

# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2007

**City of Peoria, Arizona**



**City Council:**

**Bob Barrett, Mayor**  
**Vicki Hunt, Vice Mayor**  
**Ron Aames**  
**Cathy Carlat**  
**Joan Evans**  
**Carlo Leone**  
**Dave Pearson**

**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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# City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

September 21, 2007

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, 2007. The report was prepared by the Financial Services Division of the Finance Department.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies which have expressed interest in the City's financial matters. Copies of this financial report will also be placed in the City libraries, as well as on the City's website, for use by the general public.

Managements Discussion and Analysis presented on pages 3-17 has a different focus and purpose than this transmittal letter and should be read in conjunction with this transmittal.

## **THE FINANCIAL REPORTING ENTITY**

The City of Peoria, chartered in 1954, has a Council-Manager form of government with the City Council consisting of the Mayor and six Council Members. Pursuant to an amendment to the City Charter approved by the voters in 1997, the Mayor is elected at-large for a four-year term. Council members are elected, by district, for four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, and Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City encompasses approximately 178 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 1990 census and the 2000 census the City's population increased by over 100 percent, from approximately 50,600 to approximately 108,300. The estimated current population is approximately 153,592. The City's tremendous growth is attributable to the comparatively affordable housing, an excellent school district, and the expansion of the metropolitan freeway systems, allowing Peoria residents to commute effectively to other cities in the metropolitan area. Based on current projections, population growth trends are expected to continue, although at a slower pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current high level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. Peoria offers a wide range of community facilities including two community centers, three swimming pools, two libraries and 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, including a recreation center and additional fields, continued under construction during fiscal year 2007. The new fields opened for use in November 2006 while the recreation center opened in September 2007. The City also completed construction of a \$12.9 million performing arts center with a 250 seat main auditorium, 80 seat black box theater, classroom and administrative space, in the downtown area of the City during fiscal year 2007. The theater opened in February 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 2007 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**

- Implemented phase I of the COPLINK data sharing system. This automated system provides Peoria investigators immediate access to information contained in the files of the Phoenix and Tucson Police Departments.
- Deployed a second Commercial Vehicle Safety Specialist. This enables the department to perform more safety inspections on commercial vehicles and enforce the truck route in North Peoria.
- All officers were issued digital voice recorders, which streamlined the department's ability to record and reproduce interviews.

#### **Fire**

- The Fire Department broke ground on Fire Station #7 on October 6, 2006. The 10,700 sq ft three bay neighborhood fire station in northeast Peoria is expected to be in service in October 2007. The station will house an advanced life support engine company.
- In June 2007, the department coordinated a city-wide emergency management training at the Federal Emergency Management Agency's (FEMA) Emergency Management Institute in Emmitsburg, MD. Seventy one employees and community leaders participated in the week-long training helping prepare the community to respond to potential emergency incidents. The training was specifically designed for Peoria and focused on public policy development and implementation, incident command, communications, media relations, and service continuity.
- A second battalion, consisting of one battalion chief and one battalion support officer, was deployed in December 2006. This second battalion allowed the Fire Department to split the command structure in the city into northern and southern zones for better coverage.

## Engineering

- Completed the widening of Lake Pleasant Parkway between Williams Road and Westwing Parkway.
- Installed traffic signal computer network equipment to enable traffic engineers at City Hall to communicate remotely with 15 traffic signals.
- Constructed pedestrian improvements and aesthetic enhancements in Old Town Peoria.
- Completed intersection improvements and signalization of 83<sup>rd</sup> Avenue and Pinnacle Peak Road.
- Installed CCTV cameras and dynamic message signs along two key corridors through the City – Bell Road and the Loop 101 freeway – to enable traffic engineers to monitor traffic and inform motorists about traffic incidents and/or detours.
- Constructed traffic signals and modified medians at Westwing Parkway and High Desert Drive.

## Public Works

- Completed a regional transportation study for the implementation of fixed route bus service.
- Initiated dial-a-ride bus service for Peoria citizens to three area hospitals and medical campuses.
- Fleet Services continued the Green House gas emission reduction initiatives with bio-diesel and E85 ethanol programs.
- Completed planning and obtained Council approval for curbside recycling program. The program will begin in October 2007.
- Maintained compliance with PM-10 air quality requirements.
- Managed the construction and renovation of the Municipal Operations Center (MOC) and the Development and Community Services Building. Both projects are scheduled to be completed in fiscal year 2008.
- Completed the construction of the Peoria Center for the Arts, a community theater which opened in February 2007.

## Finance

- Completed a major upgrade of the utility billing system to ensure high level service to our customers.
- Equipped all Meter Services vehicles with laptop computers and implemented a paperless work order and dispatch system for increased efficiency of the meters staff.
- Teamed with Information Technology to complete a major upgrade to the City's financial system software and began a major upgrade to the human resource and payroll system.
- Teamed with multiple City departments to implement a new project management software application for the City.

## Community Development

- Continued the extremely successful Home Owners Association (HOA) Academy program. This program continues to receive state-wide recognition.
- Implemented a Neighborhood Grant Program to allow neighborhoods to complete improvement projects.

## Community Services

- Chosen as a Gold Medal finalist by the National Parks and Recreation Association.
- Opened two new neighborhood parks, Sunset and Terramar.
- Began the design and development stage of the new branch library. This 25,000 sq ft facility in northern Peoria is expected to be completed in late 2008 at a cost of \$10.4 million.
- Continued construction of the 52,000 sq ft recreation center at Rio Vista Community Park. The state of the art recreation center and a veteran's memorial was dedicated in September 2007.
- Continued to increase enrollment in a variety of recreation programs including adaptive recreation, tiny tots, summer camp, AM/PM school program, swimming programs and numerous sports programs.
- Opened a new Activity Lab at the library for computer classes and youth programs.

## Utilities

- Completed security enhancements at the City's well sites and treatment plants.
- Fully implemented a closed circuit television system for proactive maintenance planning for the wastewater collection system.
- Began operation of the Quintero Water Treatment Plant.
- Completed the Desert Fusion Garden on the City Hall grounds. This award winning xeriscape garden demonstrates the use of low water plants to encourage water conservation.
- Implemented a Laboratory Information Management System (LIMS).

## Information Technology

- Implemented an Intergovernmental Agreement with Peoria Unified School District (PUSD) to share City conduit in exchange for PUSD supplied fiber optic cabling for City facilities. This agreement allows both the City and PUSD to implement fiber optic more quickly and less expensively than if implemented independently.
- Implemented a number of website enhancements, including new search engines and new designs for the Library, Sports Complex and Spring Training websites. Also debuted the City's official tourism website, [www.visitpeoriaaz.com](http://www.visitpeoriaaz.com).
- Phase II of the Police Department's electronic document management system project was completed. This included imaging and document workflow for the Police Department training unit, the CALEA certification process, administrative functions, internal affairs, and enhancements to the existing system in the Police records section.

## Economic Development

- Construction began on the new Super Wal-Mart downtown. It is scheduled to open in November 2007.
- Construction began on Mercedes and Infinity dealerships, both scheduled to open by November 2007.
- Amended the development agreement for Park West with the new owner, General Growth Partners. Construction of the Park West multi-use development is currently underway.
- Lake Pleasant Town Center and Lake Pleasant Pavilions both opened for business.
- Construction began on approximately 500,000 square feet of new employment generating space in the Empire Business Park.
- Approved a lease and commenced tenant improvements for Salty Senioritas, located on City property by the Peoria Sports Complex.

## 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:

- Economic Development
  - Develop a Sports Complex/Entertainment District study and master plan
  - Develop a redevelopment study/strategy for the Grand Avenue Corridor and Downtown.
  - Continue efforts to support and protect Luke Air Force Base and assure its future mission.
- Growth and Development in Peoria
  - Further advance the Loop 303 economic development strategy.
  - Collaborate with State lands to improve our development strategy.
  - Develop and implement a plan to bring one or more colleges to Peoria.
  - Identify and acquire key properties for purchase throughout the city as a catalyst for development or for future municipal needs.
- Communities and Neighborhood
  - Conduct a study of river corridors for aesthetic enhancement and recreational use including the Skunk Creek riparian area at 83<sup>rd</sup> Avenue.

- Develop and implement a program to improve arterial right-of-way quality and maintenance.
- Convert design strategy for Lake Pleasant Parkway into design standards.
- Implement new programs to enhance Peoria's neighborhoods.
- Transportation
  - Identify and implement strategies to attract new state and federal funding for transportation projects.
  - Conduct a truck route study aimed at improving conditions in western Peoria.
- Downtown Redevelopment
  - Implement the Historic Preservation Program in Old Town.
- Public Services and Amenities (Quality of Life)
  - Identify ways to accelerate trail development, including additional grant funds that may be available.
- Water and Wastewater
  - Adopt a Water Allocation Policy that addresses water use in Northwest Peoria.
- Creating the Preferred Peoria
  - Complete and implement the Branding Project.

### **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 2007 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 seven 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.

Fiscal year 2007 marked a significant year in retail development growth for the City of Peoria, with 1.2 million square feet of retail space at Lake Pleasant Parkway and Happy Valley Road, the opening of Lexus and Acura dealerships, beginning construction on Mercedes and Infiniti dealerships, two new Super Wal-Mart stores under construction, and Park West under construction. Office and industrial absorption of new speculative space has been strong, and new construction has also been strong along the Loop 101, with development projects such as the Empire Business Park and the Mack Rio Vista projects currently having over 1 million square feet of new employment space under construction.

The area of Peoria south of Bell is reaching its maturity. Opportunities for new industrial development exist south of Olive between 83rd Avenue and 75th Avenue, but the majority of available land in this area is not annexed into the city, nor is it on the market. The Park West office component is currently on the market, and has the potential for 300,000 square feet of new space. Other anticipated projects include 75,000 square feet of office at 75th Avenue and Paradise Lane and 90,000 square feet of office space at Skunk Creek and 83rd Avenue. With the addition of 4 new car dealers in the last two years, and the anticipated development of Volkswagen in 2008, there is only room for one more dealer in the Bell Road auto corridor. The City plans to examine both the Sport Complex area and Old Town to look at ways to increase employment and retail density to further maximize these locations.

Growth in northern Peoria may slow due to the reduced number of new housing starts. Current projects planned to move forward are the 60,000 square foot urgent care center at Jomax Road and Lake Pleasant Parkway and the development of the Lowe's Center at Lake Pleasant Parkway and Happy Valley Road.

## **Economic Outlook**

The regional economy has remained stable during fiscal year 2007 with continued, although slowed, building activity and steady population growth. Important local industries such as tourism, high technology manufacturing and transportation have experienced continued strength although construction of new housing has slowed. In June 2007, the unemployment rate in the metropolitan Phoenix region was 3.0%, which remains below the state (3.4%) and national (4.5%) unemployment rates. Locally, Peoria continues to see strong commercial construction, especially in the northern part of the City, as facilities are built to serve the growing population and new neighborhoods developed over the last several years. New housing construction in Peoria continues, although at a slower pace than the past several years. 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 37% 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 44% 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 and several new power centers in northern Peoria have generated significant revenues for the City. Retail store and restaurant activity near the Peoria Sports Complex area, as well as the 91<sup>st</sup> Avenue and Northern area and the Jomax and Lake Pleasant area, have helped the City support its current service standards. With continued 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 5% 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 includes 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, brought in \$9.7 million in fiscal year 2007 and is anticipated to grow approximately 5% annually over the remaining 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 helps support the City's day-to-day activities. The City projects an overall increase of 13% in these revenues in fiscal year 2008, reflective of a continued growing statewide economy.

Property Tax: The City's property tax rate currently stands at \$1.48 per \$100 of assessed valuation. Of this, \$.28, or about 19% 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 \$3.1 million for the General Fund in fiscal year 2007.

The fiscal year 2008 projections, based on preliminary estimates from the Maricopa County Assessor's Office, are for a 20% growth in assessed value over fiscal year 2007 levels. This is consistent with the 16% and 15% growth in assessed value in the prior two fiscal years. Because of the increasing assessed value of the city, primary property tax revenues continue to grow, despite the City not increasing the tax rate. After lowering the secondary tax rate ten cents in fiscal year 2007, the City has maintained the same total tax rate for fiscal year 2008. However, City Council approved adjusting five cents from the primary property tax rate to the secondary property tax rate. With the increasing assessed value, primary property tax revenue projections for fiscal year 2008 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. The permanent adjustment eliminated the need for voter approval every four years. After adjustment for inflation and population growth, the city's expenditure limitation for fiscal year 2007 was \$584.7 million. The City may utilize the additional expenditure authority for any local budgetary purposes.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated operating budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total 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 \$252,832 at June 30, 2007. For fiscal year 2007, investment income and other revenues were \$13,508 while expenditures for retirement payments and administrative expenses were \$33,781.

### 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, public safety and transportation 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, 2007, the City's general obligation debt of \$142,835,000 was below the combined legal limit of \$290,061,239. A detailed computation of this legal debt margin is included in Table XXII in 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, 2007.

Percent of General Obligation Debt to Secondary Assessed Value:

General Obligation Debt	\$	142,835,000
Secondary Assessed Value	\$	1,115,620,151
G.O. debt to secondary assessed value		12.8%

Bonded Debt Per Capita:

General Obligation Debt	\$	142,835,000
Estimated Population		153,592
G.O. debt per capita	\$	929.96

In September 2006, the City received an upgrade to its Municipal Development Authority bond rating from Standard & Poor's from AA to AA+. In February 2007, the City received an upgrade to its General Obligation bond rating from Standard & Poor's from AA- to AA as well as its Utility Revenue Bonds from A+ to AA-. In March 2007, the City received ratings for its Improvement District bond ratings from each of the rating agencies. Moody's rated them at A1, Standard & Poor's upgraded the rating from A- to A, and Fitch upgraded the rating from A+ to AA-. In September 2007, Fitch upgraded the Water and Wastewater bond rating for the City from A+ 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 or 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
<b>General Obligation Bonds</b>			
Current rating	Aa3	AA	AA
Prior rating	Aa3	AA-	AA
Date of current rating	5/23/2007	2/2/2007	2/5/2007
<b>Water &amp; Wastewater Bonds</b>			
Current rating	A2	AA-	AA-
Prior rating	A3	A+	A+
Date of current rating	6/2/2000	2/6/2007	9/5/2007
<b>Municipal Development Authority (Utility) Bonds</b>			
Current rating	A1	AA+	AA-
Prior rating	A2	AA	AA-
Date of current rating	2/14/2006	9/26/2006	2/13/2006

	<u>Moody's Investors Service</u>	<u>Standard &amp; Poor's</u>	<u>Fitch Ratings</u>
Highway User Revenue Bonds			
Current rating	A	A-	A+
Prior rating	not rated	not rated	A-
Date of current rating	1/25/1988	2/10/1988	3/13/2000
Improvement District Bonds			
Current rating	A1	A	AA-
Prior rating	Not rated	A-	A+
Date of current rating	3/23/2007	3/26/2007	3/26/2007

### **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 a reasonable 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 5.22% for the year ended June 30, 2007. The book value of the City's unrestricted investment portfolio at June 30, 2007 was \$275,839,506. 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 2007 the City was self-insured for the first \$500,000 of each public liability claim. 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, 2007 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. For further information on risk management and insurance coverage, please refer to Note 1.P of the notes to the financial statements and Tables XXXIII and XXXIV in the statistical section of this report.

### **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, 2007, 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, 2007, 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, 2007 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, 2006. This is the 22<sup>nd</sup> 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  
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, 2006

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

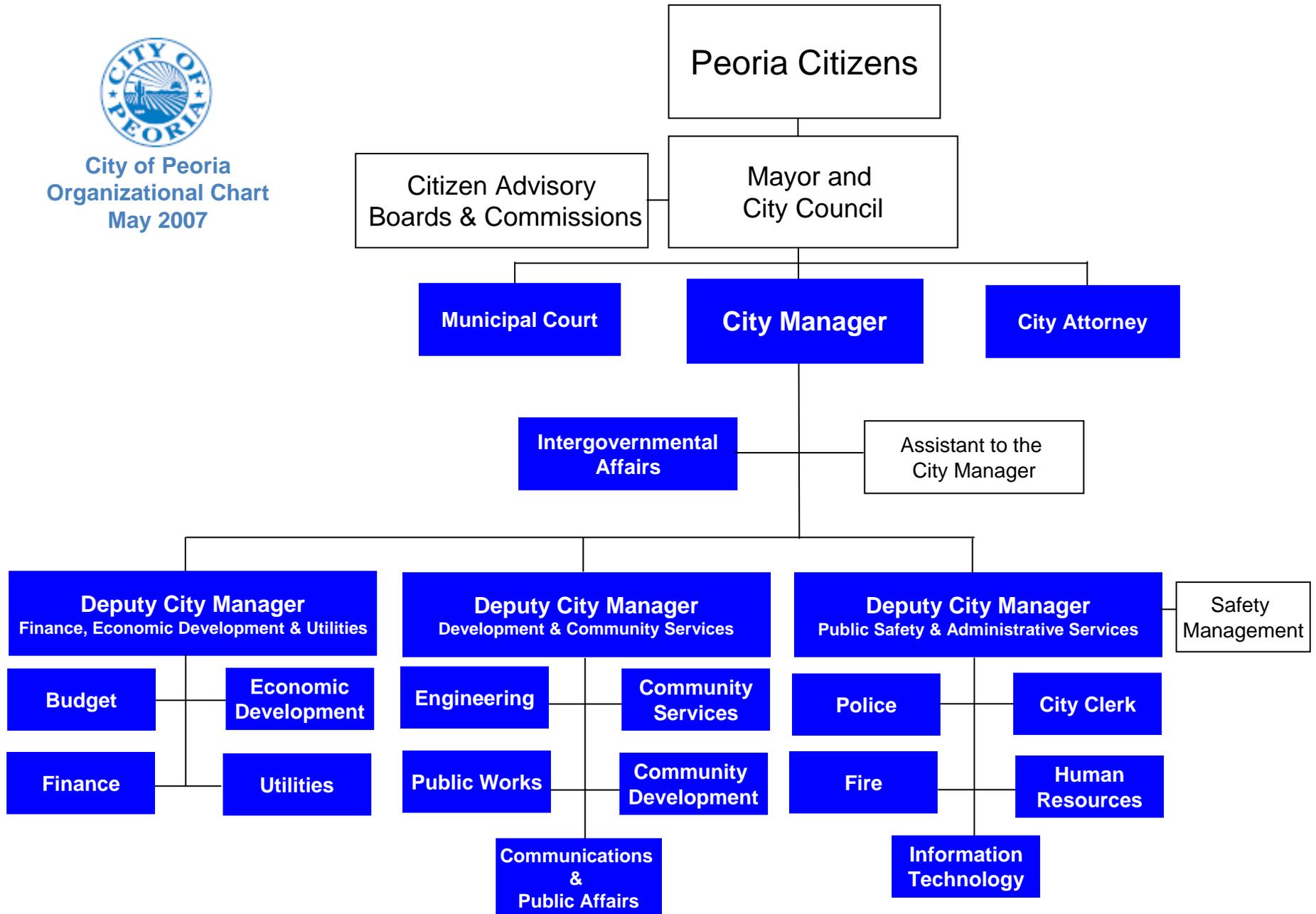


President

Executive Director



City of Peoria  
Organizational Chart  
May 2007



# City of Peoria Principal Officials of the City Fiscal Year 2007

**Bob Barrett**  
Mayor

**Vicki Hunt**  
Vice-Mayor

**Cathy Carlat**  
Councilmember

**Carlo Leone**  
Councilmember



**Ron Aames**  
Councilmember

**Joan Evans**  
Councilmember

**Dave Pearson**  
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*

**Bill Mattingly**  
*Public Works Director*

**Sandy Teetsel**  
*Information Technology Director*

**Stephen M. Kemp**  
*City Attorney*

**David A. Moody**  
*Engineering Director*

**Glen Van Nimwegen**  
*Community Development Director*

**Larry Ratcliff**  
*Chief of Police*

**Brent D. Mattingly**  
*Chief Financial Officer, Finance Director*

**Grady Miller**  
*Communications & Public Affairs Director*

**Steve Prokopak**  
*Economic Development Director*

## Mayor and City Council



**Mayor Bob Barrett**



**Vicki Hunt**  
*Acacia District*



**Cathy Carlat**  
*Mesquite District*



**Dave Pearson**  
*Ironwood District*



**Ron Aames**  
*Palo Verde District*



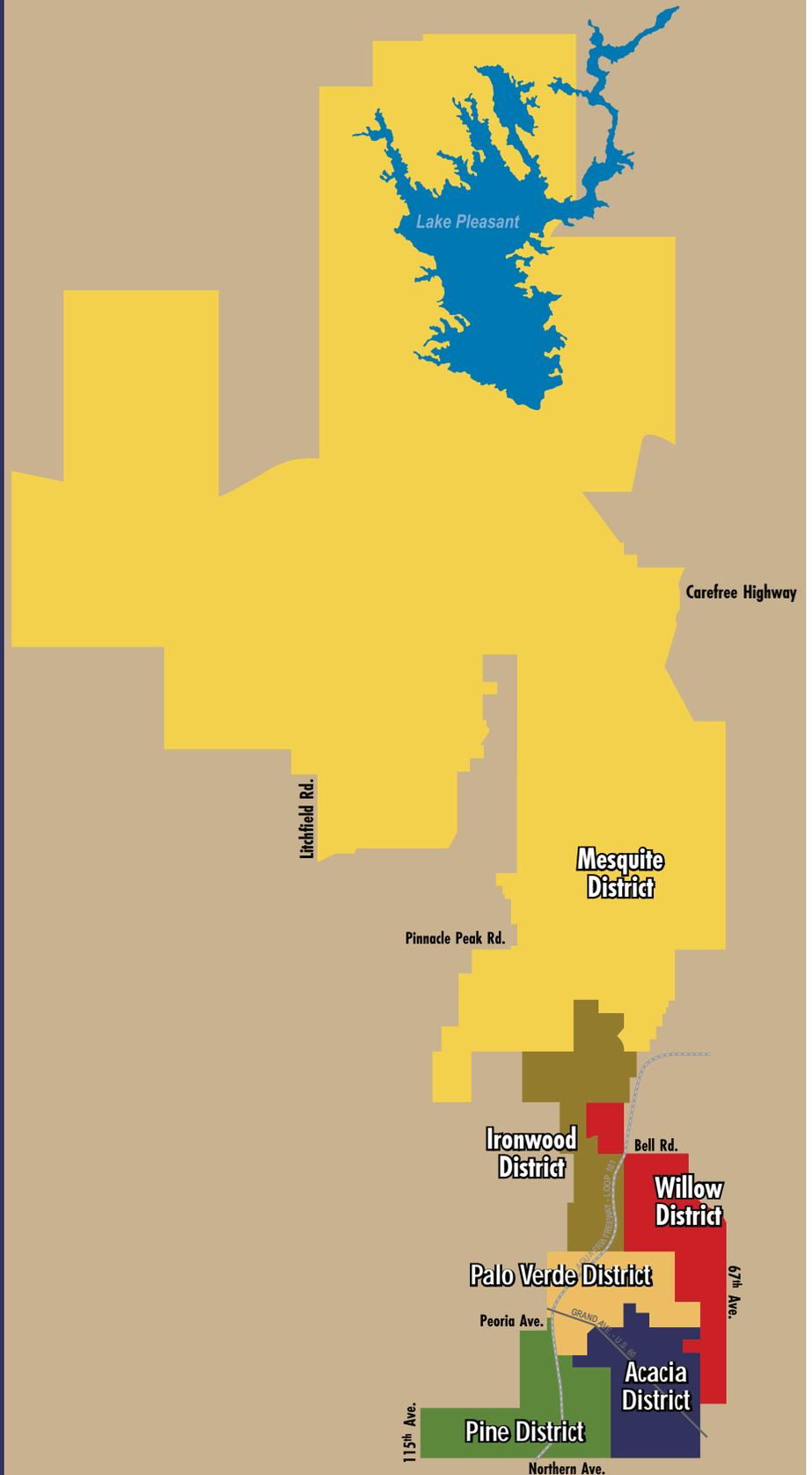
**Carlo Leone**  
*Pine District*



**Joan Evans**  
*Willow District*

For more information visit  
[www.peoriaaz.gov/council](http://www.peoriaaz.gov/council)

## City Council Districts





## Bob Barrett

Mayor Barrett was first elected to the City Council representing the Ironwood District in 2001 and was reelected to a second term in 2004. A resident of Peoria since 1993, Mayor Barrett served in the US Army and was awarded the Bronze Star in Vietnam in 1971. Mayor Barrett graduated with honors from Arizona State University with a degree in Mass Communications-Journalism and worked for the Arizona Republic for more than 20 years as a magazine writer, reporter and editor. He currently works in the Communications Department of Central Arizona Project. Mayor Barrett received the Meritorious Service Medal-National Guard in 2001 and was Media Relations Coordinator for the International

Workshop for Emergency Response. He is a member of the International Association of Business Communicators, the Public Relations Society of America, Colorado River Water Users Association, Valley Forward, and has served as the Chairman-Media Relations for the Statewide Emergency Taskforce. He served as Vice Mayor from 2003-2004 and 2005-2006 when he resigned to run for mayor. He also served as Chairperson of the Not-for-Profit subcommittee and Chairperson of the Boards and Commissions subcommittee of the City Council. He is currently a member of the Peoria Sunrise Lions Club and is a Melvin Jones Fellow.

