Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2011

City of Peoria, Arizona

City Council:
Bob Barrett, Mayor
Cathy Carlat, Vice Mayor
Ron Aames
Joan Evans
Carlo Leone
Dave Pearson
Tony Rivero

Administrative Staff:
Carl Swenson, City Manager
Susan Thorpe, Deputy City Manager
Susan Daluddung, Deputy City Manager

Prepared By: Finance Department
Brent D. Mattingly, Chief Financial Officer, Finance Director
Kent Meredith, Financial Services Manager
Dan Leahy, 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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For the Year Ended June 30, 2011

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City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

November 8, 2011

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, 2011. 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, and 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 libraries, as well as on the City's website, for use by the general public.

Managements Discussion and Analysis presented on pages 3-17 has a different focus and purpose than this 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 over 42 percent, from approximately 108,300 to approximately 154,065. This follows over 100 percent growth in the preceding 10 years. The estimated current population is approximately 155,148. 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. Based on current projections, population growth trends are expected to continue, although at a slower pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current 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 28 parks encompassing 322 acres. In addition, the Peoria Sports Complex operated by the City is the nation's first two-team baseball spring training facility - home to 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, including a recreation center and additional fields were completed in 2007. The City will begin construction of another large community park in fiscal year 2012. The City also opened a performing arts center with a 250 seat main auditorium, 80 seat black box theater, classroom and administrative space, in the downtown area of the City in 2007 as part of the downtown revitalization plan.

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.* 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 two blended component units, the City of Peoria Municipal Development Authority, Inc. and the Vistancia Community Facilities District as discussed further in Note 1.A of the notes to the financial statements.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

For The Year

In fiscal year 2011 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. The following are some of the service efforts and accomplishments of the City during the fiscal year:

Management & Budget

- Received, for a second consecutive year, the Certificate of Excellence from the International City/County Management Association (ICMA) for the Performance Management Program. This is the highest level of award.
- Received the 18th consecutive Distinguished Budget Award from the Government Finance Officers Association for the fiscal year 2011 budget documents.
- Continued a strategic approach in the budget preparation process where all departments were required to cost out and prioritize all service activities.

Communications

- Moved City Council study sessions into the Council Chambers saving the City an estimated $12,000 annually in video production costs.
- Assisted and guided departments in the creation of several new social media sites, including: Library, Sustain & Gain, and Recreation Facebook pages.
- Redesigned several departments' intranet web pages to enhance internal customer service.
- Hosted another successful seven-week Peoria Leadership Institute, a program to give citizens insight into the operations of the City.

Planning & Community Development

- The City received an award from the Arizona Planning Association in the category of "Best Master Plan" for the Old Town Peoria Revitalization Plan.
- Completed the Multi-Modal Master Plan, which provided a framework for future transit services within Peoria.
- Received a $1.2 million Neighborhood Stabilization Program 3 (NSP3) grant from the U.S. Department of Housing and Urban Development (HUD). Funding will be used by non-profit partners to help address the housing foreclosure issue in a targeted area of the City.
- Achieved approval from HUD to transfer the Peoria Housing Authority Section 8 Program to the Housing Authority of Maricopa County effective July 1, 2011. This was a complicated joint effort

involving the local HUD Field Office, HUD Headquarters in Washington D.C., the Housing Authority of Maricopa County and staff from numerous City departments.

- Developed a Local Historic Landmark marker program approved by the Historic Preservation Commission. Bronze marker plaques were installed on three local historic landmarks.
- Developed a comprehensive zoning text amendment addressing a state-wide voter approved initiative regarding the use of medical marijuana.

Economic Development Services

- Two Development Forums were held with approximately 150 people in total attendance. These events targeted our building customers – developers, architects, engineers, and construction companies – and were used to discuss City processes and solicit feedback from customers.
- City Council adopted the Economic Development Implementation Strategy, a document that outlines top economic development initiatives for the City as well as a targeted work plan for economic development activities.
- City Council adopted the Commercial Rehabilitation Program for commercial properties in Old Town Peoria. Phase I of the program should be completed in fiscal year 2012.
- City Council adopted the Economic Development Incentive and Investment Program, which was created to provide parameters for economic development projects looking for City investment.
- The City's first annual Investment Conference was held on January 20, 2011. This event, which drew about 80 people, was designed to present economic development opportunities in Peoria to the development community.
- Worked closely with a team that included St. Joseph's Medical Group and former Arizona Diamondback Luis Gonzales to facilitate *It's All in the Game*'s purchase of the vacant and foreclosed properties including batting cages at the Sports Complex and Rio Vista Community Park.

Community Services

- Participation in City special events continues to increase. The July 4th All American Festival saw a 16% increase in participants, the Halloween event saw a 63% increase, and the Oldtown Holiday Festival and Easter both saw double digit increases (23% and 15% respectively). Overall, over 10,000 more people were involved in City special events in fiscal year 2011 over the previous fiscal year.
- Hosted the state's Arbor Day Celebration at Parkridge Elementary.
- Important connections in the City's trail system were completed along the New River Trail: Bell Road to Union Hills, and the Peoria and Grand Avenue underpasses.
- Awarded Tree City USA for the third year.
- The digital library experienced an increase in use this year, nearly doubling in downloads from 12,981 to 25,449, a 96% change. OverDrive, digital distributor of ebooks, audiobooks and other digital content, announced in September that it has added Kindle compatibility to all public libraries in its network. Overdrive is accessible through the Peoria Public Library's website.
- Unique Management Systems is a materials recovery and collection service that caters to libraries. This year the Peoria Public Library was able to implement their services in March, 2011. As of June 30th, the library has recovered $12,490 in materials and $18,748 in fines and fees for a total of $31,239 recovered for a cost of $12,888.

City Attorney

- The Criminal Division moved into the remodeled and expanded court building, resulting in improved efficiency and enhanced customer service to the victims of crime.
- Establishment of a new attorney practice groups client service model in the Civil Division to enhance customer service to internal and external customers.

City Clerk

- Selected a new vendor for the off-site storage of records, creating a cost savings for the City. This vendor also recycles the shredded documents, thereby furthering the City's sustainability efforts.
- Coordinated fourteen public meetings regarding the City's redistricting process.
- Concluded staff development and training initiatives designed to provide cross-training and depth to the department.
- Implemented a weekly report outlining media records requests.

- Improved the public notice posting requirements to enhance the department's "green" efforts while continuing to meet statutory requirements.

Engineering

- Constructed the highly anticipated Beardsley Connector project providing improved access to the Loop 101 for Peoria residents. This $25 million construction project was funded primarily with federal funding, utilizing just $1.2 million in local funding.
- Completed the 83rd Avenue Reclaimed Water Line project providing a sustainable source of water to meet landscape irrigation needs at the City Hall campus, the future Community Park #2, and other Old Town areas.
- Increased accessibility and safety for bicyclists by adding more than 13 miles of bike lanes through the Community Works and pavement maintenance programs.
- Completed the $10.3 million Municipal Court expansion project doubling the size of the facility to 38,000 square feet. This building is the first City building to achieve Leadership in Energy and Environmental Design (LEED) certification.
- Constructed two new segments of the City's New River trail system including one additional mile of trail between Bell Road and Union Hills Drive as well as the Peoria Avenue underpass.
- Completed phase II of the hybrid fiber to wireless project consisting of software, fiber and wireless equipment allowing 96% of the City's traffic signals to be monitored and controlled from the Traffic Management Center.

Finance

- Issued $7.9 million in Municipal Development Authority bonds to pay off a lease for 50 year water rights from the Gila River Indian Community, saving the City approximately $2 million in interest costs.
- Implemented new general banking, utility lockbox, trustee, and merchant services contacts citywide.
- Received affirmation of the City's bond ratings for the General Obligation bonds, Utility Revenue bonds and Municipal Development Authority bonds.
- Received the 26th consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the fiscal year 2011 Comprehensive Annual Financial Report.
- Completed an upgrade to the PeopleSoft Financials system.
- Completed upgrades of the iNovah cashiering system and TaxMantra sales tax system.
- As part of the banking conversion, began using Check 21 process to submit electronic images for deposit instead of paper checks.

Fire

- Completed the implementation of a new Records Management Systems (RMS) to provide an integrated data system for fire operations, prevention, emergency medical services, support services, training and administration.
- Conducted over 100 community services events with over 90,000 attendees, trained over 2,700 people in CCC/CPR, and installed over 150 lock boxes for senior citizens.
- Took delivery of two new fire engines to be put into service at stations 193 and 194.
- Successfully completed implementation of Electronic Patient Care Records (ePCR).

Information Technology

- Successful implementation of a major upgrade to the City's Voice Over IP (VOIP) system with state of the art equipment and capabilities.
- Establishment of information technology governance through the creation of the Technology Review Committee, a multi-department team of City management to review technology issues throughout the City.
- Implementation of a new data backup system to allow for more efficient backups of the City's growing data.
- In support of the "green" initiative, pilot testing iPad tablet devices for elected officials and select staff.
- Began implementation of the printer reduction initiative by significantly reducing the number of printing devices in pilot departments to reduce printing costs and printer support requirements.

- Successful completion of major upgrades to a number of enterprise systems, including PeopleSoft Financials, iNovah Cashiering, and TaxMantra Sales Tax systems.
- Completion of phase I of implementing the Police Department Computer Aided Dispatch (CAD)/Records Management/Mobile Computing system. This consisted of defining system requirements, request for proposals, and system selection.

Police

- Department was awarded 10 grants totaling over $450,000 to enhance services to the community.
- Launched the web-based program *Crime Mapping.com*, allowing citizens a real-time and transparent review of police activity and incident information.
- A total of 52 police department volunteers and interns donated 7,477 hours to the department performing critical tasks that saved the department approximately $159,700.
- Conducted four Youth Citizen's Academies at local elementary schools for 183 students who learned about a variety of crime and safety topics.

Public Works

- Prepared and mailed a commercial stormwater compliance survey and guidelines to enhance the overall effectiveness of the stormwater pollution prevention program.
- Coordinated cross training internal staff to replace striping on micro-surface pavement treatments scheduled for bike lane projects.
- Completed 107 lane miles of pavement surface treatments.
- Applied pavement preservation treatment and re-striping to 22 parking lots at City facilities
- Maintained an average eight week sweeping interval for residential areas.
- Reduced electrical usage at City Hall over 20% from February 2009 to June 2011.
- Completed conversion of office space into a gallery/museum, a new conference room and a cafe inside City Hall, all within the allocated budget.
- Facilities staff identified and implemented lighting retrofit projects using funds provided by a U.S. Department of Energy grant for energy conservation.
- The commercial program saved approximately $35,000 by repairing older metal trash containers to deploy as part of the next phase of the commercial recycling program.
- Expanded drop-off locations for the Christmas tree collection program diverting 11,000 trees from the landfill and instead sending them to a composting site.
- Achieved an average recycling rate of 25%.
- Inspected 27% of trash and recycling bins for compliance with recycling program.
- Conducted three Household Hazardous Waste Drop-off Events collecting and diverting 83,000 pounds of hazardous waste from the landfill.
- Began a program to strategically employ taxi service as a component of the Dial-A-Ride program. This allowed for cost savings while maintaining service levels.
- Developed an aggressive program to minimize hydraulic leaks from solid waste vehicles through more frequent inspection and preventative maintenance.

Public Works Utilities

- Optimization and savings:
    - Had energy efficiency audits conducted at two treatment plants with no costs to the City.
    - Since 2008, electrical cost per thousand gallons of water treatment has been reduced 5% despite double digit power cost increases.
    - Maintained wastewater treatment electrical costs below 2008 costs despite double digit power cost increases.
- Converted the City Sports Complex turf areas and Desert Harbor lakes to use non-potable well water.
- Passed all Maricopa County and Arizona Department of Environmental Quality compliance inspections.
- Received nine safety awards from the Arizona Water Association for outstanding safety in utility operations.
- Worked closely with the Human Resources Department to develop and implement an internship program. This is the first program in Arizona to proactively develop the technical skills needed to

support these critical operations and address the nation-wide shortage of skilled treatment plant operators.
- Successfully renewed the City's designation as an "Assured Water Supplier" with the Arizona Department of Water Resources.

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 adopted in February 2011:

- 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 organization and culture.
  - Cost effective service delivery.
  - Peoria is the employer of choice.
  - Use technology to enhance and streamline services.
  - A business model for the future / strategic planning.
  - Seek out grants.
- 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.
  - University / Higher Education strategy.
  - Health Care strategy.
  - Prudent fiscal stewardship.
  - Broad internet access.
  - Cost-effective green development.
- Economic Development:
  - Seek economic opportunities state, national, Pacific Rim, international.
  - Partner with economic development groups like Greater Phoenix Economic Council (GPEC).
  - Assess new models for economic development.
  - Partner with State Land Department in seeking economic development opportunities.
  - Seek multi-modal transportation infrastructure.
  - Strengthen Sister Cities relationships. Add an Asian city.
- Leadership and Image:
  - Locally and regionally.
  - Within the State.
  - Community relations.
  - Become a major player.
  - Peoria as a destination.

Progress has been made on these goals during fiscal year 2011. The City has strategically placed itself in a better position to take advantage of opportunities as the economy recovers and development increases. The Council will readdress the 24 month business plan in February 2013.

LOCAL ECONOMIC CONDITION AND OUTLOOK

Peoria continues to face many important growth issues, and its leadership is committed to implementing an economic development strategy that will best meet the needs of our community. This commitment has helped to make 2011 another successful year and continues to provide a foundation for success in the years to come. The City maintains a strong commitment to continue to refocus itself to the new economic reality and to be a leader in areas such as cost-effective service delivery 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. The teams have three years remaining on a 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 City and the teams are in negotiations about extending the current contract. The area surrounding the Sports Complex is an entertainment district that remains a primary focus of economic development. The area has had extensive focus regarding the implementation of the recently adopted urban redesign plan. Current projects include a mixed-use redevelopment project and an improvement project that will implement a new identity as well as concepts to improve the pedestrian feel of the district. A capital improvement budget has been allocated to this effort and a developer is on board to take the fixed use project forward.

In fiscal year 2011 the City has continued to experience a downturn in the overall economy in terms of new development. However, space absorption has been on the rise. Peoria has a lower percentage of vacant space available than it did three years ago at the start of the downturn. In the coming year, new developments are expected to be dominated by economic development efforts in three areas: 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. Furthermore, the City's aggressive pursuit of university expansions of private not-for-profit universities has netted a handful of strong 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 adoption of the Old Town Peoria Revitalization Plan in November 2009 has created the foundation for a series of redevelopment projects in Old Town. The most prominent is the transformation of Peoria Place into a mixed use project such as a residential university campus. Another project of importance is the Commercial Rehabilitation Program that the City is planning for the commercial developments in Old Town. The purpose of the program is to enable the City to attract a university to Peoria Place as well as give a facelift to the area to attract future commercial development.

Other initiatives that the Economic Development Implementation Strategy focuses on include the creation of investment zones, a targeted marketing plan, improved business assistance programs, and a bioscience incubator. All of these incentives are already underway and the City expects to make a great deal of progress on their implementation in the coming year.

Another item of note is the City's aggressive pursuit of private investment to move development projects forward. A second annual investment conference targeting bankers, REITS, investors, developers, and site consultants has been scheduled for January 2012. 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 regional economy remained subdued during fiscal year 2011 with ongoing declines in construction and population growth and a large supply of vacant homes. Job growth has been in decline with only moderate job gains in the healthcare, leisure and hospitality services, and trade, transportation and utilities to help offset losses in other sectors. Overall employment growth in Arizona declined at a rate of 0.3% for the year. In June 2011, the unemployment rate in the metropolitan Phoenix region was 6.4%, which remains below the state (9.3%) and national (9.2%) unemployment rates. Locally, Peoria has experienced decreases in commercial activity with some limited construction activity to infill the neighborhoods and planned communities that have developed over the past few years. New housing construction in Peoria, although much lower than historical trends, remained steady in fiscal year 2011 with the 2010 levels. Specific revenues are described in further detail in the following paragraphs.

Retail Sales: The City of Peoria, like all Arizona cities, places significant reliance on City-collected sales tax. Overall, sales tax revenues comprise 37.1% of General Fund revenues in fiscal year 2011. The City's sales tax rate (including the .03% transportation sales tax discussed below) is currently at 1.8%, with a 5.6% charge on hotel/motel service, 3.3% on utilities and 2.8% for restaurant/bar and amusement activities. Over 50.4% of sales tax collection was derived through retail sales in fiscal year 2011. In the past, strong automobile sales along with commercial development along the Bell Road corridor and several new power centers in northern Peoria have generated significant revenues for the City, but auto sales have slowed significantly during the economic downturn. Retail store and restaurant activity near the Peoria Sports Complex area, as well as the 91st Avenue and Northern area and the Jomax Road and Lake Pleasant Parkway area have helped the City support its current service standards. Looking forward, new commercial activity has slowed significantly with the credit crunch and lower consumer confidence which is having an impact on sales tax revenues, especially in the sale of automobiles. Fiscal year 2011 sales taxes increased 3.2% from the prior fiscal year. Fiscal year 2012 sales tax revenues are anticipated to increase approximately 2.1%. The modest increase reflects a continued slowly improving outlook for consumer spending and modest population growth.

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 to the sales tax rate of .03% (three-tenths of one percent) to be dedicated to transportation needs of the City. This includes 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%. The dedicated transportation sales tax, which became effective January 1, 2006, generated $8.5 million in revenue in fiscal year 2011, up slightly from $8.3 million in fiscal year 2010. As with other sales tax revenues, a small increase is expected in fiscal year 2012 collections.

State Shared Revenues: The City of Peoria receives significant revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax and motor vehicle in-lieu taxes. Much of this revenue is placed in the City's General Fund, where it helps support the City's day-to-day activities. The City projects an overall increase of 5.1% in these revenues in fiscal year 2012, reflective of a slowly recovering statewide economy. Also, these revenues are generally distributed based on census population numbers and Peoria's population growth of 11.5% from the 2005 census to the 2010 census exceeded the overall state growth rate causing a slight increase in Peoria's share of the allocation of these revenues. As the State continues to deal with budget shortages, changes to the formulas used to allocate revenues to the cities continue to be part of the state budget balancing conversations.

Property Tax: The City's property tax rate was $1.44 per $100 of assessed valuation for fiscal year 2011. Of this, $.19, or about 13% 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 $3.2 million in revenue for the General Fund in fiscal year 2011.

After a reduction in the total tax rate of $.11 in fiscal year 2007 ($.01 primary and $.10 secondary), a movement of five cents from the primary property tax rate to the secondary property tax rate for fiscal year 2008 and an additional five cent reduction to the primary rate in fiscal year 2009, the overall tax rate

of $1.44 has remained unchanged since. With a 15% reduction in assessed value for fiscal year 2011 and an expected additional 17% decline in assessed value for fiscal year 2012, primary property tax revenue projections for fiscal year 2012 are $2.4 million. Given the lag in assessor rolls and with statutory formulas and the continued decline in housing prices, the assessed valuation will likely continue to decline in the near future.

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 2011 was $749.4 million. 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 *Principals of Sound Financial Management* establish 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 on-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 which 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, 2011, 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 unqualified opinion that the financial statements of the City of Peoria, Arizona for the fiscal year ended June 30, 2011, 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, 2011 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, 2010. This is the 26th 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Peoria Arizona

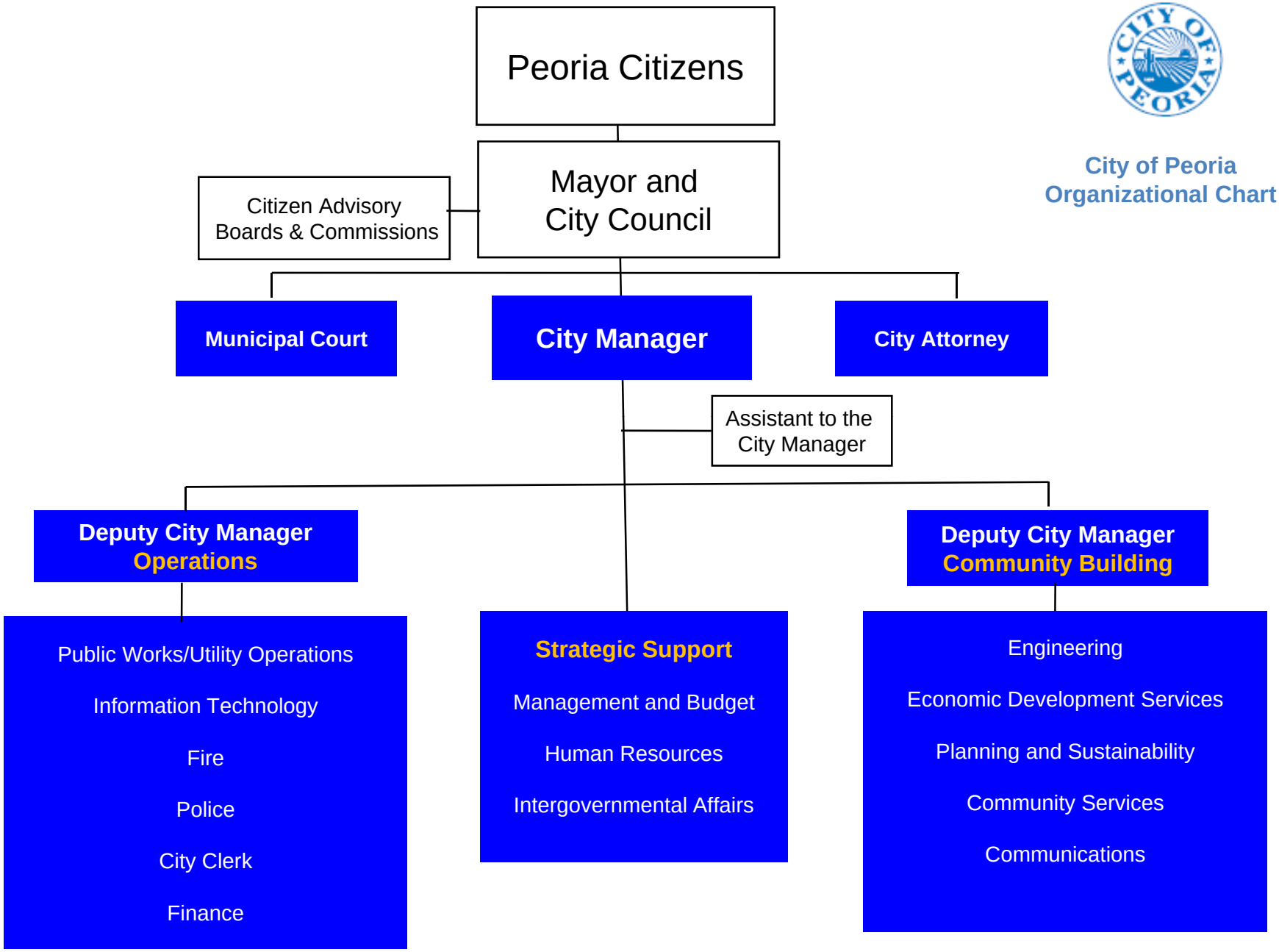
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Peoria Organizational Chart



City of Peoria
Principal Officials of the City
Fiscal Year 2011

Bob Barrett
Mayor

Cathy Carlat
Vice-Mayor

Ron Aames
Councilmember

Joan Evans
Councilmember

Carlo Leone
Councilmember

Dave Pearson
Councilmember

Tony Rivero
Councilmember

Carl Swenson
City Manager

Susan Thorpe
Deputy City Manager – Operations
Susan Daluddung
Deputy City Manager – Community Building

George Anagnost
Municipal Judge

Jeff Tyne
Interim Community Services Director

Wynette Reed
Human Resources Director

Thomas Solberg
Fire Chief

Wanda Nelson
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
Interim Planning & Community Development Director

Katie Gregory
Interim Management & Budget Director

Mayor and City Council

Mayor Bob Barrett

Tony Rivero
Acacia District

Cathy Carlat
Mesquite District

Dave Pearson
Ironwood District

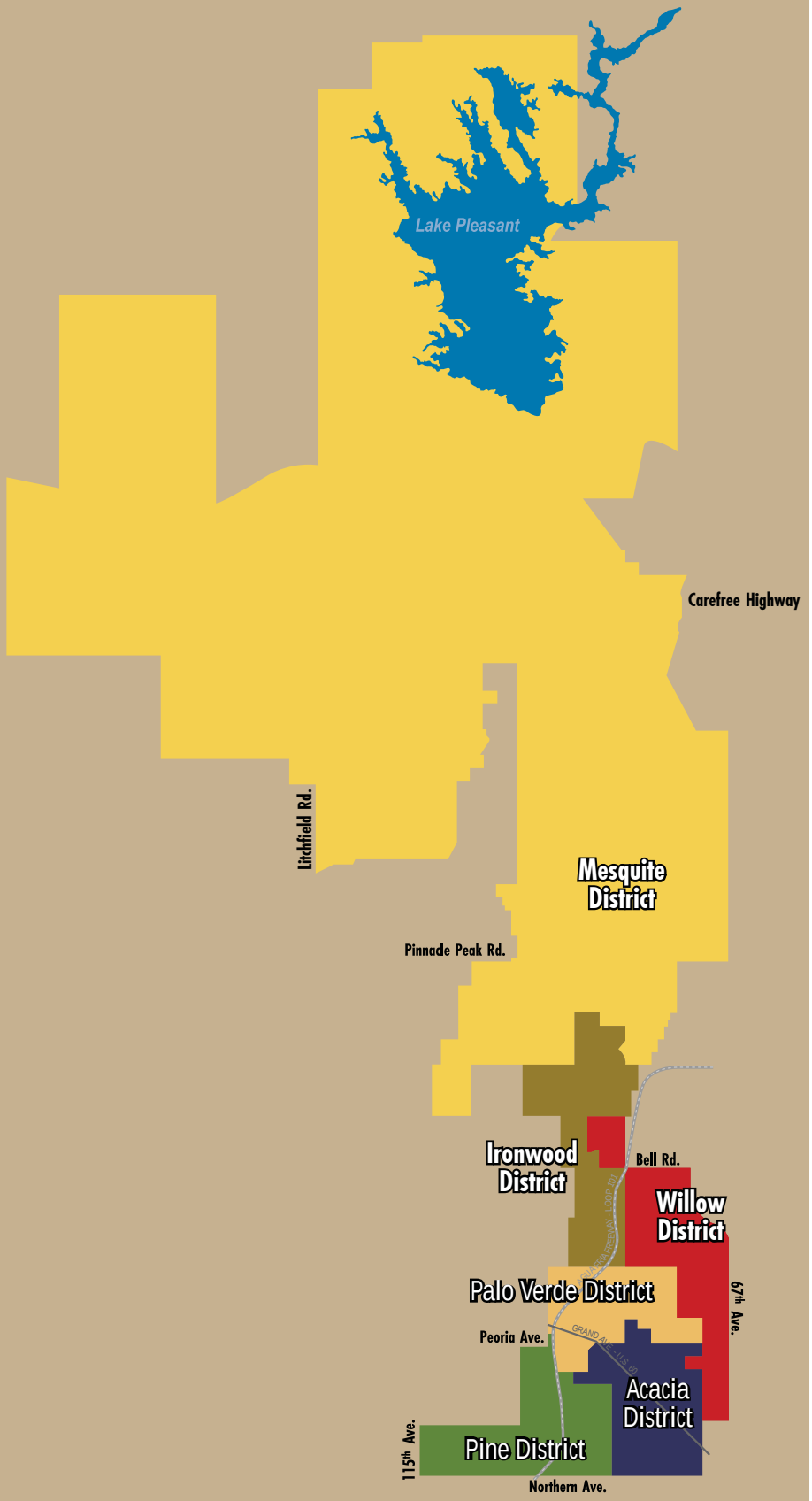
Ron Aames
Palo Verde District

Carlo Leone
Pine District

Joan Evans
Willow District

For more information visit
www.peoriaaz.gov/council

City Council Districts



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Heinfeld, Meech & Co. 25th Anniversary 1986-2011

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Peoria, Arizona

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, 2011, 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, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Peoria's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

3033 N. Central Ave., Suite 300, Phoenix, Arizona 85012
Tel: (602) 277-9449 Fax: (602) 277-9297

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2011, on our consideration of the City'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 and schedule of funding progress on pages 84 through 85 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information such as the introductory section, statistical section, and the schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 8, 2011

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, 2011. 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-xv of this report and 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 a separate financial report, including management's discussion and analysis, for the Vistancia Community Facilities District, which is a blended component unit of the City.

Financial Highlights

- The City's total net assets increased $32.6 million (2.1%) in fiscal year 2011, an increase of $19.7 million (2.0%) in governmental activities and an increase of $12.9 million (2.4%) in business-type activities.

- Total net assets of the City are $1,587.5 million, of which $164.4 million is unrestricted (up $3.7 million, 2.3%, from last year's $160.7 million unrestricted net assets).

- The governmental activities program revenues decreased by approximately $20.2 million (23.4%) from the previous year. This was primarily due to a decrease in the value of donated capital assets. Charges for services increased by $.2 million (1.1%), grants/entitlements, including Federal grants, increased by $9.8 million (45.4%), while donations of capital assets decreased by $30.2 million (97.3%).

- The business-type activities program revenues decreased by approximately $47.3 million (41.7%) from the previous year. Charges for services decreased by $1.8 million (3.0%) and donations of capital assets decreased by $45.5 million (89.4%) reflecting the significant slowdown in development activity.

- At June 30, 2011, total fund balance of the governmental funds was $263.2 million, down $23.0 million (8.0%) from the previous year. Of this, $13.4 million (down 36.2%) was unassigned (available for spending at the government's discretion).

- General Fund inflows (on a budgetary basis) were higher than budgeted inflows by $.2 million for fiscal year 2011. Budgetary basis outflows of the General Fund were only 75.1% ($38.0 million in savings) of the final budgeted outflows.

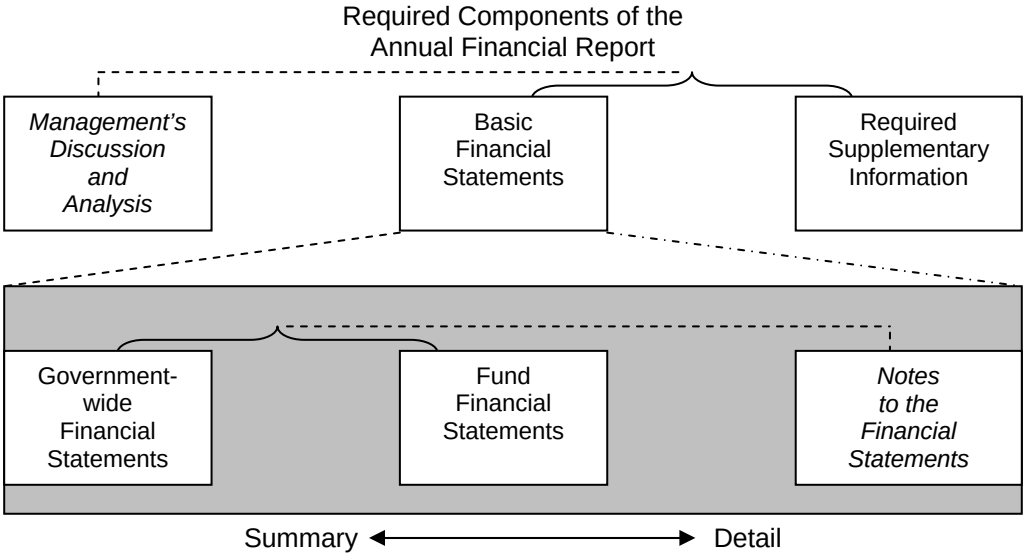
- At June 30, 2011, unassigned fund balance for the General Fund was $13.4 million, or 13.6% of General Fund expenditures for fiscal year 2011.

- During fiscal year 2011, the City issued $7.9 million in Municipal Development (MDA) Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

As pictured below, 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 and solid waste utilities, the stadium and public housing. These activities are primarily supported through user charges or fees.

The *statement of net assets* 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 assets. The focus on net assets is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of how the financial position of the City may be changing. Increases in net assets may indicate an improved financial position; however, even decreases in net assets 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 assets changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net assets 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 60-64).

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 (page 98-101).

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 on 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, 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.
>
> **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 assets. 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 120-122). 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 128-129) 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 47-88) 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. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information in note 17 (pages 80-85).

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, 2011, with comparative information for the previous year.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the City for June 30, 2011, compared to the prior year. The restricted and unrestricted net assets of governmental activities for fiscal year 2010 has been reclassified to be comparative to the classification methodology used in fiscal year 2011 after implementing GASBS-54 for the governmental fund statements.

Statement of Net Assets
As of June 30
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2011	2010	2011	2010	2011	2010	Change
Current and other assets	$ 318.2	$ 354.9	$ 85.2	$ 83.7	$ 403.4	$ 438.6	(8.0)%
Capital assets	1,106.4	1,088.2	622.6	628.7	1,729.0	1,716.9	.7
Total assets	1,424.6	1,443.1	707.8	712.4	2,132.4	2,155.5	(1.1)
Other liabilities	26.0	40.4	6.1	7.8	32.1	48.2	(33.4)
Long-term liabilities outstanding	366.8	390.6	146.0	161.8	512.8	552.4	(7.2)
Total liabilities	392.8	431.0	152.1	169.6	544.9	600.6	(9.3)
Net assets:							
Invested in capital assets, net of related debt	803.8	782.2	478.2	469.9	1,282.0	1,252.1	2.4
Restricted	118.4	122.6	22.7	19.5	141.1	142.1	(.7)
Unrestricted	109.6	107.3	54.8	53.4	164.4	160.7	2.3
Total net assets	$ 1,031.8	$ 1,012.1	$ 555.7	$ 542.8	$ 1,587.5	$ 1,554.9	2.1

The net assets of the City increased $32.6 million (2.1%) in fiscal year 2011. Net assets of governmental activities increased $19.7 million (1.9%), while the business-type activities increased $12.9 million (2.4%).

Net Assets consists of three components. The largest portion of net assets ($1,282.0 million or 80.8%) 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 Assets increased $29.9 million in fiscal year 2011 due to $40.4 million in capital asset expenditures,

$20.6 million in donated assets, and $17.8 million in changes in capital related debt, offset by $48.9 million in depreciation expense and asset disposals.

The second portion of the City's net assets ($141.1 million or 8.9%) represents resources that are subject to external restrictions on how they may be used. The decrease of $1.0 million is due to a decrease of $16.8 million in restricted for development fees with low development fee revenues and expenditure of balances for capital projects, including a $7 million repayment to the debt services fund; an increase of $7.6 million in reserved for debt service due to the repayment from the development fee fund; $3.3 million increase in net assets restricted for capital projects; an increase of $5.0 million in net assets restricted for transportation purposes due to lower debt service transfers; and a decrease of $.1 million for restricted for other purposes.

The third portion consists of Unrestricted Net Assets of $164.4 million (10.3%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category increased $3.7 million (2.3%) in fiscal year 2011. Unrestricted net assets is the balance of net assets remaining after calculating the other two categories discussed above. Unrestricted net assets of governmental activities increased $2.3 million, while unrestricted net assets of business-type activities increased $1.4 million.

Changes in Net Assets

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

Changes in Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2011	2010	2011	2010	2011	2010	Change
REVENUES:							
Program revenues:							
Fees, fines & charges for services	$ 17.7	$ 17.5	$ 60.6	$ 62.5	$ 78.3	$ 80.0	(2.1)%
Federal grants	5.0	4.0	.2	.2	5.2	4.2	23.8
Capital contributions	17.2	47.4	5.4	50.9	22.6	98.3	(77.0)
Other grants and entitlements	26.4	17.6	-	-	26.4	17.6	50.0
General revenues:							
Property taxes	26.0	30.1	-	-	26.0	30.1	(13.6)
Sales and use taxes	58.1	56.3	-	-	58.1	56.3	3.2
Franchise taxes	4.0	4.0	-	-	4.0	4.0	-
State shared sales tax	11.6	10.1	-	-	11.6	10.1	14.9
Urban revenue sharing	13.4	17.5	-	-	13.4	17.5	(23.4)
Auto-in-lieu taxes	4.5	4.6	-	-	4.5	4.6	(2.2)
Investment earnings	1.4	2.2	0.3	0.4	1.7	2.6	(34.6)
Gain on sale of capital assets	0.1	0.1	-	-	0.1	0.1	-
Forgiveness of debt	0.8	-	-	1.4	0.8	1.4	(42.9)
Miscellaneous	5.1	5.9	-	-	5.1	5.9	(13.6)
Total revenues	191.3	217.3	66.5	115.4	257.8	332.7	(22.5)
EXPENSES:							
Program activities:							
Governmental activities:							
General government	27.4	24.6	-	-	27.4	24.6	11.4%
Culture and recreation	21.1	21.2	-	-	21.1	21.2	(0.5)
Police	35.5	35.1	-	-	35.5	35.1	1.1
Fire	21.2	21.0	-	-	21.2	21.0	1.0
Development services	6.1	6.5	-	-	6.1	6.5	(6.2)
Highways and streets	25.6	22.4	-	-	25.6	22.4	14.3
Public works	8.4	9.6	-	-	8.4	9.6	(12.5)
Human services	2.0	2.2	-	-	2.0	2.2	(9.1)
Interest expense on debt	12.6	12.6	-	-	12.6	12.6	-
Unallocated depreciation	0.6	0.6	-	-	0.6	0.6	-
Business-type activities:							
Water utility	-	-	29.6	29.7	29.6	29.7	(0.3)
Wastewater utility	-	-	19.9	30.2	19.9	30.2	(34.1)
Solid Waste utility	-	-	9.8	10.0	9.8	10.0	(2.0)
Stadium	-	-	5.0	5.1	5.0	5.1	(2.0)
Housing	-	-	0.4	0.4	0.4	0.4	-
Total expenses	160.5	155.8	64.7	75.4	225.2	231.2	(2.6)
Excess (deficit) before transfers	30.8	61.5	1.8	40.0	32.6	101.5	(67.9)
Transfers	(11.1)	(3.0)	11.1	3.0	-	-	-
Increase (decrease) in net assets	$ 19.7	$ 58.5	$ 12.9	$ 40.3	$ 32.6	$ 101.5	(67.9)

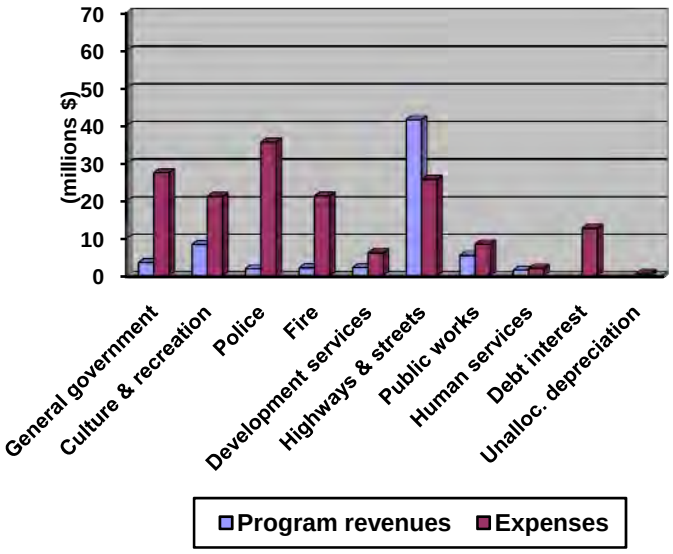
For fiscal year 2011, total governmental activities revenues decreased $26.0 million (12.0%), and total business-type activities revenues decreased $48.9 million (42.4%). Expenses increased $4.7 million (3.0%) and decreased $10.7 million (14.2%) for the governmental activities and business-type activities, respectively. General government expenses increased by $2.8 million (11.4%); highways and streets expenses increased by $3.2 million (14.3%); and public works expenses decreased by $1.2 million (12.5%), while the other functional expenses remained reasonably steady. The decrease in the business-type activities expenses are primarily in the Wastewater Utility ($10.3 million, 34.1%). 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 decreased $5.8 million (4.4%) from the previous year. The primary drivers were decreases in property taxes due and urban revenue sharing (state gas taxes), offset by increased local and state sales taxes. Property tax revenues decreased by $4.1 million (13.6%) in fiscal year 2011 as assessed values continued to decline. Urban revenue sharing continued to decline with a $4.1 million (23.4%) decrease. Urban revenue sharing is from the collection of state income tax two years prior, so distributions in fiscal year 2011 are from the heart of the economic recession. Local sales and use taxes increased $1.8 million (3.20%) as retail and restaurant & bar sales taxes increased $2.4 million and $0.4 million respectively, while construction sales taxes decreased $.09 million. State shared sales taxes also increased $1.5 million (14.9%).

Program revenues of governmental activities decreased $20.2 million (23.4%) mainly as a result of the following changes: Grants/entitlements, including federal, increased by $9.8 million (45.4%), while donations of capital assets decreased by $30.2 million (67.3%) with decreased development activity. The program revenues of business-type activities decreased $47.4 million (41.7%) primarily due to a $45.5 million drop in donations of water and wastewater capital assets. Business-like service charge revenues also decreased by $1.9 million (3.0%) as water and wastewater user fee revenues decreased $0.8 million and $1.1 million respectively from fiscal year 2010 revenues as the economy continues to struggle and housing vacancies remain high. There were no utility rate changes in fiscal year 2011.

