,573,053	210,025,000	11.98%	25,160,995	2.85
Nadaburg No. 81	55,821,853	1,295,000	22.00%	284,900	0.89
				<u>188,479,689</u>	
Total overlapping				<u>217,078,103</u>	
Direct:					
City of Peoria (3)	\$ 1,137,434,740	\$ 365,458,162	100.00%	<u>365,458,162</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 582,536,265</u>	

(1) - Percentage applicable to the City is determined from parcel tax codes assigned by Maricopa County for property taxation.

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

(3) - Includes general obligation bonds, special assessment bonds, municipal development authority bonds, community facilities district bonds, deferred amounts on refundings, unamortized bond premiums and contracts payable

Note: Secondary property taxes are restricted for debt service. For information on total tax rates, see Table XIV.

Sources:     - Exhibit 1 to the Financial Statements  
               - 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 XXII

Governmental Unit	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	550,505	-	-	-	-	-	-	-	-	-
Community College District	71,257	11,690,706	11,594,345	10,710,280	18,505,348	17,301,999	21,354,408	23,908,932	22,084,125	25,357,414
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
West MEC Vocational District	-	-	-	-	-	-	-	-	-	3,241,000
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	621,762	11,690,706	11,594,345	10,710,280	18,505,348	17,301,999	21,354,408	23,908,932	22,084,125	28,598,414
Total City-wide levies (1)	140,717,106	160,387,744	163,028,901	297,071,313	331,783,787	393,645,062	405,549,288	384,534,551	371,967,077	394,056,576
Unified School Districts:										
Peoria No. 11	142,493,656	134,340,540	196,625,176	205,291,709	224,219,333	210,241,616	166,217,415	196,735,864	177,729,492	163,033,794
Deer Valley No. 97	3,571,920	4,063,815	20,573,318	24,204,834	15,471,750	21,558,687	26,201,313	24,618,198	25,445,126	25,160,995
Nadaburg No. 81	-	-	-	-	-	-	-	7,800	4,524	284,900
	146,065,576	138,404,355	217,198,494	229,496,543	239,691,083	231,800,303	192,418,728	221,361,862	203,179,142	188,479,689
Total overlapping	146,687,338	150,095,061	228,792,839	240,206,823	258,196,431	249,102,302	213,773,136	245,270,794	225,263,267	217,078,103
Direct:										
City of Peoria	140,095,344	148,697,038	151,434,556	286,361,033	313,278,439	376,343,063	384,194,880	360,625,619	349,882,952	365,458,162
Total direct and overlapping debt	\$ 286,782,682	\$ 298,792,099	\$ 380,227,395	\$ 526,567,856	\$ 571,474,870	\$ 625,445,365	\$ 597,968,016	\$ 605,896,413	\$ 575,146,219	\$ 582,536,265

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

Sources:     - Exhibit 1 to the Financial Statements for City debt  
              - Maricopa County Treasurer for debt of other entities

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

Table XXIII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Secondary Assessed Value	\$ 750,429,221	\$ 827,633,655	\$ 964,469,431	\$ 1,115,620,151	\$ 1,642,187,476	\$ 1,994,591,924	\$ 1,895,163,851	\$ 1,609,972,512	\$ 1,276,335,862	\$ 1,137,434,740
<b><u>6% Limitation</u></b>										
Debt limit	\$ 45,025,753	\$ 49,658,019	\$ 57,868,166	\$ 66,937,209	\$ 98,531,249	\$ 119,675,515	\$ 113,709,831	\$ 96,598,351	\$ 76,580,152	\$ 68,246,084
Total net debt applicable to limit	<u>25,500,000</u>	<u>16,400,000</u>	<u>13,350,000</u>	<u>28,470,000</u>	<u>13,310,000</u>	<u>6,745,000</u>	<u>5,565,000</u>	<u>4,570,000</u>	<u>2,735,000</u>	<u>1,665,000</u>
Legal 6% Debt Margin	<u>\$ 19,525,753</u>	<u>\$ 33,258,019</u>	<u>\$ 44,518,166</u>	<u>\$ 38,467,209</u>	<u>\$ 85,221,249</u>	<u>\$ 112,930,515</u>	<u>\$ 108,144,831</u>	<u>\$ 92,028,351</u>	<u>\$ 73,845,152</u>	<u>\$ 66,581,084</u>
Total net debt applicable to the limit as a percentage of debt limit	56.6%	33.0%	23.1%	42.5%	13.5%	5.6%	4.9%	4.7%	3.6%	2.4%
<b><u>20% Limitation</u></b>										
Debt limit	\$ 150,085,844	\$ 165,526,731	\$ 192,893,886	\$ 223,124,030	\$ 328,437,495	\$ 398,918,385	\$ 379,032,770	\$ 321,994,502	\$ 255,267,172	\$ 227,486,948
Total net debt applicable to limit	<u>39,480,000</u>	<u>38,980,000</u>	<u>37,855,000</u>	<u>114,365,000</u>	<u>112,885,000</u>	<u>176,315,000</u>	<u>179,395,000</u>	<u>163,010,000</u>	<u>168,225,000</u>	<u>160,710,000</u>
Legal 20% Debt Margin	<u>\$ 110,605,844</u>	<u>\$ 126,546,731</u>	<u>\$ 155,038,886</u>	<u>\$ 108,759,030</u>	<u>\$ 215,552,495</u>	<u>\$ 222,603,385</u>	<u>\$ 199,637,770</u>	<u>\$ 158,984,502</u>	<u>\$ 87,042,172</u>	<u>\$ 66,776,948</u>
Total net debt applicable to the limit as a percentage of debt limit	26.3%	23.5%	19.6%	51.3%	34.4%	44.2%	47.3%	50.6%	65.9%	70.6%

Note: See footnote 14 for discussion of 6% and 20% limitations.

Source: Maricopa County Assessor  
Exhibit 3 to the Financial Statements

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

Table XXIV

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>MDA Debt other than Transportation</b>										
Pledged Revenues (1)	\$ 77,041,031	\$ 89,807,396	\$ 108,336,399	\$ 117,980,567	\$ 122,039,417	\$ 105,935,592	\$ 95,507,133	\$ 96,318,307	\$ 98,320,667	\$105,886,977
Debt Service Requirements										
Principal (2) & (6)	1,385,000	2,310,000	2,524,999	3,295,000	3,185,000	3,400,000	3,575,000	3,990,001	1,569,999	665,000
Interest (2) & (6)	748,795	1,124,432	1,017,160	1,117,252	1,005,806	842,867	670,386	482,594	505,827	1,065,571
Total Annual Requirements (2)	<u>2,133,795</u>	<u>3,434,432</u>	<u>3,542,159</u>	<u>4,412,252</u>	<u>4,190,806</u>	<u>4,242,867</u>	<u>4,245,386</u>	<u>4,472,595</u>	<u>2,075,826</u>	<u>1,730,571</u>
Estimated Coverage	36.11	26.15	30.58	26.74	29.12	24.97	22.50	21.54	47.36	61.19
<b>Transportation MDA Debt (3)</b>										
Net Pledged Revenues from above (4)					117,848,611	101,692,725	91,261,747	91,845,712	96,244,841	104,156,406
Additional Pledged Revenues (5)					10,978,453	9,356,675	8,491,097	8,682,846	9,088,210	9,927,436
Total					<u>128,827,064</u>	<u>111,049,400</u>	<u>99,752,844</u>	<u>100,528,558</u>	<u>105,333,051</u>	<u>114,083,842</u>
Debt Service Requirements										
Principal					-	1,760,000	1,835,000	1,920,000	2,005,000	2,095,000
Interest					-	1,659,171	2,005,188	1,940,963	1,873,763	1,803,588
Total Annual Requirements					<u>-</u>	<u>3,419,171</u>	<u>3,840,188</u>	<u>3,860,963</u>	<u>3,878,763</u>	<u>3,898,588</u>
Estimated Coverage					-	32.48	25.98	26.04	27.16	29.26

Note: (1) Pledged revenues on the Municipal Development Authority (MDA) Bonds are the "Excise Taxes" and "State Shared Revenues." Excise Taxes are defined to include the transaction privilege and use taxes, business license and permit and franchise fees, user fees and charges, rents, and fines and forfeitures which the City imposes. However, the transaction privilege tax increase of 0.3% approved by voters in September 2005 is not part of pledged revenue for this debt. State Shared Revenues are defined as any excise tax, transaction privilege and use taxes and income taxes imposed by the State of Arizona and allocated or apportioned to the City, except the City's share of any such taxes which by State law, rule or regulation must be expended for other purposes.

(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 tax.

(3) The Transportation MDA Bonds of 2008 are backed by a primary lien on the .03% transaction privilege tax approved by voters in 2005 and a secondary pledge of the "Excise Taxes" discussed in #1 above.

(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.

