

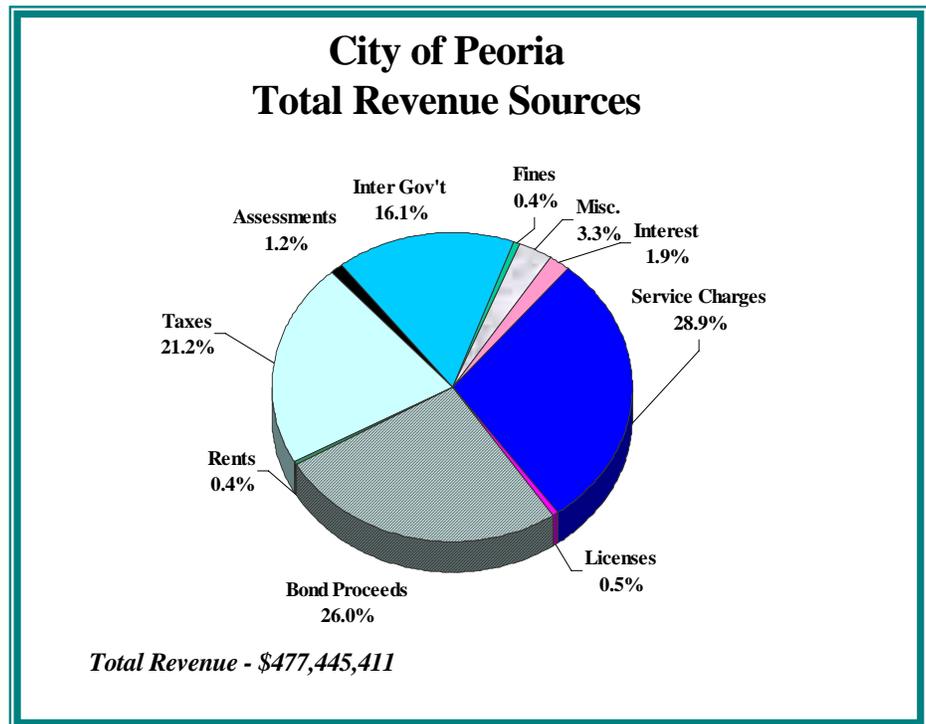


Revenue Summary

Total revenues for Fiscal Year 2009 are estimated at \$477,445,411. The revenue forecasts are based on historical data, assumptions on population changes, economic projections, and expected receipts from taxes and other sources. Each year City staff forms a Revenue Committee, consisting of members from various departments whose activities generate revenues. The committee meets monthly to discuss revenue trends, economic conditions, and the pertinent driving factors behind the revenue activity for the period. All major revenue sources and fund types are identified and reviewed for activity and variances. City revenue estimates are continually updated based on this discussion and analysis, which results in more accurate revenue forecasting.

The Fiscal Year 2009 projected revenues indicate a decrease of 9% from the prior year budgeted amount of \$524 million. The estimated revenues reflect the general outlook of the economy, specific activity in Peoria's retail sector, and the slowdown of residential development. In the recent past, Peoria had experienced stronger economic growth than both national and regional economies. However, the current trend now points to a local drop in residential development and construction activity. Conversely, commercial and office development activity have maintained revenues with this activity expected to continue through the year. Projects identified for last year's anticipated bonds totaled \$161 million, versus the FY 2009 budgeted bond sales total of \$124 million.

City revenues can be categorized into ten major sources, as depicted in the graph shown here. Service charges account for the largest percentage of revenue by source, at an estimated \$138 million, or 29% of total revenues. Enterprise activity represents 52% of the service charges, or \$72 million in FY 2009 revenue. The bulk of this source is from rate fees for city services provided to the residents such as water, wastewater and sanitation services. The second largest revenue source is from City taxes, which accounts for 21% of total revenue. The estimated tax revenue for FY 2009 is \$101 million. This revenue category includes monies collected from city sales tax and property taxes. Sales tax yield is estimated at \$68 million, or 67% of total tax revenue. Bond proceeds for General Obligation, Water and Wastewater projects account for \$124 million, or 26% of the total revenue. A detailed description of each of these sources can be found in the following section.