## Vicki Hunt

### Vice Mayor Acacia District

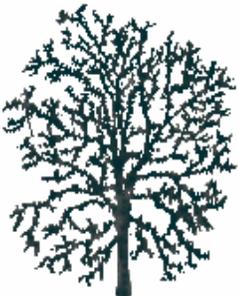


As a native to the West Valley, Vicki Hunt was elected to City Council in 2003 representing the Acacia District. Councilmember Hunt retired as an educator, completing her award-winning career in the classroom at Peoria High School where she taught English. She is also a published writer and editor of educational materials. Vice Mayor Hunt opened the Old Town Bed and Breakfast in the downtown area of Peoria after her retirement. She and her husband operated the business until they sold it in 2006. 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 Vice

Mayor also did advanced graduate work at Bread Loaf School of English in Vermont and Oxford University in England. Vice Mayor Hunt's family includes her husband Tom, three grown children and four beautiful grandchildren. Vice Mayor 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 subcommittee - 2004-Present; Member, Boards and Commissions subcommittee - 2003-Present; Council Liaison, Economic Development Advisory Board - 2004-Present; Chair - Ethic Committee.

## Ron Aames

### Councilmember Palo Verde District



Councilmember Ron Aames joined the Peoria City Council on January 2, 2007 as the representative of the Palo Verde District. He was elected to a four year term in November 2006. His goal is to champion the needs and wishes of his fellow citizens in the Palo Verde District and Peoria. Ron and wife Jacqueline, who is a college professor and writer, moved to Arizona and Peoria in August 2002. They both love the variety and wonderful climate of the Valley of the Sun. They have a large extended family in the Northwest Valley. Educationally, Councilmember Aames has a background in planning and city development, areas he

anticipates will benefit him in his work as a councilmember. His degrees include a Ph.D., which focused on urban development, from the University of Wisconsin-Madison, and a Master's from California State Polytechnic University-Pomona, which focused on transportation planning. In business, Councilmember Aames has been a

corporate executive for hi-tech, banking, and marketing companies. In the marketing area, he was a managing consultant for eight years for The Gallup Organization, where his clients included federal government agencies. Councilmember Aames is currently an independent marketing consultant.



**Dave Pearson**  
**Councilmember**  
**Ironwood District**

Councilmember Dave Pearson was elected in November 2006 to represent the Ironwood Council District. His term ends in January 2009. He previously served two terms on the Peoria City Council from June 1991 through June 1997, and was Vice Mayor in 1993. Councilmember Pearson was Chairperson of the Peoria Municipal Sports Complex Authority during the construction of the Peoria Sports Complex, the spring training site of the San Diego Padres and the Seattle Mariners Major League Baseball teams. He was also a founding member of the Peoria Diamond Club, a major community volunteer group.

He has served on the Peoria Housing Commission and various other civic and bond committees. Councilmember Pearson is currently a teacher/librarian in the Peoria Unified School District where he has been an educator for 26 years. Prior to teaching, was a newspaper reporter and editor. He holds a bachelor's degree in journalism and elementary education from Arizona State University and holds a school library endorsement from the State of Arizona. He is an 18 year resident of Peoria where he and his wife have raised three children.



**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, Ethics Committee; 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 4<sup>th</sup> and 5<sup>th</sup> 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, 19 and Natalie, 12. 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.



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

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

Scott W. Kies, CPA  
Kimberly A. Robinson, CPA  
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## 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, 2007, 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, 2007, as listed in the table of contents. These financial statements are the responsibility of the City of Peoria's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peoria, Arizona, as of June 30, 2007, 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, 2007, 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 21, 2007, 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.

Management's discussion and analysis on pages 3 to 17 is not a required part of the basic financial statements but is 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, is 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 21, 2007

## 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, 2007. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

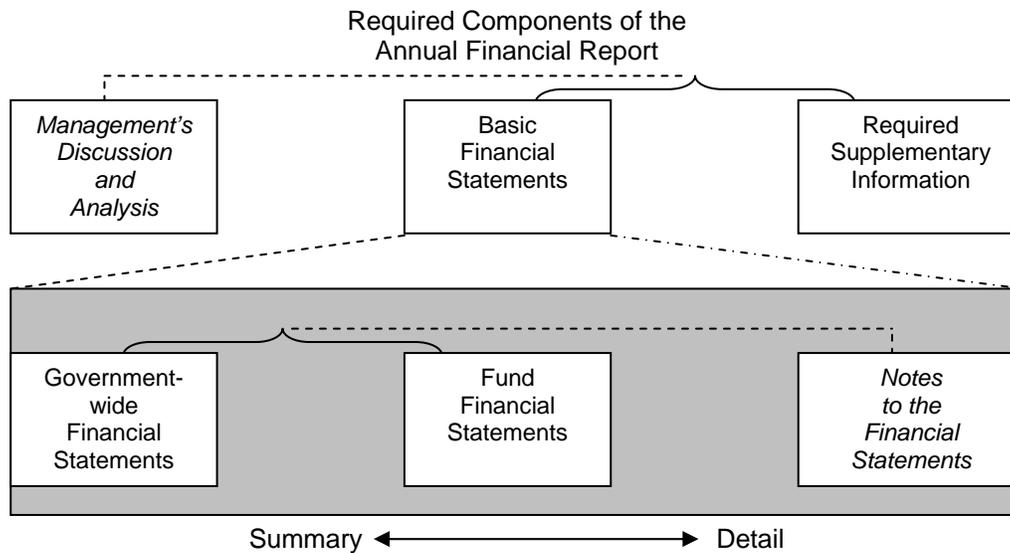
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xv of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 19 and the accompanying notes to the financial statements.

### Financial Highlights

- ◆ The City's total net assets increased \$137.4 million (12.0%) in fiscal year 2007, \$110.2 million (a 15.8% increase) in governmental activities and \$27.2 million (a 6.1% increase) in business-type activities.
- ◆ Total net assets of the City are \$1,277.7 million, of which \$242.8 million is unrestricted (up \$58.5 million, 31.7%, from last year's \$184.3 million unreserved net assets).
- ◆ The governmental activities program revenues decreased by approximately \$41.3 million (29.9%) from the previous year due to decreased capital contributions.
- ◆ The business-type activities program revenues increased by approximately \$12.8 million (19.0%) over the previous year.
- ◆ At June 30, 2007, total fund balance of the governmental funds was \$298.2 million, up \$127.6 million (74.8%) from the previous year. Of this, \$52.0 million (up 129.3%) was unreserved/undesignated (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) exceeded budgeted inflows by \$11.1 million for fiscal year 2007. Additionally, budgetary basis outflows of the General Fund were only 73.8% (\$37.4 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2007, unreserved/undesignated fund balance for the General Fund was \$22.5 million, or 21.6% of General Fund expenditures for fiscal year 2007.
- ◆ During fiscal year 2007, the City issued \$183.8 million in additional debt. \$94.4 in GO debt, \$18.3 in GO refunding debt, \$5.0 in improvement district debt, \$43.4 million in WIFA debt, and \$22.8 million in CFD debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

As pictured below, the financial section of the Comprehensive Annual Financial Report (CAFR) for the City of Peoria, Arizona consists of this discussion and analysis, the basic financial statements, other required supplementary information and other non-required financial schedules. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the general fund and major special revenue funds, and notes to the financial statements. The additional non-required information includes combining schedules and other supplementary schedules presented after the basic financial statements (Combining Statements, Supplemental Information and Statistical Sections of this report).



### Government-wide Financial Statements

The government-wide financial statements (see pages 19-21) are designed to provide a broad overview of the City's finances in a manner similar to those used by private businesses. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

The activities of the City are broken into two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided.

- The *governmental activities* include the basic services of the City including general government (administration), culture and recreation, police, fire, development services, highways and streets, public works, and human services. These activities are generally supported by taxes and general revenues.
- The *business-type activities* include the private sector type activities such as the water, wastewater and solid waste utilities, the stadium and public housing. These activities are primarily supported through user charges or fees.

The *statement of net assets* presents information on all of the City's assets and liabilities (excluding fiduciary funds), both current and long-term, with the difference between assets and liabilities reported as net assets. The focus on net assets is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of how the financial position of the City may be changing. Increases in net assets may indicate an improved financial position; however, even decreases in net assets may reflect a changing manner in which the City may have used previously accumulated funds (i.e. cash funding of capital projects). To assess the overall health of the City, other indicators, including non-financial indicators 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 22-35) 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 59-63).

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 94-97).

**Proprietary funds** – Proprietary funds are used to account for services primarily supported by user fees. The proprietary fund financial statements (pages 36-43) are prepared on the same long-term focus as the government-wide financial statements. The City maintains the following two types of proprietary funds.

**Enterprise funds** are used for activities that primarily serve customers outside the governmental unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information such as cash flows. Any reconciliation necessary between the enterprise funds and the business-type activities column of the government-wide financial statements is provided 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 116-118). The internal service funds of the City include the Motor Pool, Self-Insurance, Facilities Maintenance, and Information Technology Funds.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support programs of the City. The fiduciary fund statements (pages 44-45 and 124) are prepared on the same basis as the government-wide and proprietary fund statements.

**Notes to the financial statements** – The notes to the financial statements (pages 47-83) 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, 2007 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, 2007 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
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 378.3	\$ 233.0	\$ 135.5	\$ 144.7	\$ 513.8	\$ 377.7	36.0%
Capital assets	767.8	655.0	461.5	388.3	1,229.3	1,043.3	17.8
Total assets	<u>1,146.1</u>	<u>888.0</u>	<u>597.0</u>	<u>533.0</u>	<u>1,743.1</u>	<u>1,421.0</u>	22.7
Other liabilities	82.5	52.0	16.2	18.6	98.7	70.6	39.8
Long-term liabilities outstanding	257.2	139.8	109.4	70.3	366.6	210.1	74.5
Total liabilities	<u>339.7</u>	<u>191.8</u>	<u>125.7</u>	<u>88.9</u>	<u>465.4</u>	<u>280.7</u>	65.8
Net assets:							
Invested in capital assets, net of related debt	591.8	523.4	369.6	311.7	961.4	835.1	15.1
Restricted	40.8	41.5	32.7	79.3	73.5	120.8	(39.2)
Unrestricted	173.8	131.3	69.0	53.0	242.8	184.3	31.7
Total net assets	<u>\$ 806.4</u>	<u>\$ 696.2</u>	<u>\$ 471.3</u>	<u>\$ 444.1</u>	<u>\$ 1,277.7</u>	<u>\$ 1,140.3</u>	12.0

The net assets of the City increased \$137.4 million (12.0%) in fiscal year 2007. Of this increase, \$110.2 million was in the governmental activities, a 15.8% increase, and \$27.2 million was in the business-type activities, a 6.2% increase.

Net Assets consists of three components. The largest portion of net assets (\$961.4 million or 75.2%) 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 \$126.3 million in fiscal year 2007 primarily as a result of the purchase, construction and donation of additional capital assets.

The second portion of the City's net assets (\$73.5 million or 5.8%) represents resources that are subject to external restrictions on how they may be used. The decrease of \$47.3 million is due mostly to the decrease of funds reserved for capital projects in the business-type activities. The decrease is from the expenditure of those funds for the purchase or construction of capital assets.

The third portion consists of Unrestricted Net Assets of \$242.8 million (19.0%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category increased \$58.5 million (31.7%) in fiscal year 2007. Unreserved net assets is the balance of net assets remaining after calculating the other two categories discussed above. The increase in unreserved net assets resulted from increased sales and use taxes and an increase in water and wastewater charges for services over fiscal 2006 revenues.

### 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
	2007	2006	2007	2006	2007	2006	
<b>REVENUES:</b>							
Program revenues:							
Charges for services	\$ 23.2	\$ 22.7	\$ 61.9	\$ 53.2	\$ 85.1	\$ 75.9	12.1%
Federal grants	3.1	2.8	.1	.1	3.2	2.9	10.3
Other grants and entitlements	49.2	29.9	-	-	49.2	29.9	64.5
Capital contributions	21.4	82.8	18.2	14.1	39.6	96.9	(59.1)
General revenues:							
Property taxes	18.1	16.2	-	-	18.1	16.2	11.7
Sales and use taxes	68.9	61.2	-	-	68.9	61.2	12.6
Franchise taxes	4.0	3.0	-	-	4.0	3.0	33.3
State shared sales tax	13.1	11.7	-	-	13.1	11.7	12.0
Urban revenue sharing	16.0	11.7	-	-	16.0	11.7	36.8
Auto-in-lieu taxes	5.7	5.3	-	-	5.7	5.3	7.5
Miscellaneous	7.5	5.7	-	-	7.5	5.7	31.6
Investment earnings	12.1	6.7	5.9	5.2	18.0	11.9	51.3
Total revenues	<u>242.3</u>	<u>259.7</u>	<u>86.1</u>	<u>72.6</u>	<u>328.4</u>	<u>332.3</u>	(1.2)
<b>EXPENSES:</b>							
Program activities:							
Governmental activities:							
General government	24.5	21.6	-	-	24.5	21.6	13.4%
Culture and recreation	17.9	16.3	-	-	17.9	16.3	9.8
Police	28.5	25.7	-	-	28.5	25.7	10.9
Fire	17.4	14.2	-	-	17.4	14.2	22.5
Development services	5.6	4.9	-	-	5.6	4.9	14.3
Highways and streets	23.0	18.7	-	-	23.0	18.7	23.0
Public works	6.3	5.8	-	-	6.3	5.8	8.6
Human services	2.3	2.1	-	-	2.3	2.1	9.5
Interest expense on debt	8.1	7.2	-	-	8.1	7.2	12.5
Unallocated depreciation	.6	.6	-	-	.6	.6	-
Business-type activities:							
Water utility	-	-	27.1	25.9	27.1	25.9	4.6
Wastewater utility	-	-	14.5	12.8	14.5	12.8	13.3
Solid Waste utility	-	-	9.5	8.7	9.5	8.7	9.2
Stadium	-	-	5.4	5.4	5.4	5.4	-
Housing	-	-	.4	.4	.4	.4	-
Total expenses	<u>134.2</u>	<u>117.1</u>	<u>56.9</u>	<u>53.2</u>	<u>191.1</u>	<u>170.3</u>	12.2
Excess before transfers	<u>108.1</u>	<u>142.6</u>	<u>29.2</u>	<u>19.4</u>	<u>137.3</u>	<u>162.0</u>	(15.2)
Transfers	2.0	(12.7)	(2.0)	12.7	-	-	-
Increase (decrease) in net assets	<u>\$ 110.1</u>	<u>\$ 129.9</u>	<u>\$ 27.2</u>	<u>\$ 32.1</u>	<u>\$ 137.3</u>	<u>\$ 162.0</u>	(15.2)

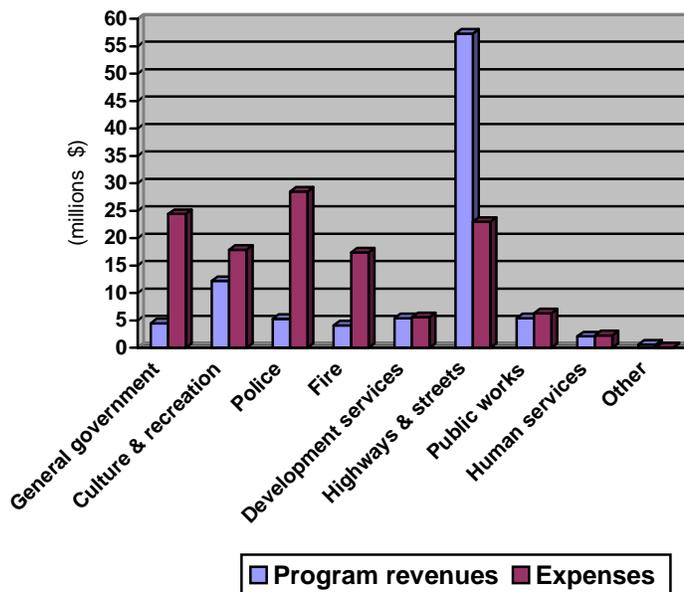
The general revenues of governmental activities increased \$23.9 million (19.7%) from the previous year. This increase is primarily from increased county transportation tax shared revenues and increased sales and use taxes. In September 2005, the voters increased the City sales taxes by .03% specifically to support transportation needs. The new tax took effect in January 2006 and brought in \$9.7 million in fiscal year 2007. The county transportation tax shared revenues for fiscal year 2007 totaled \$14.3 million. The program revenues of governmental activities decreased \$41.3 million (29.9%) largely due to a decrease in contributed capital in the highways and streets function. Charges for services (primarily recreation and engineering fees) increased slightly as did development impact fee collections and other grants and entitlements. The program revenues of business-type activities increased \$12.8 million (19.0%). Capital contributions, other grants and entitlements, and charges for services revenues all increased for the business-type activities. The increase in charges for services revenues is from an increased customer base and rate increases in the Wastewater Utility (3%) and Commercial Solid Waste Utility (3%) that occurred mid fiscal year 2007.

For fiscal year 2007, total governmental revenues decreased \$17.4 million (6.7%) and total business-type revenues increased \$13.5 million (18.6%) while the expenses increased \$17.1 million (14.6%) and \$3.7 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 program revenues of \$96.9 million are 72.2% of the governmental expenses for fiscal year 2007, down from 118.0% in fiscal year 2006. Much of this decrease is due to the \$61.3 million decrease in donations of capital assets in fiscal year 2007 over fiscal year 2006. In the business-type activities, program revenues of \$80.2 million are 140.9% of the business-type expense for fiscal year 2007. This compares to \$67.4 million and 126.7% in fiscal year 2006. The increase is due to increased charges for services and increased capital contributions of business-type capital assets.

Governmental activities account for 73.8% of the total revenues of the City and 70.2% of the total expenses in fiscal year 2007. These percentages were 78.2% and 68.7% respectively in fiscal year 2006.

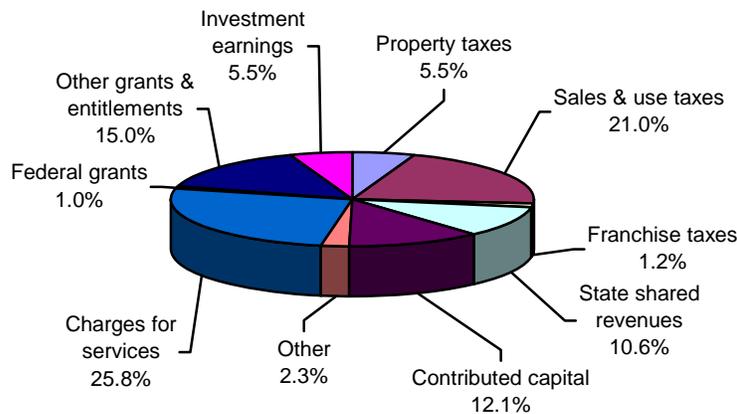
### Governmental Activities Program Revenues & Expenses



As seen in the following graph, one of the largest financing sources for the City is charges for services (25.8%), primarily because this is the major funding source of the business-type activities (71.9% of business-type revenues). Contributed capital represents 12.1% of the fiscal year 2007 revenues, of which approximately \$30.2 million (76%) are non-spendable resources. The major funding sources of the governmental activities are taxes (27.7% of total revenues, 37.6% of governmental revenues) and state shared revenues (10.6% of total revenues, 14.4% of governmental revenues).

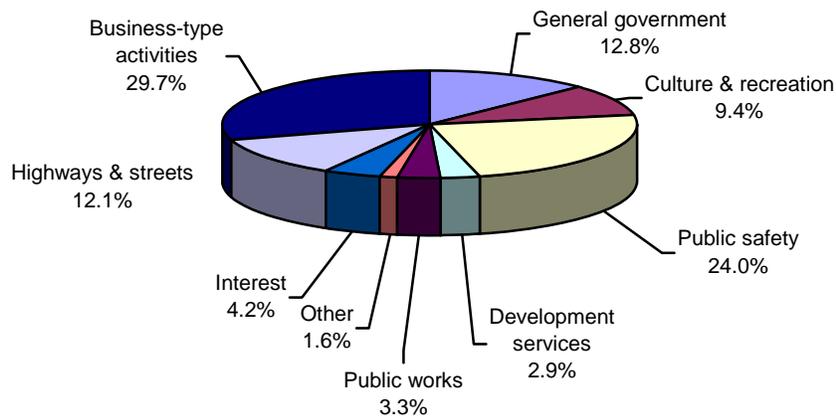
Taxes, including property, sales and use and franchise taxes, increased 13.2% from fiscal year 2006 to fiscal year 2007. Sales and use taxes increased 12.6% with a growing economy and the .3% transportation tax that went into effect partway through fiscal year 2006, while property taxes rose 11.7% and franchise taxes increased 33.3%. The increase in property taxes was due to growth in the assessed value of the City, as the City has maintained, or lowered, the tax rate for the last several years.

### Government-Wide Revenue Sources Fiscal Year 2007



Business-type activities account for 29.7% of the functional expenses of the City for fiscal year 2007, while governmental activities account for 70.3% of the functional expenses. For the governmental activities, the largest users of resources are public safety (24.0% of total expense, 34.2% of governmental expenses), general government (12.8% of total expenses, 18.2% of governmental expenses), highways and streets (12.1% of total expenses, 17.1% of governmental expenses) and culture and recreation (9.4% of total expenses, 13.3% of governmental expenses).

### Government-Wide Functional Expenses Fiscal Year 2007



Total government-wide expenses (not including transfers out) of the City increased \$20.8 million (12.2%) in fiscal year 2007. Expenses of the governmental activities increased \$17.1 million (14.6%). This includes \$6.0 million (15.0%) for public safety (police and fire), \$2.8 million (13.0%) for general government, \$4.3 million (23.0%) for highways and streets, \$1.6 million (9.8%) for culture and recreation, and \$.9 million (12.5%) for interest expense. These increases reflect the Council's goals of public safety, transportation, and recreational opportunities. Expenses in Business-type activities increased \$3.7 million (7.0%). Landfill and sewage disposal services both increased \$.2 million. Other utility costs increased \$.6 million. Service charges from governmental activities increased by \$2.0 million. Personnel costs increased by \$1.2 million.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

### **Governmental funds**

The focus of the governmental fund financial statements (pages 22-27) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 94-97.

The fund balance of the governmental funds is \$298.2 million, an increase of \$127.6 million, or 74.8%, from the previous year. Of this, \$155.2 million (up \$69.3 million (80.7%) 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 the sale of \$94.4 million in GO bonds and a full year of transportation sales tax collection compared to six months of collections in 2006.