(6) In fiscal year 2012 the City defeased the 2003 MDA Bonds, including \$2,760,000 principal and \$139,000 interest. These amounts have removed from the debt service requirements above so as not to distort the comparative information.

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

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

Table XXV

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross Revenue (1)	\$ 39,176,675	\$ 39,037,367	\$ 44,982,822	\$ 53,290,996	\$ 49,812,486	\$ 46,956,831	\$ 48,087,688	\$ 46,141,098	\$ 50,720,705	\$ 52,680,761
Operating and Maintenance Expenses (2)	22,617,415	26,151,794	27,318,074	30,532,640	34,287,751	33,751,517	28,067,908	28,610,625	28,823,261	28,974,990
Net Revenue Available for Debt Service	<u>\$ 16,559,260</u>	<u>\$ 12,885,573</u>	<u>\$ 17,664,748</u>	<u>\$ 22,758,356</u>	<u>\$ 15,524,735</u>	<u>\$ 13,205,314</u>	<u>\$ 20,019,780</u>	<u>\$ 17,530,473</u>	<u>\$ 21,897,444</u>	<u>\$ 23,705,771</u>
Development Fee Revenue	11,971,019	13,864,643	12,887,675	8,826,809	5,821,318	1,841,126	1,616,718	1,899,935	2,820,416	3,205,623
Total Net Revenue	<u>\$ 28,530,279</u>	<u>\$ 26,750,216</u>	<u>\$ 30,552,423</u>	<u>\$ 31,585,165</u>	<u>\$ 21,346,053</u>	<u>\$ 15,046,440</u>	<u>\$ 21,636,498</u>	<u>\$ 19,430,408</u>	<u>\$ 24,717,860</u>	<u>\$ 26,911,394</u>
Debt Service Requirements										
Principal (3)	5,867,214	4,425,405	4,672,124	4,855,563	4,220,006	4,372,224	7,362,889	7,025,129	7,941,123	8,776,254
Interest (4)	3,301,391	3,139,142	2,961,997	2,641,850	3,316,344	4,852,315	4,332,089	4,501,266	4,242,754	3,579,904
Total Debt Service Requirements	<u>\$ 9,168,605</u>	<u>\$ 7,564,547</u>	<u>\$ 7,634,121</u>	<u>\$ 7,497,413</u>	<u>\$ 7,536,350</u>	<u>\$ 9,224,539</u>	<u>\$ 11,694,978</u>	<u>\$ 11,526,395</u>	<u>\$ 12,183,877</u>	<u>\$ 12,356,158</u>
Ratio of Total Net Revenue/ Total Bond Expense	3.11	3.54	4.00	4.21	2.83	1.63	1.85	1.69	2.03	2.18
Ratio of Net Available/ Total Bond Expense (5)	1.81	1.70	2.31	3.04	2.06	1.43	1.71	1.52	1.80	1.92

Note 2

Note 6

- (1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.
- (2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds, less depreciation amortization. For FY09 also excludes a one-time insurance claim (\$7,930,000) and a one-time charges from Central Arizona Project for back billed water capital recovery charges (\$3,670,364).
- (3) Includes principal for Water and Sewer Revenue bonds and Water Infrastructure Finance Authority bonds. 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 24.
- (4) Bond interest payments only. Does not include amortization of loss on refunding, capitalized interest, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net assets.
- (5) Excludes Development Fee Revenue.
- (6) In FY2012 \$24,810,509 in principal and \$405,829 in interest were defeased. These additional debt payments have been removed from the FY12 debt service requirements so as not to distort the ratios.

Source: Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds  
 Repayment schedules for debt serviced by the Water and Sewer Utility Enterprise Funds

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

Table XXVI

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Pledged Revenues (1)	\$ 4,756,382	\$ 3,547,789	\$ 3,516,277	\$ 3,216,095	\$ 3,167,933	\$ 3,365,342	\$ 3,402,865	\$ 2,645,451	\$ 2,262,112	\$ 1,484,283
Debt Service Requirements										
Principal	2,505,652	1,507,136	1,608,983	1,480,506	1,264,637	1,624,615	2,360,492	1,887,322	1,495,000	1,140,000
Interest (2)	972,553	828,532	747,720	638,657	697,840	675,958	559,205	432,302	316,720	222,820
Total Annual Requirements	<u>\$ 3,478,205</u>	<u>\$ 2,335,668</u>	<u>\$ 2,356,703</u>	<u>\$ 2,119,163</u>	<u>\$ 1,962,477</u>	<u>\$ 2,300,573</u>	<u>\$ 2,919,697</u>	<u>\$ 2,319,624</u>	<u>\$ 1,811,720</u>	<u>\$ 1,362,820</u>
Estimated Coverage	1.37	1.52	1.49	1.52	1.61	1.46	1.17	1.14	1.25	1.09

(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 XXVII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Current Assessments Due	\$ 2,088,695	\$ 2,065,519	\$ 1,987,461	\$ 1,965,107	\$ 1,749,724	\$ 2,196,027	\$ 2,211,609	\$ 2,171,435	\$ 1,849,026	\$ 1,213,646
Assessments Collected	2,069,962	2,057,821	1,983,885	1,961,724	1,749,246	2,193,992	2,211,599	2,171,435	1,848,788	1,213,646
Prepaid Assessments Collected	504,165	186,624	275,392	7,818	44,061	2,041	38,301	-	205,901	-
Total Assessments Collected (1)	<u>\$ 2,574,127</u>	<u>\$ 2,244,445</u>	<u>\$ 2,259,277</u>	<u>\$ 1,969,542</u>	<u>\$ 1,793,307</u>	<u>\$ 2,196,033</u>	<u>\$ 2,249,900</u>	<u>\$ 2,171,435</u>	<u>\$ 2,054,689</u>	<u>\$ 1,213,646</u>
Ratio of Current Collections to Amount Due	99.1%	99.6%	99.8%	99.8%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%
Outstanding Assessment Principal (2)	\$ 12,345,284	\$ 10,845,765	\$ 9,243,866	\$ 12,782,394	\$ 11,476,365	\$ 9,871,061	\$ 8,141,515	\$ 6,328,423	\$ 4,551,324	\$ 3,520,000

(1) Does not include penalties or admin 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 also includes delinquent administrative charges, interest and penalties.

Source: City financial records and reports

**CITY OF PEORIA, ARIZONA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GOVERNMENTAL DEBT TO TOTAL GOVERNMENTAL EXPENDITURES AND REVENUES**  
**LAST TEN FISCAL YEARS**

Table XXVIII

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Principal Payments	\$ 9,737,936	\$ 15,304,972	\$ 16,881,632	\$ 16,178,431	\$ 31,143,531	\$ 25,988,554	\$ 44,700,092	\$ 34,309,287	\$ 25,566,028	\$ 20,120,163
Interest and Other Charges	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704	11,917,582	13,166,242	12,658,032	13,098,263	12,534,039
Total	<u>\$ 16,037,562</u>	<u>\$ 22,351,548</u>	<u>\$ 23,628,704</u>	<u>\$ 24,277,923</u>	<u>\$ 41,484,235</u>	<u>\$ 37,906,136</u>	<u>\$ 57,866,334</u>	<u>\$ 46,967,319</u>	<u>\$ 38,664,291</u>	<u>\$ 32,654,202</u>
Total Governmental Expenditures	\$ 143,220,840	\$ 144,972,313	\$ 153,731,533	\$ 213,283,409	\$ 234,929,890	\$ 242,988,904	\$ 237,519,557	\$ 192,780,638	\$ 178,812,735	\$ 195,784,242
Ratio of Debt Service to Governmental Expenditures	11.20%	15.42%	15.37%	11.38%	17.66%	15.60%	24.36%	24.36%	21.62%	16.68%
Ratio of Debt Service to non-capital expenditures	17.68%	19.99%	19.89%	17.80%	25.80%	22.91%	32.65%	28.71%	25.84%	19.27%
Total Governmental Revenues	\$ 121,179,431	\$ 144,191,521	\$ 178,025,080	\$ 220,591,297	\$ 216,437,439	\$ 197,889,171	\$ 172,012,184	\$ 175,544,268	\$ 172,992,735	\$ 174,743,639
Ratio of Debt Service to Governmental Revenues	13.23%	15.50%	13.27%	11.01%	19.17%	19.16%	33.64%	26.76%	22.35%	18.69%