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



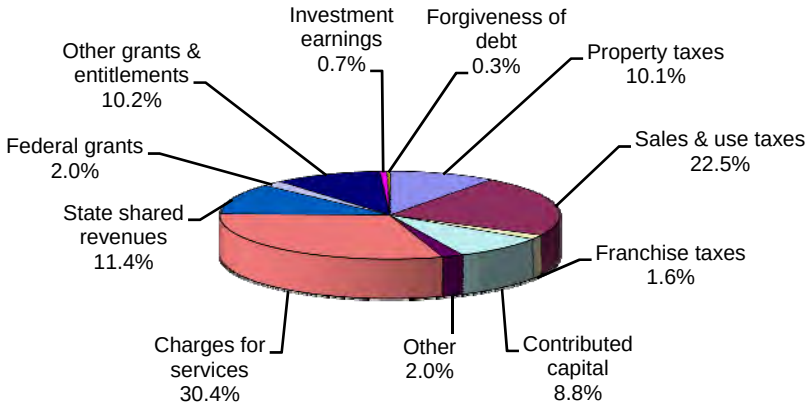
functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of

$66.5 million are 41.4% of the governmental activities expenses for fiscal year 2011, down from 55.5% in fiscal year 2010. In the business-type activities, program revenues of $66.2 million are 102.5% of the business-type expenses for fiscal year 2011. This compares to $113.6 million and 150.7% in fiscal year 2010.

Governmental activities account for 74.2% of the total revenues of the City and 71.3% of the total expenses in fiscal year 2010. These percentages were 65.3% and 67.4% respectively in fiscal year 2010.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2011 is charges for services (30.4%), primarily because this is the major funding source of the business-type activities (64.0% of business-type revenues in fiscal year 2011). The major funding sources of the governmental activities are property, franchise and sales/use taxes (34.2% of total revenues, 46.1% of governmental revenues) and state shared revenues (11.4% of total revenues, 15.4% of governmental revenues).

Government-Wide Revenue Sources
Fiscal Year 2011

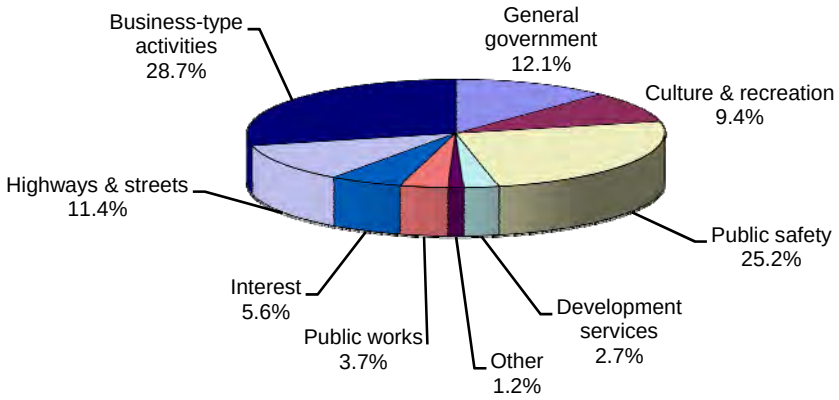


Property taxes decreased 13.6% from fiscal year 2010 with a continued decline in assessed value. The tax rates did not change in fiscal year 2011 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City decreased $6.0 million (2.6%) in fiscal year 2011. Expenses of the governmental activities increased $4.7 million (3.2%). This includes increases of $3.2 million (14.3%) for highways and streets, and $2.8 million (11.4%) for general government offset by a decrease of $1.2 million (12.5%) for public works. Highways and streets expenses increased primarily due to an increase of $1.7 million in street maintenance costs and $2.3 million in depreciation. General government expenses increased with an additional $1.9 million in depreciation and $1.2 million in loss on disposal of capital assets, offset by cost savings in salaries. Public works decreased due to a one-time $1.8 million claims settlement in the CFD Bonds Capital Projects Fund in 2010. Expenses in Business-type activities decreased $10.7 million (14.2%) primarily due to the one-time loss on disposal of wastewater assets in 2010.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 28.7% of the functional expenses of the City for fiscal year 2011, while governmental activities account for 71.3% of the functional expenses. For the governmental activities, the largest users of resources are public safety (25.2% of total expense, 35.3% of governmental expenses), general government (12.2% of total expenses, 17.1% of governmental expenses), highways and streets (11.4% of total expenses, 15.9% of governmental expenses), and culture and recreation (9.4% of total expenses, 13.5% of governmental expenses).

Government-Wide Functional Expenses
Fiscal Year 2011



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

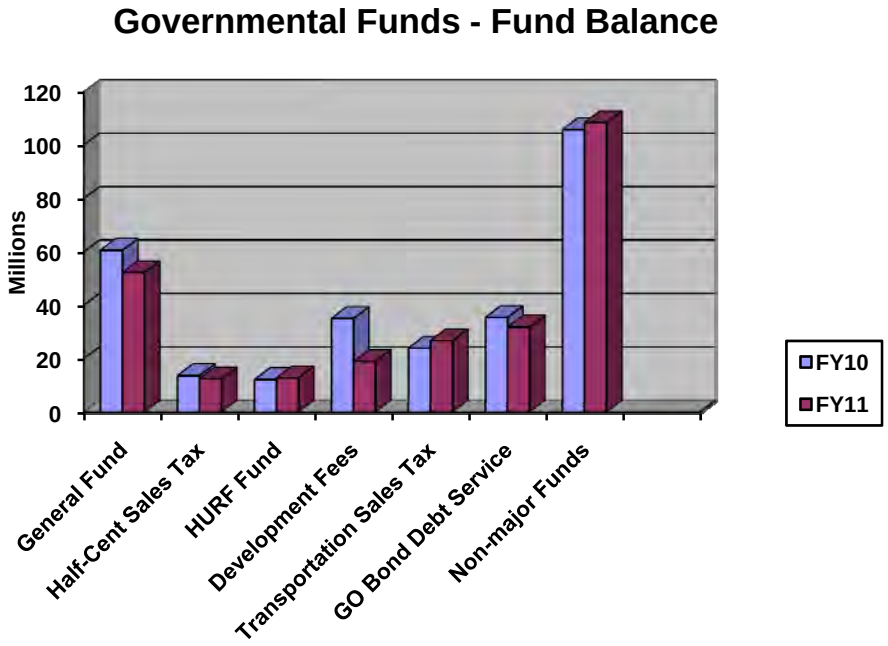
The focus of the governmental fund financial statements (pages 22-29) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 98-101. Although the Half-Cent Sales Tax Fund, Highway User Revenue Fund and Transportation Sales Tax 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.

The categorization of the fund balances of the governmental funds changed with the implementation of the Governmental Accounting Standards Board Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Fiscal year 2010 governmental fund balances have been reclassified in the newer classifications for purpose of comparative analysis.

The fund balance of the governmental funds is $263.2, a decrease of $23.0 million, or 8.0%, from the previous year. Of this, $170.5 million (down $22.3 million (11.9%) 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 decrease in restricted fund balance is primarily caused by decreases in restricted for capital projects of $19.2 million, including $14.0 million in the GO Bond Capital Projects Fund, $2.0 million in the CFD Bond Capital Projects Fund, and $3.4 million in the MDA Bonds Capital Project Fund as bond proceeds were expended. There was also a $16.1 decrease in fund balance restricted for development fees as development revenues continue to be low causing capital construction and debt service requirements to use up fund balances, plus $10.2 million due to other funds. Fund balance reserved for debt service increased $7.6 million with the $10.2 million due from the development impact fee fund offset by the intentional spending of excess fund balance in the GO Bond Debt Service Fund. Fund balance reserved for transportation purposes increased $3.4 million due to development fees being used to fund debt services payments previously funded from the transportation sales tax. The City used bond proceeds to complete the construction of Happy Valley Road. In the Development Fee Fund, an interfund loan of $17 million ($10.2 million outstanding at June 30, 2011) was created to use future impact fees to repay the debt service funds.

An additional $79.3 million of the governmental fund balance (up $7.6 million (10.6%) from the previous year) has been assigned or committed for specific purposes by council or administrative action. These commitments include various stabilization reserves ($39.5 million), debt service reserves ($1.0 million), capital projects ($24.1 million) and arts capital and various other purposes ($14.7).

The remaining $13.4 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 decrease of $7.6 million (36.2%) during fiscal year 2011 is primarily due to lower transfers into the general fund because of non-recurring transfers in 2010 of excess funds from the Motor Pool Fund and the Information Technology Fund.



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 decreased $0.1 million (0.1%) from the previous year. Urban revenue sharing decreased $4.1 million (23.2%). Urban revenue sharing is from the collection of state income tax two years prior, so distributions in fiscal year 2011 are from the heart of the economic recession. Also, property taxes decreased by $.3 million (9.8%) as assessed values continue to decrease and investment earnings decreased $.2 million (53.7%) due to continuing low interest rates. The City's sales tax revenues in the General Fund increased $1.1 million (3.6%) and state shared sales tax revenues increased $1.5 million (14.9%) due to a recovering retail sales and restaurant & bar sales. Miscellaneous revenues also increased $1.5 million due to one-time reimbursements from regional transportation funds for previous City expenditures on regional transportation projects. Total General Fund expenditures decreased $6.0 million (5.7%). Personnel costs decreased $1.5 million while other costs (contractual services and commodities) decreased $1.7 million with various cost saving measures. Capital outlay decreased by $2.9 million (42.1%). The unassigned fund balance of the General Fund was 13.6% of expenditures at June 30, 2011, compared to 19.8% at June 30, 2010.

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 $.4 million (3.0%) from the previous year due to increased sales tax revenues. Expenditures in this fund increased $3.4 million (160.5%) due to increased debt service payments on development agreements. Total fund balance of the Half-Cent Sales Tax Fund decreased by $1.2 million (8.6%) in fiscal year 2011.

The Highway User Revenue Fund (HURF Fund) is required by state statute to the 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 $.2 million (2.1%) due to increased highway user revenues ($.2 million or 2.0%) and a small increase in sales tax. Expenditures decreased by $3.1 million (20.3%) in fiscal year 2011. This is primarily due to a decrease in debt service payments with the payoff of the 1996 HURF Bonds in fiscal year 2010. Fund balance increased $0.7 million (5.9%) in fiscal year 2011.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, streets and intersections and general government. Revenues in the Development Fee Fund decreased $1.9 million (28.2%) with slow development activity in the City, while expenditures decreased $4.4 million (53.0%) in fiscal year 2011 due to decreased capital outlay with the completion of the Peoria Municipal Court Expansion and some street projects. Fund balance decreased $16.1 million (45.8%) in fiscal year 2011, primarily due to $17.2 million in transfers out to repay costs of the Happy Valley Road project which were fronted by bond proceeds to be repaid from street impact fees. All fund balance in this fund is restricted.

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 $.2 million (2.3%) while expenditures increased $.7 million (24.4%). The increased revenues are due to increasing sales tax revenue while the increased expenditures are primarily capital outlay. The fund balance increased $2.8 million (11.5%) in fiscal year 2011.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund decreased $3.7 million (15.3%) due to decreased secondary property tax revenues and investment earnings. The secondary assessed value of the City decreased 15.0% in fiscal year 2011 while the secondary tax rate was unchanged. Expenditures decreased by $9.8 million (29.1%) due to decreased principal payments on general obligation bonds issued in fiscal years 1993 & 1998. Fund balance decreased $3.5 million (9.9%) in fiscal year 2011 as the Series 2009 bonds debt service was structured with large payments in fiscal year 2010 and 2011 to lower the fund balance in this fund.

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 Stadium 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.

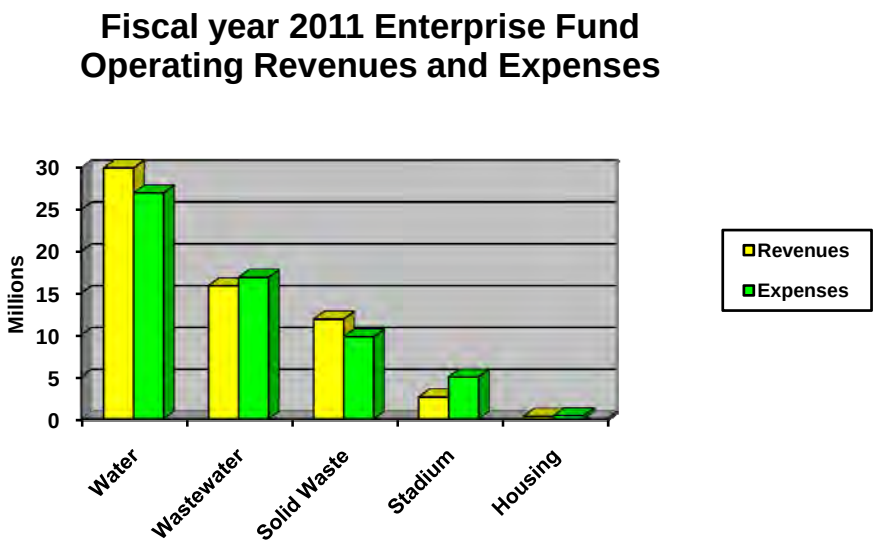
Total net assets of the enterprise funds increased $13.1 million (2.4%) in fiscal year 2011. Net assets invested in capital assets, net of related debt increased $8.4 million (1.8%) with the addition of utility infrastructure. Restricted net assets increased $3.3 million (16.7%), primarily due to increased balances for capital construction, especially in the Solid Waste Utility Fund. This balance represents unspent impact fees. The unreserved net assets increased $1.4 million (2.8%) despite decreasing operating revenues (-2.9%) and increasing operating expenses (2.1%). The Water Utility Fund experienced an increase in total net assets of $10.4 million (3.9%). The Wastewater Utility Fund increased total net assets by $1.1 million (0.5%), the Solid Waste Fund increased $2.1 million (9.9%), the Stadium Fund decreased $0.4 million (1.8%) and the Public Housing Fund total net assets decreased $28,279 (1.2%). The Water Utility unrestricted net assets increased $1.2 million (4.6%), and the Wastewater Utility unrestricted net assets decreased $0.1 million (0.9%), while the unrestricted net assets of the Solid Waste Fund increased $0.5 million (3.8%).

Operating revenues of the enterprise funds decreased $1.8 million (2.9%) in fiscal year 2011. Charges for service decreased $0.5 million (1.5%) in the Water Utility Fund, $0.4 million (2.4%) in the Wastewater

Utility Fund with decreased usage and increased $0.1 million (1.2%) in the Solid Waste Fund with a slight increase in customer base. Operating expenses of the enterprise funds increased $1.2 million (2.1%) in fiscal year 2011. The Water Utility had a slight decrease in operating expenses (.1%) as salaries and wages and contractual services decreased slightly, partially offset by higher depreciation/amortization expenses. In the Wastewater Utility Fund, operating expenses increased $1.6 million (10.6%) due to a $0.8 million (13.9%) increase in contractual services, materials and supplies, primarily recycling and environmental expenses and service charges for other City services, and $0.8 million higher depreciation expense. In the Solid Waste Fund, operating expenses decreased $.02 million (2.0%) with decreases in both personnel costs and contractual services/commodities expenses, offset by an increase in depreciation expense. In the Stadium Fund personnel costs, contractual services/commodities expenses and depreciation expense all decreased by a total of $0.2 million (3.3%).

Operating income for the Water Utility Fund decreased by $0.8 million (20.3%) from fiscal year 2010, with the decrease in revenues exceeding the decrease in expenditures discussed above. Operating income for the Wastewater Utility decreased by $2.7 million (158.3%) to an operating loss in fiscal year 2010 with the lower revenues and increased expenses discussed above. The Solid Waste Utility Fund operating income increased $0.3 million (19.3%). The Stadium Fund and the Public Housing Fund had operating losses in fiscal years 2010 and 2011. 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 59.3% lower in fiscal year 2011 than 2010 due to increased revenues.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2011.



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 92-93, 102-112, 114-118, and 123-126.

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 $455 million occurred during fiscal year 2011. 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 $102.7 million, on a budgetary basis, exceeded budgeted inflows of $102.5 million by $0.2 million (0.2%) while budgetary basis outflows (expenditures and other uses) of $114.6 million were only 75.1% of final budgeted outflows. Revenues, on a budgetary basis, exceeded budgeted revenues in sales tax, state shared sales tax, fines and forfeitures, and miscellaneous revenues, while falling short in auto-in-lieu taxes, other governmental revenues and investment earnings. Reduced General Fund outflows resulted primarily from delayed capital projects and unspent contingency, although all but three functional categories had expenditure savings. The City Attorney, Human Resources and Police functions had expenditure overages.

During the fiscal year, the original General Fund expenditures and other uses budget of $147.8 million was amended by $4.9 million to the final expenditure and other uses budget of $152.7 million. Notable General Fund transfers were as follows:

- Contingency appropriation of $2.2 million was transferred from the General Fund to the Self-Insurance Fund to provide additional expenditure authority for the City's health insurance plan.

- Contingency appropriation of $1.2 million was transferred from the General Fund to the Other Grant Fund for the Neighborhood Stabilization Grant, a new federal program to assist in the development of abandoned and foreclosed homes.

- Contingency appropriation of $0.4 million was transferred from the General Fund to other operating departments to cover the costs of the voluntary severance packages offered to encourage staff reductions.

- Various other operating funds returned $1.2 million to the General Fund contingency with mid-year budget reductions.

- The Non-Bond Capital Projects Fund returned $5.8 million of unneeded appropriation authority to the General Fund contingency appropriation.

- Various capital projects were delayed causing $2.2 million of appropriation authority to be moved from the Non-Bond Capital Projects Fund and $2.0 million from the GO Bond Capital Projects Fund to be returned to the General Fund contingency appropriation.

- Unanticipated revisions to the regional Arterial Life Cycle Program caused capital project changes that lead to $3.7 million in appropriation authority to be returned from the Non-Bond Capital Projects Fund to the General Fund contingency appropriation as well as $2.8 million in appropriation authority to be moved from the Non-Bond Capital Projects Fund to the GO Bond Capital Project Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the City had $1.28 billion invested in various capital assets, net of accumulated depreciation and related debt, up 2.7% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are $1.7 billion. This is a net increase of $12.2 million from June 30,

2010. Of the increase, $18.2 million resulted from governmental activities with an offset of a $6.0 million decrease in business-type activities.

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

- ✓ The City spent an additional $8.1 million on the new freeway interchange at Beardsley Road and Loop 101. Maricopa County Department of Transportation is administering the project, along with the City's participation. This project includes the extension and widening of Beardsley Road from 83rd Ave across New River, the bridge over New River, bank protection and trails, the new trailhead, the new southbound frontage road, and the Texas U-turn interchange at Loop 101 and Union Hills Drive.

- ✓ Construction of a park commemorating Arizona's 100th birthday was started. The City spent $2.2 million in fiscal year 2011 developing the land between the Public Safety Administration Building and the Development and Community Services Building on the Municipal Office Campus.

- ✓ Construction on the Butler WRF Effluent Line Modifications continued. This project will tie into the existing 30-inch effluent line that exits Butler Water Reclamation Facility and run a new reclaimed water line to a location in the middle of the planned Community Park No. 2 at 83rd Ave and Olive Ave. In fiscal year 2011, the City spent $1.2 million on this project.

- ✓ The City spent $.9 million in fiscal year 2011 on the Sports Complex well modifications. This project is broken into two phases. The first phase is the installation of an online arsenic detection system which will allow staff to continuously monitor the arsenic levels at the well. Continuous monitoring will ensure federal limits for arsenic are never exceeded. Phase II will install new equipment to allow the well site to provide non-potable irrigation water to the Sports Complex facilities.

- ✓ The City spent an additional $1.7 million on completing the renovation and expansion of the Municipal Court Building for a total cost of $10.3 million. This project expands the facility by adding 19,000 square feet of building space while updating the building to accommodate changes in technology, security needs and key building systems to current code requirements.

The following table provides a breakdown of the capital assets of the City at June 30, 2011, and 2010. Additional information on the City's capital assets may be found in Note 12 on pages 72-73.

Capital Assets at June 30
(Net of depreciation)
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2011	2010	2011	2010	2011	2010	
Buildings and building improvements	$ 133.1	$ 118.3	$ 24.6	$ 25.5	$ 157.7	$ 143.8	9.7%
Furniture	.7	.9	.1	.1	.8	1.0	(20.0)
Equipment	14.8	20.8	2.1	1.4	16.9	22.2	(23.9)
Vehicles	7.6	9.5	4.2	5.6	11.8	15.1	(21.9)
Storm drainage system	47.2	48.5	-	-	47.2	48.5	(2.7)
Street system	340.9	346.8	-	-	340.9	346.8	(1.7)
Park system	19.2	20.0	-	-	19.2	20.0	(4.0)
Water system	-	-	230.2	228.4	230.2	228.4	0.8
Water rights	-	-	11.8	12.1	11.8	12.1	(2.5)
Wastewater system	-	-	285.4	292.1	285.4	292.1	(2.3)
Land	332.3	328.7	17.0	17.0	349.3	345.7	1.0
Work in progress	210.6	194.7	47.3	46.5	257.9	241.2	6.9
Total	$ 1,106.4	$ 1,088.2	$ 622.7	$ 628.7	$ 1,729.1	$ 1,716.9	0.7

The City has adopted a ten year capital improvement plan budgeted at $464.0 million, including $158.1 million in fiscal year 2012. Anticipated funding for this plan for fiscal year 2012 is through a combination of impact fees (12.4%), general obligation bonds (32.6%), municipal development authority bonds (10.6%), operating revenues (16.7%), City (7.1%) and County (19.2%) transportation sales taxes and other outside funding sources (1.4%). The estimated operating budget impact of the capital improvement

program over the next five fiscal years is expected to be $11.5 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 $476.8 million at June 30, 2011. Of this total, $339.9 million was in governmental activities and $136.9 million was in business-type activities. The City's outstanding non-current debt decreased $27.3 million in fiscal year 2011. The City issued Municipal Development Authority Bonds in the amount of $7.9 million to pay off an outstanding note with the Gila River Indian Community for water rights for a 50-year term.

Of the total outstanding bonds of $428.9 million, $167.6 million is general obligation bonds backed by the full faith and credit of the City. An additional $6.2 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 $58.6 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, 2011, is $92.0 million in the 6% category and $159.0 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 74) and also in Table XXIII in the statistical section of this report (page 181).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2011, and 2010. Further detail on the City's outstanding debt may be found in Note 14 on pages 74-79.

Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2011	2010	2011	2010	2011	2010	Change
General obligation debt	$ 167.6	$ 185.0	$ -	$ -	$ 167.6	$ 185.0	(9.4)%
Municipal Development Authority debt	58.4	55.9	0.4	0.9	58.8	56.8	3.5
Special assessment debt	6.2	8.0	-	-	6.2	8.0	(22.5)
Water/Sewer Revenue bonds	-	-	137.8	146.2	137.8	146.2	(5.8)
Community Facilities District bonds	58.6	60.9	-	-	58.6	60.9	(3.8)
Long-term loan payable	-	-	-	6.9	-	6.9	(100.0)
Contracts payable	67.4	71.6	7.1	7.3	74.5	78.9	(5.6)
Compensated absences	6.1	6.4	0.6	0.7	6.7	7.1	(5.6)
Total	$ 364.3	$ 387.8	$ 145.9	$ 162.0	$ 510.2	$ 549.8	(7.2)

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 2011 was 6.4%, which remains below both the state (9.3%) and national average (9.2%). The regional economy remains subdued with declines in construction activity and population growth. Overall employment growth was negative with a year-over-year job loss rate of 0.3% for the state. Moderate job gains in the healthcare, leisure and hospitality services, and trade, transportation and utilities have helped offset losses in other sectors. Within Peoria, the local economy has experienced decreases in commercial activity with some limited construction activity to infill the neighborhoods and planned communities that have developed over the past few years. Residential activity, although much lower than historical trends, has remained steady in fiscal year 2011 with the 2010 rates.

The adopted fiscal year 2012 budget is $460 million, an increase of 1.1% from the fiscal year 2011 budget as the City anticipates slight revenue increases due to a slowly recovering economy. The operating budget totals $301.9 million, which is a decrease of 4.4% from 2011. The capital projects portion of the budget, $158.1 million (a 13.5% increase), is divided in the following manner: $2.5 million for drainage projects, $9.5 for operational facilities, $56.9 million for parks, trails and open space, $2.5 million for public safety projects, $55.6 million for streets and traffic control projects, $10.0 million for economic development projects, $8.7 million for wastewater projects, and $12.4 million for water projects.

The General Fund operating budget (not including contingency) is $106.8 million, up .3% from the prior year budget. With the continued sluggish economy, the citizens' needs for City services were balanced with a slowly increasing revenue base. To make ends meet, tough choices and numerous sacrifices were made. The budget continues to focus on preserving the City's excellent quality of life.

Overall, there was a reduction of 34.75 (full-time equivalent) staff positions in the fiscal year 2012 budget. The following are the approved budgeted 2012 position increases (decreases): City Clerk (1.0) Community Services (2.4), Economic Development Services (2.0) Engineering (6.0), Finance (6.0), Fire (2.0), Human resources (1.0), Information Technology (3.6), Municipal Court (1.0), Office of Communications (1.0), Planning and Community Development (3.0), Police 1.0, and Public Works (6.75).

The City has built 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 $33.9 million in the General Fund and $5.6 million in the Half-Cent Sales Tax Fund at June 30, 2011. The City also maintains working capital policy reserve, rate stabilization, and debt stabilization reserves in the Utility Funds. At June 30, 2011, those reserves were $11.8 million in the Water Utility, $5.1 million in the Wastewater Utility, and $2.4 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 2012 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 ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 78,602,065	$ 26,711,104	$ 105,313,169
Cash with fiscal agents	17,694,226	1,086,969	18,781,195
Investments	133,229,141	45,291,010	178,520,151
Accounts receivable, net	9,045,337	7,843,202	16,888,539
Interest receivable	531,233	103,929	635,162
Internal balances	(1,832,930)	1,832,930	-
Due from other governments	6,007,242	-	6,007,242
Prepaid items	148,504	215	148,719
Supply inventories	374,386	266,352	640,738
Deferred bond issuance costs, net	3,069,375	501,457	3,570,832
Restricted cash and cash equivalents	27,525,284	1,456,866	28,982,150
Restricted investments	34,600,945	-	34,600,945
Other assets	2,880,000	71,655	2,951,655
Special assessments receivable	6,328,446	-	6,328,446
Capital assets:			
Non-depreciable	542,899,291	64,282,491	607,181,782
Depreciable (net)	563,476,413	558,367,821	1,121,844,234
Total assets	1,424,578,958	707,816,001	2,132,394,959
LIABILITIES			
Accounts payable	5,927,168	1,972,203	7,899,371
Accrued payroll	916,330	89,796	1,006,126
Interest payable	6,255,854	2,213,529	8,469,383
Due to other governments	1,450,624	202,298	1,652,922
Claims payable	3,155,000		3,155,000
Other liabilities	2,386,481	90,300	2,476,781
Customer deposits	3,492	1,455,343	1,458,835
Unearned revenue	5,924,348	26,200	5,950,548
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	4,708,480	519,850	5,228,330
Current portion of contracts payable	3,560,557	438,862	3,999,419
Current portion of bonds & notes payable	18,645,470	8,104,272	26,749,742
Due in more than one year:			
Noncurrent portion of compensated absences	1,456,930	128,220	1,585,150
Noncurrent portion of contracts payable	63,823,436	6,677,512	70,500,948
Noncurrent portion of bonds & notes payable	272,070,495	130,118,919	402,189,414
Plus: Deferred bond premium	3,244,074	476,668	3,720,742
Less: Deferred loss on bond refunding	(718,413)	(453,728)	(1,172,141)
Total liabilities	392,810,326	152,060,244	544,870,570
NET ASSETS			
Invested in capital assets, net of related debt	803,835,704	478,230,446	1,282,066,150
Restricted for:			
Debt service	55,857,843	-	55,857,843
Capital projects	464,525	22,080,921	22,545,446
Development fees	19,266,083	-	19,266,083
Transportion purposes	39,470,706	-	39,470,706
Grant purposes	2,927,952	552,810	3,480,762
Facilities maintenance	30,671	100,000	130,671
Trust purpose	364,464	-	364,464
Unrestricted	109,550,684	54,791,580	164,342,264
Total net assets	$ 1,031,768,632	$ 555,755,757	$ 1,587,524,389

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues		
Functions/Programs	**Expenses**	**Fees, Fines & Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 27,523,428	$ 3,111,713	$ 131,724	$ 239,759
Culture and recreation	21,066,722	6,642,642	464,101	1,149,139
Police	35,536,887	1,050,490	614,950	255,262
Fire	21,243,965	1,580,191	225,015	288,770
Development services	6,135,184	1,323,358	864,925	-
Highways and streets	25,598,067	516,778	8,018,271	32,931,858
Public works	8,441,912	3,350,178	2,093,430	-
Human services	1,992,977	147,539	1,297,253	68,100
Interest on long-term debt	12,616,562	-	-	-
Unallocated depreciation	574,550	-	-	-
Total governmental activities	160,730,254	17,722,889	13,709,669	34,932,888
Business-type activities:				
Water Utility	29,582,708	30,004,279	-	3,943,902
Wastewater Utility	19,891,729	15,933,154	-	1,343,769
Solid Waste Utility	9,773,553	11,904,142	-	121,188
Stadium	5,019,605	2,629,765	-	-
Housing programs	367,644	124,346	209,878	-
Total business-type activities	64,635,239	60,595,686	209,878	5,408,859
Total primary government	$ 225,365,493	$ 78,318,575	$ 13,919,547	$ 40,341,747

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

Transfers in (out)
- Total general revenues and transfers
  - Change in net assets

Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of the financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (24,040,232)	$ -	$ (24,040,232)
(12,810,840)	-	(12,810,840)
(33,616,185)	-	(33,616,185)
(19,149,989)	-	(19,149,989)
(3,946,901)	-	(3,946,901)
15,868,840	-	15,868,840
(2,998,304)	-	(2,998,304)
(480,085)	-	(480,085)
(12,616,562)	-	(12,616,562)
(574,550)	-	(574,550)
(94,364,808)	-	(94,364,808)
-	4,365,473	4,365,473
-	(2,614,806)	(2,614,806)
-	2,251,777	2,251,777
-	(2,389,840)	(2,389,840)
-	(33,420)	(33,420)
-	1,579,184	1,579,184
$ (94,364,808)	$ 1,579,184	$ (92,785,624)
$ 3,628,286	$ -	$ 3,628,286
22,406,879	-	22,406,879
58,082,217	-	58,082,217
4,037,897	-	4,037,897
11,649,489	-	11,649,489
13,408,996	-	13,408,996
4,548,154	-	4,548,154
1,354,607	306,672	1,661,279
76,640	-	76,640
801,394	-	801,394
5,124,916	-	5,124,916
(11,119,348)	11,119,348	-
114,000,127	11,426,020	125,426,147
19,635,319	13,005,204	32,640,523
1,012,133,313	542,750,553	1,554,883,866
$ 1,031,768,632	$ 555,755,757	$ 1,587,524,389

CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	Major Funds			
	General Fund	**Half-Cent Sales Tax Fund**	**Highway User Revenue Fund**	**Transportation Sales Tax Fund**
ASSETS				
Cash and cash equivalents	$ 18,230,556	$ 4,131,701	$ 4,447,779	$ 9,685,161
Cash with fiscal agents	-	-	-	-
Investments	31,060,892	7,057,969	7,597,908	16,544,653
Accounts receivable, net	4,300,944	1,270,713	378,131	764,051
Interest receivable	76,857	21,058	18,969	45,781
Due from other funds	110,050	-	-	-
Due from other governments	3,901,531	-	793,044	-
Prepaid items	118,504	-	-	-
Supply inventories	135,996	-	78,919	-
Restricted cash and cash equivalents	497,301	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Interfund receivable (non-current)	282,500	-	-	-
Total assets	$ 58,715,131	$ 12,481,441	$ 13,314,750	$ 27,039,646
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,659,367	$ 39,277	$ 418,822	$ 370,328
Accrued payroll	779,073	-	30,677	-
Interest payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	1,440,474	-	-	-
Customer deposits	3,492	-	-	-
Deferred revenue	823,776	-	-	-
Other liabilities	1,831,740	-	63,863	-
Interfund payable (non-current)	-	-	-	-
Total liabilities	$ 6,537,922	$ 39,277	$ 513,362	$ 370,328
Fund balances:				
Unspendable:				
Supply inventories	$ 135,996	$ -	$ 78,919	$ -
Prepaid items	118,504	-	-	-
Long-term loans	282,500	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Development fees	-	-	-	-
Transportation purposes	-	-	12,722,469	26,669,318
Grant purposes	-	-	-	-
Arts Center maintenance	30,671	-	-	-
Committed to:				
Debt service	-	1,000,000	-	-
Economic development	388,769	-	-	-
Arts Capital	-	-	-	-
Operating reserve	14,500,000	-	-	-
Emergency reserve	9,700,000	-	-	-
Budget stabilization reserve	9,700,000	5,600,000	-	-
Other purposes	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Municipal Complex reserve	3,891,174	-	-	-
Other purposes	-	5,842,164	-	-
Unassigned:	13,429,595	-	-	-
Total fund balance	52,177,209	12,442,164	12,801,388	26,669,318
Total liabilities and fund balance	$ 58,715,131	$ 12,481,441	$ 13,314,750	$ 27,039,646

The accompanying notes are an integral part of the financial statements

Development Fee Fund	GO Bond Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 11,025,065	$ 6,059,151	$ 14,537,326	$ 68,116,739
-	14,698,300	2,995,926	17,694,226
18,833,541	10,350,530	23,872,118	115,317,611
-	1,026,520	1,291,184	9,031,543
47,338	32,956	247,573	490,532
-	-	-	110,050
-	294,661	1,018,006	6,007,242
-	-	30,000	148,504
-	-	-	214,915
-	-	27,027,983	27,525,284
-	-	34,600,945	34,600,945
-	-	6,328,446	6,328,446
-	-	10,190,543	10,473,043
$ 29,905,944	$ 32,462,118	$ 122,140,050	$ 296,059,080
$ 313,423	$ -	$ 1,496,633	$ 4,297,850
-	-	21,528	831,278
-	-	18,585	18,585
110,050	-	309,811	419,861
-	-	10,150	1,450,624
-	-	-	3,492
-	612,649	11,521,563	12,957,988
25,845	-	465,033	2,386,481
10,473,043	-	-	10,473,043
$ 10,922,361	$ 612,649	$ 13,843,303	$ 32,839,202
$ -	$ -	$ -	$ 214,915
-	-	30,000	148,504
-	-	-	282,500
-	31,849,469	24,008,374	55,857,843
-	-	52,676,652	52,676,652
18,983,583	-	-	18,983,583
-	-	-	39,391,787
-	-	2,927,952	2,927,952
-	-	-	30,671
-	-	-	1,000,000
-	-	-	388,769
-	-	3,690,634	3,690,634
-	-	-	14,500,000
-	-	-	9,700,000
-	-	-	15,300,000
-	-	750,048	750,048
-	-	24,107,976	24,107,976
-	-	-	3,891,174
-	-	105,111	5,947,275
-	-	-	13,429,595
18,983,583	31,849,469	108,296,747	263,219,878
$ 29,905,944	$ 32,462,118	$ 122,140,050	$ 296,059,080

CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Fund balances - total governmental funds balance sheet		$ 263,219,878
Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 1,304,089,991	
Less accumulated depreciation	(218,098,702)	1,085,991,289
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred bond issuance costs	3,069,375	
Deferred loss on bond refunding	718,413	3,787,788
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable	290,715,965	
Governmental contracts payable	67,383,993	
Compensated absences	5,583,440	(363,683,398)
Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting		2,880,000
Deferred revenue for long-term special assessments is shown on the governmental funds balance sheet, but is not deferred on the statement of net assets		6,328,423
Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting		(3,244,074)
Property tax revenue earned but not received within 60 days of year-end is deferred for the governmental statements, but is recognized as revenue for the government-wide statements		705,217
Interest payable on long-term debt is not reported in the governmental funds.		(6,237,269)
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.		42,020,778
Net assets of governmental activities - statement of net assets		$ 1,031,768,632

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, 2011

	Major Funds			
	General Fund	**Half-Cent Sales Tax Fund**	**Highway User Revenue Fund**	**Transportation Sales Tax Fund**
REVENUES:				
Taxes:				
Sales and use taxes	$ 32,073,760	$ 14,323,429	$ 3,144,621	$ 8,540,407
Property taxes	3,158,874	-	462,121	-
Franchise taxes	4,037,897	-	-	-
Intergovernmental:				
State shared sales taxes	11,649,489	-	-	-
Urban revenue sharing	13,408,996	-	-	-
Auto in-lieu taxes	4,548,154	-	-	-
Highway user revenue	-	-	8,018,271	-
From federal government	-	-	-	-
Other	242,098	-	-	-
Charges for services	10,280,299	-	221,779	-
Licenses and permits	1,672,072	-	-	-
Fines and forfeitures	2,813,535	-	-	-
Rents	403,321	-	-	-
Investment earnings	202,430	58,532	56,205	142,439
Special assessments	-	-	-	-
Miscellaneous	1,966,188	-	5,754	-
Total revenues	86,457,113	14,381,961	11,908,751	8,682,846
EXPENDITURES:				
Current:				
General government	15,080,752	398,297	-	-
Culture and recreation	18,142,746	-	-	-
Police	33,022,626	-	-	-
Fire	19,260,667	-	-	-
Development services	5,186,742	-	-	-
Highways and streets	-	-	11,602,245	864,469
Public works	5,120,121	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	396	4,760,901	-	-
Interest and other charges	-	21,916	-	-
Capital outlay	3,927,056	282,959	441,431	2,609,820
Total expenditures	99,741,106	5,464,073	12,043,676	3,474,289
Excess (deficiency) of revenues over (under) expenditures	(13,283,993)	8,917,888	(134,925)	5,208,557
OTHER FINANCING SOURCES (USES):				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	6,748,451	-	1,026,000	-
Transfers out	(1,767,345)	(10,092,367)	(181,862)	(2,455,623)
Total other financing sources and uses	4,981,106	(10,092,367)	844,138	(2,455,623)
Net change in fund balances	(8,302,887)	(1,174,479)	709,213	2,752,934
Fund balances - beginning	60,480,096	13,616,643	12,092,175	23,916,384
Fund balances - ending	$ 52,177,209	$ 12,442,164	$ 12,801,388	$ 26,669,318

The accompanying notes are an integral part of the financial statements

Development Fee Fund	GO Bond Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 58,082,217
-	20,248,160	2,255,503	26,124,658
-	-	-	4,037,897
-	-	-	11,649,489
-	-	-	13,408,996
-	-	-	4,548,154
-	-	-	8,018,271
-	-	5,036,285	5,036,285
-	-	1,014,050	1,256,148
4,623,195	-	1,231,293	16,356,566
-	-	-	1,672,072
-	-	255,326	3,068,861
-	-	-	403,321
131,433	94,240	552,895	1,238,174
-	-	2,201,463	2,201,463
-	-	16,469,754	18,441,696
4,754,628	20,342,400	29,016,569	175,544,268
120,879	10,000	208,245	15,818,173
217,894	-	424,095	18,784,735
-	-	903,837	33,926,463
-	-	203,238	19,463,905
-	-	864,925	6,051,667
19,639	-	1,404,725	13,891,078
-	-	1,627,981	6,748,102
-	-	1,952,861	1,952,861
2,508,295	17,380,000	9,659,695	34,309,287
-	6,455,073	6,181,043	12,658,032
1,076,378	-	20,838,691	29,176,335
3,943,085	23,845,073	44,269,336	192,780,638
811,543	(3,502,673)	(15,252,767)	(17,236,370)
-	-	7,920,000	7,920,000
-	-	16,960	16,960
315,123	-	20,299,336	28,388,910
(17,190,543)	-	(10,387,279)	(42,075,019)
(16,875,420)	-	17,849,017	(5,749,149)
(16,063,877)	(3,502,673)	2,596,250	(22,985,519)
35,047,460	35,352,142	105,700,497	286,205,397
$ 18,983,583	$ 31,849,469	$ 108,296,747	$ 263,219,878

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, 2011

Net change in fund balances - total governmental funds	$ (22,985,519)
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.	221,862
Certain revenues are deferred in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.	(773,493)
Special assessment principal payments received are revenues on the govermental operating statement, but are reductions in the outstanding special assessment debt for government-wide reporting.	(1,813,092)
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.	205,172
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 ($29,078,493), plus other capital ($86,912), is exceeded by depreciation ($29,795,080) in the current period.	(629,675)
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 assets 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.	(1,181,097)
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	17,244,967
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.	801,394
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.	(7,920,000)
Repayment of bonds/contracts principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. No effect on net assets.	34,309,287
The costs of issuing bonds are reported as an expenditure in governmental funds in the year of bond issuance and thus has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the bond issuance costs are deferred and amortized (expensed) over the life of the bonds.	(180,662)
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.	2,336,175
Change in net assets of governmental activities- statement of activities	$ 19,635,319

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 58,539,759	$ 58,539,759	$ 58,539,759	$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	31,063,182	31,063,182	31,942,609	879,427
Property taxes	3,071,350	3,071,350	3,217,011	145,661
Franchise taxes	4,307,626	4,307,626	3,865,456	(442,170)
Intergovernmental:				
State shared sales taxes	10,450,000	10,450,000	10,519,914	69,914
Urban revenue sharing	13,465,561	13,465,561	13,445,839	(19,722)
Auto in-lieu taxes	4,824,797	4,824,797	4,541,101	(283,696)
From federal government	-	-	8,269	8,269
Other	255,035	255,035	31,957	(223,078)
Charges for services	21,230,307	21,230,307	21,156,166	(74,141)
Licenses and permits	1,674,563	1,674,563	1,672,072	(2,491)
Fines and forfeitures	2,045,200	2,045,200	2,813,535	768,335
Rents	447,301	447,301	399,499	(47,802)
Investment earnings	470,000	470,000	285,286	(184,714)
Miscellaneous	578,500	578,500	1,966,188	1,387,688
Transfers from other funds	8,634,001	8,634,001	6,830,678	(1,803,323)
Total inflows	102,517,423	102,517,423	102,695,580	178,157
Amounts available for appropriation	161,057,182	161,057,182	161,235,339	178,157
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government:				
Mayor and council	647,390	661,681	650,880	(10,801)
City manager	3,773,247	3,916,244	3,794,865	(121,379)
Human resources	2,416,210	2,473,481	2,481,645	8,164
Attorney	2,910,018	3,176,808	3,210,930	34,122
City clerk	1,161,878	1,144,230	1,076,345	(67,885)
Court	1,990,676	2,004,038	1,870,963	(133,075)
Economic development	1,140,883	1,163,529	1,024,123	(139,406)
Finance	9,760,689	9,702,429	9,366,358	(336,071)
Non-departmental	3,463,572	2,838,798	2,072,216	(766,582)
Culture and recreation	18,750,583	18,976,835	18,535,089	(441,746)
Police	32,947,947	33,455,075	33,736,751	281,676
Fire	18,541,790	19,761,243	19,677,185	(84,058)
Development services	5,600,504	5,689,668	5,298,907	(390,761)
Public works	5,157,688	5,291,981	5,230,845	(61,136)
Debt service:				
Capital outlay	14,143,073	14,178,995	6,060,952	(8,118,043)
Contingencies	24,882,381	27,685,847	-	(27,685,847)
Transfers to other funds	497,318	497,318	496,199	(1,119)
Total charges to appropriations	147,785,847	152,618,200	114,584,253	(38,033,947)
Budgetary fund balance, June 30, 2011	$ 13,271,335	$ 8,438,982	$ 46,651,086	$ 38,212,104