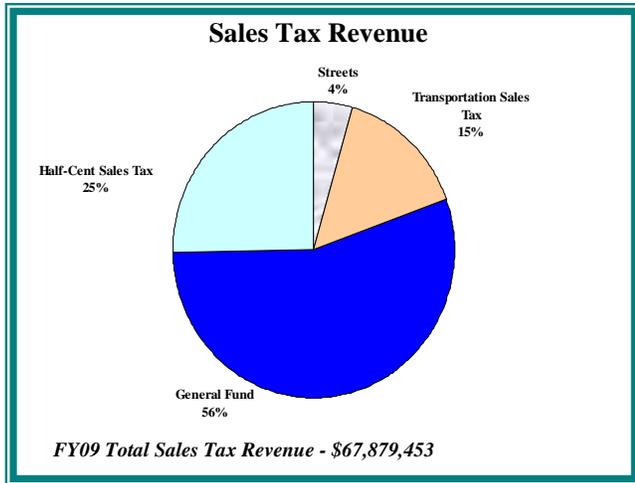
Total Revenues Summary By Fund

<u>Fund</u>	<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Estimate</u>	<u>FY09 Approved</u>
General	\$91,592,444	\$106,539,244	\$117,022,964	\$118,130,881	\$116,196,593
Half Cent Sales Tax	13,695,546	17,412,136	18,052,341	17,929,490	17,559,703
Transportation Sales Tax	0	3,925,390	9,895,031	10,422,530	10,380,262
Information Technology	6,686,096	6,733,917	8,239,478	9,088,915	9,213,930
Economic Development	17,119	26,647	34,168	20,000	8,000
IT Reserve	651,927	861,304	940,501	1,036,430	1,003,125
Facilities Maintenance	5,137,709	5,145,498	5,883,739	6,908,036	6,484,617
Fleet Services	3,431,050	4,403,116	4,779,730	5,363,154	5,963,886
Fleet Reserve	2,162,599	2,243,776	2,827,963	2,795,642	2,633,405
Debt Service	12,326,087	14,334,417	15,712,274	22,608,825	26,857,836
Bond	38,403	-406,136	139,800,440	103,493,099	114,475,126
Commercial Solid Waste	1,244,568	1,585,005	1,880,934	2,074,500	2,526,000
Residential Solid Waste	7,087,539	7,941,095	8,465,196	8,967,000	9,495,118
Solid Waste Equipment Reserve	981,994	1,082,635	1,199,296	1,248,609	1,088,054
Sports Complex	3,072,004	2,988,989	2,941,789	3,345,305	3,327,214
Highway User	9,853,332	11,610,336	13,586,823	13,105,000	12,926,355
Public Transit	818,152	762,815	813,331	749,666	754,501
Wastewater	37,953,232	13,078,771	15,899,540	16,249,527	17,023,399
Water	48,403,543	30,335,713	32,353,117	35,588,093	36,657,318
Storm Water Drainage System	85,585	260,342	437,920	627,800	746,010
Impact Fees	35,147,123	45,095,209	43,772,390	21,552,680	27,841,249
Improvement Districts	1,549,324	1,560,138	1,632,191	1,764,657	5,688,145
Insurance Reserve	3,390,215	3,784,936	4,041,040	3,256,903	2,949,327
Public Housing Project	931,416	901,246	726,011	929,000	908,300
Grants	2,074,280	2,774,819	2,867,070	4,131,264	8,138,185
Other	797,089	2,927,553	21,940,568	19,371,188	36,599,753
Total Revenues	\$289,128,376	\$287,908,911	\$475,745,844	\$430,758,194	\$477,445,411

City Sales Tax Revenue

Source

The Peoria City Sales Tax is a 1.8% tax on most taxable activities within the City, with a 3.3% tax on utilities, a 2.8% tax on restaurants and bars, a 2.8% tax on amusements, and a 5.6% tax on Hotels and Motels.