An additional \$91.0 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. In fiscal year 2007, funds designated for economic stabilization in the General Fund increased \$3.7 million. The designations are further described in Note 11 to the financial statements (pages 69-70).

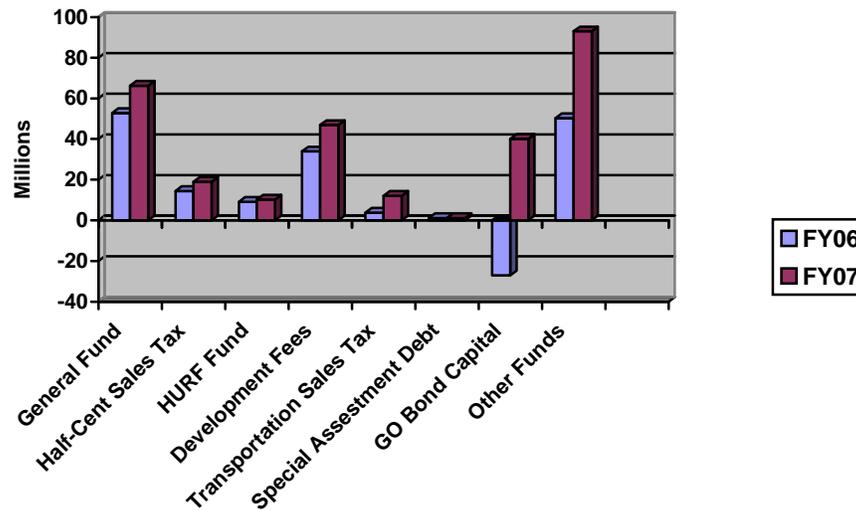
The remaining \$52.0 million of governmental fund balance is classified as "Unreserved, Undesignated". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unreserved, undesignated fund balance increased 129.5% during fiscal year 2007, primarily due to a \$27.0 million repayment to the General Fund from the GO Bond Capital Projects Fund when \$94.4 million in GO Bonds were issued, and an \$8.1 million increase in the unreserved, undesignated fund balance of the Transportation Sales Tax Fund.

The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues increased \$9.1 million (9.5%) over the previous year. The City's sales tax revenues in the General Fund increased \$1.2 million (3.1%) while state shared revenues increased \$6.2 million (21.7%), property taxes increased \$291,416 (10.5%), franchise taxes increased by \$1.0 million (32.6%) and investment income increased \$1.5 million (85.1%) as the City continues moderate growth during fiscal year 2007. General Fund expenditures increased \$18.7 million (21.9%). Approximately \$8.8 million of the increased expenditures were in personnel costs. The City granted a 3.7% increase in salaries and wages in fiscal year 2007, plus eligible employees received salary step increases. Additionally, employer retirement contributions, health insurance and other personnel benefit costs continued to increase in fiscal year 2007. There were 68 additional employees approved in the General Fund for fiscal year 2007. Capital outlay increased \$6.8 million in fiscal year 2007, primarily related to the development services building under construction and the expansion of the

municipal operations center. The unreserved/undesignated fund balance of the General Fund was 21.6% of expenditures at June 30, 2007 compared to 32.7% at June 30, 2006. The decrease was largely due to an increase in expenditures of \$18.7 million with a decrease in unreserved fund balance of \$5.4 million.

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 \$649,967 (3.7%) from the previous year primarily due to increased sales tax revenues. Expenditures in this fund increased \$8.4 million (255.4%) primarily due to an \$8.2 million increase in capital outlay expenditures. The unreserved/undesignated fund balance decreased by \$3.1 million in fiscal year 2007 with the use of fund balance for one-time capital expenditures.

### Governmental Funds - Fund Balance



The Highway User Revenue Fund (HURF Fund) is required by state statute to track the receipt of 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 \$2.0 million (16.9%) due to increased sales tax (\$329,910 or 13.8%) and highway user revenues (\$1.4 million). The sales tax revenue increase is due to new agreements with several franchise tax payers that no longer allows them to deduct franchise taxes paid from their sales tax returns. Expenditures increased by \$937,510 (8.3%) in fiscal year 2007. The increased expenditures are split between personnel costs, contractual services, and capital costs. Unreserved fund balance increased \$2.4 million (24.5%) in fiscal year 2007.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, streets and intersections and general government. Revenues in the Development Fee Fund increased \$5.0 million (23.1%) with slower, but continuing growth and the effect of impact fee rate increases in late fiscal year 2006, while expenditures increased \$16.8 million (197.4%) in fiscal year 2007 due to increased capital outlay.

The Transportation Sales Tax Fund tracks the collection and expenditure of the .3% voter approved sales tax to fund transportation issues. Revenues in this fund increased \$6.1 million (156.7%) with the first full fiscal year of this special sales tax. Expenditures also increased \$1 million with the ramp up of transportation programs and capital outlay from this new revenue source.

The Special Assessment Debt Service Fund collects special assessments levied through improvement districts and pays the debt service on the improvement district bonds. Both revenues and expenditures in

this fund dropped slightly with the payoff of one improvement district. A new improvement district was also formed in late fiscal year 2007, but the debt service will not have an impact until fiscal year 2008.

The GO Bond Capital Projects Fund accounts for bond proceeds of general obligation bonds and the expenditure of those proceeds. With the sale of \$94.4 million in new general obligation bonds during fiscal year 2007, capital outlay increased \$4.9 million over the previous fiscal year. The interfund loan of \$24.1 million from previous fiscal years was also repaid from the bond proceeds.

All non-major governmental funds of the City are combined into one column on the governmental fund statements.

### **Proprietary funds**

The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discretely. Although the 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.

Total net assets of the enterprise funds increased \$26.5 million (6.0%) in fiscal year 2007. The Water Utility and the Wastewater Utility Funds experienced increases in net assets of \$8.4 million (3.8%) and \$19.8 million (11.4%) respectively, while the Solid Waste Fund decreased \$1.6 million (7.6%), the Stadium Fund increased \$42,569 (.2%) and the Public Housing Fund decreased \$70,411 (2.7%). The unrestricted net assets of the enterprise funds increased \$15.2 million (28.6%) from the previous year due to an increase in net assets reserved for invested in capital assets, net of related debt and an increase in restricted net assets reserved for bond retirement.

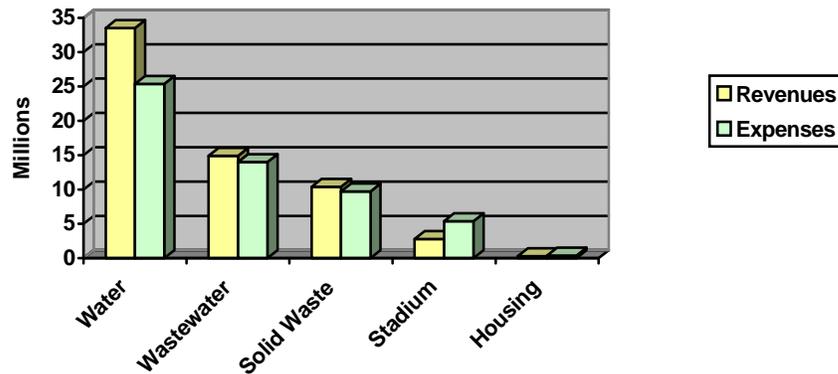
Operating revenues of the enterprise funds increased \$8.9 million (16.8%) in fiscal year 2007, due to increased customer base and wastewater rate changes. In addition, in fiscal year 2007, the City met the criteria to allow a \$3.7 million developer deposit to be taken into revenue. The Water, Wastewater and Solid Waste Utility Funds experienced increased operating revenues in fiscal year 2007 of \$5.3 million (18.7%), \$2.7 million (21.9%), and \$.8 million (8.9%), respectively.

Operating expenses of the enterprise funds increased \$4.4 million (8.8%) in fiscal year 2007. In 2007 in the Water Utility Fund, contractual services/commodities expenditures increased by \$.9 million (6.4%), while personnel expenses increased by \$.5 million (9.6%) as the city is expanding services to its northern areas. The Wastewater Utility Fund contractual services/commodities expenditures increased by \$1.5 million (20.8%), while personnel expenses increased by \$.3 million (30.0%). With the building of new wastewater facilities, service charges for the arts commission increased \$.4 million. Sewage disposal costs increased \$.2 million. Other service charges increased \$.6 million. Contractual services/commodities expenditures increased \$.5 million (8.9%) in the Solid Waste Fund, due to increases in landfill services of \$.1 million and services charges of \$.3 million. In the Stadium Fund, personnel expenses increased by \$.2 million (20.0%) due to a 3.7% cost of living increase, in addition to normal merit increases, 2 new positions, and a position reclassification that occurred in fiscal year 2007. Contractual services/commodities expenditures decreased by \$.1 million (3.6%) primarily due to a decrease in grounds repairs and maintenance expenditures.

Operating income for the Water Utility Fund increased \$3.7 million (79.6%) compared to 2006, due to the \$3.7 million developer contribution discussed earlier. Operating income for the Wastewater Utility increased \$.8 million (523.6%) as a result of the rate increase previously mentioned. The Solid Waste Utility Fund operating income had an insignificant decrease of \$17,663 (2.6%). The Stadium Fund and Public Housing Fund had operating losses in fiscal year 2007. The Stadium Fund had a 3.5% increase in operating revenues coupled with a .8% increase in operating expenses thereby decreasing the net loss by \$54,798 from the fiscal year 2006 loss. The Public Housing Fund operating loss is due to depreciation costs associated with capital assets.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2007.

### Fiscal year 2007 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 30-35. 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 88-89, 98-108, 110-114 and 119-122.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1.E on page 53 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. Also, throughout the year, budget amendments are processed to provide expenditure authority from unanticipated revenue sources. These include new or increased grants and intergovernmental agreements. It is generally the policy of the City to not include revenues and operational expenditure authority for these types of items in the operational budgets unless the funding is reasonably assured at the time of completion of the annual budget. Instead, the City budgets contingency accounts to allow for later transfer to operational budgets if and when the funding is received.

No amendments increasing the City's total adopted budget of \$654 million occurred during fiscal year 2007. 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 \$121.6 million, on a budgetary basis, exceeded budgeted inflows of \$117.1 million by \$4.5 million (3.9%) while budgetary basis outflows (expenditures and other uses) of \$111.7 million were only 75.2% of final budgeted outflows. The excess of General Fund inflows over budgeted amounts is primarily due to higher than budgeted franchise taxes and charges for services. Reduced General Fund outflows resulted primarily from delayed capital projects and unspent contingency.

During the fiscal year, the original General Fund expenditures and other uses budget of \$148.5 million was amended by \$6.0 million to the final expenditure and other uses budget of \$142.5 million. This

change was primarily due to budget transfers from the General Fund contingency to other funds for changes in capital project budgets. The notable transfers are as follows:

- Carryover transfers from General Fund contingency for items budgeted in the prior year netted to \$9.4 million from the General Fund contingency to other funds. The majority (\$7.3 million) of these funds were transferred to various capital project budgets in governmental funds.
- Appropriation of \$2.9 million, originally for right of way purchases associated with Lake Pleasant Parkway improvements, was returned to General Fund contingency from the GO Bonds Capital Projects Fund because the purchases proved to be unnecessary.
- The appropriation for capital projects in the new improvement district was reduced by \$2.0 million in order to match the amount of proceeds from the bond sale. Appropriation was returned to the General Fund contingency account.
- Appropriation of \$4.7 million was returned to the General Fund contingency from the Water Utility Fund for a waterline project that was delayed until FY2009.
- A transfer of \$1.4 million was made from the General Fund contingency to the Water and Wastewater Utility Funds for costs associated with the Jomax Water Reclamation Facility.
- Funding was increased for the Rose Garden drainage project by transferring \$1.3 million from General Fund contingency to the GO Bonds Capital Projects fund.
- Certain equipment purchases budgeted for FY2008 were accelerated to FY2007. General Fund contingency of \$.7 million was transferred to the Half Cent Sales Tax Fund.
- General Fund contingency appropriation of \$.8 million was transferred to the Development Fee Fund to accelerate specific streets and intersection improvements from FY2008 to FY2007.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2007, the City had \$961.4 million invested in various capital assets, net of accumulated depreciation and related debt, up 15.1% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.23 billion. This is a net increase of \$185.9 million from June 30, 2006. Of the increase, \$112.7 million resulted from governmental activities and \$73.2 million resulted from business-type activities.

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

- ✓ The City continued with construction of the 52,000 square foot Recreation Center at the City's first large community park, Rio Vista Park. This center will include fitness equipment, reception rooms, basketball facilities and a day care. The Recreation Center is expected to cost \$10 million. Construction began in November 2005 and the recreation center is expected to open in early fiscal year 2008. Approximately \$7.1 million was spent on the project during fiscal year 2007.
- ✓ The City spent an additional \$11.4 million on construction of the Development Services Building. Total cost for this project is expected to be \$22.4 million. This city use building is designed to accommodate a number of growing departments within the City complex. The estimated building size is 74,000 square feet plus a 230 vehicle parking structure and 100+ surface parking lot.
- ✓ The City completed construction of a community theater in conjunction with Theater Works in downtown Peoria. The cost of construction was \$7.5 million in fiscal year 2007. Total cost of the theater was \$11.8 million. The Peoria Center for the Performing Arts, which opened in February

2007, consists 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 spent an additional \$45.9 million on the construction of the Butler Drive Water Reclamation Facility. This 10 million gallon per day (MGD) reclamation facility is designed to redirect all of Peoria's wastewater flow from the regional Tolleson Wastewater Treatment Plant to a city facility. It will also provide an additional 6 MGD of capacity for future growth. Total costs of phase I of this project is expected to be \$136.2 million with an additional \$3.5 million for phase II expansion.
- ✓ Construction of an operations building at the Beardsley Water Reclamation Facility was also completed in fiscal year 2007 at a total cost of \$5.7 million. The City spent \$2.3 on the construction in fiscal year 2007. The City's Water Distribution and Wastewater Collection staff for the northern part of the City and Vistancia operate out of the new building.
- ✓ The City spent \$9.8 million on the renovation and expansion of the Municipal Operations Center (total expected costs \$15.6 million). This project both expands the facility and brings the 20 year old facility up to current regulatory standards for municipal facilities.

The following table provides a breakdown of the capital assets of the City at June 30, 2007 and 2006. Additional information on the City's capital assets may be found in Note 12 on pages 70-71.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2007	2006	2007	2006	2007	2006	
	Buildings and building improvements	\$ 56.6	\$ 57.2	\$ 18.9	\$ 19.6	\$ 75.5	
Furniture	.9	.9	.1	.1	1.0	1.0	4.1
Equipment	12.3	12.2	1.7	1.0	14.0	13.2	5.7
Vehicles	8.7	8.0	6.1	4.8	14.8	12.8	15.8
Storm drainage system	41.2	37.6	-	-	41.2	37.6	9.7
Street system	222.1	207.5	-	-	222.1	207.5	7.1
Park system	15.4	14.3	-	-	15.4	14.3	7.8
Water system	-	-	184.2	169.4	184.2	169.4	8.7
Wastewater system	-	-	120.1	118.1	120.1	118.1	1.7
Land	283.7	244.2	16.7	15.4	300.4	259.6	15.7
Work in progress	126.8	73.1	113.7	59.9	240.5	133.0	80.9
Total	<u>\$ 767.7</u>	<u>\$ 655.0</u>	<u>\$ 461.5</u>	<u>\$ 388.3</u>	<u>\$ 1,229.2</u>	<u>\$ 1,043.3</u>	17.8

The City has adopted a ten year capital improvement plan budgeted at \$1.11 billion, including \$356.7 million in fiscal year 2008. Anticipated funding for this plan is through a combination of impact fees (26%), utility revenue bonds (9%), general obligation bonds (30%), operating revenues (16%), City (8%) and County (6%) transportation sales taxes and other outside funding sources (5%). The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$16.3 million. The capital improvement plan is updated annually as part of the City's budget process.

### Long-term Debt

The City's outstanding non-current long-term debt, including bonds, notes, contracts, compensated absences, and net of deferred loss on bond refunding, was \$366.6 million at June 30, 2007. Of this total, \$257.2 million was in governmental activities and \$109.4 million was in business-type activities. The City's outstanding non-current debt increased \$156.5 million in fiscal year 2007. The City issued \$112.7 million in General Obligation bonds during fiscal year 2007 for Refunding of 1995, 1996 and 2000 GO Bonds (\$18.3 million) and streets, storm drainage, parks and operational expenses (\$94.4 million). Two Water Infrastructure Finance Authority Revenue Bonds were issued in the amount of \$43.4 million for the acquisition of a public water infrastructure and construction of the Butler Water Reclamation Facility. Also \$4.9 million in special assessment bonds were issued for street improvements at 99<sup>th</sup> Avenue and Northern.

Of the total outstanding bonds of \$358.4 million, \$142.8 million is general obligation bonds backed by the full faith and credit of the City. An additional \$13.3 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 \$66.1 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, 2007 is \$38.5 million in the 6% category and \$108.8 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 72) and also in Table XXII in the statistical section of this report (page 167).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2007 and 2006. Further detail on the City's outstanding debt may be found in Note 14 on pages 72-77.

**Outstanding Debt**  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2007	2006	2007	2006	2007	2006	
	General obligation debt	\$ 142.8	\$ 51.2	\$ -	\$ -	\$ 142.8	
Municipal Development Authority debt	21.6	24.6	1.9	2.2	23.5	26.8	(12.3)
Highway User Revenue bonds	3.6	3.8	-	-	3.6	3.8	(5.3)
Special assessment debt	13.3	9.8	-	-	13.3	9.8	35.7
Water/Sewer Revenue bonds	-	-	109.1	70.7	109.1	70.7	54.3
Community Facilities District bonds	66.1	44.1	-	-	66.1	44.1	49.9
Contracts payable	40.3	18.6	4.7	3.7	45.0	22.3	201.8
Compensated absences	4.4	3.9	.6	.5	5.0	4.4	13.6
<b>Total</b>	<b>\$ 292.1</b>	<b>\$ 156.0</b>	<b>\$ 116.3</b>	<b>\$ 77.1</b>	<b>\$ 408.40</b>	<b>\$ 233.1</b>	<b>75.2</b>

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 "AA-" from Standard & Poor's, "A2" from Moody's and "A+" from Fitch.

## ECONOMIC FACTORS

The unemployment rate in the metropolitan Phoenix region for June 2007 was 3.0%, which remains below both the state (3.4%) and national average (4.5%). The regional economy remains stable with continued, although slowed, building activity and steady population growth. The state's job market has also slowed somewhat during the past year with some losses related to the housing slowdown. During the year, there were some job gains in the information, professional and business services, manufacturing and mining sectors to offset job losses within the construction and financial services industries. Arizona is still ranked 6<sup>th</sup> among all states in the rate of over-the-year creation of non-farm jobs. Within Peoria, the local economy has remained stable with residential construction slowing to previously normal levels and commercial activity increasing to service newly developed neighborhoods and planned communities. Local economists are predicting population growth of 3.0% for Arizona for the coming year, which in turn, will bolster the state's housing and employment markets.

The adopted fiscal year 2008 budget is \$690 million, an increase of 5.5% over 2007. 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, and remodeling of the municipal operations center. The operating budget totals \$229.3 million, which is an increase of 13.5% over 2007. 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. The 2008 budget generally focuses on maintaining service levels in a growing community.

Overall, there are 93 new FTE (full-time equivalent) staff positions in the fiscal year 2008 budget. Of the additional positions, 46 are in public safety with 22 in Police, 16 in Fire, 2 in the City Attorney's Office and 6 in the Municipal Court. An additional 14 FTE were approved to support facilities slated to be constructed in the Capital Improvement Plan. Of the remaining 33 positions approved, 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 \$32.7 million in the General Fund and \$5.1 million in the Half-Cent Sales Tax Fund at June 30, 2007. The City also maintains a working capital policy reserve in the Utility Funds. At June 30, 2007, those reserves were \$18.6 million in the Water Utility, \$9.6 million in the Wastewater Utility and \$2.0 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, 2007**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,670,898	\$ 15,670,004	\$ 58,340,902
Investments	210,318,113	69,435,769	279,753,882
Accounts receivable, net	11,580,185	10,117,121	21,697,306
Interest receivable	2,104,755	796,325	2,901,080
Internal balances	(467,470)	467,470	-
Due from other governments	5,958,173	-	5,958,173
Prepaid items	142,821	67,892	210,713
Supply inventories	270,888	211,504	482,392
Deferred bond issuance costs, net	3,615,250	530,436	4,145,686
Restricted cash and cash equivalents	41,473,430	37,512,777	78,986,207
Restricted investments	44,662,298	-	44,662,298
Other assets	3,180,000	697,010	3,877,010
Special assessments receivable	12,786,119	-	12,786,119
Capital assets:			
Non-depreciable	410,466,266	130,411,366	540,877,632
Depreciable (net)	357,319,532	331,068,048	688,387,580
Total assets	<u>1,146,081,258</u>	<u>596,985,722</u>	<u>1,743,066,980</u>
<b>LIABILITIES</b>			
Accounts payable	14,454,889	5,491,416	19,946,305
Accrued payroll	1,757,633	217,591	1,975,224
Interest payable	5,110,182	1,411,931	6,522,113
Due to other governments	1,707,710	167,283	1,874,993
Claims payable	3,100,000	-	3,100,000
Customer deposits	3,317	1,065,361	1,068,678
Unearned revenue	10,953,668	5,925	10,959,593
Arbitrage liability	21,830	-	21,830
Unamortized bond premium	3,175,023	174,033	3,349,056
Other liabilities	8,639,599	932,159	9,571,758
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	4,005,180	520,370	4,525,550
Current portion of contracts payable	7,056,469	1,593,292	8,649,761
Current portion of bonds payable	22,512,514	4,667,988	27,180,502
Due in more than one year:			
Noncurrent portion of compensated absences	371,160	50,020	421,180
Noncurrent portion of contracts payable	33,208,262	3,135,063	36,343,325
Noncurrent portion of bonds payable	224,923,080	106,310,302	331,233,382
Less: Deferred loss on bond refunding	(1,339,292)	(81,356)	(1,420,648)
Total liabilities	<u>339,661,224</u>	<u>125,661,378</u>	<u>465,322,602</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	591,763,494	369,615,117	961,378,611
Restricted for:			
Capital projects	-	22,063,803	22,063,803
Development fees	39,889,738	-	39,889,738
Revenue bond retirement	-	10,228,241	10,228,241
Grant purposes	932,989	457,500	1,390,489
Unrestricted	173,833,813	68,959,683	242,793,496
Total net assets	<u>\$ 806,420,034</u>	<u>\$ 471,324,344</u>	<u>\$ 1,277,744,378</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, 2007**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 24,469,279	\$ 2,747,370	\$ 185,200	\$ 2,167,340
Culture and recreation	17,947,721	6,927,760	466,243	4,849,382
Police	28,548,401	1,283,559	349,799	3,638,610
Fire	17,401,924	1,737,666	329,307	2,031,564
Development services	5,605,618	4,614,166	823,378	-
Highways and streets	23,031,544	433,400	9,870,460	47,007,050
Public works	6,288,446	5,318,686	-	100,000
Human services	2,316,358	164,166	1,929,921	-
Interest on long-term debt	8,065,449	-	-	-
Unallocated depreciation	575,334	-	-	-
Total governmental activities	<u>134,250,074</u>	<u>23,226,773</u>	<u>13,954,308</u>	<u>59,793,946</u>
Business-type activities:				
Water Utility	27,058,901	33,511,407	-	11,388,772
Wastewater Utility	14,523,268	14,907,360	-	6,208,759
Sanitation Utility	9,458,194	10,395,273	-	621,892
Stadium	5,448,667	2,953,365	-	-
Housing programs	371,540	150,877	135,174	-
Total business-type activities	<u>56,860,570</u>	<u>61,918,282</u>	<u>135,174</u>	<u>18,219,423</u>
Total primary government	<u>\$ 191,110,644</u>	<u>\$ 85,145,055</u>	<u>\$ 14,089,482</u>	<u>\$ 78,013,369</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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (19,369,369)	\$ -	\$ (19,369,369)
(5,704,336)	-	(5,704,336)
(23,276,433)	-	(23,276,433)
(13,303,387)	-	(13,303,387)
(168,074)	-	(168,074)
34,279,366	-	34,279,366
(869,760)	-	(869,760)
(222,271)	-	(222,271)
(8,065,449)	-	(8,065,449)
(575,334)	-	(575,334)
<u>(37,275,047)</u>	<u>-</u>	<u>(37,275,047)</u>
-	17,841,278	17,841,278
-	6,592,851	6,592,851
-	1,558,971	1,558,971
-	(2,495,302)	(2,495,302)
-	(85,489)	(85,489)
<u>-</u>	<u>23,412,309</u>	<u>23,412,309</u>
<u>\$ (37,275,047)</u>	<u>\$ 23,412,309</u>	<u>\$ (13,862,738)</u>
\$ 3,722,092	\$ -	\$ 3,722,092
14,392,472	-	14,392,472
68,873,970	-	68,873,970
3,983,701	-	3,983,701
13,130,116	-	13,130,116
15,996,992	-	15,996,992
5,725,299	-	5,725,299
12,100,831	5,851,620	17,952,451
60,785	-	60,785
23,941	-	23,941
7,439,193	-	7,439,193
2,025,489	(2,025,489)	-
<u>147,474,881</u>	<u>3,826,131</u>	<u>151,301,012</u>
<u>110,199,834</u>	<u>27,238,440</u>	<u>137,438,274</u>
<u>696,220,200</u>	<u>444,085,904</u>	<u>1,140,306,104</u>
<u>\$ 806,420,034</u>	<u>\$ 471,324,344</u>	<u>\$ 1,277,744,378</u>