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, 2011

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	$ 161,235,339
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(58,539,759)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(6,830,678)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(10,938,915)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	1,531,126
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 86,457,113
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 114,584,253
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(1,445,372)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(578,605)
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	(1,384,056)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(10,938,915)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(496,199)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 99,741,106

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HALF-CENT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 9,371,987	$ 9,371,987	$ 9,371,987	$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	13,858,883	13,858,883	14,261,517	402,634
Investment earnings	159,000	159,000	80,306	(78,694)
Total inflows	14,017,883	14,017,883	14,341,823	323,940
Amounts available for appropriation	23,389,870	23,389,870	23,713,810	323,940
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government- non-departmental	288,924	369,702	330,243	(39,459)
Debt service:				
Principal payments	1,804,244	1,804,244	1,976,658	172,414
Interest and other charges	6,000	6,000	21,916	15,916
Capital outlay	3,419,649	3,371,051	3,177,777	(193,274)
Contingencies	1,000,000	1,000,000	-	(1,000,000)
Transfers to other funds	9,721,228	9,721,228	10,092,367	371,139
Total charges to appropriations	16,240,045	16,272,225	15,598,961	(673,264)
Budgetary fund balance, June 30, 2011	$ 7,149,825	$ 7,117,645	$ 8,114,849	$ 997,204

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	$ 23,713,810
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(9,371,987)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	40,138
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 14,381,961
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 15,598,961
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(42,521)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(10,092,367)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 5,464,073

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 27,238,216	$ 27,238,216	$ 27,238,216	$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	3,399,000	3,399,000	3,024,407	(374,593)
Property taxes	460,533	460,533	460,924	391
Intergovernmental:				
Highway user revenue	7,650,000	7,650,000	7,954,816	304,816
Charges for services	375,000	375,000	516,779	141,779
Investment earnings	120,100	120,100	68,702	(51,398)
Miscellaneous	-	-	5,754	5,754
Transfers from other funds	1,835,135	1,835,135	1,486,924	(348,211)
Total inflows	13,839,768	13,839,768	13,518,306	(321,462)
Amounts available for appropriation	41,077,984	41,077,984	40,756,522	(321,462)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Highways and streets	8,978,313	9,088,939	9,304,231	215,292
Debt service:				
Capital outlay	3,970,251	3,981,490	3,464,642	(516,848)
Contingencies	1,000,000	1,000,000	-	(1,000,000)
Transfers to other funds	642,617	642,617	642,786	169
Total charges to appropriations	14,591,181	14,713,046	13,411,659	(1,301,387)
Budgetary fund balance, June 30, 2011	$ 26,486,803	$ 26,364,938	$ 27,344,863	$ 979,925

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	$ 40,756,522
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(27,238,216)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(1,486,924)
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	172,369
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 11,908,751
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 13,411,659
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(51,103)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(379,094)
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	(642,786)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 12,043,676

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 22,533,521	$ 22,533,521	$ 22,533,521	$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	8,352,764	8,352,764	8,503,376	150,612
Investment earnings	255,000	255,000	159,088	(95,912)
Miscellaneous	-	-	-	-
Transfers from other funds	7,000,000	7,000,000	-	(7,000,000)
Total inflows	15,607,764	15,607,764	8,662,464	(6,945,300)
Amounts available for appropriation	38,141,285	38,141,285	31,195,985	(6,945,300)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Highways and streets	245,561	258,693	864,371	605,678
Debt service:				
Capital outlay	9,121,687	9,272,931	2,402,672	(6,870,259)
Contingencies	1,715,512	1,761,539	-	(1,761,539)
Transfers to other funds	5,945,963	5,945,963	2,085,000	(3,860,963)
Total charges to appropriations	17,028,723	17,239,126	5,352,043	(11,887,083)
Budgetary fund balance, June 30, 2011	$ 21,112,562	$ 20,902,159	$ 25,843,942	$ 4,941,783

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	$ 31,195,985
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(22,533,521)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	20,382
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 8,682,846
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 5,352,043
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	207,246
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(2,085,000)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 3,474,289

CITY OF PEORIA, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 13,179,249	$ 5,608,421	$ 6,803,117	$ 958,183
Restricted cash with fiscal agents	881,460	61,075	-	57,013
Investments	22,456,492	9,580,571	11,621,408	1,632,539
Accounts receivable, net	4,608,517	1,827,489	1,381,576	5,832
Interest receivable	55,898	18,738	26,013	3,280
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Supplies inventory	210,337	-	52,474	-
Total current assets	41,391,953	17,096,294	19,884,588	2,656,847
Non-current assets:				
Restricted assets:				
Cash equivalents	-	1,456,866	-	-
Capital assets:				
Buildings and improvements	1,744,850	7,659,795	10,799	25,781,679
Distribution and collection systems	288,473,826	341,167,384	-	-
Water Rights	12,889,809	-	-	-
Equipment	1,720,443	1,274,517	28,430	568,810
Vehicles	1,718,236	873,230	8,231,184	483,586
Furniture	186,058	29,004	-	-
Less accumulated depreciation and amortization	(61,635,249)	(57,573,440)	(4,591,289)	(12,039,625)
Land and improvements	6,028,939	3,878,001	-	6,703,349
Construction in progress	35,145,007	12,116,845	-	-
Capital assets, net	286,271,919	309,425,336	3,679,124	21,497,799
Unamortized bonds costs	240,652	259,919	-	886
Other assets	55,003	16,652	-	-
Total non-current assets	286,567,574	311,158,773	3,679,124	21,498,685
Total assets	327,959,527	328,255,067	23,563,712	24,155,532
LIABILITIES				
Current liabilities:				
Accounts payable	1,255,438	590,829	10,996	98,949
Accrued payroll	37,585	18,891	22,515	10,805
Accrued interest payable	765,418	1,444,497	-	3,614
Due to other governments	201,890	-	-	408
Other current liabilities	85,110	-	-	5,190
Claims payable	-	-	-	-
Current portion of compensated absences	237,760	87,270	125,890	68,930
Current portion of bonds, contracts & leases payable	3,193,357	5,291,068	5,310	53,399
Total current liabilities	5,776,558	7,432,555	164,711	241,295
Non-current liabilities:				
Deposits payable	1,441,234	-	-	-
Unearned revenue	-	-	-	26,200
Compensated absences	59,460	21,690	35,050	12,020
Long-term portion of bonds, contracts & leases payable	47,044,687	89,374,474	264,765	112,505
Plus: Deferred bond premium	427,330	27,905	-	21,433
Less: Deferred loss on bond refunding	(415,624)	(24,908)	-	(13,196)
Total non-current liabilities	48,557,087	89,399,161	299,815	158,962
Total liabilities	54,333,645	96,831,716	464,526	400,257
NET ASSETS				
Invested in capital assets, net of related debt	236,704,003	215,016,716	3,409,049	21,324,544
Restricted:				
Capital projects	10,413,928	3,244,129	7,104,098	1,318,766
Sports Complex OM&R	-	-		100,000
Grant purpose	-	-	-	-
Trust purpose	-	-	-	-
Unrestricted	26,507,951	13,162,506	12,586,039	1,011,965
Total net assets	$ 273,625,882	$ 231,423,351	$ 23,099,186	$ 23,755,275

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

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
$ 162,134	$ 26,711,104	$ 10,485,326
87,421	1,086,969	-
-	45,291,010	17,911,530
19,788	7,843,202	13,794
-	103,929	40,701
309,811	309,811	-
215	215	-
3,541	266,352	159,471
582,910	81,612,592	28,610,822
-	1,456,866	-
3,276,922	38,474,045	148,102
-	629,641,210	-
-	12,889,809	-
23,247	3,615,447	28,229,868
-	11,306,236	21,836,798
9,613	224,675	30,745
(1,943,998)	(137,783,601)	(34,511,352)
410,350	17,020,639	-
-	47,261,852	4,650,254
1,776,134	622,650,312	20,384,415
-	501,457	-
-	71,655	-
1,776,134	624,680,290	20,384,415
2,359,044	706,292,882	48,995,237
15,991	1,972,203	1,629,318
-	89,796	85,052
-	2,213,529	-
-	202,298	-
-	90,300	-
-	-	3,155,000
-	519,850	455,110
-	8,543,134	-
15,991	13,631,110	5,324,480
14,109	1,455,343	-
-	26,200	-
-	128,220	126,860
-	136,796,431	-
-	476,668	-
-	(453,728)	-
14,109	138,429,134	126,860
30,100	152,060,244	5,451,340
1,776,134	478,230,446	20,384,415
	22,080,921	-
	100,000	-
552,810	552,810	-
-	-	364,464
-	53,268,461	22,795,018
$ 2,328,944	$ 554,232,638	$ 43,543,897
	1,523,119	
	$ 555,755,757	

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Major Enterprise Fu		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
OPERATING REVENUES			
Charges for services	$ 29,974,624	$ 15,876,717	$ 11,865,918
Rents	-	-	-
From federal government	-	-	-
Miscellaneous	15,096	56,437	60
Total operating revenues	29,989,720	15,933,154	11,865,978
OPERATING EXPENSES			
Salaries, wages and employee benefits	4,613,689	2,209,598	3,074,115
Contractual services, materials and supplies	15,497,346	6,289,992	5,650,523
Insurance claims and expenses	-	-	-
Depreciation and amortization	6,866,612	8,419,739	1,057,848
Total operating expenses	26,977,647	16,919,329	9,782,486
Operating income (loss)	3,012,073	(986,175)	2,083,492
NON-OPERATING REVENUES (EXPENSES)			
Investment income	164,396	53,828	77,026
Interest expense	(2,556,442)	(2,941,310)	-
Gain(loss) on sale of capital assets	14,559	-	38,164
Total non-operating revenues (expenses)	(2,377,487)	(2,887,482)	115,190
Income (loss) before contributions and transfers	634,586	(3,873,657)	2,198,682
Capital contributions	3,943,902	1,343,769	121,188
Transfers in	8,909,277	3,749,147	7,000
Transfers out	(3,128,641)	(99,498)	(247,651)
Change in net assets	10,359,124	1,119,761	2,079,219
Total net assets - beginning	263,266,758	230,303,590	21,019,967
Total net assets - ending	$ 273,625,882	$ 231,423,351	$ 23,099,186

Some amounts reported for *business-typ*
the statement of activities are different be
revenue (expense) of certain internal serv
reported with business-type activities.

Change in net assets of business-type ac

The accompanying notes are an integral part of the financial statements

nds Stadium Fund	Public Housing Fund	Total	Governmental Activities - Internal Service Funds
$ 1,189,888	$ -	$ 58,907,147	$ 32,547,785
1,424,837	107,327	1,532,164	-
	209,878	209,878	192,010
15,040	17,019	103,652	204,049
2,629,765	334,224	60,752,841	32,943,844
1,464,889	-	11,362,291	7,955,810
2,792,689	282,213	30,512,763	10,381,666
-	-	-	15,017,793
749,729	85,431	17,179,359	9,931,764
5,007,307	367,644	59,054,413	43,287,033
(2,377,542)	(33,420)	1,698,428	(10,343,189)
10,281	1,141	306,672	116,433
(3,639)	-	(5,501,391)	-
-	-	52,723	(28,066)
6,642	1,141	(5,141,996)	88,367
(2,370,900)	(32,279)	(3,443,568)	(10,254,822)
-	-	5,408,859	68,100
2,033,970	4,000	14,703,394	3,340,922
(108,256)	-	(3,584,046)	(774,159)
(445,186)	(28,279)	13,084,639	(7,619,959)
24,200,461	2,357,223	541,147,999	51,163,856
$ 23,755,275	$ 2,328,944	$ 554,232,638	$ 43,543,897

e activities on
cause the net
vice funds is

	(79,435)
tivities	$ 13,005,204

CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 30,090,864	$ 15,955,144	$ 11,784,926	$ 2,648,145
Payments to suppliers	(13,549,923)	(5,592,525)	(2,210,562)	(2,279,742)
Payments to employees	(4,702,532)	(2,259,318)	(3,112,590)	(1,499,278)
Self-insurance costs	-	(1,500,000)	-	-
Payments to internal service funds	(1,879,519)	(847,050)	(3,634,233)	(531,578)
Net cash provided (used) by operating activities	9,958,890	5,756,251	2,827,541	(1,662,453)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	8,909,277	3,749,147	7,000	2,033,970
Transfers out	(3,128,641)	(99,498)	(247,651)	(108,256)
Net cash provided (used) by non-capital financing activities	5,780,636	3,649,649	(240,651)	1,925,714
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,163,219)	(3,706,433)	-	-
Disposal of capital assets	16,741	-	166,483	-
Capital contributions	1,336,099	563,836	121,188	-
Principal payments on capital debt	(9,975,616)	(5,129,654)	(4,071)	(152,452)
Interest paid on capital debt	(2,325,734)	(2,950,905)	-	(11,127)
Net cash provided (used) by capital and related financing activities	(15,111,729)	(11,223,156)	283,600	(163,579)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(41,256,768)	(17,602,015)	(21,364,528)	(3,010,010)
Proceeds from sale of investments	38,839,975	17,303,570	18,646,672	2,742,671
Interest received on investments	204,091	69,768	93,847	11,349
Net cash provided (used) by investing activities	(2,212,702)	(228,677)	(2,624,009)	(255,990)
Net increase (decrease) in cash and cash equivalents	(1,584,905)	(2,045,933)	246,481	(156,308)
Cash and cash equivalents at beginning of year	15,645,614	9,172,295	6,556,636	1,171,503
Cash and cash equivalents at end of year	$ 14,060,709	$ 7,126,362	$ 6,803,117	$ 1,015,195
Classified as:				
Cash and cash equivalents	$ 13,179,249	$ 5,608,421	$ 6,803,117	$ 958,183
Restricted cash with fiscal agents	881,460	61,075	-	57,013
Non-current restricted cash and cash equivalents	-	1,456,866	-	-
Totals	$ 14,060,709	$ 7,126,362	$ 6,803,117	$ 1,015,196

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
$ 9,692	$ 60,488,771	$ 32,931,136
(283,677)	(23,916,429)	(11,942,286)
-	(11,573,718)	(8,083,310)
-	(1,500,000)	(14,667,793)
-	(6,892,380)	-
(273,985)	16,606,244	(1,762,253)
4,000	14,703,394	3,340,922
-	(3,584,046)	(774,159)
4,000	11,119,348	2,566,763
-	(7,869,652)	(3,993,924)
-	183,224	179,740
-	2,021,123	-
-	(15,261,793)	-
-	(5,287,766)	-
-	(26,214,864)	(3,814,184)
-	(83,233,321)	(32,913,806)
-	77,532,888	32,991,021
1,141	380,196	152,033
1,141	(5,320,237)	229,248
(268,844)	(3,809,509)	(2,780,426)
518,399	33,064,447	13,265,752
$ 249,555	$ 29,254,938	$ 10,485,326
$ 162,134	$ 26,711,104	$ 10,485,326
87,421	1,086,969	-
-	1,456,866	-
$ 249,555	$ 29,254,939	$ 10,485,326

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 3,012,073	$ (986,175)	$ 2,083,492	$ (2,377,542)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	6,866,612	8,419,739	1,057,848	749,729
(Increase) decrease in assets:				
Accounts receivable	(86,625)	21,990	(81,052)	7,630
Due from other governments	-	-	-	-
Prepaid items	78,344	-	-	-
Supplies inventory	21,995	-	(9,132)	-
Increase (decrease) in liabilities:				
Accounts payable	(59,290)	(149,583)	(185,140)	(18,096)
Accrued payroll	(81,843)	(47,120)	(46,505)	(33,139)
Due to other governments	(2,715)	-	-	(538)
Other liabilities	29,570	-	-	3
Deposits payable	187,769	-	-	-
Claims payable	-	(1,500,000)	-	-
Deferred revenue	-	-	-	10,750
Compensated absences	(7,000)	(2,600)	8,030	(1,250)
Total adjustments	6,946,817	6,742,426	744,049	715,089
Net cash provided (used) by operating activities	$ 9,958,890	$ 5,756,251	$ 2,827,541	$ (1,662,453)
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	$ 2,607,803	$ 633,915	$ -	$ -
Capital assets acquired through capital leases	-	48,000	-	-
Decrease in fair market value of investments	(28,977)	(10,983)	(12,672)	(1,092)
Total non-cash investing, capital and financing activities	$ 2,578,826	$ 670,932	$ (12,672)	$ (1,092)

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
$ (33,420)	$ 1,698,428	$ (10,343,189)
85,431	17,179,359	9,931,764
(16,891)	(154,948)	(12,708)
(309,811)	(309,811)	-
(158)	78,186	-
1,172	14,035	(18,789)
(2,478)	(414,587)	(1,541,831)
-	(208,607)	(126,130)
-	(3,253)	-
-	29,573	-
2,170	189,939	-
-	(1,500,000)	350,000
-	10,750	-
-	(2,820)	(1,370)
(240,565)	14,907,816	8,580,936
$ (273,985)	$ 16,606,244	$ (1,762,253)
$ -	$ 3,241,718	$ 68,100
-	48,000	-
-	(53,724)	(24,327)
$ -	$ 3,235,994	$ 43,773

(concluded)

CITY OF PEORIA, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Firemen's Pension Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 57,989	$ 164,280
Investments (pooled), at fair value	99,061	280,631
Interest receivable	261	-
Total assets	157,311	444,911
LIABILITIES		
Accounts payable	-	222
Other liabilities	-	444,689
Total liabilities	-	444,911
NET ASSETS		
Held in trust for pension benefits and other purposes	$ 157,311	

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Firemen's Pension Fund
ADDITIONS	
Contributions:	
State insurance premium tax rebate	$ 613
Total contributions	613
Investment earnings:	
Interest and investment income	$ 792
Total investment earnings	792
Less investment expenses:	
Investment management fees	62
Net investment earnings	730
Total additions	1,343
DEDUCTIONS	
Retirement payments	25,500
Total deductions	25,500
Change in net assets	(24,157)
Net assets - beginning of the year	181,468
Net assets - end of the year	$ 157,311

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

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

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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.

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

The financial reporting entity presented in these financial statements consists of the City and two 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. 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.

B. Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (statement of net assets 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 Assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt, 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 assets 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 assets 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 assets are available.

Commitments or assignments of net assets 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 assets in the various funds to demonstrate the government’s intended use of those net assets.

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 Assets. The costs of the internal service fund 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 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; 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 fixed 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 assets, 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 and Solid Waste 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.

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. 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 governmental 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 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. 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 five 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. Three funds account for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator. These are Neighborhood Pride, PLAY

Peoria, and Peoria Citizens Corp Council. The fifth 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 deferred revenue.

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 revenue on the governmental fund financial statements. State Shared Sales Taxes, Highway User revenues and State Shared Income taxes 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 deferred.

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 2011.

- The maximum legal expenditure permitted for the year is the total budget as adopted. The expenditure appropriations in the adopted budget are maintained in the City's financial system by department within individual funds. Departmental appropriations may be amended during the year, within administrative guidelines and adopted Council policies.

- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.

- 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 2010-2011, including the permanent base adjustment, was $749,417,190.

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 encumbrances outstanding at June 30 may be found in Note 20.

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 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 assets 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 assets 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, 2011, 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 $5,532,242.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful life (Years)
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
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 2011 amortization was $257,796 and the net book value at June 30, 2011 was $11,858,624. 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 assets, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

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 assets. 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. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 services 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 $25,000 deductible. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts up to $40,000,000.

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 $750,000 per claim on public safety employees and $600,000 for all other employees up to an aggregate stop loss of $2,584,729 for fiscal year 2011. 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 $100,000 per claim, $2,000,000 lifetime maximum. 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 $3,155,000 reported in the Self-Insurance Fund at June 30, 2011 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 $1,761,000 for liability/property claims, $675,000 for workers' compensation claims and $719,000 for health insurance claims.

For additional information on insurance amounts, see Table XXXIV on page 192. The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses are not included in the calculation. Changes in the Self-Insurance Fund's claims liability amount (claims only, exclusive of other insurance expenses) during the last two fiscal years are as follows:

Fiscal Year 2010:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	$1,500,000	$ 225,000	$ 956,999	$ (956,999)	$ 1,725,000
Workers' compensation	-	510,000	158,621	(158,621)	510,000
Health insurance	-	570,000	5,539,312	(5,539,312)	570,000
	$1,500,000	$1,305,000	$ 6,654,932	$ (6,654,932)	$ 2,805,000

Fiscal Year 2011:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	$1,725,000	$ 36,000	$ 622,379	$ (622,379)	$ 1,761,000
Workers' compensation	510,000	165,000	376,325	(376,325)	675,000
Health insurance	570,000	149,000	10,644,010	(10,644,010)	719,000
	$2,805,000	$ 350,000	$11,642,714	$(11,642,714)	$ 3,155,000

Detailed financial statements of the three functions making up the self-insurance fund may be found on pages 132-133.

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 2011, the City implemented the following new accounting standards issued by the Governmental Accounting Standards Board:

Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions
Statement No. 61 – The Financial Reporting Entity
Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Announcements

T. 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 assets/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 Assets:

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Eliminations (3)	Statement of Net Assets Totals
Assets					
Cash and cash equivalents	$ 68,116,739	-	10,485,326	-	78,602,065
Cash with fiscal agents	17,694,226	-	-	-	17,694,226
Investments	115,317,611	-	17,911,530	-	133,229,141
Accounts receivable, net	9,031,543	-	13,794	-	9,045,337
Interest receivable	490,532	-	40,701	-	531,233
Due from other funds	110,050	-	(1,523,119)	(419,861)	(1,832,930)
Interfund receivable (non-current)	10,473,043	-	-	(10,473,043)	-
Due from other governments	6,007,242	-	-	-	6,007,242
Prepaid items	148,504	-	-	-	148,504
Supply inventories	214,915	-	159,471	-	374,386
Deferred bond issuance costs, net	-	3,069,375	-	-	3,069,375
Other assets	-	2,880,000	-	-	2,880,000
Restricted cash/cash equivalents	27,525,284	-	-	-	27,525,284
Restricted investments	34,600,945	-	-	-	34,600,945
Special assessment receivables	6,328,446	-	-	-	6,328,446
Capital assets	-	1,085,991,289	20,384,415	-	1,106,375,704
Total assets	$ 296,059,080	1,091,940,664	47,472,118	(10,892,904)	1,424,578,958

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Eliminations (3)	Statement of Net Assets Totals
Liabilities					
Accounts payable	$ 4,297,850	-	1,629,318	-	5,927,168
Accrued payroll	831,278	-	85,052	-	916,330
Interest payable	18,585	6,237,269	-	-	6,255,854
Due to other funds	419,861	-	-	(419,861)	-
Interfund payable (non-current)	10,473,043	-	-	(10,473,043)	-
Due to other governments	1,450,624	-	-	-	1,450,624
Claims/deposits payable	3,492	-	3,155,000	-	3,158,492
Deferred revenue	12,957,988	(7,033,640)	-	-	5,924,348
Other liabilities	2,386,481	-	-	-	2,386,481
Unamortized bond premium	-	3,244,074	-	-	3,244,074
Compensated absences-current	-	4,253,370	455,110	-	4,708,480
Current bonds/contracts payable	-	22,206,027	-	-	22,206,027
Long-term liabilities (net of deferred loss)	-	336,505,588	126,860	-	336,632,448
Total liabilities	$ 32,839,202	365,412,688	5,451,340	(10,892,904)	392,810,326
Fund Balance/Net Assets					
Total fund balance/net assets	$ 263,219,878	726,527,976	42,020,778	-	1,031,768,632
Total liabilities and fund balance/net assets	$ 296,059,080	1,091,940,664	47,472,118	(10,892,904)	1,424,578,958

(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 assets includes those capital assets among the assets of the City as a whole.

Costs of capital assets	$ 1,304,089,991
Accumulated depreciation	(218,098,702)
	$ 1,085,991,289

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

Interest payable	$ (6,237,269)

Bond issuance costs are expensed when incurred in governmental funds, but are deferred and amortized over the life of the bonds in the statement of net assets.

Deferred bond issuance costs	$ 3,069,375

Bond premiums are recognized at the time of issuance in the governmental funds, but are deferred and amortized over the life of the bonds on the statement of net assets $ (3,244,074)

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 assets.

Contracts payable	$ (67,383,993)
Bonds payable	(290,715,965)
Compensated absences	(5,583,440)
Subtotal	(363,683,398)
Less: current compensated absences	(4,253,370)
current portion of bonds/contracts	(22,206,027)
	$ (337,224,001)

Loss on refunding bonds is expensed at the time of issuance in the governmental funds, but is deferred and expensed over the life of the bonds on the statement of net assets. $ 718,413

Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill. $ 2,880,000

Deferred revenue for the long-term special assessment receivables shown on the governmental fund statements is not deferred on the statement of net assets. 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.

Deferred special assessment revenue	$ 6,328,423
Deferred property tax revenue	705,217
	$ 7,033,640

(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 assets, but are not included on the governmental fund balance sheet.

ISF Net Assets	$ 42,020,778

(3) Certain interfund transactions between governmental activities are eliminated in the consolidation of those activities for the statement of net assets.

Interfund receivables	$ 419,861
Interfund payables	(419,861)
	$ -

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
Revenues and Other Sources							
Taxes:							
Sales and use taxes	$ 58,082,217	-	-	-	-	-	58,082,217
Property taxes	26,124,658	(89,493)	-	-	-	-	26,035,165
Franchise taxes	4,037,897	-	-	-	-	-	4,037,897
Intergovernmental:							
State shared sales taxes	11,649,489	-	-	-	-	-	11,649,489
Urban revenue sharing	13,408,996	-	-	-	-	-	13,408,996
Auto-in-lieu taxes	4,548,154	-	-	-	-	-	4,548,154
Highway user revenue	8,018,271	-	-	-	-	-	8,018,271
From federal government	5,036,285	-	-	-	-	-	5,036,285
Other governmental	1,256,148	-	-	-	-	-	1,256,148
Charges for services	16,356,566	-	-	-	-	12,920,584	29,277,150
Licenses and permits	1,672,072	-	-	-	-	-	1,672,072
Fines and forfeitures	3,068,861	-	-	-	-	-	3,068,861
Rents	403,321	-	-	-	-	-	403,321
Investment earnings	1,238,174	-	-	116,433	-	-	1,354,607
Special assessments	2,201,463	(1,813,092)	-	-	-	-	388,371
Miscellaneous	18,441,696	-	14,129	-	-	(13,330,909)	5,124,916
Other sources:							
Gain on sale of capital assets	-	-	76,640	-	-	-	76,640
Capital contributions	-	-	17,244,967	-	-	-	17,244,967
Capital-related debt issued	7,920,000	-	-	-	(7,920,000)	-	-
Premium on bonds issued	16,960	-	-	-	(16,960)	-	-
Expired development agreement debt	-	-	-	-	801,394	-	801,394
Transfers in	28,388,910	-	5,594,193	3,340,922	8,034,773	(44,843,530)	515,268
Total revenues and other sources	211,870,138	(1,902,585)	22,929,929	3,457,355	899,207	(45,253,855)	192,000,189
Expenditures/Expenses							
Current:							
General government	15,818,173	690,988	10,833,649	180,618	-	-	27,523,428
Culture and recreation	18,784,735	(69,420)	2,631,309	130,423	-	(410,325)	21,066,722
Police	33,926,463	(197,050)	1,610,009	197,465	-	-	35,536,887
Fire	19,463,905	70,810	1,565,796	143,454	-	-	21,243,965
Development services	6,051,667	20,980	23,820	38,717	-	-	6,135,184
Highways and streets	13,891,078	(14,830)	12,144,631	(422,812)	-	-	25,598,067
Public works	6,748,102	(30,230)	1,649,943	74,097	-	-	8,441,912
Human services	1,952,861	(9,110)	44,169	5,057	-	-	1,992,977
Debt service:							
Principal payments	34,309,287	-	-	-	(34,309,287)	-	-
Interest and other charges	12,658,032	(205,172)	-	-	163,702	-	12,616,562
Capital outlay	29,176,335	-	(29,176,335)	-	-	-	-
Unallocated depreciation	-	-	574,550	-	-	-	574,550
Total expenditures/ expenses	192,780,638	256,966	1,901,541	347,019	(34,145,585)	(410,325)	160,730,254
Other financing uses/changes in net assets							
Transfers out	42,075,019	-	5,594,193	774,161	8,034,773	(44,843,530)	11,634,616
Total expenditures/expenses & other financing uses	234,855,657	256,966	7,495,734	1,121,180	(26,110,812)	(45,253,855)	172,364,870
Net change for the year	$ (22,985,519)	(2,159,551)	15,434,195	2,336,175	27,010,019	-	19,635,319

(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	$ 221,862

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	$ (60,550)
Amortization of loss on refunding	(155,220)
Amortization of bond premium	420,942
	$ 205,172

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. $ (89,493)

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 deferred revenue 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	$ (1,813,092)

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. $ (684,000)

(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 assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	$ 29,078,493
Other capital	86,912
Depreciation expense	(29,795,080)
	$ (629,675)

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 assets 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:	$ 14,129

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	$ 17,244,967

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	$ 76,640
Losses	(1,271,866)
	$ (1,195,226)

The donation of governmental capital assets from Proprietary Funds is not shown in the governmental fund statements but is a transfer in on the statement of activities.

Transfers out	$ (5,594,193)
Transfers in	5,594,193
	$ -

(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	$ 3,457,355
Expenditures and other uses	(1,121,180)
Change in net assets	$ 2,336,175

(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 assets and do not result in an expense in the statement of activities.

Principal payments made	$ 34,309,287

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	$ (7,920,000)

Certain bond transactions, like issuance costs, 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 deferred and recognized or amortized (expensed) over the life of the bonds.

Issuance costs for new debt	$ 97,813
Amortization of bond issuance costs	(261,515)
Bond premium	(16,960)
	$ (180,662)

A development agreement (long term debt 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. $ 801,394

Certain debt transactions cause transfers between funds.

Transfers out	$ 8,034,773
Transfers in	(8,034,773)
	$ -

(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	$ 410,325
Interfund service charges	(410,325)
	$ -

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	$ 44,843,530
Transfers in	(44,843,530)
	$ -

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 assets on a budgetary basis, to revenues and expenditures/expenses or change in net assets 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 Assets, and on the fund financial statements, as "Cash and cash equivalents" and "Investments".

At June 30, 2011, the carrying amount of the City's deposits was $26,882,331 and the bank balance was $27,592,444. 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 $710,113 represents deposits in transit, outstanding checks and other reconciling items.

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, 2011, 67.8% of the City's investments have a maturity of less than one year and 3.1% 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, 2011 was 311 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, 2011, the City's investments include $50.9 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	AAA	.9
Federal Farm Credit Bank - Callable Agency Note	Aaa	AAA	5.9
Federal Farm Credit Bank - Discount Note	P-1	A-1+	2.9
Federal Home Loan Bank - Agency Note	Aaa	AAA	3.3
Federal Home Loan Bank - Callable Agency Note	Aaa	AAA	3.8
Federal Home Loan Bank - Callable Agency Step Up Note	Aaa	AAA	.8
Federal Home Loan Mortgage Corp - Agency Note	Aaa	AAA	5.9
Federal Home Loan Mortgage Corp - Callable Agency Note	Aaa	AAA	13.9
Federal Home Loan Mortgage Corp - Callable Agency Step Up Note	Aaa	AAA	1.3
Federal National Mortgage Assoc - Agency Note	Aaa	AAA	4.5
Federal National Mortgage Assoc - Callable Agency Note	Aaa	AAA	5.4
Federal National Mortgage Assoc - Callable Agency Step Up Note	Aaa	AAA	1.2

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, 2011, 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, 2011, the City's investments include 46.9% invested in U.S. Agency Coupon securities, 2.9% in U.S. Agency Discount Notes, 9.9% in U.S. Treasury Notes, 15.0%

in Commercial Paper, and 25.3% 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.

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, 2011, the City's investments included the following:

	Investment Maturities in Years				
	Less than 1	**1-2**	**2-3**	**Over 3**	**Fair Value**
Unrestricted Investments:					
U.S. Treasury notes and strips	$ 25,207,000	-	-	-	$ 25,207,000
Agency coupon securities	28,549,530	58,271,080	37,274,147	10,644,400	134,739,157
Agency discount notes	9,983,472	-	-	-	9,983,472
Commercial paper	31,947,443	-	-	-	31,947,443
State of Arizona local government investment pool	2,933,879	-	-	-	2,933,879
Mutual fund-money market	48,965,659	-	-	-	48,965,659
Total unrestricted investments	147,586,983	58,271,080	37,274,147	10,644,400	253,776,610
Less: amount included in cash and cash equivalents					77,254,994
Plus: amount included in restricted investments					2,378,227
Unrestricted investments, net					$ 178,899,843
Total investments per statement of net assets					$ 178,520,151
Plus: Investments in fiduciary funds					379,692
Net unrestricted investments					$ 178,899,843
Restricted Investments:					
Agency coupon securities	21,110,588	3,401,880	-	-	$ 24,512,468
Commercial paper	18,968,182	-	-	-	18,968,182
Mutual fund-money market	17,416,958	-	-	-	17,416,958
U.S. Treasury notes and strips	8,556,100	-	-	-	8,556,100
Total Restricted Investments	66,051,828	3,401,880	-	-	$ 69,453,708
Less: amount included in cash with fiscal agents					3,557,049
Less: amount included in restricted cash and cash equivalents					28,917,487
Less: amount included in unrestricted investments					2,378,227
Net restricted investments					$ 34,600,945

Restricted cash, cash equivalents, and cash with fiscal agents at June 30, 2011, consisted of the following:

Wastewater infrastructure loan not yet drawn	$	1,456,866
Restricted investments included in restricted cash and cash equivalents		28,917,487
Less: amount included in unrestricted cash and cash equivalents		1,392,203
Total restricted cash and cash equivalents per statement of net assets	$	28,982,150

Cash with Fiscal Agents at June 30, 2011, consisted of the following:

Cash with fiscal agents	$	15,224,146
Restricted investments included in cash with fiscal agents		3,557,049
Total cash with fiscal agents	$	18,781,195

Unrestricted Cash and cash equivalents at June 30, 2011, consisted of the following:

Investments included in cash and cash equivalents	$	77,254,994
Carrying amount of city deposits		26,882,331
Amounts due from restricted cash		1,392,203
Cash on hand		5,910
Total cash and cash equivalents		105,535,438
Less: Cash and cash equivalents of Fiduciary funds		222,269
Total cash and cash equivalents per statement of net assets	$	105,313,169

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 comprises the following for the year ended June 30, 2011:

Net interest and dividends	$	1,927,287
Net decrease in the fair value of investments		(264,849)
Total net investment income		1,662,438
Less: net investment income of Fiduciary funds		1,159
Total net investment income per statement of activities	$	1,661,279

The net decrease in the fair value of investments during fiscal year 2010-2011 was approximately $264,849. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2011, was approximately $148,908.

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 2011 are $1,527,126,323 and $1,609,972,511 respectively.

The Arizona tax year has been defined as a calendar year, not withstanding 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 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, 2011:

Governmental activities:	
General Fund:	
Due from Maricopa County for:	
Property tax	43,543
Due from State of Arizona for:	
State shared sales tax	1,996,444
State revenue sharing	1,083,645
Auto lieu tax	443,661
ADOT	204,658
Miscellaneous other	56,897
Due from Peoria Unified School District	72,683
Subtotal	3,901,531
Highway User Revenue Fund:	
Due from State of Arizona (Highway user revenue)	787,114
Due from Maricopa County – Property tax (SLIDS)	5,930
Subtotal	793,044
GO Bond Debt Service Fund:	
Due from Maricopa County (Property tax)	294,661
Subtotal	294,661
Non-major Governmental Fund:	
Due from US Department of Housing & Urban Development	240,579
Due from US Department of Transportation	40,000
Due from US Department of Interior	50,000
Due from US Department of Energy	245,804
Due from other Federal agencies	113,983

Non-major Governmental Fund (continued):	
Due from Maricopa County:	
Home Grant	32,671
Property tax	23,619
Due from State of Arizona	
Various Grants	271,350
Subtotal	1,018,006
Total governmental activities	$ 6,007,242

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, 2011.

Fund	Receivables	Allowance	Net
Governmental funds:			
General Fund	$ 4,338,583	37,639	4,300,944
Half-Cent Sales Tax Fund	1,270,713	-	1,270,713
Highway User Revenue Fund	378,131	-	378,131
Transportation Sales Tax Fund	764,051	-	764,051
GO Bond Debt Service Fund	1,288,224	261,704	1,026,520
Other Governmental Funds	1,341,957	50,773	1,291,184
Total governmental funds	$ 9,381,659	350,116	9,031,543
Enterprise funds:			
Water Utility Fund	$ 7,188,672	2,580,155	4,608,517
Wastewater Utility Fund	2,331,078	503,589	1,827,489
Solid Waste Utility Fund	1,744,737	363,161	1,381,576
Stadium Fund	5,832	-	5,832
Public Housing Fund	19,788	-	19,788
Total enterprise funds	11,290,107	3,446,905	7,843,202
Internal Service Funds	13,794	-	13,794
Grand totals	$ 20,952,641	3,689,876	17,262,765

8. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

Net interfund receivables and payables between governmental activities and business-type activities of $1,832,930 are included in the government-wide financial statements at June 30, 2011. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). Other interfund payables and receivables, if any, 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, 2011, there are two interfund loans that have long-term portions as follows: 1) The General Fund made a cash loan of $392,550 ($110,050 current and $282,500 long-term) to the Development Fee Fund to complete the Sunrise Mountain Branch Library construction. 2) The Development Fee Fund owes the MDA Debt Service Fund $10,190,543 (all long-term) to repay future debt service payments for bonds used to complete construction of Happy Valley Road.

The net transfers of $11,119,348 from governmental activities to business-type activities on the government-wide statement of activities are primarily debt service and operational subsidies from the General Fund and Half-Cent Sales Tax Fund to the Stadium Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2011:

Fund		Transfers out	Transfers in
Governmental funds:			
General Fund	$	1,767,345	6,748,451
Half-Cent Sales Tax Fund		10,092,367	-
Highway User Revenue Fund		181,862	1,026,000
Development Fee Fund		17,190,543	315,123
Transportation Sales Tax Fund		2,455,623	-
Non-Major Governmental Funds		10,387,279	20,299,336
Total governmental funds		42,075,019	28,388,910
Enterprise funds:			
Water Utility Fund		3,128,641	8,909,276
Wastewater Utility Fund		99,498	3,749,146
Solid Waste Utility Fund		247,651	7,000
Stadium Fund		108,256	2,033,970
Public Housing		-	4,000
Total enterprise funds		3,584,046	14,703,392
Internal Service funds		774,159	3,340,922
Grand totals	$	46,433,224	46,433,224

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 2011 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer. For further detail on interfund transfers, refer to Exhibit 6 on pages 149-151.

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, 2011, no funds, as shown in the basic financial statements, were in a deficit position. The Workers' Compensation Self-Insurance Fund, as shown in the Combining Detailed Schedule of Net Assets within the supplemental information tab, has a deficit balance of $41,572 at June 30, 2011. The City intends to remedy this situation in the next fiscal year.

For the year ended June 30, 2011, expenditures, including capital outlay and transfers, did not exceed budget at the fund level (i.e. the level of budgetary control) in any funds.

11. FUND BALANCE/NET ASSETS RESTRICTIONS, COMMITMENTS AND ASSIGNMENTS

Only restrictions imposed by external sources are shown as Restricted Net Assets 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 assets in other funds to demonstrate the government's intended use of those net assets. 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. 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 assets 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 assets included in unrestricted net assets on the proprietary fund financial statements at June 30, 2011:

Water Utility Fund:	
Committed for working capital policy reserve	$ 7,500,000
Committed for rate stabilization	1,500,000
Committed for debt stabilization	2,800,000
Committed for system asset maintenance	6,545,921
Committed for capital equipment replacement	945,077
	19,290,998
Wastewater Utility Fund:	
Committed for working capital policy reserve	700,000
Committed for rate stabilization	800,000
Committed for debt stabilization	3,600,000
Committed for system asset maintenance	7,246,765
Committed for capital equipment replacement	739,397
	13,086,162
Solid Waste Utility Fund:	
Committed for working capital policy reserve	2,400,000
Committed for capital equipment replacement	4,331,336
	6,731,336
Stadium Fund:	
Committed for capital equipment replacement	729,287
Total proprietary funds	39,837,783
Internal Service Funds:	
Committed for capital equipment replacement	13,226,041
Assigned for Workers' Compensation self-insurance reserve	2,000,000
Assigned for Health self-insurance reserve	2,500,000
Assigned for risk management purpose	3,350,251
	21,076,292

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, 2011:

Budget stabilization reserve – Is 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.

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.