Source: Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds

CITY OF PEORIA, ARIZONA  
BOND AUTHORIZATIONS - ISSUED AND UNISSUED  
AS OF JUNE 30, 2013

Table XXIX

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization	Authorization/Purpose	Authorization	Issued	Remaining
<b>1990 Authorization</b>					<b>Total authorizations by type:</b>			
Police, Fire & Public Service	\$ 4,145,000	\$ 4,025,500	\$ -	\$ 119,500	Police, Fire & Public Service	\$ 140,670,000	\$ 43,723,426	\$ 96,946,574
Streets & Traffic Control	17,935,000	17,461,940	-	473,060	Streets & traffic control	436,785,000	128,508,356	308,276,644
Subtotal	<u>22,080,000</u>	<u>21,487,440</u>	-	<u>592,560</u>	Parks, open space, library	116,180,000	55,748,108	60,431,892
					Water system	170,320,000	79,793,588	90,526,412
<b>1994 Authorization</b>					Waterwater system	88,150,000	40,767,776	47,382,224
Police, Fire & Public Service	5,975,000	1,506,590	-	4,468,410	Solid waste	1,000,000	-	1,000,000
Storm Sewer, Flood Protection & Bridges	15,375,000	15,364,256	-	10,744	Storm Sewer, Flood Protection & Bridges	75,675,000	40,485,562	35,189,438
Streets & Traffic Control	23,700,000	23,485,561	-	214,439	Water, Wastewater & Drainage	202,480,000	82,155,284	120,324,716
Water System	14,820,000	13,404,454	-	1,415,546				
Wastewater System	4,100,000	238,181	-	3,861,819				
Solid Waste	1,000,000	-	-	1,000,000				
Park & Library	10,180,000	9,150,301	-	1,029,699				
Subtotal	<u>75,150,000</u>	<u>63,149,343</u>	-	<u>12,000,657</u>				
<b>1996 Authorization</b>								
Water System	56,500,000	56,124,930	-	375,070				
Wastewater System	19,050,000	4,255,202	-	14,794,798				
Subtotal	<u>75,550,000</u>	<u>60,380,132</u>	-	<u>15,169,868</u>				
<b>1996 WIFA Authorization</b>								
Water/Wastewater	42,480,000	18,875,000	-	23,605,000				
<b>2000 Authorization</b>								
Police, Fire & Public Service	18,550,000	16,020,393	-	2,529,607				
Storm Sewer & Flood Protection	22,300,000	21,609,683	-	690,317				
Streets, Bridges & Traffic Control	47,150,000	41,757,232	-	5,392,768				
Water System	99,000,000	10,264,204	-	88,735,796				
Wastewater System	65,000,000	35,241,016	-	29,758,984				
Parks & Open Space	30,000,000	22,013,271	-	7,986,729				
Subtotal	<u>282,000,000</u>	<u>146,905,799</u>	-	<u>135,094,201</u>				
<b>2005 Authorization</b>								
Public Safety & Municipal Operations	52,000,000	19,897,587	-	32,102,413				
Water Treatment, Water System, Wastewater & Drainage	160,000,000	67,825,284	-	92,174,716				
Streets, Bridges & Traffic Control	109,000,000	39,930,494	-	69,069,506				
Parks, Recreation & Library	35,000,000	21,042,597	-	13,957,403				
Subtotal	<u>356,000,000</u>	<u>148,695,962</u>	-	<u>207,304,038</u>				
<b>2008 Authorization</b>								
Transportation & Drainage	276,700,000	5,873,129	-	270,826,871				
Public Safety & Municipal Operations	60,300,000	2,273,356	-	58,026,644				
Parks, Recreation & Trails	41,000,000	3,541,939	-	37,458,061				
Subtotal	<u>378,000,000</u>	<u>11,688,424</u>	-	<u>366,311,576</u>				
<b>Grand Totals:</b>	<b>1,231,260,000</b>	<b>471,182,100</b>	<b>-</b>	<b>760,077,900</b>				

Source: City financial records

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

Table XXX

	<u>2004</u>	<u>2005 *</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 *</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
City Of Peoria										
Population	132,805	137,045	145,125	153,592	155,560	159,263	154,065	155,148	156,780	160,504
% growth	4.7%	3.2%	5.9%	5.8%	1.3%	2.4%	-3.3%	0.7%	1.1%	2.4%
Unemployment Rate	3.2%	2.9%	2.2%	2.3%	2.4%	5.8%	6.3%	6.4%	6.8%	6.8%
Personal income (\$000's) **	4,102,612	4,442,177	4,965,452	5,377,256	5,394,043	5,459,854	5,307,847	5,592,620	5,651,449	5,911,844
Maricopa County										
Population	3,537,630	3,681,300	3,792,675	3,879,150	3,987,492	4,105,623	4,217,427	4,328,379	4,438,459	3,922,600
% growth	3.9%	4.1%	3.0%	2.3%	2.8%	3.0%	2.7%	2.6%	2.5%	-11.6%
Unemployment Rate	3.9%	4.1%	3.8%	3.2%	4.2%	8.1%	8.8%	8.8%	7.3%	7.1%
Per Capita Income	31,523	33,178	35,046	36,135	37,168	35,319	37,352	38,071	N/A	N/A
State of Arizona										
Population	5,845,250	6,077,740	6,305,210	6,432,007	6,629,455	6,812,137	6,999,810	7,186,070	7,370,993	6,553,800
% growth	3.6%	4.0%	3.7%	2.0%	3.1%	2.8%	2.8%	2.7%	2.6%	-11.1%
Unemployment Rate	5.0%	4.7%	4.4%	3.8%	5.0%	8.9%	9.6%	9.3%	8.2%	8.0%
Per Capita Income	28,564	30,019	31,936	33,029	32,953	33,244	34,999	35,062	35,979	N/A
United States of America										
Unemployment Rate	5.6%	5.3%	4.6%	4.6%	5.5%	9.5%	9.5%	9.2%	8.2%	7.6%
Phoenix MSA										
Per Capita Income	30,892	32,414	34,215	35,010	34,675	34,282	34,452	36,047	36,833	N/A

N/A = 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 - Arizona Department of Commerce ([www.workforce.az.gov](http://www.workforce.az.gov)) and U.S. Bureau of Labor Statistics.

Unemployment statistics for June of the fiscal year.

Per Capita Income data - U.S. Dept of Commerce, Bureau of Economic Analysis

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

Table XXXI

<b>Employer</b>	<b>2013</b>			<b>2004</b>		
	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Peoria Unified School District	3,008	1	4.2%	4,250	1	6.6%
City of Peoria	1,132	2	1.6%	1,532	2	2.4%
Younger Brothers	588	3	0.8%	-		
Freedom Plaza Properties	527	4	0.7%	612	3	0.9%
Immanuel Care Campus	340	5	0.5%	354	5	0.5%
Antigua	297	6	0.4%	243	9	0.4%
Northern Pipeline	284	7	0.4%	230	11	0.4%
OakCraft	255	8	0.4%	218	12	0.3%
Varsity Facility Services	203	9	0.3%	-		
Arizona Retirement Center	174	10	0.2%	-		
Forum At Desert Harbor	170	11	0.2%	208	13	0.3%
Good Shepherd Care Center	163	12	0.2%	240	10	0.4%
Albertson's (2 Locations)	-		0.0%	297	7	0.5%
Fry's Food Stores (4 Locations)	-		0.0%	469	4	0.7%
Arizona Training and Evaluation	-		0.0%	280	8	0.4%
Target (3 Locations)	-		0.0%	340	6	0.5%
<b>Total</b>	<b>7,141</b>		<b>10.0%</b>	<b>8,933</b>		<b>13.8%</b>

Note: Beginning in fiscal year 2012, Peoria Economic Development Department no longer tracks employment for retail locations.

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

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

Table XXXII

	Full-time Equivalent Employees as of June 30, 2013									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>
General Government										
Mayor & Council	4.00	5.00	5.00	6.00	6.00	6.00	6.00	-	-	
City Manager	7.50	8.50	10.50	12.00	13.00	13.00	10.00	15.00	15.00	15.00
Office of Communications	6.00	7.50	11.00	12.50	13.50	9.50	8.50	8.00	7.00	8.00
Human Resources	12.00	13.00	13.00	14.00	17.00	17.00	19.00	18.00	17.00	17.50
Attorney	19.31	20.20	22.70	23.80	26.00	26.00	26.00	26.00	26.00	26.00
City Clerk	7.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00	8.00	7.00
Court	10.00	11.00	13.00	16.00	22.00	22.00	22.00	21.00	20.90	20.90
Economic Development	3.00	3.00	4.00	4.00	5.00	5.00	13.30	27.80	26.00	26.00
Budget	5.00	7.00	7.00	7.00	9.00	8.00	7.00	7.00	7.00	7.00
Finance	71.00	77.00	79.00	82.00	88.00	88.00	82.75	79.75	73.75	73.75
Culture & Recreation	103.78	111.36	109.36	124.39	131.74	142.04	125.47	115.97	113.57	112.41
Police	208.00	226.00	250.00	264.00	286.00	287.00	271.00	287.00	289.00	288.00
Fire	117.00	131.00	134.00	157.00	173.00	170.00	167.00	164.00	162.00	161.50
Community Development	46.50	49.50	50.80	51.80	53.80	49.80	51.00	15.50	12.50	12.50
Engineering	33.00	38.00	43.00	47.00	49.00	45.25	39.75	39.75	33.25	33.25
Highways & Streets	36.00	39.00	40.00	44.00	44.00	43.00	41.00	44.00	38.80	38.80
Public Works	56.50	59.50	61.50	69.00	70.50	69.50	63.75	56.75	57.95	57.95
Human Services	8.00	8.00	8.50	14.50	14.50	14.50	11.75	10.00	7.50	7.50
Water Utility	60.02	67.02	70.02	72.00	75.00	72.75	60.75	57.75	56.50	55.50
Wastewater Utility	17.50	17.50	16.50	19.00	25.00	28.25	29.25	29.25	29.50	37.70
Solid Waste Utility	40.00	40.00	40.00	44.00	47.00	45.00	45.00	43.25	45.00	36.80
Information Technology	33.00	38.00	39.00	43.00	47.00	47.00	46.00	41.60	39.00	39.00
Stadium	13.00	14.00	14.00	16.00	19.00	19.00	19.00	15.50	15.50	16.00
<b>Total FTE</b>	<u>917.11</u>	<u>999.08</u>	<u>1,049.88</u>	<u>1,150.99</u>	<u>1,244.04</u>	<u>1,236.59</u>	<u>1,174.27</u>	<u>1,131.87</u>	<u>1,100.72</u>	<u>1,098.06</u>