Use

Of the total City Sales Tax, the General Fund receives 1% for various general governmental purposes, 0.3% goes to the Transportation Sales Tax Fund, and the Half-Cent Sales Tax Fund receives 0.5% to be primarily designated by Council for debt service, economic development, and capital needs. Of the 3.3% tax on utilities, Council designated 1.5% to be deposited in the Streets Fund to offset electricity and maintenance of the street lighting system.

Projection

The City is projecting \$67,879,453 in sales tax revenue for FY 2009. This is an increase from the FY 2008 estimate of \$67,808,120.

Total City Sales Tax Summary

	FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Estimate</u>	FY09 <u>Approved</u>
General	\$30,448,865	\$37,655,249	\$38,533,496	\$37,506,100	\$37,612,233
Half Cent Sales Tax	13,228,101	16,754,444	17,093,788	17,029,490	16,981,203
Streets	1,288,328	2,384,062	2,710,291	3,000,000	3,040,755
Transportation Sales Tax	0	3,877,407	9,451,802	10,272,530	10,245,262
Total Sales Tax	\$44,965,294	\$60,671,162	\$67,789,377	\$67,808,120	\$67,879,453

Property Tax Revenue

Source

The City's Property Tax is collected based on the assessed valuation of residential and commercial property within the City of Peoria. In Fiscal Year 2007, the City reduced the secondary property tax rate by \$0.10 cents. In FY 2008, the City Council approved adjusting five cents (\$0.05) from the primary to the secondary tax rate, leaving the combined levy at \$1.4900 per \$100 of assessed valuation. In FY09 the City Council will once more lower tax rates, lowering the primary tax rate by \$0.05 per hundred dollars of assessed value.

Use

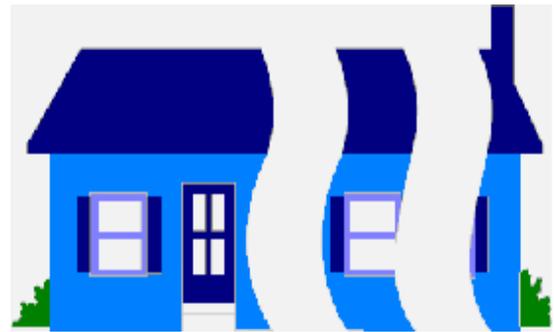
The City Property Tax has two components: the primary property tax can be used for any general government operation and maintenance, while the secondary property tax is used to repay the principal and interest on general obligation bonds. There is a limit on the primary property tax; the primary may only increase 2% above the city's "annual maximum allowable levy" for the prior year. However, the secondary levy is controlled only by the limits set for the amount of outstanding general obligation debt within the City.

Projection

According to figures provided by the Maricopa County Assessor's office, the City's primary assessed valuation is estimated to rise nearly 16% for the next fiscal year. The City's primary assessed valuation rose 20% in FY08. To offset this steep increase in valuation, the City Council has chosen to lower the primary tax rate by \$0.05 per hundred dollar of assessed value. The primary tax revenue for FY 2009 is estimated at \$2.8 million.

To help support the City's capital improvement program, the secondary tax rate has been set at \$1.2500 per \$100 of assessed valuation. The result is a budgeted secondary levy of \$24.9 million.

Average Property Taxes



School Districts
64%

Special Districts &
Maricopa County
23.5%

City of
Peoria
12.5%

Property Tax Rate and Levy

	FY 05 Actual	FY 06 Actual	FY 07 Actual	FY 08 Estimate	FY 09 Projected
Primary Tax Rate	\$0.29	\$0.29	\$0.29	\$0.24	\$0.19
Secondary Tax Rate	\$1.30	\$1.30	\$1.30	\$1.25	\$1.25
Total	\$1.59	\$1.59	\$1.59	\$1.49	\$1.44
Primary Tax Levy	\$2,295,435	\$2,640,883	\$2,928,576	\$3,002,150	\$2,849,397
Secondary Tax Levy	\$10,759,238	\$12,538,103	\$13,387,442	\$20,527,343	\$24,932,399
Total	\$13,054,673	\$15,178,986	\$16,316,018	\$23,529,493	\$27,781,796

