

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2006

City of Peoria, Arizona



City Council:
John Keegan, Mayor
Vicki Hunt, Vice Mayor
Cathy Carlat
Pat Dennis
Joan Evans
Patrick Hickson
Carlo Leone

Administrative Staff:
Terry Ellis, City Manager
John Wenderski, Deputy City Manager
Susan Thorpe, Deputy City Manager
Carl Swenson, Deputy City Manager

Prepared By:
Brent D. Mattingly, Chief Financial Officer, Finance Director
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, 2006

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City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

September 22, 2006

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, 2006. 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.

The comprehensive annual financial report is presented in three sections. The Introductory Section includes a list of principal officials, an organizational chart, and this transmittal letter which highlights significant aspects of the City and particular financial issues. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other required supplementary information (RSI), combining financial statements and other financial schedules. The Statistical Section includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis. Managements Discussion and Analysis presented on pages 3-16 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 also 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 178 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between 1990 and 2000 the City's population increased by over 100 percent, from approximately 50,600 to approximately 108,300. The estimated current population is approximately 142,880. The City's tremendous growth is attributable to the 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 26 parks encompassing 264 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, ramadas and other amenities for the citizens' enjoyment. Phase two of Rio Vista Park, to include a recreation center and additional fields, continued under construction during fiscal year 2006 and is anticipated to be completed in fiscal year 2007. The City also began construction of a community theater in the downtown area of the City during fiscal year 2006. This \$12.9 million performing arts center with a 250 seat main auditorium, 80 seat black box theater, classroom and administrative space is scheduled to open in January 2007.

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 2006 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:

Police

- The entire mobile data computer (MDC) system was upgraded to include new hardware devices, the latest wireless technology (EVDO), and enhanced dispatch software.
- Implemented MDBWeb to allow officers in the field immediate access to virtually any data resource via a web-based application especially designed for the mobile data computers.
- Became one of the first law enforcement agencies in the metro area to move away from traditional radio codes and to a clear speech format. Clear speech will help improve interoperability and working relationships between law enforcement agencies and other City departments responding to emergencies.
- Developed and deployed the Commercial Enforcement Unit consisting of five officers and one Sergeant whose primary mission is to proactively deal with demands for service in the commercial and entertainment sites in the City.
- The conversion of the Records Clerk positions to Police Assistants has allowed the Department greater flexibility in assigning employees to various clerical support functions.
- In the top five Arizona law enforcement agencies in financially supporting Special Olympics.

Fire

- In the wake of Hurricane Katrina in September 2005, the Department sent eight firefighting and emergency medical personnel to the Gulf Coast to assist in recovery efforts.

- Through a federal homeland security grant, the Department implemented a mass casualty emergency medical and a mass casualty decontamination response program.
- In December 2005, opened the newest Peoria fire station, the Vistancia Fire Station #196 in the northern part of the City.
- Sent firefighters and apparatus to assist the Arizona State Land Department with fourteen wildland fire deployments.
- Implemented a new fee schedule for commercial occupancy inspections, providing annual cost savings to all Peoria businesses.

Engineering

- Completed the design of Happy Valley Road to carry higher traffic counts in the central to northern parts of the City.
- Continued phases of Lake Pleasant Parkway to improve access to the northern areas of the city.
- Completed construction of traffic improvements at the Sports Complex including a 400 space parking lot and a semi truck parking lot.
- Completed street improvements to widen certain streets and improve traffic circulation including Greenway Road and Cactus Road.
- Completed the rehabilitation of the streets and water system in the Mobile Town area of the City.

Public Works

- Completed approximately 71 linear miles of surface treatments, i.e. slurry seal and rubber seal.
- Completed an emergency response plan for street operations dealing with after hours responses.
- Began the operation and maintenance of four new traffic signals.
- Implemented bio-diesel fuel program for all city vehicles.
- Implemented a curb-side holiday tree pick up program.
- Completed design for the new Development and Community Services building on the City Hall Complex.

Finance

- Completed the replacement of the utility billing system to insure high level service to our customers.
- Continued installation of electronic read water meters for increased accuracy and efficiency.
- Teamed with Information Technology to upgrade the City's financial system software.

Community Development

- Completed the Loop 303 Specific Area Plan. Loop 303 is a planned freeway that will go through northern Peoria as part of the greater metro area transportation plan. The Loop 303 Specific Area Plan addresses development along this major traffic corridor.
- Finalized the implementation of a mobile inspection system to enhance the inspection process by reducing the time spent on manual report writing.
- Began development of the Neighborhood Services Grant Program.
- Community Development has oversight responsibility for management of the Peoria Housing Authority which received a "High Performer" designation from the U.S. Department of Housing and Urban Development. This is the highest designation that can be achieved.

Community Services

- Chosen as a Gold Medal finalist by the National Parks and Recreation Association.
- Opened Sonoran Mountain Ranch Park and mountain trail, Paseo Verde Park, and began construction of Terramar Park.
- The Shawn Green Field of Dreams at Varney Park was dedicated on September 13, 2005. The reconstruction of this field was donated by the Arizona Diamondback Charities and is designed to resemble a miniature version of Chase Field were the Diamondback play.
- The main library began offering free wireless access to all customers.
- Peoria became the official West Valley Area Office of Arizona Special Olympics. The Special Olympics golf tournament hosted by the City was a sell-out, netting over \$10,000 for Special Olympics.

- Increased usage of the skateboard court at Rio Vista Park by seeking out sponsors for large quarterly competitive events that drew many competitors and up to 1,500 spectators per day.
- Completed the renovation of the Peoria Pool, at a cost of \$1.2 million, in time for the summer crowds.

Utilities

- Cross trained field operations staff for water distribution, wastewater collections and well field maintenance.
- Fully implemented a closed circuit television system for proactive maintenance planning for the wastewater collection system.
- Completed major upgrades to the Weedville Sunnyboy well sites, boosters and reservoirs.
- Completed phase II of the Supervisory Control and Data Acquisition (SCADA) system. The SCADA system provides remote operation, monitoring and security upgrades for water and wastewater remote sites.
- Completed operational testing of the Quintero Water Treatment Plant.

Information Technology

- Completed Enterprise Network enhancements and, network equipment upgrades to enable technologies for the network i.e. wireless, microwave and fiber.
- Installed new and replacement PCs and mobile data computers (MDCs) for Police. Prepared 32 PCs for donation to the City of Long Beach, Mississippi in support of hurricane relief efforts.
- Continued Geographic Information Systems (GIS) enhancements including the integration with the new utility billing/customer service software, a real property inventory for Engineering, landscape maintenance inventory for Community Services, map documents for use by police officers through their MDCs, integration with the Utilities CUES sewer video camera truck, and identification and tracking of hydrants for Customer Service.
- Demonstrated the Department's commitment to security through our Information Technology Security Committee (ITSC), compliance with AZ Criminal Justice Information System (ACJIS) and compliance with Payment Card Industry policies and certifications.

Economic Development

- Helped negotiate a development agreement for the new Super Wal-Mart.
- Opening of 720,000 square feet of speculative employment generating space.
- An additional 240,000 square feet of new speculative office space began construction.
- An additional 1.2 million square feet of new retail space began construction.
- Helped negotiate a development agreement with Chili Davis.
- Construction was completed for Lexus and Acura dealerships in the Bell Road auto corridor.

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 12-Month Business Plan:

- Emphasize quality growth and development to result in a balanced and sustainable community.
- Maximize Peoria's economic development opportunities.
- Aggressively seek development along the Loop 303 alignment that meets the Specific Area Plan and the City's economic development strategy.
- Continue programs for the redevelopment of the downtown area, including completion of the Performing Arts Center and identifying other redevelopment opportunities in the area.
- Begin design and construction of important transportation projects funded with the new transportation sales tax.
- Continue to monitor citizen access to City facilities and services, especially in the rapidly developing northern part of the City. Develop plans and continue work to ensure quality service delivery.

- Continue to address neighborhood issues throughout Peoria through programs like Neighborhood Pride, the Neighborhood Grant Program and neighborhood revitalization efforts. Also continue to work to annex county islands where feasible to provide a continuity of services throughout the City.
- Continue to provide for Peoria's long term water and wastewater needs, including beginning construction of the Butler Reclamation Facility in the southern area of the City.

LOCAL ECONOMIC CONDITION AND OUTLOOK

Peoria continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. This commitment has helped to make 2006 another successful year and will provide for continued success in the years to come.

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. The City owns and operates a ten thousand-seat stadium and sports complex used by both teams. The teams have eight years remaining on a twenty-year joint use contract to share the facilities. Each team has the option of extending their contract an additional ten years. This agreement contributes significantly to the economic impact of the Spring Training Cactus League of Maricopa County.

The Loop 101 freeway corridor remains a strong growth engine for new retail and employment activity. In the retail segment, the initial phase of Parke West is under construction and will include approximately 268,000 square feet of new retail, restaurant and theater space. Overall, this mixed-use project is currently entitled for 344,255 square feet in the commercial hub, 260 apartment units and approximately 73,000 square feet of office space. This latter segment has an application in for review to significantly intensify the office and residential space. In the last year, the City has added the Loop 101 Commerce Park comprising approximately 181,325 square feet of flex warehouse / commerce space and the Olive Commerce Park constituting approximately 291,668 square feet of the same variety. A similar project proposing 228,928 square feet of flex space is under review for 14 acres located at the Loop 101 freeway and Peoria Avenue.

Up north, the continued addition of housing units in projects such as Vistancia, Cibola Vista and others has provided the impetus for new commercial development. Accordingly, two major power centers have recently begun construction. Lake Pleasant Towne Center, located at Happy Valley Road and Lake Pleasant Parkway, will include up to 632,378 square feet of commercial space at buildout, including the Home Depot anchor. Lake Pleasant Pavilions, also located at Happy Valley Road and Lake Pleasant Parkway, will include up to 385,306 square feet of commercial space at buildout and will be anchored by a Super Target in Phase 1.

The commercial growth along the Loop 101 corridor is anticipated to slow over the next several years as the available commercial and industrial land is developed. However, the Loop 303 Specific Area Plan has been developed to ensure that the City of Peoria's commercial development will continue to be a vital part of Peoria's economic future. The City's goal is to develop a one to one ratio between work force population and employment opportunities over the next 25 years. The City will target specific industries to develop an economic base capable of generating new economic wealth within the community. Efforts are underway to attract major industries that are consistent with the priorities of the City and its demographic profile.

Economic Outlook

During the past year Arizona's economic recovery has been firmly in place. Important local industries such as tourism, high technology manufacturing and transportation have experienced continued strength. Employment and job growth have improved. In June 2005, the state's unemployment rate was 4.7% while Maricopa County reported an unemployment rate of 4.1%. 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 over 39% of General Fund revenues. 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 40% of sales tax collection is derived through retail sales. Over the last few years, strong automobile sales along with commercial development along the Bell Road corridor have generated significant revenues for the City. Retail store and restaurant activity near the Peoria Sports Complex area, as well as the 91st Avenue and Northern area, have helped the City support its current service standards. With new retail projects, especially in the northern part of the City, on the horizon, management expects the City's sales tax revenues to increase about 6% annually over the next five years.

Dedicated City Sales Tax for Transportation: During fiscal year 2005, a Citizens' Bond Committee recommended to City Council that voters be asked to consider increasing the City sales tax rate by .03% (three-tenths of one percent) dedicated to transportation needs of the City. This would include construction and maintenance of streets as well as transit needs within the City. On September 13, 2005, the citizens adopted the sales tax increase by over 68% of the vote. The dedicated transportation sales tax, which became effective January 1, 2006, is anticipated to bring in approximately \$10 million per year over the 20 year life of the tax.

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. A significant portion of this revenue is placed in the City's General Fund, where it is used to support a large portion of the City's day-to-day activities. The City projects an overall increase of 25% in these revenues in fiscal year 2007, reflective of a continued growing statewide economy coupled with the new census population figures used to determine revenue allocations.

Property Tax: The City's property tax rate currently stands at \$1.59 per \$100 of assessed valuation. Of this, \$.29, or about 18% of the total, is levied for the primary property tax levy. The primary levy can be used for any general government purpose, but is limited in size by State statute. The primary tax raised \$2.7 million for the General Fund in fiscal year 2006. While this amounts to less than 3% of the General Fund revenues, it does contribute to the stability of the fund.

The fiscal year 2007 projections, based on preliminary estimates from the Maricopa County Assessor's Office, are for a 16% growth in assessed value over fiscal year 2006 levels. This is consistent with the 15% growth in assessed value in the prior fiscal year. Because of the increasing assessed value of the city, primary property tax revenues continue to grow, despite the City not increasing the tax rate. The City has maintained the primary property tax rate of \$.29 for fiscal year 2007 while decreasing the secondary property tax by \$.10, making the combined tax rate \$1.49 for fiscal year 2007. With the increasing assessed value, primary property tax revenue projections for fiscal year 2007 are \$3.0 million. Based on current development patterns, as well as expected economic conditions, property tax revenue is expected to continue to increase over the next several years.

Labor Force: Peoria has a well-educated and available 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 introducing new businesses to the City. In addition, the City has an Economic Development Department that is effectively pursuing economic development.

FINANCIAL CONTROLS

Internal Controls

The management of the City of Peoria is responsible for establishing and maintaining a system of internal control. 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. After adjustment for inflation and population growth, the city's expenditure limitation for fiscal year 2006 is \$543.8 million. The City may utilize the additional expenditure authority for any local budgetary purposes. The new permanent adjustment eliminates the need for voter approval every four years.

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 operating 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.

OTHER MATTERS

Employee Pension Plans

The City maintains two employee pension plans and a pension plan for elected officials. The general employee plan is administered through the Arizona State Retirement System. The Public Safety Pension Plan and the Elected Officials Retirement Plan are administered by the Arizona Public Safety Personnel Retirement System. Both the employee and the employer make contributions directly to these organizations. Financial information about these plans can be found in Note 16 of the notes to the financial statements included in the Financial Section of this report. The City also administers a small pension fund that provides retirement income for volunteer firemen. The City no longer utilizes volunteer firemen, and only seven former members currently receive payments under the plan. The plan for volunteer firemen is sufficiently funded with assets of \$273,105 at June 30, 2006. For fiscal year 2006, investment income and other revenues were \$12,160 while expenditures for retirement payments and administrative expenses were \$29,634.

Debt Administration

Under current State Statutes, cities can issue general obligation bonds for purposes of water, sewer, artificial lighting, open space, parks, playground and recreational facilities up to an amount not exceeding 20 percent of the secondary assessed valuation. Cities can also issue general obligation bonds for all other purposes up to an amount not exceeding 6 percent of the secondary assessed valuation. As of June 30, 2006, the City's general obligation debt of \$51,205,000 was below the combined legal limit of \$250,762,052. A detailed computation of this legal debt margin is included in Table XXII of the statistical section of this report.

Two standard indicators of a City's debt position and debt burden include: 1) the ratio of general obligation bonded debt, supported by the City's general tax revenues, to secondary assessed valuation, and 2) the amount of bonded debt per capita. The following is a summary of these two indicators at June 30, 2006.

Percent of General Obligation Debt to Secondary Assessed Value:

General Obligation Debt	\$	51,205,000
Secondary Assessed Value	\$	964,469,431
G.O. debt to secondary assessed value		5.3%

Bonded Debt Per Capita:

General Obligation Debt	\$	51,205,000
Estimated Population		142,880
G.O. debt per capita	\$	358.38

In February 2006, the City received an upgrade to its Municipal Development Authority bond rating from Standard & Poor's from AA- to AA. All of the City's bonds are rated in the "A" or better category. The City is diligent in its efforts to maintain and even improve its bond ratings. General obligation debt is serviced by secondary property taxes. Revenue supported debt is serviced with the user fees associated with the particular fund activity. The City's bond ratings are indicated in the table below.

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
General Obligation Bonds			
Current rating	Aa3	AA-	AA
Prior rating	A1	A+	AA-
Date of current rating	2/4/2003	3/3/2003	2/17/2003
Water & Wastewater Bonds			
Current rating	A2	A+	A+
Prior rating	A3	A	A-
Date of current rating	6/2/2000	4/5/2004	6/2/2000
Municipal Development Authority (Utility) Bonds			
Current rating	A1	AA	AA-
Prior rating	A2	AA-	A+
Date of current rating	5/16/2003	2/8/2006	5/16/2003
Highway User Revenue Bonds			
Current rating	A	A-	A+
Prior rating			A-
Date of current rating	1/25/1988	2/10/1988	3/13/2000
Improvement District Bonds			
Current rating	(not rated)	A-	A+
Prior rating			A-
Date of current rating		1/13/2005	3/13/2000

Cash Management

The Finance Department manages the City's investment portfolio with the assistance of an external investment advisory firm and ensures compliance with the City's Investment and Portfolio Policies. The City's investment policy is to invest public funds with maximum security in a manner which will provide the highest return while meeting the daily cash flow demands of the City and conform with all applicable state and local statutes. The primary objectives, in priority order, are safety of principal, liquidity, and attaining a market rate of return.

The City is permitted 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 instrumentalities, and the State of Arizona's Local Government Investment Pool.

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool and overnight repurchase agreements collateralized by U.S. Government securities. The average yield on unrestricted investments was 3.66% for the year ended June 30, 2006. The book value of the City's unrestricted investment portfolio at June 30, 2006 was \$297,010,782. For further information on the City's investments please refer to Note 4 of the notes to the financial statements.

Risk Management

The City is exposed to various risks of loss related to public and property liability and workers' compensation. Public liability includes public officials' errors and omissions, automobile and general liability. During fiscal year 2006 the City was self-insured for the first \$500,000 of each public liability claim with an annual aggregate limit of \$10,000,000. Coverage in excess of these amounts up to \$40,000,000 was provided through the purchase of commercial insurance.

During the fiscal year ended June 30, 2006 there was no significant reduction in excess insurance coverage. The Risk Management Division of the City Attorney's Office administers the City's liability insurance program. Workers' compensation claims are reviewed by the Human Resources Department and handled through the State Compensation Fund.

The City of Peoria has an aggressive safety program that promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses.

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 city-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, 2006, 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, 2006, 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, 2006 found no instances of material weakness in the internal control, or violations of applicable laws and regulations with respect to major programs. 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 Officer's 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, 2005. This is the 21th 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 Mattingly, CPA, CGFM
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, 2005

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.



Carla E. Perry

President

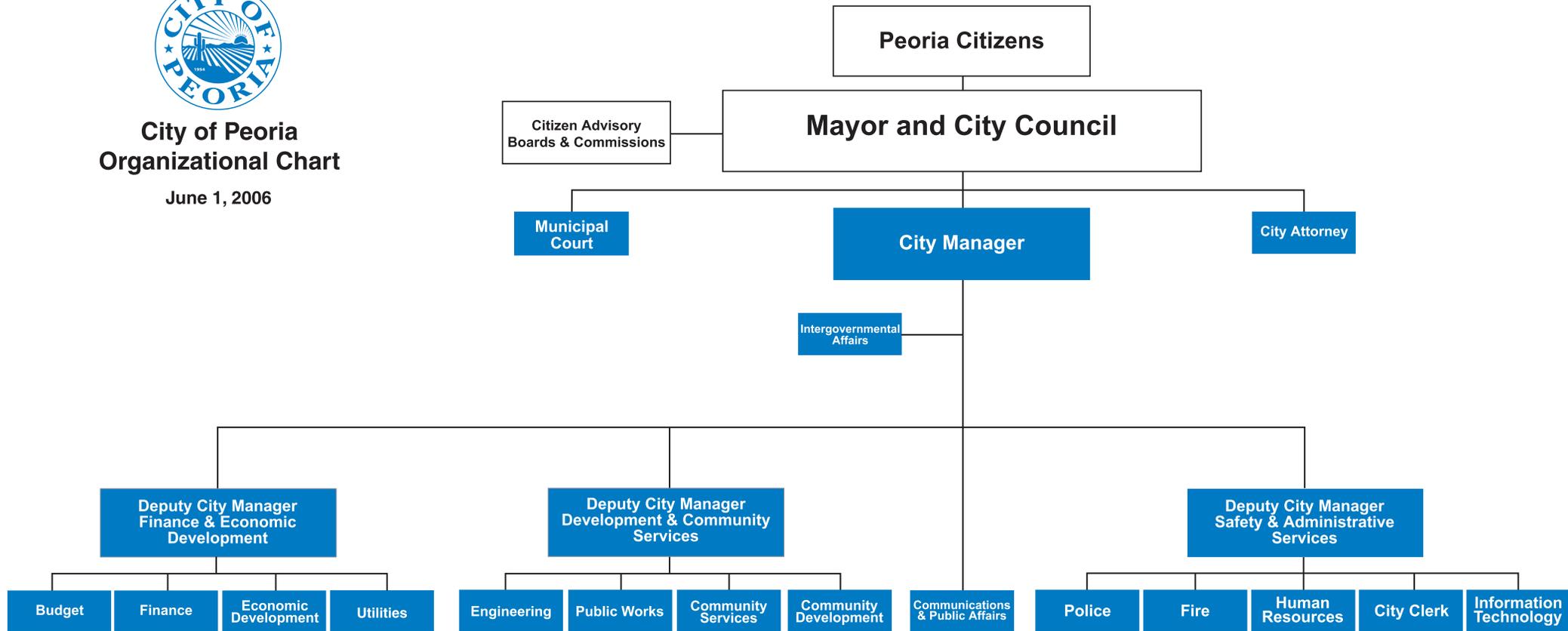
Jeffrey R. Emer

Executive Director



City of Peoria Organizational Chart

June 1, 2006



City of Peoria

Principal Officials of the City

Fiscal Year 2006

John Keegan
Mayor

Vicki Hunt
Vice-Mayor

Pat Dennis
Councilmember

Patrick Hickson
Councilmember



Cathy Carlat
Councilmember

Joan Evans
Councilmember

Carlo Leone
Councilmember

Terrence L. Ellis
City Manager

John Wenderski
Deputy City Manager – Finance & Economic Development
Carl Swenson
Deputy City Manager – Development & Community Services
Susan Thorpe
Deputy City Manager – Safety & Administrative Services

George Anagnost
Municipal Judge

J.P. de la Montaigne
Community Services Director

Greg A. Eckman
Human Resources Director

Robert McKibben
Fire Chief

Mary Jo Kief
City Clerk

Stephen Bontrager
Utilities Director

Neil Mann
Public Works Director

Sandy Teetsel
Information Technology Director

Stephen M. Kemp
City Attorney

David A. Moody
Engineering Director

Glen Van Nimwegen
Community Development Director

David Leonardo
Chief of Police

Brent D. Mattingly
Chief Financial Officer, Finance Director

Grady Miller
Communications & Public Affairs Director

Steve Prokopek
Economic Development Director

Mayor and City Council



Mayor John Keegan



Vicki Hunt
Acacia District



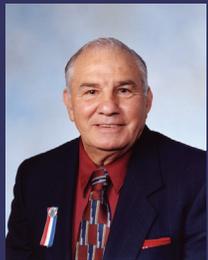
Cathy Carlat
Mesquite District



Patrick Hickson
Ironwood District



Pat Dennis
Palo Verde District

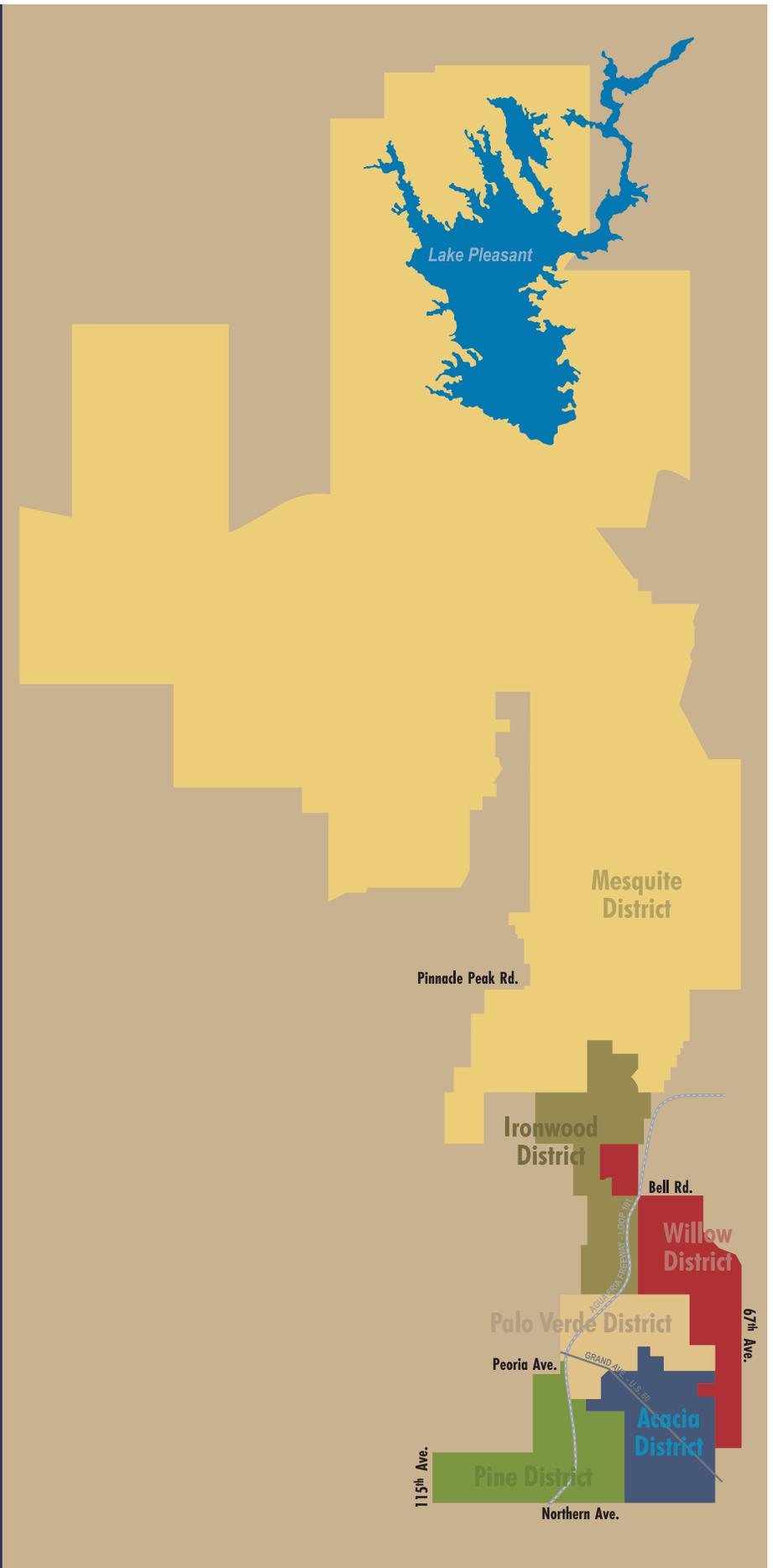


Carlo Leone
Pine District



Joan Evans
Willow District

For more information visit
www.peoriaaz.gov/council





John C. Keegan

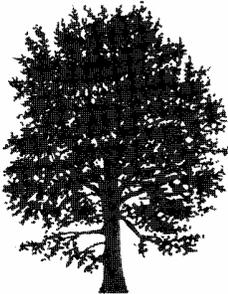
Mayor

John C. Keegan has served as Mayor of Peoria since 1997. During his tenure, has sought to improve the quality of life in Peoria through an increased emphasis on long-term planning, higher development standards, job creation through economic development, and expansion of cultural and recreational opportunities for our citizens. Recognizing that Luke Air Force Base is vital to both our nation's defense as well as our local economy, Mayor Keegan has led the effort to provide protection from encroachment and preserve the long term viability of the base. Previously, he served two terms in the AZ House of Representatives. In the legislature, John Keegan chaired the Criminal Justice

Appropriations Subcommittee and was Vice Chair of the Judiciary Committee. In addition, he was the inaugural Chairman of the Veterans and Military Affairs Committee. He sponsored legislation on violent crime, domestic violence, juvenile crime and concealed weapons. Drawing on his experience as a federal law enforcement officer, Mr. Keegan took an active interest in promoting interagency cooperation between local, state, and federal agencies. Mayor Keegan is a retired military officer with 27 years of service in the US Army and the US Naval Reserve. In 2000 he retired with the rank of Commander. Most of his assignments were in special operations, counterintelligence, and as a criminal investigative agent. Mr. Keegan has served on several boards and commissions at both the state and local level including the Governor's Juvenile Justice Advisory Commission, Peoria Youth Crime Coalition and as a court hearing officer. Identifying truancy as a leading indicator of juvenile delinquency, John Keegan helped form a coalition of prosecutors, police agencies and school officials working toward proactive deterrence of youth crime. Mayor Keegan has been recognized with the Champion of Decency Award from the American Families for Decency; the Samuel Adams Award for Outstanding Leadership in Local Government from the Local Government Council; the AZ Planning Association's Distinguished Leadership Award; and the Maricopa Association of Governments Distinguished Service Award. In 2005, the National Council of the Boy Scouts of America presented Mayor Keegan with the Silver Beaver Award for "distinguished service to youth." John Keegan is a fourth generation Arizonan. Dating back to territorial days, the Keegan family was very active in the early formation of Arizona. For over twenty years, John ran a successful consulting business in the Northwest Valley. Mayor Keegan serves as the district chair for Western Maricopa County for the Boy Scouts of America Grand Canyon Council and on the Board of the Challenger Education Center. He is a member of the Episcopal Bishop's Strategic Planning committee and former Senior Warden of the Episcopal Church. Mr. Keegan is a life member of the National Eagle Scout Association, the National Rifle Association, and the American Legion. In his spare time, he enjoys shooting his full scale, replica Civil War cannon. Mayor Keegan is married to Lisa Graham Keegan. Their children Annie, Justin, John, Mark, Kate, and her husband Sean, and grandson, Aidan all live in Peoria.

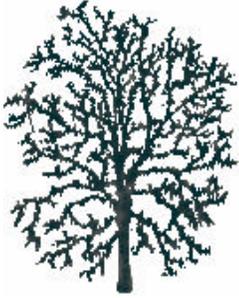
Vicki Hunt

Vice-Mayor Acacia District



As a native to the West Valley, Vicki Hunt was elected to City Council in 2003 representing the Acacia District. Councilmember Hunt retired as an educator, completing her award-winning career in the classroom at Peoria High School where she taught English. She is also a published writer and editor of educational materials. Councilmember Hunt opened the Old Town Bed and Breakfast in the downtown area of Peoria after her retirement, and the business continues today. She earned her Bachelor's Degree in English at Grand Canyon College, and subsequently graduated from Chapman University Summa Cum Laude with a Master's in Curriculum and Instruction. The councilmember also did advanced graduate work at Bread Loaf School of English in Vermont and Oxford

University in England. Councilmember Hunt's family includes three grown children and four beautiful grandchildren. Councilmember Hunt's past and current community involvement includes: State Participation: Arizona English Teachers Association - 1984-2000; Regional Participation: Commissioner, WESTMARC Enterprise Zone Commission - 2005-Present; Peoria Participation: Board of Directors, Theater Works - 2003-2005; Member, Peoria Historical Society - 1998-Present; Member, Peoria Women's Club - 2001-Present; President, Peoria Main Street Partnership - 2002-2003; Board of Directors, Friends of Peoria Public Library - 2002-Present; Member, Peoria Rotary Club - 2003-Present; City Participation: Co-Chair, Central Peoria Revitalization Ad Hoc Committee - 2001-2003; Graduate, City of Peoria's Inaugural Leadership Institute - Spring 2002; Member, Not-for-Profit Funding Sub-Committee - 2004-Present; Member, Boards and Commissions Sub-Committee - 2003-Present; Council Liaison, Economic Development Advisory Board - 2004-Present.



Pat Dennis
Councilmember
Palo Verde District

A Peoria resident since 1985, Pat Dennis has been elected to three consecutive terms on the city council since 1995. She served as Vice Mayor for one year terms in 1999, 2001 and most recently in 2005. Councilmember Dennis graduated from Mercy College with a degree in Social Work and worked in early childhood education for 14 years. Currently she works as a licensed real estate agent. Councilmember Dennis is a member of the following boards and committees: Statewide Participation: AZ Women in Municipal Government (WiMG) - 1996-Present, Treasurer 2004 – Present. Regional Participation: Member, Valley Metro Transportation Board - 1999-Present, Chairperson 2001-2002 and 2004-Present; Member, Maricopa Association of Governments Transportation Policy Subcommittee - 2002-Present. City Participation: Vice-Mayor - 1999, 2001, 2005; Ethics Committee Chairperson - 2005; Member, Not-for-Profit Funding Subcommittee - 1998-Present; Chairperson, Subcommittee of Boards and Commissions Appointments - 1995-2003; Member, Sports Complex Board - 1999-2001; City Council Liaison, Education Committee – 1996-Present.



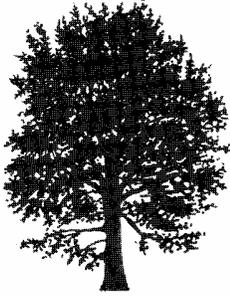
Patrick Hickson
Councilmember
Ironwood District

Patrick Hickson was appointed to the Peoria City Council in June 2006 to fill a vacancy in the Ironwood District. A Peoria resident for nearly 13 years, Councilmember Hickson earned bachelor's degree in business administration from the University of Notre Dame and then worked as an executive for Sear, Roebuck and Company for 25 years in Arizona, California, and Colorado. In addition to his service on the Peoria City Council, Councilmember Hickson is President of the Westbrook Village Association Board of Directors, a sergeant in the Sheriff's Posse of Westbrook Village, and a past President of both the Notre Dame Club of Phoenix and of the Sears Retired Executive Club.



Carlo Leone
Councilmember
Pine District

First elected in 1999 as the Pine District representative to the Peoria City Council, Councilmember Leone was re-elected to a second term in 2003. He and his wife, Joan, have been residents of Peoria since 1988. Married since 1955, they have five children, 14 grandchildren, and one great grandchild. Councilmember Leone retired in 1994 after 20 years as a Union Manager. He was a Political Science Major at Mt. San Antonio College in Walnut, California, and attended UCLA and Loyola Colleges studying Labor Law. Councilmember Leone is a member of the following boards and commissions: National Participation: National League of Cities: Human Development Committee; National League of Cities: Leadership Institute-Bronze & Silver certificates. State Participation: Member, Board of Manufactured Housing-appointed by Governor Napolitano. City Participation: Member, Boards and Commissions Subcommittee; Member, Impact Fee Ad-Hoc Committee; Member, Peoria Chamber of Commerce Military Affairs Committee. Volunteer: Volunteer Coach, City of Peoria Youth Basketball Program - 2002-Present; Peoria Diamond Club-Peoria Sports Complex – 1993-Present; Knights of Columbus; Habitat for Humanity of the West Valley; Country Meadows Lions Club; Peoria Kiwanis Club (former member).



Joan Evans
Councilmember
Willow District

Councilmember Evans was elected to her first four-year term on the Peoria City Council in November 2004. Education, personal growth and continuous learning are accurate words to describe the experience of Councilmember Joan Evans of the Willow District. With a bachelor's degree from Arizona State University in Elementary Education and a master's degree from Northern Arizona University in Educational Leadership, Councilmember Evans has devoted herself to education. After teaching 4th and 5th grades for 18 years in the Peoria Unified School District (PUSD), she served five years in educational administration as an Assistant Principal. Now retired from primary education and PUSD, Councilmember Evans is a certified Myers-Briggs Type Indicator Consultant. She is also involved with the Northwest Valley Young Life Committee, a faith based ministry for youth, as well as the Women's Ministry Team at Trinity Bible Church. Currently, Councilmember Evans is involved in many aspects of the City of Peoria. She serves on the Peoria City Council Ethics Committee, the Ad Hoc Recycling Committee, and the Boards and Commissions Subcommittee. Councilmember Evans has raised her family in the Phoenix area for the past 49 years, with the last 8 years being spent in Peoria. Now in her 37th year of marriage to husband David, Councilmember Evans enjoys spending time with her family which includes two married daughters and six grandchildren. Natalie and husband Arvid have four children while Lisa and husband Christopher have two children.



Cathy Carlat
Councilmember
Mesquite District

Cathy Carlat was elected to the Peoria City Council representing the Mesquite District in 2005. She was born and raised in the Valley, graduating from Paradise Valley High School. Councilmember Carlat moved to Texas in 1984 and has been a Peoria resident since returning to Arizona in 2001. Cathy and her husband Dennis have two children Adam, 18 and Natalie, 11. As a businesswoman, Councilmember Carlat has spent many years in management, including positions as a District Manager for a Fortune 500 Company and Vice President of a real estate leasing firm. She was also the owner of her own business for six years in Dallas, Texas. She currently works in the Communications Department of Central Arizona Project managing special events and public relations. Prior to running for office, Councilmember Carlat served on the Mayor's Ad Hoc Rose Valley Water Committee. Councilmember Carlat also serves as Chair of the Council Ad Hoc Recycling Subcommittee and is a member of the Council Subcommittee of Boards and Commissions, which screens residents who are seeking appointments.





Gary Heinfeld, CPA, CGFM
Nancy A. Meech, CPA, CGFM
Jennifer L. Shields, CPA
Corey Arvizu, CPA

Scott W. Kies, CPA
Kimberly A. Robinson, CPA
Kera Badalamenti, CPA

www.heinfeldmeech.com

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, 2006, 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, 2006, as listed in the table of contents. These financial statements are the responsibility of the City'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 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, 2006, 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, Development Fee 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 funds of the City of Peoria, Arizona, as of June 30, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006, 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.

The management's discussion and analysis on pages 3 to 16 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and the combining financial statements. 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 basic financial statements and the combining financial statements. Such Other Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole and the combining financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

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

September 22, 2006

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, 2006. 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.

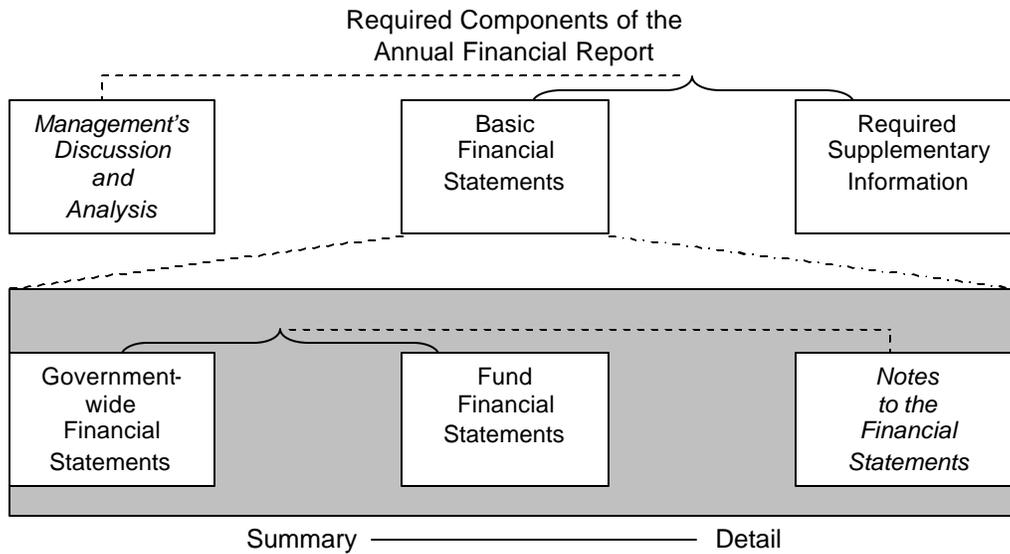
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xiv of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 17 and the accompanying notes to the financial statements.

Financial Highlights

- ◆ The City's total net assets increased \$162.0 million (16.6%) in fiscal year 2006, \$129.8 million (a 22.9% increase) in governmental activities and \$32.2 million (a 7.8% increase) in business-type activities.
- ◆ Total net assets of the City are \$1,140.3 million, of which \$184.3 million is unrestricted (up \$10.5 million, 6.0%, from last year's \$173.9 million unreserved net assets).
- ◆ The governmental activities program revenues increased by approximately \$68.7 million (98.9%) from the previous year.
- ◆ The business-type activities program revenues decreased by approximately \$28.9 million (30.0%) over the previous year.
- ◆ At June 30, 2006, total fund balance of the governmental funds was \$170.6 million, up \$14.3 million (9.1%) from the previous year. Of this, \$22.7 million (down 15.9%) was unreserved/undesignated (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) exceeded budgeted inflows by \$13.9 million for fiscal year 2006. Additionally, budgetary basis outflows of the General Fund were only 85.4% (\$16.6 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2006, unreserved/undesignated fund balance for the General Fund was \$27.9 million, or 32.7% of General Fund expenditures for fiscal year 2006.

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 17-19) 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, 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 like 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 20-33) 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 57-60).

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, Development Fee Fund, Transportation Sales Tax Fund, Special Assessment Debt Service Fund and General Obligation Bond Capital Projects 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 88-91).