Note: Beginning with fiscal year 2003, the City no longer counts part-time seasonal staff in the FTE calculation. 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 (Schedule 6 in Annual Program Budget)

**CITY OF PEORIA, ARIZONA  
BUILDING PERMITS AND HOME SALES  
LAST TEN YEARS**

Table XXXIII

<b>Building Permits</b>										
Fiscal Year										
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Commercial										
Number of Permits	190	177	181	244	153	60	82	27	60	25
Value	\$ 47,808,957	\$ 73,892,753	\$ 64,990,575	\$ 121,602,510	\$ 38,162,527	\$ 18,722,347	\$ 35,940,280	\$ 4,416,256	\$ 14,130,283	\$ 14,151,136
Residential										
Number of Dwelling Units	1,831	2,927	2,421	1,338	963	383	398	404	610	833
Value	241,885,416	373,716,048	320,780,556	213,028,399	154,975,128	47,217,878	42,714,995	50,318,368	79,951,361	113,425,646
Other										
Number of Permits	2,203	2,000	2,209	2,110	1,825	1,043	1,017	970	1,701	929
Value	20,138,826	21,512,846	26,532,508	34,196,112	33,948,358	18,535,296	53,152,166	9,025,305	17,128,209	99,323,042
<b>Total Value</b>	<b>\$ 309,833,199</b>	<b>\$ 469,121,647</b>	<b>\$ 412,303,639</b>	<b>\$ 368,827,021</b>	<b>\$ 227,086,013</b>	<b>\$ 84,475,521</b>	<b>\$ 131,807,441</b>	<b>\$ 63,759,929</b>	<b>\$ 111,209,853</b>	<b>\$ 226,899,824</b>

Source: City Community Development Department

<b>Single Family Housing Sales</b>										
Calendar Year										
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
New										
# of Units	1,583	1,395	1,875	2,235	1,360	925	435	355	390	598
Average Sale Amount	\$ 215,825	\$ 270,000	\$ 323,190	\$ 395,650	\$ 350,000	\$ 282,885	\$ 253,350	\$ 236,505	\$ 243,780	\$ 296,506
Avr price % increase	6.65%	25.10%	19.70%	22.42%	-11.54%	-19.18%	-10.44%	-6.65%	3.08%	21.63%
Resale										
# of Units	3,515	4,575	5,055	2,930	2,415	3,635	5,000	5,305	5,355	3,933
Average Sale Amount	\$ 151,000	\$ 175,000	\$ 250,000	\$ 270,000	\$ 257,830	\$ 210,000	\$ 166,750	\$ 159,000	\$ 140,000	\$ 180,420
Avr price % increase	-1.54%	15.89%	42.86%	8.00%	-4.51%	-18.55%	-20.60%	-4.65%	-11.95%	28.87%

<b>New Housing Starts</b>										
Calendar Year										
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Peoria	1,974	2,420	3,560	1,654	2,046	1,098	514	691	699	642
Maricopa County	47,808	58,882	56,139	40,294	35,465	20,605	15,825	15,676	15,353	10,029

Notes: Information for bottom two tables is for calendar years

Source: Arizona State University College of Business - AZ Real Estate Center

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INSURANCE IN FORCE  
JULY 1, 2012 THROUGH JUNE 30, 2013**

Table XXXIV

<u>Type of Insurance</u>	<u>Annual Renewal Date</u>	<u>Insurance Carrier</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Deductible Amount</u>	<u>Annual Premium</u>
<b>1. Primary Public Liability &amp; Automobile</b>						
General & auto liability	N/A	Self-insured	N/A	\$1,000,000 per incident \$1,000,000 annual		N/A
Excess liability -Primary	7/1	Travelers Indemnity Company	ZLP10T05497	\$2 Million per occurrence	SIR above	\$ 301,544
Excess liability -Umbrella	7/1	Travelers Indemnity Company	ZUP10T05504	\$20 Million per occurrence	SIR above	\$ 170,538
Automobile & Equipment	7/1	Travelers Indemnity Company	8109157P24A	\$25,000/\$100,000 (1)	N/A	117,875
Excess liability - 1st level	7/1	RSUI Indemnity Company	NHA060300	\$20 Million per occurrence	SIR above	71,000
<b>2. Property (Real &amp; Personal)</b>						
City buildings and contents	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
Excess buildings and contents (see Note)	7/1	Travelers Indemnity Company	KTKCMB297T228812	\$599,691,110	SIR above	311,951
<b>3. Boiler &amp; Machinery</b>	7/1	Phoenix Insurance Company	BME27733A918	\$50,000,000	1,000	24,092
<b>4. Workers' Compensation</b>						
Excess Liability	N/A	Self-insured Safety National Casualty Corp	N/A AGC4046269	N/A	N/A	N/A 141,751
<b>5. Broker Service Fee</b>						39,500
<b>6. Cyber Liability</b>	7/1	Axis Surplus Insurance Co.	ECN000168721201	\$2,000,000	SIR above	9,113
<b>7. Identity Theft</b>	7/1	Travelers Indemnity Company	105639670	\$10,000	N/A	4,171
<b>8. Crime Coverages</b>	7/1	Travelers Indemnity Company	0705R496	\$1 Million	10,000	5,527

Note: For breakdown of property insurance policy, see Table XXXV

(1) Vehicles with a value less than \$100,000 are self-insured by the City. Vehicles with a value in excess of \$100,000 have a \$5,000 deductible.

Source: City Risk Management and financial records

CITY OF PEORIA, ARIZONA  
PROPERTY INSURANCE SCHEDULE  
JUNE 30, 2013

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Table XXXV

**Property**

Building and contents - combined blanket limit - excluding earthquake and flooding	\$ 580,935,424
Valuable papers:	
City Hall	5,000,000
Contractors equipment (\$50,000 deductible)	3,755,686
Electronic data processing (\$50,000 deductible)	10,000,000
	<u>\$ 599,691,110</u>