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Development Fee Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,961,202	\$ 2,361,783	\$ 2,034,405	\$ 9,715,990
Cash with fiscal agents	-	-	376,318	-
Investments	67,331,371	10,805,122	9,307,375	44,450,515
Accounts receivable, net	4,928,217	1,447,557	304,031	-
Interest receivable	343,207	105,647	77,517	365,274
Due from other governments	3,552,437	-	896,458	-
Prepaid items	101,980	7,091	-	25,750
Supply inventories	114,672	-	86,170	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 87,333,086</u>	<u>\$ 14,727,200</u>	<u>\$ 13,082,274</u>	<u>\$ 54,557,529</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,131,180	\$ 173,264	\$ 596,330	\$ 5,334,130
Accrued payroll	1,500,035	-	65,694	-
Interest payable	-	-	-	-
Due to other governments	1,683,974	-	48	-
Claims/deposits payable	3,317	-	-	-
Deferred revenue	771,474	-	15,121	-
Arbitrage liability	-	-	-	-
Other liabilities	6,183,868	-	63,946	1,489,738
Total liabilities	<u>\$ 12,273,848</u>	<u>\$ 173,264</u>	<u>\$ 741,139</u>	<u>\$ 6,823,868</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Development fees	-	-	-	39,889,738
Grant purposes	-	-	-	-
Supply inventories	114,672	-	86,170	-
Prepaid items	101,980	7,091	-	25,750
Unreserved, designated (see note 11):				
General fund	52,360,090	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	9,566,329	73,095	7,818,173
Unreserved, undesignated, reported in:				
General fund	22,482,496	-	-	-
Special revenue funds	-	4,980,516	12,181,870	-
Total fund balance	<u>75,059,238</u>	<u>14,553,936</u>	<u>12,341,135</u>	<u>47,733,661</u>
Total liabilities and fund balance	<u>\$ 87,333,086</u>	<u>\$ 14,727,200</u>	<u>\$ 13,082,274</u>	<u>\$ 54,557,529</u>

The accompanying notes are an integral part of the financial statements

<b>Transportation Sales Tax Fund</b>	<b>Special Assessment Debt Service Fund</b>	<b>GO Bond Capital Projects Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,025,142	\$ 196,465	\$ -	\$ 10,317,955	\$ 37,612,942
-	-	-	3,333,599	3,709,917
9,264,998	898,823	-	45,119,832	187,178,036
862,043	-	-	4,038,337	11,580,185
47,757	9,218	707,558	289,447	1,945,625
-	-	-	1,509,278	5,958,173
-	-	8,000	-	142,821
-	-	-	-	200,842
-	-	-	37,763,513	37,763,513
-	-	42,176,559	2,485,739	44,662,298
-	12,786,119	-	-	12,786,119
<u>\$ 12,199,940</u>	<u>\$ 13,890,625</u>	<u>\$ 42,892,117</u>	<u>\$ 104,857,700</u>	<u>\$ 343,540,471</u>
\$ 114,816	\$ 3,229	\$ 2,878,386	\$ 2,539,202	\$ 13,770,537
-	-	-	37,014	1,602,743
-	6,428	-	109,562	115,990
-	-	-	23,688	1,707,710
-	-	-	-	3,317
-	12,782,394	-	5,915,068	19,484,057
-	-	21,830	-	21,830
-	1,642	143,497	756,908	8,639,599
<u>\$ 114,816</u>	<u>\$ 12,793,693</u>	<u>\$ 3,043,713</u>	<u>\$ 9,381,442</u>	<u>\$ 45,345,783</u>
\$ -	\$ 1,096,932	\$ -	\$ 45,597,184	\$ 46,694,116
-	-	33,265,564	34,056,900	67,322,464
-	-	-	-	39,889,738
-	-	-	932,989	932,989
-	-	-	-	200,842
-	-	8,000	-	142,821
-	-	-	-	52,360,090
-	-	6,574,840	12,342,535	18,917,375
145,570	-	-	2,120,637	19,723,804
-	-	-	-	22,482,496
11,939,554	-	-	426,013	29,527,953
<u>12,085,124</u>	<u>1,096,932</u>	<u>39,848,404</u>	<u>95,476,258</u>	<u>298,194,688</u>
<u>\$ 12,199,940</u>	<u>\$ 13,890,625</u>	<u>\$ 42,892,117</u>	<u>\$ 104,857,700</u>	<u>\$ 343,540,471</u>



**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007**

Fund balances - total governmental funds balance sheet		\$ 298,194,688
Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 910,154,276	
Less accumulated depreciation	<u>(161,519,269)</u>	748,635,007
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred bond issuance costs	3,615,250	
Deferred loss on bond refunding	<u>1,339,292</u>	4,954,542
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable	247,435,594	
Governmental contracts payable	40,264,731	
Compensated absences	<u>3,894,210</u>	(291,594,535)
Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting		
		3,180,000
Deferred revenue for long-term special assessments is shown on the governmental funds balance sheet, but is not deferred on the statement of net assets		
		7,832,394
Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting		
		(3,175,023)
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		
		314,340
Certain revenues were recognized for governmental fund reporting but are deferred for government-wide reporting		
		383,655
Interest payable on long-term debt is not reported in the governmental funds.		
		(4,994,192)
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.		
		<u>42,689,158</u>
Net assets of governmental activities - statement of net assets		<u><u>\$ 806,420,034</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, 2007**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Development Fee Fund</b>
<b>REVENUES:</b>				
Taxes:				
Sales and use taxes	\$ 39,145,651	\$ 17,293,473	\$ 2,713,970	\$ -
Property taxes	3,065,750	-	524,834	-
Franchise taxes	3,983,701	-	-	-
Intergovernmental:				
State shared sales taxes	13,130,116	-	-	-
Urban revenue sharing	15,996,992	-	-	-
Auto in-lieu taxes	5,725,299	-	-	-
Highway user revenue	-	-	9,870,460	-
Local transportation aid	-	-	-	-
From federal government	33,380	-	-	-
Other	286,941	-	-	-
Charges for services	14,093,055	-	115,016	23,622,570
Licenses and permits	3,863,341	-	14,791	-
Fines and forfeitures	2,135,525	-	-	-
Rents	249,069	-	-	-
Investment earnings	3,224,604	776,056	564,555	2,668,997
Special assessments	-	-	-	-
Miscellaneous	680,052	-	600	180,797
Total revenues	<u>105,613,476</u>	<u>18,069,529</u>	<u>13,804,226</u>	<u>26,472,364</u>
<b>EXPENDITURES:</b>				
Current:				
General government	22,005,680	634,958	-	69,364
Culture and recreation	16,396,883	-	-	210,603
Police	27,566,890	-	-	4,761
Fire	16,398,993	-	-	31,261
Development services	4,773,545	-	-	-
Highways and streets	-	-	10,275,234	703,013
Public works	4,744,202	-	-	-
Human services	-	-	-	-
Other	-	-	-	-
Debt service:				
Principal payments	202,420	1,905,888	260,000	5,209,568
Interest and other charges	-	28,633	209,875	-
Capital outlay	11,910,484	9,062,497	1,426,770	19,025,288
Total expenditures	<u>103,999,097</u>	<u>11,631,976</u>	<u>12,171,879</u>	<u>25,253,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,614,379</u>	<u>6,437,553</u>	<u>1,632,347</u>	<u>1,218,506</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	-	-	-
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Transfers in	10,657,680	2,931	1,497,348	-
Transfers out	(3,385,722)	(10,903,761)	(1,012,664)	(419,945)
Total other financing sources and uses	<u>7,271,958</u>	<u>(10,900,830)</u>	<u>484,684</u>	<u>(419,945)</u>
Net change in fund balances	<u>8,886,337</u>	<u>(4,463,277)</u>	<u>2,117,031</u>	<u>798,561</u>
Fund balances - beginning	66,172,901	19,017,213	10,224,104	46,935,100
Fund balances - ending	<u>\$ 75,059,238</u>	<u>\$ 14,553,936</u>	<u>\$ 12,341,135</u>	<u>\$ 47,733,661</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>
\$ 9,720,876	\$ -	\$ -	\$ -	\$ 68,873,970
-	-	-	14,331,885	17,922,469
-	-	-	-	3,983,701
-	-	-	-	13,130,116
-	-	-	-	15,996,992
-	-	-	-	5,725,299
-	-	-	-	9,870,460
-	-	-	658,598	658,598
-	-	-	3,068,416	3,101,796
-	-	-	15,513,242	15,800,183
-	4,000	-	1,455,760	39,290,401
-	-	-	-	3,878,132
-	-	-	68,231	2,203,756
-	-	-	-	249,069
343,469	66,874	-	3,297,446	10,942,001
-	1,971,991	-	-	1,971,991
-	-	-	6,130,914	6,992,363
<u>10,064,345</u>	<u>2,042,865</u>	<u>-</u>	<u>44,524,492</u>	<u>220,591,297</u>
-	-	-	123,438	22,833,440
-	-	-	406,025	17,013,511
-	-	-	591,823	28,163,474
-	-	-	91,782	16,522,036
-	-	-	753,054	5,526,599
339,311	-	3,318,645	42,921	14,679,124
-	-	-	265,914	5,010,116
-	-	-	2,291,469	2,291,469
-	1,464	-	44,448	45,912
-	1,480,506	-	7,120,049	16,178,431
-	641,984	679,721	6,539,279	8,099,492
768,498	-	24,312,203	10,414,065	76,919,805
<u>1,107,809</u>	<u>2,123,954</u>	<u>28,310,569</u>	<u>28,684,267</u>	<u>213,283,409</u>
<u>8,956,536</u>	<u>(81,089)</u>	<u>(28,310,569)</u>	<u>15,840,225</u>	<u>7,307,888</u>
-	-	-	18,365,000	18,365,000
-	-	94,380,000	27,710,000	122,090,000
-	23,636	-	1,478,568	1,502,204
-	-	-	(18,365,000)	(18,365,000)
-	-	761,705	4,878,770	17,798,434
(663,608)	(5,189)	-	(4,730,344)	(21,121,233)
<u>(663,608)</u>	<u>18,447</u>	<u>95,141,705</u>	<u>29,336,994</u>	<u>120,269,405</u>
<u>8,292,928</u>	<u>(62,642)</u>	<u>66,831,136</u>	<u>45,177,219</u>	<u>127,577,293</u>
3,792,196	1,159,574	(26,982,732)	50,299,039	170,617,395
<u>\$ 12,085,124</u>	<u>\$ 1,096,932</u>	<u>\$ 39,848,404</u>	<u>\$ 95,476,258</u>	<u>\$ 298,194,688</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, 2007**

Net change in fund balances - total governmental funds	\$ 127,577,293
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.	(416,340)
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.	(1,120,045)
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.	(1,401,348)
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 (\$76,919,805) exceeded depreciation (\$17,853,769) in the current period.	59,066,036
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.	45,726
Gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses, on the statement of activities.	60,785
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	21,415,761
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.	23,941
Certain development agreement transactions are reported as operating expenditures in the governmental funds, but are reclassified to donated assets on the government-wide statements.	27,831
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.	(122,090,000)
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.	16,178,431
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.	(66,813)
The donation of governmental capital assets from Proprietary Funds is not shown in the governmental fund statements but is a transfer in in the statement of activities	308,801
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.	10,589,775
Change in net assets of governmental activities- statement of activities	<u>\$ 110,199,834</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, 2007**

	<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, 2006	\$ 55,805,818	\$ 55,805,818	\$ 55,805,818	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	39,115,890	39,115,890	38,916,466	(199,424)
Property taxes	3,186,744	3,186,744	3,014,693	(172,051)
Franchise taxes	2,248,000	2,248,000	4,007,571	1,759,571
Intergovernmental:				
State shared sales taxes	12,811,788	12,811,788	13,131,369	319,581
Urban revenue sharing	14,967,974	14,967,974	15,684,157	716,183
Auto in-lieu taxes	5,500,000	5,500,000	5,750,056	250,056
From federal government	-	-	1,175	1,175
Other	204,725	204,725	277,576	72,851
Charges for services	24,949,339	24,949,339	26,562,838	1,613,499
Licenses and permits	4,664,158	4,664,158	3,863,341	(800,817)
Fines and forfeitures	2,122,210	2,122,210	2,135,525	13,315
Rents	552,345	552,345	279,832	(272,513)
Investment earnings	2,055,850	2,063,385	3,046,255	982,870
Miscellaneous	372,766	372,766	680,052	307,286
Transfers from other funds	4,297,054	4,297,054	4,253,048	(44,006)
Total inflows	<u>117,048,843</u>	<u>117,056,378</u>	<u>121,603,954</u>	<u>4,547,576</u>
Amounts available for appropriation	<u>172,854,661</u>	<u>172,862,196</u>	<u>177,409,772</u>	<u>4,547,576</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government:				
Mayor and council	953,621	953,621	894,560	(59,061)
City manager	2,886,097	2,889,646	2,701,342	(188,304)
Human resources	2,423,711	2,241,611	1,998,958	(242,653)
Attorney	2,485,286	2,415,965	2,204,850	(211,115)
City clerk	916,579	927,119	810,967	(116,152)
Court	1,684,042	1,680,204	1,515,608	(164,596)
Economic development	508,539	508,539	426,945	(81,594)
Finance	10,079,416	10,131,722	9,168,914	(962,808)
Non-departmental	13,356,223	14,115,182	13,355,248	(759,934)
Culture and recreation	17,030,972	17,425,092	16,262,643	(1,162,449)
Police	28,223,449	28,242,383	27,424,744	(817,639)
Fire	17,367,472	17,595,399	16,316,460	(1,278,939)
Development services	5,393,809	5,508,819	4,749,521	(759,298)
Public works	5,297,987	5,404,558	4,720,326	(684,232)
Debt service:				
Capital outlay	23,280,216	21,689,762	5,687,713	(16,002,049)
Contingencies	13,200,000	7,378,370	-	(7,378,370)
Transfers to other funds	3,439,633	3,439,633	3,438,053	(1,580)
Total charges to appropriations	<u>148,527,052</u>	<u>142,547,625</u>	<u>111,676,852</u>	<u>(30,870,773)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 24,327,609</u>	<u>\$ 30,314,571</u>	<u>\$ 65,732,920</u>	<u>\$ 35,418,349</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	\$ 177,409,772
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	(55,805,818)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(4,253,048)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(11,259,006)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(478,424)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 105,613,476</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 111,676,852
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	176,486
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	391,043
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	6,451,775
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(11,259,006)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(3,438,053)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 103,999,097</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 15,442,646	\$ 15,442,646	\$ 15,442,646	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	17,545,660	17,545,660	17,168,811	(376,849)
Investment earnings	479,000	479,000	707,977	228,977
Total inflows	<u>18,024,660</u>	<u>18,024,660</u>	<u>17,876,788</u>	<u>(147,872)</u>
Amounts available for appropriation	<u>33,467,306</u>	<u>33,467,306</u>	<u>33,319,434</u>	<u>(147,872)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government- non-departmental	573,569	764,588	639,120	(125,468)
Debt service:				
Principal payments	2,164,863	2,164,863	1,899,533	(265,330)
Interest and other charges	38,010	38,010	27,394	(10,616)
Capital outlay	7,437,598	11,770,918	8,913,592	(2,857,326)
Contingencies	3,000,000	385,461	-	(385,461)
Transfers to other funds	10,784,583	10,784,583	10,903,761	119,178
Total charges to appropriations	<u>23,998,623</u>	<u>25,908,423</u>	<u>22,383,400</u>	<u>(3,525,023)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 9,468,683</u>	<u>\$ 7,558,883</u>	<u>\$ 10,936,034</u>	<u>\$ 3,377,151</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	\$ 33,319,434
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	(15,442,646)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	192,741
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,069,529</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,383,400
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	152,337
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(10,903,761)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,631,976</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, 2007**

	<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, 2006	\$ 9,145,187	\$ 9,145,187	\$ 9,145,187	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	2,193,585	2,193,585	2,826,771	633,186
Property taxes	547,067	547,067	494,713	(52,354)
Intergovernmental:				
Highway user revenue	8,817,790	8,817,790	9,829,897	1,012,107
Charges for services	405,000	405,000	337,467	(67,533)
Licenses and permits	3,500	3,500	14,791	11,291
Investment earnings	375,551	375,551	512,663	137,112
Miscellaneous	-	-	600	600
Transfers from other funds	2,044,415	2,044,415	2,032,455	(11,960)
Total inflows	<u>14,386,908</u>	<u>14,386,908</u>	<u>16,049,357</u>	<u>1,662,449</u>
Amounts available for appropriation	<u>23,532,095</u>	<u>23,532,095</u>	<u>25,194,544</u>	<u>1,662,449</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	11,211,970	11,415,708	10,614,858	(800,850)
Debt service:				
Principal payments	260,000	260,000	260,000	-
Interest and other charges	209,825	209,825	209,875	50
Capital outlay	1,755,326	1,840,818	2,000,735	159,917
Contingencies	1,000,000	156,612	-	(156,612)
Transfers to other funds	1,047,776	1,047,776	1,033,066	(14,710)
Total charges to appropriations	<u>15,484,897</u>	<u>14,930,739</u>	<u>14,118,534</u>	<u>(812,205)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 8,047,198</u>	<u>\$ 8,601,356</u>	<u>\$ 11,076,010</u>	<u>\$ 2,474,654</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	\$ 25,194,544
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	(9,145,187)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(2,032,455)
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	77,324
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,804,226</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,118,534
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	11,859
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(120,743)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(514,705)
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	(1,033,066)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,171,879</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, 2007**

	<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, 2006	\$ 46,407,717	\$ 46,407,717	\$ 46,407,717	\$ -
<b>RESOURCES (INFLOWS):</b>				
Impact/expansion fees	19,925,187	19,925,187	23,771,195	3,846,008
Investment earnings	1,728,000	1,727,200	2,421,394	694,194
Miscellaneous	-	-	180,797	180,797
Total inflows	<u>21,653,187</u>	<u>21,652,387</u>	<u>26,373,386</u>	<u>4,720,999</u>
Amounts available for appropriation	<u>68,060,904</u>	<u>68,060,104</u>	<u>72,781,103</u>	<u>4,720,999</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government-non departmental	74,045	116,839	56,180	(60,659)
Culture and recreation	341,806	298,358	198,093	(100,265)
Police	-	15,454	-	(15,454)
Fire	26,500	41,954	26,500	(15,454)
Highways and streets	70,226	548,781	694,447	145,666
Debt service:				
Principal payments	13,551,230	13,190,101	8,388,125	(4,801,976)
Capital outlay	39,167,747	41,726,938	14,584,257	(27,142,681)
Contingencies	2,825,000	-	-	-
Transfers out	-	-	-	-
Total charges to appropriations	<u>56,056,554</u>	<u>55,938,425</u>	<u>23,947,602</u>	<u>(31,990,823)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 12,004,350</u>	<u>\$ 12,121,679</u>	<u>\$ 48,833,501</u>	<u>\$ 36,711,822</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	\$ 72,781,103
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	(46,407,717)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	98,978
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 26,472,364</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 23,947,602
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,726,201
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(419,945)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 25,253,858</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, 2007**

	<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, 2006	\$ 1,160,886	\$ 1,160,886	\$ 1,160,886	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	4,959,820	4,959,820	9,549,089	4,589,269
Investment earnings	10,000	10,000	297,502	287,502
Total inflows	<u>4,969,820</u>	<u>4,969,820</u>	<u>9,846,591</u>	<u>4,876,771</u>
Amounts available for appropriation	<u>6,130,706</u>	<u>6,130,706</u>	<u>11,007,477</u>	<u>4,876,771</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	303,524	365,453	339,311	(26,142)
Capital outlay	2,101,332	2,284,410	702,895	(1,581,515)
Contingencies	1,000,000	-	-	-
Transfers to other funds	663,608	663,608	663,608	-
Total charges to appropriations	<u>4,068,464</u>	<u>3,313,471</u>	<u>1,705,814</u>	<u>(1,607,657)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 2,062,242</u>	<u>\$ 2,817,235</u>	<u>\$ 9,301,663</u>	<u>\$ 6,484,428</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	\$ 11,007,477
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	(1,160,886)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	217,754
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 10,064,345</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,705,814
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	65,603
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(663,608)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,107,809</u>