Proprietary funds – Proprietary funds are used to account for services primarily supported by user fees. The proprietary fund financial statements (pages 34-41) 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 with 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 110-112). 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 42-43 and 118) 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 45-80) 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 16 to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2006 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, 2006 compared to the prior year.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2006	2005	2006	2005	2006	2005	
Current and other assets	\$ 233.0	\$ 207.1	\$ 144.7	\$ 150.8	\$ 377.7	\$ 357.9	5.5%
Capital assets	655.0	538.1	388.3	351.0	1,043.3	889.1	17.3
Total assets	<u>888.0</u>	<u>745.2</u>	<u>533.0</u>	<u>501.8</u>	<u>1,421.0</u>	<u>1,247.0</u>	14.0
Other liabilities	52.0	40.2	18.6	17.1	70.6	57.3	23.0
Long-term liabilities outstanding	139.8	138.6	70.3	72.8	210.1	211.4	(.6)
Total liabilities	<u>191.8</u>	<u>178.8</u>	<u>88.9</u>	<u>89.9</u>	<u>280.7</u>	<u>268.7</u>	4.5
Net assets:							
Invested in capital assets, net							
of related debt	523.4	412.7	311.7	273.0	835.1	685.7	21.8
Restricted	41.5	35.7	79.4	83.0	120.9	118.7	1.9
Unrestricted	131.3	118.0	53.0	55.9	184.3	173.9	6.0
Total net assets	<u>\$ 696.2</u>	<u>\$ 566.4</u>	<u>\$ 444.1</u>	<u>\$ 411.9</u>	<u>\$ 1,140.3</u>	<u>\$ 978.3</u>	16.6

The net assets of the City increased \$162.0 million (16.6%) in fiscal year 2006. Of this increase, \$129.8 million was in the governmental activities, a 22.9% increase, and \$32.2 million was in the business-type activities, a 7.8% increase.

Net Assets consists of three components. The largest portion of net assets (\$835.1 million or 73.2%) 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 \$149.4 million in fiscal year 2006 primarily as a result of the purchase, construction and donation of additional capital assets.

The second portion of the City's net assets (\$120.9 million or 10.6%) represents resources that are subject to external restrictions on how they may be used. The increase of \$2.2 million is due to the increase of funds reserved for debt service and funds reserved for development fees with a decrease in funds reserved for capital projects and a slight decrease in funds reserved for grant purposes.

The third portion consists of Unrestricted Net Assets of \$184.3 million (16.2%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category increased \$10.4 million (6.0%) in Fiscal year 2006. Unreserved net assets is the balance of net assets remaining after calculating the other two categories discussed above. The increase in unreserved net assets results from higher than expected revenues during fiscal year 2006.

Changes in Net Assets

The following table compares the 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 Change
	2006	2005	2006	2005	2006	2005	
REVENUES:							
Program revenues:							
Charges for services	\$ 22.7	\$ 21.1	\$ 53.2	\$ 48.0	\$ 75.9	\$ 69.1	9.8%
Federal grants	2.8	2.8	.1	.1	2.9	2.9	-
Other grants and entitlements	29.9	26.5	13.9	15.1	43.8	41.6	5.3
Donations of capital assets	82.8	19.1	.2	33.1	83.0	52.2	59.0
General revenues:							
Property taxes	16.2	14.2	-	-	16.2	14.2	14.1
Sales and use taxes	61.2	45.5	-	-	61.2	45.5	34.5
Franchise taxes	3.0	2.5	-	-	3.0	2.5	20.0
State shared sales tax	11.7	10.1	-	-	11.7	10.1	15.8
Urban revenue sharing	11.7	10.1	-	-	11.7	10.1	15.8
Auto-in-lieu taxes	5.2	4.6	-	-	5.2	4.6	13.0
Miscellaneous	5.7	2.6	-	-	5.7	2.6	119.2
Investment earnings	6.7	2.9	5.2	2.8	11.9	5.7	108.8
Total revenues	<u>259.6</u>	<u>162.0</u>	<u>72.6</u>	<u>99.1</u>	<u>332.2</u>	<u>261.1</u>	27.2
EXPENSES:							
Program activities:							
Governmental activities:							
General government	21.6	18.8	-	-	21.6	18.8	14.9%
Culture and recreation	16.3	15.1	-	-	16.3	15.1	8.0
Police	25.7	21.9	-	-	25.7	21.9	17.4
Fire	14.2	12.7	-	-	14.2	12.7	11.8
Development services	4.9	4.6	-	-	4.9	4.6	6.5
Highways and streets	18.7	21.8	-	-	18.7	21.8	(14.2)
Public works	5.8	5.2	-	-	5.8	5.2	11.5
Human services	2.1	1.9	-	-	2.1	1.9	10.5
Interest expense on debt	7.2	6.0	-	-	7.2	6.0	20.0
Unallocated depreciation	.6	.6	-	-	.6	.6	-
Business-type activities:							
Water utility	-	-	25.8	23.8	25.8	23.8	8.4
Wastewater utility	-	-	12.8	12.5	12.8	12.5	2.4
Solid Waste utility	-	-	8.7	8.5	8.7	8.5	2.4
Stadium	-	-	5.4	4.6	5.4	4.6	17.4
Housing	-	-	.4	.3	.4	.3	33.3
Total expenses	<u>117.1</u>	<u>108.6</u>	<u>53.1</u>	<u>49.7</u>	<u>170.2</u>	<u>158.3</u>	7.5
Excess before transfers	<u>142.5</u>	<u>53.4</u>	<u>19.5</u>	<u>49.4</u>	<u>162.0</u>	<u>102.8</u>	57.6
Transfers	(12.7)	(14.5)	12.7	14.5	-	-	-
Increase (decrease) in net assets	<u>\$ 129.8</u>	<u>\$ 38.9</u>	<u>\$ 32.2</u>	<u>\$ 63.9</u>	<u>\$ 162.0</u>	<u>\$ 102.8</u>	57.6

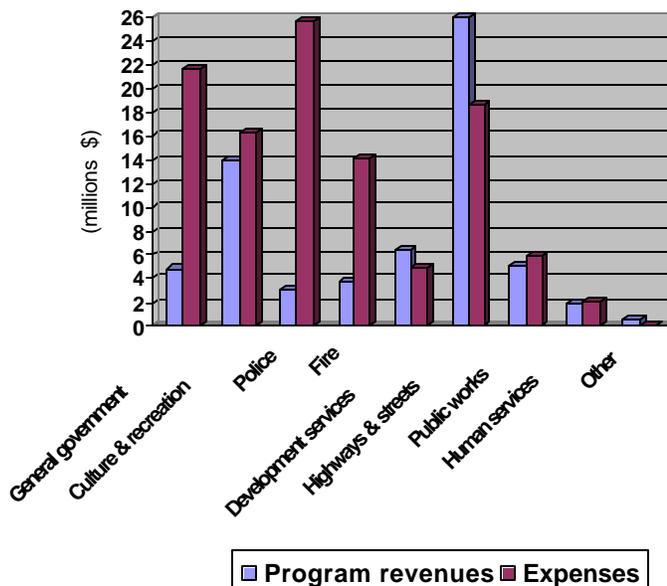
The general revenues of governmental activities increased \$28.9 million (31.2%) from the previous year. This increase is primarily from increased sales and use taxes. In September 2005, the voters increased the City sales taxes by .03% specifically to support transportation needs. The new tax took effect in January 2006. The program revenues of governmental activities increased \$68.7 million (98.9%) largely due to the increase in donations of capital assets (which do not result in spendable resources). There were also increased charges for service (primarily recreation and engineering fees) and increased development impact fee collections. The program revenues of business-type activities decreased \$28.9 million (30.0%). Donations of capital assets and other grants and entitlements decreased, while charges for service revenues increased for the business-type activities. The increase in charges for service revenues is from an increased customer base and rate increases in the Wastewater Utility (5%) and Solid Waste Utility (3-4%) that occurred mid fiscal year 2006. The full impact of the Wastewater Utility and Solid Waste Utility rate increases that had occurred half way through fiscal year 2005 also contributed to the 2006 revenue increases.

For fiscal year 2006, total governmental revenues increased \$97.6 million (60.2%) and total business-type revenues decreased \$26.5 million (26.7%) while the expenses increased \$8.5 million (7.8%) and \$3.4 million (7.0%) for the governmental activities and business-type activities respectively.

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 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 functional revenues of \$138.2 million are 118.0% of the governmental expenses for fiscal year 2006, up from 64.0% in fiscal year 2005. Much of this increase is due to the \$63.7 million increase in donations of capital assets in fiscal year 2006 over fiscal year 2005 which does not result in spendable resources. In the business-type activities, functional revenues of \$67.4 million are 126.9% of the business-type expense for fiscal year 2006. This compares to \$96.3 million and 193.8% in fiscal year 2005. The decrease is due to a decrease in donations of business-type capital assets.

Governmental activities account for 78.2% of the total revenues of the City and 68.8% of the total expenses in fiscal year 2006. These percentages were 62.1% and 68.6% respectively in fiscal year 2005.

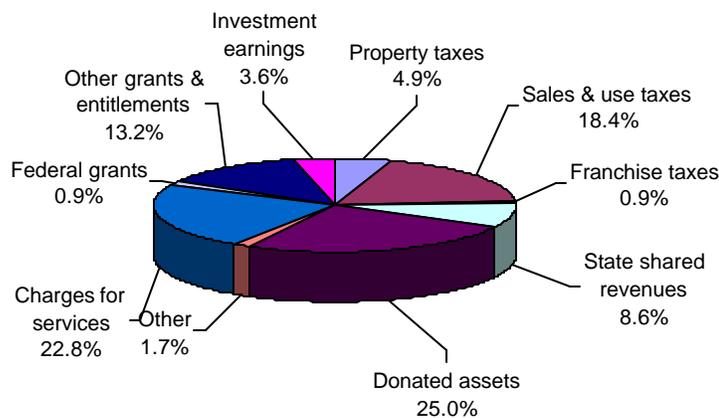
Governmental Activities Program Revenues & Expenses



As seen in the following graph, one of the largest financing source for the City is charges for services (22.8%), primarily because this is the major funding source of the business-type activities (73.3% of business-type revenues). While donated assets is 25.0% of the fiscal year 2006 revenues, it represents non-spendable resources. The major funding sources of the governmental activities are taxes (24.2% of total revenues, 31.0% of governmental revenues) and state shared revenues (8.6% of total revenues, 11.0% of governmental revenues).

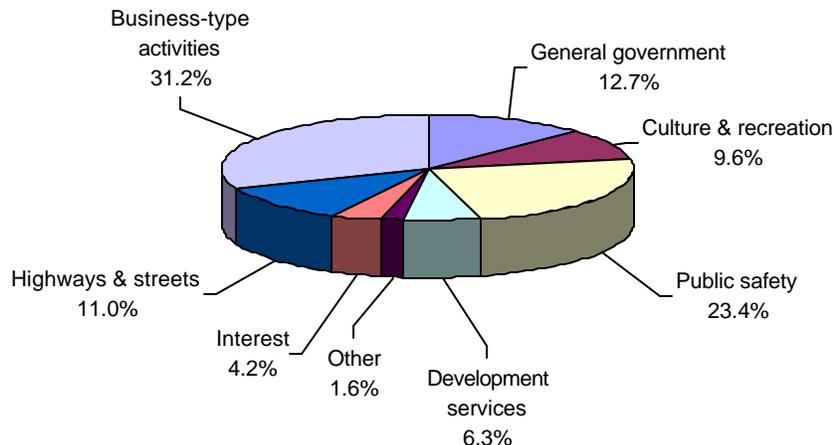
Taxes, including property, sales and use and franchise taxes, increased 29.3% from fiscal year 2005 to fiscal year 2006. Sales and use taxes increased 34.5% with a growing economy and the .3% rate increase, while property taxes rose 14.1% and franchise taxes increased 20.0%. The increase in property taxes was due to growth in the assessed value of the City, as the City has maintained the same tax rate for several years.

Government-Wide Revenue Sources Fiscal Year 2006



Business-type activities account for 31.2% of the functional expenses of the City for fiscal year 2006, while governmental activities account for 68.8% of the functional expenses. For the governmental activities, the largest users of resources are public safety (23.4% of total expense, 34.1% of governmental expenses), general government (12.7% of total expenses, 18.4% of governmental expenses), highways and streets (11.0% of total expenses, 16.0% of governmental expenses) and culture and recreation (9.6% of total expenses, 13.9% of governmental expenses).

Government-Wide Functional Expenses Fiscal Year 2006



Total government-wide expenses (not including transfers out) of the City increased \$11.9 million (7.5%) in fiscal year 2006. Expenses of the governmental activities increased \$8.5 million (7.8%). This includes \$5.3 million (15.3%) for public safety (police and fire), \$2.8 million (14.9%) for general government, \$1.2 million (20.0%) for interest expense and \$1.2 million (7.9%) for culture and recreation. These increases reflect the Council's goals of public safety, customer service and recreational opportunities. Expenses in Business-type activities increased \$3.4 million (6.8%), due to both an increase in customers and increasing costs as the City continues to expand the water and wastewater systems and move from ground water to surface water.

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 20-33) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discreetly 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 88-91.

The fund balance of the governmental funds is \$170.6 million, an increase of \$14.3 million, or 9.1%, from the previous year. Of this, \$85.9 million (up \$2.9 million (3.5%) from the previous year) is classified as "Reserved" because it is not appropriable for expenditure or is legally segregated for a specific future use. The increase in total fund balance and restricted fund balance is due to increases in debt reserves and development fee balances offset by decreases in reservations for capital projects as funds are expended.

An additional \$62.1 million of the governmental fund balance has been designated or committed for specific purposes by council policy or administrative action. These designations include encumbrances, economic stabilization reserves, debt service reserves, current capital projects and equipment replacement reserves. These designations are described in Note 11 to the financial statements (page 66).

The remaining \$22.7 million of governmental fund balance is classified as "Unreserved, Undesignated". 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 unreserved, undesignated fund balance decreased 15.9% during fiscal year 2006, primarily due to cash funding of certain capital projects and other one-time needs.

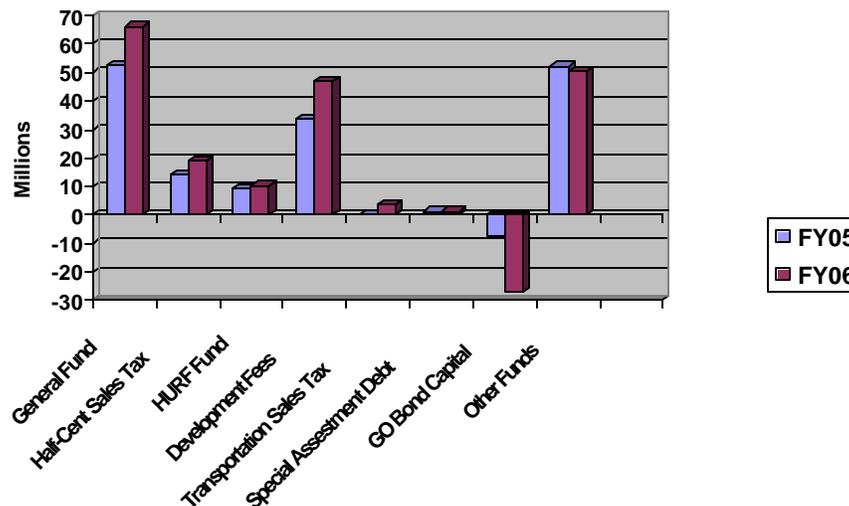
The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues increased \$14.6 million (17.9%) over the previous year. The City's sales tax revenues in the General Fund increased \$7.1 million (23.1%) while state shared revenues increased \$4.0 million (15.9%) and charges for service increased \$1.7 million (13.5%) as the City continues moderate growth during fiscal year 2006. General Fund expenditures increased \$8.3 million (10.7%). Approximately \$6.1 million of the increased expenditures were in personnel costs. The City granted a 3.7% increase in salaries and wages in fiscal year 2006, plus eligible employees received salary step increases. Additionally, employer retirement contributions, health insurance and other personnel benefit costs continued to increase in fiscal year 2006. There were 42 additional employees approved in the General Fund for fiscal year 2006. In fiscal year 2006, funds designated for economic stabilization in the General Fund increased \$3.1 million, while funds designated for capital construction decreased \$1.8 million. The unreserved/undesignated fund balance of the General Fund was 32.7% of expenditures at June 30, 2006 compared to 22.6% at June 30, 2005. The increase was largely due to unexpended capital projects that will be carried over to the new fiscal year.

The Half-Cent Sales Tax Fund tracks the revenues from certain sales taxes designated for specific purposes by Council policy. Revenues in this fund increased \$3.8 million (27.7%) from the previous year primarily due to increased sales tax revenues. Expenditures in this fund decreased \$1.2 million (27.1%) primarily due to a \$1.3 million decrease in capital outlay expenditures. The unreserved/undesignated fund balance decreased by \$97,835 in fiscal year 2006 primarily due to an increase (\$4.7 million) in designated fund balance (\$500,000 increase in economic stabilization reserve, \$2.8 million increase in encumbrances and \$1.4 million designated for capital projects).

The Highway User Revenue Fund (HURF Fund) is required by state statute to track the state allocation of gasoline taxes and other state revenues shared with local governments and 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 \$1.8 million (17.7%) due to increased sales tax (\$1.1 million) and highway user revenues (\$596,807), and expenditures increased by \$519,821 (4.9%) in fiscal year 2006. The increased expenditures are primarily increased personnel costs and street maintenance costs. Unreserved fund balance increased \$1.2 million (13.9%) in fiscal year 2006.

Other major governmental funds of the City include 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 increased \$3.1 million (16.8%) while expenditures increased \$1.2 million (16.2%) in fiscal year 2006. The Transportation Sales Tax Fund tracks the collection and expenditure of the .03% voter approved sales tax to fund transportation issues. This is a new fund for fiscal year 2006 with the transportation sales tax taking effect in January 2006. The Special Assessment Debt Service Fund collects special assessments levied through improvement districts and pays the debt service on the improvement district bonds. The GO Bond Capital Projects Fund accounts for bond proceeds of general obligation bonds and the expenditure of those proceeds. All non-major governmental funds of the City are combined into one column on the governmental fund statements.

Governmental Funds - Fund Balance



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 Public Housing Fund does not meet the GASB 34 criteria of a major fund, the City has chosen to present it as a major fund.

Net assets of the enterprise funds increased \$31.8 million (7.7%) in fiscal year 2006. The Water Utility, Wastewater Utility and the Solid Waste Utility Funds experienced increases in net assets of \$21.0 million (10.4%), \$9.2 million (5.6%) and \$2.3 million (11.8%) respectively, while the Stadium Fund decreased \$548,200 (2.2%) and the Public Housing Fund decreased \$73,974 (2.7%). The unrestricted net assets of the enterprise funds decreased \$3.2 million (5.6%) from the previous year due to an increase in net assets reserved for invested in capital assets, net of related debt.

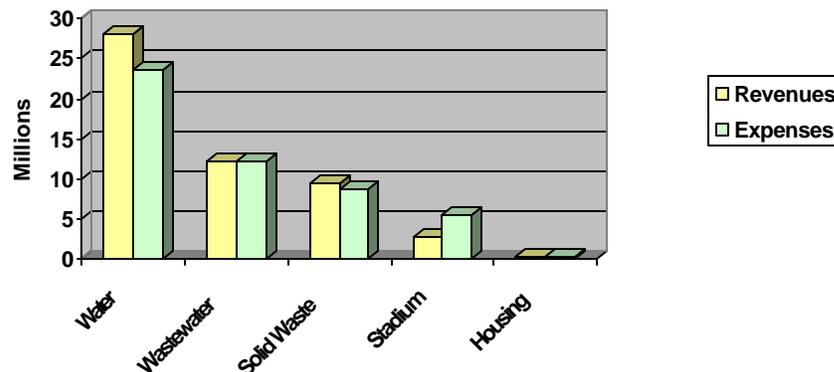
Operating revenues of the enterprise funds increased \$5.0 million (10.4%) in fiscal year 2006, due to increased customer base and rate changes. The Water, Wastewater and Solid Waste Utility Funds experienced increased operating revenues in fiscal year 2006 of \$3.3 million (13.2%), \$647,541 (5.6%), and \$1.2 million (14.1%), respectively.

Operating expenses of the enterprise funds increased \$3.6 million (7.6%) in fiscal year 2006. In 2006 in the Water Utility Fund, contractual services/commodities expenditures increased by \$66,512 (6.6%), while personnel expenses increased by \$672,847 (15.9%). Contractual services/commodities expenditures increased \$606,384 (12.2%) and 710,890 (23.9%) in the Solid Waste and Stadium Funds respectively.

Operating income for the Water Utility Fund increased \$1.5 million (46.5%) compared to 2005, while operating income for the Wastewater Utility increased \$272,926 and the Solid Waste Utility Fund increased \$668,876. The Stadium Fund and Public Housing Fund had operating losses in fiscal year 2006. The Stadium Fund had a 3.6% drop in operating revenues coupled with an 18.4% increase in operating expenses.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2006.

Fiscal year 2006 Enterprise Fund Operating Revenues and Expenses



BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 28-33. 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 82-83, 92-101, 104-108 and 113-116.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1.E on page 51 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 \$431 million occurred during fiscal year 2006. 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 \$109.3 million, on a budgetary basis, exceeded budgeted inflows of \$95.4 million by \$13.9 million (14.6%) while budgetary basis outflows (expenditures and other uses) of \$96.9 million were only 85.4% of final budgeted outflows. The excess of General Fund inflows over budgeted amounts is primarily due to higher sales tax collections than were planned for in the budget. Sales tax collections, especially retail, construction contracting and restaurants/bars, continue to exceed expectations due to a growing local economy. Reduced General Fund outflows resulted primarily from delayed capital projects.

The original General Fund expenditures and other uses budget of \$111.2 million was increased by \$2.3 million to come to the final expenditure and other uses budget of \$113.5 million. This change was primarily due to contingency transfers for changes in capital projects. The only significant General Fund amendments were transfers between the General Fund and other funds. The notable transfers are as follows:

- Carryover transfers from General Fund contingency for items budgeted in the prior year totaled \$4.5 million. Carryover reductions, i.e. transfers back to the General Fund contingency, totaled \$3.1 million, making a net carryover adjustment of \$1.3 million from the General Fund contingency to other funds. The majority of these funds were transferred to various capital project budgets in governmental funds.
- The postponement of a drainage capital project funded by the GO Bonds Capital Projects Fund resulted in \$4.2 million being transferred back into the General Fund contingency.
- Heritage grant funds were not obtained to fund part of the Rio Vista Phase II expansion resulting in a transfer of approximately \$800,000 from Other Grants Fund contingency back to the General Fund contingency.
- Contingency appropriation of \$1.8 million was transferred from the General Fund into the Development Fee Fund in order to reimburse developers in accordance with development agreements for impact fees previously paid to the city.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the City had \$35.1 million invested in various capital assets, net of accumulated depreciation and related debt, up 21.8% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.04 billion. This is a net increase of \$154.2 million from June 30, 2005. Of the increase, \$116.9 million resulted from governmental activities and \$37.3 million resulted from business-type activities.

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

- ✓ The City continued with Phase II of the City's first large community park, Rio Vista Park. This 50 plus acre park will include additional lighted sports facilities, playgrounds, picnic armadas, a family recreational center and other facilities. Phase II is expected to cost \$10 million. Construction began in November 2005. Approximately \$4.5 million was spent on the project during fiscal year 2006.
- ✓ The City spent an additional \$2.2 million for land for the Butler Drive Water Reclamation Facility. This 10 MGD reclamation facility is designed to redirect all of Peoria's wastewater flow from the Tolleson Wastewater Treatment Plant to a city facility. It will also provide an additional 6 MGD of capacity for future growth.
- ✓ The City continued constructing a community theater in conjunction with Theater Works in downtown Peoria. The cost of construction was \$4.2 million in fiscal year 2006. The Peoria Center for the Performing Arts will consist of a 250 seat main stage auditorium, 80 seat black box theater, classroom space, lobby, parking, administrative offices, and back of house theatrical support.
- ✓ The City purchased the Lake Pleasant Water Company for \$1.3 million.
- ✓ Construction of an operations building at the Beardsley Water Reclamation Facility was started. The City spent \$2.6 on the construction in fiscal year 2006. The City's Water Distribution and Wastewater Collection staff for the northern part of the City and Vistancia will operate out of the new building.

The following table provides a breakdown of the capital assets of the City at June 30, 2006 and 2005. Additional information on the City's capital assets may be found in Note 12 on pages 67-68.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2006	2005	2006	2005	2006	2005	
Buildings and building improvements	\$ 57.2	\$ 55.6	\$ 19.6	\$ 20.3	\$ 76.8	\$ 75.9	1.2
Furniture	.9	.9	.1	.1	1.0	1.0	-
Equipment	12.2	11.4	1.0	1.1	13.2	12.5	5.6
Vehicles	8.0	8.0	4.8	3.6	12.8	11.6	10.3
Storm drainage system	37.6	38.6	-	-	37.6	38.6	(2.6)
Street system	207.5	214.4	-	-	207.5	214.4	(3.2)
Park system	14.3	14.7	-	-	14.3	14.7	(2.7)
Water system	-	-	169.4	162.0	169.4	162.0	4.6
Wastewater system	-	-	118.1	120.0	118.1	120.0	(1.6)
Land	244.2	151.3	15.4	12.8	259.6	164.1	58.2
Work in progress	73.1	43.2	59.9	31.1	133.0	74.3	79.0
Total	\$ 655.0	\$ 538.1	\$ 388.3	\$ 351.0	\$ 1,043.3	\$ 889.1	17.3

The City has adopted a ten year capital improvement plan budgeted at \$856.6 million, including \$353 million in fiscal year 2007. Anticipated funding for this plan is through a combination of impact fees (31%), utility revenue bonds (7%), general obligation bonds (27%), operating revenues (16%), transportation sales tax (11%) and other outside funding sources (8%). 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, notes, contracts and compensated absences, was \$210.1 million at June 30, 2006. Of this total, \$139.8 million was in governmental activities and \$70.3 million was in business-type activities. The City's outstanding non-current debt decreased \$2.2 million in fiscal year 2006. The City issued \$6.7 million in Municipal Development Authority bonds during fiscal year 2006 for construction of the community theater.

Of the total outstanding bonds of \$206.4 million, \$51.2 million is general obligation bonds backed by the full faith and credit of the City. An additional \$9.8 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 \$44.1 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, 2006 is \$44.5 million in the 6% category and \$155.0 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 69) and also in Table XXII in the statistical section of this report (page 161).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2006 and 2005. Further detail on the City's outstanding debt may be found in Note 14 on pages 69-74.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2006	2005	2006	2005	2006	2005	
	General obligation debt	\$ 51.2	\$ 55.3	\$ -	\$ -	\$ 51.2	
Municipal Development Authority debt	24.6	20.2	2.2	2.5	26.8	22.7	18.1
Highway User Revenue bonds	3.8	4.1	-	-	3.8	4.1	(7.3)
Special assessment debt	9.8	11.4	-	-	9.8	11.4	(14.0)
Water/Sewer Revenue bonds	-	-	70.7	75.5	70.7	75.5	(6.4)
Community Facilities District bonds	44.1	44.8	-	-	44.1	44.8	(1.6)
Contracts payable	18.6	13.6	3.7	-	22.3	13.6	64.0
Compensated absences	3.9	3.6	.5	.5	4.4	4.1	7.3
Total	<u>\$ 156.0</u>	<u>\$ 153.0</u>	<u>\$ 77.1</u>	<u>\$ 78.5</u>	<u>\$ 233.1</u>	<u>\$ 231.5</u>	.7

The City currently maintains the following ratings on its general obligation debt: "AA-" from Standard & Poor's, "Aa3" from Moody's and "AA" from Fitch. For the water and sewer revenue bonds, the ratings are "A+" from Standard & Poor's, "A2" from Moody's and "A+" from Fitch.

ECONOMIC FACTORS

The unemployment rate in the metropolitan Phoenix region for June 2006 was 3.8%, which remains below both the state (4.4%) and national average (4.6%). The regional economy remains stable with continued, although slowed, building activity, strong population growth and increased personal income. The state's job market has also expanded over the past year, especially in the vital sectors of business and professional services, construction and manufacturing. Within Peoria, the local economy has remained healthy as residential and commercial activity continues and expands the City's sales tax base. Local economists are predicting population growth of 3.0% for Arizona for the coming year, which in turn, will continue to have a positive effect on the state's housing and employment markets.

The adopted fiscal year 2007 budget is \$654 million, an increase of 51.7% over 2006. Much of this increase is a result of growth in the capital budget which includes several high profile projects such as the Butler Water Reclamation Plant, the new Development Services building, remodeling of the municipal operations center and completion of the 50,000 square foot recreation center at Rio Vista Community Park. The operating budget totals \$202 million, which is an increase of 13.8% over 2006. Given the continued commercial expansion, population growth, and inflationary pressures, this increase is reasonable and necessary for the city to maintain service levels and remain responsive to customer needs.

Overall, there are 97 new FTE (full-time equivalent) staff positions in the fiscal year 2007 budget (compared with 49.5 FTE positions approved in 2006). Of the additional positions, 36 are in public safety with 13 in Police and 23 in Fire. An additional 25 FTE were approved to support facilities slated to be

constructed in the Capital Improvement Plan. Of the remaining positions approved, all but 10 are supported through user fees or outside funding sources.

The City has continued to build cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of a growing city. The City has established Economic 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 \$29 million in the General Fund and \$4.7 million in the Half-Cent Sales Tax Fund at June 30, 2006. The City also maintains a working capital policy reserve in the Utility Funds. At June 30, 2006, those reserves were \$14.1 million in the Water Utility, \$6.1 million in the Wastewater Utility and \$1.4 million in the Solid Waste Utility.

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, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,125,851	\$ 15,010,317	\$ 35,136,168
Investments	159,651,017	117,815,591	277,466,608
Accounts receivable, net	8,755,202	9,390,317	18,145,519
Interest receivable	505,832	376,647	882,479
Internal balances	241,978	(241,978)	-
Due from other governments	5,042,106	-	5,042,106
Prepaid items	1,212,742	57,332	1,270,074
Supply inventories	228,991	567,088	796,079
Deferred bond issuance costs, net	2,309,523	540,894	2,850,417
Restricted cash and cash equivalents	17,334,564	374,229	17,708,793
Restricted investments	6,526,499	-	6,526,499
Other assets	1,800,000	853,349	2,653,349
Special assessments receivable	9,247,534	-	9,247,534
Capital assets:			
Non-depreciable	317,359,711	75,289,461	392,649,172
Depreciable (net)	337,677,299	312,988,154	650,665,453
Total assets	<u>888,018,849</u>	<u>533,021,401</u>	<u>1,421,040,250</u>
LIABILITIES			
Accounts payable	15,587,798	4,524,903	20,112,701
Accrued payroll	1,532,388	176,529	1,708,917
Interest payable	3,426,461	1,530,311	4,956,772
Due to other governments	1,436,398	147,708	1,584,106
Claims payable	3,100,000	250,000	3,350,000
Customer deposits	3,127	944,980	948,107
Unearned revenue	3,278,962	3,876,203	7,155,165
Unamortized bond premium	1,953,139	203,039	2,156,178
Other liabilities	6,156,730	309,024	6,465,754
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	3,501,190	460,010	3,961,200
Current portion of contracts payable	3,207,526	923,741	4,131,267
Current portion of bonds payable	8,860,554	5,293,726	14,154,280
Due in more than one year:			
Noncurrent portion of compensated absences	387,900	54,290	442,190
Noncurrent portion of contracts payable	15,344,447	2,741,000	18,085,447
Noncurrent portion of bonds payable	124,700,594	67,594,949	192,295,543
Less: Deferred loss on bond refunding	(678,565)	(94,916)	(773,481)
Total liabilities	<u>191,798,649</u>	<u>88,935,497</u>	<u>280,734,146</u>
NET ASSETS			
Invested in capital assets, net of related debt	523,429,904	311,724,201	835,154,105
Restricted for:			
Capital projects	-	70,331,472	70,331,472
Development fees	40,794,114	-	40,794,114
Revenue bond retirement	-	8,555,537	8,555,537
Grant purposes	689,132	442,422	1,131,554
Unrestricted	131,307,050	53,032,272	184,339,322
Total net assets	<u>\$ 696,220,200</u>	<u>\$ 444,085,904</u>	<u>\$ 1,140,306,104</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 21,582,693	\$ 2,685,858	\$ 19,905	\$ 2,105,106
Culture and recreation	16,304,875	5,793,176	416,348	7,794,353
Police	25,725,922	828,053	493,252	1,806,701
Fire	14,184,353	1,844,083	101,957	1,783,920
Development services	4,882,448	5,660,591	798,673	-
Highways and streets	18,713,722	104,654	8,493,184	89,806,264
Public works	5,791,128	4,950,541	-	-
Human services	2,054,042	138,653	1,794,415	71,865
Other	26,280	660,872	-	-
Interest on long-term debt	7,223,963	-	-	-
Unallocated depreciation	575,334	-	-	-
Total governmental activities	<u>117,064,760</u>	<u>22,666,481</u>	<u>12,117,734</u>	<u>103,368,209</u>
Business-type activities:				
Water Utility	25,859,997	28,240,253	-	8,648,041
Wastewater Utility	12,782,965	12,227,879	-	4,440,155
Sanitation Utility	8,688,437	9,715,409	7,600	1,009,520
Stadium	5,442,993	2,859,794	-	-
Housing programs	369,052	153,630	129,932	-
Total business-type activities	<u>53,143,444</u>	<u>53,196,965</u>	<u>137,532</u>	<u>14,097,716</u>
Total primary government	<u>\$ 170,208,204</u>	<u>\$ 75,863,446</u>	<u>\$ 12,255,266</u>	<u>\$ 117,465,925</u>

General revenues:

Taxes:

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

Investment earnings

Gain on sale of capital assets

Elimination of 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**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (16,771,824)	\$ -	\$ (16,771,824)
(2,300,998)	-	(2,300,998)
(22,597,916)	-	(22,597,916)
(10,454,393)	-	(10,454,393)
1,576,816	-	1,576,816
79,690,380	-	79,690,380
(840,587)	-	(840,587)
(49,109)	-	(49,109)
634,592	-	634,592
(7,223,963)	-	(7,223,963)
(575,334)	-	(575,334)
<u>21,087,664</u>	<u>-</u>	<u>21,087,664</u>
-	11,028,297	11,028,297
-	3,885,069	3,885,069
-	2,044,092	2,044,092
-	(2,583,199)	(2,583,199)
-	(85,490)	(85,490)
<u>-</u>	<u>14,288,769</u>	<u>14,288,769</u>
<u>\$ 21,087,664</u>	<u>\$ 14,288,769</u>	<u>\$ 35,376,433</u>
\$ 3,274,982	\$ -	\$ 3,274,982
12,930,561	-	12,930,561
61,156,870	-	61,156,870
3,004,895	-	3,004,895
11,681,284	-	11,681,284
11,707,782	-	11,707,782
5,251,577	-	5,251,577
6,723,061	5,222,148	11,945,209
81,122	-	81,122
17,279	-	17,279
5,584,218	-	5,584,218
(12,660,507)	12,660,507	-
<u>108,753,124</u>	<u>17,882,655</u>	<u>126,635,779</u>
<u>129,840,788</u>	<u>32,171,424</u>	<u>162,012,212</u>
<u>566,379,412</u>	<u>411,914,480</u>	<u>978,293,892</u>
<u>\$ 696,220,200</u>	<u>\$ 444,085,904</u>	<u>\$ 1,140,306,104</u>

**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Major Funds			
	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Development Fee Fund
ASSETS				
Cash and cash equivalents	\$ 4,919,053	\$ 1,940,421	\$ 1,071,823	\$ 5,680,355
Cash with fiscal agents	-	-	-	-
Investments	38,816,389	15,730,160	8,688,807	46,048,209
Accounts receivable, net	4,461,329	1,322,895	334,161	-
Interest receivable	164,858	37,568	25,625	117,671
Due from other funds	24,106,000	-	-	-
Due from other governments	3,190,843	-	856,017	-
Prepaid items	889,610	9,902	-	180,453
Supply inventories	58,525	-	80,598	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 76,606,607</u>	<u>\$ 19,040,946</u>	<u>\$ 11,057,031</u>	<u>\$ 52,026,688</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,656,870	\$ 23,733	\$ 711,548	\$ 5,056,385
Accrued payroll	1,323,549	-	53,835	-
Due to other funds	-	-	-	-
Due to other governments	1,434,957	-	-	-
Claims/deposits payable	3,127	-	-	-
Deferred revenue	304,780	-	3,598	-
Other liabilities	4,710,423	-	63,946	35,203
Total liabilities	<u>\$ 10,433,706</u>	<u>\$ 23,733</u>	<u>\$ 832,927</u>	<u>\$ 5,091,588</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Development fees	-	-	-	40,613,661
Grant purposes	-	-	-	-
Supply inventories	58,525	-	80,598	-
Prepaid items	889,610	9,902	-	180,453
Unreserved, designated (see note 11):				
General fund	37,303,014	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	10,955,988	362,512	6,140,986
Unreserved, undesignated, reported in:				
General fund	27,921,752	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	8,051,323	9,780,994	-
Total fund balance	<u>66,172,901</u>	<u>19,017,213</u>	<u>10,224,104</u>	<u>46,935,100</u>
Total liabilities and fund balance	<u>\$ 76,606,607</u>	<u>\$ 19,040,946</u>	<u>\$ 11,057,031</u>	<u>\$ 52,026,688</u>

The accompanying notes are an integral part of the financial statements

Transportation Sales Tax Fund	Special Assessment Debt Service Fund	GO Bond Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 345,834	\$ 127,643	\$ -	\$ 3,678,714	\$ 17,763,843
-	-	-	3,017,233	3,017,233
2,803,529	1,034,751	-	27,381,381	140,503,226
690,256	-	-	1,946,561	8,755,202
1,790	3,240	77	105,560	456,389
-	-	-	-	24,106,000
-	-	-	995,246	5,042,106
-	-	132,777	-	1,212,742
-	-	-	-	139,123
-	-	11,832	14,305,499	14,317,331
-	-	2,098,070	4,428,429	6,526,499
-	9,247,534	-	-	9,247,534
<u>\$ 3,841,409</u>	<u>\$ 10,413,168</u>	<u>\$ 2,242,756</u>	<u>\$ 55,858,623</u>	<u>\$ 231,087,228</u>
\$ 49,213	\$ 1,871	\$ 4,420,698	\$ 1,929,470	\$ 14,849,788
-	-	-	31,013	1,408,397
-	-	24,106,000	-	24,106,000
-	-	-	1,441	1,436,398
-	-	-	-	3,127
-	9,243,866	-	2,957,149	12,509,393
-	7,857	698,790	640,511	6,156,730
<u>\$ 49,213</u>	<u>\$ 9,253,594</u>	<u>\$ 29,225,488</u>	<u>\$ 5,559,584</u>	<u>\$ 60,469,833</u>
\$ -	\$ 1,159,574	\$ -	\$ 33,815,402	\$ 34,974,976
-	-	-	8,249,951	8,249,951
-	-	-	-	40,613,661
-	-	-	689,132	689,132
-	-	-	-	139,123
-	-	132,777	-	1,212,742
-	-	-	-	37,303,014
-	-	-	5,127,432	5,127,432
-	-	-	2,181,061	19,640,547
-	-	-	-	27,921,752
-	-	(27,115,509)	-	(27,115,509)
3,792,196	-	-	236,061	21,860,574
<u>3,792,196</u>	<u>1,159,574</u>	<u>(26,982,732)</u>	<u>50,299,039</u>	<u>170,617,395</u>
<u>\$ 3,841,409</u>	<u>\$ 10,413,168</u>	<u>\$ 2,242,756</u>	<u>\$ 55,858,623</u>	<u>\$ 231,087,228</u>



**CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2006**

Fund balances - total governmental funds balance sheet		\$ 170,617,395
<p>Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 784,227,505	
Less accumulated depreciation	<u>(147,653,612)</u>	636,573,893
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred bond issuance costs	2,309,523	
Deferred loss on bond refunding	<u>678,565</u>	2,988,088
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental bonds payable	133,561,148	
Governmental contracts payable	18,551,973	
Compensated absences	<u>3,477,870</u>	(155,590,991)
<p>Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting</p>		
		1,800,000
<p>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</p>		
		9,243,866
<p>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</p>		
		(1,953,139)
<p>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</p>		
		165,002
<p>Certain revenues were recognized for governmental fund reporting but are deferred for government-wide reporting</p>		
		(178,437)
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		
		(3,426,461)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with the governmental activities.</p>		
		<u>35,980,984</u>
Net assets of governmental activities - statement of net assets		<u><u>\$ 696,220,200</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Major Funds			
	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Development Fee Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ 37,963,070	\$ 16,908,363	\$ 2,384,060	\$ -
Property taxes	2,774,334	-	477,217	-
Franchise taxes	3,004,895	-	-	-
Intergovernmental:				
State shared sales taxes	11,681,284	-	-	-
Urban revenue sharing	11,707,782	-	-	-
Auto in-lieu taxes	5,251,577	-	-	-
Highway user revenue	-	-	8,475,784	-
Local transportation aid	-	-	-	-
From federal government	-	-	17,400	-
Other	368,288	-	-	-
Charges for services	13,920,032	-	104,971	19,923,846
Licenses and permits	4,807,840	-	-	-
Fines and forfeitures	2,078,281	-	-	-
Rents	227,792	-	-	-
Investment earnings	1,742,131	511,199	349,627	1,580,153
Special assessments	-	-	-	-
Miscellaneous	945,072	-	-	-
Total revenues	<u>96,472,378</u>	<u>17,419,562</u>	<u>11,809,059</u>	<u>21,503,999</u>
EXPENDITURES:				
Current:				
General government	19,182,071	510,698	-	13,378
Culture and recreation	14,579,070	-	-	379,083
Police	24,197,548	-	-	14,084
Fire	13,242,155	-	-	12,517
Development services	4,458,459	-	-	-
Highways and streets	-	-	9,589,898	155,097
Public works	4,560,022	-	-	-
Human services	-	-	-	-
Other	-	-	-	-
Debt service:				
Principal payments	42,023	1,827,436	245,000	6,011,769
Interest and other charges	-	49,143	225,290	-
Capital outlay	5,083,143	885,309	1,174,181	1,905,066
Total expenditures	<u>85,344,491</u>	<u>3,272,586</u>	<u>11,234,369</u>	<u>8,490,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,127,887</u>	<u>14,146,976</u>	<u>574,690</u>	<u>13,013,005</u>
OTHER FINANCING SOURCES (USES):				
Capital-related debt issued	47,550	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	5,042,483	-	1,000,000	-
Transfers out	(2,749,305)	(9,489,641)	(397,530)	-
Total other financing sources and uses	<u>2,340,728</u>	<u>(9,489,641)</u>	<u>602,470</u>	<u>-</u>
Net change in fund balances	<u>13,468,615</u>	<u>4,657,335</u>	<u>1,177,160</u>	<u>13,013,005</u>
Fund balances - beginning	52,704,286	14,359,878	9,046,944	33,922,095
Fund balances - ending	<u>\$ 66,172,901</u>	<u>\$ 19,017,213</u>	<u>\$ 10,224,104</u>	<u>\$ 46,935,100</u>

