



RESOLUTION NO. 2011 - 68

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, ADOPTING THE FISCAL YEAR 2012 BUDGET.

WHEREAS, in accordance with the provisions of Title 42, Chapter 17, Articles 1-5, A.R.S. the City Council did, on May 17, 2011 make an estimate of the different amounts required to meet the public expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Peoria, and

WHEREAS, in accordance with said chapter of said Code, and following due public notice, given in the manner and within the time provided by law, the Council met on June 21, 2011, at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures or tax levies; and

WHEREAS, it appears that publication has been duly made as required by law, of said estimates together with a notice that the City Council would meet on June 21, 2011 in the City Council Chamber for the purpose of considering tax levies as set forth in said estimates; and giving notice that the City Council would adopt its tax levy ordinance on July 5, 2011; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Peoria, as follows:

That said estimates of revenue and expenditures shown on the accompanying Schedule 1, with accompanying schedules, are hereby adopted as the budget of the City of Peoria for its Fiscal Year 2012.



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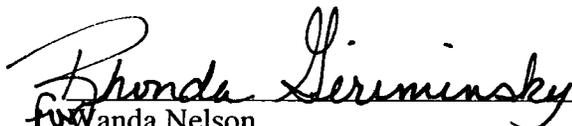
PASSED AND ADOPTED by the Mayor and City Council of the City of
Peoria, Arizona this 21st day of June 2011.


Bob Barrett, Mayor

APPROVED AS TO FORM:


Stephen M. Kemp
City Attorney

ATTEST:


Wanda Nelson
City Clerk





Glossary

ACCRUAL: A liability resulting from an expense for which no invoice or other official document is available yet. (Also called an Accrued Expense).

ADOPTED BUDGET: Formal action by the City Council that sets the spending limits for the fiscal year.

APPROPRIATION: An authorization made by City Council which permits the City to incur obligations and to make expenditures of resources.

APPROVED BUDGET: The current budget given for any division that has transfers into or out of the division from the original budget adopted by City Council on July 1st.

ARBITRAGE: For tax-exempt bond purposes, is the ability to obtain tax-exempt proceeds and invest those funds in higher yielding taxable securities, resulting in a profit to the issuer. It is the difference, or gain, earned from investing low yielding, tax exempt bond proceeds in higher yielding taxable securities. The City is subject to regulations regarding arbitrage.

ASSESSED VALUATION: A value that is established for real and personal property for use as a basis for levying property taxes. Property values are established by the County Assessor.

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.

BOND: A long-term debt or promise to pay. It is a promise to repay a specified sum of money, called the face value or principal amount, at a specified date in the future, called the maturity date, along with periodic interest at a specific rate. Bonds are primarily used to finance capital projects.

BUDGET AMENDMENT: A change of budget appropriation between expenditure accounts that is different from the original adopted budget. A budget amendment does not change the legal spending limit adopted by City Council.

BUDGET MESSAGE: The opening section of the budget which provides the City Council and the public with a general summary of the important aspects of the budget and budget policies, changes from the current and previous fiscal years, and recommendations regarding the financial policy for the coming fiscal year.

BUDGETARY CONTROL: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

CAFR – Comprehensive Annual Financial Report: The official annual financial report of the City. The CAFR represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors.



CAPITAL IMPROVEMENT PROGRAM

BUDGET: The appropriation of bonds or operating revenue for improvements to city facilities, including buildings, streets, water and sewer lines, and parks.

CAPITAL OUTLAY: Expenditures which result in the acquisition of or addition to fixed assets.

CAPITAL PROJECT: Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land for design, engineering and construction of building and infrastructure items such as streets, bridges, drainage, street lighting, water system, etc.

CAPITAL PROJECT CARRYOVER: An approved capital project that was not completed in the previous fiscal year and therefore was budgeted again in the current fiscal year in order to finish the project.

CARRYOVER: An approved budget expenditure from prior year revenues that was not purchased and is budgeted again in the current year.

COMMODITIES: Expendable items used by operating or construction activities. Examples include office supplies, repair and replacement parts for equipment, fuels and lubricants, etc.

COMMUNITY FACILITIES DISTRICT (CFD): A separate entity established by a local government agency which allows for financing of public improvements and services.

CONTINGENCY FUND: A budgetary reserve set aside for emergency or unanticipated expenditures and/or revenue shortfalls. The City Council must approve all contingency expenditures.

DEBT SERVICE: The payment of principal, interest and agent fees on borrowed funds such as bonds.

DEBT SERVICE FUND REQUIREMENTS: The amounts of revenue which must be provided for a Debt Service Fund so that all principal and interest payments can be made in full on schedule.

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.

DIVISION: A functional unit of a department.

ENCUMBRANCE: The formal accounting recognition of committed funds to be set aside for a future expenditure. For budgetary purposes encumbrances are considered expenditures.

ESTIMATED REVENUE: The amount of projected revenue to be collected during the fiscal year.

EXPENDITURE: This term refers to the outflow of funds paid for an asset obtained or goods and services obtained.