Sources - Risk Management records

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

Table XXXVI

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government										
Registered Voters	52,674	65,998	62,328	63,544	71,051	76,323	82,578	86,803	85,592	87,432
Voter Participation (last election)	11.0%	33.8%	25.4%	25.4%	60.6%	81.2%	29.2%	29.2%	23.7%	23.7%
Culture & Recreation										
Recreation Participants	65,928	69,206	75,145	77,602	119,620	131,372	132,391	134,661	136,200	134,045
New Recreation Accounts	4,998	5,492	5,160	4,923	6,692	6,237	5,903	5,968	6,106	5,396
Special Event Participants	*	*	*	*	*	*	46,578	60,715	65,347	73,800
Police										
Calls for Service	101,951	142,319	102,385	103,921	62,341 <sup>(A)</sup>	60,219	56,683	56,764	57,184	54,159
Avg Response Time (minutes)	5.32	5.73	4.80	5.20	5.98	5.47	5.65	5.87	6.01	4.52 <sup>(C)</sup>
Fire										
Number of Incidents	11,014	11,618	12,445	12,788	13,649	13,361	14,874	15,403	17,717	18,719
Avg Response Time (minutes)	4.30	4.30	4.30	4.40	4.40	4.43	5.02	5.19	5.08	5.14
Development Services										
Building Permits Issued	4,224	5,104	4,811	3,692	2,943	1,486	1,497	1,401	2,371	1,787
Value of Building Permits (millions \$)	\$ 309.8	\$ 469.1	\$ 412.3	\$ 368.8	\$ 225.5	\$ 84.5	\$ 131.8	\$ 63.8	\$ 111.2	\$ 226.9
Highways & Streets										
Asphalt Used (in tons)	*	6,654	5,035	7,999	8,365	2,441	2,832	2,677	2,038	3,122
Centerline Miles Swept	*	9,807	8,697	8,496	7,604	7,526	5,935	6,159	6,202	6,143
Miles Assessed	*	277	218	275	381	423	422	85 <sup>(B)</sup>	163	187
Public Works										
Number of Vehicle Work Orders	4746	5,056	5,920	5,787	5,679	5,917	5,697	5,856	5,608	5,899
Human Services										
Number of Dial-a-Ride users	5,814	6,010	5,147	5,310	5,750	6,174	899	747	759	830
Number of Annual Trips	29,382	34,428	42,232	47,244	45,451	43,263	31,568	27,440	31,082	32,101
Section 8 Unit Months Available	984	984	984	984	984	984	984	984	**	**
Section 8 Unit Months Leased	819	858	773	788	916	846	793	911	**	**
Business-type Activities										
Water Utility										
Annual Consumption (000's gal)	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450	8,212,711	8,003,947	8,448,795	8,405,929
Average Gallons/Household/Year	178,850	180,679	194,552	195,840	177,016	175,270	164,636	159,203	166,070	163,869
Wastewater Utility										
Wastewater Treated (billion gal)	3.23	3.41	3.55	3.67	3.60	3.90	3.70	3.50	3.61	3.64
Solid Waste Utility										
Residential Tonnage Processed	64,358	65,950	69,191	71,396	61,290	48,970	47,540	47,989	46,299	47,717
Commercial Tonnage Processed	19,157	18,436	22,943	25,260	20,519	22,856	21,981	20,340	19,700	20,561
Recycle Tonnage Processed	1,133	1,523	1,690	1,927	11,549	16,084	15,516	16,277	15,715	15,184
Stadium										
Spring Training Attendance	222,927	225,316	200,153	220,357	230,434	211,243	200,029	188,244	190,643	196,881
Sporting Rentals Days	*	*	*	195	234	246	208	336	350	290
Non-Sporting Rentals Days	*	*	*	54	83	66	74	108	134	143
Public Housing										
Unit Months Available	840	840	840	840	840	840	840	840	840	840
Number of Unit Months Leased	819	828	831	827	812	796	745	787	813	797

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

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

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

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

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

Source: Various City Departments

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

Table XXXVII

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government										
Annexed Area (square miles)	176.3	177.9	177.9	177.9	177.9	177.9	179.0	179.1	179.1	179.1
Culture & Recreation										
# of Neighborhood Parks	24	24	26	26	26	28	28	28	32	33
Total Park Acreage	233	240	264	264	264	314	322	322	338	367
Ramadas	74	78	87	87	87	87	90	90	96	96
Basketball Hoops	71	74	82	82	82	82	41	41	43	44
Tennis Courts	22	24	25	25	25	24	25	25	26	27
Volleyball Courts	10	10	12	12	12	12	12	10	10	10
Multi-Purpose Fields	12	37	30	31	31	31	31	31	34	34
Swimming Pools	3	3	3	3	3	3	3	3	3	3
Urban Lakes	1	1	1	1	1	1	1	1	1	1
Skate Parks	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	80	86	90	101	103	92	86	86	86	86
Fire										
Stations (full-time / part-time)	5 / 2	5 / 2	6 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1	7 / 1
Number of Fire Engines	8	7	8	9	9	9	9	7	7	8
Number of Ladder Trucks	1	1	1	1	1	2	2	2	2	2
Highways & Streets										
Streets (miles maintained)	471	487	518	537	538	551	554	584	590	622
Public Works										
Street Lights	11,829	12,000	12,000	12,737	13,618	13,726	13,901	14,093	14,333	15,006
Vehicles in Fleet	543	599	621	661	720	683	670	673	687	714
Human Services										
Dial-a-Ride Buses	9	9	9	11	11	11	9	7	7	7
Business-type Activities										
Water Utility										
Number of Water Accounts	38,818	42,673	44,221	45,630	46,146	46,902	47,606	47,793	48,509	49,516
Storage Capacity (million gal)	37.3	40.0	40.0	40.0	41.8	42.0	42.0	42.0	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	40,984	43,824	45,933	47,831	48,759	49,923	50,383	50,715	51,527	52,674
Treatment Capacity (billion gal)	13.40	14.15	14.15	14.15	25.70	16.25	16.25	16.25	16.25	16.25
Solid Waste Utility										
Number of Solid Waste Accounts	39,747	42,467	44,198	46,309	47,146	48,006	43,382	48,752	49,506	50,727
Stadium										
Number of Practice Fields	13	13	13	13	13	13	13	13	13	13
Number of Clubhouses	3	3	3	3	3	3	3	3	3	3
Total Complex Acreage	145	145	145	145	145	145	145	145	145	145
Public Housing										
Number of Public Housing Units	70	70	70	70	70	70	70	70	70	70

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

Source: Various City Departments





## Glossary

Certain specialized terms or acronyms may be used in this publication. The following is a list of some of those acronyms:

APB	Accounting Principles Board
AICPA	American Institute of Certified Public Accountants
CAFR	Comprehensive Annual Financial Report
FAF	Financial Accounting Foundation
FASB	Financial Accounting Standards Board
FASAC	Financial Accounting Standards Advisory Board
GAAP	Generally accepted accounting principles
GAAS	Generally accepted auditing standards
GAGAS	Generally accepted governmental auditing standards
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GASAC	Governmental Accounting Standards Advisory Council
IGAS	Interpretation of Governmental Accounting Standards
NCGA	National Council on Governmental Accounting
OMB	Office of Management and Budget (federal)
OPEB	Other postemployment benefits
Q&A	Comprehensive Implementation Guide
SAS	Statement of Auditing Standards
SEC	Securities and Exchange Commission
SGAC	Statement of Governmental Accounting Concepts
SGAS	Statement of Governmental Accounting Standards
TB	Technical Bulletin

**Accountability** – Term used by the GASB to describe a government’s duty to justify the raising and spending of public funds. The GASB has indentified accountability as the “paramount objective” of financial reporting “from which all other objectives must flow.” [SGAC 1]

**Accounting Principles Board (APB)** – Authoritative private-sector standards setting body that preceded the FASB. The APB issued guidance in the form of *Opinions*.

**Accounting Standards Executive Committee (AcSEC)** – AICPA committee authorized to issue *Practice Bulletins*.

**Accrual basis of accounting** – Method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the related cash flows.



**Accrual** – A liability resulting from an expense for which no invoice or other official document is available yet. Also called an accrued expense.

**Activity** – Specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible (e.g., *police* is an activity within the *public safety* function).

**Adopted budget** – Formal action by the City Council that sets the spending limits for the fiscal year.

**Advanced refunding** – Refunding transaction where the proceeds of the refunding bonds are placed in escrow pending the call date or maturity of the debt to be refunded.

**Agency funds** – One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. [SGAS 34]

**Analytical review** – Term used by auditors to describe the process of attempting to determine the reasonableness of financial data by comparing their behavior with other financial or nonfinancial data.

**Annual required contribution (ARC)** – Term used in connection with defined benefit pension and other postemployment

benefit plans to describe the amount an employer must contribute in a given year. [SGAS 27 and SGAS 45]

**Appropriation** – An authorization made by the City Council which permits the City to incur obligations and to make expenditures of resources.

**Arbitrage** – The reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities. The City is subject to Federal regulations regarding arbitrage.

**Assessed valuation** – Valuation set upon real estate or other property by a government as a basis for levying property taxes. In Arizona, property values are established by the county Assessor.

**Audit Guides** – Series of AICPA publications that enjoy potential “level 2” status on the hierarchy of authoritative sources of GAAP.

**Audit Scope** - In the context of a financial statement audit, the coverage provided by the independent auditor’s opinion. For example, required supplemental information normally is not included within the scope of a financial statement audit (i.e., the independent auditor does not offer an opinion on its fair presentation).

**Auditor’s report on internal control and compliance over financial reporting** – Report issued in conjunction with a financial audit performed in accordance with GAGAS. The independent auditor reports on internal control weaknesses and instance of noncompliance in connection



with the financial audit, but does not offer an opinion on internal controls or compliance.

**Availability criterion** – Requirement under the modified accrual basis of accounting that revenues be recognized only when they are collected or collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. [NCGA Statement 1]

**Availability period** – Designated period immediately following the close of the fiscal year by the end of which cash must be collected for related revenue to be recognized in accordance with the availability criterion of modified accrual accounting.

**Basic financial statements** – Minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.

**Basis difference** – Differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP for a given fund type [NCGA Interpretation 10]

**Basis of accounting** – Timing of recognition for financial reporting purposes (i.e., when the effects of transactions or events should be recognized in financial statements). [SGAS 11]

**Basis of budgeting** – Method used to determine when revenues and expenditures are recognized for budgetary purposes.

**Base budget** – Maintaining current service levels. Changes in demand or activity levels may create the need for additional

resources or free-up resources for other purposes.