State Shared Revenues

Source

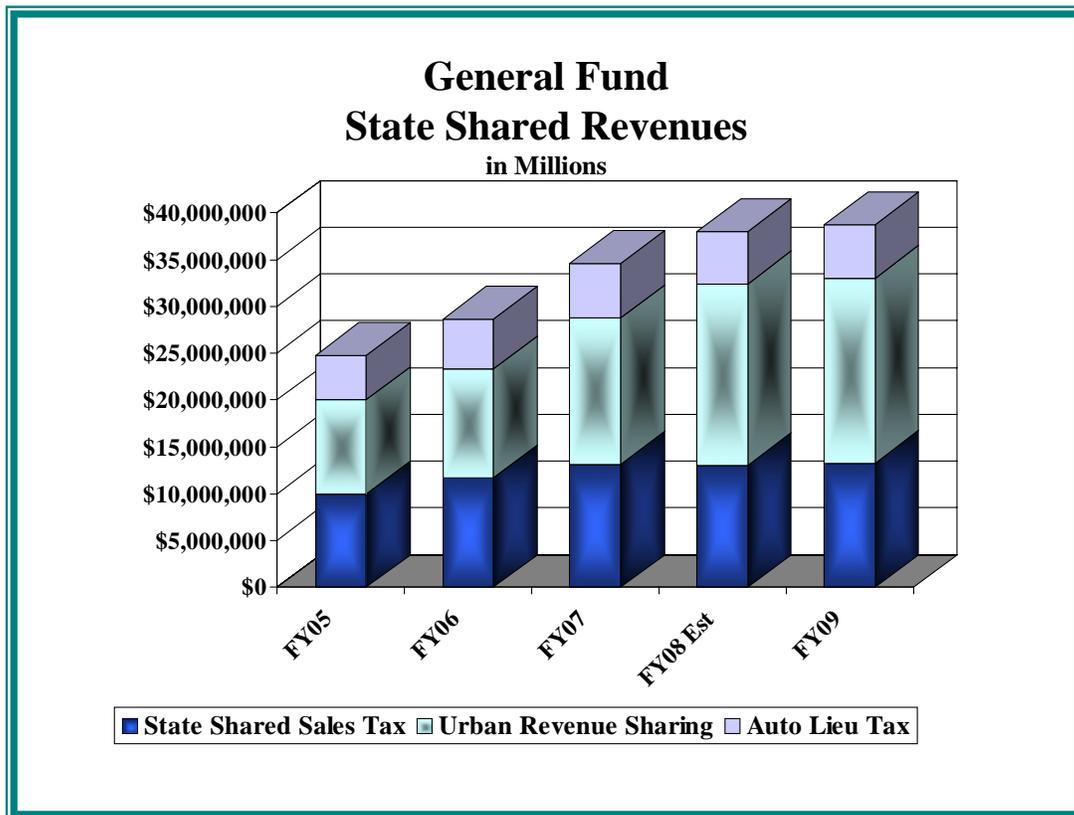
Cities in Arizona receive a portion of revenues collected by the State of Arizona. The allocations for these revenues are primarily based on U.S. Census population figures. The results of the 2005 mid-decade census can be seen in the city's increase in State Shared revenues which include the State Sales Tax, State Income Tax (revenue sharing), and the Auto In-Lieu Tax.

Use

The three State Shared revenues listed below represent a significant portion of the General Fund budget. Revenues from these sources can be used for any general government activity.

Projection

In Fiscal Year 2009, the budgeted State Shared revenues are \$38,729,628, representing a 2% increase from the \$38 million estimate for Fiscal Year 2008. The estimates are largely reflective of the economy statewide.