The accompanying notes are an integral part of the financial statements

<u>Transportation Sales Tax Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>GO Bond Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,901,377	\$ -	\$ -	\$ -	\$ 61,156,870
-	-	-	12,825,024	16,076,575
-	-	-	-	3,004,895
-	-	-	-	11,681,284
-	-	-	-	11,707,782
-	-	-	-	5,251,577
-	-	-	-	8,475,784
-	-	-	657,162	657,162
-	-	-	2,804,921	2,822,321
-	-	-	935,334	1,303,622
-	-	-	914,167	34,863,016
-	-	-	-	4,807,840
-	-	-	34,518	2,112,799
-	-	-	700	228,492
18,682	44,840	70,967	1,732,461	6,050,060
-	2,262,770	-	-	2,262,770
-	-	-	4,617,159	5,562,231
<u>3,920,059</u>	<u>2,307,610</u>	<u>70,967</u>	<u>24,521,446</u>	<u>178,025,080</u>
-	-	-	61,762	19,767,909
-	-	-	341,915	15,300,068
-	-	-	503,481	24,715,113
-	-	-	168,198	13,422,870
-	-	-	527,983	4,986,442
30,470	-	381,933	176,004	10,333,402
-	-	-	80,189	4,640,211
-	-	-	1,991,939	1,991,939
-	128	-	411	539
-	1,608,983	-	7,146,421	16,881,632
-	751,046	-	5,721,593	6,747,072
97,393	-	19,419,462	6,379,782	34,944,336
<u>127,863</u>	<u>2,360,157</u>	<u>19,801,395</u>	<u>23,099,678</u>	<u>153,731,533</u>
<u>3,792,196</u>	<u>(52,547)</u>	<u>(19,730,428)</u>	<u>1,421,768</u>	<u>24,293,547</u>
-	-	-	6,675,000	6,722,550
-	-	-	20,559	20,559
-	-	-	4,073,878	10,116,361
-	-	-	(14,233,652)	(26,870,128)
-	-	-	(3,464,215)	(10,010,658)
<u>3,792,196</u>	<u>(52,547)</u>	<u>(19,730,428)</u>	<u>(2,042,447)</u>	<u>14,282,889</u>
-	1,212,121	(7,252,304)	52,341,486	156,334,506
<u>\$ 3,792,196</u>	<u>\$ 1,159,574</u>	<u>\$ (26,982,732)</u>	<u>\$ 50,299,039</u>	<u>\$ 170,617,395</u>



**CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Net change in fund balances - total governmental funds	\$ 14,282,889
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.	(1,108,680)
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.	(1,683,008)
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.	(331,710)
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 (\$34,944,336) exceeded depreciation (\$17,615,050) in the current period.	17,329,286
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 fixed 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.	(669)
Gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses, on the statement of activities.	58,887
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	83,002,484
A development agreement (long-term debt) expired during the year. This had no effect on the governmental financial statements, but creates an other financing source on the statement of activities.	17,279
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.	(6,722,550)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. No effect on net assets.	16,881,632
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.	(165,740)
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.	8,280,688
Change in net assets of governmental activities- statement of activities	<u>\$ 129,840,788</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2005	\$ 43,483,307	\$ 43,483,307	\$ 43,483,307	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	30,764,022	30,764,022	37,748,644	6,984,622
Property taxes	2,782,555	2,782,555	2,767,585	(14,970)
Franchise taxes	2,800,081	2,800,081	2,880,625	80,544
Intergovernmental:				
State shared sales taxes	10,416,000	10,416,000	11,472,509	1,056,509
Urban revenue sharing	11,341,160	11,341,160	11,345,646	4,486
Auto in-lieu taxes	4,846,474	4,846,474	5,183,273	336,799
Other	176,225	176,225	328,075	151,850
Charges for services	21,117,810	21,117,810	23,781,637	2,663,827
Licenses and permits	4,372,220	4,372,220	4,807,840	435,620
Fines and forfeitures	1,482,828	1,482,828	2,078,281	595,453
Rents	153,095	153,095	248,504	95,409
Investment earnings	972,532	972,532	1,741,865	769,333
Miscellaneous	163,750	163,750	945,072	781,322
Transfers from other funds	3,984,944	3,984,944	3,949,856	(35,088)
Total inflows	<u>95,373,696</u>	<u>95,373,696</u>	<u>109,279,412</u>	<u>13,905,716</u>
Amounts available for appropriation	<u>138,857,003</u>	<u>138,857,003</u>	<u>152,762,719</u>	<u>13,905,716</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government:				
Mayor and council	795,021	801,021	755,000	(46,021)
City manager	2,266,865	2,471,173	2,356,057	(115,116)
Human resources	1,784,111	1,884,111	1,837,044	(47,067)
Attorney	2,095,582	2,111,841	1,889,169	(222,672)
City clerk	803,962	942,347	861,266	(81,081)
Court	1,214,029	1,330,161	1,323,353	(6,808)
Economic development	445,572	449,372	414,604	(34,768)
Finance	9,369,372	9,345,321	8,760,503	(584,818)
Non-departmental	11,087,597	11,277,057	10,895,157	(381,900)
Culture and recreation	14,742,203	14,806,118	14,510,265	(295,853)
Police	25,213,194	25,328,128	24,198,655	(1,129,473)
Fire	13,874,091	14,044,256	13,235,985	(808,271)
Development services	4,984,737	5,444,712	4,459,103	(985,609)
Public works	4,936,077	5,149,356	4,560,681	(588,675)
Debt service:				
Principal payments	-	42,024	-	(42,024)
Capital outlay	5,776,178	15,297,870	4,184,656	(11,113,214)
Contingencies	9,150,000	162,772	-	(162,772)
Transfers to other funds	2,650,778	2,650,778	2,651,808	1,030
Total charges to appropriations	<u>111,189,369</u>	<u>113,538,418</u>	<u>96,893,306</u>	<u>(16,645,112)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 27,667,634</u>	<u>\$ 25,318,585</u>	<u>\$ 55,869,413</u>	<u>\$ 30,550,828</u>

The accompanying notes are an integral part of the financial statements

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	\$ 152,762,719
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(43,483,307)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(3,949,856)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(9,948,337)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	1,091,159
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 96,472,378</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 96,893,306
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(543,053)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	598,838
Capital outlay recognized as expenditures in proprietary fund for budgetary purposes, but assets reclassified to expenditure in governmental funds for financial reporting purposes	112,675
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	722,645
Capital outlay for capital leases are expenditures for GAAP purposes, but not for budgetary purposes	47,550
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(9,835,662)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(2,651,808)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 85,344,491</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HALF-CENT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 12,928,088	\$ 12,928,088	\$ 12,928,088	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	13,621,331	13,621,331	16,786,540	3,165,209
Investment earnings	159,000	159,000	513,183	354,183
Total inflows	<u>13,780,331</u>	<u>13,780,331</u>	<u>17,299,723</u>	<u>3,519,392</u>
Amounts available for appropriation	<u>26,708,419</u>	<u>26,708,419</u>	<u>30,227,811</u>	<u>3,519,392</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government- non-departmental	619,978	698,282	503,456	(194,826)
Debt service:				
Principal payments	2,178,838	2,178,838	1,827,436	(351,402)
Interest and other charges	394,161	394,161	49,143	(345,018)
Capital outlay	7,960,327	9,899,961	1,167,358	(8,732,603)
Contingencies	1,500,000	183,498	-	(183,498)
Transfers to other funds	9,521,751	9,521,751	9,489,641	(32,110)
Total charges to appropriations	<u>22,175,055</u>	<u>22,876,491</u>	<u>13,037,034</u>	<u>(9,839,457)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 4,533,364</u>	<u>\$ 3,831,928</u>	<u>\$ 17,190,777</u>	<u>\$ 13,358,849</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 30,227,811
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(12,928,088)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	119,839
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 17,419,562</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 13,037,034
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(274,807)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(9,489,641)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,272,586</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HIGHWAY USER REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 7,579,469	\$ 7,579,469	\$ 7,579,469	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	2,108,000	2,108,000	2,334,936	226,936
Property taxes	485,720	485,720	478,444	(7,276)
Intergovernmental:				
Highway user revenue	8,155,559	8,155,559	8,426,335	270,776
From federal government	-	-	17,400	17,400
Charges for services	469,920	469,920	399,661	(70,259)
Licenses and permits	3,500	3,500	-	(3,500)
Investment earnings	150,185	150,059	350,717	200,658
Transfers from other funds	1,485,720	1,485,720	1,485,720	-
Total inflows	<u>12,858,604</u>	<u>12,858,478</u>	<u>13,493,213</u>	<u>634,735</u>
Amounts available for appropriation	<u>20,438,073</u>	<u>20,437,947</u>	<u>21,072,682</u>	<u>634,735</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Highways and streets	10,561,544	10,823,486	9,587,336	(1,236,150)
Debt service:				
Principal payments	245,000	245,000	245,000	-
Interest and other charges	225,390	225,390	225,290	(100)
Capital outlay	1,546,970	2,490,412	1,245,557	(1,244,855)
Contingencies	750,000	-	-	-
Transfers to other funds	833,892	836,347	835,736	(611)
Total charges to appropriations	<u>14,162,796</u>	<u>14,620,635</u>	<u>12,138,919</u>	<u>(2,481,716)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 6,275,277</u>	<u>\$ 5,817,312</u>	<u>\$ 8,933,763</u>	<u>\$ 3,116,451</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 21,072,682
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,579,469)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(1,485,720)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(290,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	91,566
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,809,059</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12,138,919
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(36,113)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	304,813
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(47,514)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(290,000)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(835,736)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,234,369</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
DEVELOPMENT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 28,962,953	\$ 28,962,953	\$ 28,962,953	\$ -
RESOURCES (INFLOWS):				
Impact/expansion fees	10,616,060	10,616,060	19,743,393	9,127,333
Investment earnings	508,285	501,708	1,554,108	1,052,400
Total inflows	<u>11,124,345</u>	<u>11,117,768</u>	<u>21,297,501</u>	<u>10,179,733</u>
Amounts available for appropriation	<u>40,087,298</u>	<u>40,080,721</u>	<u>50,260,454</u>	<u>10,179,733</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government-non departmental	-	13,378	13,378	-
Culture and recreation	1,628,028	317,324	382,792	65,468
Police	-	10,680	10,683	3
Fire	1,500	12,517	12,517	-
Highways and streets	2,080,466	155,097	155,097	-
Debt service:				
Principal payments	-	6,011,769	1,237,650	(4,774,119)
Capital outlay	13,310,510	17,993,324	1,973,450	(16,019,874)
Contingencies	590,000	-	-	-
Total charges to appropriations	<u>17,610,504</u>	<u>24,514,089</u>	<u>3,785,567</u>	<u>(20,728,522)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 22,476,794</u>	<u>\$ 15,566,632</u>	<u>\$ 46,474,887</u>	<u>\$ 30,908,255</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 50,260,454
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(28,962,953)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	206,498
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 21,503,999</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,785,567
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	4,705,427
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,490,994</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
TRANSPORTATION SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	3,840,000	3,840,000	3,211,121	(628,879)
Investment earnings	10,000	10,000	16,892	6,892
Total inflows	<u>3,850,000</u>	<u>3,850,000</u>	<u>3,228,013</u>	<u>(621,987)</u>
Amounts available for appropriation	<u>3,850,000</u>	<u>3,850,000</u>	<u>3,228,013</u>	<u>(621,987)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Highways and streets	2,464	2,464	30,470	28,006
Capital outlay	1,316,332	716,332	48,180	(668,152)
Total charges to appropriations	<u>1,318,796</u>	<u>718,796</u>	<u>78,650</u>	<u>(640,146)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 2,531,204</u>	<u>\$ 3,131,204</u>	<u>\$ 3,149,363</u>	<u>\$ 18,159</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,228,013
Differences - budget to GAAP:	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	692,046
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,920,059</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 78,650
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	49,213
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 127,863</u>

CITY OF PEORIA, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	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	\$ 7,512,897	\$ 5,207,084	\$ 1,843,476	\$ 7,214
Restricted cash with fiscal agents	188,258	47,667	-	138,242
Investments	60,639,794	42,211,597	14,944,271	19,929
Accounts receivable, net	5,367,624	2,338,196	1,661,909	4,325
Interest receivable	197,217	131,248	45,326	2,856
Prepaid items	57,332	-	-	-
Supplies inventory	550,960	-	16,128	-
Total current assets	<u>74,514,082</u>	<u>49,935,792</u>	<u>18,511,110</u>	<u>172,566</u>
Non-current assets:				
Restricted assets:				
Cash equivalents	31	8	-	23
Capital assets:				
Buildings and improvements	82,327	5,704	10,799	25,754,319
Distribution and collection systems	201,604,659	153,402,807	-	-
Equipment	1,057,324	477,479	35,861	700,237
Vehicles	1,756,994	821,922	6,244,641	335,965
Furniture	110,750	12,919	8,013	-
Less accumulated depreciation	(33,882,130)	(35,864,830)	(2,921,125)	(8,552,787)
Land and improvements	4,442,150	3,870,975	-	6,703,349
Construction in progress	39,526,139	20,305,563	-	30,935
Capital assets, net	<u>214,698,213</u>	<u>143,032,539</u>	<u>3,378,189</u>	<u>24,972,018</u>
Unamortized bonds costs	200,485	337,309	-	3,100
Other assets	655,036	198,313	-	-
Total non-current assets	<u>215,553,765</u>	<u>143,568,169</u>	<u>3,378,189</u>	<u>24,975,141</u>
Total assets	<u>290,067,847</u>	<u>193,503,961</u>	<u>21,889,299</u>	<u>25,147,707</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,355,237	1,754,485	342,785	72,396
Accrued payroll	93,703	18,453	43,556	20,817
Accrued interest payable	1,177,818	332,462	-	20,031
Due to other governments	147,497	-	-	211
Other current liabilities	303,944	-	-	5,080
Claims payable	250,000	-	-	-
Current portion of compensated absences	224,930	63,880	122,130	49,070
Current portion of bonds and contracts payable	4,056,752	2,042,504	-	118,211
Total current liabilities	<u>8,609,881</u>	<u>4,211,784</u>	<u>508,471</u>	<u>285,816</u>
Non-current liabilities:				
Deposits payable	929,493	-	-	-
Unearned revenue	3,856,353	-	-	19,850
Deferred bond premium	102,157	25,866	-	75,016
Compensated absences	27,150	7,220	14,060	5,860
Long-term portion of bonds and contracts payable	53,392,382	16,239,190	-	704,377
Less: Deferred loss on bond refunding	(38,884)	(9,847)	-	(46,185)
Total non-current liabilities	<u>58,268,651</u>	<u>16,262,429</u>	<u>14,060</u>	<u>758,918</u>
Total liabilities	<u>66,878,532</u>	<u>20,474,213</u>	<u>522,531</u>	<u>1,044,734</u>
NET ASSETS				
Invested in capital assets, net of related debt	157,249,080	124,750,846	3,378,189	24,149,430
Restricted:				
Capital projects	31,238,807	27,729,487	11,363,178	-
Revenue bond retirement	4,975,864	3,579,673	-	-
Grant purpose	-	-	-	-
Unrestricted	29,725,564	16,969,742	6,625,401	(46,457)
Total net assets	<u>\$ 223,189,315</u>	<u>\$ 173,029,748</u>	<u>\$ 21,366,768</u>	<u>\$ 24,102,973</u>

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
\$ 439,646	\$ 15,010,317	\$ 2,362,008
-	374,167	-
-	117,815,591	19,147,791
18,263	9,390,317	-
-	376,647	49,443
-	57,332	-
-	567,088	89,868
<u>457,909</u>	<u>143,591,459</u>	<u>21,649,110</u>
-	62	-
3,276,922	29,130,071	148,102
-	355,007,466	-
136,523	2,407,424	20,955,546
-	9,159,522	15,945,138
9,613	141,295	72,701
(1,636,752)	(82,857,624)	(21,700,697)
410,350	15,426,824	-
-	59,862,637	3,042,327
<u>2,196,656</u>	<u>388,277,615</u>	<u>18,463,117</u>
-	540,894	-
-	853,349	-
<u>2,196,656</u>	<u>389,671,920</u>	<u>18,463,117</u>
<u>2,654,565</u>	<u>533,263,379</u>	<u>40,112,227</u>
-	4,524,903	738,010
-	176,529	127,161
-	1,530,311	-
-	147,708	-
-	309,024	-
-	250,000	3,100,000
-	460,010	363,310
-	6,217,467	-
<u>-</u>	<u>13,615,952</u>	<u>4,328,481</u>
15,487	944,980	-
-	3,876,203	-
-	203,039	-
-	54,290	44,740
-	70,335,949	-
-	(94,916)	-
<u>15,487</u>	<u>75,319,545</u>	<u>44,740</u>
<u>15,487</u>	<u>88,935,497</u>	<u>4,373,221</u>
2,196,656	311,724,201	18,463,117
-	70,331,472	-
-	8,555,537	-
442,422	442,422	-
-	53,274,250	17,275,889
<u>\$ 2,639,078</u>	<u>\$ 444,327,882</u>	<u>\$ 35,739,006</u>
	(241,978)	
	<u>\$ 444,085,904</u>	

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
OPERATING REVENUES				
Charges for services	\$ 28,154,989	\$ 12,222,633	\$ 9,502,949	\$ 1,328,638
Rents	-	-	-	1,524,876
From federal government	-	-	7,600	-
Miscellaneous	54,365	-	-	52
Total operating revenues	<u>28,209,354</u>	<u>12,222,633</u>	<u>9,510,549</u>	<u>2,853,566</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	4,901,925	1,071,111	2,663,344	1,024,324
Contractual services, materials and supplies	13,981,830	7,363,208	5,573,653	3,690,768
Insurance claims and expenses	-	-	-	-
Depreciation and amortization	4,690,818	3,644,919	598,804	760,831
Total operating expenses	<u>23,574,573</u>	<u>12,079,238</u>	<u>8,835,801</u>	<u>5,475,923</u>
Operating income (loss)	4,634,781	143,395	674,748	(2,622,357)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,735,351	1,815,484	621,514	38,283
Interest expense	(2,373,676)	(738,413)	-	(36,698)
Gain (loss) on sale of capital assets	30,899	5,246	212,460	6,228
Total non-operating revenues (expenses)	<u>392,574</u>	<u>1,082,317</u>	<u>833,974</u>	<u>7,813</u>
Income (loss) before contributions and transfers	5,027,355	1,225,712	1,508,722	(2,614,544)
Capital contributions	8,648,041	4,440,155	1,009,520	-
Transfers in	12,331,138	4,269,750	40,700	2,357,934
Transfers out	(5,003,210)	(743,731)	(300,484)	(291,590)
Change in net assets	<u>21,003,324</u>	<u>9,191,886</u>	<u>2,258,458</u>	<u>(548,200)</u>
Total net assets - beginning	202,185,991	163,837,862	19,108,310	24,651,173
Total net assets - ending	<u>\$ 223,189,315</u>	<u>\$ 173,029,748</u>	<u>\$ 21,366,768</u>	<u>\$ 24,102,973</u>

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

Change in net assets of business-type activities

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ -	\$ 51,209,209	\$ 22,031,762
150,400	1,675,276	-
129,932	137,532	-
3,230	57,647	257,536
<u>283,562</u>	<u>53,079,664</u>	<u>22,289,298</u>
-	9,660,704	6,843,317
283,563	30,893,022	9,581,660
-	-	2,009,965
85,489	9,780,861	3,869,938
<u>369,052</u>	<u>50,334,587</u>	<u>22,304,880</u>
(85,490)	2,745,077	(15,582)
11,516	5,222,148	673,001
-	(3,148,787)	-
-	254,833	65,164
<u>11,516</u>	<u>2,328,194</u>	<u>738,165</u>
(73,974)	5,073,271	722,583
-	14,097,716	-
-	18,999,522	4,254,867
-	(6,339,015)	(161,607)
<u>(73,974)</u>	<u>31,831,494</u>	<u>4,815,843</u>
2,713,052	412,496,388	30,923,163
<u>\$ 2,639,078</u>	<u>\$ 444,327,882</u>	<u>\$ 35,739,006</u>

339,930

\$ 32,171,424

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**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	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	\$ 28,180,968	\$ 11,831,613	\$ 9,285,531	\$ 2,845,067
Payments to suppliers	(11,819,991)	(7,614,184)	(2,409,049)	(3,074,325)
Payments to employees	(4,891,998)	(1,080,461)	(2,665,005)	(1,019,895)
Self-insurance costs	-	-	-	-
Payments to internal service funds	(1,400,207)	(429,744)	(3,050,473)	(629,671)
Net cash provided (used) by operating activities	<u>10,068,772</u>	<u>2,707,224</u>	<u>1,161,004</u>	<u>(1,878,824)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	12,331,138	4,269,750	40,700	2,357,934
Transfers out	(5,003,210)	(743,731)	(300,484)	(291,590)
Net cash provided (used) by non-capital financing activities	<u>7,327,928</u>	<u>3,526,019</u>	<u>(259,784)</u>	<u>2,066,344</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Net acquisition and construction of capital assets	(33,265,685)	(11,771,451)	(1,298,405)	(132,385)
Capital contributions	8,522,817	4,364,858	1,009,520	-
Principal payments on capital debt	682,824	(1,968,785)	-	(102,925)
Interest paid on capital debt	(2,433,428)	(703,100)	-	(42,948)
Net cash provided (used) by capital and related financing activities	<u>(26,493,472)</u>	<u>(10,078,478)</u>	<u>(288,885)</u>	<u>(278,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(113,802,857)	(78,883,595)	(27,900,950)	(50,729)
Proceeds from sale of investments	114,634,314	78,185,297	26,083,950	105,439
Interest received on investments	2,765,461	1,839,806	622,713	37,477
Net cash provided (used) by investing activities	<u>3,596,918</u>	<u>1,141,508</u>	<u>(1,194,287)</u>	<u>92,187</u>
Net increase (decrease) in cash and cash equivalents	(5,499,854)	(2,703,727)	(581,952)	1,449
Cash and cash equivalents at beginning of year	13,201,040	7,958,486	2,425,428	144,030
Cash and cash equivalents at end of year	<u>\$ 7,701,186</u>	<u>\$ 5,254,759</u>	<u>\$ 1,843,476</u>	<u>\$ 145,479</u>
Classified as:				
Cash and cash equivalents	\$ 7,512,897	\$ 5,207,084	\$ 1,843,476	\$ 7,214
Restricted cash with fiscal agents	188,258	47,667	-	138,242
Non-current restricted cash and cash equivalents	31	8	-	23
Totals	<u>\$ 7,701,186</u>	<u>\$ 5,254,759</u>	<u>\$ 1,843,476</u>	<u>\$ 145,479</u>

The accompanying notes are an integral part of the financial statements

<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 286,870	\$ 52,430,049	\$ 22,290,498
(283,287)	(25,200,836)	(9,575,261)
-	(9,657,359)	(6,820,830)
-	-	(2,009,965)
(276)	(5,510,371)	-
<u>3,307</u>	<u>12,061,483</u>	<u>3,884,442</u>
-	18,999,522	4,254,867
-	(6,339,015)	(161,607)
-	<u>12,660,507</u>	<u>4,093,260</u>
-	(46,467,926)	(5,518,939)
-	13,897,195	-
-	(1,388,886)	-
-	(3,179,476)	-
-	<u>(37,139,093)</u>	<u>(5,518,939)</u>
-	(220,638,131)	(35,763,945)
-	219,009,000	32,128,473
11,516	5,276,973	672,622
<u>11,516</u>	<u>3,647,842</u>	<u>(2,962,850)</u>
14,823	(8,769,261)	(504,087)
424,823	24,153,807	2,866,095
<u>\$ 439,646</u>	<u>\$ 15,384,546</u>	<u>\$ 2,362,008</u>
\$ 439,646	\$ 15,010,317	\$ 2,362,008
-	374,167	-
-	62	-
<u>\$ 439,646</u>	<u>\$ 15,384,546</u>	<u>\$ 2,362,008</u>

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	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)	\$ 4,634,781	\$ 143,395	\$ 674,748	\$ (2,622,357)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,690,818	3,644,919	598,804	760,831
(Increase) decrease in assets:				
Accounts receivable	(249,993)	(391,020)	(225,018)	(4,325)
Prepaid items	14,286	-	-	-
Supplies inventory	(168,892)	-	10,588	-
Increase (decrease) in liabilities:				
Accounts payable	730,801	(680,701)	103,543	(14,548)
Accrued payroll	10,257	970	2,999	1,289
Due to other governments	19,678	(19)	-	(50)
Other liabilities	165,760	-	-	1,370
Deposits payable	221,606	-	-	-
Claims payable	-	-	-	-
Deferred revenue	1	-	-	(4,174)
Compensated absences	(330)	(10,320)	(4,660)	3,140
Total adjustments	<u>5,433,991</u>	<u>2,563,829</u>	<u>486,256</u>	<u>743,533</u>
Net cash provided (used) by operating activities	<u>\$ 10,068,772</u>	<u>\$ 2,707,224</u>	<u>\$ 1,161,004</u>	<u>\$ (1,878,824)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	\$ 125,224	\$ 75,297	\$ -	\$ -
Increase in fair market value of investments	150,623	96,625	27,571	1,818
Total non-cash investing, capital and financing activities	<u>\$ 275,847</u>	<u>\$ 171,922</u>	<u>\$ 27,571</u>	<u>\$ 1,818</u>

The accompanying notes are an integral part of the financial statements

<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ (85,490)	\$ 2,745,077	\$ (15,582)
85,489	9,780,861	3,869,938
2,288	(868,068)	1,200
-	14,286	-
-	(158,304)	56,271
-	139,095	(49,768)
-	15,515	(11,003)
-	19,609	(104)
-	167,130	-
1,020	222,626	-
-	-	-
-	(4,173)	-
-	(12,170)	33,490
<u>88,797</u>	<u>9,316,406</u>	<u>3,900,024</u>
<u>\$ 3,307</u>	<u>\$ 12,061,483</u>	<u>\$ 3,884,442</u>
\$ -	\$ 200,521	\$ -
-	276,637	25,122
<u>\$ -</u>	<u>\$ 477,158</u>	<u>\$ 25,122</u>

(concluded)

CITY OF PEORIA, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Firemen's Pension Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 29,699	\$ 46,191
Investments, at fair value	240,755	374,449
Due from other governments	1,885	-
Interest receivable	766	97
Total assets	273,105	420,737
LIABILITIES		
Accounts payable	-	4,035
Other liabilities	-	416,702
Total liabilities	-	420,737
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ 273,105	

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, 2006

	Firemen's Pension Fund
ADDITIONS	
Contributions:	
State insurance premium tax rebate	\$ 1,885
Total contributions	1,885
Investment earnings:	
Interest and investment income	\$ 10,275
Total investment earnings	10,275
Less investment expenses:	
Investment management fees	234
Net investment earnings	10,041
Total additions	11,926
DEDUCTIONS	
Retirement payments	29,400
Total deductions	29,400
Change in net assets	(17,474)
Net assets - beginning of the year	290,579
Net assets - end of the year	\$ 273,105

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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CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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.

GASB Statement #20 requires that governments' enterprise activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

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, 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, 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, substantially or wholly, comprised of the government's elected council.

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. 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.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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.

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.

Reservations or designations 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 reservations and designations 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 general 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,

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

that are not restricted for use in any function, are 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 the model sets forth minimum criteria for 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.

The proprietary fund and fiduciary fund financial statements 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

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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; the Development Fee Fund accounts for the receipt and expenditure of development impact or expansion fees for all governmental activities; 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 general long-term debt not being financed by proprietary funds. The Special Assessment Debt Service Fund, which accounts for the receipt of revenues from special assessment districts and the payment of the special assessment bonds, is a major fund presented in the basic financial statements.

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 GO Bond Capital Projects Fund accounts for the bond proceeds from general obligation bonds and the expenditure of those monies.

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.

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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. These costs 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 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 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. 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 two agency funds. One 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. The second accounts for monies held on behalf of Neighborhood Pride, a separate not-for-profit agency for which the City operates as an 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

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decreases in net current assets, and unreserved 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. City levied 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 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.

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- 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 2006.
- 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 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 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 after the expiration of the most recent voter approved "Home rule" option that the City had previously operated under. The City of Peoria's state calculated expenditure limitation for fiscal year 2005-2006, including the permanent base adjustment, was \$543,821,632.

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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. In the governmental funds, encumbrances are reported as designations of fund balances at June 30 in the fund financial statements, since they do not constitute expenditures or liabilities. No restrictions of net assets for encumbrances are shown in the government-wide financial statements. Encumbrance accounting is employed in the proprietary fund types for budget purposes only, but is not shown as restricted net assets in the financial statements.

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.

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.

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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 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 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, 2006, the City capitalized net interest costs of \$0 in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$3,090,925.

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

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<u>Assets</u>	<u>Useful life (Years)</u>
Buildings and improvements	40
Water and sewer systems	40
Storm drainage systems	40
Street system	40
Park facilities and streetscape	25
Streetlights and traffic control devices	10
Equipment	7-15
Furniture and fixtures	7-15
Vehicles	3-12
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. 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".

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.

L. Receivables

All receivables are shown net of an allowance for uncollectible accounts. For trade accounts receivable (miscellaneous receivables and utility billing receivables), all amounts outstanding in excess of 90 days are included in the allowance. Also see Notes 5 and 7.

M. 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.

N. 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

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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, 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.

O. 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.

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 are recorded as a liability. Compensated absences are liquidated when mature by the various operating funds accruing the liability.

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. Therefore, no sick leave obligation is accrued. 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.

P. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. 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 expenditures reported in the internal service fund. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

The claims liability of \$3,100,000 reported in the Self-Insurance Fund, as well as \$250,000 reported in the Water Utility Fund, at June 30, 2006 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 City is self-insured for property and public liability up to \$500,000 and for auto liability claims up to \$25,000 or \$50,000, depending on the value of the vehicle. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts. For additional information on insurance amounts, see Table XXXIII on page 172. 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. During the fiscal year ended June 30, 2006, there was no significant reduction in excess insurance coverage. Additionally, settlements

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for each of the last three fiscal years have not exceeded the City's insurance coverage. Changes in the Self-Insurance Fund's claims liability amount in fiscal years 2005 and 2006 were:

Years Ended, June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2005	\$3,100,000	\$903,566	\$(903,566)	\$3,100,000
2006	3,100,000	912,910	(912,910)	3,100,000

Q. 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.

R. New Accounting Standards

During fiscal year 2006, the City implemented the following new accounting standard issued by the Governmental Accounting Standards Board:

Statement No. 44 – *“Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1”*.

S. 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. 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)	Reclassifications and Eliminations	Statement of Net Assets Totals
Assets					
Cash and cash equivalents	\$ 17,763,843	-	2,362,008	-	20,125,851
Investments	140,503,226	-	19,147,791	-	159,651,017
Accounts receivable, net	8,755,202	-	-	-	8,755,202
Interest receivable	456,389	-	49,443	-	505,832
Internal balances	24,106,000	-	241,978	(24,106,000)	241,978
Due from other governments	5,042,106	-	-	-	5,042,106
Prepaid items	1,212,742	-	-	-	1,212,742
Supply inventories	139,123	-	89,868	-	228,991
Deferred bond issuance costs, net	-	2,309,523	-	-	2,309,523
Other assets	-	1,800,000	-	-	1,800,000
Restricted cash/cash equivalents	17,334,564	-	-	-	17,334,564

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Restricted investments	6,526,499	-	-	-	6,526,499
Special assessment receivables	9,247,534	-	-	-	9,247,534
Capital assets	-	636,573,893	18,463,117	-	655,037,010
Total assets	<u>\$231,087,228</u>	<u>640,683,416</u>	<u>40,354,205</u>	<u>(24,106,000)</u>	<u>888,018,849</u>
Liabilities					
Accounts payable	\$ 14,849,788	-	738,010	-	15,587,798
Accrued payroll	1,408,397	-	127,161	(3,170)	1,532,388
Interest payable	-	3,426,461	-	-	3,426,461
Due to other funds	24,106,000	-	-	(24,106,000)	-
Due to other governments	1,436,398	-	-	-	1,436,398
Claims payable	-	-	3,100,000	-	3,100,000
Customer deposits	3,127	-	-	-	3,127
Deferred revenue	12,509,393	(9,230,431)	-	-	3,278,962
Other liabilities	6,156,730	-	-	-	6,156,730
Unamortized bond premium	-	1,953,139	-	-	1,953,139
Compensated absences-current	-	3,134,990	363,310	2,890	3,501,190
Current bonds/contracts payable	-	12,068,080	-	-	12,068,080
Long-term liabilities (net of deferred loss)	-	139,709,356	44,740	280	139,754,376
Total liabilities	<u>\$ 60,469,833</u>	<u>151,061,595</u>	<u>4,373,221</u>	<u>(24,106,000)</u>	<u>191,798,646</u>
Fund Balance/Net Assets					
Total fund balance/net assets	\$170,617,395	489,621,821	35,980,984	-	696,220,200
Total liabilities and fund balance/net assets	<u>\$231,087,228</u>	<u>640,683,416</u>	<u>40,354,205</u>	<u>(24,106,000)</u>	<u>888,018,849</u>

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

Costs of capital assets	\$ 784,227,505
Accumulated depreciation	(147,653,612)
	<u>\$ 636,573,893</u>

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

Interest payable	<u>\$ 3,426,461</u>
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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.

	<u>\$ 2,309,523</u>
--	---------------------

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

	<u>\$ 1,953,139</u>
--	---------------------

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	\$ 18,551,973
Bonds payable	133,561,148
Compensated absences	3,477,870
Subtotal	<u>155,590,991</u>
Less: current compensated absences	3,134,990
current portion of bonds/contracts	<u>12,068,080</u>
	<u>\$ 140,387,921</u>

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

	<u>\$ (678,565)</u>
--	---------------------

Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill.

	<u>\$ 1,800,000</u>
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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 grant 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	\$ (9,243,866)
Other deferred revenue	13,435
	<u>\$ (9,230,431)</u>

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(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 \$ 35,980,984

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

Interfund receivables \$ 24,106,000
 Interfund payables (24,106,000)
\$ -

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

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses(1)</u>	<u>Capital- related Items(2)</u>	<u>Internal Service Funds(3)</u>	<u>Long-term Debt Transactions(4)</u>	<u>Eliminations and Adjustments(5)</u>	<u>Statement of Activities</u>
Revenues and Other Sources							
Taxes:							
Sales and use taxes	\$ 61,156,870	-	-	-	-	-	61,156,870
Property taxes	16,076,575	97,327	-	-	-	31,641	16,205,543
Franchise taxes	3,004,895	-	-	-	-	-	3,004,895
Intergovernmental:							
State shared sales taxes	11,681,284	-	-	-	-	-	11,681,284
Urban revenue sharing	11,707,782	-	-	-	-	-	11,707,782
Auto-in-lieu taxes	5,251,577	-	-	-	-	-	5,251,577
Highway user revenue	8,475,784	-	-	-	-	-	8,475,784
Local transportation aid	657,162	-	-	-	-	-	657,162
From federal government	2,822,321	-	-	-	-	-	2,822,321
Other	1,303,622	-	-	-	-	-	1,303,622
Charges for services	34,863,016	(178,437)	-	-	-	(385,866)	34,298,713
Licenses and permits	4,807,840	-	-	-	-	5	4,807,845
Fines and forfeitures	2,112,799	-	-	-	-	2,632	2,115,431
Rents	228,492	-	-	-	-	-	228,492
Investment earnings	6,050,060	-	-	673,001	-	-	6,723,061
Special assessments	2,262,770	(1,601,898)	-	-	-	-	660,872
Miscellaneous	5,562,231	-	(669)	37,201	-	(14,545)	5,584,218
Other sources:							
Gain on sale of capital assets	-	-	-	66,577	-	14,545	81,122
Capital contributions	-	-	83,002,484	-	-	(220,302)	82,782,182
Capital related debt issued	6,722,550	-	-	-	(6,722,550)	-	-
Premium on bonds issued	20,559	-	-	-	(20,559)	-	-
Expired debt agreement	-	-	-	-	17,279	-	17,279
Transfers in	10,116,361	-	-	4,254,867	-	(11,766,529)	2,604,699
Total revenues and other sources	194,884,550	(1,683,008)	83,068,392	4,965,069	(6,725,830)	(12,338,419)	262,170,754

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses(1)</u>	<u>Capital- related Items(2)</u>	<u>Internal Service Funds(3)</u>	<u>Long-term Debt Transactions(4)</u>	<u>Eliminations and Adjustments(5)</u>	<u>Statement of Activities</u>
Expenditures/Expenses							
Current:							
General government	19,767,909	226,170	2,141,980	(559,266)	-	9,900	21,582,693
Culture and recreation	15,300,068	123,150	1,612,411	(339,408)	-	(391,346)	16,304,875
Police	24,715,113	405,570	1,466,375	(663,768)	-	2,632	25,725,922
Fire	13,422,870	164,160	1,197,162	(605,655)	-	5,816	14,184,353
Development services	4,986,442	37,360	73,367	(131,414)	-	(83,307)	4,882,448
Highways and streets	10,333,402	57,420	9,127,918	(667,692)	-	(137,326)	18,713,722
Public works	4,640,211	84,930	1,355,850	(289,863)	-	-	5,791,128
Human services	1,991,939	9,920	72,343	(20,160)	-	-	2,054,042
Other	539	-	-	-	-	25,741	26,280
Debt service:							
Principal payments	16,881,632	-	-	-	(16,881,632)	-	-

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Interest and other charges	6,747,072	331,710	-	-	145,181	-	7,223,963
Capital outlay	34,944,336	-	(34,944,336)	-	-	-	-
Unallocated depreciation	-	-	575,334	-	-	-	575,334
Total expenditures/ expenses	<u>153,731,533</u>	<u>1,440,390</u>	<u>(17,321,596)</u>	<u>(3,477,226)</u>	<u>(16,736,451)</u>	<u>(571,890)</u>	<u>117,064,760</u>

**Other financing uses/changes
in net assets**

Transfers out	26,870,128	-	-	161,607	-	(11,766,529)	15,265,206
Total expenditures/expenses & other financing uses	<u>160,601,661</u>	<u>1,440,390</u>	<u>(17,321,596)</u>	<u>(3,315,619)</u>	<u>(16,736,451)</u>	<u>(12,338,419)</u>	<u>132,329,966</u>
Net change for the year	<u>\$ 14,282,889</u>	<u>(3,123,398)</u>	<u>100,389,988</u>	<u>8,280,688</u>	<u>10,010,621</u>	<u>-</u>	<u>129,840,788</u>

(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 \$ 1,108,680

Interest expense on long-term debt is accrued for the statement of activities but is not accrued for the governmental fund statements. Amortization of the discount on Capital Appreciation Bonds (CAB's) and amortization of deferred loss on refunding is also included in the statement of activities, but not the governmental fund statements.

Accrued interest \$ 487,000
 Amortization of loss on refunding 96,938
 Amortization of bond premium (252,228)
\$ 331,710

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.

\$ 97,327

Certain development agreements received in the governmental funds are deferred in the government-wide statements until the matching assets are accepted.

\$ (178,437)

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 \$ (1,601,898)

(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 \$ 34,944,336
 Depreciation expense (17,615,050)
\$ 17,329,286

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: \$ (,669)

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 \$ 83,002,484

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

Gains 66,577
 Losses (7,690)
\$ 58,887

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(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	\$ 4,965,069
Expenditures and other uses	<u>3,315,619</u>
Change in net assets	<u>\$ 8,280,688</u>

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

Principal payments made	<u>\$ 16,881,632</u>
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The issuance of additional debt is reported as a revenue in the governmental funds, but is an increase in outstanding debt, not a revenue, for government-wide reporting.