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2007**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 10,182,818	\$ 2,257,324	\$ 2,658,093	\$ 116,769
Restricted cash with fiscal agents	16,387,842	20,986,915	-	137,936
Investments	46,435,602	10,327,223	12,160,736	512,208
Accounts receivable, net	6,048,441	2,410,947	1,627,071	15,510
Interest receivable	446,209	220,855	121,477	7,784
Prepaid items	67,892	-	-	-
Supplies inventory	207,369	-	4,135	-
Total current assets	<u>79,776,173</u>	<u>36,203,264</u>	<u>16,571,512</u>	<u>790,207</u>
Non-current assets:				
Restricted assets:				
Cash equivalents	42	11	-	31
Capital assets:				
Buildings and improvements	82,327	5,704	10,799	25,781,679
Distribution and collection systems	220,803,327	158,953,176	-	-
Equipment	1,528,733	954,181	35,861	730,545
Vehicles	1,856,291	866,466	8,137,609	368,981
Furniture	112,250	29,004	8,013	-
Less accumulated depreciation	(38,608,740)	(39,533,680)	(3,462,016)	(9,293,279)
Land and improvements	5,663,072	3,878,001	-	6,703,349
Construction in progress	36,014,165	77,742,429	-	-
Capital assets, net	<u>227,451,425</u>	<u>202,895,281</u>	<u>4,730,266</u>	<u>24,291,275</u>
Unamortized bonds costs	204,890	322,889	-	2,657
Other assets	535,029	161,981	-	-
Total non-current assets	<u>228,191,386</u>	<u>203,380,162</u>	<u>4,730,266</u>	<u>24,293,963</u>
Total assets	<u>307,967,559</u>	<u>239,583,426</u>	<u>21,301,778</u>	<u>25,084,170</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,395,355	1,692,331	319,484	84,246
Accrued payroll	110,739	23,251	57,127	26,474
Accrued interest payable	1,101,438	293,418	-	17,075
Due to other governments	167,151	39	-	93
Other current liabilities	183,791	-	743,232	5,136
Claims payable	-	-	-	-
Current portion of compensated absences	266,120	74,660	115,550	64,040
Current portion of bonds and contracts payable	3,476,017	2,657,917	6,485	120,861
Total current liabilities	<u>8,700,611</u>	<u>4,741,616</u>	<u>1,241,878</u>	<u>317,925</u>
Non-current liabilities:				
Deposits payable	1,052,709	-	-	-
Unearned revenue	-	-	-	5,925
Deferred bond premium	87,563	22,171	-	64,299
Compensated absences	26,460	6,460	10,550	6,550
Long-term portion of bonds and contracts payable	66,551,789	42,007,744	302,316	583,516
Less: Deferred loss on bond refunding	(33,329)	(8,440)	-	(39,587)
Total non-current liabilities	<u>67,685,192</u>	<u>42,027,935</u>	<u>312,866</u>	<u>620,703</u>
Total liabilities	<u>76,385,803</u>	<u>46,769,551</u>	<u>1,554,744</u>	<u>938,628</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	172,087,960	167,407,629	4,421,464	23,586,897
Restricted:				
Capital projects	10,271,328	3,156,994	8,535,746	99,735
Revenue bond retirement	5,339,808	4,888,433	-	-
Grant purpose	-	-	-	-
Unrestricted	43,882,660	17,360,819	6,789,824	458,910
Total net assets	<u>\$ 231,581,756</u>	<u>\$ 192,813,875</u>	<u>\$ 19,747,034</u>	<u>\$ 24,145,542</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
\$ 455,000	\$ 15,670,004	\$ 5,057,956
-	37,512,693	-
-	69,435,769	23,140,077
15,152	10,117,121	-
-	796,325	159,130
-	67,892	-
-	211,504	70,046
<u>470,152</u>	<u>133,811,308</u>	<u>28,427,209</u>
-	84	-
3,276,922	29,157,431	148,102
-	379,756,503	-
136,523	3,385,843	23,105,529
-	11,229,347	17,828,238
9,613	158,880	72,701
(1,722,241)	(92,619,956)	(24,906,106)
410,350	16,654,772	-
-	113,756,594	2,902,327
<u>2,111,167</u>	<u>461,479,414</u>	<u>19,150,791</u>
-	530,436	-
-	697,010	-
<u>2,111,167</u>	<u>462,706,944</u>	<u>19,150,791</u>
<u>2,581,319</u>	<u>596,518,252</u>	<u>47,578,000</u>
-	5,491,416	684,352
-	217,591	154,890
-	1,411,931	-
-	167,283	-
-	932,159	-
-	-	3,100,000
-	520,370	437,950
-	6,261,280	-
<u>-</u>	<u>15,002,030</u>	<u>4,377,192</u>
12,652	1,065,361	-
-	5,925	-
-	174,033	-
-	50,020	44,180
-	109,445,365	-
-	(81,356)	-
<u>12,652</u>	<u>110,659,348</u>	<u>44,180</u>
<u>12,652</u>	<u>125,661,378</u>	<u>4,421,372</u>
2,111,167	369,615,117	19,150,791
-	22,063,803	-
-	10,228,241	-
457,500	457,500	-
-	68,492,213	24,005,837
<u>\$ 2,568,667</u>	<u>\$ 470,856,874</u>	<u>\$ 43,156,628</u>
	467,470	
	<u>\$ 471,324,344</u>	

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 29,458,664	\$ 14,903,727	\$ 10,353,309	\$ 1,346,854
Rents	-	-	-	1,603,428
Other governmental	-	-	-	-
From federal government	-	-	-	-
Miscellaneous	4,034,743	-	-	3,083
Total operating revenues	<u>33,493,407</u>	<u>14,903,727</u>	<u>10,353,309</u>	<u>2,953,365</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	5,371,003	1,392,498	2,898,814	1,211,529
Contractual services, materials and supplies	14,871,838	8,897,301	6,095,704	3,558,537
Insurance claims and expenses	-	-	-	-
Depreciation and amortization	4,924,911	3,719,732	701,706	750,858
Total operating expenses	<u>25,167,752</u>	<u>14,009,531</u>	<u>9,696,224</u>	<u>5,520,924</u>
Operating income (loss)	8,325,655	894,196	657,085	(2,567,559)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	3,255,627	1,638,235	886,982	56,431
Interest expense	(2,212,426)	(560,410)	-	(30,563)
Gain (loss) on sale of capital assets	18,000	3,633	41,964	(648)
Total non-operating revenues (expenses)	<u>1,061,201</u>	<u>1,081,458</u>	<u>928,946</u>	<u>25,220</u>
Income (loss) before contributions and transfers	9,386,856	1,975,654	1,586,031	(2,542,339)
Capital contributions	11,388,772	6,208,759	621,892	-
Transfers in	2,961,909	13,031,375	58,075	2,865,973
Transfers out	(15,345,096)	(1,431,661)	(3,885,732)	(281,065)
Change in net assets	<u>8,392,441</u>	<u>19,784,127</u>	<u>(1,619,734)</u>	<u>42,569</u>
Total net assets - beginning	223,189,315	173,029,748	21,366,768	24,102,973
Total net assets - ending	<u>\$ 231,581,756</u>	<u>\$ 192,813,875</u>	<u>\$ 19,747,034</u>	<u>\$ 24,145,542</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
\$ -	\$ 56,062,554	\$ 25,115,828
144,501	1,747,929	-
-	-	80,000
135,174	135,174	-
6,376	4,044,202	206,353
<u>286,051</u>	<u>61,989,859</u>	<u>25,402,181</u>
-	10,873,844	7,892,814
286,051	33,709,431	10,735,006
-	-	1,627,729
85,489	10,182,696	3,988,112
<u>371,540</u>	<u>54,765,971</u>	<u>24,243,661</u>
(85,489)	7,223,888	1,158,520
14,345	5,851,620	1,158,830
-	(2,803,399)	-
-	62,949	60,785
<u>14,345</u>	<u>3,111,170</u>	<u>1,219,615</u>
(71,144)	10,335,058	2,378,135
-	18,219,423	-
733	18,918,065	5,379,109
-	(20,943,554)	(339,622)
<u>(70,411)</u>	<u>26,528,992</u>	<u>7,417,622</u>
2,639,078	444,327,882	35,739,006
<u>\$ 2,568,667</u>	<u>\$ 470,856,874</u>	<u>\$ 43,156,628</u>

709,448

\$ 27,238,440

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 29,079,453	\$ 14,830,976	\$ 10,388,147	\$ 2,928,255
Payments to suppliers	(11,763,764)	(8,546,350)	(2,209,803)	(2,945,670)
Payments to employees	(5,313,467)	(1,377,680)	(2,895,333)	(1,190,212)
Self-insurance costs	(250,000)	-	-	-
Payments to internal service funds	(1,855,903)	(433,545)	(3,153,977)	(601,079)
Net cash provided (used) by operating activities	<u>9,896,319</u>	<u>4,473,401</u>	<u>2,129,034</u>	<u>(1,808,706)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	2,961,909	13,031,375	58,075	2,865,973
Transfers out	(15,345,096)	(1,431,661)	(3,885,732)	(281,065)
Net cash provided (used) by non-capital financing activities	<u>(12,383,187)</u>	<u>11,599,714</u>	<u>(3,827,657)</u>	<u>2,584,908</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net acquisition and construction of capital assets	(12,258,274)	(60,053,629)	(2,011,819)	(70,763)
Capital contributions	6,106,930	2,719,879	621,892	-
Proceeds from sale of bonds	16,200,000	27,183,342	-	-
Proceeds from contracts payable	255,248	1,243,129	308,801	-
Principal payments on capital debt	(3,876,576)	(2,042,504)	-	(118,211)
Interest paid on capital debt	(2,281,771)	(566,843)	-	(37,195)
Net cash provided (used) by capital and related financing activities	<u>4,145,557</u>	<u>(31,516,626)</u>	<u>(1,081,126)</u>	<u>(226,169)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(98,852,674)	(21,942,880)	(25,892,598)	(987,430)
Proceeds from sale of investments	113,056,866	53,827,254	28,676,133	495,151
Interest received on investments	3,006,635	1,548,628	810,831	51,503
Net cash provided (used) by investing activities	<u>17,210,827</u>	<u>33,433,002</u>	<u>3,594,366</u>	<u>(440,776)</u>
Net increase (decrease) in cash and cash equivalents	18,869,516	17,989,491	814,617	109,257
Cash and cash equivalents at beginning of year	7,701,186	5,254,759	1,843,476	145,479
Cash and cash equivalents at end of year	<u>\$ 26,570,702</u>	<u>\$ 23,244,250</u>	<u>\$ 2,658,093</u>	<u>\$ 254,736</u>
Classified as:				
Cash and cash equivalents	\$ 10,182,818	\$ 2,257,324	\$ 2,658,093	\$ 116,769
Restricted cash with fiscal agents	16,387,842	20,986,915	-	137,936
Non-current restricted cash and cash equivalents	42	11	-	31
Totals	<u>\$ 26,570,702</u>	<u>\$ 23,244,250</u>	<u>\$ 2,658,093</u>	<u>\$ 254,736</u>

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ 286,327	\$ 57,513,158	\$ 25,402,181
(286,051)	(25,751,638)	(10,768,842)
-	(10,776,692)	(7,791,005)
-	(250,000)	(1,627,729)
-	(6,044,504)	-
276	14,690,324	5,214,605
733	18,918,065	5,379,109
-	(20,943,554)	(339,622)
733	(2,025,489)	5,039,487
-	(74,394,485)	(4,615,001)
-	9,448,701	-
-	43,383,342	-
-	1,807,178	-
-	(6,037,291)	-
-	(2,885,809)	-
-	(28,678,364)	(4,615,001)
-	(147,675,582)	(49,261,765)
-	196,055,404	45,269,479
14,345	5,431,942	1,049,143
14,345	53,811,764	(2,943,143)
15,354	37,798,235	2,695,948
439,646	15,384,546	2,362,008
\$ 455,000	\$ 53,182,781	\$ 5,057,956
\$ 455,000	\$ 15,670,004	\$ 5,057,956
-	37,512,693	-
-	84	-
\$ 455,000	\$ 53,182,781	\$ 5,057,956

(continued)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 8,325,655	\$ 894,196	\$ 657,085	\$ (2,567,559)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,924,911	3,719,732	701,706	750,858
(Increase) decrease in assets:				
Accounts receivable	(680,817)	(72,751)	34,838	(11,185)
Prepaid items	(10,560)	-	-	-
Supplies inventory	343,591	-	11,993	-
Other assets	(20,479)	(20,479)	-	-
Increase (decrease) in liabilities:				
Accounts payable	1,040,118	(62,154)	(23,301)	11,850
Accrued payroll	17,036	4,798	13,571	5,657
Due to other governments	19,654	39	-	(118)
Other liabilities	(120,153)	-	743,232	56
Deposits payable	123,216	-	-	-
Claims payable	(250,000)	-	-	-
Deferred revenue	(3,856,353)	-	-	(13,925)
Compensated absences	40,500	10,020	(10,090)	15,660
Total adjustments	<u>1,570,664</u>	<u>3,579,205</u>	<u>1,471,949</u>	<u>758,853</u>
Net cash provided (used) by operating activities	<u>\$ 9,896,319</u>	<u>\$ 4,473,401</u>	<u>\$ 2,129,034</u>	<u>\$ (1,808,706)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	\$ 5,281,842	\$ 3,488,880	\$ -	\$ -
Increase in fair market value of investments	83,569	62,146	20,085	884
Total non-cash investing, capital and financing activities	<u>\$ 5,365,411</u>	<u>\$ 3,551,026</u>	<u>\$ 20,085</u>	<u>\$ 884</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>
\$ (85,489)	\$ 7,223,888	\$ 1,158,520
85,489	10,182,696	3,988,112
3,111	(726,804)	-
-	(10,560)	-
-	355,584	19,822
-	(40,958)	-
-	966,513	(53,658)
-	41,062	27,729
-	19,575	-
-	623,135	-
(2,835)	120,381	-
-	(250,000)	-
-	(3,870,278)	-
-	56,090	74,080
85,765	7,466,436	4,056,085
<u>\$ 276</u>	<u>\$ 14,690,324</u>	<u>\$ 5,214,605</u>
\$ -	\$ 8,770,722	\$ -
-	166,684	23,223
<u>\$ -</u>	<u>\$ 8,937,406</u>	<u>\$ 23,223</u>

(concluded)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007**

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,962	\$ 82,502
Investments (pooled), at fair value	205,701	377,444
Due from other governments	337	3,000
Interest receivable	1,832	366
Total assets	252,832	463,312
<b>LIABILITIES</b>		
Accounts payable	-	546
Other liabilities	-	462,766
Total liabilities	-	463,312
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ 252,832	

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, 2007**

	<u>Firemen's Pension Fund</u>
<b>ADDITIONS</b>	
Contributions:	
State insurance premium tax rebate	\$ 337
Total contributions	<u>337</u>
Investment earnings:	
Interest and investment income	\$ 13,171
Total investment earnings	<u>13,171</u>
Less investment expenses:	
Investment management fees	<u>181</u>
Net investment earnings	<u>12,990</u>
Total additions	<u>13,327</u>
 <b>DEDUCTIONS</b>	
Retirement payments	<u>33,600</u>
Total deductions	<u>33,600</u>
Change in net assets	(20,273)
Net assets - beginning of the year	<u>273,105</u>
Net assets - end of the year	<u><u>\$ 252,832</u></u>

The accompanying notes are an integral part of the financial statements

# Notes to the Financial Statements

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

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The City of Peoria (City) was incorporated in 1954 under the Arizona Revised Statutes. The current City charter provides for the Council - Manager form of government and provides such services as authorized by the charter as limited by the constitution of the State of Arizona.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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, development services, public works, certain social services and general administrative services. In addition, the City owns and operates enterprise funds, which include water, wastewater and solid waste operations, a baseball stadium complex, and the public housing operations.

The financial reporting entity presented in these financial statements consists of the City and two blended component units. In accordance with GASB Statement #14, 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.

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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 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

CITY OF PEORIA, ARIZONA  
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particular functions or segments are included as general revenues. State shared revenues, such as sales taxes, urban revenue sharing and auto-in-lieu taxes, that are not restricted for use in any function, are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds. Although GASB Statement #34 sets forth minimum criteria for the determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of the fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. The City has opted to add some funds as major funds because of outstanding debt or community focus. Other non-major funds, as well as the internal service funds, are combined in a single column on the fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements.

The internal service funds, which provide services to the other funds of the government, are presented in a single combined column in the proprietary fund financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Assets. The costs of the internal service fund services are spread to the appropriate function or segment on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling up effect of these revenues and expenses.

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements. Additional reconciliations are also provided in Note 2.

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.

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**C. Basis of Presentation**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following fund categories (further divided by fund type) are used by the City:

**Governmental Funds**

Governmental funds are used to account for the City's general government activities. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. The following are the Governmental Funds of the City:

General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds account for revenue sources that are restricted to expenditures for specific purposes (not including major capital projects). The restrictions may be imposed by outside parties or by the governing body. The special revenue funds presented as major funds in the basic financial statements are as follows: Half-Cent Sales Tax Fund accounts for the revenues generated from a sales tax increase designated for specific uses per Council policy; Highway User Revenue Fund is required by state statute to track receipts of specific state shared revenues and the expenditure of those funds; 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 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.

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The enterprise funds of the City are as follows:

The Water Utility, Wastewater Utility and Solid Waste Utility Funds all account for the revenues from charges to the customers of these services and the costs of these services.

The Stadium Fund accounts for the revenues generated by and the costs of operation of a sports complex owned by the City. This facility is used for spring training by two major league baseball teams as well as multiple other uses throughout the year.

The Public Housing Fund accounts for the revenues and expenses of the low income housing program operated by the City. While this program does receive Federal subsidies through the Department of Housing and Urban Development, it also generates substantial user fees.

Internal Service Funds account for operations that provide services to other departments or agencies of the government or to other governments on a cost-reimbursement basis. The internal service funds are presented as one column on the proprietary fund financial statements. Combining financial statements are also presented for the internal service funds, but are not part of the basic financial statements. The internal service funds of the City are as follows:

Motor Pool Fund – accounts for the costs of operating the City garage. These costs are charged out to user departments based on direct charges for services used. This fund also accounts for the vehicle replacement fund for all of the City's general governmental vehicles.

Self-Insurance Fund – accounts for the Risk Management function of the City as well as maintaining the costs of the City's liability insurance and any claims paid under the City's self-insurance program. 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. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary Funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs. The City maintains the following types of fiduciary funds:

Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefit plans, or other employee benefit plans. The City has one Pension Trust Fund to account for the activities of the volunteer firemen's retirement plan.

Agency Funds account for assets the City holds as an agent for individuals, private organizations, other governments or other funds in a temporary custodial capacity. The City currently maintains five agency funds. One fund accounts for the monies collected from developers in one area of the City and held in trust by the City until reimbursed by the City to a developer that made certain infrastructure improvements in that area. Three funds account for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator. These are Neighborhood Pride, PLAY Peoria, and Peoria Citizens Corp Council. The fifth fund accounts for monies held on behalf of Westside Fire Training IGA, a consortium of area fire departments that pool monies for training activities, for which the City acts as the administrator.

CITY OF PEORIA, ARIZONA  
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**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All funds are reported in the government-wide financial statements on the flow of economic resources measurement focus and accrual basis of accounting.

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and 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.

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**E. Budgets and Budgetary Accounting**

The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.
- Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation (see Note 1.F). Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2007.
- 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, except the agency funds, have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

The City prepares its annual budget on a modified cash basis, which differs from GAAP. GASB Statement #34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the annual financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis). The City has also shown this information as supplementary schedules for other governmental funds as well as enterprise funds and internal service funds.

**F. Expenditure Limitation**

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. The limitation restricts the annual growth of expenditures to a percentage determined by population and inflation. Certain types of expenditures are excluded from the limitation. Article 9, Sections 20

CITY OF PEORIA, ARIZONA  
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and 21 of the Arizona Constitution require the Economic Estimate Commission to determine each year the expenditure limitation for the following fiscal year for all cities in Arizona. The limitation is calculated based on the amount of fiscal year 1979-1980 actual payments of local revenues, referred to as the "base limit". Each year, the base limits for local jurisdictions are adjusted for population growth and inflation to calculate the new expenditure limitations for the cities. Local governments may carry forward revenues which were not subject to the expenditure limitation, and which were not expended in the year of receipt, to later years.

The State Constitution also gives local jurisdictions several methods of seeking approval from their citizens to override the state expenditure limitation. One of these is local approval of a permanent base adjustment. In March 2003, the voters of Peoria approved a \$15 million permanent adjustment of the expenditure base. This permanent base adjustment was effective beginning in fiscal year 2005-2006. The City of Peoria's state calculated expenditure limitation for fiscal year 2006-2007, including the permanent base adjustment, was \$584,732,271.

#### **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. It is generally the City's policy to hold investments to maturity.

##### Investment Policy

The City's funds are invested through the City's Finance Department in accordance with the City's investment policy and Arizona Revised Statutes. The City's policy is to invest in certificates of deposit, money market mutual funds, repurchase agreements, corporate securities, direct U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and the State of Arizona local government investment pool. In addition, the function of the Finance Department is to review and monitor the City's investment policy and to monitor compliance with the investment policy and reporting provisions of the law through an annual audit.

The investment balances are comprised of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to bond issuances of the Enterprise funds and the General Fund's cash reserve requirements. In addition to these, the City has other funds that are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the City.

##### Investment Valuation

Local Government Investment Pool - Investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of participants' position in the pool approximates the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

Other Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market price are reported at estimated fair value.

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The City's investment policy permits the City to invest in fixed coupon dollar repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase similar securities in the future at a lower price that reflects a financing rate. The fair value of securities underlying fixed coupon dollar repurchase agreements must equal at least 102% the cash received. If the dealers default on their obligations to resell these securities to the City at the agreed upon buyback price, the City could suffer an economic loss if the securities have to be purchased in the open market at a price higher than the agreed-upon buyback price.

Other non-pooled investments are also generally carried at fair value. However, money market investments (such as short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations) and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) that have a remaining maturity at the time of purchase of one year or less, are carried at amortized cost. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the funds' current share price.

#### Investment Income

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments. Income from pooled cash and investments is allocated to the individual funds based on the fund's month end cash balance in relation to the total pooled investments. City management has determined that the investment income related to certain Special Revenue Funds should be allocated to the General Fund. Each fund's equity in the pooled cash and investments is tracked on an ongoing basis. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as a due to the General Fund at year-end.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

#### **I. Inventory and Prepaid items**

Inventories are valued at cost and the City uses the first-in, first-out (FIFO) flow assumption in determining cost. Inventory in the governmental funds, which consists of expendable supplies held for consumption, is recorded as an expenditure at the time individual inventory items are consumed and is offset by a fund balance reserve 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.

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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, 2007, the City capitalized net interest costs of \$59,546 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 \$2,808,416.

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

<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” for the current portion and “interfund receivables and payables” for the non-current portion (if applicable).

Certain transactions occurring between funds that are combined within the same fund type or displayed in the same financial statement column for presentation in these annual financial statements have been eliminated from the financial statements. These transactions include transfers between funds and interdepartmental service charges. In the government-wide financial statements, only the net interfund activity and balances between governmental activities and business-type activities are shown (reported as “internal balances”). Also see Note 8.

CITY OF PEORIA, ARIZONA  
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**L. Receivables**

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

**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 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. The City is not able to reasonably estimate any potential liability for retiree sick time payout, 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.

CITY OF PEORIA, ARIZONA  
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**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 expenses 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 at June 30, 2007 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 damage to City vehicles valued up to \$50,000. Vehicles with a value in excess of \$50,000 have a \$5,000 deductible. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts up to \$40,000,000. For additional information on insurance amounts, see Table XXXIII on page 178. 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, 2007, there was no significant reduction in excess insurance coverage. Additionally, settlements 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 2006 and 2007 were:

Years Ended, June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2006	\$3,100,000	\$912,910	\$(912,910)	\$3,100,000
2007	3,100,000	490,535	(490,535)	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 2007, the City implemented the following new accounting standard issued by the Governmental Accounting Standards Board:

Statement No. 48 – “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”.

**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.

CITY OF PEORIA, ARIZONA  
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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:

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Internal Service Funds (2)</b>	<b>Statement of Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 37,612,942	-	5,057,956	42,670,898
Investments	187,178,036	-	23,140,077	210,318,113
Accounts receivable, net	11,580,185	-	-	11,580,185
Interest receivable	1,945,625	-	159,130	2,104,755
Internal balances	-	-	(467,470)	(467,470)
Due from other governments	5,958,173	-	-	5,958,173
Prepaid items	142,821	-	-	142,821
Supply inventories	200,842	-	70,046	270,888
Deferred bond issuance costs, net	-	3,615,250	-	3,615,250
Other assets	-	3,180,000	-	3,180,000
Restricted cash/cash equivalents	41,473,430	-	-	41,473,430
Restricted investments	44,662,298	-	-	44,662,298
Special assessment receivables	12,786,119	-	-	12,786,119
Capital assets	-	748,635,007	19,150,791	767,785,798
<b>Total assets</b>	<b>\$ 343,540,471</b>	<b>755,430,257</b>	<b>47,110,530</b>	<b>1,146,081,258</b>
<b>Liabilities</b>				
Accounts payable	\$ 13,770,537	-	684,352	14,454,889
Accrued payroll	1,602,743	-	154,890	1,757,633
Interest payable	115,990	4,994,192	-	5,110,182
Due to other governments	1,707,710	-	-	1,707,710
Claims payable	-	-	3,100,000	3,100,000
Customer deposits	3,317	-	-	3,317
Deferred revenue	19,484,057	(8,530,389)	-	10,953,668
Arbitrage liability	21,830	-	-	21,830
Other liabilities	8,639,599	-	-	8,637,599
Unamortized bond premium	-	3,175,023	-	3,175,023
Compensated absences-current	-	3,567,230	437,950	4,005,180
Current bonds/contracts payable	-	29,568,983	-	29,568,983
Long-term liabilities (net of deferred loss)	-	257,119,030	44,180	257,163,210
<b>Total liabilities</b>	<b>\$ 45,345,783</b>	<b>289,894,069</b>	<b>4,421,372</b>	<b>339,661,224</b>
<b>Fund Balance/Net Assets</b>				
<b>Total fund balance/net assets</b>	<b>\$ 298,194,688</b>	<b>465,536,188</b>	<b>42,689,158</b>	<b>806,420,034</b>
<b>Total liabilities and fund balance/net assets</b>	<b>\$ 343,540,471</b>	<b>755,430,257</b>	<b>47,110,530</b>	<b>1,146,081,258</b>

(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	\$ 910,154,276
Accumulated depreciation	(161,519,269)
	<u>\$ 748,635,007</u>

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

	Interest payable	\$ 3,615,250
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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.