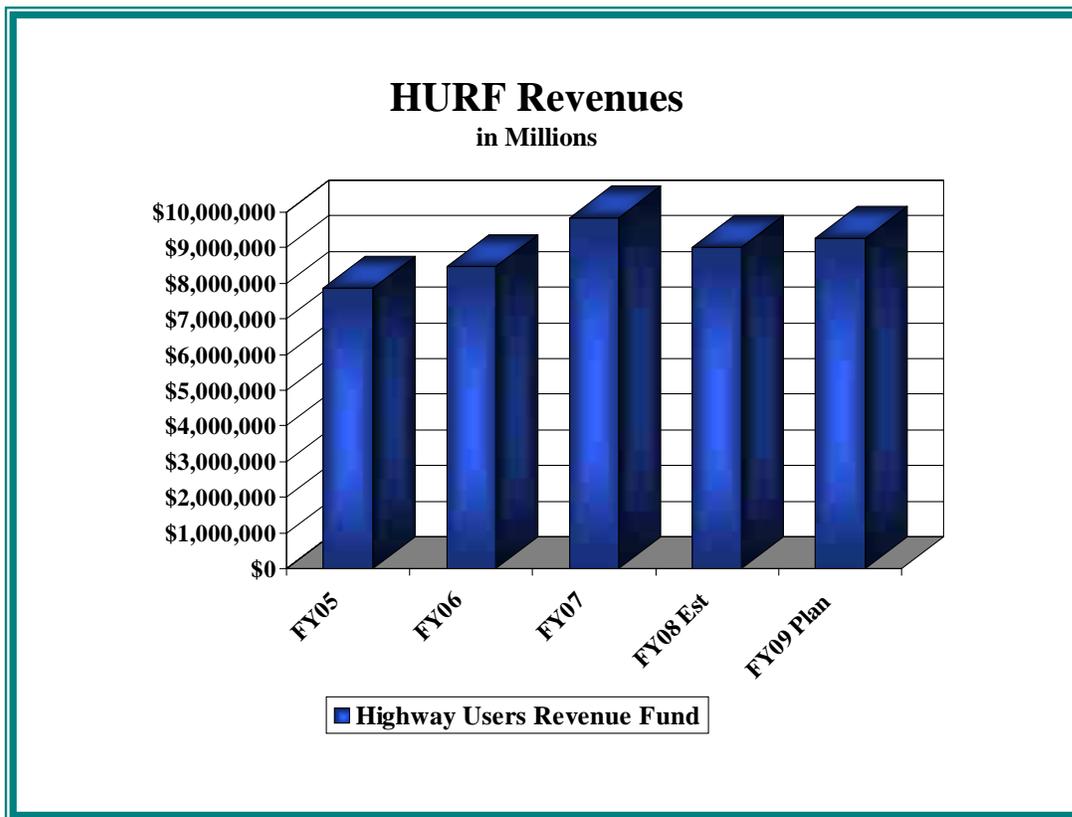
Highway User (HURF) Revenue

Source

The HURF revenues are primarily generated from the State-collected gasoline tax. Currently, the gas tax is levied at a rate of 18 cents per gallon and distributed to cities and towns under two formulas. The first formula deposits .13 of the .18 cents in a fund in which 30% is allocated to cities and towns. One-half of the monies received under this formula are distributed on the basis of the population and the remaining half of the monies are distributed on the basis of “county of origin” of gasoline sales. This portion is then allocated in relation to the population of all incorporated cities and towns in the county.

Use

The HURF revenues are restricted solely for street and highway purposes. Eligible activities for HURF revenues include right-of-way acquisition, street construction, maintenance and improvements, and for debt service on highway and street bonds. The HURF funds are collected and placed in the City’s Streets Fund.



Projection

The Fiscal Year 2009 projection for HURF revenues is \$9,270,000, which is a 5% decrease from the FY 2008 estimate of \$9.8 million. This decrease can be attributed to steep increases in the cost of fuel impacting the discretionary component of the demand for fuel. In FY 2007, the City received a one-time bump in the statewide allocation of HURF revenues, based on the Year 2005 mid-decade census.