**Balanced budget** – A budget that contains ongoing revenues equal to the ongoing expenditures of the City. In addition, the balanced budget will not include one-time (non-recurring) sources to fund continuing (recurring) uses, postpone expenditures, or use external borrowing for operational requirements.

**Blending** – Presentation of the data of a component unit as though it were one or more fund(s) of the primary government. [SGAS 14]

**Bond** – A long-term debt or promise to pay. It is a promise to repay a specified amount (principal amount or face value), at a specified date in the future (maturity date), along with periodic interest at a specific rate. Bonds are primarily use to finance capital projects.

**Budget amendment** – A change of budget appropriation between expenditure accounts. Budget amendments do not change the legal spending limit adopted by City Council.

**Budgetary control** – The control or management of governmental unit or enterprise unit in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

**Budgetary integration** – Use of recording the operating budget in the general ledger



to facilitate control over revenues and expenditures during the fiscal year.

**Budgetary reporting** – As used by accountants, requirement to present budget-to-actual comparisons in connection with general purpose external financial reporting. Budgetary reporting is required to demonstrate compliance at a legal level of control for all governmental funds with appropriated budgets.

**Business-type activities** – One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds. [SGAS 34]

**Capital and related financing activities** – Term used in connection with cash flows reporting. Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors or credit. [SGAS 9]

**Capital assets** – Land, improvements to land, easements, buildings, building improvements, vehicles machinery, equipment, works of art, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. [SGAS 34]

**Capital outlay** – Expenditures which result in the acquisition of or addition to capital assets.

**Capital projects fund** – Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds. [NCGA Statement 1]

**Capitalization threshold** – Dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

**Cash basis of accounting** – Basis of accounting that recognized transactions or events when related cash amounts are received or disbursed.

**Cash equivalent** – Short-term, highly liquid investments that are both (a) readily convertible to know amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities (maturity as of the date the investment was purchased by the reporting government) of three months or less meet this definition. [SGAS 9]

**Certificate of Achievement for Excellence in Financial Reporting Program** – Program sponsored by the Government Finance Officers Association to encourage state and local governments to prepare high-quality comprehensive annual financial reports.



**Character classification** – Classification of expenditures according to the periods they are presumed to benefit. The four character groupings are (a) current operating expenditures, presumed to benefit the current fiscal period; (b) debt service expenditures, presumed to benefit prior fiscal periods as well as current and future periods; (c) capital outlay expenditures, presumed to benefit the current and future fiscal periods; and (d) intergovernmental expenditures, when one government transfers resources to another. [NCGA Statement 1]

**Classified presentation** – Separate reporting of the current and noncurrent portions of assets and liabilities to permit the calculation of working capital. A classified presentation is required for the proprietary statement of net assets.

**Collateral** – In the context of deposits with financial institutions, security pledged by the financial institution to a government entity for its deposit. [SGAS 3]

**Combining financial statements** – Financial statements that report separate columns for individual funds or component units.

**Commercial paper** – Unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Committee on Accounting Procedure (CAP)** – Authoritative private-sector standards setting body that preceded the Accounting Principles Board and the FASB. The CAP issued guidance in the form of *Accounting Research Bulletins*.

**Community Facilities District (CFD)** – A separate legal entity established by a local government agency which allows for financing of public improvements and services.

**Comparability** – Principle according to which differences between financial reports should be substantive differences in the underlying transactions of the governmental structure rather than the selection of different alternatives in accounting procedures or practices. [SGAC 1]

**Comparative data** – Information from prior fiscal periods provided to enhance the analysis of financial data of the current fiscal period.

**Component unit** – Legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. [SGAS 14]

**Comprehensive Annual Financial Report (CAFR)** – Financial report that contains, at a minimum, three sections: 1) introductory, 2) financial, and 3) statistical, and whose financial section provides information on each individual fund and component unit.

**Comprehensive framework of internal control** – Structure of internal control that provides for (a) a favorable control environment, (b) the continuing assessment



of risk, (c) the design, implementation, and maintenance of effective control-related policies and procedures, (d) the effective communication of information, and (e) ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**Conduit debt** – Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a local governmental entity for the express purpose of providing capital financing for a specific third party that is not part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. [IGAS 2]

**Connection fees** – Fees charged to join or to extend an existing utility system. Often referred to as *tap fees* or *system development fees*.

**Consistency** – Notion that once an accounting principle or reporting method is adopted, it will be used for all similar transactions and events. [SGAC 1]

**Contingency** – A budgetary reserve set aside for emergency or unanticipated expenditures and/or revenue shortfalls. The City Council must approve all uses of contingency funds.

**COSO** – Committee of Sponsoring Organizations of the Treadway Commission on Fraudulent Financial Reporting.

Published *Internal Control: An Integrated Framework*.

### **Current financial resources**

**measurement focus** – Measurement focus where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balance of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

**Current refunding** – Refunding transactions in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded.

**Custodial credit risk** – Risk that a government will not be able to recover deposits if the depository financial institution fails, or (b) to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. [Q&A]

**Debt service fund** – Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. [NCGA Statement 1]

**Defeasance** – In financial reporting, the netting of outstanding liabilities and related assets on the statement of position. Defeased debt is no longer reported as a liability on the statement of position.



**Deferred revenue** – Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**Department** – A major administrative division of the City which indicates overall management responsibility for an operation or group of related operations within a functional area.

**Depreciation** – An accounting transaction which spreads the purchase cost of an asset across its useful life.

**Development fees** – Fees charged to developers to cover, in whole or in part, the anticipated costs of improvements that will be necessary as a result of the development. Also called expansion fees.

**Division** – A functional unit of a department.

**Discrete presentation** – Method of reporting financial data of a component unit separately from financial data of the primary government. [SGAS 14]

**Economic resources measurement focus** - Measurement focus where the aim of a set of financial statements is to report inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting. It is also used by business enterprises and nonprofit organizations in the private sector.

**Effectiveness** – Term used by auditors to describe the degree to which an entity, program, or procedure is successful in achieving its goals and objectives.

**Efficiency** – Term used by auditors to describe the degree to which an entity, program, or procedure is successful at achieving its goals and objectives with the least use of scarce resources.

**Eligibility requirements** – Term used in connection with government-mandated and voluntary nonexchange transactions to describe conditions established by the provider of resources. [SGAS 33]

**Encumbrance** – Commitments related to unperformed contracts for goods or services. For financial reporting purposes, encumbrance accounting is restricted to governmental funds.

**Enterprise fund** – Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. [SGAS 34]

**Exchange transactions** – Transactions in which each party receives and gives up essentially equal values. [SGAS 33]

**Exchange-like transactions** – Transactions in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. [SGAS 33]

**Expenditure-driven grants** – Government-mandated or voluntary nonexchange



transactions in which expenditure is the prime factor for determining eligibility. Also known as *reimbursement grants*.

**Expenditures** – Under the current financial resources measurement focus, decreases in net financial resources not properly classified as *other financing uses*.

**Fair value** – In the context of investment valuation, the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. [SGAS 31]

**Fiduciary funds** – Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. [SGAS 34]

**Final amended budget** – Original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized. [SGAS 34]

**Financial accountability** – Relationship warranting the inclusion of a legally separate organization in the reporting entity of another government. [SGAS 14]

**Financial Accounting Foundation (FAF)** – Nonprofit organization responsible for overseeing the operations of both the GASB and FASB.

### **Financial Accounting Standards**

**Advisory Council (FASAC)** – Advisory group that assists the FASB. The FASAC includes representatives of all of the FASB's major constituents.

**Financial Accounting Standards Board (FASB)** – Authoritative accounting and financial reporting standard-setting body for business enterprises and nonprofit organizations. The FASB is the direct successor to the Committee on Accounting Procedure and the Accounting Principles Board.

**Financial audits** – Audits designed to provide independent assurance of the presentation of financial information.

**Financial reporting entity** – Primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. [SGAS 14]

**Financial resources** – Resources that are or will become available for spending. Includes cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments).

**Financial section** – One of the three required sections of a comprehensive annual financial report. The financial section contains the auditor's report, management's discussion and analysis, the basic financial statements (including notes to the financial statements), required supplementary



information, combining statements, and supplementary information, as needed.

**Fiscal accountability** – Responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public monies in the short term. [SGAS 34]

**Fiscal dependence** – Situation requiring the inclusion of a legally separate entity as a component unit within the financial reporting entity because the governing board of the primary government may *arbitrarily* override the financial decisions of the legally separate entity regarding (a) its budget, (b) the levying of taxes or the setting of rates or charges, or (c) the issuance of bonded debt.

**Formula grants** – Government-mandated or voluntary nonexchange transactions involving the provision of resources based upon established criteria other than the incurrence of qualifying expenditures. Also referred to as “shared revenues”.