	Interest payable	\$ 4,994,192
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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

	Interest payable	\$ 3,175,023
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**CITY OF PEORIA, ARIZONA**  
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**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	\$ 40,264,731
Bonds payable	247,435,594
Compensated absences	<u>3,894,210</u>
Subtotal	<u>291,594,535</u>
Less: current compensated absences	3,567,230
current portion of bonds/contracts	<u>29,568,983</u>
	<u>\$ 258,458,322</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. \$ (1,339,292)

Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill. \$ 3,180,000

Deferred revenue for the long-term special assessment receivables shown on the governmental fund statements is not deferred on the statement of net assets. Also, certain 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	\$ (7,832,394)
Other deferred revenue	<u>(697,995)</u>
	<u>\$ (8,530,389)</u>

(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	<u>\$ 42,689,158</u>
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**Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities:**

	<b>Total Governmental Funds</b>	<b>Long-term Revenues/ Expenses(1)</b>	<b>Capital- related Items(2)</b>	<b>Internal Service Funds(3)</b>	<b>Long-term Debt Transactions(4)</b>	<b>Eliminations and Adjustments(5)</b>	<b>Statement of Activities</b>
<b>Revenues and Other Sources</b>							
<b>Taxes:</b>							
Sales and use taxes	\$ 68,873,970	-	-	-	-	-	68,873,970
Property taxes	17,922,469	149,338	-	-	-	42,757	18,114,564
Franchise taxes	3,983,701	-	-	-	-	-	3,983,701
<b>Intergovernmental:</b>							
State shared sales taxes	13,130,116	-	-	-	-	-	13,130,116
Urban revenue sharing	15,996,992	-	-	-	-	-	15,996,992
Auto-in-lieu taxes	5,725,299	-	-	-	-	-	5,725,299
Highway user revenue	9,870,460	-	-	-	-	-	9,870,460
Local transportation aid	658,598	-	-	-	-	-	658,598
From federal government	3,101,796	-	-	-	-	-	3,101,796
Other	15,800,183	-	-	-	-	-	15,800,183
Charges for services	39,290,401	180,453	-	-	-	(233,087)	39,237,767
Licenses and permits	3,878,132	-	-	-	-	208	3,878,340
Fines and forfeitures	2,203,756	-	-	-	-	(1,221)	2,202,535
Rents	249,069	-	-	-	-	-	249,069
Investment earnings	10,942,001	-	-	1,158,830	-	-	12,100,831
Special assessments	1,971,991	(1,411,473)	-	-	-	-	560,518
Miscellaneous	6,992,363	381,637	45,726	-	-	19,467	7,439,193
<b>Other sources:</b>							
Gain on sale of capital assets	-	-	60,785	-	-	-	60,785
Capital contributions	-	-	21,415,761	-	-	-	21,415,761
Refunding bonds issued	18,365,000	-	-	-	(18,365,000)	-	-
Capital-related debt issued	122,090,000	-	-	-	(122,090,000)	-	-
Premium on bonds issued	1,502,204	-	-	-	(1,502,204)	-	-
Expired debt agreement	-	-	-	-	23,941	-	23,941
Transfers in	17,798,434	-	5,706,199	5,379,109	-	(20,832,964)	8,050,778
<b>Total revenues and other sources</b>	<b>380,346,935</b>	<b>(700,045)</b>	<b>27,228,471</b>	<b>6,537,939</b>	<b>(141,933,263)</b>	<b>(21,004,840)</b>	<b>250,475,197</b>

CITY OF PEORIA, ARIZONA  
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	<b>Total Governmental Funds</b>	<b>Long-term Revenues/ Expenses(1)</b>	<b>Capital- related Items(2)</b>	<b>Internal Service Funds(3)</b>	<b>Long-term Debt Transactions(4)</b>	<b>Eliminations and Adjustments(5)</b>	<b>Statement of Activities</b>
<b>Expenditures/Expenses</b>							
<b>Current:</b>							
General government	23,833,440	(33,684)	2,754,476	(1,166,613)	-	6,266	24,393,885
Culture and recreation	17,013,511	59,330	1,581,038	(402,927)	-	(303,231)	17,947,721
Police	28,163,474	(25,630)	1,549,323	(1,162,371)	-	23,605	28,548,401
Fire	16,522,036	182,750	1,354,584	(686,190)	-	28,744	17,401,924
Development services	5,526,599	7,290	73,203	(1,474)	-	-	5,605,618
Highways and streets	14,679,124	24,430	9,100,993	(793,648)	-	20,645	23,031,544
Public works	5,010,116	33,640	1,364,284	(142,207)	-	22,613	6,288,446
Human services	2,291,469	12,880	48,037	(36,028)	-	-	2,316,358
Other	45,912	-	-	-	-	29,482	75,394
<b>Debt service:</b>							
Principal payments	16,178,431	-	-	-	(16,178,431)	-	-
Interest and other charges	8,099,492	1,401,348	-	-	(1,435,391)	-	8,065,449
Capital outlay	76,919,805	-	(76,919,805)	-	-	-	-
Unallocated depreciation	-	575,334	-	-	-	-	575,334
Total expenditures/ expenses	<u>213,283,409</u>	<u>2,237,688</u>	<u>(59,093,867)</u>	<u>(4,391,458)</u>	<u>(17,613,822)</u>	<u>(171,876)</u>	<u>134,250,074</u>
<b>Other financing uses/changes in net assets</b>							
Transfers out	21,121,233	-	5,397,398	339,622	-	(20,832,964)	6,025,289
Payment to bond refunding escrow agent	18,365,000	-	-	-	(18,365,000)	-	-
Total expenditures/expenses & other financing uses	<u>252,769,642</u>	<u>2,237,688</u>	<u>(53,696,469)</u>	<u>(4,051,836)</u>	<u>(35,978,822)</u>	<u>(21,004,840)</u>	<u>140,275,363</u>
Net change for the year	<u>\$ 127,577,293</u>	<u>(2,937,733)</u>	<u>80,924,940</u>	<u>10,589,775</u>	<u>(105,954,441)</u>	<u>-</u>	<u>110,199,834</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 | <u>\$ 416,340</u> |
|---|-------------------|
- 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                  | \$ 1,567,730        |
| Amortization of loss on refunding | 113,937             |
| Amortization of bond premium      | <u>(280,319)</u>    |
|                                   | <u>\$ 1,401,348</u> |
- 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.
- |  |                   |
|--|-------------------|
|  | <u>\$ 149,338</u> |
|--|-------------------|
- Revenues earned, but not expected to be received within six months, are deferred in the governmental operating statement, but recognized when earned on the statement of activities. When revenues are subsequently received, they are recognized in the governmental operating statement and reversed in the statement of activities.
- |  |                   |
|--|-------------------|
|  | <u>\$ 381,637</u> |
|--|-------------------|
- Certain development agreements received in the governmental funds are deferred in the government-wide statements until the matching assets are accepted.
- |  |                   |
|--|-------------------|
|  | <u>\$ 180,453</u> |
|--|-------------------|
- 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 | <u>\$ (1,411,473)</u> |
|--|-----------------------|
- Certain long-term debt obligations are offset by a goodwill asset that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements.
- |  |                     |
|--|---------------------|
|  | <u>\$ (420,000)</u> |
|--|---------------------|

CITY OF PEORIA, ARIZONA  
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(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	\$ (76,919,805)
Depreciation expense	<u>17,853,769</u>
	<u>\$ (59,066,036)</u>

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:	<u>\$ 45,726</u>
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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	<u>\$ 21,415,761</u>
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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	<u>\$ 60,785</u>
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The donation of governmental capital assets from Proprietary Funds is not shown in the governmental fund statements but is a transfer in on the statement of activities.

Transfers out	\$ 5,397,398
Transfers in	<u>(5,706,199)</u>
	<u>\$ (308,801)</u>

(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	\$ 6,537,939
Expenditures and other uses	<u>4,051,836</u>
Change in net assets	<u>\$ 10,589,775</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>\$ (16,178,431)</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	<u>\$ (122,090,000)</u>
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The issuance of refunding bonds provides both a financial resource (the issuance) and an other financing use (payment to the escrow agent) in the governmental statements but these debt transactions do not create sources or uses on the statement of activities.

Issuance of refunding bonds	\$ 18,365,000
Payment to bond escrow agent	<u>(18,365,000)</u>
	<u>\$ -</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	\$ 1,510,616
Amortization of bond issuance costs	(206,973)
Bond premium	(1,502,204)
Amortization of bond issuance costs	<u>131,748</u>
	<u>\$ (66,813)</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>\$ 23,941</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

CITY OF PEORIA, ARIZONA  
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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.

Bad debt expense	\$ 131,362
Allowance for uncollectible accounts receivable	(131,362)
	<u>\$ -</u>

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

Expenditures	<u>\$ 27,831</u>
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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	\$ 303,238
Interfund service charges	(303,238)
	<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	\$ 16,004,039
Transfers in	(16,004,039)
	<u>\$ -</u>

**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. In all cases, the budgetary statements or schedules include a reconciliation of the adjustments required to convert the budgetary revenues and expenditures or change in net assets on a budgetary basis, to revenues and expenditures/expenses or change in net assets on a GAAP basis.

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide Statement of Net Assets, and on the fund financial statements, as "Cash and cash equivalents" and "Investments".

At June 30, 2007, the carrying amount of the City's deposits was \$39,023,038 and the bank balance was \$47,731,046. 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 \$8,708,008 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

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certain type of investment risks. The City's adopted investment policy is in compliance with Statement 40.

*Interest rate risk:* In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 35% invested for a period of one year or less and no more than 20% of the City's portfolio be invested for a period greater than three years. At June 30, 2007, 78.9% of the City's investments have a maturity of less than one year and 1.1% have maturities greater than three years. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed one year. The WAM at June 30, 2007 was 213 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, 2007, the City's investments include \$6.5 million in Commercial Paper and no Banker's Acceptance securities. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market values of securities underlying repurchase agreements were at or above the required level during the fiscal year.

Investment Type	Moody's Rating	S&P Rating	% of Investments
Federal Farm Credit Bank - Agency Note	Aaa	AAA	1.6
Federal Farm Credit Bank - Callable Agency Note	Aaa	AAA	0.5
Federal Home Loan Bank - Agency Note	Aaa	AAA	8.2
Federal Home Loan Bank - Callable Agency Note	Aaa	AAA	13.4
Federal Home Loan Bank - Discount Notes	Aaa	AAA	2.2
Federal Home Loan Mortgage Corp - Agency Note	Aaa	AAA	11.6
Federal Home Loan Mortgage Corp - Callable Agency Note	Aaa	AAA	7.5
Federal Home Loan Mortgage Corp-Discout Note	Aaa	AAA	20.4
Federal National Mortgage Assoc-Agency Note	Aaa	AAA	11.9
Federal National Mortgage Assoc-Callable Agency Note	Aaa	AAA	2.4
Federal National Mortgage Assoc-Discout Note	Aaa	AAA	20.3

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, 2007, 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, 2007, the City's investments include 47% invested in U.S. Agency Coupon securities, 35.5% in U.S. Agency Discount Notes, 10.9% in U.S. Treasury Notes, 1.7% in Commercial Paper, and 4.9% 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.

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At June 30, 2007, the City's investments included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Unrestricted Investments:</u>					
City of Peoria Bonds	\$ 514,251	577,813	-	-	\$ 1,092,064
U.S. Treasury notes and strips	37,119,138	4,892,188	-	-	42,011,326
Agency coupon securities	88,264,055	-	-	-	88,264,055
Agency discount notes	54,038,615	70,932,632	-	4,989,062	129,960,359
Commercial Paper	6,493,452	-	-	-	6,493,452
					<u>267,821,256</u>
State of Arizona local					
government investment pool	2,587,729				2,587,729
Mutual fund-money market	5,430,520				5,430,521
Total unrestricted investments	194,447,761	76,402,683	-	4,989,062	275,839,506
Less: amount included in cash and cash equivalents					
					<u>18,304,845</u>
Unrestricted investments, net					\$ <u>257,534,661</u>
Total investments per statement of net assets					
					\$ 279,753,882
Less amount due to restricted cash					
					22,802,366
Investments in Fiduciary Funds					
					<u>583,145</u>
Total unrestricted investments					\$ <u>257,534,661</u>
<u>Restricted Assets (1):</u>					
Agency coupon securities	51,948,663				\$ 51,948,663
Agency discount notes	48,799,064				48,799,064
Mutual fund-money market	9,690,394				9,690,394
Subtotal Restricted Assets	110,438,121	-	-	-	\$ 110,438,121
Water Infrastructure loans not yet drawn					
					37,139,353
Less amount due from investments					
					22,802,366
Less amount due from cash and cash equivalents					
					1,126,603
Total Restricted Assets					\$ <u>123,648,505</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, 2007 consisted of the following:

Investments included in cash and cash equivalents	\$ 18,304,845
Carrying amount of City deposits	39,023,038
Amounts due from restricted cash	1,126,603
Petty cash on hand	13,880
Total cash and cash equivalents	58,468,366
Less: Cash and cash equivalents of Fiduciary funds	127,464
Total cash and cash equivalents per statement of net assets	\$ <u>58,340,902</u>

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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, 2007:

Net interest and dividends	\$ 17,585,120
Net increase in the fair value of investments	<u>380,321</u>
Total net investment income	17,965,441
Less: net investment income of Fiduciary funds	<u>12,990</u>
Total net investment income per statement of activities	<u>\$ 17,952,451</u>

The net increase in the fair value of investments during fiscal year 2006-2007 was approximately \$380,321. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2007 was approximately \$130,997.

**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 2007 are \$1,038,870,598 and \$1,115,620,151 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.

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

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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, 2007:

**Governmental activities:**

General Fund:

Due from Maricopa County for:		
Property tax	\$	49,320
Due from State of Arizona for:		
State shared sales tax		1,093,012
State revenue sharing		1,620,084
Auto lieu tax		574,869
Miscellaneous other		92,350
Due from Peoria Unified School District		90,597
Due from Federal Emergency Management Agency		32,205
Subtotal		<u>3,552,437</u>

Highway User Revenue Fund:

Due from State of Arizona (Highway user revenue)		889,400
Due from Maricopa County – Property tax (SLIDS)		7,058
Subtotal		<u>896,458</u>

Non-major Governmental Fund:

Due from US Department of Housing & Urban Development		235,291
Due from US Department of Transportation		227,243
Due from US Department of Homeland Security		182,368
Due from other Federal agencies		144,069
Due from Maricopa County:		
Home grant		22,666
Property tax		255,885
Other		179,868
Due from State of Arizona		261,888
Subtotal		<u>1,509,278</u>
Total governmental activities	\$	<u>5,958,173</u>

**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, 2007:

<u>Fund</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
<b>Governmental activities:</b>			
General Fund	\$ 5,072,348	144,131	4,928,217
Half-Cent Sales Tax Fund	1,447,557	-	1,447,557
Highway User Revenue Fund	341,379	37,348	304,031
Transportation Sales Tax Fund	862,043	-	862,043
Other Governmental Funds	4,289,487	251,150	4,038,337
Total governmental activities	<u>\$ 12,012,814</u>	<u>432,629</u>	<u>11,580,185</u>
<b>Business-type activities:</b>			
Water Utility Fund	\$ 7,004,580	956,139	6,048,441
Wastewater Utility Fund	2,686,295	275,348	2,410,947
Solid Waste Utility Fund	1,862,599	235,528	1,627,071
Stadium Fund	15,510	-	15,510
Public Housing Fund	15,152	-	15,152
Total business-type activities	<u>\$ 11,584,136</u>	<u>1,467,015</u>	<u>10,117,121</u>

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**8. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES**

Net interfund receivables and payables between governmental activities and business-type activities of \$467,470 are included in the government-wide financial statements at June 30, 2007. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities).

The net transfers of \$2,025,489 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, 2007:

<u>Fund</u>	<u>Transfers out</u>	<u>Transfers in</u>
Governmental funds:		
General Fund	\$ 3,385,722	10,657,680
Half-Cent Sales Tax Fund	10,903,761	2,931
Highway User Revenue Fund	1,012,664	1,497,348
Development Fee Fund	419,945	-
Transportation Sales Tax Fund	663,608	-
Special Assessment Debt Service Fund	5,189	-
GO Bond Capital Projects Fund	-	761,705
Non-Major Governmental Funds	<u>4,730,344</u>	<u>4,878,770</u>
Total governmental funds	<u>21,121,233</u>	<u>17,798,434</u>
Enterprise funds:		
Water Utility Fund	15,345,096	2,961,909
Wastewater Utility Fund	1,431,661	13,031,375
Solid Waste Utility Fund	3,885,732	58,075
Stadium Fund	281,065	2,865,973
Stadium Fund	-	733
Total enterprise funds	<u>20,943,554</u>	<u>18,918,065</u>
Internal Service funds	<u>339,622</u>	<u>5,379,109</u>
Grand totals	<u>\$ 42,404,409</u>	<u>42,095,608</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 another. There were no significant transfers during fiscal year 2007 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer. The difference of \$308,801 between total fund transfers in and out for fiscal year 2007 is the transfer of proprietary capital assets from the Sanitation Fund to governmental activities. For further detail on interfund transfers, refer to Exhibit 6 on pages 135-138.

**9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Both the Water Utility Fund and the Wastewater Utility Fund have revenue streams pledged in support of outstanding revenue bonds but since both segments are discretely presented in the proprietary fund financial statements, all required segment information is disclosed on the face of those statements.

**10. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At June 30, 2007, no funds had an accumulated fund deficit. For the year ended June 30, 2007, expenditures, including capital outlay and transfers, did not exceed budget at the department level (i.e. the level of budgetary control) in any funds.

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**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, 2007:

General Fund:	
Designated for economic stabilization reserve	\$ 32,700,000
Designated for encumbrances	7,719,027
Designated for capital construction	5,518,504
Designated for branch library equipment	81,810
Designated for economic development	551,376
Designated for municipal office complex reserve	<u>5,789,373</u>
	52,360,090
Half-Cent Sales Tax Fund:	
Designated for economic stabilization reserve	\$ 5,100,000
Designated for encumbrances	436,329
Designated for capital construction	3,030,000
Designated for debt service retirement	<u>1,000,000</u>
	9,566,329
Highway User Revenue Fund:	
Designated for encumbrances	<u>\$ 73,095</u>
Development Fee Fund:	
Designated for encumbrances	<u>\$ 7,818,173</u>
Transportation Sales Tax Fund:	
Designated for encumbrances	<u>\$ 145,570</u>
GO Bond Capital Projects Fund:	
Designated for encumbrances	<u>\$ 6,574,840</u>
Non-major Funds:	
Public Transit Fund:	
Designated for encumbrances	<u>\$ 3,030</u>
Section 8 Housing Fund:	
Designated for encumbrances	<u>285,813</u>
Other Grants Fund:	
Designated for encumbrances	45,127
Designated for arts capital	<u>1,786,667</u>
sub-total	<u>1,831,794</u>
CFD Bonds Capital Projects Fund:	
Designated for encumbrances	<u>7,308,481</u>
Improvement District Bond Capital Projects:	
Designated for encumbrances	<u>2,594,710</u>
Non-Bond Capital Projects Fund:	
Designated for encumbrances	1,015,140
Designated for capital construction	<u>1,424,204</u>
sub-total	<u>2,439,344</u>
Non-major funds total	<u>14,463,172</u>
Total governmental funds	<u>\$ 91,001,269</u>

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Water Utility Fund:	
Designated for working capital policy reserve	\$ 18,600,000
Designated for capital equipment replacement	1,986,598
Designated for capital construction	<u>2,044,739</u>
	22,631,337
Wastewater Utility Fund:	
Designated for working capital policy reserve	9,600,000
Designated for capital equipment replacement	996,608
Designated for capital construction	<u>4,517,569</u>
	15,114,177
Solid Waste Utility Fund:	
Designated for working capital policy reserve	2,000,000
Designated for capital equipment replacement	<u>4,644,072</u>
	6,644,072
Stadium Fund:	
Designated for capital equipment replacement	<u>64,999</u>
Total proprietary funds	<u>\$ 44,454,585</u>
Internal Service Funds:	
Designated for capital equipment replacement	<u>\$ 16,358,234</u>

**12. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2007 follows:

	<u>Balances</u> <u>June 30, 2006</u>	<u>Additions/ Transfers in</u>	<u>Disposals/ Transfers out</u>	<u>Balances</u> <u>June 30, 2007</u>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Work in Progress – Parks	\$ 20,146,176	14,489,390	(1,802,033)	32,833,533
Work in Progress – Land	186,835	-	(186,835)	-
Work in Progress – Buildings	8,337,888	32,658,069	(1,114,859)	39,881,098
Work in Progress – Storm drains	7,727,058	7,062,614	(4,811,855)	9,977,817
Work in Progress – Streets	31,863,767	13,438,091	(5,959,879)	39,341,979
Work in Progress – Technology	4,851,332	1,525,565	(1,636,128)	4,740,769
Work in Progress – Vehicles	-	-	-	-
Land	<u>244,246,655</u>	<u>39,444,415</u>	<u>-</u>	<u>283,691,070</u>
Total non-depreciable assets	317,359,711	108,618,144	(15,511,589)	410,466,266
Depreciable assets:				
Buildings & Improvements	75,920,466	1,133,960	-	77,054,426
Furniture	2,482,825	259,565	-	2,742,390
Equipment	35,805,683	3,244,643	-	39,050,326
Vehicles	15,945,138	2,692,778	(809,678)	17,828,238
Storm drain system	48,567,351	4,837,590	-	53,404,941
Street system	309,236,632	23,508,886	-	332,745,518
Park system	<u>19,073,513</u>	<u>1,845,556</u>	<u>-</u>	<u>20,919,069</u>
Total depreciable assets at historical cost	<u>507,031,608</u>	<u>37,522,978</u>	<u>(809,678)</u>	<u>543,744,908</u>
Less accumulated depreciation for:				
Buildings & Improvements	(18,662,602)	(1,826,359)	-	(20,488,961)
Furniture	(1,591,974)	(216,852)	-	(1,808,826)
Equipment	(23,617,570)	(3,119,073)	-	(26,736,643)
Vehicles	(7,971,943)	(1,940,125)	782,702	(9,129,366)
Storm drain system	(10,988,669)	(1,185,160)	-	(12,173,829)
Street system	(101,774,680)	(8,833,340)	-	(110,608,020)
Park system	<u>(4,746,871)</u>	<u>(732,860)</u>	<u>-</u>	<u>(5,479,731)</u>
Total accum. depreciation assets, net	<u>(169,354,309)</u>	<u>(17,853,769)</u>	<u>782,702</u>	<u>(186,425,376)</u>
Governmental activities capital assets, net	<u>\$ 655,037,010</u>	<u>128,287,353</u>	<u>(15,538,565)</u>	<u>767,785,798</u>

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	Balances June 30, 2006	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2007
<b>Business-type activities:</b>				
Non-depreciable assets:				
Work in Progress - Baseball	\$ 30,935	-	(30,935)	-
Work in Progress - Water system	39,526,139	10,778,525	(14,290,499)	36,014,165
Work in Progress - Wastewater	20,305,563	59,456,595	(2,019,729)	77,742,429
Land	15,426,824	1,227,948	-	16,654,772
Total non-depreciable assets	75,289,461	71,463,068	(16,341,163)	130,411,366
Depreciable assets:				
Buildings & improvements	29,130,071	27,360	-	29,157,431
Furniture	141,295	17,585	-	158,880
Equipment	2,407,424	991,063	(12,644)	3,385,843
Vehicles	9,159,522	2,323,485	(253,660)	11,229,347
Water system	201,604,659	19,198,668	-	220,803,327
Wastewater system	153,402,807	5,550,369	-	158,953,176
Total depreciable assets at historical cost	395,845,778	28,108,530	(266,304)	423,688,004
Less accumulated depreciation for:				
Buildings & improvements	(9,515,149)	(728,366)	-	(10,243,515)
Furniture	(40,985)	(19,799)	-	(60,784)
Equipment	(1,376,242)	(361,958)	10,366	(1,727,834)
Vehicles	(4,373,003)	(1,034,007)	253,660	(5,153,350)
Water system	(32,219,179)	(4,386,914)	-	(36,606,093)
Wastewater system	(35,333,066)	(3,495,314)	-	(38,828,380)
Total accum. depreciation	(82,857,624)	(10,026,358)	264,026	(92,619,956)
Total depreciable assets, net	312,988,154	18,082,172	(2,278)	331,068,048
Business-type activities capital assets, net	\$ 388,277,615	89,545,240	(16,343,441)	461,479,414

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

General government	\$ 2,179,142
Culture and recreation	1,581,038
Police	1,549,323
Fire	1,354,584
Development services	73,203
Highways and streets	9,128,823
Public works	1,364,285
Human services	48,037
Unallocated	575,334
Total depreciation expense	<u>\$ 17,853,769</u>

### 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 and \$22,760,000 in 2007 of general obligation bonds against this authorization. These bonds will be repaid by the property owners within VCFD. The bonds are obligations of the district only. The City has no obligation for VCFD debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of VCFD.

