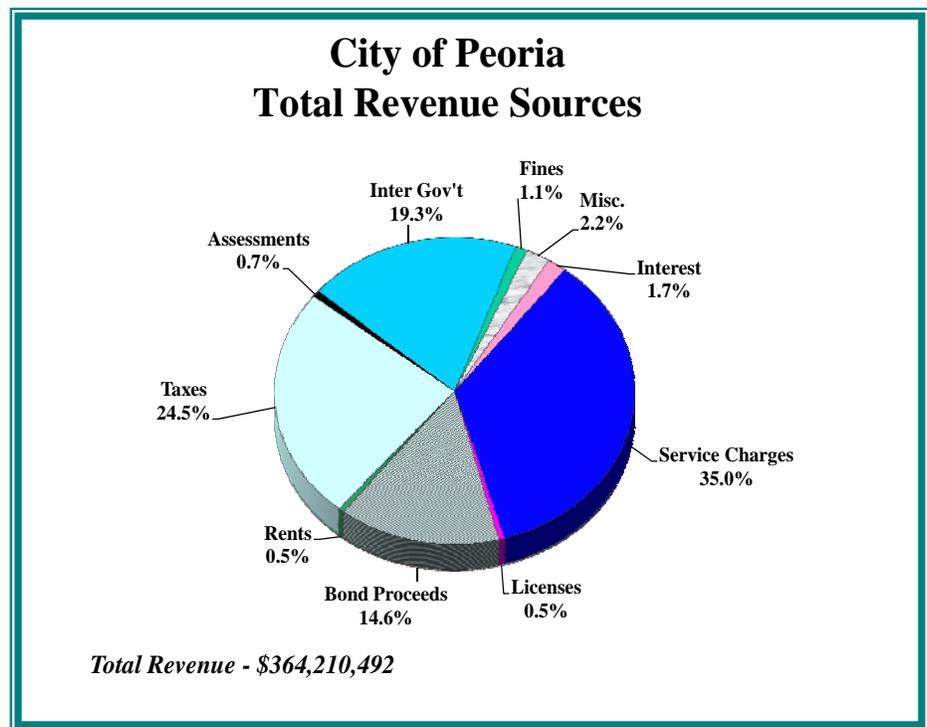


Revenue Summary

Total revenues for Fiscal Year 2010 are estimated at \$364,210,492, a decrease of 23.7% from the prior year budgeted amount of \$477 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 economy now points to a larger drop in residential development and construction activity. Overall, commercial and office development activity will remain stagnant for the upcoming year. Projects utilizing anticipated bonds totaled \$54 million, dramatically lower than proceeds collected in the prior year.

The revenue forecasts are based on historical data, assumptions on population changes, economic projections, and expected receipts from taxes and other sources. A Revenue Committee, consisting of members from various departments whose activities generate revenues, 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.

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 \$127 million, or 35% of total revenues. Of the \$127 million in service charges, enterprise activity represents 54% of that category, or \$68 million in FY 2010 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 24% of total revenue. The estimated tax revenue for FY 2010 is \$89 million. This revenue category includes monies collected from city sales tax and property taxes. Sales tax yield is estimated at \$57 million, or 16% of total tax revenue. Bond proceeds for General Obligation, Water and Wastewater projects account for \$54 million, or 15% 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>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Estimate</u>	<u>FY10 Approved</u>
Commercial Solid Waste	\$ 1,585,005	\$ 1,880,934	\$ 2,094,699	\$ 2,259,013	\$ 2,473,000
Bond/Debt Service	13,335,345	154,929,338	72,020,541	104,798,896	78,492,443
Economic Dvlpment Rsv	26,647	34,168	26,707	-	-
Facilities	5,145,498	5,883,739	6,916,147	6,566,242	6,053,920
Fleet Maintenance	4,403,116	4,779,730	5,270,621	6,095,986	6,000,000
Fleet Reserve	2,243,776	2,827,963	2,696,863	2,762,136	2,442,771
General	106,539,244	117,022,964	125,740,811	108,411,926	102,108,786
Grant	3,961,231	3,224,998	3,555,534	3,456,968	14,610,119
Half-Cent Sales Tax	17,412,136	18,052,341	19,609,016	15,152,480	14,304,745
Housing	901,246	726,011	1,043,914	908,400	907,500
Impact Fees	38,324,525	43,594,107	28,198,535	10,957,241	12,757,139
Improvement District	1,845,008	1,546,789	1,468,451	1,847,823	1,966,684
Information Technology	6,733,917	8,239,478	9,108,038	9,237,930	8,493,548
Information Tech Rsv	861,304	940,501	1,077,737	1,029,094	594,100
Insurance Reserve	3,784,936	4,041,040	3,369,573	3,056,928	2,452,179
Other	10,555,166	23,218,503	8,305,753	12,542,727	21,905,720
Residential Solid Waste	7,941,095	8,465,196	9,143,009	9,417,282	9,624,836
Sanitation Equipt Rsv	1,082,635	1,199,296	1,069,250	1,113,054	709,304
Sports Complex	2,988,989	2,941,789	3,439,250	2,927,874	3,003,903
Streets	11,610,336	13,586,823	13,675,422	12,236,410	12,230,739
Transit	762,815	813,331	797,643	1,013,768	932,470
Transportation Sales Tax	3,925,390	9,895,031	11,854,642	9,330,821	8,773,001
Wastewater	13,078,771	15,899,540	23,225,285	16,675,975	18,968,575
Water	30,335,713	32,353,117	43,464,929	33,229,074	34,405,010
Total Revenues	\$289,383,844	\$ 476,096,726	\$397,172,373	\$375,028,047	\$364,210,492