**Function** – Group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

**Fund** – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. [NCGA Statement 1]

**Fund balance** – The difference between assets and liabilities reported in a governmental fund.

**Fund classifications** – One of three categories – governmental, proprietary, and fiduciary – used to classify fund types.

**GAAP hierarchy** – Identification and ranking of the source of *generally accepted accounting principles* (GAAP).

**General Fund** – One of the five governmental fund types. The general fund typically serve as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund. [NCGA Statement 1]

**Generally accepted accounting principles (GAAP)** – Conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

**Generally accepted auditing standards (GAAS)** – Rules and procedures that govern the conduct of a financial audit.

**Generally accepted governmental auditing standards (GAGAS)** – Standards for the conduct and reporting of both financial and performance audits in the public sector as promulgated by the GAO.

**Government Accountability Office (GAO)** – Investigative arm of the U.S. Congress charged with improving the performance and accountability of the federal government. The GAO issues the publication *Governmental Auditing Standards*, commonly known as the “Yellow



Book” which sets generally accepted governmental audit standards (GAGAS).

**Government Finance officers**

**Association (GFOA)** – Association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments. Also sponsors the Certificate of Achievement for Excellence in Financial Reporting program.

**Governmental Accounting Standards**

**Advisory Council (GASAC)** – Advisory body established to assist the GASB. The membership of the GASAC represents all major groups with an interest in accounting and financial reporting for state and local governments.

**Governmental Accounting Standards**

**Board (GASB)** – Ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the NCGA.

**Governmental Activities** – Activities generally finance through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds and internal service funds. [SGAS 34]

**Governmental entity** – For accounting and financial reporting purposes, an entity subject to the hierarchy of GAAP applicable to state and local governmental units.

**Governmental financial reporting model**

– Minimum combination of financial statements, note disclosures, and required

supplementary information prescribed for state and local governments by the GASB.

**Governmental funds** – Funds generally used to account for tax-supported activities. There are five types of governmental funds: the general fund, special revenue funds, debt service funds, capital project funds, and permanent funds.

**Government-mandated nonexchange**

**transactions** – Situation where a higher level government requires performance of a lower level government and provides it full or partial funding to do so. [SGAS 33]

**Government-wide financial statements** –

Financial statements that incorporate all of a government’s governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements; the statement of net assets and the statement of activities. [SGAS 34]

**Impact fees** – Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development.

**Impairment** – Significant, unexpected decline in the service utility of a capital asset. [SGAS 42]

**Implementation guides** – Guidance on the proper implementation of authoritative accounting and financial reporting standards issued by the staff of the GASB. Implementation guides are level 4 GAAP.

**Imposed nonexchange revenues** –

Revenues that result from assessments imposed on nongovernmental entities,



including individuals, other than assessments on exchange transactions. Examples of imposed nonexchange transactions are property taxes and fines. [SGAS 33]

**“In-relation-to” opinion** – Indication in the independent auditor’s report that the auditor does *not* render an opinion on the fair presentation *per se* of certain information contained in the financial report, but does assert that the information in question is fairly presented *in relation to* the audited financial statements.

**Incurred but not reported (IBNR) claims** – In connection with risk financing, claims for insured events that have occurred but the claim has not yet been reported to the insuring entity as of the date of the financial statements. IBNR claims include (a) known loss events that are expected to be presented later as claims, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. [SGAS 10]

**Independent auditor** – Auditors who are independent, both in fact and appearance, of the entities they audit. Both GAAS and GAGAS set specific criteria that must be met for an auditor to be considered independent.

**Independent auditor’s report** – Official written communication of the results of an audit. In a financial audit, the independent auditor’s report typically will offer (or disclaim) an opinion on whether a set of financial statements is fairly presented in conformity with GAAP.

**Indirect expenses** – Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category. [SGAS 34]

**Infrastructure** – Long-lived capital assets that normally are statutory in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and wastewater systems, dams, and lighting systems. [SGAS 34]

**In-substance defeasance of debt** – Situation that occurs when debt is considered defeased for accounting and financial reporting purposes, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

**Interest rate risk** – Risk that changes in the interest rates will adversely affect the fair value of an investment. [SGAS40]

**Interfund activity** – Activity between funds of the primary government, including blended component units. Interfund activities are divided into two broad categories; reciprocal and nonreciprocal. Reciprocal interfund activity comprises interfund loans and interfund services provided and used. Nonreciprocal interfund activity comprises interfund transfers and interfund reimbursements.

**Interfund loans** – Amounts provided between funds or blended component units



with a requirement for repayment. [SGAS 34]

**Interfund reimbursements** – Repayments by one fund or blended component unit of a primary government to another for expenditures or expenses incurred on its behalf. [SGAS 34]

**Interfund services provided and used** – Sales and purchases of goods and services between funds and blended component units of the primary government for a price approximating their external exchange value. [SGAS 34]

**Interfund transfers** – Flows of assets (such as cash or goods) between funds or blended component units of the primary government without equivalent flows of assets in return and without a requirement for repayment. [SGAS 34]

**Internal control framework** – Integrated set of policies and procedures designed to assist management to achieve its goals and objectives. To be truly comprehensive, a government's internal control framework must (a) provide a favorable control environment, (b) provide for the continuing assessment of risk, (c) provide for the design, implementation, and maintenance of effective control-related policies and procedures, (d) provide for the effective communication of information, and (e) provide for the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**Internal service funds** – Proprietary fund type that may be used to report any activity that provides goods or services to other

funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. [SGAS 34]

**Introductory section** – First of the three required components of any comprehensive annual financial report. The introductory section typically provides general information on a government's structure and personnel as well as information useful in assessing the government's economic condition. The key element of the introductory section is the letter of transmittal.

**Invested in capital assets, net of related debt** – One of the three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

**Joint venture** – Legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) and ongoing financial responsibility. [SGAS 14]

**Jointly governed organization** – Regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the



participants do not retain an ongoing financial interest or responsibility. [SGAS 14]

**Legal debt margin** – Excess of amount of the legally authorized debt over the amount of debt outstanding.

**Legal defeasance** – Situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

**Legal level of budgetary control** – Level at which a government's management may not reallocate resources without special approval from the legislative body.

**Level (1-4) guidance** – In the context of the hierarchy of GAAP for state and local governments, a reference to the relative authority of a given source of GAAP guidance.

**Level of effort requirement** – Requirement that a grant recipient not use grant resources to reduce its own participation in a given program or activity.

**Lien date** – For property (ad valorem) taxes, the date when an enforceable legal claim to taxable property arises.

**Major fund** – Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the independent auditor's report.

**Major program** – Term used in the context of Single Audits. As part of the Single Audit, the independent auditor must gain an understanding of internal control over compliance for each major federal award program and then test it. In addition, the independent auditor must render an opinion on whether the government complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on each major federal awards program tested.

**Management letter** – In the context of the independent audit of the financial statements, a formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements.

**Management's discussion and analysis** – Component of required supplementary information used to introduce the basic financial statements and provide analytical overview of the government's financial activities. [SGAS 34]

**Matching requirement** – Requirement that a grant recipient contribute resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.

**Material weakness** – Reportable condition (internal control weakness) of such magnitude that it could potentially result in a material misstatement of the financial statements or material non-compliance with major federal award programs.

**Materiality** – In the context of financial reporting, the notion that an omission or



misstatement of accounting information is of such significance as to make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

**Measurement focus** - Types of balances (and related changes) reported in a given set of financial statements (i.e., economic resources, current financial resources, assets and liabilities resulting from cash transactions).

**Modified accrual basis of accounting** – Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways 1) revenues are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

**Modified approach** – Election *not* to depreciate infrastructure assets that are part of a network or subsystem of a network that meets two requirements. First, the government manages the eligible infrastructure assets using an asset management system that has certain specified characteristics; second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government. [SGAS 34]

**Money market investment** – Short-term, highly liquid debt instrument, including

commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. [SGAS 31]

**National Advisory Council on State and Local Budgeting (NACSLB)** – Working group created by eight public-sector organizations to establish a comprehensive framework for public-sector budgeting that could be used by state and local governments as an ideal against which to measure and improve the quality of their own budget practices.

**National Committee on Governmental Accounting** – Committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standards-setting body for local governments from 1946 until the establishment of the National Council on Governmental Accounting in the 1970s.

**National Council on Governmental Accounting (NCGA)** – Immediate predecessor of the GASB as the authoritative accounting and financial reporting standards-setting body for state and local governments.

**Net general obligation debt** – General obligation debt reduced by the amount of any accumulated resources restricted to repay the principal of such debt. [SGAS 44]

**Net pension/OPEB obligation** – The cumulative difference between annual pension/OPEB costs and the employer's contributions to the plan.