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**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, 2007, there are no outstanding GO bonds in the business-type activities.

GO bonds are backed by the "full faith and credit" of the City and are repaid through the City's levying of property (ad valorem) taxes. There is no legal limit on the secondary property tax used for debt service on GO bonds.

**Statutory Debt Limitation:** Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, (after January 1, 1974) parks and open space, and (after December 7, 2006) public safety and transportation purposes may not exceed 20 percent of a City's net secondary assessed valuation. Also outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City's net secondary assessed valuation. The City's computation of legal debt margins available for creation of additional debt at June 30, 2007 was \$38,467,209 and \$108,759,030 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.

**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.

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At June 30, 2007, 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, 2007 totaled \$3,275.

**E. Community Facilities District bonds**

Community Facilities District (CFD) bonds are issued by separate legal entities formed for the purposes of financing public infrastructure improvement within a specific area of the City. The repayment of these bonds is the responsibility of the district, not the City. As the administrator for the district, the City collects the property taxes and makes the debt payments on behalf of the district. See further discussion of CFD bonds outstanding in Note 13.

**F. Authorized and issued debt**

The voters of the City authorized \$22,080,000 of general obligation bonds at a special bond election in March 1990, and \$75,150,000 in September 1994 of which \$592,560 and \$12,000,657, respectively, was unissued at June 30, 2007. 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 in 2003 and \$59,472,631 in 2007 have been issued against the 2000 authorization, leaving \$200,845,913 unissued. In May 2005, the voters authorized \$196,000,000 in general obligation bonds as follows: \$52,000,000 for public safety and municipal operations, \$109,000,000 for streets, bridges and traffic control projects, and \$35,000,000 for parks, recreation and library projects. Also in May 2005 the voters authorized \$160,000,000 in revenue bonds for water treatment, water system, wastewater and storm drainage projects. In 2007, \$24,087,416 in general obligation bonds and \$40,831,066 in water infrastructure bonds were issued against the 2006 authorizations, leaving \$171,912,584 and \$119,168,934 unissued.

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, 2007. For further detail of authorized, issued and unissued bonds, see Table XXVIII in the Statistical Section of this report.

**G. Bond covenants and restrictions**

There are various limitations and restrictions contained in debt covenants on some bonds requiring that the City maintain certain reserves or other restrictions. No violations of those covenants occurred during the fiscal year ending June 30, 2007.

**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, 2007. The City has an arbitrage liability of \$21,830 at June 30, 2007.

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Bonds payable at June 30, 2007 are comprised of the following:

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
<b>General Obligation Bonds</b>							
03/30/93	Series 1993	Refunding portions of Series 1985, 1986, 1989, 1990A	7/1/93-11	5.84	10.5	\$ 9,900,000	\$ 3,205,000
06/21/95	Series A (1995)	Various improvements	7/1/96-15	5.34	12.5	4,695,000	245,000
07/02/96	Series B (1996)	Various improvements	7/1/97-16	5.52	13.2	6,000,000	315,000
07/01/98	Series A (1998)	Various improvements	7/1/99-18	4.82	12.2	5,930,000	4,265,000
07/01/98	Series B (1998)	Refunding portions of Series 1994, 1992A/B	7/1/99-14	4.64	9.8	4,030,000	2,285,000
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	27,570,000	19,775,000
03/01/07	Series A (2007)	Various improvements	7/1/07-26	4.27	20	94,380,000	94,380,000
03/01/07	Series B (2007)	Refunding portions of Series 1995, 1996, 2000	7/1/07-20	4.00	14	18,365,000	18,365,000
Total General Obligation Bonds						170,870,000	142,835,000
<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	22,255,141	15,373,530
03/09/06	Series 2006	Revenue Bonds MDA Series 2006	7/1/06-25	4.2	10.9	6,675,000	6,280,000
						28,930,141	21,653,530
<b>Highway User Revenue Bonds</b>							
07/10/96	Series C (1996)	Street, bridge, traffic signal improvements	7/1/97-16	5.81	14.1	4,600,000	3,570,000
<b>Special Assessment Bonds</b> (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	2,270,000
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	2,655,000
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	835,000
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	1,285,000
08/28/01	ID# 9303	75th Ave & Paradise Ln ID-Street & bridge improvements	1/1/03-11	6.00	5.7	2,270,000	1,092,064
04/01/07	ID# 0601	99 <sup>th</sup> Ave & Northern ID-Street improvements	7/1/07-22	4.25	15	4,950,000	4,950,000
Total Improvement District Bonds						26,505,000	13,292,064
<b>Community Facility District Bonds</b> (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	19,775,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	23,550,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/07-26	4.26	20	22,760,000	22,760,000
Total Community Facilities District Bonds						67,560,000	66,085,000
Total bonds payable recorded in governmental activities							247,435,594
Less current portion							(22,512,514)
Long-term portion of bonds payable recorded in governmental activities							\$224,923,080
<b>CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	\$ 2,759,859	\$ 1,906,470
<b>Revenue Bonds</b>							
08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	6,010,353
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	8,908,261
09/10/98	Series A (1998)	Water system improvements	7/1/01-18	4.73	12.7	16,730,000	12,760,000
07/06/00	Series 2000	Water & wastewater system improvements	7/1/02-20	5.33	12.6	16,590,000	8,290,000
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	16,187,438
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	11,849,320
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,683,106
12/08/06	WIFA Series 2006 DW	Acquisition of Public Water Infrastructure	7/1/07-26	3.27	20	16,200,000	16,200,000
12/07/06	WIFA Series 2006 CW 1	Butler Water Treatment Plant	7/1/07-26	3.06	20	27,183,342	27,183,342
Total Revenue Bonds						139,053,212	109,071,820
Total bonds payable recorded in business-type activities							110,978,290
Less current portion							(4,667,988)
Long-term portion of bonds payable recorded in business-type activities							106,310,302
Total long-term portion of bonds payable							\$331,233,382
<b>Reconciliation to total bonded debt principal:</b>							
Total long-term portion of bonds payable							\$331,233,382
Add:							
Current portion of bonds payable							27,180,502
Total bonded debt principal as of June 30, 2007							\$358,413,884

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**Contracts Payable**

Other debt at June 30, 2007 consists of the following:

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
05/22/90	Planned area retail project	Offsite improvements-Bell Rd-IDs 8801 and 8802	08/28/18	Prime	10.5	\$ 13,137,805	\$ 4,494,708
02/20/92	Planned area retail project	Offsite improvements-Bell Rd-ID 8802	01/20/11	Prime	9.0	5,305,975	3,341,903
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	1,758,243
03/16/99	Master-planned community	Street & infrastructure improvements-Westwing Pkwy	03/16/14	-	-	1,103,272	811,147
01/02/01	Planned area retail project	Street & infrastructure improvements-91st Ave & Northern Fire station building, equipment & land; Street & infrastructure improvements-parts of El Mirage Road, Ridgeline Rd, Vistancia Blvd, Jomax Rd, Ln Mtn Rd, Westland Rd	02/09/09	-	-	900,000	227,025
10/22/01	Master-planned community	Modular building at Municipal Operations Center	10/22/26	-	-	18,219,667	8,803,870
08/07/02	Capital lease	Modular building at Municipal Operations Center	09/01/07	4.95	-	122,925	6,866
07/01/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd	05/20/20	-	-	1,800,000	1,684,607
11/18/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd	04/30/14	-	-	1,800,000	1,634,026
02/17/04	Residential development	Neighborhood park land & improvements; Right of way land on 67 <sup>th</sup> Ave	02/18/14	-	-	1,093,379	412,582
03/17/04	Capital lease	Sixteen Copiers	03/01/09	-	-	164,548	57,592
10/19/04	Residential development	Street & infrastructure improvements; Right of way land	-	-	-	1,006,311	800,360
10/24/04	Capital lease	Pay Printers & Copiers	07/15/11	-	-	47,550	28,926
01/21/05	Capital lease	Modular building at Beardsley Treatment Plant	01/21/10	4.00	-	259,728	140,655
2/11/05	Master-planned community	Offsite improvements; Right of way land	2/11/15	-	-	7,056,354	7,056,354
09/14/05	Residential development	Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams	09/14/10	-	-	559,184	82,350
12/22/05	Planned area retail project	Street & infrastructure improvements; Right of way land	-	-	-	81,597	50,000
08/22/06	Residential development	Street & infrastructure improvements; Right of way land	-	-	-	3,457,084	3,457,084
10/12/06	Planned area retail project	Offsite improvements & Right of way land-Peoria east of 83 <sup>d</sup> Ave	10/01/16	-	-	5,343,820	5,343,820
04/19/07	Residential development	Street & infrastructure improvements; Right of way land	-	-	-	72,613	72,613
Total contracts payable recorded in governmental activities							40,264,731
Less estimated current portion							(7,056,469)
Long-term portion of contracts payable in governmental activities							<u>33,208,262</u>
<b>CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
10/22/01	Master-planned community	Water rights-4,200 acre feet of assured water supply	10/22/26	-	-	4,841,000	2,921,177
02/17/04	Residential development	Wastewater infrastructure improvements	02/18/14	-	-	1,243,129	1,243,129
02/11/05	Master-planned community	Offsite improvements; Right of way land	02/11/15	-	-	308,801	308,801
08/22/06	Residential development	Water rights-947 acre feet water allocation	-	-	-	255,248	255,248
Total contracts payable recorded in business-type activities							4,728,355
Less estimated current portion							(1,593,292)
Long-term portion of contracts payable							<u>3,135,063</u>
Total long-term contracts payable as of June 30, 2007							<u>\$ 36,343,325</u>

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The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 51,205,000	112,745,000	21,115,000	142,835,000	16,640,000
MDA bonds	24,628,578	-	2,975,048	21,653,530	2,857,877
Highway user revenue bonds	3,830,000	-	260,000	3,570,000	275,000
Special assessment bonds	9,822,570	4,950,000	1,480,506	13,292,064	1,264,637
CFD bonds	44,075,000	22,760,000	750,000	66,085,000	1,475,000
Total bonds payable	133,561,148	140,455,000	26,580,554	247,435,594	22,512,514
Contracts payable	18,551,973	28,776,339	7,063,581	40,264,731	7,056,469
Compensated absences	3,889,090	4,759,523	4,272,273	4,376,340	4,005,180
Governmental activities totals	\$ 156,002,211	173,990,862	37,916,408	292,076,665	33,574,163
<b>Business-type activities:</b>					
Bonds payable:					
MDA bonds	\$ 2,226,422	-	319,952	1,906,470	327,123
Revenue bonds	70,662,253	43,383,342	4,973,775	109,071,820	4,340,865
Total bonds payable	72,888,675	43,383,342	5,293,727	110,978,290	4,667,988
Contracts payable	3,664,741	1,807,178	743,564	4,728,355	1,593,292
Compensated absences	514,300	557,750	501,660	570,390	520,370
Business-type activities totals	\$ 77,067,716	45,748,270	6,538,951	116,277,035	6,781,650

The following is a summary of debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2007:

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Total
2008	\$ 21,443,186	4,214,431	470,210	1,968,905	7,656,575	5,007,249	40,760,556
2009	16,621,885	4,267,056	469,810	2,300,573	9,958,984	4,966,955	38,585,263
2010	11,022,470	4,270,031	468,295	2,432,843	9,955,432	5,499,455	33,648,256
2011	11,051,938	4,498,356	470,574	2,481,152	9,181,122	5,497,393	33,180,535
2012	10,630,612	1,953,706	466,703	2,034,995	9,174,993	5,493,336	29,754,245
2013	10,290,228	1,951,681	466,663	1,550,595	9,165,588	5,490,974	28,915,729
2014	10,298,197	1,918,681	470,244	474,600	9,157,689	5,484,633	27,804,044
2015	10,304,040	484,056	467,531	475,788	9,146,353	5,476,311	26,354,079
2016	10,014,231	478,806	468,525	476,338	9,141,542	5,475,713	26,055,154
2017	9,616,216	474,656	468,081	476,250	9,436,568	5,468,074	25,939,845
2018	9,065,066	476,556	-	480,525	9,425,741	5,462,674	24,910,562
2019	9,076,363	477,856	-	478,950	8,495,729	5,725,359	24,254,257
2020	8,593,796	478,556	-	481,738	7,112,308	5,445,671	22,112,069
2021	8,617,900	478,466	-	483,675	7,131,955	5,443,926	22,155,923
2022	7,448,739	477,529	-	484,763	4,207,673	5,432,718	18,051,421
2023	7,439,338	480,771	-	-	3,165,157	5,425,388	16,510,654
2024	5,713,288	478,130	-	-	3,022,784	5,427,431	14,641,633
2025	5,708,500	479,538	-	-	3,021,451	5,419,936	14,629,425
2026	5,717,500	479,988	-	-	3,020,076	5,437,175	14,654,739
2027	5,732,400	-	-	-	3,018,657	5,430,803	14,181,860
Less interest	(51,570,893)	(5,258,854)	(1,116,635)	(3,789,624)	(34,524,557)	(42,426,172)	(138,686,734)
	\$ 142,835,000	23,560,000	3,570,000	13,292,064	109,071,820	66,085,000	358,413,884

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

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The following table discloses the debt service requirements as of June 30, 2007, 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>
2008	\$ 27,180,502	13,580,054	40,760,556
2009	24,646,028	13,939,235	38,585,263
2010	20,734,540	12,913,987	33,648,526
2011	21,189,425	11,991,109	33,180,535
2012	18,635,769	11,118,576	29,754,345
2013-2018	91,311,896	43,756,955	135,068,851
2018-2023	87,198,741	24,285,491	111,484,232
2023-2027	<u>67,516,983</u>	<u>7,101,327</u>	<u>74,618,310</u>
Totals	<u>\$ 358,413,884</u>	<u>138,686,734</u>	<u>497,100,618</u>

The City had no outstanding variable rate bonds at June 30, 2007. The City had \$9,594,854 in variable rate outstanding contracts payable at June 30, 2007. 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, 2007.

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 \$18,365,000 in General Obligation refunding bonds during fiscal year 2007. At June 30, 2007 \$11,385,000 of 2000 General Obligation bonds are not yet callable. Of the 1995 and 1996 General Obligation bonds, \$2,550,000 and \$3,785,000 respectively, were called.

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 Arizona State Retirement System plan, which is a multiple-employer defined benefit cost sharing pension plan. Sworn police and fire personnel participate in the Public Safety Retirement System, which is a multiple-employer defined benefit agent plan. In addition, the Mayor and City Council members are covered by the State's Elected Officials Plan, which is also a multiple-employer defined benefit cost sharing pension plan.

**Arizona State Retirement System:**

a. Plan Description

All of the City's full-time employees, other than those covered by one of the other retirement plans, participate in the Arizona State Retirement System (System), a multiple-employer defined benefit 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

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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 9.1 percent of their salaries to the System during fiscal year 2006-2007 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, 2007, 2006 and 2005, were \$4,079,710, \$3,176,147, and \$2,148,809, 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 defined benefit 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](http://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 2006-2007 was 18.55 percent. The City's contributions to EORP for the fiscal years ended June 30, 2007, 2006, and 2005, were \$25,118, \$28,944, and \$17,710, respectively, which equal the required contributions for each year. The City's employees contributed \$9,479, \$9,864, and \$9,190 for the same time periods.

**Public Safety Personnel Retirement System:**

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), a multiple-employer defined benefit agent plan, which acts as a common investment and administrative agent for the various fire and police agencies within the state. Sworn police and fire personnel are eligible to participate in the plan. The plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The PSPRS is jointly administered by the Fund Manager and 209 Local Boards and was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Safety Personnel Retirement System 3010 East Camelback Rd., Ste 200, Phoenix, Arizona, 85016, by calling 602-255-5575, or on the internet at [www.psprs.com](http://www.psprs.com).

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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 2006-2007 was 7.86 percent for fire personnel and 12.09 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 \$568,147 and fire personnel \$600,530 during fiscal year 2006-2007. For fiscal year 2006-2007, the City's annual pension cost of \$1,308,361 for police and \$617,015 for fire was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005 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 5.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 1 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 are amortized as level percents of payroll over an open period of 20 years, while losses are amortized as level percents of payroll over an open period of 30 years from July 1, 2006.

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>
2004	\$993,927	100%	\$ 0
2005	1,019,650	100	0
2006	1,302,044	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>
2004	\$436,055	100%	\$ 0
2005	489,316	100	0
2006	212,819	100	0

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

**Schedule of Funding Progress** (Latest Available Information)

**Police**

<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</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
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
2006	26,520,019	32,127,887	82.5	5,607,868	10,276,601	54.6

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**Fire**

<u>Valuation Date</u> <u>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>
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
2006	21,755,244	22,910,255	95.0	1,155,011	7,134,565	16.2

**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, 2007 were \$88,330.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2008	\$ 76,529
2009	68,301
2010	12,675
2011	3,561
2012	<u>3,165</u>
Total	\$ 164,231

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 2007 were \$203,411.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2008	\$ 241,956
2009	247,621
2010	254,146
2011	261,698
2012	270,480

**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

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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 \$500,000 of any occurrence and then has additional coverage up to \$40.0 million.

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

**20. OTHER MATTERS**

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 92<sup>nd</sup> 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 November 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 91<sup>st</sup> Avenue and Bell Road. The automotive dealership was completed, the high-line dealership is required to be completed by October 15, 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 the project during calendar year 2004. The expiration date of the agreement is the earlier of the reimbursement amount being paid in full or August 2, 2010.

On June 19, 2007, a development agreement was signed with Arizona Motors, LLC, for the development of a Volkswagen automotive dealership, on the northwest corner of 84<sup>th</sup> Avenue and Bell Road. The agreement calls for construction to be completed and a certificate of occupancy issued no later than November 30, 2010. The City agreed to reimburse the dealer an amount not to exceed \$500,000. Payments will be made quarterly and will equal fifty percent of one percent of sales tax revenues from the project.

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 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, 2007, there is an estimated reimbursement of \$157,134 associated with trail construction and dedication.

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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, 2007, there are currently estimated potential impact fee reimbursements of the following that are not yet recorded as liabilities: One neighborhood park site currently estimated at \$280,000; one neighborhood park site and improvements currently estimated at \$2,039,000; one community park site currently estimated at \$2,450,000; one library site currently estimated at \$750,000; and street and intersection improvements and associated ROW land dedications currently estimated at \$26,232,020.

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, 2007, 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 (67<sup>th</sup> 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. Wastewater infrastructure reimbursements of \$1,205,779 are expected related to infrastructure yet to be dedicated to the City as of June 30, 2007.

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 91<sup>st</sup> 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 purchase of the land. The original agreement contained infrastructure improvements and right-of-way and land dedication requirements, with potential streets-related credits/reimbursements currently estimated at \$8.1 million, park-related credits estimated at \$686,280, water and wastewater credits estimated at \$2,232,000, and library-related credits estimated at \$354,000. On August 21, 2006, a separate agreement was made with the residential developer (purchaser of the land) for the construction of all the required infrastructure contemplated in the original agreement. Construction of all improvements must be complete by January 15, 2008.

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, 2007, there are currently estimated impact fee credits of the following: Wastewater improvement credits currently estimated at \$2,500,000; and credits for future street infrastructure improvements and right-of-way land dedications estimated at \$3,520,289.

The City signed a development agreement with DJN Eagle Mountain, LLC on July 5, 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.

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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, 2007, those potential credits could not be reliably estimated.

The City approved a development agreement with WalMart Stores, Inc. on October 12, 2006, for a commercial development located on Peoria east of 83<sup>rd</sup> Avenue. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications. As of June 30, 2007, the total reimbursement is capped at \$7,270,000. Of that \$1,926,180 is related to future infrastructure dedications. A repayment of \$3,000,000 will occur upon the completion of Phase II infrastructure (Cotton Crossing), followed by quarterly installments on the remaining balance based on fifty percent of one percent of sales tax revenues from the project.

The City approved a development agreement with Peoria place 100, LLC on December 12, 2006, for a mixed-use development located at the Southeast corner of 83<sup>rd</sup> Avenue and Monroe Street. The developer is required to construct and dedicate Cotton Crossing from Mountain View to Grand Avenue. Developer is required to dedicate all ROW and begin construction by July 1, 2008. The City agreed to reimburse the developer up to \$6,443,000 on August 1, 2011, through a combination of cash reimbursement for ROW and Impact Fee Credits.

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, 2007, the estimated value of the currently anticipated dedications is \$1,423,072 for streets and right-of-way infrastructure and trail improvements, and \$227,518 for a fire station site.



# Combining Statements and Budgetary Schedules

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

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# **MAJOR 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, 2007**

	<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, 2006	\$ 1,162,598	\$ 1,162,598	\$ 1,162,598	\$ -
<b>RESOURCES (INFLOWS):</b>				
Special assessments	2,169,749	2,169,749	1,965,719	(204,030)
Charges for services	-	-	4,000	4,000
Investment earnings	44,400	44,240	60,896	16,656
Bond Premium	-	-	23,636	23,636
Total inflows	<u>2,214,149</u>	<u>2,213,989</u>	<u>2,030,615</u>	<u>(183,374)</u>
Amounts available for appropriation	<u>3,376,747</u>	<u>3,376,587</u>	<u>3,193,213</u>	<u>(183,374)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	800	1,650	1,464	(186)
Debt service:				
Principal payments	1,520,149	1,520,149	1,480,506	(39,643)
Interest and other charges	653,860	653,860	634,198	(19,662)
Contingencies	675,000	-	-	-
Total charges to appropriations	<u>2,849,809</u>	<u>2,175,659</u>	<u>2,116,168</u>	<u>(59,491)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 526,938</u>	<u>\$ 1,200,928</u>	<u>\$ 1,077,045</u>	<u>\$ (123,883)</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	\$ 3,193,213
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	(1,162,598)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	12,250
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,042,865</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,116,168
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	7,786
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,123,954</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ (278,852,241)	\$ (278,852,241)	\$ (278,852,241)	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital-related debt issued	116,084,220	116,084,220	94,380,000	(21,704,220)
Investment earnings	140,000	140,000	-	(140,000)
Total inflows	<u>116,224,220</u>	<u>116,224,220</u>	<u>94,380,000</u>	<u>(21,844,220)</u>
Amounts available for appropriation	<u>(162,628,021)</u>	<u>(162,628,021)</u>	<u>(184,472,241)</u>	<u>(21,844,220)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	3,854,269	3,913,624	3,318,645	(594,979)
Interest and fiscal charges	1,741,263	1,741,263	554,944	(1,186,319)
Capital outlay	81,985,315	84,211,502	26,153,191	(58,058,311)
Total charges to appropriations	<u>88,055,847</u>	<u>89,866,389</u>	<u>30,026,780</u>	<u>(59,839,609)</u>
Budgetary fund balance, June 30, 2007	<u>\$ (250,683,868)</u>	<u>\$ (252,494,410)</u>	<u>\$ (214,499,021)</u>	<u>\$ 37,995,389</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	\$ (184,472,241)
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	278,852,241
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(94,380,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ -</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 30,026,780
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,716,211)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 28,310,569</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 Projects Fund**

This fund accounts for the expenditure of Vistancia Community Facilities District bond proceeds for the construction of capital assets for the District. Once the capital assets are completed, they are turned over to the City for operation and maintenance.