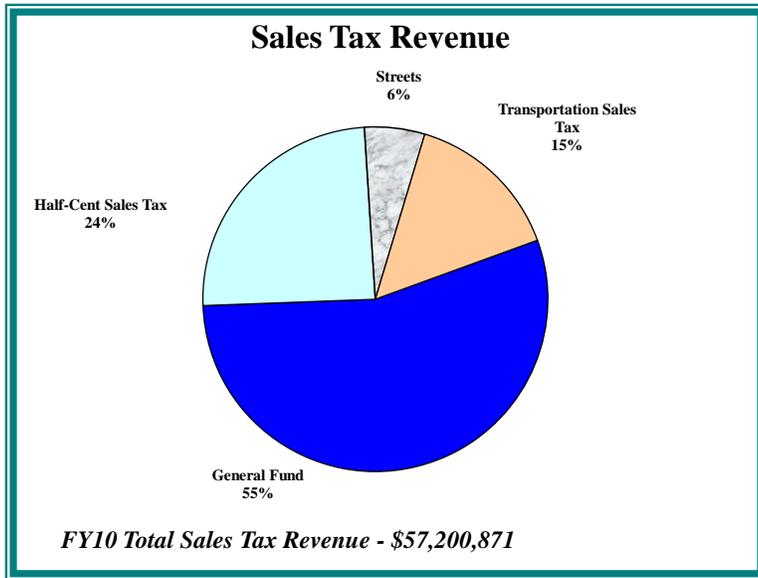
City Sales Tax Revenue

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 \$57,200,871 in sales tax revenue for FY 2010. This is a 4% decrease from the FY 2009 estimate of \$59,612,151. The decrease is largely a result of slumping retail sales and limited development activity.

Total City Sales Tax Summary

	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Estimate</u>	FY10 <u>Approved</u>
General	\$37,963,080	\$38,916,466	\$41,350,873	\$32,778,850	\$31,440,961
Half Cent Sales Tax	16,908,358	17,285,292	18,717,495	14,777,480	14,054,745
Streets	2,384,062	2,710,291	3,214,952	3,150,000	3,232,164
Transportation Sales Tax	3,901,384	9,549,087	11,183,701	8,905,821	8,473,001
Total Sales Tax	<u>\$61,156,884</u>	<u>\$68,461,136</u>	<u>\$74,767,021</u>	<u>\$59,612,151</u>	<u>\$57,200,871</u>

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 FY 2009, the City Council once more lowered tax rates, reducing the primary tax rate by \$0.05 per hundred dollars of assessed value.

Use

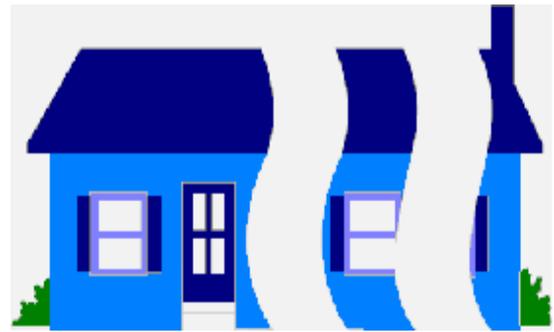
The City Property Tax has two components: the primary property tax can be used for any general government operation and maintenance, while the secondary property tax is used to repay the principal and interest on general obligation bonds. There is a limit on the primary property tax; the primary may 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 more than 12% for the next fiscal year. Given the lag in assessor rolls and with statutory formulas, the primary valuation will likely drop in future years. The primary tax revenue for FY 2010 is estimated at \$3.2 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, with secondary valuations dropping nearly 5%. The result is a budgeted secondary levy of \$23.7 million.