**No-commitment special assessment debt** – Special assessment debt that is secured solely by liens on assessed



properties and resources provided from bond proceeds and is not backed by either the full faith and credit of the government or by any other type of general governmental commitment.

**Noncapital financing activities** – Term used in connection with cash flows reporting. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. [SGAS 9]

**Nonexchange transaction** – Transactions in which a government (including the federal government, as a provider) either gives or receives value (benefit) to/from another party without directly receiving/giving equal value in exchange. [SGAS 33]

**Nonoperating revenue and expenses** – In the context of the proprietary fund operating statement, revenue and expenses not qualifying as operating items (e.g., taxes, grants that are not equivalent to contracts for services, and most interest revenue and expense).

**Nonreciprocal Interfund activity** – Counterpart of nonexchange transactions within the primary government. Includes both Interfund transfers and Interfund reimbursements. [SGAS 34]

**Office of Management and Budget (OMB)** – Agency of the federal government with regulatory oversight of Single Audits.

**Operating activities** – Term used in conjunction with cash flows reporting. Operating activities generally result from providing services and producing and

delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. [SGAS 9]

**Operating revenues and expenses** – Cost of goods sold and services provided to customers and the revenues thus generated.

**Operational accountability** – Government's responsibility to report the extent to which they have met their operating objectives efficiently and effectively, using all resources available for that purpose, and whether they can continue to meet their objectives for the foreseeable future.

**Original budget** – First complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law. [SGAS 34]

**Other financing source** – Increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the *other financing sources* category is limited to items so classified by GAAP.

**Other financing use** – Decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the



*other financing uses* category is limited to items so classified by GAAP.

**Other postemployment benefits (OPEB)**

– Postemployment benefits other than pension benefits. Includes postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits. [SGAS 43]

**Outcome measures** – In the context of service efforts and accomplishments reporting, indicators that measure accomplishments or results that occur (at least partially) because of service provided. [SGAC 2]

**Output measures** – Term used in connection with service efforts and accomplishments reporting. Indicators that measure the quantity of services provided. Output measures include both measures of the *quantity of service provided* and measures of the *quantity of services provided that meets a certain quality requirement*. [SGAC 2]

**Overlapping debt** – In the context of the statistical section, the outstanding long-term debt instruments of governments that overlap geographically, at least in part, with the government preparing the statistical section information. [SGAS 44]

**Overlapping governments** – In the context of the statistical section, all local governments located wholly or in part within the geographic boundaries of the reporting government. [SGAS 44]

**Overlapping rate** - In the context of the statistical section, an amount or percentage applied to a unit of a specific revenue base by governments that overlap geographically, at least in part, with the government preparing the statistical section information. [SGAS 44]

**Own-source revenue** – In the context of the statistical section, revenues that are generated by a government itself (e.g., tax revenues, water and wastewater charges, investment income) rather than provided from some outside source (e.g., intergovernmental aid and shared revenues). [SGAS 44]

**Pass-through grants** – Grants and other financial assistance received by a governmental entity to transfer to, or spend on behalf of, a secondary recipient. [SGAS 24]

**Payment in lieu of taxes** - Payment that a property owner not subject to taxation makes to a government to compensate it for services that the property owner receives that are normally financed through property taxes.

**Pension (and OPEB) trust funds** – Fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. [SGAS 34]

**Performance measurement** – Commonly used term for service efforts and accomplishments reporting.



**Permanent funds** – Governmental fund type used to report resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs. [SGAS 34]

**Perspective differences** – Difference between the basis for budgeting and GAAP that result when the structure used for budgeting differs from the fund structure used for GAAP financial reporting. [NCGA Interpretation 10]

**Postemployment** – Period following termination of employment, including the time between termination and retirement. [SGAS 43]

**Postemployment healthcare benefits** – Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries. [SGAS 43]

**Primary government** – Term used in connection with defining the financial reporting entity. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The primary government is the focus of the financial reporting entity. [SGAS 14]

**Private-purpose trust funds** – Fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals,

private organizations, or other governments. [SGAS 34]

**Program** – Group activities, operations or organizational units directed to attaining specific purposes or objectives.

**Program revenue** – In the context of the government-wide statement of activities, revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. [SGAS 34]

**Proprietary funds** – Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

**Public employee retirement system** – State or local governmental entity entrusted with administering one or more pension plans; it also may administer other postemployment benefit plans and deferred compensation plans. [SGAS 25]

**Public-entity risk pool** – Cooperative group of governmental entities joining together to finance an exposure, liability or risk. A pool may be a stand-alone entity or part of a larger governmental entity that acts as the pool's sponsor. [SGAS 10]

**Purpose restriction** – In the context of government-mandated and voluntary nonexchange transactions, legal limitations that specify the purpose or purposes for which resources are required to be used (as



distinguished from eligibility requirements). [SGAS 33]

**Qualified opinion** – In the context of financial audits, a modification of the independent auditor’s report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor’s general assertion that the financial statements are fairly presented.

**Questioned costs** – In the context of Single Audits, a determination by the independent auditor that an expenditure under a federal grant does not meet all of the grantor’s requirements and therefore may be subject to refund to the grantor.

**Realized gains and losses** – Differences between the carrying value of an asset and its price at the time of sale if the asset had been reported at other than fair value.

**Reappropriation** – Inclusion of a balance from the prior year’s budget as part of the budget of the subsequent fiscal year.

**Reasonable assurance** – Principle that the goal of the independent audit of the financial statements is to ensure that those statements are free from *material* misstatement (based on the assumption that it is not cost beneficial to ensure that financial statements are free of *immaterial* misstatements).

**Rebatable arbitrage** – Requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a higher yield.

**Reciprocal Interfund activity** – Interfund counterpart to exchange and exchange-like transactions. Includes both Interfund loans and Interfund services provided and used. [SGAS 34]

**Refunding** – Issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). [SGAS 23]

**Reverse repurchase agreement** – Agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for the same securities or for different securities. [SGAS 3]

**Risk-sharing pool** One of four different types of public-entity risk pools. An arrangement by which governments pool risks and funds and share in the cost of losses. [SGAS 10]

**Schedule of employer contributions** – In the context of defined benefit pension plans and other postemployment benefit plans, trend data on employers’ annual required contribution to a plan and actual contributions.

**Schedule of funding progress** – In the context of defined benefit pension plans and other postemployment benefit plans, trend data on the relationship between the



actuarial value of plan assets and the related actuarial accrued liability.

**Segment** – Identifiable activity (or grouping of activities) reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately.

**Service efforts and accomplishment reporting** – Term used by the GASB to describe the presentation of performance measures in connection with general purpose external financial reporting.

**Single Audit** – Audit designed to meet the needs of all federal grantor agencies and performed in accordance with the Single Audit Act of 1984 (as amended) and Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

**Single Audit Act of 1984** – Federal legislation that provides for state and local government recipients of federal financial awards to have one audit performed to meet the needs of all federal grantor agencies. The Single Audit Act was amended in 1996.

**Special assessment** – Compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Special items** – Significant transactions or other events within the control of

management that are either unusual in nature or infrequent in occurrence. [SGAS 34]

**Special revenue fund** – Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes. (NCGA Statement 1]

**Statistical section** – Third of three required components of any comprehensive annual financial report, it 1) provides information on financial trends, 2) provides information on revenue capacity, 3) provides information on debt capacity, 4) provides demographic and economic information, and 5) provides operating information.

**Summary of significant accounting policies (SAAP)** – First of the notes to the financial statements. The basic content should include a discussion of 1) any selection of an accounting treatment when GAAP permit more than one approach, 2) accounting practices unique to state and local governments, and 3) unusual or innovative application of GAAP.

**Supplementary information** – Financial information presented together with basic financial statements that is not included within the scope of the audit of those statements. When the presentation of certain supplementary information is mandated by the GASB it is referred to as *required supplementary information*.

**Susceptible to accrual** – In the context of the modified accrual basis of accounting, revenues that are collectible within the current period or soon enough thereafter to



be used to pay liabilities of the current period. [NCGA Statement 1]

Office's publication *Governmental Auditing Standards*, the source of GAGAS.

**System development fees** - Fees charged to join or to extend an existing utility system. Also referred to as *tap fees* or *connection fees*.

**Unqualified opinion** – Opinion rendered without reservation by the independent auditor that financial statements are fairly presented in all material respects.

**Unrealized gains or losses** – Difference between the carrying value of an asset and its fair value prior to sale.

**Unrealized revenues** – In the context of budgeting, the difference between estimated revenues and actual revenues.

**Unrestricted net assets** – That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

**Voluntary nonexchange transaction** – Transaction that result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement. [SGAS 33]

**Weighted average maturity (WAM)** – In the context of investment disclosure, a measurement that expresses investment time horizons – the time when investments become due and payable – in years or months, weighted to reflect the dollar size of individual investments within an investment type. [SGAS 40]

**Yellow book** – Term commonly used to describe the Government Accountability