License and Permit Revenue

Source

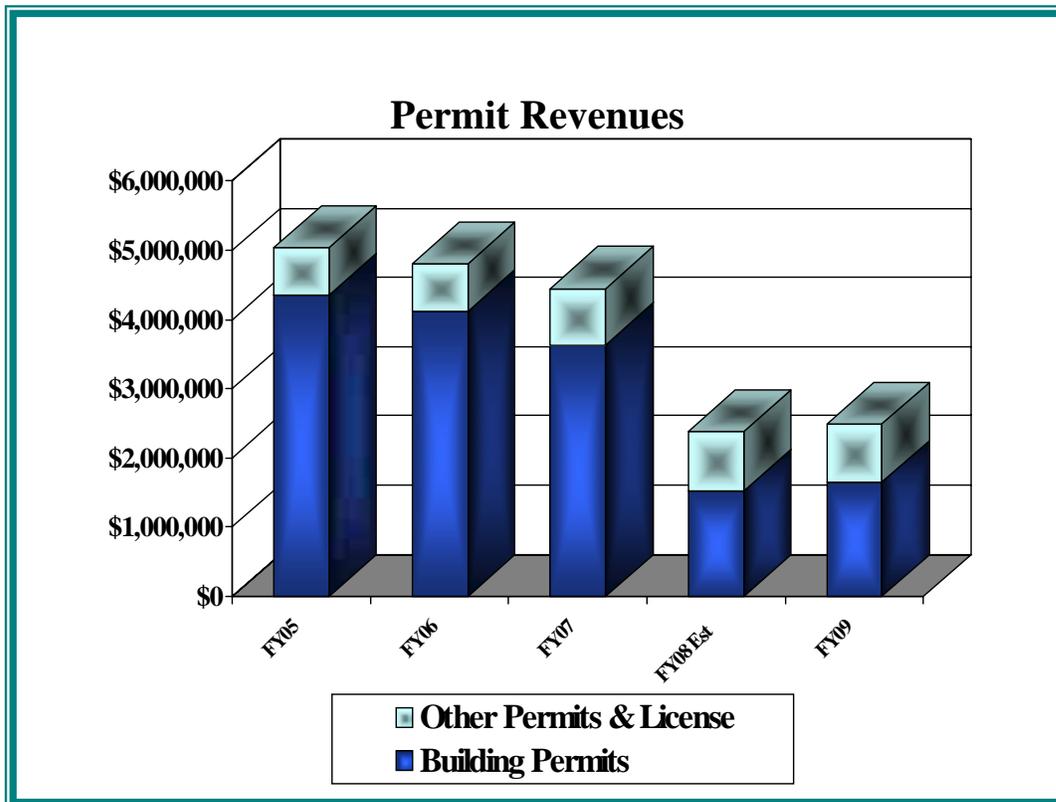
License and Permit revenue includes collections received by the city for the cost of providing services to specific users. Revenues include collections for building permits, engineering services and inspections.

Use

The majority of license and permit revenue is collected by the Community Development and Public Works Departments, and is placed in the City's General Fund.

Projection

Licenses and Permits are projected to generate \$2,490,071 in FY 2009. Building permits continue to represent a large portion of these fees and are anticipated to bring in \$1,650,000, or roughly 66% of this total. A 52% decrease in Building Permits is anticipated in FY09 leading to a 41% overall decrease in License and Permit Fees.



Water Utility Revenue

Source

The revenues to support the City's water utility are mainly generated from user fees for water service. This fund also includes charges for new service installation, new meter charges, disconnect/reconnect services, and meter inspections. However, the largest component of the water utility revenue is the water utility fee. Updates are performed to the City's water rate model to ensure that the user fees are set at the appropriate level to cover the costs of providing water services to the residents of Peoria.

Use

All revenue collected from water utilities remains in the City's Water Operating Fund. The fund is used to support the Utilities Department's water operations, and to support the debt service payments for the City's water capital improvement program.

Projection

A three percent rate increase is planned for the water operations effective in January, 2009. This along with the sustained residential and expected growth in commercial development continuing through the next year, water fees are projected to increase to \$32.5 million in Fiscal Year 2009, up slightly over FY 2008 budget estimates of \$30.8 million.