Average Property Taxes



School Districts
64%

Special Districts &
Maricopa County
23.5%

City of
Peoria
12.5%

Property Tax Rate and Levy

	FY 06 Actual	FY 07 Actual	FY 08 Actual	FY 09 Estimate	FY 10 Projected
Primary Tax Rate	\$0.29	\$0.28	\$0.24	\$0.19	\$0.19
Secondary Tax Rate	\$1.30	\$1.20	\$1.25	\$1.25	\$1.25
Total	\$1.59	\$1.48	\$1.49	\$1.44	\$1.44
Primary Tax Levy	\$2,640,883	\$2,928,576	\$3,002,150	\$2,849,397	\$3,202,665
Secondary Tax Levy	\$12,538,103	\$13,387,442	\$20,527,343	\$24,932,399	\$23,689,548
Total	\$15,178,986	\$16,316,018	\$23,529,493	\$27,781,796	\$26,892,213

State Shared Revenues

Source

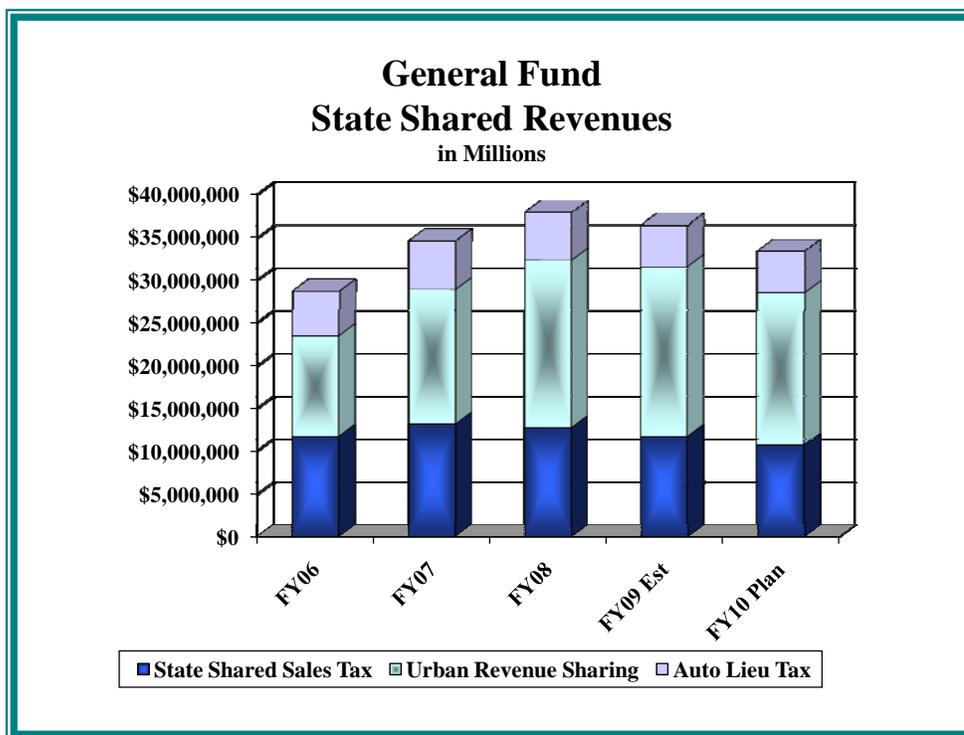
Cities in Arizona receive a portion of revenues collected by the State of Arizona. The allocations for these revenues are primarily based on U.S. Census population figures. The results of the 2005 mid-decade census can be seen in the city's increase in State Shared revenues which include the State Sales 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 2010, the budgeted State Shared revenues are \$33,296,663, representing a 7.5% decrease from the \$36 million estimate for Fiscal Year 2009. The declining estimates are largely reflective of the economy statewide.