EXPENDITURE LIMITATION: The Arizona State Legislature imposed constitutional amendment which limits the annual expenditures of all municipalities. The limit is set by the Economic Estimates Commission based on population growth and inflation. All municipalities have the option of Home Rule where the voters approve a four-year expenditure limit based on revenues received.



FIXED ASSETS: Assets of a long-term character which are intended to continue to be in use or kept for more than five years and of monetary value greater than \$1000, such as land, buildings, machinery, furniture and other equipment.

FULL-TIME EQUIVALENT (FTE): A part-time position converted to the decimal equivalent of a full-time position based on the percentage of 2,080 hours per year.

FUND: A set of inter-related accounts to record revenues and expenditures associated with a specific purpose. The City of Peoria, in general, has six types of funds:

General Fund: A general purpose fund supported by taxes, fees, and other non-enterprise revenues.

Enterprise Funds: Designed to be self-sustaining through fees collected, e.g. Water, Solid Waste, etc.

Special Revenue Funds: Supported through grants, or in the case of the Streets Fund which is supported through Highway User Revenues.

Internal Service Funds: Used for tracking charges for services paid by City departments to the service providing department such as Fleet Services.

Bond Funds: Primarily used for Capital Projects.

Debt Service Fund: Primarily used to track principal and interest payments, most commonly for bonds.

FUND BALANCE: The difference between fund assets and fund liabilities remaining at year-end. For budgetary purposes, this represents the sum of unanticipated or over realized revenues and unspent appropriations or reserves at the end of the year.

GENERAL OBLIGATION BONDS: Bonds that finance a variety of public projects such as streets, buildings, and improvements. The repayment of these bonds is usually made from secondary property tax revenues.

GENERAL PLAN: A plan approved by City Council that provides the fundamental policy direction and guidance on development decisions in the City. The General Plan is the "constitution" for growth and development in the community.

GOVERNMENT FUNDS: Refers to the use of Fund Accounting in which funds are set up for a specific sources of revenues. Its main purpose is stewardship of financial resources received and expended in compliance with legal or other requirements.

GRANT: A contribution by the state or federal government or other agency to support a particular function such as special community programs and community development.

IMPACT FEES: The fees charged to offset the cost of city improvements that are required due to growth-related development.

IMPROVEMENT DISTRICTS: A legal district formed when certain property owners will benefit more than the general public from a project or an improvement to the area. A majority of the property owners within the proposed Improvement District must approve the formation of the district and the amount of indebtedness.

INTERNAL SERVICE FUNDS: A group of funds that account for services provided to other divisions and departments within the City government.



MARGIN OF SAFETY: The difference between the expected (or actual) sales level and the break-even sales level.

MUNICIPAL DEVELOPMENT AUTHORITY: A corporation which issues bonds for city approved projects to which the city pays the annual debt service under a lease-purchase or loan agreement.

OBJECTIVES: A statement of specific measurable outcomes which contribute toward accomplishing the departmental goal.

OPERATING BUDGET: A budget for the day to day costs (salaries, utilities, supplies, operating capital, etc.) of delivering City services.

OPERATIONAL IMPACTS: The expenses associated to a project that will continue on an ongoing basis after the project is complete.

PAY AS YOU GO CAPITAL: Funding of a capital project with existing cash reserves or with revenues that will be recognized the same year as the project is undertaken.

PERFORMANCE MANAGEMENT: A results-oriented system that allows local governments to: set appropriate targets and assess whether they are being met; distinguish success from failure; highlight accomplishments; and demonstrate results to win support.

PROGRAM: A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible. Many times this is also referred to as a division.

PROPERTY TAX: The total property tax levied by a municipality on the assessed value of all property

within the City limits. In Arizona the tax system is divided into two separate types:

Primary Property Tax: The tax levied by an Arizona municipality for the purpose of funding the everyday operations and maintenance.

Secondary Property Tax: The tax levied by an Arizona municipality for the purpose of funding the repayment of its General Obligation Bond indebtedness.

PROPERTY TAX LEVY: The total amount that can be raised by general property taxes for the purposes specified in the Tax Levy Ordinance.

PROPERTY TAX RATE: The amount of tax stated in terms of a unit of the tax base expressed as dollars per \$100 of assessed valuation

REVENUE: The income of a government from all sources appropriated for the payment of the public expenses.

REVISED SERVICE LEVEL: Reflects budgetary requirements needed to increase or decrease service levels, implement or eliminate new programs or activities.

SINKING FUND: A means of repaying funds that were borrowed through a bond issue. The issuer makes periodic payments to a trustee who retires part of the issue by purchasing the bonds in the open market.

STANDARDS: The measures which serve as benchmarks to assess how well programs are operating.

STATE-SHARED REVENUES: The portion of revenues collected by the State of Arizona that are



allocated to cities and towns based primarily on U.S. Census population figures.

TRANSFER: An interfund transaction, whereby one fund makes a contribution or donation to another fund for various purposes.

USER CHARGES: The fee charged for the direct receipt of a public service to the party or parties who benefit from the service.