Bonds issued	\$ (6,675,000)
Additional contracts payable	<u>(47,550)</u>
	<u>\$ (6,722,550)</u>

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	\$ 70,656
Bond premium for new debt	<u>(20,559)</u>
Amortization of bond issuance costs	<u>(215,837)</u>
	<u>\$ (165,740)</u>

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 fund statements, but creates an other financing source on the statement of activities.

	<u>\$ 17,279</u>
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(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.

The allowance for uncollectible accounts receivable reduces revenues in the governmental funds statement of revenues, expenditures and changes in fund balances, but under full accrual accounting used in the statement of activities, the offset is bad debt expense.

Allowance for uncollectible accounts receivable	\$ 39,720
Bad debt expense	<u>(39,720)</u>
	<u>\$ -</u>

Certain development agreement transactions are reported as charges for service and operating expenditures in the governmental funds, but are reclassified to capital assets and capital contributions on the government-wide statements.

Capital contributions	\$ 220,302
Expenditures	<u>(220,302)</u>
	<u>\$ -</u>

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	\$ 391,308
Interfund service charges	<u>(391,308)</u>
	<u>\$ -</u>

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

Transfers out	\$ 11,766,529
Transfers in	<u>(11,766,529)</u>
	<u>\$ -</u>

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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. 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 after the combining schedules. 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 as "Cash and cash equivalents" and "Investments".

At June 30, 2006, the carrying amount of the City's deposits was \$9,008,441 and the bank balance was \$1,983,833. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name or in the Municipal Development Authority, Inc.'s trust name. The difference of \$7,024,608 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 type of investment risks. The City's adopted investment policy was modified during fiscal year 2005 to be 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, 2006, 97.8% of the City's investments have a maturity of less than one year and less than one percent has 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, 2006 was 138 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, 2006, the City's investments do not include any Commercial Paper or 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 year.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>	<u>% of Investments</u>
Federal Farm Credit Bank-Discount Note	Aaa	AAA	.1%
Federal Farm Credit Bank-Agency Note	Aaa	AAA	.3
Federal Home Loan Bank-Agency Note	Aaa	AAA	.9
Federal Home Loan Mortgage Corp-Agency Note	Aaa	AAA	1.2
Federal Home Loan Mortgage Corp-Callable Agency Note	Aaa	AAA	1.5
Federal National Mortgage Assoc-Callable Agency Note	Aaa	AAA	3.8
Federal Home Loan Bank-Callable Agency Note	Aaa	AAA	4.3
Federal National Mortgage Assoc-Agency Note	Aaa	AAA	6.5
Federal Home Loan-Discount Notes	Aaa	AAA	7.2
Federal National Mortgage Assoc-Discount Note	Aaa	AAA	13.3
Federal Home Loan Mortgage Corp-Discount Note	Aaa	AAA	28.3

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, 2006, all investments of that pool were U.S. Treasury Obligations 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, 2006, the City's investments include 18.5% invested in U.S. Agency Coupon securities, 48.9% in U.S. Agency Discount Notes, 13.8% in U.S. Treasury Notes, 10.3% in U.S. Treasury Bills, and 8.5% in City of Peoria Improvement District Bonds, money market funds 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, 2006, the City's investments included the following:

	<u>Investment Maturities in Years</u>				<u>Fair Value</u>
	<u>Less than 1</u>	<u>1-2</u>	<u>2-3</u>	<u>Over 3</u>	
<u>Unrestricted Investments:</u>					
City of Peoria Bonds	\$ 235,506	249,637	264,614	577,813	\$ 1,327,570
U.S. Treasury notes and strips	45,232,876	-	-	-	45,232,876
Agency coupon securities	55,055,915	5,829,829	-	-	60,885,744
Agency discount notes	153,747,876	-	-	-	153,747,876
U.S. Treasury bills	33,951,114	-	-	-	33,951,114
					295,145,180
State of Arizona local government investment pool	1,812,571				1,812,571
Mutual fund-money market	53,031				53,031
Total unrestricted investments	290,088,889	6,079,466	264,614	577,813	297,010,782
Less: amount included in cash and cash equivalents					(18,928,970)
Unrestricted investments, net					\$ 278,081,812
Total investments per statement of net assets					\$ 277,466,608
Investments in Fiduciary Funds					615,204
Total unrestricted investments					\$ 278,081,812

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Restricted Assets (1):

Agency discount notes	6,629,056			\$	6,629,056
Mutual fund-money market	17,606,236				17,606,236
Total Restricted Assets	24,235,292	-	-	- \$	<u>24,235,292</u>

(1) Includes restricted cash and cash equivalents and restricted investments as reported in the statement of net assets.

Cash and cash equivalents at June 30, 2006 consisted of the following:

Investments included in cash and cash equivalents		\$	18,928,970
Carrying amount of City deposits			9,008,441
Amounts due from restricted cash			7,260,845
Petty cash on hand			<u>13,802</u>
Total cash and cash equivalents			35,212,058
Less: Cash and cash equivalents of Fiduciary funds			<u>75,890</u>
Total cash and cash equivalents per statement of net assets		\$	<u>35,136,168</u>

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

Investment income comprises the following for the year ended June 30, 2006:

Net interest and dividends		\$	12,466,568
Net decrease in the fair value of investments			<u>(511,318)</u>
Total net investment income			11,955,250
Less: net investment income of Fiduciary funds			<u>10,041</u>
Total net investment income per statement of activities		\$	<u>11,945,209</u>

The net decrease in the fair value of investments during fiscal year 2005-2006 was approximately \$511,318. 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, 2006 was approximately \$789,681.

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 2006 are \$910,649,274 and \$964,469,431 respectively.

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

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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, 2006:

Governmental activities:

General Fund:

Due from Maricopa County for:		
Property tax	\$	48,809
Due from State of Arizona for:		
State shared sales tax		1,094,265
State revenue sharing		1,307,249
Auto lieu tax		599,626
Miscellaneous other		59,361
Due from Peoria Unified School District		81,533
Subtotal		<u>3,190,843</u>

Highway User Revenue Fund:

Due from State of Arizona (Highway user revenue)		848,838
Due from Maricopa County – Property tax (SLIDS)		7,179
Subtotal		<u>856,017</u>

Non-major Governmental Fund:

Due from US Department of Housing & Urban Development		84,346
Due from US Department of Transportation		78,848
Due from US Department of Homeland Security		141,549
Due from other Federal agencies		30,176
Due from Maricopa County:		
Home grant		74,883
Property tax		226,833
Other		10,885
Due from Peoria Unified School District		250,000
Due from State of Arizona		97,726
Subtotal		<u>995,246</u>
Total governmental activities	\$	<u>5,042,106</u>

CITY OF PEORIA, ARIZONA
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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, 2006:

<u>Fund</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
General Fund	\$ 4,565,085	103,756	4,461,329
Half-Cent Sales Tax Fund	1,322,895	-	1,322,895
Highway User Revenue Fund	350,864	16,703	334,161
Transportation Sales Tax Fund	690,256	-	690,256
Other Governmental Funds	<u>2,145,616</u>	<u>199,055</u>	<u>1,946,561</u>
Total governmental activities	<u>\$ 9,074,716</u>	<u>319,514</u>	<u>8,755,202</u>
Business-type activities:			
Water Utility Fund	\$ 6,198,272	830,648	5,367,624
Wastewater Utility Fund	2,577,535	239,339	2,338,196
Solid Waste Utility Fund	1,807,483	145,574	1,661,909
Stadium Fund	4,325	-	4,325
Public Housing Fund	<u>18,263</u>	<u>-</u>	<u>18,263</u>
Total business-type activities	<u>\$ 10,605,878</u>	<u>1,215,561</u>	<u>9,390,317</u>

8. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

Net interfund receivables and payables between governmental activities and business-type activities of \$241,978 are included in the government-wide financial statements at June 30, 2006. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). At June 30, 2006 there is a short-term loan of \$24,106,000 from the General Fund to the GO Bond Capital Projects Fund to cover a temporary cash deficit until additional bonds are sold. It is expected that the loan will be repaid in fiscal year 2007. This transaction is shown in the fund financial statements as an interfund receivable (General Fund) and payable (GO Bond Capital Projects Fund).

The net transfers of \$12,660,507 from business-type activities to governmental 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, 2006

<u>Fund</u>	<u>Transfers out</u>	<u>Transfers in</u>
Governmental funds:		
General Fund	\$ 2,749,305	5,042,483
Half-Cent Sales Tax Fund	9,489,641	-
Highway User Revenue Fund	397,530	1,000,000
Non-Major Governmental Funds	<u>14,233,652</u>	<u>4,073,878</u>
Total governmental funds	<u>26,870,128</u>	<u>10,116,361</u>
Enterprise funds:		
Water Utility Fund	5,003,210	12,331,138
Wastewater Utility Fund	743,731	4,269,750
Solid Waste Utility Fund	300,484	40,700
Stadium Fund	<u>291,590</u>	<u>2,357,934</u>
Total enterprise funds	<u>6,339,015</u>	<u>18,999,522</u>
Internal Service funds	<u>161,607</u>	<u>4,254,867</u>
Grand totals	<u>\$ 33,370,750</u>	<u>33,370,750</u>

The interfund transfers generally fall within one of the following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; 2) subsidy transfers; 3) transfers to fund internal service equipment replacement funds; or 4) capital assets purchased or constructed in one fund, but capitalized in

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another. There were no significant transfers during fiscal year 2006 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 page 129.

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

The following fund had an accumulated fund deficit at June 30, 2006

<u>Type</u>	<u>Fund Name</u>	<u>Deficit Amount</u>
Governmental	GO Bond Capital Projects Fund	\$ 26,982,732

The deficit in the GO Bond Capital Projects Fund arose due to capital expenditures that have not yet been funded by the sale of GO Bonds. The City plans to eliminate this deficit by the sale of GO Bonds during fiscal year 2007.

For the year ended June 30, 2006, expenditures, including capital outlay and transfers, did not exceed budget at the department level (i.e. the level of budgetary control) in any funds.

11. FUND BALANCE/NET ASSETS RESERVATIONS AND DESIGNATIONS

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, reserves for encumbrances, inventories and pre-paid items are shown on the governmental fund financial statements. Reservations or designations of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, reserve or designate portions of net assets in other funds to demonstrate the government's intended use of those net assets. Reservations are created by legislative action of the City Council while designations are created by administrative policy. The following are the reservations or designations of fund balance/net assets included in unreserved fund balance/net assets at June 30, 2006:

General Fund:	
Designated for economic stabilization reserve	\$ 29,000,000
Designated for encumbrances	1,826,832
Designated for capital construction	1,230,000
Designated for branch library equipment	186,049
Designated for economic development	427,279
Designated for municipal office complex reserve	<u>4,632,855</u>
	37,303,014
Half-Cent Sales Tax Fund:	
Designated for economic stabilization reserve	\$ 4,700,000
Designated for encumbrances	3,847,988
Designated for capital construction	1,408,000
Designated for debt service retirement	<u>1,000,000</u>
	10,955,988
Highway User Revenue Fund:	
Designated for encumbrances	<u>\$ 362,512</u>
Development Fee Fund:	
Designated for encumbrances	<u>\$ 6,140,986</u>

CITY OF PEORIA, ARIZONA
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Non-major Funds:

Section 8 Housing Fund:	
Designated for encumbrances	\$ 205,200
Other Grants Fund:	
Designated for encumbrances	1,021,582
Designated for arts capital	<u>954,279</u>
sub-total	<u>1,975,861</u>
MDA Bonds Capital Projects Fund:	
Designated for encumbrances	<u>2,855,056</u>
Non-Bond Capital Projects Fund:	
Designated for encumbrances	872,471
Designated for capital construction	<u>1,399,905</u>
sub-total	<u>2,272,376</u>
Non-major funds total	<u>7,308,493</u>
Total governmental funds	<u>\$ 62,070,993</u>

Water Utility Fund:

Designated for working capital policy reserve	\$ 14,100,000
Designated for capital equipment replacement	1,915,622
Designated for capital construction	<u>2,044,739</u>
	18,060,361

Wastewater Utility Fund:

Designated for working capital policy reserve	6,100,000
Designated for capital equipment replacement	789,000
Designated for capital construction	<u>4,510,727</u>
	11,399,727

Solid Waste Utility Fund:

Designated for working capital policy reserve	1,400,000
Designated for capital equipment replacement	<u>5,222,361</u>
	6,622,361

Stadium Fund:

Designated for capital equipment replacement	<u>358,819</u>
Total proprietary funds	<u>\$ 36,441,268</u>

Internal Service Funds:

Designated for capital equipment replacement	<u>\$ 10,333,645</u>
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12. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2006 follows:

	<u>Balances</u> <u>June 30, 2005</u>	<u>Additions/</u> <u>Transfers in</u>	<u>Disposals/</u> <u>Transfers out</u>	<u>Balances</u> <u>June 30, 2006</u>
Governmental activities:				
Non-depreciable assets:				
Work in Progress – Parks	\$ 12,151,732	7,994,444	-	20,146,176
Work in Progress – Land	186,835	-	-	186,835
Work in Progress – Buildings	1,521,842	6,851,046	(35,000)	8,337,888
Work in Progress – Storm drains	5,750,775	1,976,283	-	7,727,058
Work in Progress – Streets	20,049,368	12,080,363	(265,964)	31,863,767
Work in Progress – Technology	3,506,769	2,284,851	(940,288)	4,851,332
Work in Progress – Vehicles	8,820	-	(8,820)	-
Land	<u>151,280,527</u>	<u>92,966,128</u>	-	<u>244,246,655</u>
Total non-depreciable assets	<u>194,456,668</u>	<u>124,153,115</u>	<u>(1,250,072)</u>	<u>317,359,711</u>
Depreciable assets:				
Buildings & Improvements	72,532,706	3,387,760	-	75,920,466
Furniture	2,293,713	189,112	-	2,482,825
Equipment	31,817,883	4,170,951	(183,151)	35,805,683
Vehicles	14,578,818	1,698,663	(332,343)	15,945,138
Storm drain system	48,447,289	120,062	-	48,567,351

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Street system	307,495,731	1,740,901	-	309,236,632
Park system	18,731,165	342,348	-	19,073,513
Total depreciable assets at historical cost	495,897,305	11,649,797	(515,494)	507,031,608
	Balances June 30, 2005	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2006
Less accumulated depreciation for:				
Buildings & Improvements	(16,920,790)	(1,741,812)	-	(18,662,602)
Furniture	(1,409,877)	(182,097)	-	(1,591,974)
Equipment	(20,398,680)	(3,393,180)	174,290	(23,617,570)
Vehicles	(6,542,461)	(1,758,763)	329,281	(7,971,943)
Storm drain system	(9,813,268)	(1,175,401)	-	(10,988,669)
Street system	(93,123,400)	(8,651,280)	-	(101,774,680)
Park system	(4,034,355)	(712,516)	-	(4,746,871)
Total accum. depreciation assets, net	(152,242,831)	(17,615,049)	503,571	(169,354,309)
Governmental activities capital assets, net	\$ 538,111,142	118,187,863	(1,261,995)	655,037,010
	Balances June 30, 2005	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2006
Business-type activities:				
Non-depreciable assets:				
Work in Progress - Baseball	\$ 30,935	-	-	30,935
Work in Progress - Water system	20,793,301	23,003,415	(4,270,577)	39,526,139
Work in Progress - Wastewater	10,306,512	10,011,436	(12,385)	20,305,563
Land	12,737,139	2,689,685	-	15,426,824
Total non-depreciable assets	43,867,887	35,704,536	(4,282,962)	75,289,461
Depreciable assets:				
Buildings & improvements	29,130,071	-	-	29,130,071
Furniture	127,998	13,297	-	141,295
Equipment	2,150,388	288,813	(31,777)	2,407,424
Vehicles	8,112,150	2,063,261	(1,015,889)	9,159,522
Water system	189,989,638	11,615,021	-	201,604,659
Wastewater system	151,879,060	1,523,747	-	153,402,807
Total depreciable assets at historical cost	381,389,305	15,504,139	(1,047,666)	395,845,778
Less accumulated depreciation for:				
Buildings & improvements	(8,786,940)	(728,209)	-	(9,515,149)
Furniture	(23,359)	(17,626)	-	(40,985)
Equipment	(1,098,367)	(309,622)	31,747	(1,376,242)
Vehicles	(4,479,237)	(907,253)	1,013,487	(4,373,003)
Water system	(28,023,250)	(4,195,929)	-	(32,219,179)
Wastewater system	(31,867,182)	(3,465,884)	-	(35,333,066)
Total accum. depreciation	(74,278,335)	(9,624,523)	1,045,234	(82,857,624)
Total depreciable assets, net	307,110,970	5,879,616	(2,432)	312,988,154
Business-type activities capital assets, net	\$ 350,978,857	41,584,152	(4,285,394)	388,277,615

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

General government	\$ 2,141,980
Culture and recreation	1,612,411
Police	1,464,963
Fire	1,197,162
Development services	73,367
Highways and streets	9,121,639
Public works	1,355,850
Human services	72,343
Unallocated	575,334
Total depreciation expense	\$ 17,615,049

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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 2003 and \$23,550,000 in 2005 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, 2006, 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, and (after January 1, 1974) parks and open space 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, 2006 was \$44,518,166 and \$155,038,886 for the 6 percent and 20 percent debt limits, respectively. Also see Table XXII in the Statistical Section.

B. Revenue bonds

Highway User Revenue Bonds: Highway User Revenue Bonds are used to construct street and highway projects. The debt service is repaid through the Highway User Revenue Fund, a special revenue fund, from the City's share of the gasoline taxes that are collected by the State of Arizona and distributed to cities and towns based on a formula of population and gasoline sales within the county.

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.

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.

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D. Special assessment bonds

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, 2006, 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. Special assessment receivables that were delinquent at June 30, 2006 totaled \$1,656.

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 \$2,328,966 and \$23,636,480, respectively, was unissued at June 30, 2006. 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, \$58,292,154 in utility revenue bonds has been issued against the 1996 authorization, leaving \$17,257,846 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 were issued against the 2000 authorization during fiscal year 2003, leaving \$260,318,544 unissued from the 2000 election. 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 bonds for water treatment, water system, wastewater and storm drainage projects. As of June 30, 2006 no bonds have been issued against the 2005 authorizations.

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. \$28,150,000 remains available of this authorization at June 30, 2006. For further detail of authorized, issued and unissued bonds, see Table XXVIII in the Statistical Section of this report.

CITY OF PEORIA, ARIZONA
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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, 2006.

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, 2006. The City has no arbitrage liability at June 30, 2006.

Bonds payable at June 30, 2006 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								
03/30/93	Series 1993	Refunding portions of Series 1985, 1986, 1989, 1990A	7/1/93-11	5.84	10.5	\$ 9,900,000	\$ 3,825,000	
06/21/95	Series A (1995)	Various improvements	7/1/96-15	5.34	12.5	4,695,000	3,025,000	
07/02/96	Series B (1996)	Various improvements	7/1/97-16	5.52	13.2	6,000,000	4,400,000	
07/01/98	Series A (1998)	Various improvements	7/1/99-18	4.82	12.2	5,930,000	4,520,000	
07/01/98	Series B (1998)	Refunding portions of Series 1994, 1992A/B	7/1/99-14	4.64	9.8	4,030,000	2,735,000	
04/04/00	Series 2000	Various improvements	4/1/00-20	5.47	12.3	14,860,000	11,960,000	
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	27,570,000	20,740,000	
	Total General Obligation Bonds					72,985,000	51,205,000	
Municipal Development Authority Bonds								
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	22,255,141	17,953,578	
03/09/06	Series 2006	Revenue Bonds MDA Series 2006	7/1/06-25	4.2	10.9	6,675,000	6,675,000	
						28,930,141	24,628,578	
Highway User Revenue Bonds								
07/10/96	Series C (1996)	Street, bridge, traffic signal improvements	7/1/97-16	5.81	14.1	4,600,000	3,830,000	
Special Assessment Bonds (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	2,545,000	
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	2,965,000	
11/21/91	ID# 9002	Sunny Boy Water & Sewer ID-acquire private water company	1/1/93-11	6.35	12.4	2,575,000	205,000	
09/17/97	ID# 9601	83rd Ave ID-Water, wastewater & street improvements	1/1/99-12	5.30	8.7	2,285,000	980,000	
04/15/97	ID# 9602	North Beardsley ID-Water system improvements	1/1/99-07	5.60	6.1	2,125,000	295,000	
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	1,505,000	
08/28/01	ID# 9303	75th Ave & Paradise Ln ID-Street & bridge improvements	1/1/03-11	6.00	5.7	2,270,000	1,327,570	
08/28/01	ID# 9801	83rd Ave & Thunderbird ID-Street improvements	1/1/03-11	5.00	5.7	493,000	0	
	Total Improvement District Bonds					24,173,000	9,822,570	
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	20,525,000	
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	23,550,000	
						44,800,000	44,075,000	
	Total bonds payable recorded in governmental activities							133,561,148
	Less current portion							(8,860,554)
	Long-term portion of bonds payable recorded in governmental activities							<u>\$124,700,594</u>

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

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
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	\$ 2,226,422

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Revenue Bonds

08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	6,580,354
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	9,585,686
09/10/98	Series A (1998)	Water system improvements	7/1/01-18	4.73	12.7	16,730,000	13,530,000
09/10/98	Series B (1998)	Refunding portion of Series 1991	7/1/01-06	4.16	5.6	4,170,000	830,000
07/06/00	Series 2000	Water & wastewater system improvements	7/1/02-20	5.33	12.6	16,590,000	8,915,000
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	17,042,353
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	12,421,200
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,757,660
Total Revenue Bonds						99,839,870	70,662,253

Total bonds payable recorded in business-type activities	72,888,675
Less current portion	(5,293,726)
Long-term portion of bonds payable recorded in business-type activities	67,594,949
Total long-term portion of bonds payable	<u>\$192,295,543</u>

Reconciliation to total bonded debt principal:

Total long-term portion of bonds payable	\$192,295,543
Add:	
Current portion of bonds payable	14,154,280
Total bonded debt principal as of June 30, 2006	<u>\$206,449,823</u>

Contracts Payable

Other debt at June 30, 2006 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-ID 8801 and 8802	08/28/18	Prime	10.5	\$ 13,137,805	\$ 5,313,562
02/20/92	Planned area retail project	Offsite improvements-Bell Rd-ID 8802	01/20/11	Prime	9.0	5,305,975	3,502,038
06/01/94	Planned area retail project	Offsite improvements-Bell Rd & Paradise Ln-IDs 8802 and 9303	06/20/17	Prime	7.0	4,538,097	2,150,764
03/27/97	Planned area retail & restaurant projects	Bicycle path & infrastructure improvements related to development	02/01/06	-	-	222,716	-
11/21/00	Planned area retail project	Offsite improvements-83rd Ave & Thunderbird	11/21/07	-	-	122,323	-
01/02/01	Planned area retail project	Street & infrastructure improvements-91st Ave & Northern	02/09/09	-	-	900,000	374,942
09/04/01	Restaurant project	Street improvements-83rd Ave & Bell Rd-ID 8802	01/08/07	-	-	67,534	29,173
08/17/01	Capital lease	Modular building at City Hall Complex	09/01/06	5.85	-	396,195	22,564
08/07/02	Capital lease	Modular building at Municipal Operations Center	09/01/07	4.95	-	122,925	33,495
03/17/04	Capital lease	Sixteen Copiers	03/01/09	-	-	164,548	90,502
01/21/05	Capital lease	Modular building at Beardsley Treatment Plant	01/21/10	4.00	-	259,728	191,324
10/24/04	Capital lease	Pay Printers & Copiers	07/15/11	-	-	47,550	38,436
07/01/03	Planned area retail project	Offsite improvements-91 st Ave & Bell Rd	05/20/20	-	-	1,800,000	1,800,000
02/17/04	Residential development	Neighborhood park land & improvements; Right of way land on 67 th Ave	02/18/14	-	-	1,093,379	421,688
03/16/99	Master-planned community	Street & infrastructure improvements-Westwing Pkwy	03/16/14	-	-	713,960	427,267
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	10/22/26	-	-	8,713,569	3,941,466
09/14/05	Residential development	Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams	09/14/10	-	-	496,034	214,752
Total contracts payable recorded in governmental activities						18,551,973	
Less estimated current portion						(3,207,526)	
Long-term portion of contracts payable in governmental activities						<u>15,344,447</u>	

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

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
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CITY OF PEORIA, ARIZONA
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Master-planned 10/22/01 community	Water rights-4,200 acre feet of assured water supply	10/22/26	-	-	4,841,000	3,664,741
Total contracts payable recorded in business-type activities						3,664,741
Less estimated current portion						(923,741)
Long-term portion of contracts payable						<u>2,741,000</u>
Total long-term contracts payable as of June 30, 2006						<u>\$ 18,085,447</u>

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 55,380,000	-	4,175,000	51,205,000	3,395,000
MDA bonds	20,199,999	6,675,000	2,246,421	24,628,578	2,975,048
Highway user revenue bonds 260,000		4,075,000	-	245,000	3,830,000
Special assessment bonds	11,431,553	-	1,608,983	9,822,570	1,480,506
CFD bonds	<u>44,800,000</u>	<u>-</u>	<u>725,000</u>	<u>44,075,000</u>	<u>750,000</u>
Total bonds payable	135,886,552	6,675,000	9,000,404	133,561,148	8,860,554
Contracts payable	13,585,989	12,864,492	7,898,508	18,551,973	3,207,526
Compensated absences	<u>3,572,980</u>	<u>9,954,071</u>	<u>9,637,961</u>	<u>3,889,090</u>	<u>3,501,190</u>
Governmental activities totals	<u>\$ 153,045,521</u>	<u>29,493,563</u>	<u>26,536,873</u>	<u>156,002,211</u>	<u>15,569,270</u>
Business-type activities:					
Bonds payable:					
MDA bonds	\$ 2,505,001	-	278,579	2,226,422	319,952
Revenue bonds	<u>75,437,301</u>	<u>-</u>	<u>4,775,048</u>	<u>70,662,253</u>	<u>4,973,774</u>
Total bonds payable	77,942,302	-	5,053,627	72,888,675	5,293,726
Contracts payable	-	4,841,000	1,176,259	3,664,741	923,741
Compensated absences	<u>526,470</u>	<u>763,514</u>	<u>775,684</u>	<u>514,300</u>	<u>460,010</u>
Business-type activities totals	<u>\$ 78,468,772</u>	<u>5,604,514</u>	<u>7,005,570</u>	<u>77,067,716</u>	<u>6,677,477</u>

The following is a summary of debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2006:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Municipal Development Authority Bonds</u>	<u>Highway User Revenue Bonds</u>	<u>Special Assessment Bonds</u>	<u>Revenue Bonds</u>	<u>Community Facilities District Bonds</u>	<u>Total</u>
2007	5,714,798	4,427,698	469,525	2,119,163	7,705,189	3,283,444	23,719,817
2008	5,728,024	4,206,253	470,210	1,811,123	6,880,568	3,960,100	23,056,278
2009	5,452,704	4,258,313	469,810	1,830,198	6,842,281	3,967,025	22,820,331
2010	5,352,607	4,260,833	468,295	1,958,517	6,825,589	3,940,925	22,806,766
2011	5,343,009	4,488,041	470,574	2,008,515	6,065,047	3,956,763	22,331,949
2012	4,931,960	1,951,538	466,703	1,559,470	6,056,236	3,941,406	18,907,313
2013	4,539,455	1,947,930	466,662	1,077,820	6,044,054	3,943,844	18,019,765
2014	4,564,435	1,914,820	470,244	-	6,033,168	3,938,203	16,920,870
2015	4,570,127	484,056	467,531	-	6,019,021	3,921,781	15,462,516
2016	4,283,875	478,806	468,525	-	6,011,077	3,919,563	15,161,846
2017	3,893,847	474,656	468,081	-	6,288,927	3,931,469	15,056,980
2018	3,394,272	476,556	-	-	6,273,847	3,907,219	14,051,894
2019	3,399,800	477,856	-	-	5,361,912	3,923,469	13,163,037
2020	2,963,303	478,556	-	-	4,003,206	3,904,531	11,349,596
2021	1,698,550	478,466	-	-	4,019,856	3,900,406	10,097,278

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2022	1,700,130	477,529	-	-	1,159,606	3,883,688	7,220,953
2023	1,707,575	480,771	-	-	138,354	3,878,438	6,205,138
2024	-	478,130	-	-	-	3,894,844	4,372,974
2025	-	479,538	-	-	-	3,883,531	4,363,069
2026	-	479,988	-	-	-	-	479,988
Less interest	(18,033,471)	(6,345,334)	(1,326,160)	(2,542,236)	(21,065,685)	(29,805,649)	(79,118,535)
	<u>\$ 51,205,000</u>	<u>26,855,000</u>	<u>3,830,000</u>	<u>9,822,570</u>	<u>70,662,253</u>	<u>44,075,000</u>	<u>206,449,823</u>

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 debt service requirements as of June 30, 2006, segregating principal and interest, for the next five years and in five-year increments thereafter.

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	14,154,281	9,565,536	23,719,817
2008	14,115,502	8,940,776	23,056,278
2009	14,576,056	8,244,275	22,820,331
2010	15,296,120	7,510,646	22,806,766
2011	15,540,883	6,791,066	22,331,949
2012-2016	59,707,708	24,764,602	84,472,310
2017-2021	52,496,764	11,222,021	63,718,785
2022-2026	20,562,509	2,079,613	22,642,122
Totals	<u>\$ 206,449,823</u>	<u>79,118,535</u>	<u>285,568,358</u>

The City had no outstanding variable rate bonds at June 30, 2006. The City had \$10,966,364 in variable rate outstanding contracts payable at June 30, 2006. 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, 2006.

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

15. ADVANCE REFUNDINGS

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

The City issued no refunding bonds during fiscal year 2006.

Prior Years Refundings

2000	Water/Sewer Revenue Bonds (partially defeased)	<u>\$5,475,000</u>
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16. RETIREMENT AND PENSION PLANS

All full-time employees of the City are covered by one of three pension plans. 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 plan, which is a multiple-employer cost sharing pension plan. Sworn police and fire personnel participate in the Public Safety Retirement System, which is an agent multiple-employer plan. In addition, the Mayor and City Council members are covered by the State's Elected Officials Plan, which is also a multiple-employer cost sharing pension plan.

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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 multiple-employer, cost-sharing pension plan. The System was established by the State of Arizona to provide pension 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 of the Arizona Revised Statutes. The System provides for retirement, disability, 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 7.4 percent of their salaries to the System during fiscal year 2005-2006 and the City was required to match it. The 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 to the System for the years ended June 30, 2006, 2005 and 2004, were \$3,176,147, \$2,148,809, and \$1,924,939, respectively, which equal the required contributions for each year. The City's employees contributed equal amounts to the System for the same time periods.

Elected Officials Retirement Plan:

a. **Plan Description**

The City's Mayor and Council members participate in the Elected Officials Retirement System (EORP), a multiple-employer, cost sharing pension plan. The Fund Manager 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 as well as death and disability benefits. 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 percent of their annual covered salary. The employer rate for fiscal year 2005-2006 was 20.54 percent. The City's contributions to EORP for the fiscal years ended June 30, 2006, 2005 and 2004 were \$28,944, \$17,710, and \$16,998, respectively, which equal the required contributions for each year. The City's employees contributed \$9,864, \$9,190, and \$8,820 for the same time periods.

Public Safety Personnel Retirement System:

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer public safety employee retirement system that 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, and death benefits to plan

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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 fire personnel are required to contribute 7.65 percent of their annual covered salary and police personnel are required to contribute 5.25 percent while the City is required to contribute an actuarially determined rate. The rate for fiscal year 2005-2006 was 7.76 percent for fire personnel and 12.42 percent for police members. 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. **Annual Pension Cost**

Police personnel contributed \$548,959 and fire personnel \$568,393 during fiscal year 2005-2006. For fiscal year 2005-2006, the City's annual pension cost of \$1,298,674 for police and \$576,567 for fire was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.50 percent investment rate of return, (b) projected salary increases of 6.00 percent per year compounded annually, attributable to inflation (5.00%) and other across-the-board factors (1%), and (c) additional projected salary increases ranging from 0 percent to 3 percent per year, depending on age, attributable to seniority/merit.

The actuarial value of PSPRS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. PSPRS's actuarial gains/losses are amortized as level percents of payroll over an open period of 20 years from July 1, 2005

d. **Three Year Trend Information for PSPRS** (Latest Available Information):

Police

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$818,276	100%	\$ 0
2004	993,927	100	0
2005	1,019,650	100	0

Fire

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$356,693	100%	\$ 0
2004	436,055	100	0
2005	489,316	100	0

e. **Required Supplementary Information (unaudited)**

Schedule of Funding Progress (Latest Available Information)

Police

<u>Valuation</u>	<u>Actuarial</u>	<u>Entry Age Actuarial Accrued</u>	<u>Annual</u>	<u>Unfunded AAL as a % of</u>
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CITY OF PEORIA, ARIZONA
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<u>Date June 30.</u>	<u>Value of Assets</u>	<u>Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL</u>	<u>Covered Payroll</u>	<u>Covered Payroll</u>
2003	\$20,148,381	\$20,366,262	98.9%	\$217,881	\$8,233,721	2.6%
2004	21,457,844	22,856,426	93.9	1,398,582	8,026,120	17.4
2005	23,820,328	29,123,964	81.8	5,303,636	9,134,408	58.1

Fire

<u>Valuation Date June 30.</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL or (Funded Excess)</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
2003	\$17,933,498	\$15,218,667	117.8%	\$(2,714,831)	\$5,908,093	(46.0)%
2004	18,603,905	17,347,907	107.2	(1,255,998)	5,963,665	(21.1)
2005	20,431,901	21,134,923	96.7	703,022	6,847,788	10.3

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 seven individuals receiving monthly benefits of \$400 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.

17. OPERATING 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, 2006 were \$128,574.

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

<u>Year Ending June 30.</u>	<u>Amount</u>
2007	\$ 125,294
2008	45,585
2009	37,357
2010	12,675
2011	3,561
Total	\$ 224,472

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 2006 were \$189,049.

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

<u>Year Ending June 30.</u>	<u>Amount</u>
2007	\$ 193,393
2008	198,339
2009	204,004
2010	210,929
2011	245,725

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18. 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. Therefore, the deferred compensation assets are not included in the City's Basic Financial Statements.

19. CONTINGENCIES

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity. The City is self-insured for the first five hundred thousand dollars of any occurrence and then has additional coverage up to thirty million dollars.

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.

20. OTHER MATTERS

On November 18, 2003, a development agreement was signed with Isbell Motor Company, Inc. for development of at least one luxury automotive dealership, including at least one Acura dealership, on the northeast corner of 92nd Avenue and Bell Road. The agreement calls for construction to begin by no later than August 1, 2004 with the dealer open for business by February 1, 2005. These dates were later revised to postpone the commencement of construction to June 1, 2005 and the open for business date to August 1, 2006, by request of the dealership. In the event the dealer constructs median improvements and a traffic signal at 92nd Avenue and Bell Road, the City will contribute \$100,000. The City also agrees to reimburse the dealer an amount not to exceed \$1,800,000. Payments will be made quarterly and will equal fifty percent of one percent of sales tax revenues from the project. The payments will begin within 30 days of the end of the first calendar quarter from the date the dealer receives the final certificate of occupancy and will expire on the date which is the earlier of the reimbursement amount being paid in full or seven years from the initial payment date.

The City approved a development agreement with Phoenix Motor Company on December 14, 2004, for the development of at least one luxury automotive dealership, including at least one Mercedes-Benz dealership, on ten acres located at 92nd Avenue and Bell Road. The agreement states that construction must commence no later than September 1, 2006, and the dealership must open for business no later than March 1, 2007. The City agreed to reimburse the dealer an amount not to exceed \$1,800,000. Payments will be made in quarterly installments commencing within 30 calendar days following the end of the first quarter from the date the dealer receives the final certificate of occupancy and opens for business to the general public. The quarterly payments will equal fifty percent of one percent of sales tax revenues from the project. The expiration date of the agreement is the earlier of the reimbursement amount being paid in full or ten years from the initial payment date.

The City approved a development agreement with BCC Development on December 27, 2001, for the development of one automotive dealership, and one high-line automotive dealership, located at 91st Avenue and Bell Road. The automotive dealership was completed, the high-line dealership is required to be completed by January 1, 2007. The City agreed to reimburse the dealer an amount not to exceed \$600,000. Payments will be made in annual installments commencing August 1, following the date the dealer receives the final certificate of occupancy and opens for business to the general public. The annual payments will equal one-third of the difference between a) City sales tax collected from the project each month, and b) the average monthly City sales tax collected from

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the project during calendar year 2004. The expiration date of the agreement is the earlier of the reimbursement amount being paid in full or January 1, 2010.

The reimbursement amounts specified in the foregoing agreements will not be recorded as a liability of the City until such time as the developments open for business.

The City signed a development agreement with DJN Eagle Mountain, LLC on the 5th day of July, 2005, 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 Parke West in the southwest area of the City. The developer is required by the agreement to complete construction of 350,000 square feet of retail business space by October 31, 2008, 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 City approved a development agreement with Pivotal Realty LLC on March 16, 1999, for development of a master-planned community located between Sunrise and West Wing Mountains between 83rd Ave and Lake Pleasant Parkway. Included in that agreement are certain infrastructure improvements, right-of-way and land dedications required of the developer. In return the City agreed to certain impact fee credits and/or reimbursements. As of June 30, 2006, there is an estimated reimbursement of \$218,862 associated with trail construction and dedication. A liability will not be recorded until the developer has met all City requirements.

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, 2006, 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 \$560,000 each; one community park site currently estimated at \$2,450,000; one library site currently estimated at \$750,000, one neighborhood park site and improvements currently estimated at \$1,590,000; and street and intersection improvements and associated ROW land dedications currently estimated at \$30,636,866.

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, 2006, no building activities have commenced and the credits could not be reliably estimated. The agreement is in force for 25 years from the signing of the agreement.

The City approved a development agreement with Element Homes-SMR LLC on February 17, 2004, for a residential development approximately between Dynamite Boulevard and CAP canal west of Pyramid Peak Parkway (67th Avenue). Included in the agreement are certain infrastructure improvements, right-of-way and land dedications, and provision of certain equipment. In return the City agreed to certain impact fee offsets and reimbursements. As of June 30, 2006, the potential impact fee reimbursements relate to infrastructure not yet accepted by the City. The currently estimated potential impact fee reimbursements are \$2,422,997 for streets improvements and \$100,000 for police vehicles and equipment.

The City approved an intergovernmental agreement with the Arizona State Land Department on March 16, 2004, regarding the sale of state land for commercial and residential development between Lake Pleasant Parkway and Deer Valley Road, between 91st Avenue and Lake Pleasant Road. The agreement was made prior to the sale of the land with the expectation that the stipulations/obligations were to follow with the purchaser of the land. The original agreement contained infrastructure improvements and right-of-way and land dedication requirements, with potential streets-related credits currently estimated at \$5,300,000, park-related credits estimated at \$731,000,

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

water and wastewater credits estimated at \$2,741,000, and library-related credits estimated at \$394,000. As of June 30, 2006, an agreement between the City and the ultimate developer was in the process of being negotiated.

The City approved a development agreement with TDR LLC on February 11, 2005, for a residential and commercial development between Happy Valley Road and 107th Avenue east of the Agua Fria River. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications. Individual liabilities will not be recorded until the developer has met City requirements associated with each agreed-upon item. As of June 30, 2006, there are currently estimated impact fee credits of the following: Wastewater credits estimated at \$2,500,000; Neighborhood parks credits estimated at \$437,157; City-wide parks credits estimated at \$791,438; Open space credits estimated at \$144,272; Rivers & trails credits estimated at \$162,933; Library credits estimated at \$299,075; Law enforcement credits estimated at \$508,424; General government credits estimated at \$436,860; Solid Waste credits estimated at \$308,686; and Streets credit estimated at \$2,803,693.

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, 2006, those potential credits could not be reliably estimated.

In addition to formal development agreements there are certain other development-related land and/or infrastructure dedications that may result in impact fee offsets and/or reimbursements. As of June 30, 2006, the estimated value of the currently anticipated dedications is \$222,588 for wastewater infrastructure, \$1,469,709 for streets and right-of-way infrastructure, \$263,494 for a fire station site, and \$194,823 for trail improvements.

The City approved a development agreement with Reliance Companies 1, LLC on December 17, 2004, for a commercial development located west of 91st Avenue and north of Olive Avenue. The developer was required to invest a minimum of \$7,000,000 in the project, provide at least 180,000 square feet of new flex/warehouse commercial space, and be open for business by August 1, 2006. In return, the City agreed to reimburse the developer up to \$60,000.

The City approved a development agreement with Peoria Commerce Developers, LLC on May 4, 2005, for a commercial development located on the southwest corner of Olive and Loop 101. The developer was required to invest a minimum of \$25,000,000 in the project, provide at least 190,000 square feet of new office, warehouse and flex space, and be open for business by September 1, 2007. In return, the City agreed to reimburse the developer up to \$60,000.

21. SUBSEQUENT EVENTS

The City received approval from the Water Infrastructure Finance Authority (WIFA) on June 21, 2006, for a loan in the amount of \$57,500,136 to fund a portion of the Butler Water Reclamation Plant. On October 18, 2006, the City received approval from the WIFA Board for an additional amount of \$21 million for the Butler Plant Project. The total project cost is estimated at \$137.2 million with approved funding in the amount of \$78,500,136 from the Water Infrastructure Financing Authority. The balance of the project costs are being paid from impact fees and available cash reserves. It is anticipated that the final loan with WIFA will be adopted by the Mayor and Council on November 14, 2006.