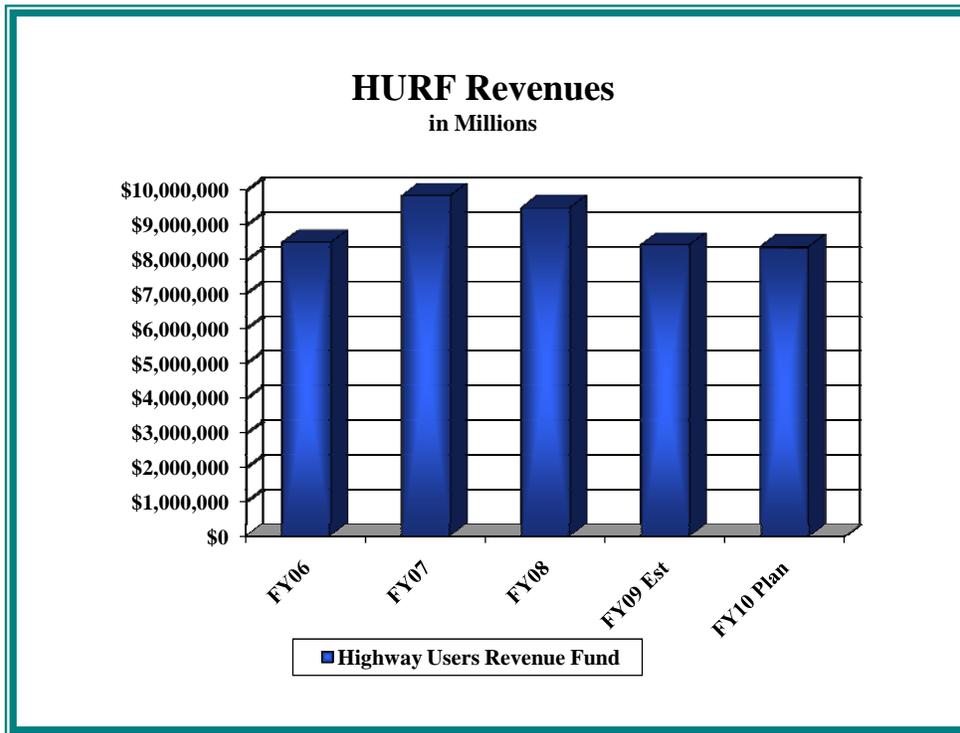
Highway User (HURF) Revenue

Source

The HURF revenues are primarily generated from the State-collected gasoline tax. Currently, the gas tax is levied at a rate of \$0.18 per gallon and distributed to cities and towns under two formulas. The first formula deposits \$0.13 of the \$0.18 in a fund from 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 2010 projection for HURF revenues is \$8,348,575, which is relatively unchanged from the prior year’s estimate of \$8.4 million. Future HURF revenues will be largely dependent upon expected fuel prices as well as consumer demand.

License and Permit Revenue

Source

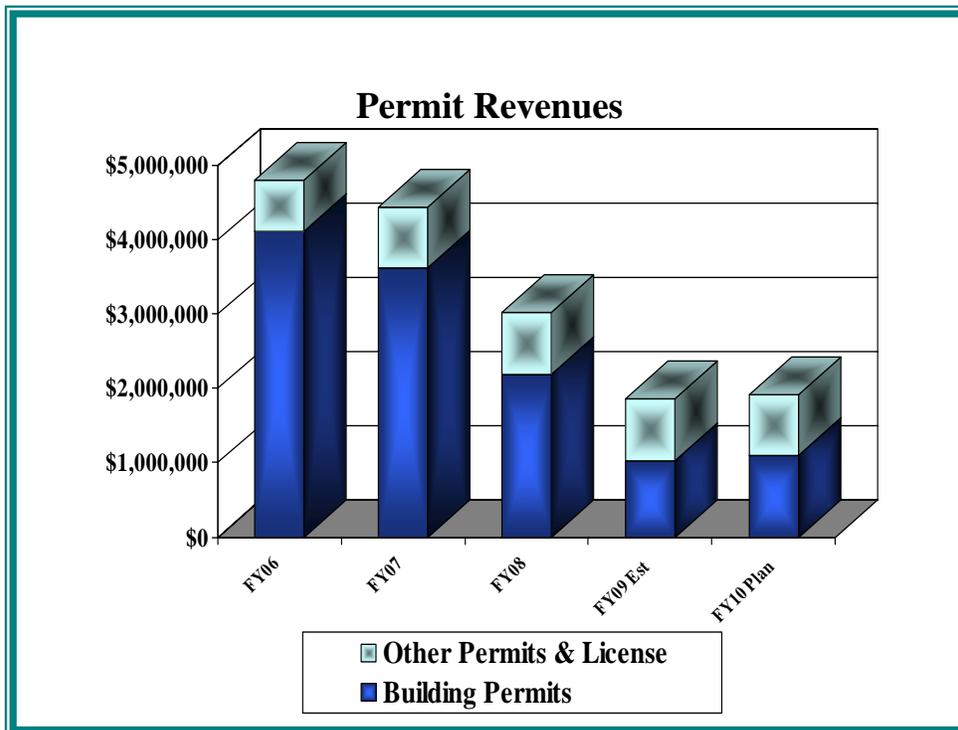
License and Permit revenue includes collections received by the city for the cost of providing services to specific users. Revenues include collections for building permits, engineering services and inspections.