WORKING CAPITAL: A financial metric which represents the amount of day-by-day operating liquidity available. Also known as operating capital, it is calculated as current assets minus current liabilities.



Acronyms

ACLPL: Arizona Certified Landscape Professionals	HOA: Homeowners Association
ACMA: Arizona City Manager's Association	IAEI: International Association of Electrical Inspectors
ADEQ: Arizona Department of Environmental Quality	IAPMO: International Association of Plumbing & Mechanical Officials
ADWR: Arizona Department of Water Resources	ICMA: International City Manager's Association
AMMA: Arizona Municipal Management Association	IFMA: International Facility Manager's Association
AMWUA: Arizona Municipal Water Users Association	IMSA: International Municipal Sign Association
APWA: American Public Works Association	ISO: Insurance Service Organization
ARRA: American Recovery and Reinvestment Act of 2009	IT: Information Technology
ASPA: Arizona Society Public Administration	ITE: Institute of Transportation Engineers
AWPCA: Arizona Water & Pollution Control Association	LEED: Leading Through Education & Environmental Design
AWWA: American Water Works Association	MAG: Maricopa Association of Governments
CAFR: Comprehensive Annual Financial Report	MAG WQA: Maricopa Association of Governments Water Quality Advisory Group
CDBG: Community Development Block Grant	MDA: Municipal Development Authority
COJET: Council on Judicial Education & Training	MOC: Municipal Office Complex
CWA: Clean Water Act	MOU: Memorandum of Understanding
DEQ: Department of Environmental Quality	MSCA: Municipal Sports Complex Authority
EEO: Equal Employment Opportunity	NFPA: National Fire Protection Association
EMS: Emergency Medical Services	NPDES: National Pollution Discharge Elimination System
FEMA: Federal Emergency Management Administration	NSPE: National Society for Professional Engineers
FHWA: Federal Highway Administration	NUSA: Neighborhood U.S.A.
FICA: Federal Insurance Contribution Act	OSHA: Occupational Safety & Health Association
FSL: Foundation for Senior Living	RPTA: Regional Public Transit Authority
GAAP: Generally Accepted Accounting Principles	SWPRA: Southwest Public Recycling Association
GASB: Government Accounting Standards Board	TIS: Transportation Infrastructure and Services
GFOA: Government Finance Officer's Association	WRAG: Water Resources Advisory Group
GMA: Groundwater Management Act	WWTP: Wastewater Treatment Plant
GO: General Obligation	
HUD: Federal Department of Housing & Urban Development	
HURF: Highway User Revenue Fund	



Acknowledgements

The development of the FY 2012 budget once again proved to be a considerable undertaking. Responding to our fiscal challenges required teamwork and collaboration, solid communication and a continued commitment to act in the best interests of our residents, businesses, partners and employees. I would like to personally thank those individuals that helped to make this budget a reality.

The preparation of the budget has become a year-long process, involving numerous stakeholders, operational insight, and financial expertise. All along the way, the staff of the Management and Budget Department showed incredible commitment and support to the organization as a whole. Jeff Tyne, who served as the Management and Budget Director for the majority of the budget planning year, provided exceptional leadership in working with the executive team and department heads to tackle a third consecutive year of budget reductions. Barry Houg, budget coordinator, guided the budget process by managing assignments, maintaining numerous automated systems, and spearheading the financial analysis efforts. Alex Munro, senior budget analyst, served as the operating budget lead, offering departmental support and undertaking several important research initiatives. Peter Christensen, senior budget analyst, performed exceptionally well in managing the city's substantial Capital Improvement Program. Howell Lindsay, rate analyst, and the city's Public Works-Utilities Department worked collaboratively to develop a water and wastewater rate structure that met the financial and operational goals of the city in the most efficient and effective way. Mindy Russell, management assistant, has been the linchpin that keeps us all together, providing administrative support, performing key research, and developing an outstanding budget document.

I would like to personally thank City Manager Carl Swenson for his thoughtful leadership and continued guidance over the last year. Special recognition also goes to Deputy City Managers Susan Thorpe and Susan Daluddung for their continued stewardship during this budget process. Also, thanks to our Human Resources Director Wynette Reed, Chief Financial Officer Brent Mattingly, and Public Works-Utilities Director Bill Mattingly, and the rest of the Utilities staff for their contribution in resolving this year's budget deficit. Likewise, all the department directors, cost center managers, and department budget experts have played key roles in developing a balanced spending plan for the upcoming year. Vicki Rios, Kent Meredith, Dan Leahy, Jeanine Jones, Christen Wilcox, Dawn Jenkins, and the rest of the Finance Department staff have been key partners in the development of this budget.

Finally, I would like to express my gratitude to the Peoria City Council. With their continued support and thoughtful direction throughout this process, they have ensured that the fiscal realities of the day have not undermined the excellent quality of life enjoyed by our Peoria citizens.

A handwritten signature in cursive script that reads "Katie Gregory".

Katie Gregory
Management and Budget Director