The City is planning a General Obligation Bond Sale of approximately \$90 million in December 2006 to fund various street, drainage, park and public safety facilities identified in the City's approved Capital Improvement Program.

On October 17, 2006, the Mayor and Council approved a resolution to form the Parke West Improvement District No. 0601 in the vicinity of Northern Avenue and the Loop 101 and issue Improvement District bonds in the amount of \$6.3 million to fund construction of roadway, traffic signal, public storm drain, sanitary sewer and water facilities for the retail and commercial development known as Parke West. The bonds are scheduled to be issued in February 2007.

MAJOR FUNDS OTHER THAN GENERAL FUND & SPECIAL REVENUE FUNDS

Budgetary Schedules

Debt Service Funds

These funds are established to account for the accumulation of resources for payment of bond principal and interest payable from governmental resources and special assessment levies when the government is obligated in some manner for the payment. Principal payments are due annually. Interest is due semiannually.

Special Assessment 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.

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 1,197,935	\$ 1,197,935	\$ 1,197,935	\$ -
RESOURCES (INFLOWS):				
Special assessments	2,090,560	2,090,560	2,261,643	171,083
Investment earnings	18,500	18,289	45,295	27,006
Total inflows	<u>2,109,060</u>	<u>2,108,849</u>	<u>2,306,938</u>	<u>198,089</u>
Amounts available for appropriation	<u>3,306,995</u>	<u>3,306,784</u>	<u>3,504,873</u>	<u>198,089</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	800	800	128	(672)
Debt service:				
Principal payments	1,403,934	1,608,984	1,608,983	(1)
Interest and other charges	745,591	752,591	749,863	(2,728)
Total charges to appropriations	<u>2,400,325</u>	<u>2,362,375</u>	<u>2,358,974</u>	<u>(3,401)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 906,670</u>	<u>\$ 944,409</u>	<u>\$ 1,145,899</u>	<u>\$ 201,490</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,504,873
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,197,935)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	672
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,307,610</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,358,974
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,183
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,360,157</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ (5,402,639)	\$ (5,402,639)	\$ (5,402,639)	\$ -
RESOURCES (INFLOWS):				
Capital-related debt issued	85,697,502	85,697,502	-	(85,697,502)
Investment earnings	750,000	750,000	70,934	(679,066)
Total inflows	<u>86,447,502</u>	<u>86,447,502</u>	<u>70,934</u>	<u>(86,376,568)</u>
Amounts available for appropriation	<u>81,044,863</u>	<u>81,044,863</u>	<u>(5,331,705)</u>	<u>(86,376,568)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Highways and streets	1,402,233	1,470,578	381,933	(1,088,645)
Interest and fiscal charges	48,000	48,000	48,000	-
Capital outlay	77,371,639	72,677,774	18,016,738	(54,661,036)
Total charges to appropriations	<u>78,821,872</u>	<u>74,196,352</u>	<u>18,446,671</u>	<u>(55,749,681)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 2,222,991</u>	<u>\$ 6,848,511</u>	<u>\$ (23,778,376)</u>	<u>\$ (30,626,887)</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ (5,331,705)
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	5,402,639
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	33
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 70,967</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 18,446,671
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,354,724
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,801,395</u>



NON-MAJOR FUNDS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

A special revenue fund is established to account for specific revenues, which are legally restricted to expenditure for particular purposes and is created out of receipts of specific taxes or other earmarked revenue.

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

These funds are established to account for the accumulation of resources for payment of bond principal and interest payable from governmental resources and special assessment levies when the government is obligated in some manner for the payment. 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)

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.

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.

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.

Community Facilities District (CFD) Bonds Capital Project 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 Project 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 Project 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, 2006

	Special Revenue Funds			
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Storm Drainage Fund
ASSETS				
Cash and cash equivalents	\$ 79,406	\$ 301,042	\$ 208,591	\$ 20,368
Cash with fiscal agents	-	-	-	-
Investments	643,712	-	1,691,000	165,114
Accounts receivable, net	5,921	1,441	714	57,242
Interest receivable	1,462	-	4,248	287
Due from other governments	-	99,559	418,854	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 730,501</u>	<u>\$ 402,042</u>	<u>\$ 2,323,407</u>	<u>\$ 243,011</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,638	\$ 11,927	\$ 195,029	\$ 1,532
Accrued payroll	12,624	-	12,971	5,418
Due to other governments	-	1,441	-	-
Deferred revenue	120,197	89,884	128,601	-
Other liabilities	500	-	10,945	-
Total liabilities	<u>\$ 134,959</u>	<u>\$ 103,252</u>	<u>\$ 347,546</u>	<u>\$ 6,950</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Grant Purposes	595,542	93,590	-	-
Unreserved, designated (note 11)	-	205,200	1,975,861	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	236,061
Total fund balance	<u>595,542</u>	<u>298,790</u>	<u>1,975,861</u>	<u>236,061</u>
Total liabilities and fund balance	<u>\$ 730,501</u>	<u>\$ 402,042</u>	<u>\$ 2,323,407</u>	<u>\$ 243,011</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds			Capital Project Funds			Total Non-Major Governmental Funds
Municipal Development Authority Bonds	General Obligation Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Non-Bond	
\$ -	\$ 2,632,657	\$ 46	\$ -	\$ -	\$ 436,604	\$ 3,678,714
3,017,233	-	-	-	-	-	3,017,233
-	21,341,821	370	-	-	3,539,364	27,381,381
-	127,457	-	-	-	1,753,786	1,946,561
1,787	8,984	6,764	47,491	27,061	7,476	105,560
-	222,804	4,029	-	-	250,000	995,246
27,668	-	2,134,839	8,699,226	3,443,766	-	14,305,499
-	-	4,428,429	-	-	-	4,428,429
<u>\$ 3,046,688</u>	<u>\$ 24,333,723</u>	<u>\$ 6,574,477</u>	<u>\$ 8,746,717</u>	<u>\$ 3,470,827</u>	<u>\$ 5,987,230</u>	<u>\$ 55,858,623</u>
\$ -	\$ 742	\$ -	\$ 572,392	\$ 436,162	\$ 710,048	\$ 1,929,470
-	-	-	-	-	-	31,013
-	-	-	-	-	-	1,441
-	127,457	11,287	-	-	2,479,723	2,957,149
-	-	-	103,983	-	525,083	640,511
<u>\$ -</u>	<u>\$ 128,199</u>	<u>\$ 11,287</u>	<u>\$ 676,375</u>	<u>\$ 436,162</u>	<u>\$ 3,714,854</u>	<u>\$ 5,559,584</u>
\$ 3,046,688	\$ 24,205,524	\$ 6,563,190	\$ -	\$ -	\$ -	\$ 33,815,402
-	-	-	8,070,342	179,609	-	8,249,951
-	-	-	-	-	-	689,132
-	-	-	-	2,855,056	2,272,376	7,308,493
-	-	-	-	-	-	236,061
<u>3,046,688</u>	<u>24,205,524</u>	<u>6,563,190</u>	<u>8,070,342</u>	<u>3,034,665</u>	<u>2,272,376</u>	<u>50,299,039</u>
<u>\$ 3,046,688</u>	<u>\$ 24,333,723</u>	<u>\$ 6,574,477</u>	<u>\$ 8,746,717</u>	<u>\$ 3,470,827</u>	<u>\$ 5,987,230</u>	<u>\$ 55,858,623</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Funds			
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Storm Drainage Fund
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Local transportation aid	657,162	-	-	-
From federal government	-	905,995	1,898,926	-
Other	303,122	70,465	561,747	-
Charges for service	68,188	-	589,487	256,492
Fines and forfeitures	-	-	34,518	-
Rents	-	-	700	-
Investment earnings	19,159	8,739	57,138	3,675
Miscellaneous	17,856	-	34,733	-
Total revenues	<u>1,065,487</u>	<u>985,199</u>	<u>3,177,249</u>	<u>260,167</u>
EXPENDITURES:				
Current operating:				
General government	-	-	61,762	-
Culture and recreation	-	-	333,773	-
Police	-	-	503,481	-
Fire	-	-	168,198	-
Development services	-	-	527,983	-
Highways and streets	-	-	-	-
Public works	-	-	-	77,219
Human services	1,015,479	976,460	-	-
Other	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	797,490	-
Total expenditures	<u>1,015,479</u>	<u>976,460</u>	<u>2,392,687</u>	<u>77,219</u>
Excess (deficiency) of revenues over expenditures	<u>50,008</u>	<u>8,739</u>	<u>784,562</u>	<u>182,948</u>
OTHER FINANCING SOURCES (USES):				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	-	-	10,289	-
Transfers out	(1,780)	-	(315,703)	(28,350)
Total other financing sources and uses	<u>(1,780)</u>	<u>-</u>	<u>(305,414)</u>	<u>(28,350)</u>
Net change in fund balances	<u>48,228</u>	<u>8,739</u>	<u>479,148</u>	<u>154,598</u>
Fund balances - beginning	547,314	290,051	1,496,713	81,463
Fund balances - ending	<u>\$ 595,542</u>	<u>\$ 298,790</u>	<u>\$ 1,975,861</u>	<u>\$ 236,061</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds			Capital Project Funds			Total Non-Major Governmental Funds
Municipal Development Authority Bonds	General Obligation Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Non-Bond	
\$ -	\$ 12,617,447	\$ 207,577	\$ -	\$ -	\$ -	\$ 12,825,024
-	-	-	-	-	-	657,162
-	-	-	-	-	-	2,804,921
-	-	-	-	-	-	935,334
-	-	-	-	-	-	914,167
-	-	-	-	-	-	34,518
-	-	-	-	-	-	700
3,022	678,209	208,695	570,717	73,410	109,697	1,732,461
-	-	2,672,225	1,620	-	1,890,725	4,617,159
<u>3,022</u>	<u>13,295,656</u>	<u>3,088,497</u>	<u>572,337</u>	<u>73,410</u>	<u>2,000,422</u>	<u>24,521,446</u>
-	-	-	-	-	-	61,762
-	-	-	-	8,142	-	341,915
-	-	-	-	-	-	503,481
-	-	-	-	-	-	168,198
-	-	-	-	-	-	527,983
-	-	-	-	-	176,004	176,004
-	-	-	2,970	-	-	80,189
-	-	-	-	-	-	1,991,939
411	-	-	-	-	-	411
2,246,421	4,175,000	725,000	-	-	-	7,146,421
931,000	2,513,798	2,206,139	-	70,656	-	5,721,593
-	-	-	-	3,655,506	1,926,786	6,379,782
<u>3,177,832</u>	<u>6,688,798</u>	<u>2,931,139</u>	<u>2,970</u>	<u>3,734,304</u>	<u>2,102,790</u>	<u>23,099,678</u>
<u>(3,174,810)</u>	<u>6,606,858</u>	<u>157,358</u>	<u>569,367</u>	<u>(3,660,894)</u>	<u>(102,368)</u>	<u>1,421,768</u>
-	-	-	-	6,675,000	-	6,675,000
-	-	-	-	20,559	-	20,559
3,479,859	-	583,730	-	-	-	4,073,878
-	-	-	(13,482,418)	-	(405,401)	(14,233,652)
<u>3,479,859</u>	<u>-</u>	<u>583,730</u>	<u>(13,482,418)</u>	<u>6,695,559</u>	<u>(405,401)</u>	<u>(3,464,215)</u>
305,049	6,606,858	741,088	(12,913,051)	3,034,665	(507,769)	(2,042,447)
2,741,639	17,598,666	5,822,102	20,983,393	-	2,780,145	52,341,486
<u>\$ 3,046,688</u>	<u>\$ 24,205,524</u>	<u>\$ 6,563,190</u>	<u>\$ 8,070,342</u>	<u>\$ 3,034,665</u>	<u>\$ 2,272,376</u>	<u>\$ 50,299,039</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 323,241	\$ 323,241	\$ 323,241	\$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
Local transportation aid	669,836	669,836	657,162	(12,674)
From federal government	96,000	96,000	36,080	(59,920)
Other	303,121	303,121	120,197	(182,924)
Charges for services	42,640	42,640	67,563	24,923
Investment earnings	6,300	6,300	18,972	12,672
Miscellaneous	-	-	17,856	17,856
Total inflows	<u>1,117,897</u>	<u>1,117,897</u>	<u>917,830</u>	<u>(200,067)</u>
Amounts available for appropriation	<u>1,441,138</u>	<u>1,441,138</u>	<u>1,241,071</u>	<u>(200,067)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Human services	1,228,758	1,228,758	1,020,359	(208,399)
Capital outlay	-	-	105	105
Contingencies	50,000	50,000	-	(50,000)
Transfers out	1,675	1,675	1,675	-
Total charges to appropriations	<u>1,280,433</u>	<u>1,280,433</u>	<u>1,022,139</u>	<u>(258,294)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 160,705</u>	<u>\$ 160,705</u>	<u>\$ 218,932</u>	<u>\$ 58,227</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 1,241,071
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(323,241)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	147,657
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,065,487</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,022,139
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(3,743)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,137)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(105)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,675)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,015,479</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SECTION 8 HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 416,417	\$ 416,417	\$ 416,417	\$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	1,826,751	1,826,751	960,168	(866,583)
Investment earnings	4,000	4,000	8,739	4,739
Total inflows	<u>1,830,751</u>	<u>1,830,751</u>	<u>968,907</u>	<u>(861,844)</u>
Amounts available for appropriation	<u>2,247,168</u>	<u>2,247,168</u>	<u>1,385,324</u>	<u>(861,844)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Human services	1,954,749	1,747,191	1,001,864	(745,327)
Total charges to appropriations	<u>1,954,749</u>	<u>1,747,191</u>	<u>1,001,864</u>	<u>(745,327)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 292,419</u>	<u>\$ 499,977</u>	<u>\$ 383,460</u>	<u>\$ (116,517)</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 1,385,324
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(416,417)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	16,292
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 985,199</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,001,864
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(25,404)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 976,460</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2005	\$ 1,379,443	\$ 1,379,443	\$ 1,379,443	\$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	1,526,253	1,526,253	1,964,375	438,122
Other	5,550,313	5,550,313	628,146	(4,922,167)
Charges for services	1,124,392	1,124,392	589,767	(534,625)
Fines and forfeitures	20,000	20,000	34,518	14,518
Rents	-	-	700	700
Investment earnings	15,200	15,200	56,628	41,428
Miscellaneous	35,600	35,600	34,733	(867)
Transfers from other funds	10,000	10,000	10,000	-
Total inflows	<u>8,281,758</u>	<u>8,281,758</u>	<u>3,318,867</u>	<u>(4,962,891)</u>
Amounts available for appropriation	<u>9,661,201</u>	<u>9,661,201</u>	<u>4,698,310</u>	<u>(4,962,891)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government:				
Mayor and council	1,500	1,500	-	(1,500)
Attorney	20,281	20,281	17,668	(2,613)
Court	20,000	63,622	27,012	(36,610)
Non-departmental	15,000	19,000	18,573	(427)
Culture and recreation	543,998	507,693	281,916	(225,777)
Police	585,607	1,074,575	470,674	(603,901)
Fire	7,500	209,407	98,365	(111,042)
Development services	1,251,421	1,243,853	469,123	(774,730)
Highways and streets	-	-	(12,216)	(12,216)
Capital outlay	3,937,383	3,698,562	1,044,527	(2,654,035)
Contingencies	1,500,000	-	-	-
Total charges to appropriations	<u>7,882,690</u>	<u>6,838,493</u>	<u>2,415,642</u>	<u>(4,422,851)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 1,778,511</u>	<u>\$ 2,822,708</u>	<u>\$ 2,282,668</u>	<u>\$ (540,040)</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 4,698,310
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,379,443)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(131,618)
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	<u>\$ 3,177,249</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,415,642
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(6,469)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	26,443
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(42,929)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,392,687</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
STORM DRAINAGE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 70,044	\$ 70,044	\$ 70,044	\$ -
RESOURCES (INFLOWS):				
Charges for services	218,000	218,000	222,705	4,705
Investment earnings	1,500	1,500	3,432	1,932
Total inflows	<u>219,500</u>	<u>219,500</u>	<u>226,137</u>	<u>6,637</u>
Amounts available for appropriation	<u>289,544</u>	<u>289,544</u>	<u>296,181</u>	<u>6,637</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public works	136,744	136,744	70,269	(66,475)
Transfers out	28,350	28,350	28,350	-
Total charges to appropriations	<u>165,094</u>	<u>165,094</u>	<u>98,619</u>	<u>(66,475)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 124,450</u>	<u>\$ 124,450</u>	<u>\$ 197,562</u>	<u>\$ 73,112</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 296,181
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(70,044)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	34,030
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 260,167</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 98,619
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	5,418
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,532
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(28,350)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 77,219</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 2,748,330	\$ 2,748,330	\$ 2,748,330	\$ -
RESOURCES (INFLOWS):				
Investment earnings	10,000	10,000	3,104	(6,896)
Transfers from other funds	<u>3,458,871</u>	<u>3,458,871</u>	<u>3,479,859</u>	<u>20,988</u>
Total inflows	<u>3,468,871</u>	<u>3,468,871</u>	<u>3,482,963</u>	<u>14,092</u>
Amounts available for appropriation	<u>6,217,201</u>	<u>6,217,201</u>	<u>6,231,293</u>	<u>14,092</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	-	-	411	411
Debt service:				
Principal payments	2,246,421	2,246,421	2,246,421	-
Interest and other charges	<u>935,530</u>	<u>937,380</u>	<u>931,000</u>	<u>(6,380)</u>
Total charges to appropriations	<u>3,181,951</u>	<u>3,183,801</u>	<u>3,177,832</u>	<u>(5,969)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 3,035,250</u>	<u>\$ 3,033,400</u>	<u>\$ 3,053,461</u>	<u>\$ 20,061</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 6,231,293
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,748,330)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(82)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(3,479,859)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,022</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,177,832
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,177,832</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2005	\$ 17,438,809	\$ 17,438,809	\$ 17,438,809	\$ -
RESOURCES (INFLOWS):				
Property taxes	12,698,103	12,698,103	12,593,718	(104,385)
Investment earnings	280,000	280,000	698,674	418,674
Transfers in			-	-
Total inflows	<u>12,978,103</u>	<u>12,978,103</u>	<u>13,292,392</u>	<u>314,289</u>
Amounts available for appropriation	<u>30,416,912</u>	<u>30,416,912</u>	<u>30,731,201</u>	<u>314,289</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	3,000	3,000	-	(3,000)
Debt service:				
Principal payments	4,175,000	4,175,000	4,175,000	-
Interest and other charges	<u>14,642,164</u>	<u>14,642,164</u>	<u>2,513,056</u>	<u>(12,129,108)</u>
Total charges to appropriations	<u>18,820,164</u>	<u>18,820,164</u>	<u>6,688,056</u>	<u>(12,132,108)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 11,596,748</u>	<u>\$ 11,596,748</u>	<u>\$ 24,043,145</u>	<u>\$ 12,446,397</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 30,731,201
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(17,438,809)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	3,264
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 13,295,656</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,688,056
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	742
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 6,688,798</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2005	\$ 5,822,101	\$ 5,822,101	\$ 5,822,101	\$ -
RESOURCES (INFLOWS):				
Property Taxes	232,899	232,899	214,837	(18,062)
Investment earnings	75,000	75,000	212,939	137,939
Miscellaneous	2,625,241	2,625,241	2,672,225	46,984
Transfers in	-	45,000	201,727	156,727
Total inflows	<u>2,933,140</u>	<u>2,978,140</u>	<u>3,301,728</u>	<u>323,588</u>
Amounts available for appropriation	<u>8,755,241</u>	<u>8,800,241</u>	<u>9,123,829</u>	<u>323,588</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Debt service:				
Principal payments	725,000	725,000	725,000	-
Interest and other charges	<u>2,208,140</u>	<u>2,208,140</u>	<u>2,206,139</u>	<u>(2,001)</u>
Total charges to appropriations	<u>2,933,140</u>	<u>2,933,140</u>	<u>2,931,139</u>	<u>(2,001)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 5,822,101</u>	<u>\$ 5,867,101</u>	<u>\$ 6,192,690</u>	<u>\$ 325,589</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 9,123,829
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(5,822,101)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(11,504)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(201,727)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,088,497</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,931,139
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,931,139</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2005	\$ 21,018,668	\$ 21,018,668	\$ 21,018,668	\$ -
RESOURCES (INFLOWS):				
Investment earnings	500,000	500,000	567,534	67,534
Miscellaneous	-	-	1,620	1,620
Total inflows	<u>500,000</u>	<u>500,000</u>	<u>569,154</u>	<u>69,154</u>
Amounts available for appropriation	<u>21,518,668</u>	<u>21,518,668</u>	<u>21,587,822</u>	<u>69,154</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public works	-	-	9,550	9,550
Capital outlay	20,954,151	20,954,151	12,439,677	(8,514,474)
Transfers to other funds	45,000	45,000	28,215	(16,785)
Total charges to appropriations	<u>20,999,151</u>	<u>20,999,151</u>	<u>12,477,442</u>	<u>(8,521,709)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 519,517</u>	<u>\$ 519,517</u>	<u>\$ 9,110,380</u>	<u>\$ 8,590,863</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 21,587,822
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(21,018,668)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	3,183
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 572,337</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12,477,442
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	452,431
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(12,898,688)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(28,215)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,970</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS):				
Investment earnings	-	-	46,349	46,349
Capital related debt issued	4,175,000	4,175,000	6,624,903	2,449,903
Premium on bonds issued	-	-	-	-
Total inflows	<u>4,175,000</u>	<u>4,175,000</u>	<u>6,671,252</u>	<u>2,496,252</u>
Amounts available for appropriation	<u>4,175,000</u>	<u>4,175,000</u>	<u>6,671,252</u>	<u>2,496,252</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Culture and recreation	-	-	8,142	8,142
Capital outlay	4,175,000	6,785,562	3,219,344	(3,566,218)
Total charges to appropriations	<u>4,175,000</u>	<u>6,785,562</u>	<u>3,227,486</u>	<u>(3,558,076)</u>
Budgetary fund balance, June 30, 2006	<u>\$ -</u>	<u>\$ (2,610,562)</u>	<u>\$ 3,443,766</u>	<u>\$ 6,054,328</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 6,671,252
Differences - budget to GAAP:	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	27,061
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(6,624,903)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 73,410</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,227,486
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	506,818
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,734,304</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
NON-BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2005	\$ 3,613,745	\$ 3,613,745	\$ 3,613,745	\$ -
RESOURCES (INFLOWS):				
Investment earnings	65,000	65,000	122,837	57,837
Miscellaneous	11,075,189	11,075,189	1,515,060	(9,560,129)
Total inflows	<u>11,140,189</u>	<u>11,140,189</u>	<u>1,637,897</u>	<u>(9,502,292)</u>
Amounts available for appropriation	<u>14,753,934</u>	<u>14,753,934</u>	<u>5,251,642</u>	<u>(9,502,292)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services:				
Highways and streets	25,000	165,133	176,004	10,871
Capital outlay	12,873,398	13,681,370	1,715,116	(11,966,254)
Contingencies	1,000,000	-	-	-
Total charges to appropriations	<u>13,898,398</u>	<u>13,846,503</u>	<u>1,891,120</u>	<u>(11,955,383)</u>
Budgetary fund balance, June 30, 2006	<u>\$ 855,536</u>	<u>\$ 907,431</u>	<u>\$ 3,360,522</u>	<u>\$ 2,453,091</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 5,251,642
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,613,745)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	362,525
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,000,422</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,891,120
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	211,670
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,102,790</u>



ENTERPRISE FUNDS

Budgetary Schedules

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 27,006,317	\$ 27,006,317	\$ 28,937,420	\$ 1,931,103
Miscellaneous	15,000	15,000	54,365	39,365
Total operating revenues	<u>27,021,317</u>	<u>27,021,317</u>	<u>28,991,785</u>	<u>1,970,468</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	5,331,184	5,427,749	4,891,998	(535,751)
Contractual services, materials and supplies	14,027,842	13,662,405	13,562,643	(99,762)
Capital outlay	33,508,237	36,171,853	20,197,668	(15,974,185)
Contingencies	9,200,000	-	-	-
Total operating expenses	<u>62,067,263</u>	<u>55,262,007</u>	<u>38,652,309</u>	<u>(16,609,698)</u>
Operating income (loss)	<u>(35,045,946)</u>	<u>(28,240,690)</u>	<u>(9,660,524)</u>	<u>18,580,166</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,245,000	1,245,000	2,765,461	1,520,461
Interest expense	(2,675,889)	(2,675,889)	(2,433,428)	242,461
Debt principal payments	(2,981,917)	(4,158,176)	(2,981,916)	1,176,260
Total nonoperating revenues (expenses)	<u>(4,412,806)</u>	<u>(5,589,065)</u>	<u>(2,649,883)</u>	<u>2,939,182</u>
Income (loss) before contributions and transfers	<u>(39,458,752)</u>	<u>(33,829,755)</u>	<u>(12,310,407)</u>	<u>21,519,348</u>
Capital contributions	6,186,500	6,186,500	8,522,817	2,336,317
Transfers in	25,000	25,000	25,000	-
Transfers out	(391,373)	(391,373)	(434,188)	(42,815)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (33,638,625)</u>	<u>\$ (28,009,628)</u>	<u>\$ (4,196,778)</u>	<u>\$ 23,812,850</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(1,724)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(810,817)
Proceeds from the sale of bonds or contracts payable are revenues for budgetary purposes but budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	810,817
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(9,927)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(685,920)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	19,729,297
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	125,224
Interest is capitalized on construction of capital assets for GAAP purposes, but is not a obligations and therefore not an expense for GAAP purposes.	2,981,916
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(4,690,818)
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.	(15,961)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	30,899
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	7,737,116
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 21,003,324</u>

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

**CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
WASTEWATER UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 13,007,237	\$ 13,007,237	\$ 11,929,725	\$ (1,077,512)
Miscellaneous	10,000	10,000	-	(10,000)
Total operating revenues	<u>13,017,237</u>	<u>13,017,237</u>	<u>11,929,725</u>	<u>(1,087,512)</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	1,123,215	1,123,215	1,080,461	(42,754)
Contractual services, materials and supplies	7,451,044	7,483,390	8,138,069	654,679
Capital outlay	15,232,754	16,057,507	7,872,971	(8,184,536)
Contingencies	4,120,000	-	-	-
Total operating expenses	<u>27,927,013</u>	<u>24,664,112</u>	<u>17,091,501</u>	<u>(7,572,611)</u>
Operating income (loss)	<u>(14,909,776)</u>	<u>(11,646,875)</u>	<u>(5,161,776)</u>	<u>6,485,099</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	793,000	793,000	1,839,806	1,046,806
Interest expense	(739,099)	(739,099)	(699,404)	39,695
Debt principal payments	(1,968,786)	(1,968,786)	(1,968,786)	-
Total nonoperating revenues (expenses)	<u>(1,914,885)</u>	<u>(1,914,885)</u>	<u>(828,384)</u>	<u>1,086,501</u>
Income (loss) before contributions and transfers	<u>(16,824,661)</u>	<u>(13,561,760)</u>	<u>(5,990,160)</u>	<u>7,571,600</u>
Capital contributions	3,542,500	3,542,500	4,364,858	822,358
Transfers out	(135,187)	(135,187)	(135,979)	(792)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (13,417,348)</u>	<u>\$ (10,154,447)</u>	<u>\$ (1,761,281)</u>	<u>\$ 8,393,166</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	366,698
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(98,112)
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.	98,112
The City budgets compensated absences on the cash basis, rather than the accrual basis.	9,350
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	718,308
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	7,869,000
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	75,297
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.	1,968,786
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(3,644,919)
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.	(76,597)
The loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	5,246
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	3,661,998
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 9,191,886</u>

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

CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 9,928,690	\$ 9,928,690	\$ 10,172,121	\$ 243,431
From federal government	-	-	7,600	7,600
Miscellaneous	70,000	70,000	-	(70,000)
Total operating revenues	<u>9,998,690</u>	<u>9,998,690</u>	<u>10,179,721</u>	<u>181,031</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	2,652,184	2,703,184	2,665,005	(38,179)
Contractual services, materials and supplies	5,797,579	6,273,582	6,346,759	73,177
Capital outlay	5,798,182	6,212,767	1,835,407	(4,377,360)
Contingencies	300,000	-	-	-
Total operating expenses	<u>14,547,945</u>	<u>15,189,533</u>	<u>10,847,171</u>	<u>(4,342,362)</u>
Operating income (loss)	<u>(4,549,255)</u>	<u>(5,190,843)</u>	<u>(667,450)</u>	<u>4,523,393</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	230,000	225,700	622,713	397,013
Total nonoperating revenues (expenses)	<u>230,000</u>	<u>225,700</u>	<u>622,713</u>	<u>397,013</u>
Income (loss) before contributions and transfers	<u>(4,319,255)</u>	<u>(4,965,143)</u>	<u>(44,737)</u>	<u>4,920,406</u>
Capital contributions	720,090	720,090	1,009,520	289,430
Transfers in	206,667	206,667	206,667	-
Transfers out	(184,015)	(184,015)	(184,105)	(90)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (3,576,513)</u>	<u>\$ (4,222,401)</u>	<u>\$ 987,345</u>	<u>\$ 5,209,746</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	223,819
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(894,190)
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.	894,190
The City budgets compensated absences on the cash basis, rather than the accrual basis.	1,661
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(114,131)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,828,454
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(598,804)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	212,460
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(282,346)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 2,258,458</u>

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

CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
STADIUM FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 1,510,287	\$ 1,510,287	\$ 1,426,774	\$ (83,513)
Rents	1,699,000	1,699,000	1,524,876	(174,124)
Miscellaneous	-	-	52	52
Total operating revenues	<u>3,209,287</u>	<u>3,209,287</u>	<u>2,951,702</u>	<u>(257,585)</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	1,008,784	1,008,784	1,019,895	11,111
Contractual services, materials and supplies	3,657,927	4,182,451	3,801,760	(380,691)
Capital outlay	148,000	158,000	146,593	(11,407)
Contingencies	40,000	40,000	-	(40,000)
Total operating expenses	<u>4,854,711</u>	<u>5,389,235</u>	<u>4,968,248</u>	<u>(420,987)</u>
Operating loss	<u>(1,645,424)</u>	<u>(2,179,948)</u>	<u>(2,016,546)</u>	<u>163,402</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	23,196	23,196	37,477	14,281
Interest expense	(42,735)	(42,735)	(42,947)	(212)
Debt principal payments	(102,925)	(102,925)	(102,925)	-
Total nonoperating revenues (expenses)	<u>(122,464)</u>	<u>(122,464)</u>	<u>(108,395)</u>	<u>14,069</u>
Income (loss) before transfers	<u>(1,767,888)</u>	<u>(2,302,412)</u>	<u>(2,124,941)</u>	<u>177,471</u>
Transfers in	2,368,822	2,368,822	2,357,934	(10,888)
Transfers out	(284,245)	(284,245)	(285,960)	(1,715)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 316,689</u>	<u>\$ (217,835)</u>	<u>\$ (52,967)</u>	<u>\$ 164,868</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	696
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(98,287)
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.	98,287
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(4,429)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	15,539
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	146,593
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.	102,925
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(760,831)
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.	3,676
The loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	6,228
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(5,630)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (548,200)</u>

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

**CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
PUBLIC HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Rent	\$ -	\$ -	\$ 138,221	\$ 138,221
From federal government	160,000	160,000	129,932	(30,068)
Miscellaneous	-	-	3,230	3,230
Total operating revenues	<u>160,000</u>	<u>160,000</u>	<u>271,383</u>	<u>111,383</u>
OPERATING EXPENSES:				
Contractual services, materials and supplies	<u>160,000</u>	<u>283,563</u>	<u>283,563</u>	<u>-</u>
Total operating expenses	<u>160,000</u>	<u>283,563</u>	<u>283,563</u>	<u>-</u>
Operating income (loss)	<u>-</u>	<u>(123,563)</u>	<u>(12,180)</u>	<u>111,383</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	<u>7,000</u>	<u>7,000</u>	<u>11,516</u>	<u>4,516</u>
Total nonoperating revenues (expenses)	<u>7,000</u>	<u>7,000</u>	<u>11,516</u>	<u>4,516</u>
Income (loss) before transfers	<u>7,000</u>	<u>(116,563)</u>	<u>(664)</u>	<u>115,899</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 7,000</u>	<u>\$ (116,563)</u>	<u>\$ (664)</u>	<u>\$ 115,899</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	12,179
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(85,489)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (73,974)</u>

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

NON-MAJOR FUNDS

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 selfinsurance program. This fund provides the liability insurance coverage for claims over the self-insurance limit; claims under the limit are charged directly to the Self-Insurance Fund.

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, 2006

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,049,265	\$ 662,866	\$ 90,554	\$ 559,323	\$ 2,362,008
Investments	8,505,946	5,373,574	734,079	4,534,192	19,147,791
Interest receivable	24,818	12,173	2,237	10,215	49,443
Supplies inventory	89,868	-	-	-	89,868
Total current assets	<u>9,669,897</u>	<u>6,048,613</u>	<u>826,870</u>	<u>5,103,730</u>	<u>21,649,110</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	2,125,375	-	81,342	18,748,829	20,955,546
Vehicles	15,945,138	-	-	-	15,945,138
Furniture	-	-	11,732	60,969	72,701
Less accumulated depreciation	(9,442,869)	-	(78,185)	(12,179,643)	(21,700,697)
Construction in progress	-	-	-	3,042,327	3,042,327
Total capital assets, net	<u>8,627,644</u>	<u>-</u>	<u>14,889</u>	<u>9,820,584</u>	<u>18,463,117</u>
Total assets	<u>18,297,541</u>	<u>6,048,613</u>	<u>841,759</u>	<u>14,924,314</u>	<u>40,112,227</u>
LIABILITIES					
Current liabilities:					
Accounts payable	166,436	61,889	133,021	376,664	738,010
Accrued payroll	17,599	2,417	42,129	65,016	127,161
Claims payable	-	3,100,000	-	-	3,100,000
Current portion of compensated absences	69,250	3,470	120,280	170,310	363,310
Total current liabilities	<u>253,285</u>	<u>3,167,776</u>	<u>295,430</u>	<u>611,990</u>	<u>4,328,481</u>
Non-current liabilities:					
Compensated absences	8,950	460	14,690	20,640	44,740
Total long-term liabilities	<u>8,950</u>	<u>460</u>	<u>14,690</u>	<u>20,640</u>	<u>44,740</u>
Total liabilities	<u>262,235</u>	<u>3,168,236</u>	<u>310,120</u>	<u>632,630</u>	<u>4,373,221</u>
NET ASSETS					
Invested in capital assets, net of related debt	8,627,644	-	14,889	9,820,584	18,463,117
Unrestricted	9,407,662	2,880,377	516,750	4,471,100	17,275,889
Total net assets	<u>\$ 18,035,306</u>	<u>\$ 2,880,377</u>	<u>\$ 531,639</u>	<u>\$ 14,291,684</u>	<u>\$ 35,739,006</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES					
Charges for services	\$ 6,277,778	\$ 3,401,569	\$ 5,002,826	\$ 7,349,589	\$ 22,031,762
Miscellaneous	4,114	220,131	-	33,291	257,536
Total operating revenues	<u>6,281,892</u>	<u>3,621,700</u>	<u>5,002,826</u>	<u>7,382,880</u>	<u>22,289,298</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	1,003,144	111,641	2,312,697	3,415,835	6,843,317
Contractual services, materials and supplies	3,277,869	130,907	2,669,482	3,503,402	9,581,660
Insurance claims and expenses	-	2,009,965	-	-	2,009,965
Depreciation and amortization	1,975,908	-	8,421	1,885,609	3,869,938
Total operating expenses	<u>6,256,921</u>	<u>2,252,513</u>	<u>4,990,600</u>	<u>8,804,846</u>	<u>22,304,880</u>
Operating income (loss)	24,971	1,369,187	12,226	(1,421,966)	(15,582)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	337,037	162,144	31,463	142,357	673,001
Gain on sale of fixed assets	65,164	-	-	-	65,164
Total non-operating revenues	<u>402,201</u>	<u>162,144</u>	<u>31,463</u>	<u>142,357</u>	<u>738,165</u>
Income (loss) before transfers	427,172	1,531,331	43,689	(1,279,609)	722,583
Transfers in	1,289,711	1,050,000	-	1,915,156	4,254,867
Transfers out	(101,887)	(1,775)	(50,602)	(7,343)	(161,607)
Change in net assets	<u>1,614,996</u>	<u>2,579,556</u>	<u>(6,913)</u>	<u>628,204</u>	<u>4,815,843</u>
Total net assets - beginning	<u>16,420,310</u>	<u>300,821</u>	<u>538,552</u>	<u>13,663,480</u>	<u>30,923,163</u>
Total net assets - ending	<u>\$ 18,035,306</u>	<u>\$ 2,880,377</u>	<u>\$ 531,639</u>	<u>\$ 14,291,684</u>	<u>\$ 35,739,006</u>

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, 2006**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,283,092	\$ 3,621,700	\$ 5,002,826	\$ 7,382,880	\$ 22,290,498
Payments to suppliers	(3,257,962)	(130,069)	(2,856,254)	(3,330,976)	(9,575,261)
Payments to employees	(1,003,308)	(109,291)	(2,300,557)	(3,407,674)	(6,820,830)
Self-insurance costs	-	(2,009,965)	-	-	(2,009,965)
Net cash provided (used) by operating activities	<u>2,021,822</u>	<u>1,372,375</u>	<u>(153,985)</u>	<u>644,230</u>	<u>3,884,442</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	1,289,711	1,050,000	-	1,915,156	4,254,867
Transfers out	(101,887)	(1,775)	(50,602)	(7,343)	(161,607)
Net cash provided (used) by non-capital financing activities	<u>1,187,824</u>	<u>1,048,225</u>	<u>(50,602)</u>	<u>1,907,813</u>	<u>4,093,260</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net acquisition and construction of fixed assets	(1,710,890)	-	-	(3,808,049)	(5,518,939)
Net cash flows from capital and related financing activities	<u>(1,710,890)</u>	<u>-</u>	<u>-</u>	<u>(3,808,049)</u>	<u>(5,518,939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(15,878,177)	(10,044,342)	(1,369,683)	(8,471,743)	(35,763,945)
Proceeds from sale of investments	13,887,368	7,589,525	1,477,334	9,174,246	32,128,473
Interest received on investments	337,565	157,806	31,970	145,281	672,622
Net cash provided (used) by investing activities	<u>(1,653,244)</u>	<u>(2,297,011)</u>	<u>139,621</u>	<u>847,784</u>	<u>(2,962,850)</u>
Net increase (decrease) in cash and cash equivalents	(154,488)	123,589	(64,966)	(408,222)	(504,087)
Cash and cash equivalents at beginning of year	1,203,753	539,277	155,520	967,545	2,866,095
Cash and cash equivalents at end of year	<u>\$ 1,049,265</u>	<u>\$ 662,866</u>	<u>\$ 90,554</u>	<u>\$ 559,323</u>	<u>\$ 2,362,008</u>
Classified as:					
Current assets	\$ 1,049,265	\$ 662,866	\$ 90,554	\$ 559,323	\$ 2,362,008
Totals	<u>\$ 1,049,265</u>	<u>\$ 662,866</u>	<u>\$ 90,554</u>	<u>\$ 559,323</u>	<u>\$ 2,362,008</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 24,971	\$ 1,369,187	\$ 12,226	\$ (1,421,966)	\$ (15,582)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,975,908	-	8,421	1,885,609	3,869,938
(Increase) decrease in assets:					
Accounts receivable	1,200	-	-	-	1,200
Supplies inventory	56,271	-	-	-	56,271
Increase (decrease) in liabilities:					
Accounts payable	(36,364)	838	(186,772)	172,530	(49,768)
Accrued payroll	(884)	710	3,430	(14,259)	(11,003)
Due to other governments	-	-	-	(104)	(104)
Compensated absences	720	1,640	8,710	22,420	33,490
Total adjustments	<u>1,996,851</u>	<u>3,188</u>	<u>(166,211)</u>	<u>2,066,196</u>	<u>3,900,024</u>
Net cash provided (used) by operating activities	<u>\$ 2,021,822</u>	<u>\$ 1,372,375</u>	<u>\$ (153,985)</u>	<u>\$ 644,230</u>	<u>\$ 3,884,442</u>
Non-cash investing, capital and financing activities:					
Increase in fair market value of investments	\$ 11,828	\$ 2,636	\$ 2,150	\$ 8,508	\$ 25,122
Total non-cash investing, capital and financing activities	<u>\$ 11,828</u>	<u>\$ 2,636</u>	<u>\$ 2,150</u>	<u>\$ 8,508</u>	<u>\$ 25,122</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
MOTOR POOL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 5,820,476	\$ 5,820,476	\$ 6,311,173	\$ 490,697
Miscellaneous	100,000	100,000	4,114	(95,886)
Total operating revenues	<u>5,920,476</u>	<u>5,920,476</u>	<u>6,315,287</u>	<u>394,811</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	1,131,977	1,093,510	1,003,308	(90,202)
Contractual services, materials and supplies	2,665,818	3,206,800	3,275,734	68,934
Capital outlay	2,055,735	2,109,059	1,311,496	(797,563)
Contingencies	300,000	-	-	-
Total operating expenses	<u>6,153,530</u>	<u>6,409,369</u>	<u>5,590,538</u>	<u>(818,831)</u>
Operating income (loss)	<u>(233,054)</u>	<u>(488,893)</u>	<u>724,749</u>	<u>1,213,642</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	150,000	150,000	337,565	187,565
Total nonoperating revenues (expenses)	<u>150,000</u>	<u>150,000</u>	<u>337,565</u>	<u>187,565</u>
Income (loss) before transfers	<u>(83,054)</u>	<u>(338,893)</u>	<u>1,062,314</u>	<u>1,401,207</u>
Transfers in	805,055	805,055	805,055	-
Transfers out	(100,600)	(100,600)	(101,187)	(587)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 621,401</u>	<u>\$ 365,562</u>	<u>\$ 1,766,182</u>	<u>\$ 1,400,620</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(1,728)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(32,195)
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.	32,195
The City budgets compensated absences on the cash basis, rather than the accrual basis.	164
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(19,907)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,297,073
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	(1,975,908)
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	65,164
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	483,956
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	483,956
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,614,996</u>

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

CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
SELF-INSURANCE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 3,402,942	\$ 3,402,942	\$ 3,397,231	\$ (5,711)
Miscellaneous	-	-	220,131	220,131
Total operating revenues	<u>3,402,942</u>	<u>3,402,942</u>	<u>3,617,362</u>	<u>214,420</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	98,322	98,322	109,291	10,969
Contractual services, materials and supplies	562,987	562,987	130,069	(432,918)
Insurance claims and expenses	3,001,750	3,001,750	2,009,965	(991,785)
Capital outlay	15,000	15,000	-	(15,000)
Total operating expenses	<u>3,678,059</u>	<u>3,678,059</u>	<u>2,249,325</u>	<u>(1,428,734)</u>
Operating loss	<u>(275,117)</u>	<u>(275,117)</u>	<u>1,368,037</u>	<u>1,643,154</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	20,000	20,000	162,144	142,144
Total nonoperating revenues	<u>20,000</u>	<u>20,000</u>	<u>162,144</u>	<u>142,144</u>
Income (loss) before transfers	<u>(255,117)</u>	<u>(255,117)</u>	<u>1,530,181</u>	<u>1,785,298</u>
Transfers in	1,050,000	1,050,000	1,050,000	-
Transfers out	(1,775)	(1,775)	(1,775)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 793,108</u>	<u>\$ 793,108</u>	<u>\$ 2,578,406</u>	<u>\$ 1,785,298</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	4,338
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(2,350)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(838)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 2,579,556</u>

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

**CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FACILITIES MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 5,097,253	\$ 5,097,253	\$ 5,115,501	\$ 18,248
Total operating revenues	<u>5,097,253</u>	<u>5,097,253</u>	<u>5,115,501</u>	<u>18,248</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	2,568,202	2,568,202	2,300,557	(267,645)
Contractual services, materials and supplies	2,634,378	2,626,564	2,856,254	229,690
Capital outlay	-	198,078	134,580	(63,498)
Total operating expenses	<u>5,202,580</u>	<u>5,392,844</u>	<u>5,291,391</u>	<u>(101,453)</u>
Operating income (loss)	<u>(105,327)</u>	<u>(295,591)</u>	<u>(175,890)</u>	<u>119,701</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	5,000	5,000	31,970	26,970
Total nonoperating revenues	<u>5,000</u>	<u>5,000</u>	<u>31,970</u>	<u>26,970</u>
Income (loss) before transfers	<u>(100,327)</u>	<u>(290,591)</u>	<u>(143,920)</u>	<u>146,671</u>
Transfers out	<u>(28,697)</u>	<u>(28,697)</u>	<u>(28,697)</u>	<u>-</u>
Deficit revenues over expenses - budgetary basis	<u>\$ (129,024)</u>	<u>\$ (319,288)</u>	<u>\$ (172,617)</u>	<u>\$ 146,671</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(507)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(112,675)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(12,140)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	186,772
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	134,580
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(8,421)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(21,905)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (6,913)</u>

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

**CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
INFORMATION TECHNOLOGY FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Charges for services	\$ 7,414,956	\$ 7,414,956	\$ 7,424,956	\$ 10,000
Miscellaneous	-	-	33,291	33,291
Total operating revenues	<u>7,414,956</u>	<u>7,414,956</u>	<u>7,458,247</u>	<u>43,291</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	3,540,660	3,540,660	3,407,674	(132,986)
Contractual services, materials and supplies	3,899,690	4,275,823	3,336,309	(939,514)
Capital outlay	3,325,048	3,776,620	2,779,280	(997,340)
Contingencies	250,000	100,000	-	(100,000)
Total operating expenses	<u>11,015,398</u>	<u>11,693,103</u>	<u>9,523,263</u>	<u>(2,169,840)</u>
Operating loss	<u>(3,600,442)</u>	<u>(4,278,147)</u>	<u>(2,065,016)</u>	<u>2,213,131</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	53,723	53,723	145,281	91,558
Total nonoperating revenues	<u>53,723</u>	<u>53,723</u>	<u>145,281</u>	<u>91,558</u>
Income before transfers	<u>(3,546,719)</u>	<u>(4,224,424)</u>	<u>(1,919,735)</u>	<u>2,304,689</u>
Transfers in	771,034	771,034	812,784	41,750
Transfers out	(3,775)	(3,775)	(3,775)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (2,779,460)</u>	<u>\$ (3,457,165)</u>	<u>\$ (1,110,726)</u>	<u>\$ 2,346,439</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(2,924)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(8,161)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(75,367)
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.	75,367
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(172,426)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	2,709,246
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,885,609)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,098,804
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 628,204</u>

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

FIDUCIARY FUNDS

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

Agency Funds

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

Terramar Infrastructure Fund

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

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 an administrator.