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 \$1,916,751 in FY 2010. Building permits represent a slightly larger portion of these fees and are anticipated to bring in \$1,100,000, or roughly 57% of this total. However, a 52% decrease in permit revenue reflects the marked slowdown from the highs in recent years.



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

No rate increase is planned for the water operations in FY 2010. With the sustained residential and expected growth in commercial development continuing through the next year, water revenues are projected to increase to \$34.0 million in Fiscal Year 2010, up slightly over FY 2009 budget estimates of \$32.7 million.

Water Operating Revenue

	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Estimate</u>	FY10 <u>Plan</u>
Reclaimed Water Fees	\$13,559	\$30,280	\$544,675	\$600,000	\$810,000
Water Fees	26,325,607	26,894,234	28,828,834	29,600,000	30,455,000
Utility Late Fee Charges	246,871	117,100	117,923	125,000	128,000
New Service Fee-Water	332,249	276,042	286,187	310,000	315,000
Water Meter Charges	745,026	601,399	334,603	150,000	130,000
Disconnect/Reconnect Fees	189,272	463,850	420,938	375,000	385,000
Damaged Property Fees	169,554	165,668	67,593	15,000	15,000
Utility Delinquent Letter Fee	20,860	46,247	48,366	50,000	52,000
Utilities Tampering Fees	1,450	21,900	31,815	24,000	24,000
Field Trip Svc Fee-Utilities	2,089	928	2,198	2,200	2,200
Quintero WTP Fees	-	442,423	797,631	690,000	695,000
Fees for General Services	7,282	7,497	8,646	-	-
Lien Filing Fees	1,116	972	3,132	500	500
Other Revenue	1,539,338	2,372,133	2,839,005	808,982	1,008,100
Total Water Operating Revenues	<u>\$29,694,273</u>	<u>\$31,740,673</u>	<u>\$34,331,545</u>	<u>\$32,750,682</u>	<u>\$34,019,800</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

No rate increase is planned for the wastewater operations in FY 2010. With the continuing commercial growth through the next year, projected revenues are \$18.6 million, up \$2.3 million from the FY 2009 estimated revenues of \$16.3 million.

Wastewater Operating Revenue

	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Estimate</u>	FY10 <u>Plan</u>
Wastewater Fees	\$11,750,005	\$14,276,791	\$14,778,086	\$15,200,000	\$15,800,000
EPA Mandate Fee	455,466	488,935	572,659	725,000	810,000
Svc Charge to Water	0	0	0	0	1,715,009
Interest Income	541,939	729,573	-70,750	195,000	85,000
Utility Late Fee Charges	17,162	75,225	72,395	200,000	185,000
Total Wastewater Operating Revenues	<u>\$12,764,572</u>	<u>\$15,570,524</u>	<u>\$15,352,390</u>	<u>\$16,320,000</u>	<u>\$18,595,009</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 2010 revenues for Solid Waste are estimated at \$12.1 million, with no rate increase planned in this fiscal year. The majority of revenue, 79.5%, is generated from residential user fees, with \$9.6 million expected in FY 2010. Commercial user fees are estimated to contribute 20.5%, or \$ 2.5 million, in projected revenues for FY 2010.

Solid Waste Operating Revenue

	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Estimate</u>	FY10 <u>Plan</u>
Commercial Solid Waste Fund	\$1,585,005	\$1,880,934	\$2,094,699	\$2,259,013	\$2,473,000
Residential Solid Waste Fund	<u>7,941,095</u>	<u>8,465,196</u>	<u>9,143,009</u>	<u>9,417,282</u>	<u>9,624,836</u>
Total Solid Waste Funds	<u>\$9,526,100</u>	<u>\$10,346,130</u>	<u>\$11,237,708</u>	<u>\$11,676,295</u>	<u>\$12,097,836</u>