Water Operating Revenue

	FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Estimate</u>	FY09 <u>Plan</u>
Water Fees	\$22,810,778	\$26,325,607	\$26,894,234	\$29,000,000	\$30,800,000
Reclaimed Water Fees	39,803	113,559	330,280	450,000	450,000
Utility Late Fee Charges	232,314	246,871	117,100	140,000	144,000
New Service Fee-Water	375,851	332,249	276,042	285,000	299,000
Water Meter Charges	875,797	745,026	601,399	230,000	250,000
Disconnect/Reconnect Fees	195,054	189,272	463,850	470,000	430,000
Damaged Property Fees	51,539	169,554	165,668	110,000	116,000
Water Meter Tests	45	0	0	200	100
Utilities Delinquent Letter Fee	27,749	20,860	46,247	50,000	53,000
Utilities Tampering Fees	475	1,450	21,900	30,000	36,000
Field Trip Svc Fee-Utilities	3,774	2,089	928	2,000	2,600
Fees for General Services	11,128	7,282	7,497	8,000	0
Lien Filing Fees	900	1,116	972	4,000	4,000
Total Water Operating Revenues	<u>\$24,625,207</u>	<u>\$28,154,935</u>	<u>\$28,926,117</u>	<u>\$30,779,200</u>	<u>\$32,584,700</u>

Wastewater Utility Revenue



Source

The Wastewater utility revenue is mainly generated from user fees for wastewater collection and treatment service.

Revenues also include charges for industrial pre-treatment of collected wastewater. The wastewater user charge for customers is calculated based on water usage during the winter months, and remains effective for one year.

The City's infrastructure constantly expands to keep up with development. Excavation for wastewater lines precedes the subdivisions of Peoria.

Use

All revenues collected from wastewater utilities remain in the City's Wastewater Operating Fund. The fund is used to support the wastewater operations within the Utilities Department.

Projection

A three percent rate increase is included for the wastewater operations effective in January, 2009. This along with the continuing commercial growth through the next year, results in projected revenues of \$16.3 million, up \$1 million from the FY 2008 estimated revenues of \$15.3 million.

Wastewater Operating Revenue

	FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Estimate</u>	FY09 <u>Plan</u>
Wastewater Fees	\$11,142,007	\$11,750,005	\$14,276,791	\$14,700,000	\$15,500,000
EPA Mandate Fee	431,968	455,466	488,935	565,000	700,000
Utility Late Fee Charges	0	17,162	75,225	75,000	79,000
Total Wastewater Operating Revenues	<u>\$11,573,975</u>	<u>\$12,222,633</u>	<u>\$14,840,951</u>	<u>\$15,340,000</u>	<u>\$16,279,000</u>

Solid Waste Fund Revenue

Source

Through commercial charges, and with assessments on City residents' utility bills, the City collects revenue for solid waste services. All commercial revenues are placed in a separate Commercial Solid Waste Fund, while residential-related revenues are put into the Residential Solid Waste Fund.

Use

The revenues collected from the Residential Solid Waste and Commercial Solid Waste activities remain in their own respective funds supporting these activities' operations and capital investments.

Projection

Total Fiscal Year 2009 revenues for Solid Waste are estimated at \$11 million. This forecast includes a 3.43% rate increase in Residential Solid Waste, mainly to pay for higher fuel and landfill costs. The majority of revenue, 79%, is generated from residential user fees, with \$9 million expected in FY 2009. Commercial user fees are estimated to contribute 21%, or \$ 2.5 million, in projected revenues for FY 2009. The Commercial Solid Waste rate will be increase by 3% in January FY 2009.

Solid Waste Operating Revenue

	FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Estimate</u>	FY09 <u>Plan</u>
Commercial Solid Waste Fund	\$1,244,568	\$1,585,005	\$1,880,934	\$2,074,500	\$2,526,000
Residential Solid Waste Fund	<u>7,087,539</u>	<u>7,941,095</u>	<u>8,465,196</u>	<u>8,967,000</u>	<u>9,495,118</u>
Total Solid Waste Funds	<u>\$8,332,107</u>	<u>\$9,526,100</u>	<u>\$1,0346,129</u>	<u>\$11,041,500</u>	<u>\$12,021,118</u>