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Terramar Infrastructure Fund</u>				
Assets:				
Cash and cash equivalents	\$ 60,050		\$ 17,776	\$ 42,274
Investments	324,920	17,776		342,696
Total Assets	<u>384,970</u>	<u>17,776</u>	<u>17,776</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>		-	<u>384,970</u>
<u>Neighborhood Pride NFP Fund</u>				
Assets:				
Cash and cash equivalents	2,161	2,901	1,145	3,917
Investments	11,785	23,468	3,500	31,753
Interest receivable	-	97	-	97
Total Assets	<u>13,946</u>	<u>26,466</u>	<u>4,645</u>	<u>35,767</u>
Liabilities:				
Accounts payable	-	8,680	4,645	4,035
Other liabilities	13,946	17,919	133	31,732
Total Liabilities	<u>13,946</u>	<u>26,599</u>	<u>4,778</u>	<u>35,767</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	62,211	2,901	18,921	46,191
Investments	336,705	41,244	3,500	374,449
Interest receivable	-	97	-	97
Total Assets	<u>398,916</u>	<u>44,242</u>	<u>22,421</u>	<u>420,737</u>
Liabilities:				
Accounts payable	-	8,680	4,645	4,035
Other liabilities	398,916	17,919	133	416,702
Total Liabilities	<u>398,916</u>	<u>26,599</u>	<u>4,778</u>	<u>420,737</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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 #	Account Description:	Low Rent Public Housing #14.850a	CIAP #14.852	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
ASSETS:					
Current Assets:					
Cash:					
111	Cash – unrestricted	\$ 439,646	-	359,051	16,308
100	Total cash	439,646	-	359,051	16,308
Accounts receivable:					
121	Accounts receivable – PHA projects	-	24,676	-	-
125	Accounts receivable – miscellaneous	18,263	-	1,441	-
126.2	Allowance for doubtful accts – other	-	-	-	-
120	Total receivables, net	18,263	24,676	1,441	-
Other current assets:					
144	Interprogram due from	-	-	-	24,676
150	Total current assets	457,909	24,676	360,492	40,984
Non-current Assets:					
Fixed Assets:					
161	Land	410,350	-	-	-
162	Buildings	3,276,922	-	-	-
164	Furniture, equipment & machinery – admin.	24,961	-	-	-
165	Leasehold improvements	121,175	-	-	-
166	Accumulated depreciation	(1,636,752)	-	-	-
160	Total fixed assets, net	2,196,656	-	-	-
180	Total non-current assets	2,196,656	-	-	-
190	Total Assets	\$ 2,654,565	24,676	360,492	40,984
LIABILITIES AND EQUITY:					
LIABILITIES:					
Current Liabilities:					
312	Accounts payable < 90 days	\$ -	-	11,361	-
332	Accounts payable – PHA projects	-	-	1,441	-
341	Tenant security deposits	15,487	-	-	-
342	Deferred revenues	-	-	48,900	40,984
347	Interprogram due to	-	24,676	-	-
310	Total Current Liabilities	15,487	24,676	61,702	40,984
350	Total Noncurrent Liabilities	-	-	-	-
300	Total Liabilities	15,487	24,676	61,702	40,984
EQUITY:					
508.1	Invested in capital assets, net of related debt	2,196,656	-	-	-
511.1	Restricted net assets	-	-	-	-
512.1	Unrestricted net assets	442,422	-	298,790	-
513	Total Equity/Net Assets	2,639,078	-	298,790	-
600	Total Liabilities and Equity/Net Assets	\$ 2,654,565	24,676	360,492	40,984

CITY OF PEORIA, ARIZONA
 SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Line #	Account Description	Low Rent Public Housing #14.850a	CIAP #14.852	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
REVENUE:					
703	Net tenant rental revenues	\$ 150,400	-	-	-
705	Total tenant revenue	<u>150,400</u>	-	-	-
706	HUD PHA grants	129,932	-	526,759	71,865
711	Investment Income – unrestricted	11,515	-	8,739	-
715	Other revenue	3,231	-	70,465	-
700	Total revenue	<u>295,078</u>	-	<u>605,963</u>	<u>71,865</u>
EXPENSES:					
911	Administrative salaries	\$ 64,157	-	-	-
912	Audit fees	2,740	-	1,000	-
913	Outside management fees	34,820	-	108,149	-
915	Employee benefit contributions – administrative	13,995	-	-	-
916	Other operating – administrative	40,477	-	-	825
931	Water	26,480	-	-	-
932	Electricity	3,772	-	-	-
933	Gas	3,421	-	-	-
941	Ordinary maintenance and operations– labor	26,355	-	-	-
942	Ordinary maint. & oper. – materials and other	35,886	-	-	-
943	Ordinary maint. & oper. – contract costs	21,729	-	-	71,040
945	Employee benefit contributions – ordinary maint.	9,169	-	-	-
961	Insurance premiums	562	-	-	-
969	Total operating expenses	<u>283,563</u>	-	<u>109,149</u>	<u>71,865</u>
970	Excess operating revenues over expenses	<u>11,515</u>	-	<u>496,814</u>	-
973	Housing assistance payments	-	-	488,075	-
974	Depreciation expense	85,489	-	-	-
900	Total expenses	<u>369,052</u>	-	<u>597,224</u>	-
1000	Excess (deficiency) of operating revenues over (under) expenses	<u>\$ (73,974)</u>	-	<u>8,739</u>	-
MEMO ACCOUNT INFORMATION:					
1103	Beginning equity	\$ 2,713,052	-	290,051	-
1120	Unit months available	840	-	842	-
1121	Number of unit months leased	831	-	773	-

**CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN DEBT
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Exhibit 1

	<u>Balances at June 30, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2006</u>
Compensated absences	\$ 3,572,980	9,954,071	9,637,961	3,889,090
Contracts payable	13,585,989	12,864,492	7,898,508	18,551,973
Total	<u>17,158,969</u>	<u>22,818,563</u>	<u>17,536,469</u>	<u>22,441,063</u>
General obligation bonds:				
Refunding bonds - series 1993	5,345,000		1,520,000	3,825,000
Series 1995	3,245,000		220,000	3,025,000
Series 1996	4,685,000		285,000	4,400,000
Series 1998A	4,760,000		240,000	4,520,000
Refunding bonds - series 1998B	3,165,000		430,000	2,735,000
Series 2000	12,510,000		550,000	11,960,000
Series 2003	21,670,000		930,000	20,740,000
Total	<u>55,380,000</u>	<u>-</u>	<u>4,175,000</u>	<u>51,205,000</u>
Municipal Development Authority:				
Refunding bonds - series 2003	20,199,999	-	2,246,421	17,953,578
Series 2006	-	6,675,000	-	6,675,000
Total	<u>20,199,999</u>	<u>6,675,000</u>	<u>2,246,421</u>	<u>24,628,578</u>
Highway user revenue:				
Series 1996	4,075,000		245,000	3,830,000
Total	<u>4,075,000</u>	<u>-</u>	<u>245,000</u>	<u>3,830,000</u>
Special assessment:				
Sunny Boy ID #9002	205,000		-	205,000
North Valley ID #8801	2,820,000		275,000	2,545,000
Bell Road ID #8802	3,280,000		315,000	2,965,000
83rd Ave ID #9601	1,115,000		135,000	980,000
North Beardsley ID #9602	490,000		195,000	295,000
Arrowhead Fountains ID #9603	1,715,000		210,000	1,505,000
75th Ave & Paradise Ln ID #9303	1,549,746		222,176	1,327,570
83rd Ave & Thunderbird ID #9801	256,807		256,807	-
Total	<u>11,431,553</u>	<u>-</u>	<u>1,608,983</u>	<u>9,822,570</u>
Community Facilities District:				
Vistancia CFD Series 2002	21,250,000		725,000	20,525,000
Vistancia CFD Series 2005	23,550,000		-	23,550,000
Total	<u>44,800,000</u>	<u>-</u>	<u>725,000</u>	<u>44,075,000</u>
Total bonds payable	<u>135,886,552</u>	<u>6,675,000</u>	<u>9,000,404</u>	<u>133,561,148</u>
Total governmental debt	<u>\$ 153,045,521</u>	<u>29,493,563</u>	<u>26,536,873</u>	<u>156,002,211</u>

**CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN DEBT
BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Exhibit 2

	<u>Balance at June 30, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2006</u>
Contracts payable	\$ -	\$ 4,841,000	\$ 1,176,259	\$ 3,664,741
Compensated absences	526,470	763,514	775,684	514,300
Total	<u>526,470</u>	<u>5,604,514</u>	<u>1,951,943</u>	<u>4,179,041</u>
1995 Wastewater Management Authority	7,132,938		552,584	6,580,354
1997 Water Infrastructure Finance Authority	10,243,713		658,027	9,585,686
1998A Water and Sewer Revenue	14,255,000		725,000	13,530,000
1997B Water and Sewer Refunding	1,625,000		795,000	830,000
2000 Water and Sewer Revenue	9,515,000		600,000	8,915,000
2000 Water Infrastructure Finance Authority, Phase 1	17,864,862		822,509	17,042,353
2000 Water Infrastructure Finance Authority, Phase 2	12,971,401		550,201	12,421,200
2000 Water Infrastructure Finance Authority, Phase 3	1,829,387		71,727	1,757,660
2003 Municipal Development Authority Refunding	2,505,001		278,579	2,226,422
Total bonds	<u>77,942,302</u>	<u>-</u>	<u>5,053,627</u>	<u>72,888,675</u>
Total business-type debt	<u>78,468,772</u>	<u>5,604,514</u>	<u>7,005,570</u>	<u>77,067,716</u>
Less current portion of debt	<u>5,509,587</u>			<u>6,677,477</u>
Long-term portion of debt	<u>\$ 72,959,185</u>			<u>\$ 70,390,239</u>

CITY OF PEORIA, ARIZONA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2006

Exhibit 3

Fiscal Year	General Obligation						Total General Obligation		
	General Purpose 6% Limitation (1)			Utility Purpose 20% Limitation (1)					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007	2,220,000	1,696,908	3,916,908	1,175,000	622,890	1,797,890	3,395,000	2,319,798	5,714,798
2008	2,095,000	1,456,901	3,551,901	1,480,000	696,123	2,176,123	3,575,000	2,153,024	5,728,024
2009	1,905,000	1,365,654	3,270,654	1,565,000	617,050	2,182,050	3,470,000	1,982,704	5,452,704
2010	1,895,000	1,275,616	3,170,616	1,650,000	531,991	2,181,991	3,545,000	1,807,607	5,352,607
2011	1,530,000	903,949	2,433,949	2,175,000	734,060	2,909,060	3,705,000	1,638,009	5,343,009
2012	1,170,000	643,209	1,813,209	2,290,000	828,751	3,118,751	3,460,000	1,471,960	4,931,960
2013	1,070,000	584,009	1,654,009	2,150,000	735,446	2,885,446	3,220,000	1,319,455	4,539,455
2014	1,115,000	545,074	1,660,074	2,280,000	624,361	2,904,361	3,395,000	1,169,435	4,564,435
2015	350,000	151,802	501,802	3,210,000	858,325	4,068,325	3,560,000	1,010,127	4,570,127
2016	-	-	-	3,435,000	848,875	4,283,875	3,435,000	848,875	4,283,875
2017	-	-	-	3,200,000	693,847	3,893,847	3,200,000	693,847	3,893,847
2018	-	-	-	2,835,000	559,272	3,394,272	2,835,000	559,272	3,394,272
2019	-	-	-	2,970,000	429,800	3,399,800	2,970,000	429,800	3,399,800
2020	-	-	-	2,660,000	303,303	2,963,303	2,660,000	303,303	2,963,303
2021	-	-	-	1,520,000	178,550	1,698,550	1,520,000	178,550	1,698,550
2022	-	-	-	1,590,000	110,130	1,700,130	1,590,000	110,130	1,700,130
2023	-	-	-	1,670,000	37,575	1,707,575	1,670,000	37,575	1,707,575
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
	<u>\$ 13,350,000</u>	<u>8,623,122</u>	<u>21,973,122</u>	<u>37,855,000</u>	<u>9,410,349</u>	<u>47,265,349</u>	<u>51,205,000</u>	<u>18,033,471</u>	<u>69,238,471</u>

(1) Various purpose bonds limited to 20% of assessed valuation are those issued for 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
1993R	9,900,000	5,475,000	4,425,000
1994	3,675,000	3,675,000	-
1995	4,695,000	1,900,000	2,795,000
1996	6,000,000	-	6,000,000
1998A	5,930,000	-	5,930,000
1998B	4,030,000	3,060,000	970,000
2000	14,860,000	5,740,000	9,120,000
2003	27,570,000	15,345,000	12,225,000
Total	<u>\$ 76,660,000</u>	<u>35,195,000</u>	<u>41,465,000</u>

(continued)

CITY OF PEORIA, ARIZONA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2006

Exhibit 3

Fiscal Year	Municipal Development Authority (2)			Highway User Revenue			Special Assessment (3)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007	3,295,000	1,132,698	4,427,698	260,000	209,525	469,525	1,480,506	638,657	2,119,163
2008	3,185,000	1,021,253	4,206,253	275,000	195,210	470,210	1,264,637	546,486	1,811,123
2009	3,400,000	858,313	4,258,313	290,000	179,810	469,810	1,364,615	465,583	1,830,198
2010	3,575,000	685,833	4,260,833	305,000	163,295	468,295	1,580,491	378,026	1,958,517
2011	3,990,000	498,041	4,488,041	325,000	145,574	470,574	1,732,321	276,194	2,008,515
2012	1,570,000	381,538	1,951,538	340,000	126,703	466,703	1,395,000	164,470	1,559,470
2013	1,635,000	312,930	1,947,930	360,000	106,662	466,662	1,005,000	72,820	1,077,820
2014	1,685,000	229,820	1,914,820	385,000	85,244	470,244	-	-	-
2015	300,000	184,056	484,056	405,000	62,531	467,531	-	-	-
2016	310,000	168,806	478,806	430,000	38,525	468,525	-	-	-
2017	320,000	154,656	474,656	455,000	13,081	468,081	-	-	-
2018	335,000	141,556	476,556	-	-	-	-	-	-
2019	350,000	127,856	477,856	-	-	-	-	-	-
2020	365,000	113,556	478,556	-	-	-	-	-	-
2021	380,000	98,466	478,466	-	-	-	-	-	-
2022	395,000	82,529	477,529	-	-	-	-	-	-
2023	415,000	65,771	480,771	-	-	-	-	-	-
2024	430,000	48,130	478,130	-	-	-	-	-	-
2025	450,000	29,538	479,538	-	-	-	-	-	-
2026	470,000	9,988	479,988	-	-	-	-	-	-
	<u>\$26,855,000</u>	<u>6,345,334</u>	<u>33,200,334</u>	<u>3,830,000</u>	<u>1,326,160</u>	<u>5,156,160</u>	<u>9,822,570</u>	<u>2,542,236</u>	<u>12,364,806</u>

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

(3) Includes Sunny Boy Water and Sewer Improvement District Bonds, North Beardsley Improvement District Bonds, North Valley Power Center Improvement District Bonds, Bell Road Improvement District Bonds, Arrowhead Fountains Improvement District Bonds, 83rd Avenue Improvement District Bonds, 75th Avenue and Paradise Lane Improvement District Bonds.

(continued)

CITY OF PEORIA, ARIZONA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2006

Exhibit 3

Fiscal Year	Water and Sewer Revenue			Community Facilities District (4)			DEBT SERVICE REQUIREMENTS GRAND TOTALS		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007	4,973,775	2,731,414	7,705,189	750,000	2,533,444	3,283,444	14,154,281	9,565,536	23,719,817
2008	4,340,865	2,539,703	6,880,568	1,475,000	2,485,100	3,960,100	14,115,502	8,940,776	23,056,278
2009	4,501,441	2,340,840	6,842,281	1,550,000	2,417,025	3,967,025	14,576,056	8,244,275	22,820,331
2010	4,690,629	2,134,960	6,825,589	1,600,000	2,340,925	3,940,925	15,296,120	7,510,646	22,806,766
2011	4,088,562	1,976,485	6,065,047	1,700,000	2,256,763	3,956,763	15,540,883	6,791,066	22,331,949
2012	4,245,376	1,810,860	6,056,236	1,775,000	2,166,406	3,941,406	12,785,376	6,121,937	18,907,313
2013	4,406,212	1,637,842	6,044,054	1,875,000	2,068,844	3,943,844	12,501,212	5,518,553	18,019,765
2014	4,576,220	1,456,948	6,033,168	1,975,000	1,963,203	3,938,203	12,016,220	4,904,650	16,920,870
2015	4,750,546	1,268,475	6,019,021	2,075,000	1,846,781	3,921,781	11,090,546	4,371,970	15,462,516
2016	4,939,354	1,071,723	6,011,077	2,200,000	1,719,563	3,919,563	11,314,354	3,847,492	15,161,846
2017	5,450,391	838,536	6,288,927	2,350,000	1,581,469	3,931,469	11,775,391	3,281,589	15,056,980
2018	5,679,152	594,695	6,273,847	2,475,000	1,432,219	3,907,219	11,324,152	2,727,742	14,051,894
2019	4,977,119	384,793	5,361,912	2,650,000	1,273,469	3,923,469	10,947,119	2,215,918	13,163,037
2020	3,781,171	222,035	4,003,206	2,800,000	1,104,531	3,904,531	9,606,171	1,743,425	11,349,596
2021	3,968,931	50,925	4,019,856	2,975,000	925,406	3,900,406	8,843,931	1,253,347	10,097,278
2022	1,154,155	5,451	1,159,606	3,150,000	733,688	3,883,688	6,289,155	931,798	7,220,953
2023	138,354	-	138,354	3,350,000	528,438	3,878,438	5,573,354	631,784	6,205,138
2024	-	-	-	3,575,000	319,844	3,894,844	4,005,000	367,974	4,372,974
2025	-	-	-	3,775,000	108,531	3,883,531	4,225,000	138,069	4,363,069
2026	-	-	-	-	-	-	470,000	9,988	479,988
	<u>\$70,662,253</u>	<u>21,065,685</u>	<u>91,727,938</u>	<u>44,075,000</u>	<u>29,805,649</u>	<u>73,880,649</u>	<u>206,449,823</u>	<u>79,118,535</u>	<u>285,568,358</u>

(4) Vistancia Community Facilities District bonds

**CITY OF PEORIA, ARIZONA
SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND CLASSIFICATION
JUNE 30, 2006**

Governmental activities:						
Asset Type	Culture and Recreation	General Government	Police	Fire	Development Services	Highways and Streets
Work in progress (WIP)	\$ 25,785,634	\$ 6,996,642	\$ 669,388	\$ 158,692	\$ 71,161	\$ 31,628,452
Land	30,299,464	3,031,206	-	1,048,451	-	201,121,786
Buildings and Improvements	10,281,553	29,638,933	19,651,678	15,869,303	119,479	-
Furniture	180,236	1,523,104	124,446	369,747	131,806	57,229
Equipment	1,818,858	19,262,671	5,496,052	3,017,143	71,620	5,939,024
Vehicles	1,184,730	1,241,091	3,817,119	4,881,536	422,817	2,760,849
Storm Drain System	431,061	-	-	-	-	-
Street System	7,340,741	20,819	-	-	-	301,866,298
Park System	19,073,513	-	-	-	-	-
Sub-total	96,395,790	61,714,466	29,758,683	25,344,872	816,883	543,373,638
Less accumulated depreciation	(12,691,208)	(24,735,762)	(7,958,468)	(5,111,051)	(391,330)	(106,307,189)
Total governmental activities capital assets, net	\$ 83,704,582	\$ 36,978,704	\$ 21,800,215	\$ 20,233,821	\$ 425,553	\$ 437,066,449
Business-type activities:						
	Water Utility	Wastewater Utility	Sanitation Utility	Stadium	Housing Programs	Total
Work in progress (WIP)	\$ 39,526,139	\$ 20,305,563	\$ -	\$ 30,935	\$ -	\$ 59,862,637
Land	4,442,150	3,870,975	-	6,703,349	410,350	15,426,824
Buildings and Improvements	82,327	5,704	10,799	25,754,319	3,276,922	29,130,071
Furniture	110,750	12,919	8,013	-	9,613	141,295
Equipment	1,057,324	477,479	35,861	700,237	136,523	2,407,424
Vehicles	1,756,994	821,922	6,244,641	335,965	-	9,159,522
Water System	201,604,659	-	-	-	-	201,604,659
Wastewater System	-	153,402,807	-	-	-	153,402,807
Sub-total	248,580,343	178,897,369	6,299,314	33,524,805	3,833,408	471,135,239
Less accumulated depreciation	(33,882,130)	(35,864,830)	(2,921,125)	(8,552,787)	(1,636,752)	(82,857,624)
Total business-type activities capital assets, net	\$ 214,698,213	\$ 143,032,539	\$ 3,378,189	\$ 24,972,018	\$ 2,196,656	\$ 388,277,615

<u>Public Works</u>	<u>Human Services</u>	<u>Total</u>
\$ 7,803,087	\$ -	\$ 73,113,056
8,437,991	307,757	244,246,655
359,520	-	75,920,466
90,665	5,592	2,482,825
200,315	-	35,805,683
1,184,960	452,036	15,945,138
48,136,290	-	48,567,351
8,774	-	309,236,632
-	-	19,073,513
<u>66,221,602</u>	<u>765,385</u>	<u>824,391,319</u>
<u>(11,886,031)</u>	<u>(273,270)</u>	<u>(169,354,309)</u>
<u>\$ 54,335,571</u>	<u>\$ 492,115</u>	<u>\$ 655,037,010</u>

CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Exhibit 5

Department	Balances July 1, 2005	Additions and Transfers	Deletions and Transfers	Balances June 30, 2006
Culture and Recreation	\$ 81,348,074	\$ 15,055,502	\$ (7,786)	\$ 96,395,790
General Government	54,590,449	7,138,724	(14,707)	\$ 61,714,466
Police	28,311,960	1,741,139	(294,416)	\$ 29,758,683
Fire	21,120,198	4,245,777	(21,103)	\$ 25,344,872
Development Services	780,509	44,860	(8,486)	\$ 816,883
Highways & Streets	441,345,480	102,197,154	(168,996)	\$ 543,373,638
Public Works	62,091,918	4,129,684	-	\$ 66,221,602
Human Services	765,385	-	-	\$ 765,385
Sub-total governmental fixed assets	<u>\$ 690,353,973</u>	<u>\$ 134,552,840</u>	<u>\$ (515,494)</u>	<u>\$ 824,391,319</u>
Less accumulated depreciation				
Culture and Recreation	(11,086,583)	(1,612,411)	7,786	(12,691,208)
General Government	(22,031,013)	(2,717,346)	12,597	(24,735,762)
Police	(6,665,080)	(1,584,939)	291,551	(7,958,468)
Fire	(4,054,968)	(1,077,186)	21,103	(5,111,051)
Development Services	(326,450)	(73,367)	8,487	(391,330)
Highways & Streets	(97,347,629)	(9,121,607)	162,047	(106,307,189)
Public Works	(10,530,181)	(1,355,850)		(11,886,031)
Human Services	(200,927)	(72,343)		(273,270)
Sub-total accumulated depreciation	<u>\$ (152,242,831)</u>	<u>\$ (17,615,049)</u>	<u>\$ 503,571</u>	<u>\$ (169,354,309)</u>
Total governmental activities capital assets, net	<u>\$ 538,111,142</u>	<u>\$ 116,937,791</u>	<u>\$ (11,923)</u>	<u>\$ 655,037,010</u>

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2006**

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Governmental Funds:			
General	MDA Debt Service - debt payments	\$ -	\$ 175,752
	Other Grants - Employee wellness committee subsidy	-	10,000
	Other Grants - Forfeiture Fund - court expenditures	-	289
	Other Grants - CDBG - community center parking lot	270,690	-
	Other Grants - State Forfeiture - attorney wages	2,084	-
	Water Utility - capital assets	698,621	543
	Wastewater Utility - capital assets	232,874	-
	ISF - Motor Pool - equipment purchases	-	735,056
	ISF - Motor Pool - capital assets	-	23,581
	ISF - Self-Insurance - additional subsidy	-	1,050,000
	ISF - IT Fund - capital assets	-	184,726
	ISF- IT Fund - projects	-	436,167
	ISF- IT Fund - computer equipment purchases	-	130,491
	ISF - IT Fund - fire telestaff funding	-	2,700
	Half-Cent - public safety equipment subsidy	2,300,000	-
	Half-Cent - community center security upgrade funding	27,700	-
	Half-Cent - economic development subsidy	510,514	-
	Half-Cent - office complex reserve	1,000,000	-
	Fund Totals	5,042,483	2,749,305
Half-Cent Sales Tax	General - public safety equipment subsidy	-	2,300,000
	General - economic development subsidy	-	510,514
	General - office complex reserve	-	1,000,000
	General - community center security upgrade funding	-	27,700
	Highway User - streets subsidy	-	1,000,000
	MDA Debt Service - debt payments	-	2,293,493
	Stadium - debt service subsidy	-	430,158
	Stadium - operating subsidy	-	1,927,776
	Fund Totals	-	9,489,641
Highway User	MDA Debt Service - debt payments	-	305,839
	ISF - Motor Pool - equipment purchases	-	25,000
	ISF - Motor Pool - capital assets	-	19,440
	ISF- IT Fund - projects	-	7,177
	ISF- IT Fund - computer equipment purchases	-	12,000
	ISF - IT Fund - capital assets	-	28,074
	Half-Cent - streets subsidy	1,000,000	-
	Fund Totals	1,000,000	397,530
Other Governmental			
Public Transit	ISF- IT Fund - projects	-	1,675
	ISF- IT Fund - capital assets	-	105
	sub-totals	-	1,780
Section 8 Housing	Public housing - capital assets	-	-
Storm Drainage	ISF- IT Fund - computer equipment purchases	-	3,350
	ISF - Motor Pool - equipment purchases	-	25,000
	sub-totals	-	28,350
Other Grants	City Attorney State Forfeiture - General - court expenditures	289	-
	CDBG - General - community center parking lot funding	-	270,690
	State Forfeiture - General - attorney wages	-	2,084
	Gila River CNC - Motor Pool Fund - equipment purchases	-	36,233
	State Forfeiture - IT Fund - capital assets	-	6,696
	General to Employee Wellness - subsidy	10,000	-
	sub-totals	10,289	315,703

(continued)

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2006**

Exhibit 6

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Other Governmental (continued)			
MDA Debt Service	General - debt service	175,752	-
	Half-Cent - debt service	2,293,493	-
	Highway User - debt service	305,839	-
	Water Utility - debt service	176,651	-
	Wastewater Utility - debt service	131,434	-
	Sanitation Utility - debt service	15,046	-
	Stadium - debt service	284,285	-
	ISF - Motor Pool - debt service	97,359	-
	sub-totals	3,479,859	-
CFD Debt Service	CFD Capital Projects - debt transfers	583,730	-
	sub-totals	583,730	-
CFD Capital Projects	Other Govtl - CFD Debt Services - debt transfers	-	583,730
	Water Utility - capital assets	-	12,247,049
	Wastewater Utility - capital assets	-	651,639
	sub-totals	-	13,482,418
Non-Bond Capital Projects	ISF - Motor Pool - capital assets	-	405,401
	sub-totals	-	405,401
	Fund Totals	4,073,878	14,233,652
	Total Governmental Funds	10,116,361	26,870,128
Enterprise Funds:			
Water Utility	MDA Debt Service - debt service	-	176,651
	Wastewater Utility - capital assets	83,546	3,610,768
	Sanitation Utility - capital assets	-	40,000
	ISF- IT Fund - projects	-	186,537
	ISF- IT Fund - computer equipment purchases	-	6,000
	ISF- IT Fund - capital assets	-	284,633
	General -capital assets	543	698,621
	CFD Capital Projects - capital assets	12,247,049	-
	Fund Totals	12,331,138	5,003,210
Wastewater Utility	MDA Debt Service - debt service	-	131,434
	ISF- IT Fund - projects	-	4,545
	ISF - IT Fund - capital assets	7,343	291,332
	General -capital assets	-	232,874
	Water Utility - capital assets	3,610,768	83,546
	CFD Capital Projects - capital assets	651,639	-
	Fund Totals	4,269,750	743,731
Sanitation Utility	MDA Debt Service - debt service	-	15,046
	Water Utility - capital assets	40,000	-
	ISF- IT Fund - projects	-	2,392
	ISF - IT Fund - capital assets	-	283,046
	ISF - Motor Pool - capital assets	700	-
	Fund Totals	40,700	300,484
Stadium	MDA Debt Service - debt service	-	284,285
	Half-Cent - operating subsidy	1,927,776	-
	Half-Cent - debt service subsidy	430,158	-
	ISF- IT Fund - projects	-	1,675
	ISF - IT Fund - capital assets	-	5,630
	Fund Totals	2,357,934	291,590
	Total Enterprise Funds	18,999,522	6,339,015

(continued)

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2006**

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Internal Service Funds			
Motor Pool	MDA Debt Service - debt service	-	97,359
	General Fund - equipment purchases	735,056	-
	General Fund - capital assets	23,581	-
	ISF- IT Fund - projects	-	3,828
	ISF - Facilities - equipment purchases	20,000	-
	Highway User - equipment purchases	25,000	-
	Highway User - capital assets	19,440	-
	Non-Bond Capital Projects - capital projects	405,401	-
	Other Governmental - Storm Drainage - equipment purchases	25,000	-
	Other Governmental - Other Grants - capital assets	36,233	-
	Sanitation Utility - capital assets	-	700
	Fund Totals	1,289,711	101,887
Self-Insurance	General - additional subsidy	1,050,000	-
	ISF- IT Fund - computer equipment purchases	-	1,775
	Fund Totals	1,050,000	1,775
Facilities Maintenance	Half-Cent - Modular lease		
	ISF- IT Fund - projects	-	6,697
	ISF- IT Fund - computer equipment purchases	-	2,000
	ISF - IT Fund - capital assets	-	21,905
	ISF - Motor Pool - equipment purchases	-	20,000
	Fund Totals	-	50,602
Information Technology	General - computer projects	436,167	-
	General - computer equipment purchases	130,491	-
	General - capital assets	184,726	-
	General - fire telestaff funding	2,700	-
	Highway User - computer projects	7,177	-
	Highway User - computer equipment purchases	12,000	-
	Highway User - capital assets	28,074	-
	Other Governmental -Transit - computer projects	1,675	-
	Other Governmental -Transit - capital assets	105	-
	Other Governmental -Storm Drainage - computer equipment	3,350	-
	Other Governmental - Other Grants - capital assets	6,696	-
	Water Utility - computer projects	186,537	-
	Water Utility - computer equipment purchases	6,000	-
	Water Utility - capital assets	284,633	-
	Wastewater Utility - computer projects	4,545	-
	Wastewater Utility - capital assets	291,332	7,343
	Sanitation Utility - computer projects	2,392	-
	Sanitation Utility - capital assets	283,046	-
	Stadium - computer projects	1,675	-
	Stadium - capital assets	5,630	-
	ISF - Motor Pool - computer projects	3,828	-
	ISF - Self-Insurance - computer equipment purchases	1,775	-
	ISF - Facilities - computer projects	6,697	-
	ISF - Facilities - computer equipment purchases	2,000	-
	ISF - Facilities - capital assets	21,905	-
	Fund Totals	1,915,156	7,343
	Total Internal Service Funds	4,254,867	161,607
	Grand Totals	33,370,750	33,370,750

(concluded)



Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends	135
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	145
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	157
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	168
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	170
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 SIX FISCAL YEARS
(accrual basis of accounting)

Table I

	Fiscal Year					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities						
Invested in capital assets, net of related debt	\$ 195,963,096	\$ 230,785,628	\$ 275,314,371	\$ 396,789,364	\$ 412,711,011	\$ 523,429,904
Restricted	29,693,525	44,743,192	23,123,757	22,011,167	35,660,531	41,483,246
Unrestricted	75,707,921	75,812,410	191,628,459	108,663,727	118,007,870	131,307,050
Total governmental activities net assets	<u>\$ 301,364,542</u>	<u>\$ 351,341,230</u>	<u>\$ 490,066,587</u>	<u>\$ 527,464,258</u>	<u>\$ 566,379,412</u>	<u>\$ 696,220,200</u>
Business-type Activities						
Invested in capital assets, net of related debt	\$ 115,133,709	\$ 158,071,050	\$ 186,811,252	\$ 216,306,907	\$ 273,024,663	\$ 311,724,201
Restricted	53,395,184	54,505,333	63,628,468	73,597,149	83,015,115	79,329,431
Unrestricted	60,155,500	60,944,374	57,594,489	58,112,123	55,874,702	53,032,272
Total business-type activities net assets	<u>\$ 228,684,393</u>	<u>\$ 273,520,757</u>	<u>\$ 308,034,209</u>	<u>\$ 348,016,179</u>	<u>\$ 411,914,480</u>	<u>\$ 444,085,904</u>
Primary Government						
Invested in capital assets, net of related debt	\$ 311,096,805	\$ 388,856,678	\$ 462,125,623	\$ 613,096,271	\$ 685,735,674	\$ 835,154,105
Restricted	83,088,709	99,248,525	86,752,225	95,608,316	118,675,646	120,812,677
Unrestricted	135,863,421	136,756,784	249,222,948	166,775,850	173,882,572	184,339,322
Total primary government net assets	<u>\$ 530,048,935</u>	<u>\$ 624,861,987</u>	<u>\$ 798,100,796</u>	<u>\$ 875,480,437</u>	<u>\$ 978,293,892</u>	<u>\$ 1,140,306,104</u>

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2001. Prior financial statements have not been restated to provide this information.