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, 2011, follows:

	Balances June 30, 2010	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2011
Governmental activities:				
Non-depreciable assets:				
Work in Progress – Parks $	32,791,906	8,373,035	-	41,164,941
Work in Progress – Buildings	16,715,390	1,789,100	(18,381,714)	122,776
Work in Progress - Equipment	266,549	24,420	(145,849)	145,120
Work in Progress – Furniture	31,036	-	-	31,036
Work in Progress – Storm drains	22,776,147	1,632,207	-	24,408,354
Work in Progress – Streets	116,036,236	19,005,095	(96,200)	134,945,131
Work in Progress – Technology	2,976,113	1,389,769	(607,916)	3,757,966
Work in Progress – Vehicles	1,599	858,313	(23,424)	836,488
Work in Progress – CFD	3,143,809	2,007,629	-	5,151,438
Land	328,656,566	4,846,635	(1,167,160)	332,336,041
Total non-depreciable assets	523,395,351	39,926,203	(20,422,263)	542,899,291

	Balances June 30, 2010	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2011
Depreciable assets:				
Buildings & Improvements	147,477,559	18,409,175	-	165,886,734
Furniture	2,023,634	-	-	2,023,634
Equipment	38,944,701	3,669,363	-	42,614,064
Vehicles	22,573,207	607,955	(1,338,191)	21,842,971
Storm drain system	64,521,486	79,099	-	64,600,585
Street system	485,218,132	5,891,149	-	491,109,281
Park system	27,972,373	36,825	-	28,009,198
Total depreciable assets at historical cost	788,731,092	28,693,566	(1,338,191)	816,086,467
Less accumulated depreciation for:				
Buildings & Improvements	(29,228,644)	(3,545,798)	-	(32,774,442)
Furniture	(1,086,979)	(215,608)	-	(1,302,587)
Equipment	(18,129,461)	(9,683,935)	-	(27,813,396)
Vehicles	(13,115,964)	(2,209,156)	1,130,385	(14,194,735)
Storm drain system	(15,978,321)	(1,441,025)	-	(17,419,346)
Street system	(138,450,597)	(11,808,571)	-	(150,259,168)
Park system	(7,955,394)	(890,986)	-	(8,846,380)
Total accum. depreciation	(223,945,360)	(29,795,079)	1,130,385	(252,610,054)
assets, net	564,785,732	(1,101,513)	(207,806)	563,476,413
Governmental activities capital assets, net	$ 1,088,181,083	38,824,690	(20,630,069)	1,106,375,704
Business-type activities:				
Non-depreciable assets:				
Work in Progress - Water	$ 37,057,711	2,708,759	(4,621,463)	35,145,007
Work in Progress - Wastewater	9,478,865	2,637,980	-	12,116,845
Work in Progress – Stadium	-	-	-	-
Land	17,019,886	753	-	17,020,639
Total non-depreciable assets	63,556,462	5,347,492	(4,621,463)	64,282,491
Depreciable assets:				
Buildings & improvements	38,371,478	102,567	-	38,474,045
Furniture	224,675	-	-	224,675
Equipment	2,632,902	982,545	-	3,615,447
Vehicles	12,268,606	-	(962,370)	11,306,236
Water Rights	12,889,809	-	-	12,889,809
Water system	280,490,121	7,983,705	-	288,473,826
Wastewater system	339,802,861	1,364,523	-	341,167,384
Total depreciable assets at historical cost	686,680,452	10,433,340	(962,370)	696,151,422
Less accumulated depreciation for:				
Buildings & improvements	(12,902,064)	(959,457)	-	(13,861,521)
Furniture	(124,061)	(27,561)	-	(151,622)
Equipment	(1,252,685)	(259,912)	-	(1,512,597)
Vehicles	(6,671,749)	(1,293,974)	831,870	(7,133,853)
Water Rights	(773,389)	(257,796)	-	(1,031,185)
Water system	(52,117,052)	(6,179,522)	-	(58,296,574)
Wastewater system	(47,751,450)	(8,044,799)	-	(55,796,249)
Total accum. depreciation	(121,592,450)	(17,023,021)	831,870	(137,783,601)
Total depreciable assets, net	565,088,002	(6,589,681)	(130,500)	558,367,821
Business-type activities capital assets, net	$ 628,644,464	(1,242,189)	(4,751,963)	622,650,312

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

General government	$ 9,666,488
Culture and recreation	2,625,432
Police	1,544,147
Fire	1,565,796
Development services	23,820
Highways and streets	12,110,305
Public works	1,649,943
Human services	34,598
Unallocated	574,550
Total depreciation expense	$ 29,795,079

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, 2011, 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, 2011 was $92,028,351 and $158,984,502 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 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, 2011, 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 special assessments at June 30, 2011. 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, 2011. 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, and $9,384,315 in 2010; 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 $135,589,201 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, and $9,497,031 in 2010 were issued against the 2005 authorization leaving $123,904,322 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 bonds for drainage projects were issued against the 2005 water, wastewater and storm drainage authorization leaving $92,174,716 unissued at June 30, 2011.

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. In June 2010, general obligation bonds in the amount of $5,238,190 were issued for transportation and drainage projects, and $1,005,234 for public safety and municipal operations projects against the 2008 authorization leaving $371,756,576 unissued as of June 30, 2011.

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, 2011, $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, 2011.

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, 2011. At June 30, 2011, there is no outstanding arbitrage liability.

Bonds and loans payable at June 30, 2011 are comprised of the following:

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:							
General Obligation Bonds							
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	$27,570,000	$15,790,000
03/01/07	Series A (2007)	Various improvements	7/1/07-26	4.27	20	94,380,000	67,325,000
03/01/07	Series B (2007)	Refunding portions of Series 1995, 1996, 2000	7/1/07-20	4.00	14	18,365,000	13,860,000
02/19/09	Series 2009	Various improvements	7/1/09-28	3.86	7.4	68,440,000	41,435,000
06/24/10	Series 2010	Various improvements	7/1/10-30	4.03	10.5	29,170,000	29,170,000
	Total General Obligation Bonds					237,925,000	167,580,000
Municipal Development Authority Bonds							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.7	5.1	22,255,141	3,620,965
03/09/06	Series 2006	Revenue Bonds MDA Series 2006 – Community Theater	7/1/06-25	4.2	10.9	6,675,000	5,340,000
03/12/08	Series 2008	Revenue Bonds MDA Series 2008 - Transportation	7/1/08-26	4.6	10.5	47,000,000	41,485,000
06/08/11	Series 2011	Revenue Bonds MDA Series 2011	7/1/12-26	3.9	8.7	7,920,000	7,920,000
						83,850,141	58,365,965
Special Assessment Bonds with governmental commitment (collateralized by the special assessments levied on the property benefiting from the improvements)							
06/30/91	ID# 8801	North Valley Power Center ID-Water & street improvements	1/1/94-13	7.30	13.4	5,015,000	710,000
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	1,045,000
09/17/97	ID# 9601	83rd Ave ID-Water, wastewater & street improvements	1/1/99-12	5.30	8.7	2,285,000	85,000
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	185,000
04/01/07	ID# 0601	99th Ave & Northern ID-Street improvements	7/1/07-22	4.25	15	4,950,000	4,130,000
	Total Improvement District Bonds					21,660,000	6,155,000
Community Facility District Bonds (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	16,400,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	20,600,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/09-26	4.26	20	22,760,000	21,615,000
	Total Community Facilities District Bonds					67,560,000	58,615,000
Total bonds payable recorded in governmental activities							290,715,965
Less current portion							(18,645,470)
Long-term portion of bonds payable recorded in governmental activities							$272,070,495

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

Municipal Development Authority Bonds							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	$ 2,759,859	$ 449,034
Revenue Bonds							
08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	3,544,930
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	5,992,880
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	12,417,405
07/26/01	WIFA Series 2000 (ph 2)	Greenway water treatment plant expansion & water improvements	7/1/02-21	3.94	11.7	14,500,000	9,327,429
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,354,337
12/07/06	WIFA Series 2006 CW 1	Butler Water Treatment Plant	7/1/07-26	3.06	20	27,183,342	24,839,419
02/15/08	WIFA Series 2006 CW 2	Butler Water Treatment Plant	1/1/08-27	3.06	20	42,741,541	39,379,176
07/14/08	WIFA Series 2006 CW 3	Butler Water Treatment Plant	7/1/10-28	1.98	19	8,575,248	8,249,270
07/17/09	WIFA Series CW0182009	Northern Ave Repairs	7/1/10-29	3.48	20	1,577,978	694,093
07/17/09	WIFA Series DW0382009	Various improvements	7/1/10-29	3.48	20	8,484,204	7,681,157
07/17/09	WIFA Series CW0412009	Beardsley upgrades & Northern Ave repairs	7/1/10-29	3.48	20	4,021,623	3,568,276
07/17/09	WIFA Series CW0172009	Beardsley reclamation facility	7/1/10-29	3.48	20	4,545,000	4,207,080
11/20/09	WIFA Series DW1272009	Pinnacle Peak Road improvements	7/1/10-29	3.23	20	1,780,000	720,086
05/27/10	WWW Series 2010	Refunding Series 1998A & Series 2000 Revenue Bonds	7/1/11-20	3.21	6.2	15,780,000	15,780,000
	Total Revenue Bonds					177,038,806	137,755,538

Total bonds payable recorded in business-type activities	138,204,572
Less current portion	(8,085,653)
Long-term portion of bonds payable recorded in business-type activities	130,118,919
Total long-term portion of bonds payable	$402,189,414
Reconciliation to total bonded debt principal:	
Total long-term portion of bonds payable	$402,189,414
Add:	
Current portion of bonds payable	26,731,123
Total bonded debt principal as of June 30, 2011	$428,920,537

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, 2011 consists of the following:

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:							
05/22/90	Planned area retail project	Offsite improvements-Bell Rd-IDs 8801 and 8802 – Westcor	08/28/18	Prime	10.5	$ 13,137,805	$ 1,892,460
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	690,638
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	27,003,187
07/01/03	Planned area retail project	Offsite improvements-91st Ave & Bell Rd – DIB Investment Group	05/20/20	-	-	1.800,000	1,203,310
11/18/03	Planned area retail project	Offsite improvements-91st Ave & Bell Rd- BCC Development (Acura)	04/30/14	-	-	1,800,000	1,213,089
02/17/04	Residential development	Neighborhood park land & improvements; Right of way land on 67th Ave – Sonoran Mtn Ranch	02/17/14	-	-	1,382,257	212,900
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	11,767,028
10/19/04	Residential development	Street & infrastructure improvements; Right of way land; Trail land; Fire station land – Rock Springs	-	-	-	3,901,317	3,607,178
12/14/04	Planned area retail project	Offsite improvements-92nd Ave & Bell Rd – Phoenix Motor Co.	07/29/18	-	-	1,800,000	1,561,030
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	10,071,092
09/14/05	Residential development	Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams – Casa Del Ray	-	-	-	588,659	79,875
10/12/06	Planned area retail project	Offsite improvements & Right of way land-Peoria east of 83rd Ave - Wal-Mart	10/01/13	-	-	6,926,205	3,067,231

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued):							
12/22/06	Residential development	Right of way land – Peoria Place	-	-	-	748,209	748,209
04/19/07	Residential development	Street & infrastructure improvements; Right of way land – Colina del Sur	-	-	-	72,613	72,613
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							67,383,993
Less estimated current portion							(3,560,557)
Long-term portion of contracts payable in governmental activities							63,823,436
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	2,761,841
02/17/04	Residential development	Wastewater infrastructure improvements –Sonoran Mtn Ranch	02/17/14	-	-	2,376,931	203,838
03/16/04	Residential development	Water rights-947 acre feet water allocation – Camino A Lago	08/31/14	-	-	426,208	323,400
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	3,200,727
Total contracts payable recorded in business-type activities							7,116,374
Less estimated current portion							(438,862)
Long-term portion of contracts payable							6,677,512
Total long-term contracts payable as of June 30, 2011							$ 70,500,948

The following is a summary of changes in non-current liabilities reported in the government-wide financial statements for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 184,960,000	-	17,380,000	167,580,000	11,335,000
MDA Bonds	55,943,338	7,920,000	5,497,373	58,365,965	3,430,470
Special assessment bonds	8,042,321	-	1,887,321	6,155,000	1,495,000
CFD bonds	60,890,000	-	2,275,000	58,615,000	2,385,000
Total bonds payable	309,835,659	7,920,000	27,039,694	290,715,965	18,645,470
Contracts payable	71,584,798	3,870,178	8,070,983	67,383,993	3,560,557
Compensated absences	6,387,740	5,929,182	6,151,512	6,165,410	4,708,480
Deferred bond premium	3,648,056	16,960	420,942	3,244,074	
Deferred loss on refunding	(873,633)	-	(155,220)	(718,413)	
Governmental activities totals	$ 390,582,620	17,736,320	41,527,911	366,791,029	26,914,507
Business-type activities:					
Bonds payable:					
MDA bonds	$ 861,662	-	412,628	449,034	144,530
Revenue bonds	146,078,508	-	8,322,970	137,755,538	7,941,123
Total bonds payable	146,940,170	-	8,735,598	138,204,572	8,085,653
Loans payable	6,883,276	-	6,883,276	-	-
Contracts payable	7,337,162	-	220,788	7,116,374	438,862
Compensated absences	650,890	669,893	672,713	648,070	519,850
Lease payable	-	48,000	29,381	18,619	18,619
Deferred bond premium	552,191	-	75,523	476,668	
Deferred loss on refunding	(514,689)	-	(60,961)	(453,728)	
Business-type activities totals	$ 161,849,000	717,893	16,556,318	146,010,575	9,062,984

The following is a summary of bond debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2011:

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Total
2012	17,866,790	5,995,264	1,811,720	12,225,811	5,493,336	43,392,921
2013	14,766,680	6,525,069	1,362,820	12,903,548	5,490,974	41,049,091
2014	14,759,671	6,533,469	474,600	12,894,227	5,484,633	40,146,600
2015	14,764,311	5,118,931	475,788	12,877,596	5,476,311	38,712,937
2016	14,784,971	5,112,431	476,338	12,863,376	5,475,713	38,712,829
2017	14,383,831	5,104,731	476,250	13,178,860	5,468,074	38,611,746
2018	13,812,581	5,100,481	480,525	13,161,368	5,462,674	38,017,629
2019	13,801,465	5,089,506	478,950	12,224,978	5,455,359	37,050,258
2020	13,766,873	5,078,756	481,738	10,834,752	5,445,671	35,607,790
2021	13,787,965	5,084,041	483,675	10,855,801	5,443,926	35,655,408
2022	12,604,316	5,081,386	484,763	7,931,977	5,432,718	31,535,160
2023	12,588,978	5,082,553	-	6,888,325	5,425,388	29,985,244
2024	10,859,884	5,066,693	-	6,744,469	5,427,431	28,098,477
2025	10,846,538	5,063,288	-	6,741,606	5,419,936	28,071,368
2026	10,835,086	5,041,331	-	6,738,651	5,437,175	28,052,243
2027	10,847,006	689,343	-	6,722,917	5,430,802	23,690,068
2028	5,101,850	-	-	4,775,724	-	9,877,574
2029	5,096,262	-	-	1,699,112	-	6,795,374
2030	1,844,812	-	-	234,365	-	2,079,177
2031	1,840,500	-	-	-	-	1,840,500
Less Interest	(61,380,370)	(21,952,274)	(1,332,167)	(34,741,925)	(28,655,121)	(148,061,857)
	$167,580,000	58,814,999	6,155,000	137,755,538	58,615,000	428,920,537

A portion of the Municipal Development Authority bonds debt service balance includes amounts that are recorded in and paid by the business-type activities.

The following table discloses the bond debt service requirements as of June 30, 2011, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2012	$ 26,731,123	16,661,798	43,392,921
2013	25,126,255	15,922,836	41,049,091
2014	25,195,624	14,950,976	40,146,600
2015	24,693,372	14,019,565	38,712,937
2016	25,664,786	13,048,043	38,712,829
2017-2021	135,774,109	49,168,722	184,942,831
2022-2026	123,739,784	22,002,708	145,742,492
2027-2031	41,995,484	2,287,209	44,282,693
Totals	$ 428,920,537	148,061,857	576,982,394

The City had no outstanding variable rate bonds at June 30, 2011. The City had $2,583,098 in variable rate outstanding contracts payable at June 30, 2011. 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, 2011.

Long-term compensated absences of governmental activities are expected to be liquidated by the operating funds (primarily the General 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.

Prior Years Refundings (amounts not yet callable)

1998A	Water/Sewer Revenue Bonds	$ 9,265,000
2000	Water/Sewer Revenue Bonds	$ 6,165,000
		$ 15,430,000

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 $2,759,859 in Municipal Development Refunding Bonds issued in 2003, as well as $15,780,000 in Revenue Refunding Bonds issued in 2010 and $161,258,806 in Water Infrastructure Financing Authority Bonds issued in 1995-2009. 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, 2011, $138,204,572 in bonds remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2011, the net revenues available for service of this debt were $19,430,408. The debt principal and interest paid on this debt in fiscal year 2011 was $11,898,455 (61.2% 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 (page 183).

The City has pledged certain revenues for the repayment of $36,850,141 in Municipal Development Authority (MDA) Bonds issued in 2003, 2006 and 2011. 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, 2011, $16,880,965 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, 2011, the pledged revenues available to service this debt were $96,318,307. The debt principal and interest paid on this debt in fiscal year 2011 was $4,055,852 (4.2% 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 (page 182).

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, 2011, $41,485,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2011, the net revenues available to service this debt were $100,945,301. The debt principal and interest paid on this debt in fiscal year 2011 was $3,860,963 (3.8% 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 XXIV (page 182).

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, 2011 $6,155,000 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2011, the net revenues available to service this debt were $2,645,451. The debt principal and interest paid on this debt in fiscal year 2011 was $2,319,624 (87.7% 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 (page 184).

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 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 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 9.85 percent (9.6 percent for retirement and 0.25 percent for long-term disability) of their salaries to the System during fiscal year 2010-2011 and the City was required to match it (9.01 percent for retirement, .59 percent for health insurance premium, and 0.25 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's contributions from employer and employees for the current year and two preceding years, all of which were equal to the required contributions, were as follows:

Fiscal Year Ended	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2009	4,410,683	531,674	275,934
2010	4,297,045	340,054	206,093
2011	4,439,940	290,740	123,195

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.

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 7.0 percent of their annual covered salary. The employer rate for fiscal year 2010-2011 was 29.79 percent. The health insurance premium portion of the contribution rate was actuarially set at 1.77 percent of covered payroll. The City's contributions from employer and employees for the fiscal year 2011, 2010, and 2009 were $11,010, $10,597, and $10,314, respectively for the employees and $46,649, $39,841, and $40,824, 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, 2010, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.50 percent investment rate of return, (b) projected salary increases of 5.0 percent, and (c) payroll growth of 5.0 percent per year. Since the heath 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 26 years.

Public Safety Personnel Retirement System:

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), a cost sharing, 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.

b. **Funding Policy**

PSPRS police personnel are required to contribute 7.65 percent of their annual covered salary and fire personnel are required to contribute 7.65 percent while the City is required to contribute an actuarially determined rate. Police personnel contributed $1,054,791 and fire personnel $832,194 during fiscal year 2010-2011. The City rate for fiscal year 2011 was 16.28 percent for police personnel and 14.30 percent for fire members. The health insurance premium portion of the contribution rate was actuarially set at .92 percent of covered payroll for police and .91 percent for fire for fiscal year 2011. 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.

	Fire	Police
Valuation date	6/30/2010	6/30/2010
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level % of pay, closed for underfunded, open for overfunded	Level % of pay, closed for underfunded, open for overfunded
Remaining amortization period	26 years for underfunded 20 years for overfunded	26 years for underfunded 20 years for overfunded
Asset valuation method	7 years smoothed market	7 years smoothed market
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%

Projected salary increases	5.5% - 8.5%	5.5% - 8.5%
Includes inflation at	5.5%	5.5%
Cost of living adjustments	None	None

Since the heath 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, 2011, follows:

	PSPRS - Police		PSPRS - Fire		EORP	
	Pension	Health Insurance	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	$2,112,554	$126,533	$1,457,929	$99,083	$43,878	$2,772
Contributions made	2,112,554	126,533	1,457,929	99,083	43,878	2,772

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.

Percentage of Fiscal Year Ended	Annual Pension/ OPEB Cost	Annual Costs Contributed	Net Pension/OPEB Obligation
PSPRP - Police - Pension			
2009	$2,136,029	100%	$ 0
2010	1,931,288	100	0
2011	2,112,554	100	0
PSPRP - Police – Health Insurance			
2009	$ 143,303	100%	$ 0
2010	114,717	100	0
2011	126,533	100	0
PSPRP - Fire - Pension			
2009	$1,529,542	100%	$ 0
2010	1,441,309	100	0
2011	1,457,929	100	0
PSPRP - Fire – Health Insurance			
2009	$ 101,969	100%	$ 0
2010	94,272	100	0
2011	99,083	100	0
EORP – Pension			
2009	$ 36,427	100%	$ 0
2010	36,973	100	0
2011	43,878	100	0
EORP – Health Insurance			
2009	$ 4,397	100%	$ 0
2010	2,869	100	0
2011	2,772	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 five 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.

Required Supplementary Information:

The funded status of the plans as of the most recent valuation date, June 30, 2010, 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)

Valuation Date June 30,	Actuarial Value of Plan Assets	Projected Unit Credit Actuarial Accrued Liability (AAL)	Percent Funded	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
Police – Retirement						
2008	$31,757,979	$44,194,554	71.9%	$12,436,575	$13,106,869	94.9%
2009	35,948,135	49,249,481	73.0	13,301,346	13,600,726	97.8
2010	38,917,135	54,236,036	71.8	15,318,901	13,537,319	113.2
Police – Health Insurance Subsidy						
2008	$ 0	$1,032,969	0.0%	$1,032,969	$13,106,869	7.88%
2009	0	1,075,889	0.0	1,075,889	13,600,726	7.91
2010	0	1,188,099	0.0	1,188,099	13,537,319	8.78
Fire – Retirement						
2008	$25,584,820	$31,148,375	82.1%	$5,563,555	$9,456,091	58.8%
2009	29,565,148	34,863,651	84.8	5,298,503	10,476,786	50.6
2010	32,543,378	37,236,602	87.4	4,693,224	10,423,082	45.0
Fire – Health Insurance Subsidy						
2008	$0	$845,345	0.0%	845,345	$9,456,091	8.94%
2009	0	951,241	0.0	951,241	10,476,786	9.08
2010	0	1,152,655	0.0	1,152,655	10,423,082	11.06

18. LEASES

The City leases copiers, books, vehicles 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 Assets. Lease costs for the fiscal year ended June 30, 2011 were $66,561.

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

Year Ending June 30,	Amount
2012	$ 58,226
2013	47,593
2014	14,055
2015	14,055
2016	14,055
Total	$ 147,984

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 2011 were $230,131.

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

Year Ending June 30,	Amount
2012	$ 175,949
2013	241,549
2014	253,822
2015	256,569
2016	239,380

The City has a capital lease as of June 30, 2011 for a turbine blower at one of the treatment plants. The lease requires monthly payments with a lease term of 17 months. The lease qualifies as a capital lease due to a bargain purchase option at the end of the lease and has therefore been recorded at the present value of the future lease payments as of the date of inception.

The proprietary assets acquired through capital lease are as follows:

Equipment	$ 48,000

The following is a schedule of the future minimum lease payments, together with the net present value of the minimum lease payments as of June 30, 2011. These amounts will be paid for by the Wastewater Utility Fund.

Year Ending June 30	Amount
2012	$ 19,041
Less: interest (3.8% per yr)	(422)
Present value of future minimum lease payments	$ 18,619

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 it's ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's

financial position, changes in financial position, or liquidity. The City is self-insured for the first $1,000,000 of any occurrence and then has additional coverage up to $40.0 million.

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

The following table presents the City's commitments and encumbrances as of June 30, 2011:

Fund/Description	Remaining Commitment
General Fund:	
Municipal facilities construction/remodeling	$ 237,653
Entertainment district improvements	14,869
Streets/Traffic infrastructure	69,065
Parks and recreation facilities	108,032
Various operating purposes	172,360
	601,979
Highway User Revenue Fund:	
Various operating purposes	5,001
Development Fee Fund:	
Parks and recreation facilities	299,289
Municipal facilities construction/remodeling	3,425
Streets/Traffic infrastructure	68,559
	371,273
Transportation Sales Tax Fund:	
Streets/Traffic infrastructure	344,094

Fund/Description	Commitment
Non-Major Governmental Funds:	
Section 8 Housing – Land acquisition and grant	204,742
Other Grants – various operating grants	362,296
Other Grants – Police e-ticketing	154,461
GO Bond Cap Proj - Parks and recreation facilities	4,052,074
GO Bond Cap Proj - Entertainment district improvements	6,500
GO Bond Cap Proj - Drainage infrastructure	105,899
GO Bond Cap Proj - Streets/Traffic infrastructure	577,381
GO Bond Cap Proj - Municipal facilities construction/remodeling	317,305
GO Bond Cap Proj – Police CAD replacement	1,190,789
Non-Bond Cap Proj - Streets/Traffic infrastructure	262,120
MDA Bonds Capital Projects - Streets/Traffic infrastructure	30,000
	7,263,567
Water Utility Fund:	
Water facilities	77,095
Water lines	45,840
Wells and reservoirs	61,436
Reclaimed water lines	151,910
Operational purposes	2,225
	338,506
Wastewater Utility Fund:	
Wastewater facilities and infrastructure	665,645
Operational purposes	1,878
	667,523

Solid Waster Fund:	
Solid waste trucks	740,382
Internal Service Funds:	
Information Technology – various operating purposes	26,072
Total commitments	$ 10,358,397

21. OTHER MATTERS

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, 2011.

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, 2011, there are currently estimated potential impact fee reimbursements of the following that are not yet recorded as liabilities: Two neighborhood park sites currently estimated at $1,500,000; 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.

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, 2011, 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.

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. The development is a master-planned community east of Vistancia North and south of State Route 74. As the developer 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, 2011, those potential credits could not be reliably estimated.

Combining Fund Financial Statements and Budgetary Schedules

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

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

Debt Service Funds

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

General Obligation 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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 35,048,872	$ 35,048,872	$ 35,048,872	$ -
RESOURCES (INFLOWS):				
Property taxes	20,161,105	20,161,105	20,285,939	124,834
Investment earnings	300,000	300,000	122,473	(177,527)
Total inflows	20,461,105	20,461,105	20,408,412	(52,693)
Amounts available for appropriation	55,509,977	55,509,977	55,457,284	(52,693)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	-	-	10,000	10,000
Debt service:				
Principal payments	21,155,745	21,155,745	17,380,000	(3,775,745)
Interest and other charges	7,250,432	7,250,432	6,455,073	(795,359)
Total charges to appropriations	28,406,177	28,406,177	23,845,073	(4,561,104)
Budgetary fund balance, June 30, 2011	$ 27,103,800	$ 27,103,800	$ 31,612,211	$ 4,508,411

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	$ 55,457,284
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(35,048,872)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(66,012)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 20,342,400
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 23,845,073
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 23,845,073

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 18,575,465	$ 18,575,465	$ 18,575,465	$ -
RESOURCES (INFLOWS):				
Impact/expansion fees	6,067,535	6,067,535	4,623,195	(1,444,340)
Investment earnings	279,000	278,558	180,829	(97,729)
Transfers in	-	-	315,123	315,123
Total inflows	6,346,535	6,346,093	5,119,147	(1,226,946)
Amounts available for appropriation	24,922,000	24,921,558	23,694,612	(1,226,946)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government-non departmental	4,404	4,404	3,356	(1,048)
Culture and recreation	234,124	234,124	247,417	13,293
Highways and streets	51,064	48,372	19,639	(28,733)
Debt service:				
Principal payments	3,041,705	3,441,705	2,508,295	(933,410)
Capital outlay	10,203,204	9,656,738	1,230,222	(8,426,516)
Contingencies	3,300,000	3,168,759	-	(3,168,759)
Transfers out	7,000,000	7,000,000	7,000,000	-
Total charges to appropriations	23,834,501	23,554,102	11,008,929	(12,545,173)
Budgetary fund balance, June 30, 2011	$ 1,087,499	$ 1,367,456	$ 12,685,683	$ 11,318,227

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	$ 23,694,612
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(18,575,465)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(315,123)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(49,396)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 4,754,628
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 11,008,929
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(65,844)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(7,000,000)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 3,943,085

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.

Section 8 Housing Fund

This fund is used to account for rental receipts and grant revenues and for expenditures for the administration, management, and maintenance of low cost housing for the elderly, handicapped, and low-income citizens of the City. The U.S. Department of Housing and Urban Development exercises indirect control over the activities of the City’s housing programs.

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.

Storm Drainage Fund

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

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.

Debt Service Funds (continued)

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, 2011

	Special Revenue Funds				Debt
	Public Transit Fund	**Section 8 Housing Fund**	**Other Grants Fund**	**Storm Drainage Fund**	**Municipal Development Authority Bonds**
ASSETS					
Cash and cash equivalents	$ 227,320	$ 448,504	$ 1,895,816	$ 261,752	$ 861,741
Cash with fiscal agents	-	280,065	-	-	2,557,501
Investments	388,319	-	3,238,524	447,137	1,472,067
Accounts receivable, net	21,147	31,989	9,126	87,972	-
Interest receivable	326	-	8,186	1,025	-
Due from other governments	40,000	50,573	903,814	-	-
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	18,585
Restricted investments	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Interfund receivable (non-current)	-	-	-	-	10,190,543
Total assets	$ 677,112	$ 811,131	$ 6,055,466	$ 797,886	$ 15,100,437
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 6,012	$ 32,304	$ 292,620	$ 45,599	$ -
Accrued payroll	13,781	-	5,508	2,239	-
Interest payable	-	-	-	-	18,585
Due to other funds	-	309,811	-	-	-
Due to other governments	-	4,626	5,524	-	-
Deferred revenue	-	-	149,326	-	-
Other liabilities	500	-	-	-	-
Total liabilities	$ 20,293	$ 346,741	$ 452,978	$ 47,838	$ 18,585
Fund balances:					
Unspendable:					
Prepaid items	$ -	$ -	$ -	$ -	$ -
Restricted for:					
Debt service	-	-	-	-	15,081,852
Capital projects	-	-	-	-	-
Grant Purposes	656,819	464,390	1,806,743	-	-
Committed for:					
Arts Capital	-	-	3,690,634	-	-
Other purposes	-	-	-	750,048	-
Assigned to:					
Capital projects	-	-	-	-	-
Other purposes	-	-	105,111	-	-
Unassigned:	-	-	-	-	-
Total fund balance	656,819	464,390	5,602,488	750,048	15,081,852
Total liabilities and fund balance	$ 677,112	$ 811,131	$ 6,055,466	$ 797,886	$ 15,100,437

The accompanying notes are an integral part of the financial statements

Service Funds		Capital Projects Funds				Total
CFD Bonds	Special Assessment Bonds	GO Bonds	CFD Bonds	MDA Bonds	Non-Bond	Non-Major Governmental Funds
$ -	$ 61,624	$ -	$ -	$ 4,279	$ 10,776,290	$ 14,537,326
-	158,360	-	-	-	-	2,995,926
-	105,269	-	-	7,310	18,213,492	23,872,118
7,244	-	-	-	-	1,133,706	1,291,184
15,667	551	152,800	31,612	-	37,406	247,573
23,619	-	-	-	-	-	1,018,006
-	-	30,000	-	-	-	30,000
5,158,438	-	15,195,339	6,602,784	52,837	-	27,027,983
3,395,727	-	24,227,626	6,977,592	-	-	34,600,945
-	6,328,446	-	-	-	-	6,328,446
-	-	-	-	-	-	10,190,543
$ 8,600,695	$ 6,654,250	$ 39,605,765	$ 13,611,988	$ 64,426	$ 30,160,894	$ 122,140,050
$ -	$ -	$ 1,021,371	$ -	$ 26,301	$ 72,426	$ 1,496,633
-	-	-	-	-	-	21,528
-	-	-	-	-	-	18,585
-	-	-	-	-	-	309,811
-	-	-	-	-	-	10,150
-	6,328,423	-	-	-	5,043,814	11,521,563
-	-	55,652	-	-	408,881	465,033
$ -	$ 6,328,423	$ 1,077,023	$ -	$ 26,301	$ 5,525,121	$ 13,843,303
$ -	$ -	$ 30,000	$ -	$ -	$ -	$ 30,000
8,600,695	325,827	-	-	-	-	24,008,374
-	-	38,498,742	13,611,988	38,125	527,797	52,676,652
-	-	-	-	-	-	2,927,952
-	-	-	-	-	-	3,690,634
-	-	-	-	-	-	750,048
-	-	-	-	-	24,107,976	24,107,976
-	-	-	-	-	-	105,111
-	-	-	-	-	-	-
8,600,695	325,827	38,528,742	13,611,988	38,125	24,635,773	108,296,747
$ 8,600,695	$ 6,654,250	$ 39,605,765	$ 13,611,988	$ 64,426	$ 30,160,894	$ 122,140,050

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds				Debt
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Storm Drainage Fund	Municipal Development Authority Bonds
REVENUES:					
Taxes:					
Property taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental:					
From federal government	131,345	792,196	4,112,744	-	-
Other	301,666	102,218	610,166	-	-
Charges for service	45,321	-	390,126	795,846	-
Fines and forfeitures	-	-	255,326	-	-
Investment earnings	917	423	25,845	3,337	288
Special assessments	-	-	-		-
Miscellaneous	-	53,861	103,104		-
Total revenues	479,249	948,698	5,497,311	799,183	288
EXPENDITURES:					
Current operating:					
General government	-	-	201,465	-	289
Culture and recreation	-	-	424,095	-	-
Police	-	-	903,837	-	-
Fire	-	-	203,238	-	-
Development services	-	-	864,925	-	-
Highways and streets	-	-	-	-	-
Public works	-	-	995,976	632,005	-
Human services	950,884	983,793	18,184	-	-
Debt service:					
Principal payments	-	-	-	-	5,497,373
Interest and other charges	-	-	-	-	2,425,644
Capital outlay	-	-	160,452	79,099	-
Total expenditures	950,884	983,793	3,772,172	711,104	7,923,306
Excess (deficiency) of revenues over expenditures	(471,635)	(35,095)	1,725,139	88,079	(7,923,018)
OTHER FINANCING SOURCES (USES):					
Capital-related debt issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers in	1,143,500	-	10,000	2,000	19,143,836
Transfers out	-	(4,000)	(1,447,590)	-	-
Total other financing sources and uses	1,143,500	(4,000)	(1,437,590)	2,000	19,143,836
Net change in fund balances	671,865	(39,095)	287,549	90,079	11,220,818
Fund balances - beginning	(15,046)	503,485	5,314,939	659,969	3,861,034
Fund balances - ending	$ 656,819	$ 464,390	$ 5,602,488	$ 750,048	$ 15,081,852

The accompanying notes are an integral part of the financial statements

Service Funds		Capital Projects Funds				Total Non-Major Governmental Funds
CFD Bonds	Special Assessment Bonds	GO Bonds	CFD Bonds	MDA Bonds	Non-Bond	
$ 2,255,503	$ -	$ -	$ -	$ -	$ -	$ 2,255,503
-	-	-	-	-	-	5,036,285
-	-	-	-	-	-	1,014,050
-	-	-	-	-	-	1,231,293
-	-	-	-	-	-	255,326
21,232	2,001	340,367	52,323	-	106,162	552,895
-	2,201,463	-	-	-	-	2,201,463
3,308,717	-	-	3,292	-	13,000,780	16,469,754
5,585,452	2,203,464	340,367	55,615	-	13,106,942	29,016,569
6,491	-	-	-	-	-	208,245
-	-	-	-	-	-	424,095
-	-	-	-	-	-	903,837
-	-	-	-	-	-	203,238
-	-	-	-	-	-	864,925
-	-	946,527	-	39,484	418,714	1,404,725
-	-	-	-	-	-	1,627,981
-	-	-	-	-	-	1,952,861
2,275,000	1,887,322	-	-	-	-	9,659,695
3,222,393	434,853	4,671	-	93,482	-	6,181,043
-	-	12,251,821	2,007,629	3,446,049	2,893,641	20,838,691
5,503,884	2,322,175	13,203,019	2,007,629	3,579,015	3,312,355	44,269,336
81,568	(118,711)	(12,862,652)	(1,952,014)	(3,579,015)	9,794,587	(15,252,767)
	-			7,920,000	-	7,920,000
	-			16,960	-	16,960
-	-	-	-	-	-	20,299,336
-	(38,630)	(1,091,706)	-	(7,805,353)	-	(10,387,279)
-	(38,630)	(1,091,706)	-	131,607	-	17,849,017
81,568	(157,341)	(13,954,358)	(1,952,014)	(3,447,408)	9,794,587	2,596,250
8,519,127	483,168	52,483,100	15,564,002	3,485,533	14,841,186	105,700,497
$ 8,600,695	$ 325,827	$ 38,528,742	$ 13,611,988	$ 38,125	$ 24,635,773	$ 108,296,747

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ (82,343)	$ (82,343)	$ (82,343)	$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	-	-	141,016	141,016
Other	-	-	301,666	301,666
Charges for services	50,000	50,000	28,659	(21,341)
Investment earnings	2,600	2,600	1,005	(1,595)
Transfers from other funds	1,120,618	1,120,618	1,088,000	(32,618)
Total inflows	1,173,218	1,173,218	1,560,346	387,128
Amounts available for appropriation	1,090,875	1,090,875	1,478,003	387,128
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Human services	1,006,618	1,150,035	961,225	(188,810)
Total charges to appropriations	1,006,618	1,150,035	961,225	(188,810)
Budgetary fund balance, June 30, 2011	$ 84,257	$ (59,160)	$ 516,778	$ 575,938

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	$ 1,478,003
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	82,343
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	6,903
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(1,088,000)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 479,249
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 961,225
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(13,707)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	3,366
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 950,884

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SECTION 8 HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 88,318	$ 88,318	$ 88,318	$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	1,655,658	1,655,658	752,394	(903,264)
Other	-	-	122,215	122,215
Investment earnings	500	500	423	(77)
Miscellaneous	-	-	53,861	53,861
Total inflows	1,656,158	1,656,158	928,893	(727,265)
Amounts available for appropriation	1,744,476	1,744,476	1,017,211	(727,265)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Human services	1,655,658	1,655,658	963,428	(692,230)
Total charges to appropriations	1,655,658	1,655,658	963,428	(692,230)
Budgetary fund balance, June 30, 2011	$ 88,818	$ 88,818	$ 53,783	$ (35,035)

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	$ 1,017,211
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(88,318)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	19,805
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 948,698
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 963,428
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	20,365
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 983,793

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 5,906,813	$ 5,906,813	$ 5,906,813	$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	2,578,801	2,578,801	4,562,217	1,983,416
Other	10,731,737	10,731,737	458,738	(10,272,999)
Charges for services	1,304,279	1,304,279	411,000	(893,279)
Fines and forfeitures	220,000	220,000	255,326	35,326
Investment earnings	52,700	52,700	29,437	(23,263)
Miscellaneous	13,545	13,545	103,104	89,559
Transfers from other funds	20,320	20,320	10,000	(10,320)
Total inflows	14,921,382	14,921,382	5,829,822	(9,091,560)
Amounts available for appropriation	20,828,195	20,828,195	11,736,635	(9,091,560)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government:				
Mayor and council	2,500	2,500	2,034	(466)
Attorney	91,710	109,302	92,667	(16,635)
City Manager	33,168	47,923	47,693	(230)
Court	69,610	82,030	74,591	(7,439)
Non-departmental	15,000	15,000	2,051	(12,949)
Culture and recreation	433,727	484,754	426,843	(57,911)
Police	626,511	1,143,154	838,984	(304,170)
Fire	57,500	276,049	205,906	(70,143)
Development services	1,544,458	1,545,949	776,769	(769,180)
Public works	1,198,907	1,225,294	944,189	(281,105)
Human Services	-	1,198,780	18,184	(1,180,596)
Capital outlay	2,016,239	2,073,123	1,638,716	(434,407)
Contingencies	8,321,507	6,964,967	-	(6,964,967)
Transfers out	243,779	243,779	247,175	3,396
Total charges to appropriations	14,654,616	15,412,604	5,315,802	(10,096,802)
Budgetary fund balance, June 30, 2011	$ 6,173,579	$ 5,415,591	$ 6,420,833	$ 1,005,242

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	$ 11,736,635
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(5,906,813)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(322,511)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(10,000)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 5,497,311
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 5,315,802
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(10,173)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(88,328)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,197,954)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(247,175)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 3,772,172

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
STORM DRAINAGE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 536,201	$ 536,201	$ 536,201	$ -
RESOURCES (INFLOWS):				
Charges for services	794,130	794,130	796,012	1,882
Investment earnings	3,800	3,800	3,394	(406)
Transfers from other funds	14,969	14,969	2,000	(12,969)
Total inflows	812,899	812,899	801,406	(11,493)
Amounts available for appropriation	1,349,100	1,349,100	1,337,607	(11,493)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public works	628,082	645,198	602,218	(42,980)
Capital outlay	-	85,000	79,099	(5,901)
Contingencies	250,000	250,000	-	(250,000)
Total charges to appropriations	878,082	980,198	681,317	(298,881)
Budgetary fund balance, June 30, 2011	$ 471,018	$ 368,902	$ 656,290	$ 287,388

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	$ 1,337,607
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(536,201)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(223)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(2,000)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 799,183
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 681,317
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(4,175)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	33,962
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 711,104

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 5,314,600	$ 5,314,600	$ 5,314,600	$ -
RESOURCES (INFLOWS):				
Investment earnings	42,000	42,000	288	(41,712)
Transfers from other funds	5,809,925	5,809,925	8,953,293	3,143,368
Total inflows	5,851,925	5,851,925	8,953,581	3,101,656
Amounts available for appropriation	11,166,525	11,166,525	14,268,181	3,101,656
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	-	-	289	289
Debt service:				
Principal payments	5,497,373	5,497,373	5,497,373	-
Interest and other charges	2,429,444	2,429,444	2,407,059	(22,385)
Total charges to appropriations	7,926,817	7,926,817	7,904,721	(22,096)
Budgetary fund balance, June 30, 2011	$ 3,239,708	$ 3,239,708	$ 6,363,460	$ 3,123,752

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	$ 14,268,181
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(5,314,600)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(8,953,293)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 288
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 7,904,721
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	18,585
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 7,923,306

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 8,464,178	$ 8,464,178	$ 8,464,178	$ -
RESOURCES (INFLOWS):				
Property Taxes	2,284,335	2,284,335	2,272,826	(11,509)
Investment earnings	54,000	54,000	10,389	(43,611)
Miscellaneous	3,553,557	3,553,557	3,308,717	(244,840)
Transfers in	250,000	250,000	-	(250,000)
Total inflows	6,141,892	6,141,892	5,591,932	(549,960)
Amounts available for appropriation	14,606,070	14,606,070	14,056,110	(549,960)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	9,650	9,650	6,491	(3,159)
Debt service:				
Principal payments	2,310,000	2,310,000	2,275,000	(35,000)
Interest and other charges	3,198,694	3,198,694	3,222,393	23,699
Total charges to appropriations	5,518,344	5,518,344	5,503,884	(14,460)
Budgetary fund balance, June 30, 2011	$ 9,087,726	$ 9,087,726	$ 8,552,226	$ (535,500)

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	$ 14,056,110
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(8,464,178)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(6,480)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 5,585,452
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 5,503,884
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 5,503,884

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary fund balance, July 1, 2010	$ 553,449	$ 553,449	$ 553,449	$ -
RESOURCES (INFLOWS):				
Special assessments	2,352,127	2,352,127	2,201,463	(150,664)
Investment earnings	3,655	3,655	3,761	106
Total inflows	2,355,782	2,355,782	2,205,224	(150,558)
Amounts available for appropriation	2,909,231	2,909,231	2,758,673	(150,558)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Debt service:				
Principal payments	1,887,322	1,887,322	1,887,322	-
Interest and other charges	437,953	437,953	434,853	(3,100)
Total charges to appropriations	2,325,275	2,325,275	2,322,175	(3,100)
Budgetary fund balance, June 30, 2011	$ 583,956	$ 583,956	$ 436,498	$ (147,458)

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	$ 2,758,673
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(553,449)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(1,760)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 2,203,464
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 2,322,175
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 2,322,175

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 42,092,985	$ 42,092,985	$ 42,092,985	$ -
RESOURCES (INFLOWS):				
Capital-related debt issued	26,176,858	26,176,858	-	(26,176,858)
Investment earnings	293,000	293,000	578,960	285,960
Total inflows	26,469,858	26,469,858	578,960	(25,890,898)
Amounts available for appropriation	68,562,843	68,562,843	42,671,945	(25,890,898)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Highways and streets	684,817	1,036,722	1,103,159	66,437
Interest and fiscal charges	-	-	34,671	34,671
Capital outlay	47,568,219	47,090,985	13,517,364	(33,573,621)
Contingencies	298,294	298,294	-	(298,294)
Total charges to appropriations	48,551,330	48,426,001	14,655,194	(33,770,807)
Budgetary fund balance, June 30, 2011	$ 20,011,513	$ 20,136,842	$ 28,016,751	$ 7,879,909

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	$ 42,671,945
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(42,092,985)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(238,593)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 340,367
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 14,655,194
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(360,469)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,091,706)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 13,203,019

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 15,633,846	$ 15,633,846	$ 15,633,846	$ -
RESOURCES (INFLOWS):				
Investment earnings	113,500	113,500	115,205	1,705
Miscellaneous	-	-	3,292	3,292
Total inflows	113,500	113,500	118,497	4,997
Amounts available for appropriation	15,747,346	15,747,346	15,752,343	4,997
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	15,568,259	15,568,259	2,187,644	(13,380,615)
Transfers to other funds	250,000	250,000	-	(250,000)
Total charges to appropriations	15,818,259	15,818,259	2,187,644	(13,630,615)
Budgetary fund balance, June 30, 2011	$ (70,913)	$ (70,913)	$ 13,564,699	$ 13,635,612

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	$ 15,752,343
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(15,633,846)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(62,882)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 55,615
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 2,187,644
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(180,015)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 2,007,629

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 4,485,000	$ 4,485,000	$ 4,485,000	$ -
RESOURCES (INFLOWS):				
Investment earnings	21,000	21,000	8,723	(12,277)
Capital related debt issued	-	-	7,920,000	7,920,000
Premium on bonds issued	-	-	16,960	16,960
Transfers from other funds	-	-	-	-
Total inflows	21,000	21,000	7,945,683	7,924,683
Amounts available for appropriation	4,506,000	4,506,000	12,430,683	7,924,683
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Highways and Streets	44,000	44,000	39,484	(4,516)
Capital outlay	4,070,395	4,078,213	3,654,417	(423,796)
Interest and other charges	-	95,000	93,482	(1,518)
Total charges to appropriations	4,114,395	4,217,213	3,787,383	(429,830)
Budgetary fund balance, June 30, 2011	$ 391,605	$ 288,787	$ 8,643,300	$ 8,354,513

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	$ 12,430,683
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(4,485,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(8,723)
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(7,920,000)
Premiums on bonds are a budgetary resource, but are not a revenue for financial reporting purposes	(16,960)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ -
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 3,787,383
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(208,368)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 3,579,015

CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
NON-BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2010	$ 19,815,155	$ 19,815,155	$ 19,815,155	$ -
RESOURCES (INFLOWS):				
Intergovernmental revenue:				
From federal government	14,904,000	14,904,000	-	(14,904,000)
Other governmental revenue	11,436,000	11,436,000	12,079,844	643,844
Investment earnings	178,000	178,000	141,214	(36,786)
Miscellaneous	6,149,964	6,149,964	3,468,222	(2,681,742)
Total inflows	32,667,964	32,667,964	15,689,280	(16,978,684)
Amounts available for appropriation	52,483,119	52,483,119	35,504,435	(16,978,684)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services:				
Highways and streets	214,942	220,360	418,714	198,354
Capital outlay	21,790,930	14,000,079	8,931,314	(5,068,765)
Contingencies	1,950,000	2,203,649	-	(2,203,649)
Total charges to appropriations	23,955,872	16,424,088	9,350,028	(7,074,060)
Budgetary fund balance, June 30, 2011	$ 28,527,247	$ 36,059,031	$ 26,154,407	$ (9,904,624)

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	$ 35,504,435
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(19,815,155)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(2,582,338)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 13,106,942
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 9,350,028
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(6,037,673)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 3,312,355

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 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.

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
OPERATING REVENUES:				
Charges for services	$ 31,485,532	$ 31,485,532	$ 30,156,400	$ (1,329,132)
Miscellaneous	171,002	171,002	15,096	(155,906)
Total operating revenues	31,656,534	31,656,534	30,171,496	(1,485,038)
OPERATING EXPENSES:				
Salaries, wages and benefits	4,818,989	4,831,326	4,702,532	(128,794)
Contractual services, materials and supplies	17,009,399	16,374,910	15,216,730	(1,158,180)
Capital outlay	8,799,448	7,715,819	3,849,439	(3,866,380)
Contingencies	4,159,048	3,984,853	-	(3,984,853)
Total operating expenses	34,786,884	32,906,908	23,768,701	(9,138,207)
Operating income (loss)	(3,130,350)	(1,250,374)	6,402,795	7,653,169
NONOPERATING REVENUES (EXPENSES):				
Investment income	275,000	275,000	204,091	(70,909)
Interest expense	(1,514,774)	(2,114,785)	(2,342,694)	(227,909)
Debt principal payments	(3,019,927)	(3,980,255)	(2,937,106)	1,043,149
Total nonoperating revenues (expenses)	(4,259,701)	(5,820,040)	(5,075,709)	744,331
Income (loss) before contributions and transfers	(7,390,051)	(7,070,414)	1,327,086	8,397,500
Capital contributions	1,030,000	1,030,000	1,336,099	306,099
Transfers in	399,601	399,601	45,000	(354,601)
Transfers (out)	(2,676,968)	(2,676,968)	(2,676,839)	129
Excess (deficit) revenues over expenses - budgetary basis	$ (8,637,418)	$ (8,317,781)	$ 31,346	$ 8,349,127

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.	(140,839)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(80,632)
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.	80,632
The City budgets compensated absences on the cash basis, rather than the accrual basis.	88,843
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(278,863)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	3,556,095
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	2,607,803
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.	2,937,106
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(6,866,612)
Bond issuance costs 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.	(2,789)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	14,559
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	8,412,475
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ 10,359,124

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
OPERATING REVENUES:				
Charges for services	$ 17,270,979	$ 17,270,979	$ 17,830,686	$ 559,707
Miscellaneous	5,000	5,000	56,437	51,437
Total operating revenues	17,275,979	17,275,979	17,887,123	611,144
OPERATING EXPENSES:				
Salaries, wages and benefits	2,228,979	2,265,119	2,259,318	(5,801)
Contractual services, materials and supplies	9,206,772	9,343,428	8,854,934	(488,494)
Insurance claims and expenses	-	-	1,500,000	1,500,000
Capital outlay	6,689,531	6,906,858	1,528,431	(5,378,427)
Contingencies	2,005,371	1,466,484	-	(1,466,484)
Total operating expenses	20,130,653	19,981,889	14,142,683	(5,839,206)
Operating income (loss)	(2,854,674)	(2,705,910)	3,744,440	6,450,350
NONOPERATING REVENUES (EXPENSES):				
Investment income	333,500	333,500	69,768	(263,732)
Interest expense	(3,271,147)	(3,239,006)	(2,950,907)	288,099
Debt principal payments	(5,538,919)	(5,152,198)	(5,100,273)	51,925
Total nonoperating revenues (expenses)	(8,476,566)	(8,057,704)	(7,981,412)	76,292
Income (loss) before contributions and transfers	(11,331,240)	(10,763,614)	(4,236,972)	6,526,642
Capital contributions	445,000	445,000	563,836	118,836
Transfers in	2,720,297	2,720,297	2,614,215	(106,082)
Transfers out	(68,831)	(68,831)	(68,735)	96
Excess (deficit) revenues over expenses - budgetary basis	$ (8,234,774)	$ (7,667,148)	$ (1,127,656)	$ 6,539,492

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.	(37,930)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,931,979)
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.	1,931,979
The City budgets compensated absences on the cash basis, rather than the accrual basis.	49,720
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,697,113
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	2,011,811
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	779,933
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.	5,100,273
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(8,419,739)
Bond issuance costs, 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.	(37,933)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,104,169
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ 1,119,761

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
OPERATING REVENUES:				
Charges for services	$ 12,539,634	$ 12,539,634	$ 12,553,500	$ 13,866
Miscellaneous	-	-	60	60
Total operating revenues	12,539,634	12,539,634	12,553,560	13,926
OPERATING EXPENSES:				
Salaries, wages and benefits	3,089,666	3,198,866	3,112,590	(86,276)
Contractual services, materials and supplies	7,023,331	7,023,331	6,613,429	(409,902)
Capital outlay	826,200	826,200	-	(826,200)
Contingencies	2,500,000	2,500,000	-	(2,500,000)
Total operating expenses	13,439,197	13,548,397	9,726,019	(3,822,378)
Operating income (loss)	(899,563)	(1,008,763)	2,827,541	3,836,304
NONOPERATING REVENUES (EXPENSES):				
Investment income	215,000	215,000	93,847	(121,153)
Interest expense	(29,322)	(29,322)	-	29,322
Debt principal payments	(184,087)	(184,087)	(4,071)	180,016
Total nonoperating revenues (expenses)	1,591	1,591	89,776	88,185
Income (loss) before contributions and transfers	(897,972)	(1,007,172)	2,917,317	3,924,489
Capital contributions	120,000	120,000	121,188	1,188
Transfers in	197,855	197,855	7,000	(190,855)
Transfers (out)	(247,662)	(247,662)	(247,651)	11
Excess (deficit) revenues over expenses - budgetary basis	$ (827,779)	$ (936,979)	$ 2,797,854	$ 3,734,833

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.	64,231
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(768,634)
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.	768,634
The City budgets compensated absences on the cash basis, rather than the accrual basis.	38,475
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	194,272
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.	4,071
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,057,848)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	38,164
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ 2,079,219

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
OPERATING REVENUES:				
Charges for services	$ 1,354,107	$ 1,354,107	$ 1,230,425	$ (123,682)
Rents	1,436,000	1,436,000	1,424,837	(11,163)
Miscellaneous	-	-	15,040	15,040
Total operating revenues	2,790,107	2,790,107	2,670,302	(119,805)
OPERATING EXPENSES:				
Salaries, wages and benefits	1,413,971	1,454,876	1,499,278	44,402
Contractual services, materials and supplies	2,830,754	2,898,096	2,870,427	(27,669)
Capital outlay	142,900	142,900	-	(142,900)
Contingencies	550,000	482,658	-	(482,658)
Total operating expenses	4,937,625	4,978,530	4,369,705	(608,825)
Operating loss	(2,147,518)	(2,188,423)	(1,699,403)	489,020
NONOPERATING REVENUES (EXPENSES):				
Investment income	23,000	23,000	11,349	(11,651)
Interest expense	(7,328)	(7,328)	(2,888)	4,440
Debt principal payments	(152,452)	(152,452)	(152,452)	-
Total nonoperating revenues (expenses)	(136,780)	(136,780)	(143,991)	(7,211)
Income (loss) before transfers	(2,284,298)	(2,325,203)	(1,843,394)	481,809
Transfers in	2,315,015	2,315,015	2,040,278	(274,737)
Transfers (out)	(114,770)	(114,770)	(114,564)	206
Excess (deficit) revenues over expenses - budgetary basis	$ (84,053)	$ (124,958)	$ 82,320	$ (207,278)

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.	17,502
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(59,107)
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.	59,107
The City budgets compensated absences on the cash basis, rather than the accrual basis.	34,389
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	22,442
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.	152,452
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(749,729)
Bond issuance costs 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.	(4,562)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ (445,186)

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, 2011

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES:				
Rent	$ 280,000	$ 280,000	$ 92,606	$ (187,394)
From federal government	-	-	209,878	209,878
Miscellaneous	-	-	17,019	17,019
Total operating revenues	280,000	280,000	319,503	39,503
OPERATING EXPENSES:				
Contractual services, materials and supplies	327,871	327,871	283,677	(44,194)
Total operating expenses	327,871	327,871	283,677	(44,194)
Operating income (loss)	(47,871)	(47,871)	35,826	83,697
NONOPERATING REVENUES (EXPENSES):				
Investment income	2,000	2,000	1,141	(859)
Total nonoperating revenues (expenses)	2,000	2,000	1,141	(859)
Income (loss) before transfers	(45,871)	(45,871)	36,967	82,838
Excess (deficit) revenues over expenses - budgetary basis	$ (45,871)	$ (45,871)	$ 36,967	$ 82,838

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.	14,721
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,464
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(85,431)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	4,000
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ (28,279)

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 ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011

	Motor Pool Fund	Self-Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 3,836,589	$ 4,511,054	$ 616,693	$ 1,520,990	$ 10,485,326
Investments	6,553,844	7,705,996	1,053,463	2,598,227	17,911,530
Accounts receivable, net	-	4,379	-	9,415	13,794
Interest receivable	15,868	18,540	2,034	4,259	40,701
Supplies inventory	159,471	-	-	-	159,471
Total current assets	10,565,772	12,239,969	1,672,190	4,132,891	28,610,822
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	1,025,700	-	-	27,204,168	28,229,868
Vehicles	21,836,798	-	-	-	21,836,798
Furniture	-	-	-	30,745	30,745
Less accumulated depreciation	(15,028,040)	-	-	(19,483,312)	(34,511,352)
Construction in progress	836,488	-	-	3,813,766	4,650,254
Total capital assets, net	8,670,946	-	-	11,713,469	20,384,415
Total assets	19,236,718	12,239,969	1,672,190	15,846,360	48,995,237
LIABILITIES					
Current liabilities:					
Accounts payable	95,321	902,814	179,982	451,201	1,629,318
Accrued payroll	6,986	1,192	27,470	49,404	85,052
Claims payable	-	3,155,000	-	-	3,155,000
Current portion of compensated absences	67,310	6,410	146,240	235,150	455,110
Total current liabilities	169,617	4,065,416	353,692	735,755	5,324,480
Non-current liabilities:					
Compensated absences	13,080	1,410	63,760	48,610	126,860
Total long-term liabilities	13,080	1,410	63,760	48,610	126,860
Total liabilities	182,697	4,066,826	417,452	784,365	5,451,340
NET ASSETS					
Invested in capital assets, net of related debt	8,670,946	-	-	11,713,469	20,384,415
Restricted - trust purpose	-	364,464	-	-	364,464
Unrestricted	10,383,075	7,808,679	1,254,738	3,348,526	22,795,018
Total net assets	$ 19,054,021	$ 8,173,143	$ 1,254,738	$ 15,061,995	$ 43,543,897

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 ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Motor Pool Fund	Self-Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES					
Charges for services	$ 4,984,728	$ 14,608,717	$ 5,536,508	$ 7,417,832	$ 32,547,785
From federal government	192,010	-	-	-	192,010
Miscellaneous	-	180,131	24	23,894	204,049
Total operating revenues	5,176,738	14,788,848	5,536,532	7,441,726	32,943,844
OPERATING EXPENSES					
Salaries, wages and employee benefits	897,400	142,229	2,596,584	4,319,597	7,955,810
Contractual services, materials and supplies	3,783,297	150,298	2,862,987	3,585,084	10,381,666
Insurance claims and expenses	-	15,017,793	-	-	15,017,793
Depreciation and amortization	2,314,505	-	-	7,617,259	9,931,764
Total operating expenses	6,995,202	15,310,320	5,459,571	15,521,940	43,287,033
Operating income (loss)	(1,818,464)	(521,472)	76,961	(8,080,214)	(10,343,189)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	44,036	56,348	6,241	9,808	116,433
Gain (Loss) on sale of capital assets	(28,066)	-	-	-	(28,066)
Total non-operating revenues	15,970	56,348	6,241	9,808	88,367
Income (loss) before transfers	(1,802,494)	(465,124)	83,202	(8,070,406)	(10,254,822)
Capital contributions	68,100	-	-	-	68,100
Transfers in	525,544	-	-	2,815,378	3,340,922
Transfers out	(37,074)	(29,896)	-	(707,189)	(774,159)
Change in net assets	(1,245,924)	(495,020)	83,202	(5,962,217)	(7,619,959)
Total net assets - beginning	20,299,945	8,668,163	1,171,536	21,024,212	51,163,856
Total net assets - ending	$ 19,054,021	$ 8,173,143	$ 1,254,738	$ 15,061,995	$ 43,543,897

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Motor Pool Fund	Self-Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
Increase (decrease) in cash and cash equivalents					
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 5,176,738	$ 14,784,469	$ 5,536,532	$ 7,433,397	$ 32,931,136
Payments to suppliers	(3,876,481)	(1,191,320)	(2,813,964)	(4,060,521)	(11,942,286)
Payments to employees	(894,253)	(142,768)	(2,652,679)	(4,393,610)	(8,083,310)
Self-insurance costs	-	(14,667,793)	-	-	(14,667,793)
Net cash provided (used) by operating activities	406,004	(1,217,412)	69,889	(1,020,734)	(1,762,253)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	525,544	-	-	2,815,378	3,340,922
Transfers out	(37,074)	(29,896)	-	(707,189)	(774,159)
Net cash provided (used) by non-capital financing activities	488,470	(29,896)	-	2,108,189	2,566,763
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,384,862)	-	-	(2,609,061)	(3,993,923)
Disposal of capital assets	179,739	-	-	-	179,739
Net cash flows used by capital and related financing activities	(1,205,123)	-	-	(2,609,061)	(3,814,184)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(12,040,040)	(14,166,678)	(1,930,333)	(4,776,755)	(32,913,806)
Proceeds from sale of investments	11,610,339	14,172,390	1,793,783	5,414,509	32,991,021
Interest received on investments	60,706	65,672	7,179	18,476	152,033
Net cash provided (used) by investing activities	(368,995)	71,384	(129,371)	656,230	229,248
Net increase (decrease) in cash and cash equivalents	(679,644)	(1,175,924)	(59,482)	(865,376)	(2,780,426)
Cash and cash equivalents at beginning of year	4,516,233	5,686,978	676,175	2,386,366	13,265,752
Cash and cash equivalents at end of year	$ 3,836,589	$ 4,511,054	$ 616,693	$ 1,520,990	$ 10,485,326
Classified as:					
Current assets	$ 3,836,589	$ 4,511,054	$ 616,693	$ 1,520,990	$ 10,485,326
Totals	$ 3,836,589	$ 4,511,054	$ 616,693	$ 1,520,990	$ 10,485,326
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ (1,818,464)	$ (521,472)	$ 76,961	$ (8,080,214)	$ (10,343,189)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,314,505	-	-	7,617,259	9,931,764
(Increase) decrease in assets:					
Accounts receivable	-	(4,379)	-	(8,329)	(12,708)
Supplies inventory	(18,789)	-	-	-	(18,789)
Increase (decrease) in liabilities:					
Accounts payable	(74,395)	(1,041,022)	49,023	(475,437)	(1,541,831)
Accrued payroll	(11,493)	(2,069)	(33,305)	(79,263)	(126,130)
Claims payable	-	350,000	-	-	350,000
Compensated absences	14,640	1,530	(22,790)	5,250	(1,370)
Total adjustments	2,224,468	(695,940)	(7,072)	7,059,480	8,580,936
Net cash provided (used) by operating activities	$ 406,004	$ (1,217,412)	$ 69,889	$ (1,020,734)	$ (1,762,253)
Non-cash investing, capital and financing activities:					
Capital assets acquired through contributions from developers	$ 68,100	$ -	$ -	$ -	$ 68,100
Decrease in fair market value of investments	(10,830)	(7,758)	(810)	(4,929)	(24,327)
Total non-cash investing, capital and financing activities	$ 57,270	$ (7,758)	$ (810)	$ (4,929)	$ 43,773

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
OPERATING REVENUES:				
Charges for services	$ 5,074,213	$ 5,074,213	$ 5,004,082	$ (70,131)
From federal government	-	-	192,010	192,010
Total operating revenues	5,074,213	5,074,213	5,196,092	121,879
OPERATING EXPENSES:				
Salaries, wages and benefits	951,532	967,739	894,253	(73,486)
Contractual services, materials and supplies	3,762,168	3,762,168	3,870,973	108,805
Capital outlay	1,137,276	1,389,471	1,357,933	(31,538)
Contingencies	1,250,000	1,250,000	-	(1,250,000)
Total operating expenses	7,100,976	7,369,378	6,123,159	(1,246,219)
Operating income (loss)	(2,026,763)	(2,295,165)	(927,067)	1,368,098
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	110,000	110,000	60,706	(49,294)
Total nonoperating revenues (expenses)	110,000	110,000	60,706	(49,294)
Income (loss) before transfers	(1,916,763)	(2,185,165)	(866,361)	1,318,804
Transfers in	530,375	530,375	474,126	(56,249)
Transfers (out)	(37,145)	(37,145)	(37,074)	71
Excess (deficit) revenues over expenses - budgetary basis	$ (1,423,533)	$ (1,691,935)	$ (429,309)	$ 1,262,626

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.	(16,670)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(19,354)
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.	19,354
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(3,147)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	93,184
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,333,071
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	68,100
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,314,505)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	(28,066)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	51,418
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ (1,245,924)

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, 2011

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES:				
Charges for services	$ 13,176,394	$ 13,176,394	$ 14,604,338	$ 1,427,944
Miscellaneous	-	-	180,131	180,131
Total operating revenues	13,176,394	13,176,394	14,784,469	1,608,075
OPERATING EXPENSES:				
Salaries, wages and benefits	149,798	153,644	142,768	(10,876)
Contractual services, materials and supplies	394,681	403,141	59,777	(343,364)
Insurance claims and expenses	13,169,083	15,001,083	15,799,336	798,253
Contingencies	2,100,000	2,100,000	-	(2,100,000)
Total operating expenses	15,813,562	17,657,868	16,001,881	(1,655,987)
Operating loss	(2,637,168)	(4,481,474)	(1,217,412)	3,264,062
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	105,000	105,000	65,672	(39,328)
Total nonoperating revenues	105,000	105,000	65,672	(39,328)
Income (loss) before transfers	(2,532,168)	(4,376,474)	(1,151,740)	3,224,734
Transfers (out)	(3,796,345)	(3,796,345)	-	3,796,345
Excess (deficit) revenues over expenses - budgetary basis	$ (6,328,513)	$ (8,172,819)	$ (1,151,740)	$ 7,021,079

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.	(4,945)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	539
The City budgets insurance claims on the cash basis, rather than the accrual basis.	(350,000)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,041,022
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(29,896)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ (495,020)

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, 2011

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES:				
Charges for services	$ 5,536,508	$ 5,536,508	$ 5,536,508	$ -
Miscellaneous	-	-	24	24
Total operating revenues	5,536,508	5,536,508	5,536,532	24
OPERATING EXPENSES:				
Salaries, wages and benefits	2,674,916	2,747,236	2,652,679	(94,557)
Contractual services, materials and supplies	2,796,762	2,818,959	2,813,964	(4,995)
Contingencies	500,000	500,000	-	(500,000)
Total operating expenses	5,971,678	6,066,195	5,466,643	(599,552)
Operating income (loss)	(435,170)	(529,687)	69,889	599,576
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	10,000	10,000	7,179	(2,821)
Total nonoperating revenues	10,000	10,000	7,179	(2,821)
Income (loss) before transfers	(425,170)	(519,687)	77,068	596,755
Transfers in	181,378	181,378	-	(181,378)
Deficit revenues over expenses - budgetary basis	$ (243,792)	$ (338,309)	$ 77,068	$ 415,377

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.	(938)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	56,095
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(49,023)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ 83,202

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, 2011

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES:				
Charges for services	$ 7,417,832	$ 7,417,832	$ 7,409,503	$ (8,329)
Miscellaneous	-	-	23,894	23,894
Total operating revenues	7,417,832	7,417,832	7,433,397	15,565
OPERATING EXPENSES:				
Salaries, wages and benefits	4,182,234	4,398,683	4,393,610	(5,073)
Contractual services, materials and supplies	4,045,376	3,992,790	4,004,423	11,633
Capital outlay	980,118	980,118	724,255	(255,863)
Depreciation and amortization	-	-	-	-
Contingencies	545,038	545,038		
Total operating expenses	9,752,766	9,916,629	9,122,288	(249,303)
Operating loss	(2,334,934)	(2,498,797)	(1,688,891)	264,868
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	55,000	55,000	18,476	(36,524)
Total nonoperating revenues	55,000	55,000	18,476	(36,524)
Income before transfers	(2,279,934)	(2,443,797)	(1,670,415)	228,344
Transfers in	913,137	913,137	867,286	(45,851)
Transfers (out)	(700,000)	(700,000)	(700,000)	-
Excess (deficit) revenues over expenses - budgetary basis	$ (2,066,797)	$ (2,230,660)	$ (1,503,129)	$ 182,493

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.	(339)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	74,013
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	475,437
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	668,157
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(7,617,259)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,940,903
Change in net assets per the statement of revenues, expenses and changes in fund net assets	$ (5,962,217)

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.

Neighborhood Pride NFP Fund

Accounts for monies held on behalf of Neighborhood Pride, a separate not-for-profit agency for which the City operates as the administrator. Neighborhood Pride was formed to accept charitable contributions for the purpose of revitalizing neighborhoods. The program provides support to individual property owners for improvement of their properties through material donations and volunteer assistance.

PLAY Peoria 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 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 ASSETS
AGENCY FUNDS
JUNE 30, 2011

	Terramar Infrastructure Fund	Neighborhood Pride NFP Fund	PLAY Peoria NFP Fund	Peoria Citizens Corp Council NFP Fund	Westside Fire Training IGA Fund	Total
ASSETS						
Cash and cash equivalents	$ 142,147	$ 5,938	$ 3,631	$ 2,041	$ 10,523	$ 164,280
Investments (pooled), at fair value	242,823	10,144	6,202	3,486	17,976	280,631
Total assets	384,970	16,082	9,833	5,527	28,499	444,911
LIABILITIES						
Accounts payable	-	153	-	-	69	222
Other liabilities	384,970	15,929	9,833	5,527	28,430	444,689
Total liabilities	384,970	16,082	9,833	5,527	28,499	444,911

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, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Terramar Infrastructure Fund				
Assets:				
Cash and cash equivalents	$ 163,398	$ 221,572	$ 242,823	$ 142,147
Investments	221,572	242,823	221,572	242,823
Total Assets	384,970	464,395	464,395	384,970
Liabilities:				
Other liabilities	384,970	-	-	384,970
Neighborhood Pride NFP Fund				
Assets:				
Cash and cash equivalents	6,500	34,573	35,135	5,938
Investments	8,813	10,144	8,813	10,144
Total Assets	15,313	44,717	43,948	16,082
Liabilities:				
Accounts payable	-	21,943	21,790	153
Other liabilities	15,313	25,777	25,161	15,929
Total Liabilities	15,313	47,720	46,951	16,082
PLAY Peoria NFP Fund				
Assets:				
Cash and cash equivalents	3,351	30,900	30,620	3,631
Investments	4,543	10,810	9,151	6,202
Total Assets	7,894	41,710	39,771	9,833
Liabilities:				
Accounts payable	105	2,332	2,437	-
Other liabilities	7,789	23,186	21,142	9,833
Total Liabilities	7,894	25,518	23,579	9,833
Peoria Citizens Corp Council NFP Fund				
Assets:				
Cash and cash equivalents	2,337	3,200	3,496	2,041
Investments	3,170	3,486	3,170	3,486
Total Assets	5,507	6,686	6,666	5,527
Liabilities:				
Accounts payable	-	10	10	-
Other liabilities	5,507	51	31	5,527
Total Liabilities	5,507	61	41	5,527
Westside Fire Training IGA Fund				
Assets:				
Cash and cash equivalents	9,565	34,878	33,920	10,523
Investments	12,970	17,976	12,970	17,976
Total Assets	22,535	52,854	46,890	28,499
Liabilities:				
Accounts payable	65	16,013	16,009	69
Other liabilities	22,470	27,934	21,974	28,430
Total Liabilities	22,535	43,947	37,983	28,499
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	185,151	325,123	345,994	164,280
Investments	251,068	285,239	255,676	280,631
Total Assets	436,219	610,362	601,670	444,911
Liabilities:				
Accounts payable	170	40,298	40,246	222
Other liabilities	436,049	76,948	68,308	444,689
Total Liabilities	436,219	117,246	108,554	444,911

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, as well as additional debt service, capital asset and interfund transfer information, 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

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CITY OF PEORIA, ARIZONA
COMBINING DETAILED SCHEDULE OF NET ASSETS
SELF-INSURANCE FUND
JUNE 30, 2011

		Employee Trust		
	Risk Management Fund	**Workers' Compensation Fund**	**Health Insurance Fund**	**Total**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,551,633	$ 238,804	$ 720,617	$ 4,511,054
Investments	6,067,068	407,936	1,230,992	7,705,996
Accounts receivable, net	-	27	4,352	4,379
Interest receivable	13,956	838	3,746	18,540
Total current assets	9,632,657	647,605	1,959,707	12,239,969
Total assets	9,632,657	647,605	1,959,707	12,239,969
LIABILITIES				
Current liabilities:				
Accounts payable	12,394	14,177	876,243	902,814
Accrued payroll	1,192	-	-	1,192
Claims payable	1,761,000	675,000	719,000	3,155,000
Current portion of compensated absences	6,410	-	-	6,410
Total current liabilities	1,780,996	689,177	1,595,243	4,065,416
Non-current liabilities:				
Compensated absences	1,410	-	-	1,410
Total long-term liabilities	1,410	-	-	1,410
Total liabilities	1,782,406	689,177	1,595,243	4,066,826
NET ASSETS				
Restricted - trust purpose	-	-	364,464	364,464
Unrestricted	7,850,251	(41,572)	-	7,808,679
Total net assets	$ 7,850,251	$ (41,572)	$ 364,464	$ 8,173,143

CITY OF PEORIA, ARIZONA
COMBINING DETAILED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
SELF-INSURANCE FUND
FOR THE YEAR ENDED JUNE 30, 2011

		Employee Trust		
	Risk Management Fund	Workers' Compensation Fund	Health Insurance Fund	Total
OPERATING REVENUES				
Charges for services	$ 2,063,690	$ 735,614	$ 11,809,413	$ 14,608,717
Miscellaneous	160,097	20,034	-	180,131
Total operating revenues	2,223,787	755,648	11,809,413	14,788,848
OPERATING EXPENSES				
Salaries, wages and employee benefits	142,229	-	-	142,229
Contractual services, materials and supplies	54,753	95,545	-	150,298
Insurance claims and expenses	1,986,320	792,558	12,238,915	15,017,793
Total operating expenses	2,183,302	888,103	12,238,915	15,310,320
Operating income (loss)	40,485	(132,455)	(429,502)	(521,472)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income	40,690	2,603	13,055	56,348
Total non-operating revenues	40,690	2,603	13,055	56,348
Income (loss) before transfers	81,175	(129,852)	(416,447)	(465,124)
Transfers out	(29,896)	-	-	(29,896)
Change in net assets	51,279	(129,852)	(416,447)	(495,020)
Total net assets - beginning	7,798,972	88,280	780,911	8,668,163
Total net assets - ending	$ 7,850,251	$ (41,572)	$ 364,464	$ 8,173,143

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
	ASSETS:		
	Current Assets:		
111	Cash-unrestricted	235,446	235,446
114	Cash-tenant security deposits	14,109	14,109
100	**Total Cash**	**249,555**	**249,555**
121	Accounts receivable - PHA projects	309,811	309,811
122-020	Accounts receivable - HUD other projects - Capital fund	16,955	16,955
122-030	Accounts receivable - HUD other projects - Other		-
122	**Accounts Receivable - HUD Other Projects**	**16,955**	**16,955**
125	Accounts receivable - miscellaneous	-	-
126	Accounts receivable - tenants	2,832	2,832
126.1	Allowance for doubtful accounts - tenants	-	-
126.2	Allowance for doubtful accounts - other	-	-
120	**Total Receivables, Net of Allowance for Doubtful Accounts**	**329,598**	**329,598**
142	Prepaid expenses and other assets	215	215
143	Inventories	3,542	3,542
150	**Total Current Assets**	**582,910**	**582,910**
	Non-current Assets:		
161	Land	410,350	410,350
162	Buildings	3,276,922	3,276,922
164	Furniture, equipment and machinery - administration	32,860	32,860
166	Accumulated depreciation	(1,943,998)	(1,943,998)
160	**Total Capital Assets, Net of Accumulated Depreciation**	**1,776,134**	**1,776,134**
180	**Total Non-current Assets**	**1,776,134**	**1,776,134**
190	**Total Assets**	**2,359,044**	**2,359,044**
	LIABILITIES AND EQUITY:		
	LIABILITIES:		
	Current Liabilities:		
311	Bank Overdraft	-	-
312	Accounts payable <= 90 days	9,929	9,929
321	Accrued wage/payroll taxes payable	1,792	1,792
322	Accrued compensated absences - current portion	427	427
332	Accounts payable - HUD PHA Projects	-	-
333	Accounts payable - other government	-	-
341	Tenant security deposits	14,109	14,109
310	**Total Current Liabilities**	**26,257**	**26,257**
	Non-current Liabilities:		
354	Accrued compensated absences - non-current	3,843	3,843
350	**Total Non-current Liabilities**	**3,843**	**3,843**
300	**Total Liabilities**	**30,100**	**30,100**
	EQUITY:		
508.1	Invested in capital assets, net of related debt	1,776,134	1,776,134
511.1	Restricted net assets	-	-
512.1	Unrestricted net assets	552,810	552,810
513	**Total Equity/Net Assets**	**2,328,944**	**2,328,944**
600	**Total Liabilities and Equity/Net Assets**	**2,359,044**	**2,359,044**

(continued)

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	Housing Choice Vouchers 14.871	Community Development Block Grant 14.218	Community Development Block Stimulus Grant 14.253	TOTAL PROGRAMS
	ASSETS:				
	Current Assets:				
111	Cash-unrestricted	753,364	-	-	753,364
114	Cash-tenant security deposits	-	-	-	-
100	**Total Cash**	**753,364**	**-**	**-**	**753,364**
121	Accounts receivable - PHA projects	947	-	-	947
122-020	Accounts receivable - HUD other projects - Capital fund	-	-	-	-
122-030	Accounts receivable - HUD other projects - Other	-	204,493	-	204,493
122	**Accounts Receivable - HUD Other Projects**	**-**	**204,493**	**-**	**204,493**
125	Accounts receivable - miscellaneous	-	1,115		1,115
126	Accounts receivable - tenants	31,989	-	-	31,989
126.1	Allowance for doubtful accounts - tenants	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-
120	**Total Receivables, Net of Allowance for Doubtful Accounts**	**32,936**	**205,608**	**-**	**238,544**
142	Prepaid expenses and other assets		-	-	-
143	Inventories	-	-	-	-
150	**Total Current Assets**	**786,300**	**205,608**	**-**	**991,908**
	Non-current Assets:				
161	Land	-	-	-	-
162	Buildings	-	-	-	-
164	Furniture, equipment and machinery - administration	-	-	-	-
166	Accumulated depreciation	-	-	-	-
160	**Total Capital Assets, Net of Accumulated Depreciation**	**-**	**-**	**-**	**-**
180	**Total Non-current Assets**	**-**	**-**	**-**	**-**
190	**Total Assets**	**786,300**	**205,608**	**-**	**991,908**
	LIABILITIES AND EQUITY:				
	LIABILITIES:				
	Current Liabilities:				
311	Bank Overdraft	-	62,860		62,860
312	Accounts payable <= 90 days	3,776	141,719		145,495
321	Accrued wage/payroll taxes payable	766	1,029	-	1,795
322	Accrued compensated absences - current portion	295	-	-	295
332	Accounts payable - HUD PHA Projects	309,811	-	-	309,811
333	Accounts payable - other government	4,626	-		4,626
341	Tenant security deposits	-	-	-	-
310	**Total Current Liabilities**	**319,274**	**205,608**	**-**	**524,882**
	Non-current Liabilities:				
354	Accrued compensated absences - non-current	2,653	-	-	2,653
350	**Total Non-current Liabilities**	**2,653**	**-**	**-**	**2,653**
300	**Total Liabilities**	**321,927**	**205,608**	**-**	**527,535**
	EQUITY:				
508.1	Invested in capital assets, net of related debt	-	-	-	-
511.1	Restricted net assets	-	-	-	-
512.1	Unrestricted net assets	464,373	-	-	464,373
513	**Total Equity/Net Assets**	**464,373**	**-**	**-**	**464,373**
600	**Total Liabilities and Equity/Net Assets**	**786,300**	**205,608**	**-**	**991,908**

(continued)

	INCOME STATEMENT	Public Housing Capital 14.872	Public Housing Operating 14.850A	TOTAL PROJECTS
	REVENUE:			
70300	Net tenant rental revenue	-	107,327	107,327
70400	Tenant revenue - other	-	7,879	7,879
70500	**Total Tenant Revenue**	**-**	**115,206**	**115,206**
70600-010	Housing assistance payments	-	-	-
70600-020	Ongoing administrative fees earned	-	-	-
70600	HUD PHA operating grants	111,973	209,878	321,851
71100-020	Administrative fee	-	-	-
71100	Investment income - unrestricted	-	1,141	1,141
71400	Fraud recovery	-	-	-
71500	Other revenue	-	9,140	9,140
7000	**Total Revenue**	**111,973**	**335,365**	**447,338**
	EXPENSES:			
91100	Administrative salaries	5,694	37,054	42,748
91200	Auditing fees	-	1,712	1,712
91300	Management fee	-	40,785	40,785
91310	Bookkeeping fee	-	5,903	5,903
91500	Employee benefit contributions - administrative	-	6,450	6,450
91600	Office expenses	-	26,388	26,388
91800	Travel	-	-	-
91900	Other	-	-	-
91000	**Total Operating - Administrative**	**5,694**	**118,292**	**123,986**
93100	Water	-	11,260	11,260
93200	Electricity	-	5,370	5,370
93300	Gas	-	3,654	3,654
93600	Sewer	-	4,303	4,303
93000	**Total Utilities**	**-**	**24,587**	**24,587**
94100	Ordinary maintenance and operations - labor	186	31,870	32,056
94200	Ordinary maintenance and operations - materials and other	15,310	25,768	41,078
94300-010	Ordinary maintenance and operations - garbage & trash removal contracts	-	5,022	5,022
94300-020	Ordinary maintenance and operations - heating & cooling contracts	5,132	-	5,132
94300-050	Ordinary maintenance and operations - landscape & grounds contracts	10,936	9,824	20,760
94300-060	Ordinary maintenance and operations - unit turnaround contracts	53,350	-	53,350
94300-070	Ordinary maintenance and operations - electrical contracts	1,116	-	1,116
94300-080	Ordinary maintenance and operations - plumbing contracts	1,025	1,198	2,223
94300-090	Ordinary maintenance and operations - extermination contracts	-	6,639	6,639
94300-100	Ordinary maintenance and operations - janitorial contracts	-	401	401
94300-110	Ordinary maintenance and operations - routine maintenance contracts	15,224	-	15,224
94300-120	Ordinary maintenance and operations - misc contracts	-	36,766	36,766
94300	**Total Ordinary Maintenance and Operations Contracts**	**102,279**	**117,488**	**219,767**
94500	Employee benefit contribution - ordinary maintenance	-	8,886	8,886
94000	**Total Maintenance**	**117,775**	**184,012**	**301,787**
95200	Protective services - other contract costs	-	594	594
95000	**Total Protective Services**	**-**	**594**	**594**
96130	Workmen's Compensation	-	1,034	1,034
96140	All other insurance	-	595	595
96100	**Total Insurance Premiums**	**-**	**1,629**	**1,629**
96200	Other general expenses	-	-	-
96300	Payments in lieu of taxes	-	9,140	9,140
96400	Bad debt - tenant rents	-	1,596	1,596
96600	Bad debt - other	-	-	-
96000	**Total Other General Expenses**	**-**	**10,736**	**10,736**
96900	**Total Operating Expenses**	**123,469**	**339,850**	**463,319**
97000	**Excess Revenue Over Operating Expenses**	**(11,496)**	**(4,485)**	**(15,981)**
97300-050	All other	-	-	-
97300	**Housing Assistance Payments**	-	-	-
97400	Depreciation expense	-	85,431	85,431
90000	**Total Expenses**	**123,469**	**425,281**	**548,750**
10010	Operating transfer in	-	4,000	4,000
10020	Operating transfer out	(4,000)	-	(4,000)
10100	**Total Other Financing Sources (Uses)**	**(4,000)**	**4,000**	**-**
1000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	**(15,496)**	**(85,916)**	**(101,412)**