Source: Statement of Net Assets
City financial records and reports

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

Table II

	Fiscal Year					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses						
Governmental Activities						
General Government	\$ 10,654,086	\$ 12,510,874	\$ 13,966,159	\$ 16,762,082	\$ 18,806,570	\$ 21,582,693
Culture & Recreation	9,962,666	11,926,736	12,488,931	13,580,663	15,135,836	16,304,875
Police	13,334,357	15,018,206	18,400,046	19,519,868	21,844,025	25,725,922
Fire	8,500,589	9,155,641	10,361,499	11,025,133	12,731,478	14,184,353
Development Services	3,534,282	3,447,617	4,178,383	4,280,766	4,557,154	4,882,448
Highways & Streets	13,830,180	14,507,609	16,423,295	16,554,235	21,839,566	18,713,722
Public Works	2,518,683	3,630,838	4,647,879	4,460,277	5,187,303	5,791,128
Human Services	1,582,952	1,597,081	2,551,175	1,665,219	1,869,601	2,054,042
Other	4,518	8,025	42,488	32,049	3,849	26,280
Interest on long-term debt	5,635,399	5,542,309	6,186,918	6,884,380	6,017,664	7,223,963
Unallocated Deprecation	1,541,927	604,962	587,006	582,180	576,719	575,334
Total governmental activities expenses	<u>\$ 71,099,639</u>	<u>\$ 77,949,898</u>	<u>\$ 89,833,779</u>	<u>\$ 95,346,852</u>	<u>\$ 108,569,765</u>	<u>\$ 117,064,760</u>
Business-type Activities						
Water Utility	\$ 14,222,685	\$ 18,106,642	\$ 18,886,650	\$ 21,344,055	\$ 23,815,912	\$ 25,859,997
Wastewater Utility	9,237,170	10,880,229	12,274,198	11,049,354	12,469,667	12,782,965
Solid Waste Utility	6,564,782	6,896,802	7,787,634	7,798,343	8,462,126	8,688,437
Stadium	5,378,906	5,673,177	3,916,869	4,341,127	4,623,886	5,442,993
Housing	281,411	345,064	347,606	357,785	344,030	369,052
Total business-type activities expenses	<u>\$ 35,684,954</u>	<u>\$ 41,901,914</u>	<u>\$ 43,212,957</u>	<u>\$ 44,890,664</u>	<u>\$ 49,715,621</u>	<u>\$ 53,143,444</u>
Total primary government expenses	<u>\$ 106,784,593</u>	<u>\$ 119,851,812</u>	<u>\$ 133,046,736</u>	<u>\$ 140,237,516</u>	<u>\$ 158,285,386</u>	<u>\$ 170,208,204</u>
Program Revenues						
Governmental Activities						
Charges for services	\$ 10,644,978	\$ 10,374,005	\$ 12,278,699	\$ 14,305,895	\$ 21,078,973	\$ 22,666,481
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209
Total governmental activities program revenues	<u>\$ 39,615,017</u>	<u>\$ 53,937,714</u>	<u>\$ 42,717,972</u>	<u>\$ 51,971,644</u>	<u>\$ 69,515,305</u>	<u>\$ 138,152,424</u>
Business-type Activities						
Charges for services	\$ 38,657,721	\$ 41,520,765	\$ 44,627,823	\$ 47,136,002	\$ 47,962,423	\$ 53,196,965
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716
Total business-type activities program revenues	<u>\$ 53,587,297</u>	<u>\$ 61,338,686</u>	<u>\$ 72,274,377</u>	<u>\$ 82,119,032</u>	<u>\$ 96,220,208</u>	<u>\$ 67,432,213</u>
Total primary government program revenues	<u>\$ 93,202,314</u>	<u>\$ 115,276,400</u>	<u>\$ 114,992,349</u>	<u>\$ 134,090,676</u>	<u>\$ 165,735,513</u>	<u>\$ 205,584,637</u>
Net (Expense)/Revenue						
Governmental Activities	\$ (31,484,622)	\$ (24,012,184)	\$ (47,115,807)	\$ (43,375,208)	\$ (39,054,460)	\$ 21,087,664
Business-type Activities	17,902,343	19,436,772	29,061,420	37,228,368	46,504,587	14,288,769
Total primary government net expense	<u>\$ (13,582,279)</u>	<u>\$ (4,575,412)</u>	<u>\$ (18,054,387)</u>	<u>\$ (6,146,840)</u>	<u>\$ 7,450,127</u>	<u>\$ 35,376,433</u>

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

Table II

	Fiscal Year					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes						
Property taxes, levied for general purposes	\$ 2,011,880	\$ 2,261,947	\$ 2,697,682	\$ 2,724,739	\$ 2,926,017	\$ 3,274,982
Property taxes, levied for debt service	6,878,678	8,156,576	8,681,164	9,940,516	11,240,627	12,930,561
Sales and use taxes	33,621,787	33,711,972	35,932,415	40,579,522	45,535,559	61,156,870
Franchise taxes	2,022,335	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895
State shared sales taxes - unrestricted	6,971,235	8,350,576	8,474,910	9,116,684	10,038,874	11,681,284
Urban revenue sharing - unrestricted	8,891,990	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782
Auto in-lieu taxes - unrestricted	3,054,248	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577
Investment Earnings	7,677,637	5,395,083	2,950,753	1,698,168	2,930,923	6,723,061
Gain on sale of capital assets	59,397	36,313	91,970	160,917	148,518	81,122
Elimination of development agreement debt	-	-	135,068	839,099	-	17,279
Miscellaneous	171,852	414,835	1,034,025	443,892	2,480,978	5,584,218
Transfers in (out)	(1,463,203)	(1,563,008)	(2,755,444)	(1,404,110)	(14,546,789)	(12,660,507)
Total governmental activities	<u>\$ 69,897,836</u>	<u>\$ 73,988,872</u>	<u>\$ 75,188,614</u>	<u>\$ 80,772,879</u>	<u>\$ 77,969,614</u>	<u>\$ 108,753,124</u>
Business-type Activities						
Investment Earnings	\$ 7,108,181	\$ 5,357,578	\$ 2,379,114	\$ 1,349,492	\$ 2,846,925	\$ 5,222,148
Gain on sale of capital assets	163,574	104,006	317,474	-	-	-
Elimination of Municipal Sports Authority Bonds	-	18,375,000	-	-	-	-
Transfers in (out)	1,463,203	1,563,008	2,755,444	1,404,110	14,546,789	12,660,507
Total business-type activities	<u>\$ 8,734,958</u>	<u>\$ 25,399,592</u>	<u>\$ 5,452,032</u>	<u>\$ 2,753,602</u>	<u>\$ 17,393,714</u>	<u>\$ 17,882,655</u>
Total primary government	<u>\$ 78,632,794</u>	<u>\$ 99,388,464</u>	<u>\$ 80,640,646</u>	<u>\$ 83,526,481</u>	<u>\$ 95,363,328</u>	<u>\$ 126,635,779</u>
Change in Net Assets						
Governmental Activities	\$ 38,413,214	\$ 49,976,688	\$ 28,072,807	\$ 37,397,671	\$ 38,915,154	\$ 129,840,788
Prior Period Adjustment	-	-	110,652,550	-	-	-
Business-type Activities	26,637,301	44,836,364	34,513,452	39,981,970	63,898,301	32,171,424
Total primary government	<u>\$ 65,050,515</u>	<u>\$ 94,813,052</u>	<u>\$ 173,238,809</u>	<u>\$ 77,379,641</u>	<u>\$ 102,813,455</u>	<u>\$ 162,012,212</u>

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2001. Prior financial statements have not been restated to provide this information.

Source: Statement of Activities
City financial records and reports

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

Table III

	Fiscal Year					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program Revenues						
Governmental Activities						
Charges for services						
General Government	\$ 1,146,611	\$ 1,259,983	\$ 1,468,973	\$ 1,576,952	\$ 2,368,658	\$ 2,685,858
Culture & Recreation	3,156,382	3,579,918	4,156,225	4,278,605	5,117,914	5,793,176
Police	179,253	173,678	231,147	603,702	1,123,337	828,053
Fire	244,605	216,299	839,434	730,868	1,557,835	1,844,083
Development Services	3,915,408	3,380,947	3,816,666	4,121,816	5,840,631	5,660,591
Highways & Streets	603,174	247,162	142,242	176,195	205,291	104,654
Public Works	930,258	1,454,693	1,578,903	2,709,759	3,987,875	4,950,541
Human Services	468,537	59,325	45,109	107,998	123,449	138,653
Other	750	2,000	-	-	753,983	660,872
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209
Total governmental activities program revenues	<u>\$ 39,615,017</u>	<u>\$ 53,937,714</u>	<u>\$ 42,717,972</u>	<u>\$ 51,971,644</u>	<u>\$ 69,515,305</u>	<u>\$ 138,152,424</u>
Business-type Activities						
Charges for services						
Water Utility	\$ 19,706,869	\$ 22,230,008	\$ 24,364,355	\$ 25,175,285	\$ 24,932,796	\$ 28,240,253
Wastewater Utility	9,605,153	9,606,324	10,623,544	10,971,239	11,608,902	12,227,879
Solid Waste Utility	6,799,753	7,036,110	7,277,520	7,728,124	8,330,792	9,715,409
Stadium	2,406,658	2,494,194	2,225,211	3,133,022	2,961,792	2,859,794
Housing	139,288	154,129	137,193	128,332	128,141	153,630
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716
Total business-type activities program revenues	<u>\$ 53,587,297</u>	<u>\$ 61,338,686</u>	<u>\$ 72,274,377</u>	<u>\$ 82,119,032</u>	<u>\$ 96,220,208</u>	<u>\$ 67,432,213</u>
Total primary government program revenues	<u>\$ 93,202,314</u>	<u>\$ 115,276,400</u>	<u>\$ 114,992,349</u>	<u>\$ 134,090,676</u>	<u>\$ 165,735,513</u>	<u>\$ 205,584,637</u>

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2001. Prior financial statements have not been restated to provide this information.

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 4,925,023	\$ 9,727,311	\$ 11,069,242	\$ 10,649,066	\$ 231,842	\$ 366,670	\$ 730,494	\$ 3,061,807	\$ 150,764	\$ 948,135
Unreserved	20,538,819	26,267,084	38,464,822	54,391,303	53,437,142	43,946,135	41,955,367	43,989,346	52,553,522	65,224,766
Total General Fund	<u>\$ 25,463,842</u>	<u>\$ 35,994,395</u>	<u>\$ 49,534,064</u>	<u>\$ 65,040,369</u>	<u>\$ 53,668,984</u>	<u>\$ 44,312,805</u>	<u>\$ 42,685,861</u>	<u>\$ 47,051,153</u>	<u>\$ 52,704,286</u>	<u>\$ 66,172,901</u>
General Fund as % of current year revenues (1)										
Reserved	10.6%	17.5%	17.8%	15.1%	0.4%	0.6%	1.1%	4.4%	0.2%	1.0%
Unreserved	44.4%	47.2%	62.0%	77.1%	92.6%	70.7%	64.4%	62.6%	64.2%	67.6%
Total General Fund	55.0%	64.7%	79.8%	92.2%	93.0%	71.3%	65.5%	67.0%	64.4%	68.6%
General Fund as % of current year expenditures (2)										
Reserved	13.8%	24.7%	25.1%	21.8%	0.5%	0.6%	1.2%	4.7%	0.2%	1.1%
Unreserved	57.5%	66.8%	87.3%	111.1%	112.4%	75.2%	70.8%	67.3%	68.2%	76.4%
Total General Fund	71.3%	91.5%	112.5%	132.9%	112.9%	75.8%	72.0%	72.0%	68.4%	77.5%
All Other Governmental Funds										
Reserved	\$ 12,390,417	\$ 12,901,567	\$ 14,236,043	\$ 14,551,664	\$ 36,599,179	\$ 40,007,493	\$ 91,475,811	\$ 60,276,977	\$ 82,831,364	\$ 84,931,450
Unreserved, reported in:										
Special revenue funds	4,929,664	2,993,362	4,333,086	4,933,778	21,657,090	19,750,001	20,546,432	21,662,579	25,365,373	41,501,121
Capital projects funds	14,478,122	10,995,239	6,280,936	13,581,014	(3,157,315)	13,613,176	9,533,035	8,300,215	(4,566,517)	(21,988,077)
Total All Other Governmental Funds	<u>\$ 31,798,203</u>	<u>\$ 26,890,168</u>	<u>\$ 24,850,065</u>	<u>\$ 33,066,456</u>	<u>\$ 55,098,954</u>	<u>\$ 73,370,670</u>	<u>\$ 121,555,278</u>	<u>\$ 90,239,771</u>	<u>\$ 103,630,220</u>	<u>\$ 104,444,494</u>

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

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

Note: Prior to fiscal year 2001, the General Fund included the Half-Cent Sales Tax Fund and Development Fee Funds. The entire fund balance of the Development Fee Fund and portions of the Half Cent Sales Tax Fund were classified as "Reserved." With the implementation of GASB Statement #34, these other funds became special revenue funds, separate from the General Fund.

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 23,644,010	\$ 28,263,140	\$ 33,085,735	\$ 38,420,066	\$ 44,534,680	\$ 46,097,098	\$ 49,675,987	\$ 55,774,213	\$ 62,170,531	\$ 80,238,340
Intergovernmental	21,466,255	22,110,245	24,357,944	27,039,716	32,083,433	35,187,028	37,076,594	34,841,183	36,747,293	41,899,532
Charges for services	9,962,667	11,620,887	12,537,838	13,972,714	12,384,749	13,497,278	14,719,159	18,430,649	30,768,591	34,863,016
Licenses and Permits	2,074,897	3,495,910	3,406,197	4,416,214	2,847,785	2,771,677	3,022,495	3,597,522	5,041,680	4,807,840
Fines and Forfeitures	642,018	838,890	838,607	796,459	1,159,057	1,080,542	1,093,438	1,086,327	1,823,626	2,112,799
Rents	108,060	132,477	146,021	160,742	30,217	58,606	70,952	89,829	174,837	228,492
Investment Earnings	2,841,758	2,950,804	3,518,012	4,074,836	6,797,894	4,765,132	2,669,885	1,467,703	2,652,530	6,050,060
Special assessments	1,337,060	974,162	2,026,300	1,559,116	2,028,389	2,225,642	3,142,875	2,598,445	2,252,142	2,262,770
Miscellaneous	363,315	1,586,786	957,553	1,589,749	1,167,055	3,610,289	1,089,570	3,293,560	2,560,291	5,562,231
Total Revenues	\$ 62,440,040	\$ 71,973,301	\$ 80,874,207	\$ 92,029,612	\$ 103,033,259	\$ 109,293,292	\$ 112,560,955	\$ 121,179,431	\$ 144,191,521	\$ 178,025,080
Expenditures										
General Government	\$ 8,881,480	\$ 9,435,334	\$ 13,333,772	\$ 14,915,711	\$ 10,201,573	\$ 13,465,303	\$ 13,094,326	\$ 15,386,608	\$ 18,144,444	\$ 19,767,909
Culture & Recreation	7,783,548	7,682,661	8,818,465	9,449,959	9,080,373	10,964,291	11,339,011	12,395,888	13,935,373	15,300,068
Police	12,995,499	14,612,506	15,751,383	17,441,886	12,599,894	14,727,025	17,462,775	18,663,675	20,915,014	24,715,113
Fire	-	-	-	-	8,197,640	9,012,316	9,633,471	10,440,007	12,206,093	13,422,870
Development Services	3,852,944	3,780,819	4,042,788	4,348,716	3,412,057	3,420,333	4,095,448	4,253,710	4,575,963	4,986,442
Highways & Streets	3,441,970	4,918,314	4,548,800	5,959,910	6,704,977	7,752,287	8,740,707	8,825,795	13,930,314	10,333,402
Public Works	-	-	-	-	1,780,346	2,571,543	3,217,245	3,107,787	3,993,427	4,640,211
Human Services	-	-	-	-	1,474,413	1,537,183	2,452,063	1,590,605	1,768,107	1,991,939
Other	27,534	28,847	16,814	8,225	4,518	8,025	3,707	16,823	3,849	539
Capital Outlay	6,481,690	12,901,587	14,333,847	16,673,212	22,993,500	20,817,224	24,209,115	52,502,380	33,148,181	34,944,336
Debt Service										
Interest	4,961,393	5,075,782	5,093,165	4,908,180	5,737,720	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072
Principal	5,689,870	8,578,202	6,846,203	7,359,490	9,663,293	9,578,372	10,612,697	9,737,936	15,304,972	16,881,632
Total Expenditures	\$ 54,115,928	\$ 67,014,052	\$ 72,785,237	\$ 81,065,289	\$ 91,850,304	\$ 99,206,370	\$ 111,779,079	\$ 143,220,840	\$ 144,972,313	\$ 153,731,533
Excess of Revenues over (under) Expenditures	\$ 8,324,112	\$ 4,959,249	\$ 8,088,970	\$ 10,964,323	\$ 11,182,955	\$ 10,086,922	\$ 781,876	\$ (22,041,409)	\$ (780,792)	\$ 24,293,547
Other Financing Sources (Uses)										
Proceeds from borrowing	\$ -	\$ 6,182,195	\$ 5,930,000	\$ 14,885,028	\$ -	\$ 3,159,195	\$ 49,213,258	\$ 164,548	\$ 23,809,728	\$ 6,722,550
Proceeds from refunding	-	-	4,030,000	-	-	-	24,613,603	-	-	-
Proceeds from contracts payable	1,728,441	-	-	-	-	-	-	-	-	-
Proceeds from sale of general fixed assets	1,355,000	1,879,500	1,697,720	1,328,591	-	-	-	-	-	-
Payments to bond refunding escrow agent	-	-	(4,030,000)	-	-	-	(22,255,141)	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	75,552	20,559
Transfers In	4,463,509	6,433,955	3,720,651	4,566,726	5,506,348	28,513,754	15,978,782	6,193,157	11,766,397	10,116,361
Transfers Out	(6,826,898)	(13,713,735)	(8,699,061)	(8,023,647)	(8,466,414)	(32,844,334)	(21,772,434)	(11,266,511)	(15,827,303)	(26,870,128)
Total Other Financing Sources (Uses)	\$ 720,052	\$ 781,915	\$ 2,649,310	\$ 12,756,698	\$ (2,960,066)	\$ (1,171,385)	\$ 45,778,068	\$ (4,908,806)	\$ 19,824,374	\$ (10,010,658)
Net Change in Fund Balance	\$ 9,044,164	\$ 5,741,164	\$ 10,738,280	\$ 23,721,021	\$ 8,222,889	\$ 8,915,537	\$ 46,559,944	\$ (26,950,215)	\$ 19,043,582	\$ 14,282,889
Debt Service as a percentage of noncapital expenditures	22.4%	25.2%	20.4%	19.1%	22.4%	19.0%	20.0%	17.7%	20.0%	19.9%

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

Notes: When the City implemented GASB 34 in FY01, certain functions were realigned on the financial statements. Prior financial statements have not been restated.
Prior to FY2001, Fire and Police were combined into Public Safety. The combined expenditures are shown on this schedule as Police.
Prior to FY2001, Human Services was combined into Community Services.
Prior to FY2001, Public Works was combined into Development Services.

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

Table VI

	Fiscal Year					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:						
General Government	\$ 2,168,542	\$ 2,390,822	\$ 2,502,453	\$ 2,982,712	\$ 4,401,246	\$ 4,810,869
Culture & Recreation	7,491,034	7,036,365	7,017,008	8,427,932	11,784,749	14,003,877
Police	1,357,792	1,023,801	1,147,435	1,697,650	2,579,817	3,128,006
Fire	542,501	588,650	1,375,502	1,553,178	3,075,988	3,729,960
Development Services	4,814,347	4,034,695	4,735,581	4,756,969	6,545,647	6,459,264
Highways & Streets	18,522,808	31,816,700	19,439,898	24,079,992	34,210,694	98,404,102
Public Works	930,258	1,558,305	3,063,471	5,887,194	4,161,349	4,950,541
Human Services	1,758,596	1,684,086	2,463,339	1,726,236	2,001,832	2,004,933
Other	2,029,139	3,804,290	973,285	859,781	753,983	660,872
Unallocated General Revenues	71,361,039	75,551,880	77,944,058	82,176,989	92,516,403	121,413,631
Total Governmental Activities	<u>\$ 110,976,056</u>	<u>\$ 129,489,594</u>	<u>\$ 120,662,030</u>	<u>\$ 134,148,633</u>	<u>\$ 162,031,708</u>	<u>\$ 259,566,055</u>
Business-type Activities:						
Water Utility	\$ 24,529,708	\$ 32,751,517	\$ 36,926,991	\$ 45,639,906	\$ 49,238,279	\$ 36,888,294
Wastewater Utility	16,351,098	17,500,110	24,833,732	24,595,006	34,300,518	16,668,034
Solid Waste Utility	7,670,435	7,633,584	8,031,180	8,493,458	9,454,742	10,732,529
Stadium	4,782,876	3,174,210	2,225,211	3,133,022	2,961,792	2,859,794
Housing	253,180	279,265	257,263	257,640	264,877	283,562
Unallocated General Revenues	7,271,755	23,836,584	2,696,588	1,349,492	2,846,925	5,222,148
Total Business-type Activities	<u>\$ 60,859,052</u>	<u>\$ 85,175,270</u>	<u>\$ 74,970,965</u>	<u>\$ 83,468,524</u>	<u>\$ 99,067,133</u>	<u>\$ 72,654,361</u>
Total Primary Government	<u>\$ 171,835,108</u>	<u>\$ 214,664,864</u>	<u>\$ 195,632,995</u>	<u>\$ 217,617,157</u>	<u>\$ 261,098,841</u>	<u>\$ 332,220,416</u>

Notes: The City implemented GASB 34 for the fiscal year ended June 30, 2001. Prior statements have not been restated to comply with the new requirements.
Unallocated General Revenues do not include transfers between governmental activities and business-type activities.

Source: Statement of Activities.
City financial records and reports

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

Table VII

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Transaction Taxes (1)	\$ 17,870,399	\$ 21,193,261	\$ 24,999,105	\$ 29,172,894	\$ 33,621,787	\$ 33,711,972	\$ 35,932,415	\$ 40,579,522	\$ 45,535,559	\$ 61,156,870
Franchise Taxes	1,021,146	1,230,062	1,446,562	1,720,818	2,022,335	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895
Property Taxes										
Primary Taxes	1,124,120	1,230,933	1,196,827	1,357,963	1,580,367	1,638,719	1,838,829	2,077,178	2,285,792	2,612,397
Secondary Taxes	3,197,343	3,978,671	4,947,844	5,709,744	6,689,726	7,713,406	8,603,538	9,749,392	10,688,571	12,393,713
Special District* Taxes	130,900	177,314	205,678	183,425	384,380	512,196	834,891	619,973	868,197	796,821
In Lieu Taxes	300,102	452,899	289,719	275,222	236,085	192,931	175,135	252,345	293,417	273,644
Total Property Taxes	<u>\$ 4,752,465</u>	<u>\$ 5,839,817</u>	<u>\$ 6,640,068</u>	<u>\$ 7,526,354</u>	<u>\$ 8,890,558</u>	<u>\$ 10,057,252</u>	<u>\$ 11,452,393</u>	<u>\$ 12,698,888</u>	<u>\$ 14,135,977</u>	<u>\$ 16,076,575</u>
Total Taxes	<u>\$ 23,644,010</u>	<u>\$ 28,263,140</u>	<u>\$ 33,085,735</u>	<u>\$ 38,420,066</u>	<u>\$ 44,534,680</u>	<u>\$ 46,097,098</u>	<u>\$ 49,675,987</u>	<u>\$ 55,774,213</u>	<u>\$ 62,170,531</u>	<u>\$ 80,238,340</u>

(1) See Detail in Table X

Notes: Includes all governmental fund types.

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

Source: City financial records

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

Table VIII

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
State Shared Sales Tax	\$ 5,262,978	\$ 5,558,631	\$ 5,958,570	\$ 6,549,653	\$ 6,971,235	\$ 8,350,576	\$ 8,474,910	\$ 9,116,684	\$ 10,038,874	\$ 11,681,284
Urban Revenue Sharing	5,710,921	6,468,099	7,513,864	8,297,259	8,891,990	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782
HURF Revenues	4,847,374	4,675,405	5,091,160	5,334,646	5,606,104	6,719,940	7,020,920	7,501,918	7,878,977	8,475,784
Auto in-Lieu	1,990,487	2,128,508	2,516,193	2,771,158	3,054,248	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577
Local Transportation Aid	486,126	511,915	528,376	551,269	598,664	615,115	639,879	650,734	650,056	657,162
Other	1,104,845	1,127,689	976,880	1,291,896	4,709,819	2,903,838	1,733,992	1,053,460	778,059	1,303,622
Federal	2,063,524	1,639,998	1,772,901	2,243,835	2,251,373	1,700,855	3,552,001	2,340,738	2,685,415	2,822,321
Total Intergovernmental Revenue	<u>\$ 21,466,255</u>	<u>\$ 22,110,245</u>	<u>\$ 24,357,944</u>	<u>\$ 27,039,716</u>	<u>\$ 32,083,433</u>	<u>\$ 35,187,028</u>	<u>\$ 37,076,594</u>	<u>\$ 34,841,183</u>	<u>\$ 36,747,293</u>	<u>\$ 41,899,532</u>

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

Source: City financial records

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

Table IX

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:										
Streets	\$ -	\$ -	\$ -	\$ 215,358	\$ 1,846,867	\$ 1,911,146	\$ 2,064,748	\$ 2,740,580	\$ 7,029,058	\$ 8,460,281
Parks/Recreation	396,147	997,702	721,216	1,110,776	2,117,536	2,346,030	2,089,955	2,778,480	5,045,791	5,113,046
Library	192,064	372,611	330,070	436,814	460,258	476,734	457,898	586,200	1,028,504	969,582
Public Safety	245,794	440,991	452,779	531,464	909,116	929,164	1,124,351	1,461,477	2,730,568	3,275,831
General Government	-	-	-	112,669	926,097	941,436	1,012,151	1,381,237	2,020,208	2,105,106
Total Governmental Activities	<u>\$ 834,005</u>	<u>\$ 1,811,304</u>	<u>\$ 1,504,065</u>	<u>\$ 2,407,081</u>	<u>\$ 6,259,874</u>	<u>\$ 6,604,510</u>	<u>\$ 6,749,103</u>	<u>\$ 8,947,974</u>	<u>\$ 17,854,129</u>	<u>\$ 19,923,846</u>
Business-type Activities:										
Water Expansion	1,303,500	2,772,858	1,994,610	2,395,778	2,431,800	4,458,106	7,013,267	7,025,548	7,671,535	6,972,529
Water Resource	-	-	-	16,882	185,934	475,237	887,389	1,287,101	1,801,486	1,550,288
Wastewater Expansion	1,896,686	4,017,555	4,920,157	6,101,944	3,421,540	3,899,520	4,786,965	3,658,370	4,391,622	4,364,858
Solid Waste Expansion	580,367	1,308,440	915,034	1,450,380	870,682	597,474	753,660	765,334	1,123,950	1,009,520
Total Business-type Activities	<u>\$ 3,780,553</u>	<u>\$ 8,098,853</u>	<u>\$ 7,829,801</u>	<u>\$ 9,964,984</u>	<u>\$ 6,909,956</u>	<u>\$ 9,430,337</u>	<u>\$ 13,441,281</u>	<u>\$ 12,736,353</u>	<u>\$ 14,988,593</u>	<u>\$ 13,897,195</u>
Total Primary Government	<u>\$ 4,614,558</u>	<u>\$ 9,910,157</u>	<u>\$ 9,333,866</u>	<u>\$ 12,372,065</u>	<u>\$ 13,169,830</u>	<u>\$ 16,034,847</u>	<u>\$ 20,190,384</u>	<u>\$ 21,684,327</u>	<u>\$ 32,842,722</u>	<u>\$ 33,821,041</u>

Source: City financial records

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

Table X

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Retail Sales	\$ 8,877,601	\$ 10,626,604	\$ 12,345,170	\$ 14,738,906	\$ 15,148,939	\$ 17,456,584	\$ 18,284,743	\$ 19,946,715	\$ 21,861,810	\$ 26,832,950
Contracting	3,485,712	4,219,460	5,554,362	5,870,856	6,433,978	5,066,482	5,372,308	6,147,387	7,871,565	14,022,558
Rentals	1,665,035	1,927,925	2,244,361	2,618,602	3,099,174	3,065,400	3,315,297	3,756,875	4,297,474	5,469,550
Utilities	1,282,497	1,318,715	1,473,358	1,714,012	1,703,292	2,156,154	2,255,621	2,445,199	2,576,655	4,949,457
Telecom/Cable TV	306,708	318,912	405,098	484,518	623,951	626,479	719,721	815,105	920,471	1,079,620
Restaurant/Bar	1,471,208	1,724,145	2,070,678	2,283,606	2,789,325	3,223,465	3,944,702	4,432,723	5,052,224	5,986,135
Amusement	94,858	72,510	63,571	149,361	308,340	340,467	373,416	443,680	549,702	655,728
Use	333,794	301,213	454,945	788,801	2,754,177	897,835	602,119	599,172	570,265	485,720
Other	352,986	683,777	387,562	524,232	760,611	879,106	1,064,488	1,992,666	1,835,393	1,675,152
Total	\$ 17,870,399	\$ 21,193,261	\$ 24,999,105	\$ 29,172,894	\$ 33,621,787	\$ 33,711,972	\$ 35,932,415	\$ 40,579,522	\$ 45,535,559	\$ 61,156,870
% Growth by Year										
Retail Sales	15.6%	19.7%	16.2%	19.4%	2.8%	15.2%	4.7%	9.1%	9.6%	22.7%
Contracting	30.4%	21.1%	31.6%	5.7%	9.6%	-21.3%	6.0%	14.4%	28.0%	78.1%
Rentals	24.9%	15.8%	16.4%	16.7%	18.4%	-1.1%	8.2%	13.3%	14.4%	27.3%
Utilities	4.9%	2.8%	11.7%	16.3%	-0.6%	26.6%	4.6%	8.4%	5.4%	92.1%
Telecom/Cable TV	11.7%	4.0%	27.0%	19.6%	28.8%	0.4%	14.9%	13.3%	12.9%	17.3%
Restaurant/Bar	24.7%	17.2%	20.1%	10.3%	22.1%	15.6%	22.4%	12.4%	14.0%	18.5%
Amusement	26.6%	-23.6%	-12.3%	135.0%	106.4%	10.4%	9.7%	18.8%	23.9%	19.3%
Use	18.5%	-9.8%	51.0%	73.4%	249.2%	-67.4%	-32.9%	-0.5%	-4.8%	-14.8%
Other	16.4%	93.7%	-43.3%	35.3%	45.1%	15.6%	21.1%	87.2%	-7.9%	-8.7%
Total	18.9%	18.6%	18.0%	16.7%	15.3%	0.3%	6.6%	12.9%	12.2%	34.3%

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									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City Direct Rates:										
Retail Sales	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%
Contracting	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%
Rental	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.60%
Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%
Restaurant/Bar	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%
Amusement	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%
Others	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	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	0.75%	0.50%	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	5.00%	5.00%	5.00%	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%

Source: Model City Tax Code, ADOR 91-5312

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

Table XII

Category	2006				2005			
	<u># of Payers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid</u>	<u>Percentage of Total City Sales Tax Revenue</u>	<u># of Payers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid</u>	<u>Percentage of Total City Sales Tax Revenue</u>
Retail Sales	2,312	21.13%	\$ 26,832,950	43.9%	2,365	23.4%	\$ 21,861,810	48.0%
Contracting	3,549	32.44%	14,022,558	22.9%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	237	2.17%	5,986,135	9.8%	235	2.3%	5,052,224	11.1%
Rental	3,144	28.74%	5,469,550	8.9%	2,867	28.3%	4,297,474	9.4%
Utilities	8	0.07%	4,949,457	8.1%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	114	1.04%	1,079,620	1.8%	126	1.2%	920,471	2.0%
Use	825	7.54%	1,604,174	2.6%	857	8.5%	570,265	1.3%
Amusement	46	0.42%	655,728	1.1%	45	0.4%	549,702	1.2%
Others	706	6.45%	556,698	0.9%	402	4.0%	1,835,393	4.0%
Total	<u>10,941</u>	<u>100.00%</u>	<u>\$ 61,156,870</u>	<u>100.00%</u>	<u>10,122</u>	<u>100.00%</u>	<u>\$ 45,535,559</u>	<u>100.00%</u>

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

Source: Sales tax information system
City financial records

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

Table XIII

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Residential (Owner occupied)	\$ 166,038,625	\$ 217,493,444	\$ 229,616,621	\$ 267,224,220	\$ 316,200,286	\$ 371,374,428	\$ 403,937,371	\$ 464,911,130	\$ 497,294,057	\$ 582,512,691
Residential (Renter occupied)	14,867,302	17,781,585	21,328,181	26,956,291	32,258,579	35,543,344	37,003,847	42,487,659	51,436,849	64,003,067
Commercial, Industrial, Mines & Utilities	76,286,117	87,255,237	95,383,002	106,059,247	128,361,247	151,050,647	170,508,040	190,086,111	218,209,727	242,554,778
Agriculture & Vacant	29,194,770	36,158,313	37,217,844	40,917,076	43,750,084	48,748,154	50,351,826	51,802,238	58,949,534	73,674,495
Railroad	758,676	789,292	1,063,094	1,008,673	1,073,870	1,094,881	955,802	951,301	1,712,708	1,724,400
Historic & Environmental	112,235	116,999	86,391	163,835	58,510	25,215	28,555	190,782	30,780	-
Public Property Improvements	400	400	1,970	1,475	1,430	-	-	-	-	-
Net Assessed Value	\$ 287,258,125	\$ 359,595,270	\$ 384,697,103	\$ 442,330,817	\$ 521,704,006	\$ 607,836,669	\$ 662,785,441	\$ 750,429,221	\$ 827,633,655	\$ 964,469,431
% Growth	7.0%	25.2%	7.0%	15.0%	17.9%	16.5%	9.0%	13.2%	10.3%	16.5%
Net Assessed Value Per Capita	\$ 3,507	\$ 3,999	\$ 4,049	\$ 4,082	\$ 4,520	\$ 4,955	\$ 5,186	\$ 5,789	\$ 5,991	\$ 6,750
Total Direct Secondary Tax Rate	1.11	1.16	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Full Cash Value	2,523,490,925	3,157,894,607	3,365,492,995	3,910,651,859	4,502,876,658	5,405,768,822	5,868,802,159	6,743,773,145	7,525,637,782	8,736,985,007
% Growth	5.8%	25.1%	6.6%	16.2%	15.1%	20.1%	8.6%	14.9%	11.6%	16.1%
Full Cash Value Per Capita	\$ 30,812	\$ 35,115	\$ 35,426	\$ 36,088	\$ 39,009	\$ 44,069	\$ 45,919	\$ 52,022	\$ 54,477	\$ 61,149
Net Assessed Value as a Percentage of Full Cash Value	11.4%	11.4%	11.4%	11.3%	11.6%	11.2%	11.3%	11.1%	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	Mines (b)	Utilities (b)	Railroads, Private Car, and Airline Flight		Commercial and Industrial (d)	Residential	Agriculture and Vacant Land (d)
			Property ©				
1997	27%	27%	23%	25%	10%	16%	
1998	26%	26%	22%	25%	10%	16%	
1999	25%	25%	21%	25%	10%	16%	
2000	-	-	21%	25%	10%	16%	
2001	-	-	21%	25%	10%	16%	
2002	-	-	21%	25%	10%	16%	
2003	-	-	21%	25%	10%	16%	
2004	-	-	20%	25%	10%	16%	
2005	-	-	21%	25%	10%	16%	
2006	-	-	21%	25%	10%	16%	

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) Beginning with tax year 2000, mining and utility properties are included in the same class property as the commercial and industrial properties.
- (c) 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.
- (d) Beginning in 1995, an annually adjusted exemption exists for commercial, industrial and agricultural property. Any portion of the full cash value in excess of that exemption is assessed at 25% or 16% as applicable.

Source: Arizona Department of Revenue - Property Tax Division abstract of the assessment roll
City financial records

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

Table XIV
Page 1 of 2

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Direct City										
Primary	\$ 0.40	\$ 0.36	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
Secondary	1.11	1.16	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
School District (1)										
Primary	5.28	4.64	4.82	4.75	4.87	4.32	4.41	4.56	4.46	4.13
Secondary	3.50	4.82	5.16	4.95	4.63	4.40	4.28	4.04	3.90	3.80
County (2)										
Primary	2.61	2.64	2.66	2.68	2.64	2.64	2.66	2.59	2.59	2.53
Secondary	0.76	0.83	0.78	0.74	0.70	0.65	0.62	0.51	0.51	0.53
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	8.29	7.64	7.80	7.75	7.83	7.25	7.36	7.44	7.34	6.95
Secondary	5.37	6.81	7.24	6.99	6.63	6.35	6.20	5.85	5.71	5.63

(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 Dysart Unified School District and the Deer Valley Unified School District, whose most recent tax rates are as follows:

	Dysart	Deer Valley
Primary	\$ 5.46	\$ 3.97
Secondary	1.69	2.62

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

	Primary	Secondary
Maricopa County	\$ 1.20	\$ -
Education Equalization	0.44	-
Community College District	0.89	0.14
County Flood Control District	-	0.21
Fire District Assistance	-	0.01
County Free Library	-	0.05
Central AZ Water Conservation	-	0.12
	<u>\$ 2.53</u>	<u>\$ 0.53</u>

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

Source: Maricopa County Assessor - Tax Rates and Levies publication

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

Table XIV
Page 2 of 2

	Tax Levies									
	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Direct City										
Primary	\$ 1,120,938	\$ 1,230,590	\$ 1,200,924	\$ 1,367,471	\$ 1,585,084	\$ 1,675,077	\$ 1,836,000	\$ 2,077,622	\$ 2,295,435	\$ 2,640,883
Secondary	3,196,400	4,180,220	5,010,680	5,761,359	6,729,710	7,901,877	8,616,211	9,755,580	10,759,238	12,538,103
School District (1)										
Primary	25,917,836	28,610,974	26,059,009	31,023,072	35,993,776	36,367,657	39,965,149	45,718,267	48,345,544	50,475,795
Secondary	17,472,851	28,494,091	27,839,438	33,823,043	36,136,167	38,874,484	40,456,138	42,454,023	44,291,944	49,294,120
County (2)										
Primary	365,128,307	394,837,918	426,667,921	469,465,347	512,232,252	563,545,711	611,337,637	726,446,055	726,446,055	783,474,843
Secondary	98,494,489	119,207,803	120,255,268	129,292,449	137,665,480	141,844,666	144,920,909	145,100,016	145,100,016	167,896,576
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	392,167,081	424,679,482	453,927,854	501,855,890	549,811,112	601,588,445	653,138,786	774,241,944	777,087,034	836,591,521
Secondary	119,163,740	151,882,114	153,105,386	168,876,851	180,531,357	188,621,027	193,993,258	197,309,619	200,151,198	229,728,799

(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 Dysart Unified School District and the Deer Valley Unified School District, whose most recent tax levies are as follows:

	Dysart	Deer Valley
Primary	\$ 41,261,254	\$ 71,482,209
Secondary	13,673,152	51,336,984

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

	Primary	Secondary
Maricopa County	\$371,224,118	\$ -
Education Equalization	135,142,821	-
Community College District	277,107,904	45,791,129
County Flood Control District	-	62,733,411
Fire District Assistance	-	2,276,200
County Free Library	-	17,295,751
Central AZ Water Conservati	-	39,800,085
	<u>\$783,474,843</u>	<u>\$ 167,896,576</u>

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

Source: Maricopa County Assessor - Tax Rates and Levies publication

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

Table XV

Taxpayer	2006			1997		
	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
Salt River Project	\$ 17,210,325	1	2.29%	\$ -		
Arizona Public Service	15,364,233	2	2.05%	12,378,002	1	4.31%
Qwest Corporation	11,160,630	3	1.49%	7,424,442	2	2.58%
Arrowhead Crossing LLC	6,115,921	4	0.81%			
Cox Communications Phoenix	5,874,935	5	0.78%	-		
Sprint Spectrum LP	5,087,587	6	0.68%	-		
Larry Miller Real Estate-Dealerships	4,892,616	7	0.65%	-		
Safeway, Inc	4,478,046	8	0.60%			
Southwest Gas Corporation (T&D)	4,155,418	9	0.55%	1,877,470	6	0.65%
Target Corporation	3,871,230	10	0.52%	-		
Midcor Associates	-			4,069,088	3	1.42%
Opus Southwest	-			2,371,232	4	0.83%
Freedom Plaza Limited Partner	-			2,201,733	5	0.77%
Dayton Hudson Corp	-			1,734,894	7	0.60%
C&H Properties	-			1,639,498	8	0.57%
Plaza Del Rio	-			1,550,165	9	0.54%
Phillips, Peter R	-			1,535,305	10	0.53%
Total	\$ 78,210,941		10.42%	\$ 36,781,829		13.69%

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. Information for Salt River Project is unavailable for FY97.