(continued)

CITY OF PEORIA, ARIZONA
SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	INCOME STATEMENT	Housing Choice Vouchers 14.871	Community Development Block Grant 14.218	Community Development Block Stimulus Grant 14.253	TOTAL PROGRAMS
	REVENUE:				
70300	Net tenant rental revenue	-	-	-	-
70400	Tenant revenue - other	-	-	-	-
70500	**Total Tenant Revenue**	**-**	**-**	**-**	**-**
70600-010	Housing assistance payments	572,730	-	-	572,730
70600-020	Ongoing administrative fees earned	54,113	-	-	54,113
70600	HUD PHA operating grants	**-**	799,300	65,625	864,925
71100-020	Administrative fee	405	-	-	405
71100	Investment income - unrestricted	**405**	**-**	**-**	**405**
71400	Fraud recovery	32,297	-	-	32,297
71500	Other revenue	123,783	-	-	123,783
7000	**Total Revenue**	**783,328**	**799,300**	**65,625**	**1,648,253**
	EXPENSES:				
91100	Administrative salaries	45,196	74,071	4,073	123,340
91200	Auditing fees	788	-	-	788
91300	Management fee	-	-	-	-
91310	Bookkeeping fee	21,862	-	-	21,862
91500	Employee benefit contributions - administrative	8,582	-	-	8,582
91600	Office expenses	27,417	54	-	27,471
91800	Travel	-	277	-	277
91900	Other	-	34,104	1,040	35,144
91000	**Total Operating - Administrative**	**103,845**	**108,506**	**5,113**	**217,464**
93100	Water	165	1,607	-	1,772
93200	Electricity	1,639	5,938	-	7,577
93300	Gas	232	-	-	232
93600	Sewer	33	-	-	33
93000	**Total Utilities**	**2,069**	**7,545**	**-**	**9,614**
94100	Ordinary maintenance and operations - labor	19,772	53,726	3,850	77,348
94200	Ordinary maintenance and operations - materials and other	972	-	953	1,925
94300-010	Ordinary maintenance and operations - garbage & trash removal contracts	-	-	-	-
94300-020	Ordinary maintenance and operations - heating & cooling contracts	-	52,692	-	52,692
94300-050	Ordinary maintenance and operations - landscape & grounds contracts	-	-	-	-
94300-060	Ordinary maintenance and operations - unit turnaround contracts	-	-	-	-
94300-070	Ordinary maintenance and operations - electrical contracts	-	12,000	-	12,000
94300-080	Ordinary maintenance and operations - plumbing contracts	-	19,303	-	19,303
94300-090	Ordinary maintenance and operations - extermination contracts	-	-	-	-
94300-100	Ordinary maintenance and operations - janitorial contracts	-	-	-	-
94300-110	Ordinary maintenance and operations - routine maintenance contracts	-	-	-	-
94300-120	Ordinary maintenance and operations - misc contracts	1,884	545,515	55,709	603,108
94300	**Total Ordinary Maintenance and Operations Contracts**	**22,628**	**683,236**	**60,512**	**766,376**
94500	Employee benefit contribution - ordinary maintenance	6,809	-	-	6,809
94000	**Total Maintenance**	**50,181**	**736,962**	**65,315**	**852,458**
95200	Protective services - other contract costs	587	-	-	587
95000	**Total Protective Services**	**587**	**-**	**-**	**587**
96130	Workmen's Compensation	1,034	-	-	1,034
96140	All other insurance	595	-	-	595
96100	**Total Insurance Premiums**	**1,629**	**-**	**-**	**1,629**
96200	Other general expenses	12,926	13	-	12,939
96300	Payments in lieu of taxes	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-
96600	Bad debt - other	41	-	-	41
96000	**Total Other General Expenses**	**12,967**	**13**	**-**	**12,980**
96900	**Total Operating Expenses**	**171,278**	**853,026**	**70,428**	**1,094,732**
97000	**Excess Revenue Over Operating Expenses**	**612,050**	**(53,726)**	**(4,803)**	**553,521**
97300-050	All other	671,906	-	-	671,906
97300	**Housing Assistance Payments**	**671,906**	**-**	**-**	**671,906**
97400	Depreciation expense	-	-	-	-
90000	**Total Expenses**	**843,184**	**853,026**	**70,428**	**1,766,638**
10010	Operating transfer in	**-**	**-**	**-**	-
10020	Operating transfer out	**-**	**-**	**-**	-
10100	**Total Other Financing Sources (Uses)**	**-**	**-**	**-**	**-**
1000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	**(59,856)**	**(53,726)**	**(4,803)**	**(118,385)**

(continued)

	INCOME STATEMENT (continued)	Public Housing Capital 14.872	Public Housing Operating 14.850A	TOTAL PROJECTS
	OTHER INFORMATION:			
11030	Beginning equity	-	2,357,222	2,357,222
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	**Administrative Fee Equity - Ending Balance**	**-**	**-**	**-**
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	**Housing Assistance Payments Equity**	**-**	**-**	**-**
11190-210	Total ACC HCV Units	-	-	-
11190	**Unit Months Available**	**-**	**840**	**840**
11210	**Unit Months Leased**	**-**	787	**787**
11270	**Excess Cash**	**-**	529,379	**529,379**

(concluded)

CITY OF PEORIA, ARIZONA
SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	INCOME STATEMENT (continued)	Housing Choice Vouchers 14.871	Community Development Block Grant 14.218	Community Development Block Stimulus Grant 14.253	TOTAL PROGRAMS
	OTHER INFORMATION:				
11030	Beginning equity	503,485	-	-	503,485
11170-001	Administrative Fee Equity - Beginning Balance	464,790	-	-	464,790
11170-010	Administrative Fee Revenue	54,113	-	-	54,113
11170-040	Investment Income	405	-	-	405
11170-045	Fraud Recovery Revenue	20,879	-	-	20,879
11170-050	Other Revenue	123,783	-	-	123,783
11170-060	Total Admin Fee Revenues	199,180	-	-	199,180
11170-080	Total Operating Expenses	171,278	-	-	171,278
11170-100	Other Expenses	49,063	-	-	49,063
11170-110	Total Expenses	220,341	-	-	220,341
11170-002	Net Administrative Fee	(21,161)	-	-	(21,161)
11170-003	**Administrative Fee Equity - Ending Balance**	**443,629**	**-**	**-**	**443,629**
11180-001	Housing Assistance Payments Equity - Beginning Balance	38,695	-	-	38,695
11180-010	Housing Assistance Payment Revenues	572,730	-	-	572,730
11180-015	Fraud Recovery Revenue	11,418	-	-	11,418
11180-020	Other Revenue	49,063	-	-	49,063
11180-030	Total HAP Revenues	633,211	-	-	633,211
11180-080	Housing Assistance Payments	671,906	-	-	671,906
11180-100	Total Housing Assistance Payments Expenses	671,906	-	-	671,906
11180-002	Net Housing Assistance Payments	(38,695)	-	-	(38,695)
11180-003	Housing Assistance Payments Equity - Ending Balance	-	-	-	-
11180	**Housing Assistance Payments Equity**	**-**	**-**	**-**	**-**
11190-210	Total ACC HCV Units	984	-	-	984
11190	**Unit Months Available**	**984**	**-**	**-**	**984**
11210	**Unit Months Leased**	**911**	**-**	**-**	**911**
11270	**Excess Cash**	-	-	-	-

(concluded)

CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN DEBT
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit 1

	Balances at June 30, 2010	Issued	Retired	Balances at June 30, 2011
Compensated absences	$ 6,387,740	5,929,182	6,151,512	6,165,410
Contracts payable	71,584,798	3,870,178	8,070,983	67,383,993
Total	77,972,538	9,799,360	14,222,495	73,549,403
General obligation bonds:				
Series 2003	16,785,000	-	995,000	15,790,000
Series 2007	70,235,000	-	2,910,000	67,325,000
Series 2007 Ref	15,310,000	-	1,450,000	13,860,000
Series 2009A	53,460,000	-	12,025,000	41,435,000
Series 2010	29,170,000	-	-	29,170,000
Total	184,960,000	-	17,380,000	167,580,000
Municipal Development Authority:				
Refunding bonds - series 2003	6,948,338	-	3,327,373	3,620,965
Series 2006	5,590,000	-	250,000	5,340,000
Series 2008	43,405,000	-	1,920,000	41,485,000
Series 2011	-	7,920,000	-	7,920,000
Total	55,943,338	7,920,000	5,497,373	58,365,965
Special assessment:				
North Valley ID #8801	1,105,000	-	395,000	710,000
Bell Road ID #8802	1,510,000	-	465,000	1,045,000
83rd Ave ID #9601	260,000	-	175,000	85,000
Arrowhead Fountains ID #9603	455,000	-	270,000	185,000
75th Ave & Paradise Ln ID #9303	297,321	-	297,321	-
99 Ave & Northern Ave ID #0601	4,415,000	-	285,000	4,130,000
Total	8,042,321	-	1,887,321	6,155,000
Community Facilities District:				
Vistancia CFD Series 2002	17,325,000	-	925,000	16,400,000
Vistancia CFD Series 2005	21,375,000	-	775,000	20,600,000
Vistancia CFD Series 2006	22,190,000	-	575,000	21,615,000
Total	60,890,000	-	2,275,000	58,615,000
Total bonds payable	309,835,659	7,920,000	27,039,694	290,715,965
Total governmental debt	$ 387,808,197	17,719,360	41,262,189	364,265,368

CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN DEBT
BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit 2

	Balance at June 30, 2010	Issued	Retired (1)	Balances at June 30, 2011
Compensated absences	$ 650,890	669,893	672,713	$ 648,070
Less current portion	479,980			519,850
Long-term portion of compensated absences	$ 170,910			$ 128,220
Leases payable	$ -	$ 48,000	$ 29,381	$ 18,619
Contracts payable	$ 7,337,162	$ -	$ 220,788	$ 7,116,374
Long-term loans payable:				
Gila River Indian Water Rights	6,883,276	$ -	$ 6,883,276	-
Total	6,883,276	-	6,883,276	-
1995 Wastewater Management Authority	4,190,267	-	645,337	3,544,930
1997 Water Infrastructure Finance Authority	6,753,789	-	760,909	5,992,880
2000 Water Infrastructure Finance Authority, Phase 1	13,415,229	-	997,824	12,417,405
2000 Water Infrastructure Finance Authority, Phase 2	9,994,904	-	667,475	9,327,429
2000 Water Infrastructure Finance Authority, Phase 3	1,441,353	-	87,016	1,354,337
2003 Municipal Development Authority Refunding	861,662		412,628	449,034
2006 Water Infrastructure Finance Authority, DW	-	-		-
2006 Water Infrastructure Finance Authority, CW Phase 1	26,029,064	-	1,189,645	24,839,419
2006 Water Infrastructure Finance Authority, CW Phase 2	41,087,615	-	1,708,439	39,379,176
2006 Water Infrastructure Finance Authority, CW Phase 3	8,575,248	-	325,978	8,249,270
2009 Water Infrastructure Finance Authority, Northern Ave	727,612	-	33,520	694,092
2009 Water Infrastructure Finance Authority, DW Various	8,484,204	-	803,047	7,681,157
2009 Water Infrastructure Finance Authority, CW Various	4,021,623	-	453,346	3,568,277
2009 Water Infrastructure Finance Authority, CW Beardsley	4,545,000	-	337,920	4,207,080
2009 Water Infrastructure Finance Authority, Pinn. Peak	1,032,600	-	312,514	720,086
2010 Water and Wastewater Revenue Refunding Bonds	15,780,000	-	-	15,780,000
Total bonds	146,940,170	-	8,735,598	138,204,572
Total business-type leases, contracts, loans and bonds payable	161,160,608	48,000	15,869,043	145,339,565
Less current portion of leases, contracts, loans, and bonds payable	8,489,425			8,543,134
Long-term portion of bonds, contracts, loans & leases payable	$ 152,671,183			$ 136,796,431

(1) Includes the following cancellations of debt due to reduced project needs:

2009 Water Infrastructure Finance Authority, DW Various	$ 453,865
2009 Water Infrastructure Finance Authority, CW Various	287,829
2009 Water Infrastructure Finance Authority, CW Beardsley	173,403
2009 Water Infrastructure Finance Authority, Pinn. Peak	274,976
Total reduced principal due to unused funds	$ 1,190,073

CITY OF PEORIA, ARIZONA
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2011

Exhibit 3

Fiscal Year	General Obligation: General Facilites Purpose 6% Limitation (1)			General Obligation: Other Purpose 20% Limitation (1)			Total General Obligation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	2,035,000	878,947	2,913,947	9,300,000	5,652,843	14,952,843	11,335,000	6,531,790	17,866,790
2013	1,070,000	584,009	1,654,009	7,515,000	5,597,671	13,112,671	8,585,000	6,181,680	14,766,680
2014	1,115,000	545,074	1,660,074	7,780,000	5,319,597	13,099,597	8,895,000	5,864,671	14,759,671
2015	350,000	151,802	501,802	8,880,000	5,382,509	14,262,509	9,230,000	5,534,311	14,764,311
2016	-	-	-	9,595,000	5,189,971	14,784,971	9,595,000	5,189,971	14,784,971
2017	-	-	-	9,545,000	4,838,831	14,383,831	9,545,000	4,838,831	14,383,831
2018	-	-	-	9,350,000	4,462,581	13,812,581	9,350,000	4,462,581	13,812,581
2019	-	-	-	9,735,000	4,066,465	13,801,465	9,735,000	4,066,465	13,801,465
2020	-	-	-	10,100,000	3,666,873	13,766,873	10,100,000	3,666,873	13,766,873
2021	-	-	-	10,540,000	3,247,965	13,787,965	10,540,000	3,247,965	13,787,965
2022	-	-	-	9,775,000	2,829,316	12,604,316	9,775,000	2,829,316	12,604,316
2023	-	-	-	10,180,000	2,408,978	12,588,978	10,180,000	2,408,978	12,588,978
2024	-	-	-	8,855,000	2,004,884	10,859,884	8,855,000	2,004,884	10,859,884
2025	-	-	-	9,225,000	1,621,538	10,846,538	9,225,000	1,621,538	10,846,538
2026	-	-	-	9,615,000	1,220,086	10,835,086	9,615,000	1,220,086	10,835,086
2027	-	-	-	10,045,000	802,006	10,847,006	10,045,000	802,006	10,847,006
2028	-	-	-	4,620,000	481,850	5,101,850	4,620,000	481,850	5,101,850
2029	-	-	-	4,830,000	266,262	5,096,262	4,830,000	266,262	5,096,262
2030				1,725,000	119,812	1,844,812	1,725,000	119,812	1,844,812
2031				1,800,000	40,500	1,840,500	1,800,000	40,500	1,840,500
	$ 4,570,000	$ 2,159,832	$ 6,729,832	$ 163,010,000	$ 59,220,538	$ 222,230,538	$ 167,580,000	$ 61,380,370	$ 228,960,370

(1) Various purpose bonds limited to 20% of assessed valuation are those issued for public safety, streets, water, sewer, artificial light, open space, preserves, parks, playgrounds and recreational areas. Other general obligation bonds are limited to 6% of assessed valuation. The general obligation bonds are categorized as follows:

Year of Issuance	General Obligation Bond Original Issue Amount	6% Limitation	20% Limitation
2003	27,570,000	15,345,000	12,225,000
2007	94,380,000	17,340,000	77,040,000
2007R	18,365,000	2,265,000	16,100,000
2009	68,440,000	-	68,440,000
2010	29,170,000	1,005,000	28,165,000
Total	$ 237,925,000	35,955,000	201,970,000

(continued)

CITY OF PEORIA, ARIZONA
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2011

Exhibit 3

Fiscal	Municipal Development Authority (2)			Special Assessment (3)			Water and Sewer Revenue		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	3,575,000	2,420,264	5,995,264	1,495,000	316,720	1,811,720	7,941,123	4,284,688	12,225,811
2013	4,120,000	2,405,069	6,525,069	1,140,000	222,820	1,362,820	8,776,255	4,127,293	12,903,548
2014	4,295,000	2,238,469	6,533,469	325,000	149,600	474,600	9,050,624	3,843,603	12,894,227
2015	3,025,000	2,093,931	5,118,931	340,000	135,788	475,788	9,333,372	3,544,224	12,877,596
2016	3,150,000	1,962,431	5,112,431	355,000	121,338	476,338	9,644,786	3,218,590	12,863,376
2017	3,280,000	1,824,731	5,104,731	370,000	106,250	476,250	10,302,750	2,876,110	13,178,860
2018	3,420,000	1,680,481	5,100,481	390,000	90,525	480,525	10,637,893	2,523,475	13,161,368
2019	3,570,000	1,519,506	5,089,506	405,000	73,950	478,950	10,056,842	2,168,136	12,224,978
2020	3,725,000	1,353,756	5,078,756	425,000	56,738	481,738	8,996,621	1,838,131	10,834,752
2021	3,885,000	1,199,041	5,084,041	445,000	38,675	483,675	9,335,003	1,520,798	10,855,801
2022	4,050,000	1,031,386	5,081,386	465,000	19,763	484,763	6,680,903	1,251,074	7,931,977
2023	4,230,000	852,553	5,082,553	-	-	-	5,835,991	1,052,334	6,888,325
2024	4,405,000	661,693	5,066,693	-	-	-	5,873,903	870,566	6,744,469
2025	4,605,000	458,288	5,063,288	-	-	-	6,055,721	685,885	6,741,606
2026	4,805,000	236,331	5,041,331	-	-	-	6,243,266	495,385	6,738,651
2027	674,999	14,344	689,343	-	-	-	6,436,722	286,195	6,722,917
2028	-	-	-	-	-	-	4,649,100	126,624	4,775,724
2029	-	-	-	-	-	-	1,672,756	26,356	1,699,112
2030			-	-	-	-	231,907	2,458	234,365
2031			-	-	-	-	-	-	-
	$ 58,814,999	$ 21,952,274	$ 80,767,273	$ 6,155,000	$ 1,332,167	$ 7,487,167	$ 137,755,538	$ 34,741,925	$ 172,497,463

(2) 2003 Municipal Development Authority Revenue Refunding Bonds are partially paid by the Enterprise Fund (business-type activity).

(3) Includes North Valley Power Center Improvement District Bonds, Bell Road Improvement District Bonds, Arrowhead Fountains Improvement District Bonds, 83rd Avenue Improvement District Bonds, NE corner of Northern & 99th Ave (Parkwest) Improvement District Bonds

(continued)

Exhibit 3

SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2011

Fiscal Year	Community Facilities District (4)			DEBT SERVICE REQUIREMENTS GRAND TOTALS		
	Principal	Interest	Total	Principal	Interest	Total
2012	2,385,000	3,108,336	5,493,336	26,731,123	16,661,798	43,392,921
2013	2,505,000	2,985,974	5,490,974	25,126,255	15,922,836	41,049,091
2014	2,630,000	2,854,633	5,484,633	25,195,624	14,950,976	40,146,600
2015	2,765,000	2,711,311	5,476,311	24,693,372	14,019,565	38,712,937
2016	2,920,000	2,555,713	5,475,713	25,664,786	13,048,043	38,712,829
2017	3,080,000	2,388,074	5,468,074	26,577,750	12,033,996	38,611,746
2018	3,255,000	2,207,674	5,462,674	27,052,893	10,964,736	38,017,629
2019	3,440,000	2,015,359	5,455,359	27,206,842	9,843,416	37,050,258
2020	3,635,000	1,810,671	5,445,671	26,881,621	8,726,169	35,607,790
2021	3,850,000	1,593,926	5,443,926	28,055,003	7,600,405	35,655,408
2022	4,070,000	1,362,718	5,432,718	25,040,903	6,494,257	31,535,160
2023	4,310,000	1,115,388	5,425,388	24,555,991	5,429,253	29,985,244
2024	4,565,000	862,431	5,427,431	23,698,903	4,399,574	28,098,477
2025	4,815,000	604,936	5,419,936	24,700,721	3,370,647	28,071,368
2026	5,080,000	357,175	5,437,175	25,743,266	2,308,977	28,052,243
2027	5,310,000	120,802	5,430,802	22,466,721	1,223,347	23,690,068
2028	-	-	-	9,269,100	608,474	9,877,574
2029	-	-	-	6,502,756	292,618	6,795,374
2030	-	-	-	1,956,907	122,270	2,079,177
2031	-	-	-	1,800,000	40,500	1,840,500
	$ 58,615,000	$ 28,655,121	$ 87,270,121	$ 428,920,537	$ 148,061,857	$ 576,982,394

(4) Vistancia Community Facilities District bonds

(concluded)

CITY OF PEORIA, ARIZONA
SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND CLASSIFICATION
JUNE 30, 2011

Governmental activities:

Asset Type	Culture and Recreation	General Government	Police	Fire	Development Services	Highways and Streets
Work in progress (WIP)	$ 37,243,904	$ 12,073,477	$ 921,378	$ 996,511	$ -	$ 134,918,380
Land	$ 54,981,381	$ 26,920,171	$ 1,059,975	$ 1,048,451	$ -	$ 237,126,155
Buildings and Improvements	$ 45,848,134	$ 77,393,603	$ 21,198,774	$ 21,006,146	$ 119,479	$ -
Furniture	$ 84,054	$ 1,558,721	$ -	$ 207,324	$ 65,914	$ 57,229
Equipment	$ 3,393,060	$ 29,833,233	$ 3,953,999	$ 2,466,173	$ 109,445	$ 2,584,310
Vehicles	$ 1,251,331	$ 1,468,617	$ 5,649,920	$ 8,007,490	$ 290,868	$ 3,531,496
Storm Drain System	$ -	$ -	$ -	$ -	$ -	$ -
Street System	$ 7,458,289	$ 20,819	$ -	$ -	$ -	$ 483,630,173
Park System	$ 27,748,767	$ 260,431	$ -	$ -	$ -	$ -
Sub-total	$ 178,008,920	$ 149,529,072	$ 32,784,046	$ 33,732,095	$ 585,706	$ 861,847,743
Less accumulated depreciation	(21,810,477)	(39,994,874)	(10,468,345)	(9,675,200)	(411,774)	(151,722,549)
Total governmental activities capital assets, net	$ 156,198,443	$ 109,534,198	$ 22,315,701	$ 24,056,895	$ 173,932	$ 710,125,194

Business-type activities:

	Water Utility	Wastewater Utility	Sanitation Utility	Stadium	Housing Programs	Total
Work in progress (WIP)	$ 35,145,007	$ 12,116,845	$ -	$ -	$ -	$ 47,261,852
Land	6,028,939	3,878,001	-	6,703,349	410,350	17,020,639
Water Rights	12,889,809	-	-	-	-	12,889,809
Buildings and Improvements	1,744,850	7,659,795	10,799	25,781,679	3,276,922	38,474,045
Furniture	186,058	29,004	-	-	9,613	224,675
Equipment	1,720,443	1,274,517	28,430	568,810	23,247	3,615,447
Vehicles	1,718,236	873,230	8,231,184	483,586	-	11,306,236
Water System	288,473,826	-	-	-	-	288,473,826
Wastewater System	-	341,167,384	-	-	-	341,167,384
Sub-total	347,907,168	366,998,776	8,270,413	33,537,424	3,720,132	760,433,913
Less accumulated depreciation	(61,635,249)	(57,573,440)	(4,591,289)	(12,039,625)	(1,943,998)	(137,783,601)
Total business-type activities capital assets, net	$ 286,271,919	$ 309,425,336	$ 3,679,124	$ 21,497,799	$ 1,776,134	$ 622,650,312

Public Works	Human Services	Total
$ 24,409,600	$ -	$ 210,563,250
$ 10,892,151	$ 307,757	$ 332,336,041
$ 320,598	$ -	$ 165,886,734
$ 50,392	$ -	$ 2,023,634
$ 273,844	$ -	$ 42,614,064
$ 1,401,065	$ 242,184	$ 21,842,971
$ 64,600,585	$ -	$ 64,600,585
$ -	$ -	$ 491,109,281
$ -	$ -	$ 28,009,198
$ 101,948,235	$ 549,941	$ 1,358,985,758
(18,404,153)	(122,682)	(252,610,054)
$ 83,544,082	$ 427,259	$ 1,106,375,704

CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit 5

Department	Balances July 1, 2010	Additions and Transfers	Deletions and Transfers	Balances June 30, 2011
Culture and Recreation	$ 165,685,301	$ 20,794,623	$ (8,471,004)	$ 178,008,920
General Government	144,235,633	16,008,010	(10,714,571)	149,529,072
Police	31,620,195	1,604,749	(440,898)	32,784,046
Fire	32,301,615	1,794,113	(363,633)	33,732,095
Development Services	585,706	-	-	585,706
Highways & Streets	837,075,261	25,063,255	(290,773)	861,847,743
Public Works	99,902,942	2,187,856	(142,563)	101,948,235
Human Services	719,790	-	(169,849)	549,941
Sub-total governmental fixed assets	$ 1,312,126,443	$ 67,452,606	$ (20,593,291)	$ 1,358,985,758
Less accumulated depreciation				
Culture and Recreation	(19,232,401)	(2,625,432)	47,356	(21,810,477)
General Government	(29,772,518)	(10,241,038)	18,682	(39,994,874)
Police	(9,207,157)	(1,544,147)	282,959	(10,468,345)
Fire	(8,450,520)	(1,565,796)	341,116	(9,675,200)
Development Services	(387,954)	(23,820)	-	(411,774)
Highways & Streets	(139,764,301)	(12,110,305)	152,057	(151,722,549)
Public Works	(16,896,773)	(1,649,943)	142,563	(18,404,153)
Human Services	(233,736)	(34,598)	145,652	(122,682)
Sub-total accumulated depreciation	(223,945,360)	(29,795,079)	1,130,385	(252,610,054)
Total governmental activities capital assets, net	$ 1,088,181,083	$ 37,657,527	$ (19,462,906)	$ 1,106,375,704

CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2011

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Governmental Funds:			
General	Half-Cent - public safety subsidies	$ 5,271,880	$ -
	Half-Cent - economic development subsidy	821,395	-
	Special Assmt Debt Service - close completed IDs	38,630	-
	Non-major - Other Grants - employee wellness subsidy	-	10,000
	Non-major - Other Grants - Sub-urban Forest Grant	2,461	-
	Non-major - MDA Debt Service - debt payments	-	200,738
	Water Utility - capital assets	-	608,462
	ISF - Motor Pool - fleet bailout	-	135,466
	ISF - Motor Pool - capital assets	-	29,486
	ISF - Self-Insurance - reclass capital expenditures	29,896	-
	ISF - IT Fund - return overage to operating funds	577,000	-
	ISF - IT Fund - capital assets	7,189	783,193
	Fund Totals	6,748,451	1,767,345
Half-Cent Sales Tax	General - public safety subsidies	-	5,271,880
	General - economic development subsidy	-	821,395
	Non-major - MDA Debt Service - debt payments	-	1,120,537
	Stadium - debt service subsidy	-	168,970
	Stadium - operating subsidy	-	1,860,000
	ISF - IT Fund - radio project	-	849,585
	Fund Totals	-	10,092,367
Highway User	Transportation Sales Tax - streets subsidy	1,000,000	-
	Non-major - MDA Debt Service - debt payments	-	116,464
	ISF - Motor Pool - fleet bailout	-	65,398
	ISF- IT Fund - return overage to operating funds	26,000	-
	Fund Totals	1,026,000	181,862
Development Fee	Transportation Sales Tax - reclass capital project expenditures	315,123	
	Non-major - MDA Debt Service interfund loan	-	17,190,543
	Fund Totals	315,123	17,190,543
Transportation Sales Tax	Highway User - Streets subsidy	-	1,000,000
	Development Fee - reclass capital project expenditures	-	315,123
	Non-major - Transit subsidy	-	1,140,500
	Fund Totals	-	2,455,623
Other Governmental			
Public Transit	Transportation Sales Tax - transit subsidy	1,140,500	-
	ISF- IT Fund - return overage to operating funds	3,000	-
	sub-total	1,143,500	-
Section 8 Housing	Public housing - capital assets	-	4,000
	sub-total	-	4,000
Other Grants	General - employee wellness subsidy	10,000	-
	General - correct Sub-urban Forest grant expenditures	-	2,461
	Non-major - MDA Debt Service - debt payments	-	247,175
	Water Utility - capital assets	-	419,698
	Wastewater Utility - capital assets	-	683,130
	ISF - Motor Pool - capital assets	-	21,932
	ISF - IT Fund - capital assets	-	73,194
	sub-total	10,000	1,447,590
Storm Drainage	ISF- IT Fund - return overage to operating funds	2,000	-
	sub-total	2,000	-

(continued)

CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2011

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Other Governmental (cont)			
MDA Debt Service	General - debt service	200,738	-
	Half-Cent - debt service	1,120,537	-
	Highway User - debt service	116,464	-
	Development Fee - interfund loan	17,190,543	
	Non-major - Other Grants - debt service	247,175	-
	Water Utility - debt service	67,269	-
	Wastewater Utility - debt service	50,050	-
	Solid Waste Utility - debt service	5,730	-
	Stadium - debt service	108,256	-
	ISF - Motor Pool - debt service	37,074	-
	sub-total	19,143,836	-
Special Assmt Debt Service	General - close completed IDs	-	38,630
	sub-total	-	38,630
GO Bond Capital Projects	ISF - IT Fund - capital assets	-	1,091,706
	sub-total	-	1,091,706
MDA Bonds-Capital Projects	Water Utility - capital assets	-	7,805,353
	sub-total	-	7,805,353
	Non-major Fund Totals	20,299,336	10,387,279
	Total Governmental Funds	28,388,910	42,075,019
Enterprise Funds:			
Water Utility	General - capital assets	608,462	-
	Non-major - Other Grants - capital assets	419,698	-
	Non-major - MDA Debt Service - debt service	-	67,269
	Non-major - MDA Bond Capital Projects - capital assets	7,805,353	-
	Wastewater Utility - capital assets	30,763	451,801
	Wastewater Utility - debt service	-	2,586,215
	ISF - Motor Pool - fleet bailout	-	23,356
	ISF- IT Fund - return overage to operating funds	45,000	-
	Fund Totals	8,909,276	3,128,641
Wastewater Utility	Non-major - MDA Debt Service - debt service	-	50,050
	CFD Bonds Capital Projects - capital assets	-	-
	Non-major - Other Grants - capital assets	683,130	-
	Water Utility - capital assets	451,801	30,763
	Water Utility - debt service	2,586,215	-
	ISF - Motor Pool - fleet bailout	-	18,685
	ISF- IT Fund - return overage to operating funds	28,000	-
	Fund Totals	3,749,146	99,498
Enterprise (cont)			
Solid Waste Utility	Non-major - MDA Debt Service - debt service	-	5,730
	ISF - Motor Pool - fleet bailout	-	224,221
	ISF- IT Fund - return overage to operating funds	7,000	-
	ISF- IT Fund - purchase new equipment	-	17,700
	Fund Totals	7,000	247,651
Stadium	Half-Cent - operating subsidy	1,860,000	-
	Half-Cent - debt service subsidy	168,970	-
	Non-major - MDA Debt Service - debt service	-	108,256
	ISF- IT Fund - return overage to operating funds	5,000	-
	Fund Totals	2,033,970	108,256
Public Housing	Other Govtl - Section 8 Housing - capital assets	4,000	-
	Total Enterprise Funds	14,703,392	3,584,046

(continued)

CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2011

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Internal Service Funds:			
Motor Pool	General Fund - capital assets	29,486	-
	General Fund - fleet bailout	135,466	-
	Highway User - fleet bailout	65,398	-
	Non-major - Other Grants - capital assets	21,932	-
	Non-major - MDA Debt Service - debt service	-	37,074
	Water Utility - fleet bailout	23,356	-
	Wastewater Utility - fleet bailout	18,685	-
	Solid Waste Utility - fleet bailout	224,221	-
	ISF- IT Fund - return overage to operating funds	7,000	-
	Fund Totals	525,544	37,074
Self-Insurance	General Fund - reclass capital expenditures	-	29,896
	Fund Totals	-	29,896
Information Technology	General - capital assets	783,193	7,189
	General - return overage to operating funds	-	577,000
	Half-Cent -radio project	849,585	-
	Highway User - return overage to operating funds	-	26,000
	Non-major - GO Bond Capital Projects - capital assets	1,091,706	-
	Non-major - Transit - return overage to operating funds	-	3,000
	Non-major - Other Grants - capital assets	73,194	-
	Non-major -Storm Drainage - return overage to operating funds	-	2,000
	Water Utility - return overage to operating funds	-	45,000
	Wastewater Utility - return overage to operating funds	-	28,000
	Solid Waste Utility - return overage to operating funds	-	7,000
	Solid waste Utility - purchase new equipment	17,700	-
	Stadium - return overage to operating funds	-	5,000
	ISF - Motor Pool - return overage to operating funds	-	7,000
	Fund Totals	2,815,378	707,189
	Total Internal Service Funds	3,340,922	774,159
	Grand Totals	46,433,224	46,433,224

(concluded)

Statistical Section

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

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

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

Revenue Capacity 165

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

Debt Capacity 177

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

Economic and Demographic Information 188

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

Operating Information 190

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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table I

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Governmental Activities										
Invested in capital assets, net of related debt	$ 230,785,628	$ 275,314,371	$ 396,789,364	$ 412,711,011	$ 523,429,904	$ 591,763,494	$ 602,715,532	$ 690,708,494	$ 782,205,232	$ 803,835,704
Restricted	44,743,192	23,123,757	22,011,167	35,660,531	41,483,246	40,822,727	65,528,725	54,945,644	37,649,086	118,382,244
Unrestricted	75,812,410	191,628,459	108,663,727	118,007,870	131,307,050	173,833,813	220,374,709	207,958,657	192,278,995	109,550,684
Total governmental activities net assets	$ 351,341,230	$ 490,066,587	$ 527,464,258	$ 566,379,412	$ 696,220,200	$ 806,420,034	$ 888,618,966	$ 953,612,795	$ 1,012,133,313	$ 1,031,768,632
Business-type Activities										
Invested in capital assets, net of related debt	$ 158,071,050	$ 186,811,252	$ 216,306,907	$ 273,024,663	$ 311,724,201	$ 369,615,117	$ 427,331,359	$ 429,764,018	$ 469,854,140	$ 478,230,446
Restricted	54,505,333	63,628,468	73,597,149	83,015,115	79,329,431	32,749,544	32,967,702	33,558,490	19,474,349	22,733,731
Unrestricted	60,944,374	57,594,489	58,112,123	55,874,702	53,032,272	68,959,683	41,967,371	36,507,370	53,422,064	54,791,580
Total business-type activities net assets	$ 273,520,757	$ 308,034,209	$ 348,016,179	$ 411,914,480	$ 444,085,904	$ 471,324,344	$ 502,266,432	$ 499,829,878	$ 542,750,553	$ 555,755,757
Primary Government										
Invested in capital assets, net of related debt	$ 388,856,678	$ 462,125,623	$ 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
Restricted	99,248,525	86,752,225	95,608,316	118,675,646	120,812,677	73,572,271	98,496,427	88,504,134	57,123,435	141,115,975
Unrestricted	136,756,784	249,222,948	166,775,850	173,882,572	184,339,322	242,793,496	262,342,080	244,466,027	245,701,059	164,342,264
Total primary government net assets	$ 624,861,987	$ 798,100,796	$ 875,480,437	$ 978,293,892	$ 1,140,306,104	$ 1,277,744,378	$ 1,390,885,398	$ 1,453,442,673	$ 1,554,883,866	$ 1,587,524,389

Source: Statement of Net Assets
City financial records and reports

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

Table II

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Expenses										
Governmental Activities										
General Government	$ 12,518,899	$ 14,008,647	$ 16,794,131	$ 18,810,419	$ 21,608,973	$ 24,469,279	$ 17,077,115	$ 23,226,263	$ 24,518,718	$ 27,523,428
Culture & Recreation	11,926,736	12,488,931	13,580,663	15,135,836	16,304,875	17,947,721	21,834,144	23,185,665	21,167,750	21,066,722
Police	15,018,206	18,400,046	19,519,868	21,844,025	25,725,922	28,548,401	34,513,465	37,084,671	35,140,959	35,536,887
Fire	9,155,641	10,361,499	11,025,133	12,731,478	14,184,353	17,401,924	19,914,716	21,618,004	20,977,164	21,243,965
Development Services	3,447,617	4,178,383	4,280,766	4,557,154	4,882,448	5,605,618	6,542,413	6,354,769	6,539,886	6,135,184
Highways & Streets	14,507,609	16,423,295	16,554,235	21,839,566	18,713,722	23,031,544	22,909,823	24,046,432	22,414,044	25,598,067
Public Works	3,630,838	4,647,879	4,460,277	5,187,303	5,791,128	6,288,446	7,782,967	7,688,062	9,642,355	8,441,912
Human Services	1,597,081	2,551,175	1,665,219	1,869,601	2,054,042	2,316,358	2,887,625	2,382,604	2,188,730	1,992,977
Interest on long-term debt	5,542,309	6,186,918	6,884,380	6,017,664	7,223,963	8,065,449	11,168,041	12,610,988	12,571,503	12,616,562
Unallocated Deprecation	604,962	587,006	582,180	576,719	575,334	575,334	574,942	574,550	574,550	574,550
Total governmental activities expenses	$ 77,949,898	$ 89,833,779	$ 95,346,852	$ 108,569,765	$ 117,064,760	$ 134,250,074	$ 145,205,251	$ 158,772,008	$ 155,735,659	$ 160,730,254
Business-type Activities										
Water Utility	$ 18,106,642	$ 18,886,650	$ 21,344,055	$ 23,815,912	$ 25,859,997	$ 27,058,901	$ 28,677,086	$ 32,164,325	$ 29,715,038	$ 29,582,708
Wastewater Utility	10,880,229	12,274,198	11,049,354	12,469,667	12,782,965	14,523,268	17,324,471	31,039,534	30,212,381	19,891,729
Solid Waste Utility	6,896,802	7,787,634	7,798,343	8,462,126	8,688,437	9,458,194	13,250,526	10,624,589	9,985,889	9,773,553
Stadium	5,673,177	3,916,869	4,341,127	4,623,886	5,442,993	5,448,667	6,921,044	5,235,258	5,186,732	5,019,605
Housing	345,064	347,606	357,785	344,030	369,052	371,540	382,067	331,785	368,007	367,644
Total business-type activities expenses	$ 41,901,914	$ 43,212,957	$ 44,890,664	$ 49,715,621	$ 53,143,444	$ 56,860,570	$ 66,555,194	$ 79,395,491	$ 75,468,047	$ 64,635,239
Total primary government expenses	$ 119,851,812	$ 133,046,736	$ 140,237,516	$ 158,285,386	$ 170,208,204	$ 191,110,644	$ 211,760,445	$ 238,167,499	$ 231,203,706	$ 225,365,493
Program Revenues										
Governmental Activities										
Charges for services	$ 10,374,005	$ 12,278,699	$ 14,305,895	$ 21,078,973	$ 22,666,481	$ 23,226,773	$ 25,523,896	$ 20,130,962	$ 17,489,464	$ 17,722,889
Operating grants and contributions	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484	12,574,749	13,096,036	13,709,669
Capital grants and contributions	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499	51,366,296	55,978,635	34,932,888
Total governmental activities program revenues	$ 53,937,714	$ 42,717,972	$ 51,971,644	$ 69,515,305	$ 138,152,424	$ 96,975,027	$ 81,504,879	$ 84,072,007	$ 86,564,135	$ 66,365,446
Business-type Activities										
Charges for services	$ 41,520,765	$ 44,627,823	$ 47,136,002	$ 47,962,423	$ 53,196,965	$ 61,918,282	$ 61,936,451	$ 59,577,008	$ 62,457,821	$ 60,595,686
Operating grants and contributions	125,136	120,070	129,308	136,736	137,532	135,174	145,841	158,627	177,710	209,878
Capital grants and contributions	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213	12,186,331	50,899,343	5,408,859
Total business-type activities program revenues	$ 61,338,686	$ 72,274,377	$ 82,119,032	$ 96,220,208	$ 67,432,213	$ 80,272,879	$ 84,403,505	$ 71,921,966	$ 113,534,874	$ 66,214,423
Total primary government program revenues	$ 115,276,400	$ 114,992,349	$ 134,090,676	$ 165,735,513	$ 205,584,637	$ 177,247,906	$ 165,908,384	$ 155,993,973	$ 200,099,009	$ 132,579,869
Net (Expense)/Revenue										
Governmental Activities	$ (24,012,184)	$ (47,115,807)	$ (43,375,208)	$ (39,054,460)	$ 21,087,664	$ (37,275,047)	$ (63,700,372)	$ (74,700,001)	$ (69,171,524)	$ (94,364,808)
Business-type Activities	19,436,772	29,061,420	37,228,368	46,504,587	14,288,769	23,412,309	17,848,311	(7,473,525)	38,066,827	1,579,184
Total primary government net expense	$ (4,575,412)	$ (18,054,387)	$ (6,146,840)	$ 7,450,127	$ 35,376,433	$ (13,862,738)	$ (45,852,061)	$ (82,173,526)	$ (31,104,697)	$ (92,785,624)

Continued

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

Table II

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	$ 2,261,947	$ 2,697,682	$ 2,724,739	$ 2,926,017	$ 3,274,982	$ 3,722,092	$ 3,728,615	$ 3,629,629	$ 3,833,445	$ 3,628,286
Property taxes, levied for debt service	8,156,576	8,681,164	9,940,516	11,240,627	12,930,561	14,392,472	22,569,309	28,162,003	26,225,535	22,406,879
Sales and use taxes	33,711,972	35,932,415	40,579,522	45,535,559	61,156,870	68,873,970	68,466,910	59,004,816	56,276,937	58,082,217
Franchise taxes	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746	4,019,182	3,955,416	4,037,897
State shared sales taxes - unrestricted	8,350,576	8,474,910	9,116,684	10,038,874	11,681,284	13,130,116	12,695,890	10,991,095	10,137,682	11,649,489
Urban revenue sharing - unrestricted	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768	20,395,663	17,469,936	13,408,996
Auto in-lieu taxes - unrestricted	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558	5,018,384	4,634,263	4,548,154
Investment Earnings	5,395,083	2,950,753	1,698,168	2,930,923	6,723,061	12,100,831	13,328,215	7,896,100	2,199,984	1,354,607
Gain on sale of capital assets	36,313	91,970	160,917	148,518	81,122	60,785	40,953	115,412	102,409	76,640
Elimination of development agreement debt	-	135,068	839,099	-	17,279	23,941	2,358,431	-	-	801,394
Miscellaneous	414,835	1,034,025	443,892	2,480,978	5,584,218	7,439,193	3,555,171	3,528,043	5,885,847	5,124,916
Transfers in (out)	(1,563,008)	(2,755,444)	(1,404,110)	(14,546,789)	(12,660,507)	2,025,489	(9,779,262)	(3,066,497)	(3,029,412)	(11,119,348)
Total governmental activities	$ 73,988,872	$ 75,188,614	$ 80,772,879	$ 77,969,614	$ 108,753,124	$ 147,474,881	$ 145,899,304	$ 139,693,830	$ 127,692,042	$ 114,000,127
Business-type Activities										
Investment Earnings	$ 5,357,578	$ 2,379,114	$ 1,349,492	$ 2,846,925	$ 5,222,148	$ 5,851,620	$ 3,314,515	$ 1,970,474	$ 444,698	$ 306,672
Gain on sale of capital assets	104,006	317,474	-	-	-	-	-	-	-	-
Forgiveness of debt	18,375,000	-	-	-	-	-	-	-	1,379,738	-
Transfers in (out)	1,563,008	2,755,444	1,404,110	14,546,789	12,660,507	(2,025,489)	9,779,262	3,066,497	3,029,412	11,119,348
Total business-type activities	$ 25,399,592	$ 5,452,032	$ 2,753,602	$ 17,393,714	$ 17,882,655	$ 3,826,131	$ 13,093,777	$ 5,036,971	$ 4,853,848	$ 11,426,020
Total primary government	$ 99,388,464	$ 80,640,646	$ 83,526,481	$ 95,363,328	$ 126,635,779	$ 151,301,012	$ 158,993,081	$ 144,730,801	$ 132,545,890	$ 125,426,147
Change in Net Assets										
Governmental Activities	$ 49,976,688	$ 28,072,807	$ 37,397,671	$ 38,915,154	$ 129,840,788	$ 110,199,834	$ 82,198,932	$ 64,993,829	$ 58,520,518	$ 19,635,319
Prior Period Adjustment	-	110,652,550	-	-	-	-	-	-	-	-
Business-type Activities	44,836,364	34,513,452	39,981,970	63,898,301	32,171,424	27,238,440	30,942,088	(2,436,554)	42,920,675	13,005,204
Total primary government	$ 94,813,052	$ 173,238,809	$ 77,379,641	$ 102,813,455	$ 162,012,212	$ 137,438,274	$ 113,141,020	$ 62,557,275	$ 101,441,193	$ 32,640,523

Source: Statement of Activities
City financial records and reports

(concluded)

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

Table III

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Program Revenues										
Governmental Activities										
Charges for services										
General Government	$ 1,261,983	$ 1,468,973	$ 1,576,952	$ 3,122,641	$ 3,346,730	$ 2,747,370	$ 2,293,928	$ 3,635,662	$ 2,955,225	$ 3,111,713
Culture & Recreation	3,579,918	4,156,225	4,278,605	5,117,914	5,793,176	6,927,760	8,111,802	8,035,499	7,133,645	6,642,642
Police	173,678	231,147	603,702	1,123,337	828,053	1,283,559	790,269	1,326,404	813,032	1,050,490
Fire	216,299	839,434	730,868	1,557,835	1,844,083	1,737,666	1,717,319	1,748,715	1,457,280	1,580,191
Development Services	3,380,947	3,816,666	4,121,816	5,840,631	5,660,591	4,614,166	3,526,784	1,568,529	1,231,534	1,323,358
Highways & Streets	247,162	142,242	176,195	205,291	104,654	433,400	345,417	348,351	445,074	516,778
Public Works	1,454,693	1,578,903	2,709,759	3,987,875	4,950,541	5,318,686	8,607,833	3,336,840	3,310,544	3,350,178
Human Services	59,325	45,109	107,998	123,449	138,653	164,166	130,544	130,962	143,130	147,539
Operating grants and contributions	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484	12,574,749	13,096,036	13,709,669
Capital grants and contributions	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499	51,366,296	55,978,635	34,932,888
Total governmental activities program revenues	$ 53,937,714	$ 42,717,972	$ 51,971,644	$ 69,515,305	$ 138,152,424	$ 96,975,027	$ 81,504,879	$ 84,072,007	$ 86,564,135	$ 66,365,446
Business-type Activities										
Charges for services										
Water Utility	$ 22,230,008	$ 24,364,355	$ 25,175,285	$ 24,932,796	$ 28,240,253	$ 33,511,407	$ 31,866,685	$ 30,104,254	$ 30,789,786	$ 30,004,279
Wastewater Utility	9,606,324	10,623,544	10,971,239	11,608,902	12,227,879	14,907,360	15,423,188	15,331,781	16,994,511	15,933,154
Solid Waste Utility	7,036,110	7,277,520	7,728,124	8,330,792	9,715,409	10,395,273	11,216,061	11,166,354	11,764,271	11,904,142
Stadium	2,494,194	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780	2,866,609	2,800,976	2,629,765
Housing	154,129	137,193	128,332	128,141	153,630	150,877	150,737	108,010	108,277	124,346
Operating grants and contributions	125,136	120,070	129,308	136,736	137,532	135,174	145,841	158,627	177,710	209,878
Capital grants and contributions	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213	12,186,331	50,899,343	5,408,859
Total business-type activities program revenues	$ 61,338,686	$ 72,274,377	$ 82,119,032	$ 96,220,208	$ 67,432,213	$ 80,272,879	$ 84,403,505	$ 71,921,966	$ 113,534,874	$ 66,214,423
Total primary government program revenues	$ 115,276,400	$ 114,992,349	$ 134,090,676	$ 165,735,513	$ 205,584,637	$ 177,247,906	$ 165,908,384	$ 155,993,973	$ 200,099,009	$ 132,579,869

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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011 ***
General Fund										
Reserved	$ 366,670	$ 730,494	$ 3,061,807	$ 150,764	$ 948,135	$ 216,652	$ 264,489	$ 275,184	$ 241,678	$ -
Unreserved	43,946,135	41,955,367	43,989,346	52,553,522	65,224,766	74,842,586	77,741,727	67,102,145	60,238,418	-
Unspendable	-	-	-	-	-	-	-	-	-	537,000
Restricted	-	-	-	-	-	-	-	-	-	30,671
Committed	-	-	-	-	-	-	-	-	-	34,288,769
Assigned	-	-	-	-	-	-	-	-	-	3,891,174
Unassigned	-	-	-	-	-	-	-	-	-	13,429,595
Total General Fund	$ 44,312,805	$ 42,685,861	$ 47,051,153	$ 52,704,286	$ 66,172,901	$ 75,059,238	$ 78,006,216	$ 67,377,329	$ 60,480,096	$ 52,177,209
General Fund as % of current year revenues (1)										
Reserved	0.6%	1.1%	4.4%	0.2%	1.0%	0.2%	0.2%	0.3%	0.3%	0.0%
Unreserved	70.7%	64.4%	62.6%	64.2%	67.6%	70.9%	71.1%	70.3%	69.5%	0.0%
Unspendable	-	-	-	-	-	-	-	-	-	0.6%
Restricted	-	-	-	-	-	-	-	-	-	0.0%
Committed	-	-	-	-	-	-	-	-	-	39.7%
Assigned	-	-	-	-	-	-	-	-	-	4.5%
Unassigned	-	-	-	-	-	-	-	-	-	15.5%
Total General Fund	71.3%	65.5%	67.0%	64.4%	68.6%	71.1%	71.3%	70.6%	69.8%	60.4%
General Fund as % of current year expenditures (2)										
Reserved	0.6%	1.2%	4.7%	0.2%	1.1%	0.2%	0.2%	0.3%	0.2%	0.0%
Unreserved	75.2%	70.8%	67.3%	68.2%	76.4%	72.0%	70.2%	61.1%	57.0%	0.0%
Unspendable	-	-	-	-	-	-	-	-	-	0.5%
Restricted	-	-	-	-	-	-	-	-	-	0.0%
Committed	-	-	-	-	-	-	-	-	-	34.4%
Assigned	-	-	-	-	-	-	-	-	-	3.9%
Unassigned	-	-	-	-	-	-	-	-	-	13.5%
Total General Fund	75.8%	72.0%	72.0%	68.4%	77.5%	72.2%	70.4%	61.4%	57.2%	52.3%
All Other Governmental Funds										
Reserved	$ 40,007,493	$ 91,475,811	$ 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	19,750,001	20,546,432	21,662,579	25,365,373	41,501,121	49,251,757	62,170,663	57,506,689	55,546,744	-
Capital projects funds	13,613,176	9,533,035	8,300,215	(4,566,517)	(21,988,077)	18,917,375	23,589,696	29,428,677	22,203,699	-
Unspendable	-	-	-	-	-	-	-	-	-	10,299,462
Restricted	-	-	-	-	-	-	-	-	-	159,647,274
Committed	-	-	-	-	-	-	-	-	-	11,040,682
Assigned	-	-	-	-	-	-	-	-	-	30,055,251
Total All Other Governmental Funds	$ 73,370,670	$ 121,555,278	$ 90,239,771	$ 103,630,220	$ 104,444,494	$ 223,135,450	$ 229,361,002	$ 252,064,731	$ 225,725,301	$ 211,042,669

* 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
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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Revenues										
Taxes	$ 46,097,098	$ 49,675,987	$ 55,774,213	$ 62,170,531	$ 80,238,340	$ 90,780,140	$ 98,358,262	$ 93,896,013	$ 90,783,641	$ 88,244,772
Intergovernmental	35,187,028	37,076,594	34,841,183	36,747,293	41,899,532	64,283,444	52,612,549	62,718,223	45,621,921	43,917,343
Charges for services	13,497,278	14,719,159	18,430,649	30,768,591	34,863,016	39,290,401	37,609,937	18,479,664	18,137,718	16,356,566
Licenses and Permits	2,771,677	3,022,495	3,597,522	5,041,680	4,807,840	3,878,132	3,020,436	1,802,759	1,599,957	1,672,072
Fines and Forfeitures	1,080,542	1,093,438	1,086,327	1,823,626	2,112,799	2,203,756	2,666,731	3,733,047	2,755,104	3,068,861
Rents	58,606	70,952	89,829	174,837	228,492	249,069	358,215	395,834	421,289	403,321
Investment Earnings	4,765,132	2,669,885	1,467,703	2,652,530	6,050,060	10,942,001	12,125,018	7,174,109	1,992,817	1,238,174
Special assessments	2,225,642	3,142,875	2,598,445	2,252,142	2,262,770	1,971,991	1,803,344	2,200,782	2,214,167	2,201,463
Miscellaneous	3,610,289	1,089,570	3,293,560	2,560,291	5,562,231	6,992,363	7,882,947	7,488,740	8,485,570	18,441,696
Total Revenues	$ 109,293,292	$ 112,560,955	$ 121,179,431	$ 144,191,521	$ 178,025,080	$ 220,591,297	$ 216,437,439	$ 197,889,171	$ 172,012,184	$ 175,544,268
Expenditures										
General Government	$ 13,465,303	$ 13,094,326	$ 15,386,608	$ 18,144,444	$ 19,767,909	$ 22,833,440	$ 14,544,047	$ 17,798,947	$ 16,330,159	$ 15,818,173
Culture & Recreation	10,964,291	11,339,011	12,395,888	13,935,373	15,300,068	17,013,511	21,769,313	22,303,852	19,475,634	18,784,735
Police	14,727,025	17,462,775	18,663,675	20,915,014	24,715,113	28,163,474	33,340,756	36,458,108	34,131,465	33,926,463
Fire	9,012,316	9,633,471	10,440,007	12,206,093	13,422,870	16,522,036	19,120,991	20,516,345	19,745,446	19,463,905
Development Services	3,420,333	4,095,448	4,253,710	4,575,963	4,986,442	5,526,599	6,669,979	6,489,199	6,529,594	6,051,667
Highways & Streets	7,752,287	8,740,707	8,825,795	13,930,314	10,333,402	14,679,124	14,632,287	15,469,695	13,070,648	13,891,078
Public Works	2,571,543	3,217,245	3,107,787	3,993,427	4,640,211	5,010,116	6,408,150	6,187,633	7,955,394	6,748,102
Human Services	1,537,183	2,452,063	1,590,605	1,768,107	1,991,939	2,291,469	2,817,716	2,343,847	2,145,702	1,952,861
Other	8,025	3,707	16,823	3,849	539	45,912	-	-	-	-
Capital Outlay	20,817,224	24,209,115	52,502,380	33,148,181	34,944,336	76,919,805	74,142,416	77,515,142	60,269,181	29,176,335
Debt Service										
Interest	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704	11,917,582	13,166,242	12,658,032
Principal	9,578,372	10,612,697	9,737,936	15,304,972	16,881,632	16,178,431	31,143,531	25,988,554	44,700,092	34,309,287
Total Expenditures	$ 99,206,370	$ 111,779,079	$ 143,220,840	$ 144,972,313	$ 153,731,533	$ 213,283,409	$ 234,929,890	$ 242,988,904	$ 237,519,557	$ 192,780,638
Excess of Revenues over (under) Expenditures	$ 10,086,922	$ 781,876	$ (22,041,409)	$ (780,792)	$ 24,293,547	$ 7,307,888	$ (18,492,451)	$ (45,099,733)	$ (65,507,373)	$ (17,236,370)
Other Financing Sources (Uses)										
Proceeds from borrowing	$ 3,159,195	$ 49,213,258	$ 164,548	$ 23,809,728	$ 6,722,550	$ 122,090,000	$ 47,000,000	$ 68,440,000	$ 29,170,000	$ 7,920,000
Proceeds from refunding	-	24,613,603	-	-	-	18,365,000	-	-	-	-
Payments to bond refunding escrow agent	-	(22,255,141)	-	-	-	(18,365,000)	-	-	-	-
Premium on bonds issued	-	-	-	75,552	20,559	1,502,204	273,310	808,192	495,890	16,960
Transfers In	28,513,754	15,978,782	6,193,157	11,766,397	10,116,361	17,798,434	16,426,715	18,855,279	23,567,886	28,388,910
Transfers Out	(32,844,334)	(21,772,434)	(11,266,511)	(15,827,303)	(26,870,128)	(21,121,233)	(36,035,044)	(30,928,896)	(20,963,066)	(42,075,019)
Total Other Financing Sources (Uses)	$ (1,171,385)	$ 45,778,068	$ (4,908,806)	$ 19,824,374	$ (10,010,658)	$ 120,269,405	$ 27,664,981	$ 57,174,575	$ 32,270,710	$ (5,749,149)
Net Change in Fund Balance	$ 8,915,537	$ 46,559,944	$ (26,950,215)	$ 19,043,582	$ 14,282,889	$ 127,577,293	$ 9,172,530	$ 12,074,842	$ (33,236,663)	$ (22,985,519)
Debt Service as a percentage of noncapital expenditures	19.0%	20.0%	17.7%	20.0%	19.9%	17.8%	25.8%	22.9%	32.6%	28.7%

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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Governmental Activities:										
General Government	$ 6,195,112	$ 3,475,738	$ 3,842,493	$ 5,155,229	$ 5,471,741	$ 5,099,910	$ 3,872,997	$ 4,092,800	$ 3,512,654	$ 3,483,196
Culture & Recreation	7,036,365	7,017,008	8,427,932	11,784,749	14,003,877	12,243,385	12,673,351	9,516,656	8,872,476	8,255,882
Police	1,023,801	1,147,435	1,697,650	2,579,817	3,128,006	5,271,968	3,468,250	2,844,901	2,228,397	1,920,702
Fire	588,650	1,375,502	1,553,178	3,075,988	3,729,960	4,098,537	3,202,518	2,148,000	1,999,601	2,093,976
Development Services	4,034,695	4,735,581	4,756,969	6,545,647	6,459,264	5,437,544	4,148,578	2,195,564	2,077,759	2,188,283
Highways & Streets	31,816,700	19,439,898	24,079,992	34,210,694	98,404,102	57,310,910	42,357,347	58,042,435	61,824,066	41,466,907
Public Works	1,558,305	3,063,471	5,887,194	4,161,349	4,950,541	5,418,686	8,929,561	3,341,185	4,114,022	5,443,608
Human Services	1,684,086	2,463,339	1,726,236	2,001,832	2,004,933	2,094,087	2,852,277	1,890,466	1,935,160	1,512,892
Unallocated General Revenues	75,551,880	77,944,058	82,176,989	92,516,403	121,413,631	145,449,392	155,678,566	142,760,327	130,721,454	125,119,475
Total Governmental Activities	$ 129,489,594	$ 120,662,030	$ 134,148,633	$ 162,031,708	$ 259,566,055	$ 242,424,419	$ 237,183,445	$ 226,832,334	$ 217,285,589	$ 191,484,921
Business-type Activities:										
Water Utility	$ 32,751,517	$ 36,926,991	$ 45,639,906	$ 49,238,279	$ 36,888,294	$ 44,900,179	44,368,035	37,864,324	57,524,177	33,948,181
Wastewater Utility	17,500,110	24,833,732	24,595,006	34,300,518	16,668,034	21,116,119	24,784,247	19,647,683	41,038,763	17,276,923
Solid Waste Utility	7,633,584	8,031,180	8,493,458	9,454,742	10,732,529	11,017,165	11,674,865	11,276,713	11,884,971	12,025,330
Stadium	3,174,210	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780	2,866,609	2,800,976	2,629,765
Housing	279,265	257,263	257,640	264,877	283,562	286,051	296,578	266,637	285,987	334,224
Unallocated General Revenues	23,836,584	2,696,588	1,349,492	2,846,925	5,222,148	5,851,620	3,314,515	1,970,474	1,824,436	306,672
Total Business-type Activities	$ 85,175,270	$ 74,970,965	$ 83,468,524	$ 99,067,133	$ 72,654,361	$ 86,124,499	$ 87,718,020	$ 73,892,440	$ 115,359,310	$ 66,521,095
Total Primary Government	$ 214,664,864	$ 195,632,995	$ 217,617,157	$ 261,098,841	$ 332,220,416	$ 328,548,918	$ 324,901,465	$ 300,724,774	$ 332,644,899	$ 258,006,016

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 **Table VII**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Transaction Taxes (1)	33,711,972	$ 35,932,415	$ 40,579,522	$ 45,535,559	$ 61,156,870	$ 68,873,970	$ 68,466,910	$ 59,004,816	$ 56,276,937	$ 58,082,217
Franchise Taxes	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746	4,019,182	3,955,416	4,037,897
Property Taxes										
Primary Taxes	1,638,719	1,838,829	2,077,178	2,285,792	2,612,397	2,896,360	2,975,900	2,691,525	3,188,468	2,866,098
Secondary Taxes	7,713,406	8,603,538	9,749,392	10,688,571	12,393,713	13,211,927	19,176,935	24,105,340	23,564,788	20,037,286
Special District* Taxes	512,196	834,891	619,973	868,197	796,821	1,571,936	3,633,664	3,729,995	3,554,681	2,978,348
In Lieu Taxes	192,931	175,135	252,345	293,417	273,644	242,246	256,107	345,155	243,351	242,926
Total Property Taxes	$ 10,057,252	$ 11,452,393	$ 12,698,888	$ 14,135,977	$ 16,076,575	$ 17,922,469	$ 26,042,606	$ 30,872,015	$ 30,551,288	$ 26,124,658
Total Taxes	$ 46,097,098	$ 49,675,987	$ 55,774,213	$ 62,170,531	$ 80,238,340	$ 90,780,140	$ 98,358,262	$ 93,896,013	$ 90,783,641	$ 88,244,772

(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 **Table VIII**

INTERGOVERNMENTAL REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
State Shared Sales Tax	$ 8,350,576	$ 8,474,910	$ 9,116,684	$ 10,038,874	$ 11,681,284	$ 13,130,116	$ 12,695,890	$ 10,991,095	$ 10,137,682	$ 11,649,489
County Shared Sales Tax	-	-	-	-	-	-	-	12,837,089	-	-
Urban Revenue Sharing	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768	20,395,663	17,469,936	13,408,996
Auto in-Lieu	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558	5,018,384	4,634,263	4,548,154
HURF Revenues	6,719,940	7,020,920	7,501,918	7,878,977	8,475,784	9,870,460	9,488,625	8,287,891	7,852,103	8,018,271
Local Transportation Aid	615,115	639,879	650,734	650,056	657,162	658,598	666,237	640,826	375,639	-
Federal	1,700,855	3,552,001	2,340,738	2,685,415	2,822,321	3,101,796	2,904,788	2,970,534	4,043,930	5,036,285
Other	2,903,838	1,733,992	1,053,460	778,059	1,303,622	15,800,183	1,770,683	1,576,741	1,108,368	1,256,148
Total Intergovernmental Revenue	$ 35,187,028	$ 37,076,594	$ 34,841,183	$ 36,747,293	$ 41,899,532	$ 64,283,444	$ 52,612,549	$ 62,718,223	$ 45,621,921	$ 43,917,343

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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Governmental Activities:										
Streets	$ 1,911,146	$ 2,064,748	$ 2,740,580	$ 7,029,058	$ 8,460,281	$11,093,775	$ 8,950,451	$3,425,308	$ 3,941,479	$2,754,212
Parks/Recreation	2,346,030	2,089,955	2,778,480	5,045,791	5,113,046	4,020,306	3,647,109	883,944	1,162,332	1,040,832
Library	476,734	457,898	586,200	1,028,504	969,582	691,434	501,209	99,061	109,019	108,307
Public Safety	929,164	1,124,351	1,461,477	2,730,568	3,275,831	5,649,715	3,515,573	654,919	789,170	480,085
General Government	941,436	1,012,151	1,381,237	2,020,208	2,105,106	2,167,340	1,413,319	326,373	391,226	239,759
Total Governmental Activities	$ 6,604,510	$ 6,749,103	$ 8,947,974	$ 17,854,129	$ 19,923,846	$23,622,570	$ 18,027,661	$5,389,605	$ 6,393,226	$4,623,195
Business-type Activities:										
Water Expansion	4,458,106	7,013,267	7,025,548	7,671,535	6,972,529	4,973,097	3,297,819	1,073,071	898,045	1,111,092
Water Resource	475,237	887,389	1,287,101	1,801,486	1,550,288	1,133,833	659,750	321,008	258,463	225,007
Wastewater Expansion	3,899,520	4,786,965	3,658,370	4,391,622	4,364,858	2,719,879	1,863,749	447,047	460,210	563,836
Solid Waste Expansion	597,474	753,660	765,334	1,123,950	1,009,520	621,892	458,804	110,359	120,700	121,188
Total Business-type Activities	$ 9,430,337	$ 13,441,281	$ 12,736,353	$ 14,988,593	$ 13,897,195	$ 9,448,701	$ 6,280,122	$1,951,485	$ 1,737,418	$2,021,123
Total Primary Government	$ 16,034,847	$ 20,190,384	$ 21,684,327	$ 32,842,722	$ 33,821,041	$33,071,271	$ 24,307,783	$7,341,090	$ 8,130,644	$6,644,318

Source: City financial records

Table X

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

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Retail Sales	$ 17,456,584	$ 18,284,743	$ 19,946,715	$ 21,861,810	$ 26,832,950	$ 30,963,887	$ 30,721,220	$ 26,694,348	$ 26,857,263	$ 29,247,900
Contracting	5,066,482	5,372,308	6,147,387	7,871,565	14,022,558	13,910,951	11,271,722	7,014,131	4,550,512	3,611,614
Rentals	3,065,400	3,315,297	3,756,875	4,297,474	5,469,550	6,554,938	7,190,660	7,107,109	6,927,724	6,980,633
Utilities	2,156,154	2,255,621	2,445,199	2,576,655	4,949,457	6,005,833	6,584,854	6,836,000	6,906,904	6,917,391
Telecom/Cable TV	626,479	719,721	815,105	920,471	1,079,620	1,245,892	1,492,871	1,437,589	1,405,352	1,294,565
Restaurant/Bar	3,223,465	3,944,702	4,432,723	5,052,224	5,986,135	6,782,852	7,032,488	7,026,265	7,114,625	7,469,189
Amusement	340,467	373,416	443,680	549,702	655,728	814,307	838,550	727,023	814,694	856,274
Use	897,835	602,119	599,172	570,265	485,720	783,997	985,505	599,537	374,659	426,017
Other	880,106	1,064,488	1,992,666	1,835,393	1,675,151	1,811,313	2,349,040	1,562,814	1,325,204	1,278,634
Total	$ 33,712,972	$ 35,932,415	$ 40,579,522	$ 45,535,559	$ 61,156,869	$ 68,873,970	$ 68,466,910	$ 59,004,816	$ 56,276,937	$ 58,082,217
% Growth by Year										
Retail Sales	15.2%	4.7%	9.1%	9.6%	22.7%	15.4%	-0.8%	-13.1%	0.6%	8.9%
Contracting	-21.3%	6.0%	14.4%	28.0%	78.1%	-0.8%	-19.0%	-37.8%	-35.1%	-20.6%
Rentals	-1.1%	8.2%	13.3%	14.4%	27.3%	19.8%	9.7%	-1.2%	-2.5%	0.8%
Utilities	26.6%	4.6%	8.4%	5.4%	92.1%	21.3%	9.6%	3.8%	1.0%	0.2%
Telecom/Cable TV	0.4%	14.9%	13.3%	12.9%	17.3%	15.4%	19.8%	-3.7%	-2.2%	-7.9%
Restaurant/Bar	15.6%	22.4%	12.4%	14.0%	18.5%	13.3%	3.7%	-0.1%	1.3%	5.0%
Amusement	10.4%	9.7%	18.8%	23.9%	19.3%	24.2%	3.0%	-13.3%	12.1%	5.1%
Use	-67.4%	-32.9%	-0.5%	-4.8%	-14.8%	61.4%	25.7%	-39.2%	-37.5%	13.7%
Other	15.7%	20.9%	87.2%	-7.9%	-8.7%	8.1%	29.7%	-33.5%	-15.2%	-3.5%
Total	0.3%	6.6%	12.9%	12.2%	34.3%	12.6%	-0.6%	-13.8%	-4.6%	3.2%

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

	Year Taxes Are Payable									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
City Direct Rates:										
Retail Sales	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Contracting	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Rental	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Utilities	3.00%	3.00%	3.00%	3.00%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Restaurant/Bar	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Amusement	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Others	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
County Rate										
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%
State Rate										
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
All Others	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	6.60%	6.60%

Source: Model City Tax Code, ADOR 91-5312

Table XII

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

	2011				2005			
Category	**# of Payers**	**Percentage of Total Payers**	**Sales Tax Paid**	**Percentage of Total City Sales Tax Revenue**	**# of Payers**	**Percentage of Total Payers**	**Sales Tax Paid**	**Percentage of Total City Sales Tax Revenue**
Retail Sales	3,157	23.08%	$ 29,247,900	50.4%	2,365	23.4%	$ 21,861,810	48.0%
Contracting	3,855	28.18%	3,611,614	6.2%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	336	2.46%	7,469,189	12.9%	235	2.3%	5,052,224	11.1%
Rental	5,441	39.78%	6,980,633	12.0%	2,867	28.3%	4,297,474	9.4%
Utilities	12	0.09%	6,917,391	11.9%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	137	1.00%	1,294,565	2.2%	126	1.2%	920,471	2.0%
Use	602	4.40%	426,017	0.7%	857	8.5%	570,265	1.3%
Amusement	51	0.37%	856,274	1.5%	45	0.4%	549,702	1.2%
Others	88	0.64%	1,278,634	2.2%	402	4.0%	1,835,393	4.0%
Total	13,679	100.00%	$ 58,082,217	100.00%	10,122	100.00%	$ 45,535,559	100.00%

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential (Owner occupied)	$ 371,374,428	$ 403,937,371	$ 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
Residential (Renter occupied)	35,543,344	37,003,847	42,487,659	51,436,849	64,003,067	75,761,506	116,115,688	146,413,989	155,720,660	147,284,152
Commercial, Industrial, Mines & Utilities	151,050,647	170,508,040	190,086,111	218,209,727	242,554,778	293,807,014	334,323,557	419,192,584	495,336,050	495,318,990
Agriculture & Vacant	48,748,154	50,351,826	51,802,238	58,949,534	73,674,495	117,630,028	148,077,787	207,476,727	193,685,182	147,216,152
Railroad	1,094,881	955,802	951,301	1,712,708	1,724,400	1,830,109	1,918,660	1,837,324	1,647,040	1,563,689
Historic & Environmental	25,215	28,555	190,782	30,780	-	-	58,450	76,020	64,530	53,641
Public Property Improvements	-	-	-	-	-	-	-	-	-	-
Net Assessed Value	$ 607,836,669	$ 662,785,441	$ 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
% Growth	16.5%	9.0%	13.2%	10.3%	16.5%	15.7%	47.2%	21.5%	-5.0%	-15.0%
Net Assessed Value Per Capita	$ 4,956	$ 5,226	$ 5,651	$ 6,039	$ 6,646	$ 7,264	$ 10,557	$ 12,524	$ 12,301	$ 10,377
Population	122,655	126,815	132,805	137,045	145,125	153,592	155,560	159,263	154,065	155,148
Total Direct Secondary Tax Rate	1.30	1.30	1.30	1.30	1.30	1.20	1.25	1.25	1.25	1.25
Full Cash Value	5,405,768,822	5,868,802,159	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
% Growth	20.1%	8.6%	14.9%	11.6%	16.1%	14.4%	51.2%	20.9%	13.5%	-20.2%
Full Cash Value Per Capita	$ 44,073	$ 46,278	$ 50,780	$ 54,914	$ 60,203	$ 65,103	$ 97,191	$ 114,778	$ 111,400	$ 94,030
Net Assessed Value as a Percentage of Full Cash Value	11.2%	11.3%	11.1%	11.0%	11.0%	11.2%	10.9%	10.9%	11.0%	11.0%

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)

Fiscal Year	Railroads, Private Car, and Airline Flight Property (b)	Commercial and Industrial (c)	Residential	Agriculture and Vacant Land
2002	20%	25.0%	10%	16%
2003	20%	25.0%	10%	16%
2004	21%	25.0%	10%	16%
2005	21%	25.0%	10%	16%
2006	22%	24.5%	10%	16%
2007	21%	24.0%	10%	16%
2008	20%	23.0%	10%	16%
2009	18%	22.0%	10%	16%
2010	17%	21.0%	10%	16%
2011	17%	21.0%	10%	16%

(a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
(b) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.
(c) 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

Table XIV

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Direct City										
Primary	$ 0.29	$ 0.29	$ 0.29	$ 0.29	$ 0.29	$ 0.28	$ 0.24	$ 0.19	$ 0.19	$ 0.19
Secondary	1.30	1.30	1.30	1.30	1.30	1.20	1.25	1.25	1.25	1.25
School District (1)										
Primary	4.32	4.41	4.56	4.46	4.13	4.29	3.82	3.77	2.99	3.24
Secondary	4.40	4.28	4.04	3.90	3.80	3.31	2.72	1.90	2.46	2.09
County (2)										
Primary	2.64	2.66	2.59	2.59	2.59	2.06	1.92	1.78	2.05	2.20
Secondary	0.65	0.62	0.51	0.51	0.51	0.68	0.59	0.59	0.59	0.64
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	7.25	7.36	7.44	7.34	4.42	6.63	5.98	5.74	5.23	5.63
Secondary	6.35	6.20	5.85	5.71	6.56	5.19	4.56	3.74	4.30	3.98

(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	$ 3.31
Secondary	2.03

(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	$ 1.05	$ -
Education Equalization	0.36	-
Community College District	0.79	0.18
West Maricopa Education Center	-	0.05
County Flood Control District	-	0.15
Fire District Assistance	-	0.01
County Free Library	-	0.04
Central AZ Water Conservation	-	0.10
Special Health Care	-	0.11
	$ 2.20	$ 0.64

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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Total Direct City										
Primary	$ 1,675,077	$ 1,836,000	$ 2,077,622	$ 2,295,435	$ 2,640,883	$ 3,012,725	$ 3,002,150	$ 2,849,397	$ 3,202,665	$ 2,901,540
Secondary	7,901,877	8,616,211	9,755,580	10,759,238	12,538,103	13,387,442	20,527,343	24,932,399	23,689,548	20,124,656
School District (1)										
Primary	36,367,657	39,965,149	45,718,267	48,345,544	50,475,795	58,945,121	61,400,326	71,071,459	63,259,063	63,956,114
Secondary	38,874,484	40,456,138	42,454,023	44,291,944	49,294,120	48,531,032	56,465,081	47,095,296	58,903,282	43,487,879
County (2)										
Primary	563,545,711	611,337,637	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
Secondary	141,844,666	144,920,909	145,100,016	145,100,016	167,896,576	240,972,424	272,271,935	312,172,569	312,960,824	295,233,122
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	601,588,445	653,138,786	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
Secondary	188,621,027	193,993,258	197,309,619	200,151,198	229,728,799	302,890,898	349,264,359	384,200,264	395,553,654	358,845,657

(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:

	Deer Valley
Primary	$ 93,496,031
Secondary	59,985,602

(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	$ 492,224,342	$ -
Education Equalization	166,947,807	-
Community College District	371,276,183	89,482,591
West Maricopa Education Center	-	8,682,347
County Flood Control District	-	68,019,592
Fire District Assistance	-	3,265,310
County Free Library	-	20,479,676
Central AZ Water Conservation	-	49,581,306
Special Health Care	-	55,722,300
	$ 1,030,448,332	$ 295,233,122

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

	2011			2002		
Taxpayer	**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	$ 20,192,566	1	1.25%	$ 12,171,962	1	2.00%
Vestar Arizona XLVIII LLC	9,680,258	2	0.60%	-		
Arizona State Land Department	8,176,674	3	0.51%	-		
Parke West LLC	7,076,357	4	0.44%	-		
DDRA Arrowhead Crossing LLC	5,584,572	5	0.35%	-		
Qwest Corporation	5,501,789	6	0.34%	8,524,699	2	1.40%
Sprint Nextel Wireless LP	5,296,805	7	0.33%	-		
Lake Pleasant Pavilion LLC	5,015,130	8	0.31%	-		
Plaza III Limited Partnership	4,722,783	9	0.29%			
Target Corporation	4,708,405	10	0.29%	1,919,388	15	0.32%
Inland Western Glendale LLC	4,249,592	11	0.26%	-		
Bcc Development Inc	4,245,406	12	0.26%	-		
Happy Valley 160 LLC	3,798,640	13	0.24%	-		
Safeway Inc	3,794,716	14	0.24%	-		
Southwest Gas Corporation	3,595,517	15	0.22%	3,343,932	6	0.55%
PDG America Properties LLC	3,355,164	16	0.21%	-		
Developers Diversified Realty Corp	-			5,165,729	3	0.85%
Cox Communications	-			4,525,989	4	0.74%
Sprint Spectrum LP	-			4,060,307	5	0.67%
Larry Miller Real Estate - Peoria LLC	-			3,256,922	7	0.54%
Freedom Plaza Limited Partner	-			2,874,635	8	0.47%
Midcor Associates	-			2,848,845	9	0.47%
Harkins Phoenix Cinamas LLC	-			2,360,759	10	0.39%
Albertsons Onc	-			2,293,324	11	0.38%
Plaza Del Rio Properties LLC	-			2,148,390	12	0.35%
Arizona Medical Clinic Ltd	-			2,089,810	13	0.34%
Polar Ice Peoria Entertainment Inc	-			2,076,750	14	0.34%
Total	$ 98,994,374		6.15%	$ 59,661,441		9.82%

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For Fiscal year 2011, the assessed value of Salt River Project property within the City of Peoria is $19,830,845.

Source - Maricopa County Treasurer's Office

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

Table XVII

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Current Levy	$ 9,576,954	$ 10,452,211	$ 11,833,202	$ 13,054,673	$ 15,178,986	$ 16,400,167	$ 23,529,493	$ 27,781,796	$ 26,892,213	$ 23,026,196
Current Tax Collections	9,234,358	10,209,517	11,624,426	12,817,287	14,827,945	15,926,805	22,822,879	26,269,411	25,792,963	22,021,842
Percent of Levy Collected	96.4%	97.7%	98.2%	98.2%	97.7%	97.1%	97.0%	94.6%	95.9%	95.6%
Delinquent Tax Collections	117,765	325,376	251,331	143,034	91,070	52,195	55,670	71,715	235,378	466,091
Total Tax Collections	$ 9,352,123	$ 10,534,893	$ 11,875,757	$ 12,960,321	$ 14,919,015	$ 15,979,000	$ 22,878,549	$ 26,341,126	$ 26,028,341	$ 22,487,933
Total Collection as Percent of Current Levy	97.7%	100.8%	100.4%	99.3%	98.3%	97.4%	97.2%	94.8%	96.8%	97.7%

Notes: Collections include secured levies.
Since tax collections are done by the County, and detail of the tax year for delinquent tax collections are not provided to the City, all delinquent taxes are shown in the year collected.