Source - Maricopa County Treasurer's Office

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

Table XVI

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Current Levy	\$ 4,317,338	\$ 5,410,810	\$ 6,211,604	\$ 7,128,830	\$ 8,314,794	\$ 9,576,954	\$ 10,452,211	\$ 11,833,202	\$ 13,054,673	\$ 15,178,986
Current Tax Collections	4,300,683	5,193,606	6,120,026	7,045,289	8,120,403	9,234,358	10,209,517	11,624,426	12,817,287	14,827,945
Percent of Levy Collected	99.6%	96.0%	98.5%	98.8%	97.7%	96.4%	97.7%	98.2%	98.2%	97.7%
Delinquent Tax Collections	20,779	15,998	24,645	22,418	149,690	117,765	325,376	251,331	143,034	91,070
Total Tax Collections	\$ 4,321,462	\$ 5,209,604	\$ 6,144,671	\$ 7,067,707	\$ 8,270,093	\$ 9,352,123	\$ 10,534,893	\$ 11,875,757	\$ 12,960,321	\$ 14,919,015
Total Collection as Percent of Current Levy	100.1%	96.3%	98.9%	99.1%	99.5%	97.7%	100.8%	100.4%	99.3%	98.3%

Notes: Prior to Fiscal Year 2001, secondary Tax Collections were not broken out between Current and Delinquent collections. All secondary taxes collected were reported as current collections.
Collections include secured levies.
Delinquent tax collections 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 XVII
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Utility Rate Increases & Average Bill Last Ten Fiscal Years											
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
Water											
Average bill	\$ 17.92	\$ 24.28	\$ 26.81	\$ 33.59	\$ 34.58	\$ 37.77	\$ 39.61	\$ 39.06	\$ 35.53	\$ 34.59	
% Increase	3.05%	no change	10.42%	25.29%	2.95%	9.22%	4.87%	-1.39%	-9.04%	-2.65%	
Wastewater											
Average bill	18.93	17.60	17.14	17.49	18.10	17.32	18.73	18.53	19.47	18.74	
% Increase	10.31%	-7.03%	-2.61%	2.04%	3.49%	-4.31%	8.14%	-1.07%	5.07%	-3.75%	
Residential Solid Waste											
Average bill		12.30	12.30	12.49	12.49	12.49	12.49	12.49	13.32	14.58	
% Increase			no change	1.54%	no change	no change	no change	no change	6.65%	9.46%	

Utility Service Connections Last Ten Fiscal Years											
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
Water											
#	26,035	29,300	31,020	31,810	34,900	36,221	37,664	38,818	42,673	44,221	
% Increase	9.00%	12.54%	5.87%	2.55%	9.71%	3.79%	3.98%	3.06%	9.93%	3.63%	
Wastewater											
#	24,840	27,092	30,274	34,190	37,321	38,130	39,806	40,984	43,824	45,933	
% Increase	4.97%	9.07%	11.75%	12.94%	9.16%	2.17%	4.40%	2.96%	6.93%	4.81%	
Residential Solid Waste											
#	24,230	26,393	29,517	32,615	35,320	36,978	38,546	39,747	42,467	44,198	
% Increase	9.16%	8.93%	11.84%	10.50%	8.29%	4.69%	4.24%	3.12%	6.84%	4.08%	

**Charges for Water Services
Base Minimum Monthly Bill
As of June 30, 2006**

<u>Meter Size</u>	<u>All Customers</u>
5/8"-3/4"	\$ 13.35
1"	15.87
1 1/2"	18.42
2"	25.42
3"	65.41
4"	92.42
6"	144.48

Source: City customer service and billing records

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

Volume Charges for Water Services			
Usage Per Month			
As of June 30, 2006			
Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)
	Base Charge	Base Charge	Base Charge
First 1,000			
1,001 - 5,000	\$ 1.41	\$ 1.41	\$ 1.41
5,001 - 10,000	2.54	2.04	2.04
10,001 - 25,000	3.05	2.48	2.48
25,001 - 50,000 (a)	3.63	2.97	2.97
50,001+	3.63	2.97	3.02

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

Water Meter Charges	
As of June 30, 2006	
Meter Size	Charge
3/4"	\$ 227
1 1/2"	428
2"	534-929
3"	973-1,898
4"	1,380-2,890
6"	2,658-3,787
Hydrant meter	1,166
Commercial accounts	By meter size

Charges for Wastewater Services		Charges for Storm Water	
As of June 30, 2006		As of June 30, 2006	
Monthly	All Customers	Monthly	All Customers
Base (a)	\$ 2.84	Base charge	\$ 0.50
Volume (b)	2.15		

(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

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

Table XVII
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	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>
Miscellaneous data on water utility						
Annual consumption (000's gal)	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653
Average gallons/household/month	15,829	15,801	15,712	14,904	15,056	16,213
Average gallons/household/year	189,944	189,608	180,544	178,850	180,679	194,552
Average daily demand (MGD)	16.78	19.32	18.19	20.43	20.10	23.21
Peak demand (MGD)	28.17	30.25	28.82	30.00	32.00	32.00
Number of wells in system	23	24	25	28	27	27
Available storage capacity (million gallon)	16.1	16.1	22.2	37.3	40.0	40.0
Miscellaneous data on wastewater utility						
Treatment plant capacity:						
Beardsley treatment plant (million gallon/day)	2.0	2.0	4.0	4.0	4.0	4.0
Jomax treatment plant (million gallon/day)	-	-	-	-	0.75	0.75
Tolleson regional plant (million gallon/day)	9.4	9.4	9.4	9.4	9.4	9.4
Annual wastewater treated:						
Beardsley treatment plant (billion gallon)	0.4	0.485	0.531	0.606	0.674	0.763
Jomax treatment plant (billion gallon)	-	-	-	-	0.0065	0.057
Tolleson regional plant (billion gallon)	2.580	2.200	2.180	2.620	2.731	2.731
Average daily flow:						
Beardsley treatment plant (million gallon/day)	1.16	1.45	1.46	1.67	1.85	2.09
Jomax treatment plant (million gallon/day)	-	-	-	-	0.02	0.16
Tolleson regional plant (million gallon/day)	7.07	6.54	7.12	7.19	7.48	7.88
Peak flow:						
Beardsley treatment plant (million gallon/day)	1.27	1.58	1.87	3.20	2.30	2.50
Jomax treatment plant (million gallon/day)	-	-	-	-	0.278	0.278
Tolleson regional plant (million gallon/day)	7.60	7.60	8.11	11.80	10.88	10.88
Miscellaneous data on solid waste service						
Residential tonnage processed	52,188	55,081	60,516	64,358	65,950	69,191
Commercial tonnage processed	19,958	22,917	19,642	19,157	18,436	22,943
Recycling tonnage processed	357	498	600	1,133	1,523	1,690
	<u>72,503</u>	<u>78,496</u>	<u>80,758</u>	<u>84,648</u>	<u>85,909</u>	<u>93,824</u>

Source: City records

Note: Information not available for years prior to Fiscal year 2001

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

Table XVII
Page 4 of 4

Entity	Type of User	2006			2003		
		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	8,540	1	1.30%	7,236	1	1.31%
City of Peoria Padre's Pump Station	Sports Complex	7,166	2	1.09%	3,438	3	0.62%
Trilogy at Vistancia	Commercial Landscape	4,089	3	0.62%			
Sun Garden Park II H/O Asn	Homeowner's Association	2,444	4	0.37%	1,675	6	0.30%
City of Peoria Beardsley WRF	Water Reclamation Facility	2,370	5	0.36%			
Parkridge Park	City Park	2,097	6	0.32%			
Polynesian Village	Homeowner's Association	1,978	7	0.30%	1,624	7	0.29%
Freedom Plaza LTD Partnership	Health Care Facility	1,937	8	0.29%	2,108	5	0.38%
Equity Lifestyle Prop Inc Casa Del Sol	Multi-Family Residential	1,688	9	0.26%			
Sun Garden Mobile Home Park	Homeowner's Association	1,514	10	0.23%	1,565	9	0.28%
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%
Desert Harbor sprinklers	Homeowner's Association	-			1,245	8	0.22%

Note: Water usage information unavailable prior to FY03

Source: City customer service and billing records

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

Table XVIII

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities										
General Obligation Bonds	\$ 36,043,571	\$ 34,088,060	\$ 38,123,080	\$ 50,598,318	\$ 47,669,600	\$ 44,484,200	\$ 68,629,389	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000
Municipal Development Authority Bonds	38,043,720	33,119,109	31,390,209	29,721,834	27,900,997	25,773,797	23,640,141	22,255,141	20,199,999	24,628,578
Highway User Revenue Bonds	6,120,000	5,925,000	5,710,000	5,470,000	5,205,000	4,925,000	4,625,000	4,305,000	4,075,000	3,830,000
Special Assessment Bonds	15,074,000	20,614,000	19,267,000	18,095,000	15,814,000	17,333,692	15,444,341	12,938,689	11,431,553	9,822,570
Community Facilities District Bonds	-	-	-	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000
Business-type Activities										
Water and Sewer Revenue Bonds	9,300,000	8,695,000	25,035,000	24,370,000	40,255,000	33,470,000	30,740,000	27,350,000	25,395,000	23,275,000
WIFA Bonds	10,987,156	24,886,056	23,925,889	22,914,426	42,022,210	55,448,302	55,084,081	52,606,867	50,042,301	47,387,253
Municipal Development Authority Bonds	4,685,154	4,525,404	4,374,791	4,223,166	4,064,004	3,871,204	2,759,859	2,759,859	2,505,001	2,226,422
Municipal Sports Complex Bonds	24,025,000	23,225,000	22,375,000	21,480,000	20,525,000	1,135,000	-	-	-	-
Total Primary Government	\$ 144,278,601	\$ 155,077,629	\$ 170,200,969	\$ 176,872,744	\$ 203,455,811	\$ 186,441,195	\$ 222,172,811	\$ 208,445,556	\$ 213,828,854	\$ 206,449,823

Note: Median Household Income and population statistics found In Economic & Demographic section.

Source: City financial records

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

Table XIX

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bonded Debt (1)	\$ 36,043,571	\$ 34,088,060	\$ 38,123,080	\$ 50,598,318	\$ 47,669,600	\$ 44,484,200	\$ 68,629,389	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000
Less:										
Debt Service Reserves	<u>4,784,783</u>	<u>5,158,417</u>	<u>6,340,080</u>	<u>8,076,539</u>	<u>9,749,163</u>	<u>12,167,776</u>	<u>15,323,333</u>	<u>18,843,020</u>	<u>17,598,666</u>	<u>24,205,524</u>
Net Bonded Debt	<u>\$ 31,258,788</u>	<u>\$ 28,929,643</u>	<u>\$ 31,783,000</u>	<u>\$ 42,521,779</u>	<u>\$ 37,920,437</u>	<u>\$ 32,316,424</u>	<u>\$ 53,306,056</u>	<u>\$ 46,136,980</u>	<u>\$ 37,781,334</u>	<u>\$ 26,999,476</u>
Percentage of Net Bonded Debt to Full Cash Value	1.2%	0.9%	0.9%	1.1%	0.8%	0.6%	0.9%	0.7%	0.5%	0.3%
Net Bonded Debt Per Capita	\$382	\$322	\$335	\$392	\$329	\$263	\$417	\$356	\$273	\$189

(1) Represents face value of general obligation debt outstanding

Sources - State of Arizona, Department of Revenue - Abstract of the Assessment Roll
 - Debt Service Schedules
 - U.S. Census or Community Development Department

**CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2006**

Table XX

Governmental Unit	Secondary Assessed Valuation	General Obligation Debt Outstanding	Percentage Applicable to City of Peoria	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 48,931,946,145	\$ -	1.97%	\$ -	-
Maricopa County	33,168,406,054	-	2.90%	-	-
Community College District	33,168,406,054	399,805,000	2.90%	11,594,345	0.14
County Flood Control District	29,507,427,714	-	-	-	0.21
County Free Library	33,168,406,054	-	-	-	0.05
Fire District Assistance	33,168,406,054	-	-	-	0.01
Central AZ Water Conservation	33,168,406,054	-	-	-	0.12
Sub-total - City-wide overlapping				<u>11,594,345</u>	
Total City-wide levies				62,799,345	
Unified School Districts:					
Peoria No. 11	1,295,409,236	217,988,000	90.20%	196,625,176	3.80
Dysart No. 89	808,370,378	74,005,000	0.01%	7,401	1.69
Deer Valley No. 97	1,950,164,119	213,195,000	9.65%	<u>20,573,318</u>	2.62
				217,205,895	
Vistancia Community Facilities District	10,994,165	44,075,000	100.00%	<u>44,075,000</u>	2.10
Total overlapping				<u>272,875,240</u>	
Direct:					
City of Peoria	\$ 963,160,656	\$ 51,205,000	100.00%	<u>51,205,000</u>	\$ 1.30
Total direct and overlapping general obligation bonded debt				<u>\$ 324,080,240</u>	

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 XXI

Governmental Unit	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	3,302,205	2,922,575	2,432,725	2,367,867	1,969,797	1,542,433	1,542,433	550,505	-	-
Community College District	4,569,400	4,330,700	6,024,200	6,707,930	7,982,014	8,102,375	8,102,375	71,257	11,690,706	11,594,345
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	7,871,605	7,253,275	8,456,925	9,075,797	9,951,811	9,644,808	9,644,808	621,762	11,690,706	11,594,345
Total City-wide levies	42,494,522	36,813,275	46,580,005	59,674,115	57,621,411	54,129,008	78,364,808	65,601,762	67,070,706	62,799,345
Unified School Districts:										
Peoria No. 11	86,692,950	87,437,168	84,040,922	114,077,401	114,711,003	118,240,368	138,618,928	142,493,656	134,340,540	196,625,176
Dysart No. 89	1,649	1,430	915	942	809	703	2,203	2,100	4,800	7,401
Deer Valley No. 97	560,917	563,723	630,713	1,664,226	2,186,348	3,586,515	3,918,198	3,571,920	4,063,815	20,573,318
	87,255,516	88,002,321	84,672,550	115,742,569	116,898,160	121,827,586	142,539,329	146,067,676	138,409,155	217,205,895
Vistancia Community Facilities District	-	-	-	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000
Total overlapping	95,127,121	95,255,596	93,129,475	124,818,366	126,849,971	131,472,394	173,434,137	167,939,438	194,899,861	272,875,240
Direct:										
City of Peoria	34,622,917	29,560,000	38,123,080	50,598,318	47,669,600	44,484,200	68,720,000	64,980,000	55,380,000	51,205,000
Total direct and overlapping general obligation bonded debt	\$ 129,750,038	\$ 124,815,596	\$ 131,252,555	\$ 175,416,684	\$ 174,519,571	\$ 175,956,594	\$ 242,154,137	\$ 232,919,438	\$ 250,279,861	\$ 324,080,240

Sources: - Exhibit 1 to the Financial Statements
- Maricopa County Treasurer

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

Table XXII

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Secondary Assessed Value	\$ 287,258,125	\$ 359,595,270	\$ 384,697,103	\$ 442,330,817	\$ 521,704,006	\$ 607,836,669	\$ 662,785,441	\$ 750,429,221	\$ 827,633,655	\$ 964,469,431
<u>6% Limitation</u>										
Debt limit	\$ 17,235,488	\$ 21,575,716	\$ 23,081,826	\$ 26,539,849	\$ 31,000,582	\$ 36,470,200	\$ 39,767,126	\$ 45,025,753	\$ 49,658,019	\$ 57,868,166
Total net debt applicable to limit	<u>15,924,493</u>	<u>15,763,060</u>	<u>14,633,080</u>	<u>18,968,426</u>	<u>17,084,708</u>	<u>15,004,200</u>	<u>27,999,389</u>	<u>25,500,000</u>	<u>16,400,000</u>	<u>13,350,000</u>
Legal 6% Debt Margin	<u>\$ 1,310,995</u>	<u>\$ 5,812,656</u>	<u>\$ 8,448,746</u>	<u>\$ 7,571,423</u>	<u>\$ 13,915,874</u>	<u>\$ 21,466,000</u>	<u>\$ 11,767,737</u>	<u>\$ 19,525,753</u>	<u>\$ 33,258,019</u>	<u>\$ 44,518,166</u>
Total net debt applicable to the limit as a percentage of debt limit	92.4%	73.1%	63.4%	71.5%	55.1%	41.1%	70.4%	56.6%	33.0%	23.1%
<u>20% Limitation</u>										
Debt limit	\$ 57,451,625	\$ 71,919,054	\$ 76,939,421	\$ 88,466,163	\$ 103,335,273	\$ 121,567,334	\$ 132,557,088	\$ 150,085,844	\$ 165,526,731	\$ 192,893,886
Total net debt applicable to limit	<u>18,698,424</u>	<u>18,325,000</u>	<u>23,490,000</u>	<u>31,629,892</u>	<u>30,584,892</u>	<u>29,480,000</u>	<u>40,630,000</u>	<u>39,480,000</u>	<u>38,980,000</u>	<u>37,855,000</u>
Legal 20% Debt Margin	<u>\$ 38,753,201</u>	<u>\$ 53,594,054</u>	<u>\$ 53,449,421</u>	<u>\$ 56,836,271</u>	<u>\$ 72,750,381</u>	<u>\$ 92,087,334</u>	<u>\$ 91,927,088</u>	<u>\$ 110,605,844</u>	<u>\$ 126,546,731</u>	<u>\$ 155,038,886</u>
Total net debt applicable to the limit as a percentage of debt limit	32.5%	25.5%	30.5%	35.8%	29.6%	24.2%	30.7%	26.3%	23.5%	19.6%

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 XXIII

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Pledged Revenues (1)	\$37,645,939	\$ 45,201,146	\$ 51,582,476	\$ 58,578,166	\$ 67,198,257	\$ 69,544,724	\$ 71,409,403	\$ 76,987,031	\$ 89,807,396	\$108,336,399
Debt Service Requirements										
Principal (2)	1,529,888	1,590,250	1,589,387	1,668,375	1,820,838	2,127,200	2,453,938	1,385,000	2,055,142	2,246,421
Interest (2)	1,865,280	1,867,293	1,708,735	1,619,574	1,520,345	1,408,653	1,864,812	611,534	1,017,518	930,530
Total Annual Requirements (2)	<u>3,395,168</u>	<u>3,457,543</u>	<u>3,298,122</u>	<u>3,287,949</u>	<u>3,341,183</u>	<u>3,535,853</u>	<u>4,318,750</u>	<u>1,996,534</u>	<u>3,072,660</u>	<u>3,176,951</u>
Estimated Coverage	11.09	13.07	15.64	17.82	20.11	19.67	16.53	38.56	29.23	34.10

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. 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.

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

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

Table XXIV

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Gross Revenue (1)	\$ 19,979,583	\$ 21,097,831	\$ 25,000,981	\$ 30,648,093	\$ 35,656,995	\$ 36,573,208	\$ 37,049,975	\$ 39,176,675	\$ 39,037,367	\$ 44,982,822
Operating and Maintenance Expenses (2)	10,352,073	12,630,176	16,473,188	15,355,373	15,245,886	20,628,253	22,922,451	22,617,415	26,151,794	27,318,074
Net Revenue Available for Debt Service	<u>\$ 9,627,510</u>	<u>\$ 8,467,655</u>	<u>\$ 8,527,793</u>	<u>\$ 15,292,720</u>	<u>\$ 20,411,109</u>	<u>\$ 15,944,955</u>	<u>\$ 14,127,524</u>	<u>\$ 16,559,260</u>	<u>\$ 12,885,573</u>	<u>\$ 17,664,748</u>
Development Fee Revenue	3,200,186	6,790,413	6,914,767	8,515,604	6,039,274	8,832,863	12,687,621	11,971,020	13,864,643	12,887,675
Total Net Revenue	<u>\$ 12,827,696</u>	<u>\$ 15,258,068</u>	<u>\$ 15,442,560</u>	<u>\$ 23,808,324</u>	<u>\$ 26,450,383</u>	<u>\$ 24,777,818</u>	<u>\$ 26,815,145</u>	<u>\$ 28,530,280</u>	<u>\$ 26,750,216</u>	<u>\$ 30,552,423</u>
Debt Service Requirements										
Principal (3)	1,351,849	2,047,093	2,573,718	2,366,910	1,975,976	3,797,131	7,215,071	5,867,214	4,680,263	4,950,702
Interest (4)	1,525,941	1,876,824	1,447,300	2,504,469	3,147,993	3,310,090	3,516,929	3,422,812	3,246,056	3,054,982
Total Debt Service Requirements	<u>\$ 2,877,790</u>	<u>\$ 3,923,917</u>	<u>\$ 4,021,018</u>	<u>\$ 4,871,379</u>	<u>\$ 5,123,969</u>	<u>\$ 7,107,221</u>	<u>\$ 10,732,000</u>	<u>\$ 9,290,026</u>	<u>\$ 7,926,319</u>	<u>\$ 8,005,684</u>
Ratio of Total Net Revenue/ Total Bond Expense	4.46	3.89	3.84	4.89	5.16	3.49	2.50	3.07	3.37	3.82
Ratio of Net Available/ Total Bond Expense (5)	3.35	2.16	2.12	3.14	3.98	2.24	1.32	1.78	1.63	2.21

- (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.
- (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 XXV

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Pledged Revenues	\$ 6,124,036	\$ 4,287,092	\$ 5,093,990	\$ 5,822,427	\$ 4,310,686	\$ 4,974,602	\$ 5,876,529	\$ 4,756,382	\$ 3,547,789	\$ 3,516,277
Debt Service Requirements										
Principal	771,000	325,000	640,000	520,000	740,000	1,243,308	1,889,351	2,505,652	1,507,136	1,608,983
Interest	698,113	890,077	1,015,885	955,340	911,040	1,052,893	1,091,160	972,553	828,532	747,720
Total Annual Requirements	<u>\$ 1,469,113</u>	<u>\$ 1,215,077</u>	<u>\$ 1,655,885</u>	<u>\$ 1,475,340</u>	<u>\$ 1,651,040</u>	<u>\$ 2,296,201</u>	<u>\$ 2,980,511</u>	<u>\$ 3,478,205</u>	<u>\$ 2,335,668</u>	<u>\$ 2,356,703</u>
Estimated Coverage	4.17	3.53	3.08	3.95	2.61	2.17	1.97	1.37	1.52	1.49

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

**CITY OF PEORIA, ARIZONA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Table XXVI

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Current Assessments Due	\$ 1,589,950	\$ 1,232,080	\$ 2,192,539	\$ 2,106,995	\$ 1,954,952	\$ 2,069,030	\$ 2,301,354	\$ 2,088,695	\$ 2,065,519	\$ 1,987,461
Assessments Collected	1,532,497	1,228,915	2,184,783	2,098,476	1,932,607	2,061,842	2,291,817	2,069,962	2,057,821	1,983,885
Prepaid Assessments Collected	246,111	337,129	731,042	79,724	88,160	156,055	877,315	504,165	186,624	275,392
Total Assessments Collected	<u>\$ 1,778,608</u>	<u>\$ 1,566,044</u>	<u>\$ 2,915,825</u>	<u>\$ 2,178,200</u>	<u>\$ 2,020,767</u>	<u>\$ 2,217,897</u>	<u>\$ 3,169,132</u>	<u>\$ 2,574,127</u>	<u>\$ 2,244,445</u>	<u>\$ 2,259,277</u>
Ratio of Current Collections to Amount Due	96.4%	99.7%	99.6%	99.6%	98.9%	99.7%	99.6%	99.1%	99.6%	99.8%
Outstanding Assessment Principal (1)	\$ 13,269,396	\$ 19,109,042	\$ 17,174,620	\$ 16,140,436	\$ 14,675,529	\$ 16,256,194	\$ 14,086,246	\$ 12,345,284	\$10,845,765	\$ 9,243,866

(1) Principal only. Assessments Receivable on Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds also includes delinquent interest and penalties due.

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

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Principal Payments	\$ 5,689,870	\$ 8,578,202	\$ 6,846,203	\$ 7,359,490	\$ 9,663,293	\$ 9,578,372	\$ 10,612,697	\$ 9,737,936	\$ 15,304,972	\$ 16,881,632
Interest and Other Charges	4,961,393	5,075,782	5,093,165	4,908,180	5,737,720	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072
Total	<u>\$ 10,651,263</u>	<u>\$ 13,653,984</u>	<u>\$ 11,939,368</u>	<u>\$ 12,267,670</u>	<u>\$ 15,401,013</u>	<u>\$ 14,930,840</u>	<u>\$ 17,531,211</u>	<u>\$ 16,037,562</u>	<u>\$ 22,351,548</u>	<u>\$ 23,628,704</u>
Total Governmental Expenditures	\$ 54,115,928	\$ 67,014,052	\$ 72,785,237	\$ 81,065,289	\$ 91,850,304	\$ 99,206,370	\$ 111,779,079	\$ 143,220,840	\$ 144,972,313	\$ 153,731,533
Ratio of Debt Service to Governmental Expenditures	19.68%	20.37%	16.40%	15.13%	16.77%	15.05%	15.68%	11.20%	15.42%	15.37%
Total Governmental Revenues	\$ 62,440,040	\$ 71,973,301	\$ 80,874,207	\$ 92,029,612	\$ 103,033,259	\$ 109,293,292	\$ 112,560,955	\$ 121,179,431	\$ 144,191,521	\$ 178,025,080
Ratio of Debt Service to Governmental Revenues	17.06%	18.97%	14.76%	13.33%	14.95%	13.66%	15.57%	13.23%	15.50%	13.27%

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, 2006

Table XXVIII

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization	Authorization/Purpose	Authorization	Issued	Remaining Authorization
1990 Authorization					Total authorizations by type:			
Police, Fire & Public Service	\$ 4,145,000	\$ 4,025,500	\$ -	\$ 119,500	Police, Fire & Public Service	\$ 80,670,000	\$ 11,772,341	\$ 68,897,659
Streets & Traffic Control	17,935,000	15,725,534	-	2,209,466	Streets & traffic control	197,785,000	33,977,360	163,807,640
Subtotal	<u>22,080,000</u>	<u>19,751,034</u>	-	<u>2,328,966</u>	Parks, open space, library	75,180,000	11,375,927	63,804,073
1994 Authorization					Water system	170,320,000	69,529,384	100,790,616
Police, Fire & Public Service	5,975,000	1,506,590	-	4,468,410	Waterwater system	88,150,000	2,405,405	85,744,595
Storm Sewer, Flood Protection & Bridges	15,375,000	15,212,755	-	162,245	Solid waste	1,000,000	-	1,000,000
Streets & Traffic Control	23,700,000	12,763,508	-	10,936,492	Storm Sewer, Flood Protection & Bridges	37,675,000	22,177,747	15,497,253
Water System	14,820,000	13,404,454	-	1,415,546	Water, Wastewater & Drainage	202,480,000	14,330,000	188,150,000
Wastewater System	4,100,000	238,181	-	3,861,819		<u>\$ 853,260,000</u>	<u>\$ 165,568,164</u>	<u>\$ 687,691,836</u>
Solid Waste	1,000,000	-	-	1,000,000				
Park & Library	10,180,000	8,388,032	-	1,791,968				
Subtotal	<u>75,150,000</u>	<u>51,513,520</u>	-	<u>23,636,480</u>				
1996 Authorization								
Water System	56,500,000	56,124,930	-	375,070				
Wastewater System	19,050,000	2,167,224	-	16,882,776				
Subtotal	<u>75,550,000</u>	<u>58,292,154</u>	-	<u>17,257,846</u>				
1996 WIFA Authorization								
Water/Wastewater	42,480,000	14,330,000	-	28,150,000				
2000 Authorization								
Police, Fire & Public Service	18,550,000	6,240,251	-	12,309,749				
Storm Sewer & Flood Protection	22,300,000	6,964,992	-	15,335,008				
Streets, Bridges & Traffic Control	47,150,000	5,488,318	-	41,661,682				
Water System	99,000,000	-	-	99,000,000				
Wastewater System	65,000,000	-	-	65,000,000				
Parks & Open Space	30,000,000	2,987,895	-	27,012,105				
Subtotal	<u>282,000,000</u>	<u>21,681,456</u>	-	<u>260,318,544</u>				
2005 Authorization								
Public Safety & Municipal Operations	52,000,000	-	-	52,000,000				
Water Treatment, Water System, Wastewater & Drainage	160,000,000	-	-	160,000,000				
Streets, Bridges & Traffic Control	109,000,000	-	-	109,000,000				
Parks, Recreation & Library	35,000,000	-	-	35,000,000				
Subtotal	<u>356,000,000</u>	-	-	<u>356,000,000</u>				
Grand Total				<u>687,691,836</u>				

Source: City financial records

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

Table XXIX

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000 *</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 *</u>	<u>2006</u>
City Of Peoria										
Population	81,900	89,930	95,000	108,364	115,432	122,665	127,807	129,632	138,143	142,880
% growth	61.8%	9.8%	5.6%	14.1%	6.5%	6.3%	4.2%	1.4%	6.6%	3.4%
Unemployment Rate	2.3%	2.3%	2.2%	2.3%	3.0%	3.8%	4.0%	3.2%	2.9%	2.2%
Maricopa County										
Population	2,720,525	2,806,100	2,913,475	3,072,149	3,192,125	3,296,250	3,396,875	3,475,500	3,700,516	3,764,446
% growth	28.2%	3.1%	3.8%	5.4%	3.9%	3.3%	3.1%	2.3%	6.5%	1.7%
Unemployment Rate	2.9%	2.8%	3.0%	3.3%	3.9%	5.1%	5.2%	3.9%	4.1%	3.8%
State of Arizona										
Population	4,590,175	4,764,025	4,924,350	5,131,501	5,319,895	5,472,750	5,629,870	5,758,800	5,743,834	6,239,482
% growth	25.2%	3.8%	3.4%	4.2%	3.7%	2.9%	2.9%	2.3%	-0.3%	8.6%
Unemployment Rate	4.6%	4.3%	4.5%	4.0%	4.7%	6.0%	5.7%	5.0%	4.7%	4.4%
United States of America										
Unemployment Rate	4.9%	4.5%	4.2%	4.0%	4.8%	6.0%	6.4%	5.6%	5.3%	4.6%
2000 Census	Peoria	Maricopa Cty	Arizona							
Median Household Income	52,849	45,358	40,558							
Per Capita Income	22,478	22,251	20,275							

* - Census years. Mid decade census conducted for population only.

Note : Population in non-census years based on City estimates.

Median Household Income and Per Capita Income only available for census years (last available data 2000 census).

Source: Center for Business Research. L. William Seidman Research Institute, College of Business, Arizona State University, Arizona Department of Economic Security, Research Administration, Labor Market Information, Research and Analysis, and City Planning Staff

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

Table XXX

Employer	2006			2003		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
Peoria Unified School District	4,346	1	16.6%	4,100	1	15.6%
City of Peoria	1,537	2	5.9%	832	3	3.2%
Plaza Del Rio Campus/Freedom Plaza & Care Center	600	3	2.3%	1,129	2	4.3%
Fry's Food Stores (4 Locations)	487	4	1.9%	415	4	1.6%
Northern Pipeline	400	5	1.5%	-		0.0%
Target (2 Locations)	391	6	1.5%	300	7	1.1%
Oakcraft	336	7	1.3%	-		0.0%
Safeway (4 Locations)	311	8	1.2%	-		0.0%
Albertson's (3 Locations)	297	9	1.1%	297	8	1.1%
Emmanuel Care Campus	257	10	1.0%	378	5	1.4%
Antigua	243		0.9%	210		0.8%
Good Shepherd Care Center	225		0.9%	230	10	0.9%
Larry Miller Dodge/Hyundai	220		0.8%	-		0.0%
Lowe's	192		0.7%	140		0.5%
Forum at Desert Harbor	185		0.7%	-		0.0%
Basha's (2 locations)	181		0.7%	-		0.0%
Wal-Mart	170		0.6%	280	9	1.1%
Arizona Training and Evaluation	-		0.0%	310	6	1.2%
Total	10,378		39.6%	8,621		32.9%

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
AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table XXXI

	Full-time Equivalent Employees as of June 30,									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government										
Mayor & Council	2.98	3.00	3.00	3.50	3.50	4.00	4.00	4.00	5.00	5.00
City Manager	8.50	10.54	8.04	8.04	8.04	10.04	7.50	7.50	8.50	10.50
Communications & PA	-	-	-	-	-	-	6.00	6.00	7.50	11.00
Human Resources	6.00	7.00	8.50	10.00	11.00	12.00	12.00	12.00	13.00	13.00
Attorney	12.15	16.12	16.12	16.44	16.50	18.80	18.71	19.31	20.20	22.70
City Clerk	4.49	6.49	6.49	5.63	5.63	7.00	7.00	7.00	8.00	8.00
Court	6.54	8.55	9.55	10.05	10.05	11.05	10.00	10.00	11.00	13.00
Economic Development	-	-	-	-	-	-	3.00	3.00	3.00	4.00
Budget	4.00	5.00	5.00	5.00	5.00	5.50	5.00	5.00	7.00	7.00
Finance	45.16	53.29	56.37	58.37	65.37	69.87	71.00	71.00	77.00	79.00
Culture & Recreation	118.27	134.27	141.69	156.31	170.59	186.02	99.90	103.78	111.36	109.36
Police	125.00	138.00	146.00	158.00	165.00	182.00	200.00	208.00	226.00	250.00
Fire	80.00	94.00	98.00	98.00	102.50	107.00	112.00	117.00	131.00	134.00
Development Services	41.00	50.92	51.92	51.92	51.92	52.92	46.50	46.50	49.50	50.80
Engineering	19.00	21.00	21.00	21.00	26.00	30.00	31.50	33.00	38.00	43.00
Highways & Streets	21.00	29.29	30.29	32.29	32.29	33.29	35.00	36.00	39.00	40.00
Public Works	37.50	45.00	47.00	48.00	47.50	53.50	52.50	56.50	59.50	61.50
Human Services	8.13	9.25	9.25	9.25	9.25	8.50	9.00	8.00	8.00	8.50
Water Utility	37.00	42.52	44.52	44.52	47.52	54.52	56.52	60.02	67.02	70.02
Wastewater Utility	13.00	14.00	16.00	16.00	16.00	16.00	16.00	17.50	17.50	16.50
Solid Waste Utility	26.00	30.00	30.00	31.00	35.00	35.00	39.00	40.00	40.00	40.00
Information Technology	9.00	16.00	18.00	19.00	20.00	27.00	33.00	33.00	38.00	39.00
Stadium	10.00	18.67	19.47	19.47	19.48	19.48	14.00	13.00	14.00	14.00
Total FTE	<u><u>634.72</u></u>	<u><u>752.91</u></u>	<u><u>786.21</u></u>	<u><u>821.79</u></u>	<u><u>868.14</u></u>	<u><u>943.49</u></u>	<u><u>889.13</u></u>	<u><u>917.11</u></u>	<u><u>999.08</u></u>	<u><u>1,049.88</u></u>

Note: Beginning with fiscal year 2003, the City no longer counts part-time seasonal staff in the FTE calculation.

Source: City budget office

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

Table XXXII

	Building Permits									
	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Commercial										
Number of Permits	79	132	76	101	74	151	180	190	177	181
Value	\$ 32,303,543	\$ 47,130,563	\$ 32,467,463	\$ 46,615,999	\$ 35,619,783	\$ 39,366,098	\$ 69,627,621	\$ 47,808,957	\$ 73,892,753	\$ 64,990,575
Residential										
Number of Dwelling Units	1,878	3,228	2,867	3,654	1,740	1,620	1,525	1,831	2,927	2,421
Value	189,104,992	365,787,704	307,835,122	420,114,645	243,314,533	215,434,384	199,491,258	241,885,416	373,716,048	320,780,556
Other										
Number of Permits	1,728	1,662	3,251	2,512	2,254	1,970	1,399	2,203	2,000	2,209
Value	8,288,369	26,207,449	90,972,372	59,939,189	19,001,442	14,482,349	13,399,434	20,138,826	21,512,846	26,532,508
Total Value	<u>\$ 229,696,904</u>	<u>\$ 439,125,716</u>	<u>\$ 431,274,957</u>	<u>\$ 526,669,833</u>	<u>\$ 297,935,758</u>	<u>\$ 269,282,831</u>	<u>\$ 282,518,313</u>	<u>\$ 309,833,199</u>	<u>\$ 469,121,647</u>	<u>\$ 412,303,639</u>

Source: City Community Development Department

	Single Family Housing Sales							
	Calendar Year							
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
New								
# of Units	3,105	2,747	2,822	2,279	1,810	1,583	1,395	1,875
Average Sale Amount	\$ 127,708	\$ 143,839	\$ 158,987	\$ 183,975	\$ 202,365	\$ 215,825	\$ 270,000	\$ 323,190
Avr price % increase		12.63%	10.53%	15.72%	10.00%	6.65%	25.10%	19.70%
Resale								
# of Units	2,001	2,194	2,275	2,850	2,945	3,515	4,575	5,055
Average Sale Amount	\$ 118,707	\$ 128,078	\$ 136,615	\$ 145,844	\$ 153,360	\$ 151,000	\$ 175,000	\$ 250,000
Avr price % increase		7.89%	6.67%	6.76%	5.15%	-1.54%	15.89%	42.86%
	New Housing Starts							
	Calendar Year							
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City of Peoria	4,463	2,496	3,227	2,332	2,183	1,974	2,420	3,560
Maricopa County	47,801	36,997	43,908	43,732	43,826	47,808	58,882	56,139

Note: Information is not available for years prior to 1998.
Information for calendar year.

Source: Arizona State University College of Business - AZ Real Estate Center. Data is for calendar years.

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INSURANCE IN FORCE
JULY 1, 2005 THROUGH JUNE 30, 2006**

Table XXXIII

<u>Type of Insurance</u>	<u>Annual Renewal Date</u>	<u>Insurance Carrier</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Deductible Amount</u>	<u>Annual Premium</u>
1. Primary Public Liability & Automobile						
General & auto liability	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
Excess liability -Primary	7/1	St. Paul Companies	GP06301403	5 Million per occurrence	SIR above	734,274
Public Entity E & O	7/1	St. Paul Companies	GP06301403	5 Million per occurrence	SIR above	Included with above
Excess liability - 1st level	7/1	Gulf Company	GA3012200	15 Million per occurrence	SIR above	77,500
Excess liability - 2nd level	7/1	RSUI Indemnity Company	NHA030665	20 Million per occurrence	SIR above	11,625
Excess liability - 2nd level -Special Events	4/1	Great American Insurance	GLP0000566241702	1,000,000		14,380
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	N/A	Self-insured	N/A	\$25,000/\$50,000 (1)	N/A	N/A
Excess buildings and contents (see Note)	7/1	Travelers Property/Casualty	297T228803	210,867,475	SIR above	173,548
Storage Tank 3rd Party liability	1/6	Great American Insurance	BTA557496100	1,000,000	5,000	2,322
3. Boiler & Machinery	7/1	Travelers Property Insurance	7733A918BM21	25,000,000	1,000	12,876
4. Workers' Compensation	N/A	State Compensation	N/A	N/A	N/A	N/A
5. Public Employee Bond						
Blanket employee dishonesty bond	9/22	Hartford Fire Insurance Co.	83BSBDQ8939	100,000	5,000	400
6. Broker Service Fee						35,000

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

(1) Vehicles with a value less than \$50,000 are self-insured by the City. Vehicles with a value in excess of \$50,000 are self-insured up to \$25,000.

Source: City Risk Management and financial records

CITY OF PEORIA, ARIZONA
PROPERTY INSURANCE SCHEDULE
JUNE 30, 2006

Table XXXIV

Property

Building and contents - combined blanket limit - excluding earthquake and flooding	\$ 193,867,475
Valuable papers: City Hall	5,000,000
Contractors equipment (\$5,000 deductible)	2,000,000
Electronic data processing (\$5,000 deductible)	10,000,000
	<u>\$ 210,867,475</u>

Sources - Risk Management records

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

Table XXXV
Page 1 of 2

Date of incorporation: June 6, 1954	City employees as of June 30, 2006		Peoria Unified School District:	
	Full-time	1,016	Number of schools:	
	Part-time FTE's	34	Elementary schools (grades K - 8)	30
Date of Charter adoption: March 15, 1983	Total authorized FTE's	<u>1,050</u>	High schools (grades 9 - 12)	<u>8</u>
				38
Form of government: Council / City Manager	Age distribution of population: Per 2000 Census - all persons		Number of personnel:	
	Age Group	Total	Administrative	125
Annexed area:	Under 5 yrs.	8,010	Certified	2,335
1965 2.4	5 to 9 years	8,892	Classified	<u>1,938</u>
1975 7.6	10 to 14 years	9,026		4,398
1980 26.5	15 to 19 years	7,221	Number of students:	
1985 31.5	20 to 24 years	4,879	Elementary	26,183
1990 63.5	25 to 34 years	15,029	High school	<u>12,278</u>
1995 100.0	35 to 44 years	18,158		38,461
1998 117.0	45 to 54 years	12,849	Elections:	
1999 139.0	55 to 59 years	4,751	Registered voters:	
2000 144.0	60 to 64 years	3,897	As of Sept 12, 2006	62,328
2001 156.0	65 to 74 years	7,512	At last municipal election	60,279
2002 162.4	75 to 84 years	5,428	Number of votes cast:	
2003 162.6	85 years and over	<u>2,712</u>	Last municipal election	
2004 176.2	Totals	108,364	September 2006	15,799
2005 177.9			Last City-wide special election	
2006 177.9			November 2005	13,417
	Gross sales estimates: (from sales & use tax returns)		Percentage of registered voters voting in:	
Median household income:	1996	\$ 1,208,248,132	Last municipal election	
1985 census \$ 16,904	1997	1,510,310,165	September 2006	25.35%
1990 census 34,195	1998	1,785,941,770	Last City-wide special election	
1995 census 38,238	1999	2,098,838,768	November 2005	20.96%
2000 census 52,849	2000	2,399,518,200		
	2001	2,615,474,800		
Median age:	2002	2,618,351,822		
Per 1990 census 32.5	2003	2,775,978,773		
Per 2000 census 35.6	2004	3,140,272,436		
	2005	3,538,279,430		
	2006	3,821,042,901		

Sources - Various City of Peoria records
- U.S. Census
- Arizona Department of Economic Security
- Peoria Unified School District

CITY OF PEORIA, ARIZONA
MISCELLANEOUS STATISTICAL DATA

Table XXXV
Page 2 of 2

Miles of streets maintained:

Arterial (paved)	72
Collectors (paved)	61
Local (paved)	375
Unpaved	10

Number of streetlights:

12,000

Recreation:

Number of parks/playgrounds	26
Park acreage	264
Community park	1
Basketball hoops	82
Tennis courts	25
Playground and picnic areas	33
Hand/Racquetball	2
Ramadas	87
Walking/jog paths	5.5 miles
Volleyball	12
Multi-purpose fields	30
Urban lake	1
Skate park	1
Community center	3
Swimming pools/aquatic centers	3
Sports complex	1

Libraries:

Number of libraries	2
Number of items in collection	221,321
Annual circulation	814,103
Registered borrowers	106,967

Fire protection:

Number of stations	6
Number of part-time stations	1
Number of employees	157
Average response time (minutes)	4.3
Number of incidents:	
Emergency medical support	10,349
Fire calls	1,117
Miscellaneous	979
Total incidents	12,445

Police protection:

Number of employees (civilian & sworn)	263
Number of calls for service	102,385
Priority 1 response time (minutes)	4.8
Marked patrol vehicles (units)	90
Number of reserves	1

Source: Various City departments and records