Source: Maricopa County Treasurer
City financial records and reports

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

Table XVIII

Average Utility Bill Amounts
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water										
Average bill	$ 37.77	$ 39.61	$ 39.06	$ 35.53	$ 34.59	$ 34.85	$ 35.59	$ 36.73	$ 35.46	$ 34.36
% Increase	9.22%	4.87%	-1.39%	-9.04%	-2.65%	0.75%	2.12%	3.20%	-3.46%	-3.10%
Wastewater										
Average bill	17.32	18.73	18.53	19.47	18.74	21.52	21.24	21.36	21.45	20.45
% Increase	-4.31%	8.14%	-1.07%	5.07%	-3.75%	14.83%	-1.30%	0.56%	0.42%	-4.66%
Residential Solid Waste										
Average bill	12.49	12.49	12.49	13.32	14.58	14.91	14.85	15.18	15.36	15.35
% Increase	no change	no change	no change	6.65%	9.46%	2.26%	-0.40%	2.22%	1.19%	-0.07%

Utility Service Connections
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water										
#	36,221	37,664	38,818	42,673	44,221	45,630	46,146	46,902	47,606	47,793
% Increase	3.79%	3.98%	3.06%	9.93%	3.63%	3.19%	1.13%	1.64%	1.50%	0.39%
Wastewater										
#	38,130	39,806	40,984	43,824	45,933	47,831	48,759	49,923	50,383	50,715
% Increase	2.17%	4.40%	2.96%	6.93%	4.81%	4.13%	1.94%	2.39%	0.92%	0.66%
Residential Solid Waste										
#	36,978	38,546	39,747	42,467	44,198	46,309	47,146	48,006	48,382	48,752
% Increase	4.69%	4.24%	3.12%	6.84%	4.08%	4.78%	1.81%	1.82%	0.78%	0.76%

Charges for Water Services
Base Minimum Monthly Bill
As of June 30, 2011

Meter Size	All Customers
5/8"-3/4"	$ 14.16
1"	16.84
1 1/2"	19.54
2"	26.97
3"	69.39
4"	98.04
6"	153.27
8"	212.70

Source: City customer service and billing records

(continued)

CITY OF PEORIA, ARIZONA
UTILITY STATISTICAL DATA

Volume Charges for Water Services
Usage Per Month
As of June 30, 2011

Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)
First 1,000	Base Charge	Base Charge	Base Charge
1,001 - 5,000	$ 1.49	$ 1.49	$ 1.49
5,001 - 10,000	2.69	2.17	2.17
10,001 - 25,000	3.24	2.63	2.63
25,001 - 50,000 (a)	3.85	3.15	3.15
50,001+	3.85	3.15	3.20

(a) Residential and Multiplex customers are charged this rate for all usage above 25,000 gallons

Charges for Residential Solid Waste
As of June 30, 2011

	Monthly fee
Single container & recycling	$ 15.06
Additional container	12.06

Water Meter Permit Charges
As of June 30, 2011

Meter Size	Charge
3/4"	$ 285
1 1/2"	463
2"	586 - 983
3"	1,666 - 2,545
4"	2,305 - 3,306
6"	3,397 - 5,310
Hydrant meter	1,280
Commercial accounts	By meter size

Charges for Wastewater Services
As of June 30, 2011

Monthly	All Customers
Base (a)	$ 3.11
Volume (b)	2.35

Charges for Storm Water
As of June 30, 2011

Monthly	All Customers
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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Miscellaneous data on water utility										
Annual consumption (000's gal)	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450	8,212,711	8,003,947
Average gallons/household/month	15,801	15,712	14,904	15,056	16,213	16,320	14,751	14,606	13,720	13,267
Average gallons/household/year	189,608	180,544	178,850	180,679	194,552	195,840	177,016	175,270	164,636	159,203
Average daily demand (MGD)	19.32	18.19	20.43	20.10	23.21	24.46	23.63	23.93	23.69	23.64
Peak demand (MGD)	30.25	28.82	30.00	32.00	32.00	34.40	33.39	34.84	35.40	32.45
Number of active wells in system	24	25	28	27	27	29	31	31	32	32
Available storage capacity (million gallon)	16.1	22.2	37.3	40.0	40.0	40.0	41.8	42.0	42.0	42.0
Miscellaneous data on wastewater utility										
Treatment plant capacity:										
Beardsley treatment plant (million gallon/day)	2.00	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	0.00	0.00	0.75	0.75	0.75	2.25	2.25	2.25	2.25
Tolleson regional plant (million gallon/day)	9.40	9.40	9.40	9.40	9.40	9.40	9.40	N/A	N/A	N/A
Butler treatment plant (million gallon/day)	0.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00	10.00	10.00
Annual wastewater treated:										
Beardsley treatment plant (billion gallon)	0.485	0.531	0.606	0.674	0.763	0.851	0.870	1.007	1.018	0.966
Jomax treatment plant (billion gallon)	-	-	-	0.0065	0.057	0.091	0.119	0.134	0.144	0.156
Tolleson regional plant (billion gallon)	2.200	2.180	2.620	2.731	2.731	2.727	2.600	0.009	N/A	N/A
Butler treatment plant (billion gallon)	-	-	-	-	-	-	0.036	2.732	2.546	2.381
Average daily flow:										
Beardsley treatment plant (million gallon/day)	1.45	1.46	1.67	1.85	2.09	2.33	2.40	2.75	2.78	2.65
Jomax treatment plant (million gallon/day)	-	-	-	0.02	0.16	0.25	0.33	0.37	0.39	0.43
Tolleson regional plant (million gallon/day)	6.54	7.12	7.19	7.48	7.88	7.47	7.12	N/A	N/A	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	2.57	7.48	6.97	6.52
Peak flow:										
Beardsley treatment plant (million gallon/day)	1.58	1.87	3.20	2.30	2.50	3.00	3.50	3.30	3.50	3.20
Jomax treatment plant (million gallon/day)	-	-	-	0.278	0.278	0.33	0.26	0.53	0.67	0.63
Tolleson regional plant (million gallon/day)	7.60	8.11	11.80	10.88	10.88	8.92	10.99	N/A	N/A	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	7.50	10.16	8.50	8.35
Miscellaneous data on solid waste service										
Residential tonnage processed	55,081	60,516	64,358	65,950	69,191	71,396	61,290	48,970	47,540	47,989
Commercial tonnage processed	22,917	19,642	19,157	18,436	22,943	25,260	20,519	22,856	21,981	20,340
Recycling tonnage processed	498	600	1,133	1,523	1,690	1,927	11,549	16,084	15,516	16,277
	78,496	80,758	84,648	85,909	93,824	98,583	93,358	87,910	85,037	84,606

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

(continued)

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

Table XVIII

		2011			2003		
Entity	**Type of User**	**Avg Monthly Water Usage**	**Ranking**	**% of Average Monthly Water Usage**	**Avg Monthly Water Usage**	**Ranking**	**% of Average Monthly Water Usage**
Desert Harbor	Homeowner's Association	8,299	1	1.24%	7,236	1	1.31%
City of Peoria Padre's Pump Station	Sports Complex	5,980	2	0.90%	3,438	3	0.62%
Trilogy at Vistancia	Commercial Landscape	3,112	3	0.47%	-		
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	2,418	4	0.36%	-		
Sun Garden Park II H/O Assn.	Homeowner's Association	2,148	5	0.32%	1,675	6	0.30%
Casa Del Sol East	Multi-Family Residential	2,037	6	0.31%	-		
Sun Garden Mobilie Home Park	Homeowner's Association	1,448	7	0.22%	1,565	9	0.28%
Freedom Plaza LTD Partnership	Health Care Facility	1,443	8	0.22%	2,108	5	0.38%
Centennial High School	Public School	1,328	9	0.20%	-		
Polynesian Village	Homeowner's Association	1,327	10	0.20%	1,624	7	0.29%
Desert Harbor sprinklers	Homeowner's Association	-			1,245	8	0.22%
Greenway Water Treatment Plant	Water Treatment Plant	-			4,114	2	0.74%
Arizona American Water Co.	Water Utility	-			2,413	4	0.44%
MHC Operating Ltd. Partnership	Homeowner's Association	-			1,330	10	0.24%

Source: City customer service and billing records
Data unavailable prior to fiscal year 2003

(concluded)

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

Table XIX

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Governmental Activities										
General Obligation Bonds	$ 44,484,200	$ 68,629,389	$ 64,980,000	$ 55,380,000	$ 51,205,000	$ 142,835,000	$ 126,195,000	$ 183,060,000	$ 184,960,000	$ 167,580,000
Municipal Development Authority Bonds	25,773,797	23,640,141	22,255,141	20,199,999	24,628,578	21,653,530	65,795,653	60,985,393	55,943,338	58,365,965
Highway User Revenue Bonds	4,925,000	4,625,000	4,305,000	4,075,000	3,830,000	3,570,000	3,295,000	3,005,000	-	-
Special Assessment Bonds	17,333,692	15,444,341	12,938,689	11,431,553	9,822,570	13,292,064	12,027,427	10,402,812	8,042,321	6,155,000
Community Facilities District Bonds	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000	63,060,000	60,890,000	58,615,000
Business-type Activities										
Water and Sewer Revenue Bonds	33,470,000	30,740,000	27,350,000	25,395,000	23,275,000	21,050,000	19,555,000	18,000,000	15,780,000	15,780,000
WIFA Bonds	55,448,302	55,084,081	52,606,867	50,042,301	47,387,253	88,021,820	127,917,495	117,346,302	130,298,508	121,975,538
Municipal Development Authority Bonds	3,871,204	2,759,859	2,759,859	2,505,001	2,226,422	1,906,470	1,579,347	1,229,607	861,662	449,034
Municipal Sports Complex Bonds	1,135,000	-	-	-	-	-	-	-	-	-
Long-Term Loan Payable	-	-	-	-	-	-	1,235,000	1,064,632	6,883,276	-
Total Primary Government	$ 186,441,195	$ 222,172,811	$ 208,445,556	$ 213,828,854	$ 206,449,823	$ 358,413,884	$ 422,209,922	$ 458,153,746	$ 463,659,105	$ 428,920,537
Total debt per capita	$ 1,520.05	$ 1,751.94	$ 1,569.56	$ 1,560.28	$ 1,422.57	$ 2,333.55	$ 2,714.13	$ 2,876.71	$ 3,009.50	$ 2,764.59
Total Debt as a % of Personal Income	5.3%	6.0%	5.1%	4.8%	4.2%	6.7%	7.8%	8.4%	8.7%	8.0%

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

Table XX

CITY OF PEORIA, ARIZONA
RATIO OF NET GENERAL BONDED DEBT
TO FULL CASH VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Bonded Debt (1)	$ 44,484,200	$ 68,629,389	$ 64,980,000	$ 55,380,000	$ 51,205,000	$ 142,835,000	$ 126,195,000	$ 183,060,000	$ 184,960,000	$ 167,580,000
Less:										
Debt Service Reserves	12,167,776	15,323,333	18,843,020	17,598,666	24,205,524	34,727,031	36,464,380	44,978,714	35,352,142	31,849,469
Net Bonded Debt	$ 32,316,424	$ 53,306,056	$ 46,136,980	$ 37,781,334	$ 26,999,476	$ 108,107,969	$ 89,730,620	$ 138,081,286	$ 149,607,858	$ 135,730,531
Percentage of Net Bonded Debt to Full Cash Value	0.6%	0.9%	0.7%	0.5%	0.3%	1.1%	0.6%	0.8%	0.9%	0.9%
Net Bonded Debt Per Capita	$263	$420	$347	$276	$186	$704	$577	$867	$971	$875
Net Bonded Debt as a % of Personal Income	0.91%	1.43%	1.12%	0.85%	0.54%	2.01%	1.66%	2.53%	2.82%	2.54%

(1) Represents face value of general obligation debt outstanding

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 **Table XXI**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - CURRENT FISCAL YEAR

AS OF JUNE 30, 2011

Governmental Unit	Secondary Assessed Valuation	General Obligation 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	$ 75,664,423,588	$ -	2.13%	$ -	$ -
Maricopa County	49,707,952,123	-	3.24%	-	-
Community College District	49,707,952,123	737,930,000	3.24%	23,908,932	0.18
County Flood Control District	45,681,391,282	-	3.52%	-	0.15
County Free Library	49,707,952,123	-	3.24%	-	0.04
Fire District Assistance	49,707,952,123	-	3.24%	-	0.01
County Special Health Care	49,662,543,618	-	3.24%	-	0.11
Central AZ Water Conservation	49,581,305,918	-	3.24%	-	0.10
West MEC Vocational District	17,364,694,623	-	9.27%	-	0.05
Sub-total - City-wide overlapping				23,908,932	
Total City-wide debt levies (1)				191,488,932	
Unified School Districts:					
Peoria No. 11	2,083,413,066	224,405,000	87.67%	196,735,864	2.09
Deer Valley No. 97	2,961,841,899	211,315,000	11.65%	24,618,198	2.03
Nadaburg No. 81	135,092,174	1,560,000	0.50%	7,800	0.54
				221,361,862	
Vistancia Community Facilities District	110,252,442	58,615,000	100.00%	58,615,000	2.10
Total overlapping				303,885,794	
Direct:					
City of Peoria	$ 1,609,972,511	$ 167,580,000	100.00%	167,580,000	$ 1.25
Total direct and overlapping general obligation bonded debt				$ 471,465,794	

(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.

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Overlapping:										
State of Arizona	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maricopa County	1,542,433	1,542,433	550,505	-	-	-	-	-	-	-
Community College District	8,102,375	8,102,375	71,257	11,690,706	11,594,345	10,710,280	18,505,348	17,301,999	21,354,408	23,908,932
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	9,644,808	9,644,808	621,762	11,690,706	11,594,345	10,710,280	18,505,348	17,301,999	21,354,408	23,908,932
Total City-wide levies (1)	54,129,008	78,364,808	65,601,762	67,070,706	62,799,345	153,545,280	144,700,348	200,361,999	206,314,408	191,488,932
Unified School Districts:										
Peoria No. 11	118,240,368	138,618,928	142,493,656	134,340,540	196,625,176	205,291,709	224,219,333	210,241,616	166,217,415	196,735,864
Deer Valley No. 97	3,586,515	3,918,198	3,571,920	4,063,815	20,573,318	24,204,834	15,471,750	21,558,687	26,201,313	24,618,198
Nadaburg No. 81	-	-	-	-	-	-	-	-	-	7,800
	121,826,883	142,537,126	146,065,576	138,404,355	217,198,494	229,496,543	239,691,083	231,800,303	192,418,728	221,361,862
Vistancia Community Facilities District	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000	63,060,000	60,890,000	58,615,000
Total overlapping	131,471,691	173,431,934	167,937,338	194,895,061	272,867,839	306,291,823	322,806,431	312,162,302	274,663,136	303,885,794
Direct:										
City of Peoria	44,484,200	68,720,000	64,980,000	55,380,000	51,205,000	142,835,000	126,195,000	183,060,000	184,960,000	167,580,000
Total direct and overlapping general obligation bonded debt	$ 175,955,891	$ 242,151,934	$ 232,917,338	$ 250,275,061	$ 324,072,839	$ 449,126,823	$ 449,001,431	$ 495,222,302	$ 459,623,136	$ 471,465,794

(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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Secondary Assessed Value	$ 607,836,669	$ 662,785,441	$ 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
6% Limitation										
Debt limit	$ 36,470,200	$ 39,767,126	$ 45,025,753	$ 49,658,019	$ 57,868,166	$ 66,937,209	$ 98,531,249	$ 119,675,515	$ 113,709,831	$ 96,598,351
Total net debt applicable to limit	15,004,200	27,999,389	25,500,000	16,400,000	13,350,000	28,470,000	13,310,000	6,745,000	5,565,000	4,570,000
Legal 6% Debt Margin	$ 21,466,000	$ 11,767,737	$ 19,525,753	$ 33,258,019	$ 44,518,166	$ 38,467,209	$ 85,221,249	$ 112,930,515	$ 108,144,831	$ 92,028,351
Total net debt applicable to the limit as a percentage of debt limit	41.1%	70.4%	56.6%	33.0%	23.1%	42.5%	13.5%	5.6%	4.9%	4.7%
20% Limitation										
Debt limit	$ 121,567,334	$ 132,557,088	$ 150,085,844	$ 165,526,731	$ 192,893,886	$ 223,124,030	$ 328,437,495	$ 398,918,385	$ 379,032,770	$ 321,994,502
Total net debt applicable to limit	29,480,000	40,630,000	39,480,000	38,980,000	37,855,000	114,365,000	112,885,000	176,315,000	179,395,000	163,010,000
Legal 20% Debt Margin	$ 92,087,334	$ 91,927,088	$ 110,605,844	$ 126,546,731	$ 155,038,886	$ 108,759,030	$ 215,552,495	$ 222,603,385	$ 199,637,770	$ 158,984,502
Total net debt applicable to the limit as a percentage of debt limit	24.2%	30.7%	26.3%	23.5%	19.6%	51.3%	34.4%	44.2%	47.3%	50.6%

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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
MDA Debt other than Transportation										
Pledged Revenues (1)	$ 69,544,724	$ 71,409,403	$ 77,041,031	$ 89,807,396	$ 108,336,399	$ 117,980,567	$ 122,039,417	$ 105,935,592	$ 95,507,133	$ 96,318,307
Debt Service Requirements										
Principal (2)	2,127,200	2,453,938	1,385,000	2,055,142	2,246,421	2,975,048	2,857,877	3,050,260	3,207,055	3,577,373
Interest (2)	1,408,653	1,864,812	611,534	1,017,518	930,530	1,040,265	945,176	799,723	645,640	478,479
Total Annual Requirements (2)	3,535,853	4,318,750	1,996,534	3,072,660	3,176,951	4,015,313	3,803,053	3,849,983	3,852,695	4,055,852
Estimated Coverage	19.67	16.53	38.59	29.23	34.10	29.38	32.09	27.52	24.79	23.75
Transportation MDA Debt (3)										
Net Pledged Revenues from above (4)							118,236,364	102,085,609	91,654,438	92,262,455
Additional Pledged Revenues (5)							10,978,453	9,356,675	8,491,097	8,682,846
Total							129,214,817	111,442,284	100,145,535	100,945,301
Debt Service Requirements										
Principal							-	1,760,000	1,835,000	1,920,000
Interest							-	1,659,171	2,005,188	1,940,963
Total Annual Requirements							-	3,419,171	3,840,188	3,860,963
Estimated Coverage							-	32.59	26.08	26.15

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 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 the governmental portion of outstanding MDA issues. Sunnyboy Water and Wastewater and Sports Complex allocations of MDA issues are excluded. Those portions are serviced by the Water Utility, Waterwater Utility and Sports Complex funds.

(3) The Transportation MDA Bonds of 2008 are backed by a primary lien on the .03% transaction priviledge 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 priviledge tax discussed above.

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

CITY OF PEORIA, ARIZONA **Table XXV**

PLEDGED REVENUE COVERAGE - REVENUE BONDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Gross Revenue (1)	$ 36,573,208	$ 37,049,975	$ 39,176,675	$ 39,037,367	$ 44,982,822	$ 53,290,996	$ 49,812,486	$ 46,956,831	$ 48,087,688	$ 46,141,098
Operating and Maintenance Expenses (2)	20,628,253	22,922,451	22,617,415	26,151,794	27,318,074	30,532,640	34,287,751	33,751,517	28,067,908	28,610,625
Net Revenue Available for Debt Service	$ 15,944,955	$ 14,127,524	$ 16,559,260	$ 12,885,573	$ 17,664,748	$ 22,758,356	$ 15,524,735	$ 13,205,314	$ 20,019,780	$ 17,530,473
Development Fee Revenue	8,832,863	12,687,621	11,971,019	13,864,643	12,887,675	8,826,809	5,821,318	1,841,126	1,616,718	1,899,935
Total Net Revenue	$ 24,777,818	$ 26,815,145	$ 28,530,279	$ 26,750,216	$ 30,552,423	$ 31,585,165	$ 21,346,053	$ 15,046,440	$ 21,636,498	$ 19,430,408
Debt Service Requirements										
Principal (3)	3,797,131	7,215,071	5,867,214	4,680,263	4,950,702	5,175,515	4,547,129	4,721,964	7,730,834	7,393,074
Interest (4)	3,310,090	3,516,929	3,422,812	3,246,056	3,054,982	2,718,837	3,376,974	4,895,459	4,356,835	4,505,381
Total Debt Service Requirements	$ 7,107,221	$ 10,732,000	$ 9,290,026	$ 7,926,319	$ 8,005,684	$ 7,894,352	$ 7,924,103	$ 9,617,423	$ 12,087,669	$ 11,898,455
Ratio of Total Net Revenue/ Total Bond Expense	3.49	2.50	3.07	3.37	3.82	4.00	2.69	1.56	1.79	1.63
Ratio of Net Available/ Total Bond Expense (5)	2.24	1.32	1.78	1.63	2.21	2.88	1.96	1.37	1.66	1.47

(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 and amortization. For FY09 also excludes a one-time insurance claim ($7,930,000) and a one-time charge from Central Arizona Project for back billed water capital recovery charges ($3,670,364).

(3) Includes principal for Water and Sewer Revenue bonds, Water Infrastructure Finance Authority bonds, and the utility portion of the Municipal Development Authority bonds.

(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.

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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Pledged Revenues (1)	$ 4,974,602	$ 5,876,529	$ 4,756,382	$ 3,547,789	$ 3,516,277	$ 3,216,095	$ 3,167,933	$ 3,365,342	$ 3,402,865	$ 2,645,451
Debt Service Requirements										
Principal	1,243,308	1,889,351	2,505,652	1,507,136	1,608,983	1,480,506	1,264,637	1,624,615	2,360,492	1,887,322
Interest (2)	1,052,893	1,091,160	972,553	828,532	747,720	638,657	697,840	675,958	559,205	432,302
Total Annual Requirements	$ 2,296,201	$ 2,980,511	$ 3,478,205	$ 2,335,668	$ 2,356,703	$ 2,119,163	$ 1,962,477	$ 2,300,573	$ 2,919,697	$ 2,319,624
Estimated Coverage	2.17	1.97	1.37	1.52	1.49	1.52	1.61	1.46	1.17	1.14

(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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Current Assessments Due	$ 2,069,030	$ 2,301,354	$ 2,088,695	$ 2,065,519	$ 1,987,461	$ 1,965,107	$ 1,749,724	$ 2,196,027	$ 2,211,609	$ 2,171,435
Assessments Collected	2,061,842	2,291,817	2,069,962	2,057,821	1,983,885	1,961,724	1,749,246	2,193,992	2,211,599	2,171,435
Prepaid Assessments Collected	156,055	877,315	504,165	186,624	275,392	7,818	44,061	2,041	38,301	-
Total Assessments Collected (1)	$ 2,217,897	$ 3,169,132	$ 2,574,127	$ 2,244,445	$ 2,259,277	$ 1,969,542	$ 1,793,307	$ 2,196,033	$ 2,249,900	$ 2,171,435
Ratio of Current Collections to Amount Due	99.7%	99.6%	99.1%	99.6%	99.8%	99.8%	100.0%	99.9%	100.0%	100.0%
Outstanding Assessment Principal (2)	$ 16,256,194	$ 14,086,246	$ 12,345,284	$ 10,845,765	$ 9,243,866	$ 12,782,394	$ 11,476,365	$ 9,871,061	$ 8,141,515	$ 6,328,423

(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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Principal Payments	$ 9,578,372	$ 10,612,697	$ 9,737,936	$ 15,304,972	$ 16,881,632	$ 16,178,431	$ 31,143,531	$ 25,988,554	$ 44,700,092	$ 34,309,287
Interest and Other Charges	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704	11,917,582	13,166,242	12,658,032
Total	$ 14,930,840	$ 17,531,211	$ 16,037,562	$ 22,351,548	$ 23,628,704	$ 24,277,923	$ 41,484,235	$ 37,906,136	$ 57,866,334	$ 46,967,319
Total Governmental Expenditures	$ 99,206,370	$ 111,779,079	$143,220,840	$ 144,972,313	$ 153,731,533	$ 213,283,409	$ 234,929,890	$ 242,988,904	$ 237,519,557	$ 192,780,639
Ratio of Debt Service to Governmental Expenditures	15.05%	15.68%	11.20%	15.42%	15.37%	11.38%	17.66%	15.60%	24.36%	24.36%
Total Governmental Revenues	$ 109,293,292	$ 112,560,955	$121,179,431	$ 144,191,521	$ 178,025,080	$ 220,591,297	$ 216,437,439	$ 197,889,171	$ 172,012,184	$ 175,544,268
Ratio of Debt Service to Governmental Revenues	13.66%	15.57%	13.23%	15.50%	13.27%	11.01%	19.17%	19.16%	33.64%	26.76%

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, 2011

Table XXIX

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization
1990 Authorization				
Police, Fire & Public Service	$ 4,145,000	$ 4,025,500	$ -	$ 119,500
Streets & Traffic Control	17,935,000	17,461,940	-	473,060
Subtotal	22,080,000	21,487,440	-	592,560
1994 Authorization				
Police, Fire & Public Service	5,975,000	1,506,590	-	4,468,410
Storm Sewer, Flood Protection & Bridges	15,375,000	15,364,256	-	10,744
Streets & Traffic Control	23,700,000	23,485,561	-	214,439
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	75,150,000	63,149,343	-	12,000,657
1996 Authorization				
Water System	56,500,000	56,124,930	-	375,070
Wastewater System	19,050,000	4,255,202	-	14,794,798
Subtotal	75,550,000	60,380,132	-	15,169,868
1996 WIFA Authorization				
Water/Wastewater	42,480,000	18,875,000	-	23,605,000
2000 Authorization				
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	21,518,271	-	8,481,729
Subtotal	282,000,000	146,410,799	-	135,589,201
2005 Authorization				
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	12,267,597	-	22,732,403
Subtotal	356,000,000	139,920,962	-	216,079,038
2008 Authorization				
Transportation & Drainage	276,700,000	5,238,190	-	271,461,810
Public Safety & Municipal Operations	60,300,000	1,005,234	-	59,294,766
Parks, Recreation & Trails	41,000,000	-	-	41,000,000
Subtotal	378,000,000	6,243,424	-	371,756,576
Grand Totals:	**1,231,260,000**	**456,467,100**	**-**	**774,792,900**

Authorization/Purpose	Authorization	Issued	Remaining
Total authorizations by type:			
Police, Fire & Public Service	$ 140,670,000	$ 42,455,304	$ 98,214,696
Streets & traffic control	436,785,000	127,873,417	308,911,583
Parks, open space, library	116,180,000	42,936,169	73,243,831
Water system	170,320,000	79,793,588	90,526,412
Waterwater system	88,150,000	40,767,776	47,382,224
Solid waste	1,000,000	-	1,000,000
Storm Sewer, Flood Protection & Bridges	75,675,000	40,485,562	35,189,438
Water, Wastewater & Drainage	202,480,000	82,155,284	120,324,716
	$1,231,260,000	$456,467,100	$ 774,792,900

Source: City financial records

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

Table XXX

	2002	2003	2004	2005 *	2006	2007	2008	2009	2010 *	2011
City Of Peoria										
Population	122,655	126,815	132,805	137,045	145,125	153,592	155,560	159,263	154,065	155,148
% growth	6.3%	3.4%	4.7%	3.2%	5.9%	5.8%	1.3%	2.4%	-3.3%	0.7%
Unemployment Rate	3.8%	4.0%	3.2%	2.9%	2.2%	2.3%	2.4%	5.8%	6.3%	6.4%
Personal income ($000's) **	3,537,861	3,717,962	4,102,612	4,442,177	4,965,452	5,377,256	5,394,043	5,459,854	5,307,847	5,345,159
Maricopa County										
Population	3,296,250	3,406,170	3,537,630	3,681,300	3,792,675	3,879,150	3,987,492	4,105,623	4,217,427	4,328,379
% growth	3.3%	3.3%	3.9%	4.1%	3.0%	2.3%	2.8%	3.0%	2.7%	2.6%
Unemployment Rate	5.1%	5.2%	3.9%	4.1%	3.8%	3.2%	4.2%	8.1%	8.8%	8.8%
Per Capita Income	29,423	29,912	31,523	33,178	35,046	36,135	37,168	35,319	N/A	N/A
State of Arizona										
Population	5,470,720	5,642,725	5,845,250	6,077,740	6,305,210	6,432,007	6,629,455	6,812,137	6,999,810	7,186,070
% growth	2.8%	3.1%	3.6%	4.0%	3.7%	2.0%	3.1%	2.8%	2.8%	2.7%
Unemployment Rate	6.0%	5.7%	5.0%	4.7%	4.4%	3.8%	5.0%	8.9%	9.6%	9.3%
Per Capita Income	26,472	26,975	28,564	30,019	31,936	33,029	32,953	33,244	34,999	N/A
United States of America										
Unemployment Rate	6.0%	6.4%	5.6%	5.3%	4.6%	4.6%	5.5%	9.5%	9.5%	9.2%
Phoenix MSA										
Per Capita Income	28,844	29,318	30,892	32,414	34,215	35,010	34,675	34,282	34,452	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) 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

Table XXXI

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

	2011			2003		
Employer	**# of Employees**	**Rank**	**Percentage of Total City Employment**	**# of Employees**	**Rank**	**Percentage of Total City Employment**
Peoria Unified School District	3,412	1	5.1%	4,100	1	15.6%
City of Peoria	1,132	2	1.7%	889	3	3.4%
Plaza Del Rio Campus/Freedom Plaza & Care Center	650	3	1.0%	1,129	2	4.3%
Fry's Food Stores (4 Locations)	600	4	0.9%	415	4	1.6%
Younger Brothers	550	5	0.8%	-	0	0.0%
Wal-Mart (2 locations)	535	6	0.8%	280	9	1.1%
Target (3 Locations)	435	7	0.6%	300	7	1.1%
Immanuel Care Campus	360	8	0.5%	378	5	1.4%
Good Shepherd Care Center	250	9	0.4%	230	10	0.9%
Antigua	240	10	0.4%	210	9	0.8%
Albertson's (2 Locations)	175		0.3%	297	8	1.1%
Arizona Training and Evaluation	-		0.0%	310	6	1.2%
Total	8,339		12.4%	8,538		32.5%

Note: This schedule should be current year and nine year prior, but earliest information available is fiscal year 2003.

Source: City of Peoria Economic Development Department

CITY OF PEORIA, ARIZONA **Table XXXII**

AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30, 2011									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 *
General Government										
Mayor & Council	4.00	4.00	4.00	5.00	5.00	6.00	6.00	6.00	6.00	-
City Manager	10.04	7.50	7.50	8.50	10.50	12.00	13.00	13.00	10.00	15.00
Office of Communications	-	6.00	6.00	7.50	11.00	12.50	13.50	9.50	8.50	8.00
Human Resources	12.00	12.00	12.00	13.00	13.00	14.00	17.00	17.00	19.00	18.00
Attorney	18.80	18.71	19.31	20.20	22.70	23.80	26.00	26.00	26.00	26.00
City Clerk	7.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00
Court	11.05	10.00	10.00	11.00	13.00	16.00	22.00	22.00	22.00	21.00
Economic Development	-	3.00	3.00	3.00	4.00	4.00	5.00	5.00	13.30	27.80
Budget	5.50	5.00	5.00	7.00	7.00	7.00	9.00	8.00	7.00	7.00
Finance	69.87	71.00	71.00	77.00	79.00	82.00	88.00	88.00	82.75	79.75
Culture & Recreation	186.02	99.90	103.78	111.36	109.36	124.39	131.74	142.04	125.47	115.97
Police	182.00	200.00	208.00	226.00	250.00	264.00	286.00	287.00	271.00	287.00
Fire	107.00	112.00	117.00	131.00	134.00	157.00	173.00	170.00	167.00	164.00
Community Development	52.92	46.50	46.50	49.50	50.80	51.80	53.80	49.80	51.00	15.50
Engineering	30.00	31.50	33.00	38.00	43.00	47.00	49.00	45.25	39.75	39.75
Highways & Streets	33.29	35.00	36.00	39.00	40.00	44.00	44.00	43.00	41.00	44.00
Public Works	53.50	52.50	56.50	59.50	61.50	69.00	70.50	69.50	63.75	56.75
Human Services	8.50	9.00	8.00	8.00	8.50	14.50	14.50	14.50	11.75	10.00
Water Utility	54.52	56.52	60.02	67.02	70.02	72.00	75.00	72.75	60.75	57.75
Wastewater Utility	16.00	16.00	17.50	17.50	16.50	19.00	25.00	28.25	29.25	29.25
Solid Waste Utility	35.00	39.00	40.00	40.00	40.00	44.00	47.00	45.00	45.00	43.25
Information Technology	27.00	33.00	33.00	38.00	39.00	43.00	47.00	47.00	46.00	41.60
Stadium	19.48	14.00	13.00	14.00	14.00	16.00	19.00	19.00	19.00	15.50
Total FTE	943.49	889.13	917.11	999.08	1,049.88	1,150.99	1,244.04	1,236.59	1,174.27	1,131.87

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

Building Permits

Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commercial										
Number of Permits	151	180	190	177	181	244	153	60	82	27
Value	$ 39,366,098	$ 69,627,621	$ 47,808,957	$ 73,892,753	$ 64,990,575	$ 121,602,510	$ 38,162,527	$ 18,722,347	$ 35,940,280	$ 4,416,256
Residential										
Number of Dwelling Units	1,620	1,525	1,831	2,927	2,421	1,338	963	383	398	404
Value	215,434,384	199,491,258	241,885,416	373,716,048	320,780,556	213,028,399	154,975,128	47,217,878	42,714,995	50,318,368
Other										
Number of Permits	1,970	1,399	2,203	2,000	2,209	2,110	1,825	1,043	1,017	970
Value	14,482,349	13,399,434	20,138,826	21,512,846	26,532,508	34,196,112	33,948,358	18,535,296	53,152,166	9,025,305
Total Value	$ 269,282,831	$ 282,518,313	$ 309,833,199	$ 469,121,647	$ 412,303,639	$ 368,827,021	$ 227,086,013	$ 84,475,521	$ 131,807,441	$ 63,759,929

Source: City Community Development Department

Single Family Housing Sales

Calendar Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
New										
# of Units	2,279	1,810	1,583	1,395	1,875	2,235	1,360	925	435	355
Average Sale Amount	$ 183,975	$ 202,365	$ 215,825	$ 270,000	$ 323,190	395,650	350,000	282,885	253,350	236,505
Avr price % increase	15.72%	10.00%	6.65%	25.10%	19.70%	22.42%	-11.54%	-19.18%	-10.44%	-6.65%
Resale										
# of Units	2,850	2,945	3,515	4,575	5,055	2,930	2,415	3,635	5,000	5,305
Average Sale Amount	$ 145,844	$ 153,360	$ 151,000	$ 175,000	$ 250,000	$ 270,000	$ 257,830	$ 210,000	$ 166,750	$ 159,000
Avr price % increase	6.76%	5.15%	-1.54%	15.89%	42.86%	8.00%	-4.51%	-18.55%	-20.60%	-4.65%

New Housing Starts

Calendar Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City of Peoria	2,332	2,183	1,974	2,420	3,560	1,654	2,046	1,098	514	691
Maricopa County	43,732	43,826	47,808	58,882	56,139	40,294	35,465	20,605	15,825	15,676

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, 2010 THROUGH JUNE 30, 2011

Table XXXIV

	Type of Insurance	Annual Renewal Date	Insurance Carrier	Policy Number	Limits	Deductible Amount	Annual Premium
1.	**Primary Public Liability & Automobile**						
	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	GE06300060	$5 Million per occurrence	SIR above	$ 467,295
	Public Entity E & O	7/1	Travelers Indemnity Company	GP06302355	$5 Million per occurrence	SIR above	Included with above
	Excess liability - 1st level	7/1	RSUI Indemnity Company	NHA049262	$20 Million per occurrence	SIR above	70,000
	Excess liability - 2nd level	7/1	RSUI Indemnity Company	NHA049262	$20 Million per occurrence	SIR above	Included with above
	Excess liability - 1st level -Special Events	12/1	Admiral Insurance	EO00001256302	$1,000,000	N/A	5,934
	Excess liability - 2nd level -Special Events	12/1	National Casualty Company	6LKRO000001116900	$1,000,000	N/A	12,813
2.	**Property (Real & Personal)**						
	City buildings and contents	N/A	Self-insured	N/A	$500,000 per incident $500,000 annual	N/A	N/A
	Automobile & Equipment	7/1	Charter Oak Fire Insurance	8109157P24A	$25,000/$100,000 (1)	N/A	125,558
	Excess buildings and contents (see Note)	7/1	Travelers Casualty and Surety	297T228809	$267,000,000	SIR above	259,401
	Storage Tank 3rd Party liability	1/6	Great American Insurance	BTA557496106	$1,000,000	5,000	2,653
3.	**Boiler & Machinery**	7/1	Travelers Casualty and Surety	7733A918BME1	$25,000,000	1,000	15,475
4.	**Workers' Compensation**	N/A	Self-insured	N/A	N/A	N/A	N/A
	Excess Liability		Safety National Casualty Corp	AGC4042061			130,493
5.	**Public Employee Bond**						
	Blanket employee dishonesty bond	9/22	Hartford Fire Insurance Co.	83BSBDQ8939	$100,000	5,000	400
6.	**Broker Service Fee**						55,000
7.	**Cyber Liability**	7/1	Axis Surplus Insurance Co.	ECN000032940901	$1,000,000	SIR above	7,136
8.	**Identity Theft**	7/1	Travelers Casualty and Surety	104968078	$10,000	N/A	4,463
9.	**Multi-media Liability**	7/1	Axis Speciality	MCN647113	$1 Million per occurrence	5,000	2,029
10.	**Crime Coverages**	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 $25,000 deductible.

Source: City Risk Management and financial records

CITY OF PEORIA, ARIZONA **Table XXXV**

PROPERTY INSURANCE SCHEDULE

JUNE 30, 2011

Property

Building and contents - combined blanket limit - excluding earthquake and flooding	$ 250,000,000
Valuable papers:	
City Hall	5,000,000
Contractors equipment ($5,000 deductible)	2,000,000
Electronic data processing ($5,000 deductible)	10,000,000
	$ 267,000,000

Sources - Risk Management records

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

Table XXXVI

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
General Government										
Registered Voters	48,142	51,617	52,674	65,998	62,328	63,544	71,051	76,323	82,578	86,803
Voter Participation (last election)	23.3%	11.0%	11.0%	33.8%	25.4%	25.4%	60.6%	81.2%	29.2%	29.2%
Culture & Recreation										
Recreation Participants	67,182	65,725	65,928	69,206	75,145	77,602	119,620	131,372	132,391	134,661
New Recreation Accounts	*	4,149	4,998	5,492	5,160	4,923	6,692	6,237	5,903	5,968
Public Safety										
Police										
Calls for Service	50,099	56,430	101,951	142,319	102,385	103,921	**62,341	60,219	56,683	56,764
Avg Response Time (minutes)	*	5.53	5.32	5.73	4.80	5.20	5.98	5.47	5.65	5.87
Fire										
Number of Incidents	9,977	10,268	11,014	11,618	12,445	12,788	13,649	13,361	14,874	15,403
Avg Response Time (minutes)	4.20	4.20	4.30	4.30	4.30	4.40	4.40	4.43	5.02	5.19
Development Services										
Building Permits Issued	3,741	3,104	4,224	5,104	4,811	3,692	2,943	1,486	1,497	1,401
Value of Building Permits (millions $)	$ 269.3	$ 282.5	$ 309.8	$ 469.1	$ 412.3	$ 368.8	$ 225.5	$ 84.5	$ 131.8	$ 63.8
Highways & Streets										
Asphalt Used (in tons)	*	*	*	6,654	5,035	7,999	8,365	2,441	2,832	2,677
Centerline Miles Swept	*	*	*	9,807	8,697	8,496	7,604	7,526	5,935	6,159
Miles Assessed ***	*	*	*	277	218	275	381	423	422	85
Public Works										
Number of Vehicle Work Orders	*	*	4746	5,056	5,920	5,787	5,679	5,917	5,697	6,344
Human Services										
Number of Dial-a-Ride users	5,236	5,478	5,814	6,010	5,147	5,310	5,750	6,174	3,959	747
Number of Annual Trips	36,792	32,256	29,382	34,428	42,232	47,244	45,451	43,263	31,568	27,440
Section 8 Unit Months Available	864	984	984	984	984	984	984	984	984	984
Section 8 Unit Months Leased	864	897	819	858	773	788	916	846	793	911
Business-type Activities										
Water Utility										
Annual Consumption (000's gal)	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450	8,212,711	8,003,947
Average Gallons/Household/Year	189,608	180,544	178,850	180,679	194,552	195,840	177,016	175,270	164,636	159,203
Wastewater Utility										
Wastewater Treated (billion gal)	2.69	2.71	3.23	3.41	3.55	3.67	3.60	3.90	3.70	3.50
Solid Waste Utility										
Residential Tonnage Processed	55,081	60,516	64,358	65,950	69,191	71,396	61,290	48,970	47,540	47,989
Commercial Tonnage Processed	22,917	19,642	19,157	18,436	22,943	25,260	20,519	22,856	21,981	20,340
Recycle Tonnage Processed	498	600	1,133	1,523	1,690	1,927	11,549	16,084	15,516	16,277
Stadium										
Spring Training Attendance	230,662	169,932	222,927	225,316	200,153	220,357	230,434	211,243	200,029	188,244
Sporting Rentals Days	*	*	*	*	*	195	234	246	208	336
Non-Sporting Rentals Days	*	*	*	*	*	54	83	66	74	108
Public Housing										
Unit Months Available	840	840	840	840	840	840	840	840	840	840
Number of Unit Months Leased	840	822	819	828	831	827	812	796	745	787

Notes: * Information is not available for these fiscal years.
** 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.
*** Changed from lane miles to center line miles in FY11 to be consistant with other highway measurements

Source: Various City Departments

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

Table XXXVII

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
General Government										
Annexed Area (square miles)	162.4	170.9	176.3	177.9	177.9	177.9	177.9	177.9	179.0	179.1
Culture & Recreation										
# of Neighborhood Parks	22	23	24	24	26	26	26	28	28	28
Total Park Acreage	205	223	233	240	264	264	264	314	322	322
Ramadas	59	60	74	78	87	87	87	87	90	90
Basketball Hoops	42	42	71	74	82	82	82	82	41	41
Tennis Courts	21	21	22	24	25	25	25	24	25	25
Volleyball Courts	8	8	10	10	12	12	12	12	12	12
Multi-Purpose Fields	*	*	12	37	30	31	31	31	31	31
Swimming Pools	2	2	3	3	3	3	3	3	3	3
Urban Lakes	0	0	1	1	1	1	1	1	1	1
Skate Parks	0	0	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)	59	61	80	86	90	101	103	92	86	86
Fire										
Stations (full-time / part-time)	5 / 0	5 / 0	5 / 2	5 / 2	6 / 1	7 / 1	7 / 1	7 / 1	7/1	7/1
Number of Fire Engines	*	*	8	7	8	9	9	9	9	7
Number of Ladder Trucks	*	*	1	1	1	1	1	2	2	2
Highways & Streets										
Streets (miles maintained)	414	444	471	487	518	537	538	551	554	584
Public Works										
Street Lights	10,552	11,186	11,829	12,000	12,000	12,737	13,618	13,726	13,901	14,093
Vehicles in Fleet	*	*	543	599	621	661	720	683	670	673
Human Services										
Dial-a-Ride Buses	9	9	9	9	9	11	11	11	9	7
Business-type Activities										
Water Utility										
Number of Water Accounts	36,221	37,664	38,818	42,673	44,221	45,630	46,146	46,902	47,606	47,793
Storage Capacity (million gal)	16.1	22.2	37.3	40.0	40.0	40.0	41.8	42.0	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	38,130	39,806	40,984	43,824	45,933	47,831	48,759	49,923	50,383	50,715
Treatment Capacity (billion gal)	11.4	13.4	13.4	14.2	14.2	14.2	25.7	16.3	16.3	16.3
Solid Waste Utility										
Number of Solid Waste Accounts	36,978	38,546	39,747	42,467	44,198	46,309	47,146	48,006	43,382	48,752
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:

ABP	Accounting Principles Board
AICPA	American Institute of Certified Public Accountants
CARF	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 preformed 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 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 if 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 a 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.

Designated unreserved fund balance – Management's intended use of available expendable financial resources in governmental funds reflecting actual plans approved by the government's senior management. Designations reflect a government's self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.

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 basic 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 GASA 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 GAAAP.

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 and 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 and 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 essential 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 spate opinion in the independent auditor's report.

Major program – Term used in the contest 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.

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 basis 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.

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) revenue 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 repaying the principal of such debt. [SGAS 44]

Net pension/OPEB obligation – The cumulative difference between annual

pension/OPEB costs and the other 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 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 measure 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, revenue that derive directly from the program itself o 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 tome (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 type of public-entity risk pool. 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 preformed 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 essential 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 basis 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 basis 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]

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 audit that financial statements are fairly presented.

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 Office's publication *Governmental Auditing Standards*, the source of GAGAS.