### **Municipal Development Authority (MDA) Bonds Capital Projects Fund**

This fund accounts for the construction or purchase of capital assets to be funded through the use of Municipal Development Authority Bonds.

### **Improvement District Bonds Capital Projects Fund**

This fund accounts for the construction or purchase of capital assets funded through the use of Special Assessment Improvement District Bonds.

### **Non-Bond Capital Projects Fund**

This fund accounts for the purchase or construction of capital assets with funds other than bond proceeds. This includes monies received from outside sources, i.e. developers or other governments, and also City pay-as-you-go monies.



**CITY OF PEORIA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2007**

	<b>Special Revenue Funds</b>			
	<b>Public Transit Fund</b>	<b>Section 8 Housing Fund</b>	<b>Other Grants Fund</b>	<b>Storm Drainage Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 104,318	\$ 458,297	\$ 335,173	\$ 53,250
Cash with fiscal agents	-	-	-	-
Investments	477,252	12,032	1,533,413	243,618
Accounts receivable, net	5,292	23,688	-	85,548
Interest receivable	6,100	-	10,737	1,216
Due from other governments	226,590	159,277	867,526	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 819,552</u>	<u>\$ 653,294</u>	<u>\$ 2,746,849</u>	<u>\$ 383,632</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 27,963	\$ 148,555	\$ 249,396	\$ 10,344
Accrued payroll	16,465	-	14,785	5,764
Interest payable	-	-	-	-
Due to other governments	-	23,688	-	-
Deferred revenue	407,822	169,536	48,652	-
Other liabilities	500	-	218	-
Total liabilities	<u>\$ 452,750</u>	<u>\$ 341,779</u>	<u>\$ 313,051</u>	<u>\$ 16,108</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Grant Purposes	363,772	25,702	543,515	-
Unreserved, designated (note 11)	3,030	285,813	1,831,794	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	58,489	367,524
Total fund balance	<u>366,802</u>	<u>311,515</u>	<u>2,433,798</u>	<u>367,524</u>
Total liabilities and fund balance	<u>\$ 819,552</u>	<u>\$ 653,294</u>	<u>\$ 2,746,849</u>	<u>\$ 383,632</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds			Capital Projects Funds				Total
Municipal Development Authority Bonds	General Obligation Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Improvement District Bonds	Non-Bond	Non-Major Governmental Funds
\$ -	\$ 6,096,995	\$ 8,257	\$ -	\$ -	\$ -	\$ 3,261,665	\$ 10,317,955
3,010,566	323,033	-	-	-	-	-	3,333,599
-	27,893,667	37,778	-	-	-	14,922,072	45,119,832
-	243,134	39,059	-	-	-	3,641,616	4,038,337
-	177,121	9,706	5,553	-	1,217	77,797	289,447
-	234,705	21,180	-	-	-	-	1,509,278
770	-	7,781,895	27,971,120	207,967	1,801,761	-	37,763,513
-	-	-	-	-	2,485,739	-	2,485,739
<u>\$ 3,011,336</u>	<u>\$ 34,968,655</u>	<u>\$ 7,897,875</u>	<u>\$ 27,976,673</u>	<u>\$ 207,967</u>	<u>\$ 4,288,717</u>	<u>\$ 21,903,150</u>	<u>\$ 104,857,700</u>
\$ -	\$ 1,272	\$ -	\$ 318,874	\$ -	\$ 1,512,976	\$ 269,822	\$ 2,539,202
-	-	-	-	-	-	-	37,014
-	109,562	-	-	-	-	-	109,562
-	-	-	-	-	-	-	23,688
-	130,790	39,058	-	-	-	5,119,210	5,915,068
-	-	-	50,076	-	181,031	525,083	756,908
<u>\$ -</u>	<u>\$ 241,624</u>	<u>\$ 39,058</u>	<u>\$ 368,950</u>	<u>\$ -</u>	<u>\$ 1,694,007</u>	<u>\$ 5,914,115</u>	<u>\$ 9,381,442</u>
\$ 3,011,336	\$ 34,727,031	\$ 7,858,817	\$ -	\$ -	\$ -	\$ -	\$ 45,597,184
-	-	-	20,299,242	207,967	-	13,549,691	34,056,900
-	-	-	-	-	-	-	932,989
-	-	-	7,308,481	-	2,594,710	2,439,344	14,463,172
-	-	-	-	-	-	-	426,013
<u>3,011,336</u>	<u>34,727,031</u>	<u>7,858,817</u>	<u>27,607,723</u>	<u>207,967</u>	<u>2,594,710</u>	<u>15,989,035</u>	<u>95,476,258</u>
<u>\$ 3,011,336</u>	<u>\$ 34,968,655</u>	<u>\$ 7,897,875</u>	<u>\$ 27,976,673</u>	<u>\$ 207,967</u>	<u>\$ 4,288,717</u>	<u>\$ 21,903,150</u>	<u>\$ 104,857,700</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, 2007**

	Special Revenue Funds			
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Storm Drainage Fund
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Local transportation aid	658,598	-	-	-
From federal government	263,310	887,815	1,917,291	-
Other	120,197	95,618	1,007,427	-
Charges for service	68,548	-	943,985	443,227
Fines and forfeitures	-	-	68,231	-
Investment earnings	43,259	12,725	78,967	8,904
Miscellaneous	-	-	24,583	-
Total revenues	<u>1,153,912</u>	<u>996,158</u>	<u>4,040,484</u>	<u>452,131</u>
<b>EXPENDITURES:</b>				
Current operating:				
General government	-	-	123,438	-
Culture and recreation	-	-	406,025	-
Police	-	-	591,823	-
Fire	-	-	91,782	-
Development services	-	-	753,054	-
Highways and streets	-	-	-	-
Public works	-	-	-	255,314
Human services	1,308,769	982,700	-	-
Other	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	1,023,542	-
Total expenditures	<u>1,308,769</u>	<u>982,700</u>	<u>2,989,664</u>	<u>255,314</u>
Excess (deficiency) of revenues over expenditures	<u>(154,857)</u>	<u>13,458</u>	<u>1,050,820</u>	<u>196,817</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	-	-	-
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Transfers in	166,260	-	10,000	-
Transfers out	(240,143)	(733)	(602,883)	(65,354)
Total other financing sources and uses	<u>(73,883)</u>	<u>(733)</u>	<u>(592,883)</u>	<u>(65,354)</u>
Net change in fund balances	<u>(228,740)</u>	<u>12,725</u>	<u>457,937</u>	<u>131,463</u>
Fund balances - beginning	595,542	298,790	1,975,861	236,061
Fund balances - ending	<u>\$ 366,802</u>	<u>\$ 311,515</u>	<u>\$ 2,433,798</u>	<u>\$ 367,524</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds			Capital Projects Funds				Total
Municipal Development Authority Bonds	General Obligation Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Improvement District Bonds	Non-Bond	Non-Major Governmental Funds
\$ -	\$ 13,408,092	\$ 923,793	\$ -	\$ -	\$ -	\$ -	\$ 14,331,885
-	-	-	-	-	-	-	658,598
-	-	-	-	-	-	-	3,068,416
-	-	-	-	-	-	14,290,000	15,513,242
-	-	-	-	-	-	-	1,455,760
-	-	-	-	-	-	-	68,231
1,448	1,292,514	276,977	925,304	44,453	55,116	557,779	3,297,446
-	-	2,657,596	10,200	-	-	3,438,535	6,130,914
<u>1,448</u>	<u>14,700,606</u>	<u>3,858,366</u>	<u>935,504</u>	<u>44,453</u>	<u>55,116</u>	<u>18,286,314</u>	<u>44,524,492</u>
-	-	-	-	-	-	-	123,438
-	-	-	-	-	-	-	406,025
-	-	-	-	-	-	-	591,823
-	-	-	-	-	-	-	91,782
-	-	-	-	-	-	-	753,054
-	-	-	-	-	256	42,665	42,921
-	-	-	10,600	-	-	-	265,914
-	-	-	-	-	-	-	2,291,469
309	29,104	-	-	15,035	-	-	44,448
2,975,049	3,395,000	750,000	-	-	-	-	7,120,049
1,043,247	2,217,641	2,533,444	589,214	1,060	154,673	-	6,539,279
-	-	-	-	2,855,056	2,255,477	4,279,990	10,414,065
<u>4,018,605</u>	<u>5,641,745</u>	<u>3,283,444</u>	<u>599,814</u>	<u>2,871,151</u>	<u>2,410,406</u>	<u>4,322,655</u>	<u>28,684,267</u>
<u>(4,017,157)</u>	<u>9,058,861</u>	<u>574,922</u>	<u>335,690</u>	<u>(2,826,698)</u>	<u>(2,355,290)</u>	<u>13,963,659</u>	<u>15,840,225</u>
-	18,365,000	-	-	-	-	-	18,365,000
-	-	-	22,760,000	-	4,950,000	-	27,710,000
-	1,462,646	-	15,922	-	-	-	1,478,568
-	(18,365,000)	-	-	-	-	-	(18,365,000)
3,981,805	-	720,705	-	-	-	-	4,878,770
-	-	-	(3,574,231)	-	-	(247,000)	(4,730,344)
<u>3,981,805</u>	<u>1,462,646</u>	<u>720,705</u>	<u>19,201,691</u>	<u>-</u>	<u>4,950,000</u>	<u>(247,000)</u>	<u>29,336,994</u>
<u>(35,352)</u>	<u>10,521,507</u>	<u>1,295,627</u>	<u>19,537,381</u>	<u>(2,826,698)</u>	<u>2,594,710</u>	<u>13,716,659</u>	<u>45,177,219</u>
3,046,688	24,205,524	6,563,190	8,070,342	3,034,665	-	2,272,376	50,299,039
<u>\$ 3,011,336</u>	<u>\$ 34,727,031</u>	<u>\$ 7,858,817</u>	<u>\$ 27,607,723</u>	<u>\$ 207,967</u>	<u>\$ 2,594,710</u>	<u>\$ 15,989,035</u>	<u>\$ 95,476,258</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 482,463	\$ 482,463	\$ 482,463	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Local transportation aid	699,836	699,836	658,598	(41,238)
From federal government	284,200	284,200	36,720	(247,480)
Other	303,121	303,121	407,822	104,701
Charges for services	42,640	42,640	69,177	26,537
Investment earnings	19,500	19,500	38,621	19,121
Transfers from other funds	166,260	166,260	166,260	-
Total inflows	<u>1,515,557</u>	<u>1,515,557</u>	<u>1,377,198</u>	<u>(138,359)</u>
Amounts available for appropriation	<u>1,998,020</u>	<u>1,998,020</u>	<u>1,859,661</u>	<u>(138,359)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,534,205	1,651,415	1,278,603	(372,812)
Contingencies	50,000	50,000	-	(50,000)
Transfers out	15,705	15,705	15,705	-
Total charges to appropriations	<u>1,599,910</u>	<u>1,717,120</u>	<u>1,294,308</u>	<u>(422,812)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 398,110</u>	<u>\$ 280,900</u>	<u>\$ 565,353</u>	<u>\$ 284,453</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	\$ 1,859,661
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	(482,463)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(57,026)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(166,260)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,153,912</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,294,308
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	3,841
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	26,325
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(15,705)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,308,769</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SECTION 8 HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2006	\$ 85,798	\$ 85,798	\$ 85,798	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,674,088	1,674,088	907,749	(766,339)
Other	-	-	73,371	73,371
Investment earnings	4,000	4,000	12,725	8,725
Total inflows	<u>1,678,088</u>	<u>1,678,088</u>	<u>993,845</u>	<u>(684,243)</u>
Amounts available for appropriation	<u>1,763,886</u>	<u>1,763,886</u>	<u>1,079,643</u>	<u>(684,243)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,690,395	1,615,055	823,825	(791,230)
Capital outlay	-	75,340	-	(75,340)
Total charges to appropriations	<u>1,690,395</u>	<u>1,690,395</u>	<u>823,825</u>	<u>(866,570)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 73,491</u>	<u>\$ 73,491</u>	<u>\$ 255,818</u>	<u>\$ 182,327</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	\$ 1,079,643
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	(85,798)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	2,313
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 996,158</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 823,825
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	158,875
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 982,700</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over</u>
	<u>Original</u>	<u>Final</u>	<u>(budgetary basis)</u>	<u>(Under)</u>
Budgetary fund balance, July 1, 2006	\$ 2,038,228	\$ 2,038,228	\$ 2,038,228	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	582,249	582,249	1,802,014	1,219,765
Other	5,348,960	5,348,960	594,083	(4,754,877)
Charges for services	2,189,483	2,189,483	944,699	(1,244,784)
Fines and forfeitures	20,000	20,000	68,231	48,231
Rents	700	700	-	(700)
Investment earnings	34,075	34,070	72,478	38,408
Miscellaneous	32,500	32,500	24,583	(7,917)
Transfers from other funds	10,000	10,000	10,000	-
Total inflows	<u>8,217,967</u>	<u>8,217,962</u>	<u>3,516,088</u>	<u>(4,701,874)</u>
Amounts available for appropriation	<u>10,256,195</u>	<u>10,256,190</u>	<u>5,554,316</u>	<u>(4,701,874)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government:				
Mayor and council	1,500	4,875	4,873	(2)
Attorney	24,520	65,134	5,676	(59,458)
City Manager	-	63,211	63,211	-
Court	63,622	63,622	-	(63,622)
Non-departmental	15,000	15,000	8,962	(6,038)
Culture and recreation	468,906	543,761	412,763	(130,998)
Police	401,751	790,804	492,136	(298,668)
Fire	7,500	90,775	161,745	70,970
Development services	1,374,532	1,374,532	754,306	(620,226)
Highways and streets	-	-	12,194	12,194
Capital outlay	3,820,588	5,650,839	1,631,228	(4,019,611)
Contingencies	1,550,000	168,167	-	(168,167)
Total charges to appropriations	<u>7,727,919</u>	<u>8,830,720</u>	<u>3,547,094</u>	<u>(5,283,626)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 2,528,276</u>	<u>\$ 1,425,470</u>	<u>\$ 2,007,222</u>	<u>\$ 581,752</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	\$ 5,554,316
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	(2,038,228)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	534,396
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>\$ 4,040,484</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,547,094
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	1,813
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	43,640
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(602,883)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,989,664</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
STORM DRAINAGE FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 183,503	\$ 183,503	\$ 183,503	\$ -
<b>RESOURCES (INFLOWS):</b>				
Charges for services	315,000	315,000	414,921	99,921
Investment earnings	2,000	2,000	7,975	5,975
Total inflows	<u>317,000</u>	<u>317,000</u>	<u>422,896</u>	<u>105,896</u>
Amounts available for appropriation	<u>500,503</u>	<u>500,503</u>	<u>606,399</u>	<u>105,896</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	422,144	422,144	246,156	(175,988)
Transfers out	345,354	345,354	65,354	(280,000)
Total charges to appropriations	<u>767,498</u>	<u>767,498</u>	<u>311,510</u>	<u>(455,988)</u>
Budgetary fund balance, June 30, 2007	<u>\$ (266,995)</u>	<u>\$ (266,995)</u>	<u>\$ 294,889</u>	<u>\$ 561,884</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	\$ 606,399
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	(183,503)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	29,235
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 452,131</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 311,510
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	346
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	8,812
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(65,354)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 255,314</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2006	\$ 3,017,039	\$ 3,017,039	\$ 3,017,039	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	10,000	10,000	3,235	(6,765)
Transfers from other funds	<u>3,878,010</u>	<u>3,878,010</u>	<u>3,981,805</u>	<u>103,795</u>
Total inflows	<u>3,888,010</u>	<u>3,888,010</u>	<u>3,985,040</u>	<u>97,030</u>
Amounts available for appropriation	<u>6,905,049</u>	<u>6,905,049</u>	<u>7,002,079</u>	<u>97,030</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	309	309
Contingencies	200,000	-	-	-
Debt service:				
Principal payments	2,975,048	2,975,048	2,975,049	1
Interest and other charges	<u>1,048,765</u>	<u>1,048,765</u>	<u>1,043,247</u>	<u>(5,518)</u>
Total charges to appropriations	<u>4,223,813</u>	<u>4,023,813</u>	<u>4,018,605</u>	<u>(5,208)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 2,681,236</u>	<u>\$ 2,881,236</u>	<u>\$ 2,983,474</u>	<u>\$ 102,238</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	\$ 7,002,079
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	(3,017,039)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(1,787)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(3,981,805)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,448</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,018,605
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,018,605</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 21,254,258	\$ 21,254,258	\$ 21,254,258	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property taxes	13,130,000	13,130,000	13,396,190	266,190
Investment earnings	850,000	850,000	1,124,377	274,377
Total inflows	<u>13,980,000</u>	<u>13,980,000</u>	<u>14,520,567</u>	<u>540,567</u>
Amounts available for appropriation	<u>35,234,258</u>	<u>35,234,258</u>	<u>35,774,825</u>	<u>540,567</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	29,104	29,104
Contingencies	200,000	-	-	-
Debt service:				
Principal payments	12,881,635	12,884,635	3,395,000	(9,489,635)
Interest and other charges	7,093,884	7,093,884	2,219,892	(4,873,992)
Total charges to appropriations	<u>20,175,519</u>	<u>19,978,519</u>	<u>5,643,996</u>	<u>(14,334,523)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 15,058,739</u>	<u>\$ 15,255,739</u>	<u>\$ 30,130,829</u>	<u>\$ 14,875,090</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	\$ 35,774,825
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	(21,254,258)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	180,039
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 14,700,606</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,643,996
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(2,251)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,641,745</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 4,562,400	\$ 4,562,400	\$ 4,562,400	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property Taxes	900,000	900,000	895,354	(4,646)
Investment earnings	225,000	225,000	274,035	49,035
Miscellaneous	2,160,445	2,160,445	2,657,596	497,151
Total inflows	<u>3,285,445</u>	<u>3,285,445</u>	<u>3,826,985</u>	<u>541,540</u>
Amounts available for appropriation	<u>7,847,845</u>	<u>7,847,845</u>	<u>8,389,385</u>	<u>541,540</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Debt service:				
Principal payments	750,000	750,000	750,000	-
Interest and other charges	2,535,444	2,535,444	2,533,444	(2,000)
Total charges to appropriations	<u>3,285,444</u>	<u>3,285,444</u>	<u>3,283,444</u>	<u>(2,000)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 4,562,401</u>	<u>\$ 4,562,401</u>	<u>\$ 5,105,941</u>	<u>\$ 543,540</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	\$ 8,389,385
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	(4,562,400)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	31,381
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,858,366</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,283,444
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,283,444</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>(Under)</b>
Budgetary fund balance, July 1, 2006	\$ 8,152,400	\$ 8,152,400	\$ 8,152,400	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital related debt issued	22,760,000	22,760,000	22,760,000	-
Premium on bonds issued	-	-	15,922	15,922
Investment earnings	800,000	800,000	967,242	167,242
Miscellaneous	-	-	10,200	10,200
Total inflows	<u>23,560,000</u>	<u>23,560,000</u>	<u>23,753,364</u>	<u>193,364</u>
Amounts available for appropriation	<u>31,712,400</u>	<u>31,712,400</u>	<u>31,905,764</u>	<u>193,364</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	-	-	10,600	10,600
Capital outlay	27,604,159	30,888,684	3,160,951	(27,727,733)
Interest and other charges	-	-	589,214	589,214
Transfers to other funds	-	15	15	-
Total charges to appropriations	<u>27,604,159</u>	<u>30,888,699</u>	<u>3,760,780</u>	<u>(27,127,919)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 4,108,241</u>	<u>\$ 823,701</u>	<u>\$ 28,144,984</u>	<u>\$ 27,321,283</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	\$ 31,905,764
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	(8,152,400)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(41,938)
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(22,775,922)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 935,504</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,760,780
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(307,425)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(2,853,526)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(15)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 599,814</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 4,908,113	\$ 4,908,113	\$ 4,908,113	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	100,000	100,000	71,514	(28,486)
Total inflows	<u>100,000</u>	<u>100,000</u>	<u>71,514</u>	<u>(28,486)</u>
Amounts available for appropriation	<u>5,008,113</u>	<u>5,008,113</u>	<u>4,979,627</u>	<u>(28,486)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Culture and recreation	-	15,230	15,035	(195)
Capital outlay	5,000,000	3,063,362	3,291,218	227,856
Interest and other charges	-	1,060	1,060	-
Total charges to appropriations	<u>5,000,000</u>	<u>3,079,652</u>	<u>3,307,313</u>	<u>227,661</u>
Budgetary fund balance, June 30, 2007	<u>\$ 8,113</u>	<u>\$ 1,928,461</u>	<u>\$ 1,672,314</u>	<u>\$ (256,147)</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	\$ 4,979,627
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	(4,908,113)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(27,061)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 44,453</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,307,313
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(436,162)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,871,151</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
IMPROVEMENT DISTRICT BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ -	\$ -	\$ -	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital-related debt issued	-	-	4,950,000	4,950,000
Investment earnings	-	-	53,899	53,899
Special assessments	11,000,000	11,000,000	-	(11,000,000)
Total inflows	<u>11,000,000</u>	<u>11,000,000</u>	<u>5,003,899</u>	<u>(5,996,101)</u>
Amounts available for appropriation	<u>11,000,000</u>	<u>11,000,000</u>	<u>5,003,899</u>	<u>(5,996,101)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	-	-	256	256
Interest and other charges	-	-	154,673	154,673
Capital outlay	11,000,000	8,950,000	3,949,484	(5,000,516)
Total charges to appropriations	<u>11,000,000</u>	<u>8,950,000</u>	<u>4,104,413</u>	<u>(4,845,587)</u>
Budgetary fund balance, June 30, 2007	<u>\$ -</u>	<u>\$ 2,050,000</u>	<u>\$ 899,486</u>	<u>\$ (1,150,514)</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	\$ 5,003,899
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	1,217
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	
Bond proceeds are a budgetary resource but are not revenues for financial reporting purposes	(4,950,000)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 55,116</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,104,413
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,694,007)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,410,406</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<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, 2006	\$ 1,727,692	\$ 1,727,692	\$ 1,727,692	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental revenue:				
Other governmental revenue	14,000,000	14,000,000	14,290,000	290,000
Investment earnings	65,000	65,000	487,458	422,458
Miscellaneous	13,535,195	13,535,195	4,440,192	(9,095,003)
Total inflows	<u>27,600,195</u>	<u>27,600,195</u>	<u>19,217,650</u>	<u>(8,382,545)</u>
Amounts available for appropriation	<u>29,327,887</u>	<u>29,327,887</u>	<u>20,945,342</u>	<u>(8,382,545)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services:				
Highways and streets	38,860	38,860	42,665	3,805
Capital outlay	20,712,600	20,932,311	4,720,215	(16,212,096)
Contingencies	2,075,000	-	-	-
Total charges to appropriations	<u>22,826,460</u>	<u>20,971,171</u>	<u>4,762,880</u>	<u>(16,208,291)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 6,501,427</u>	<u>\$ 8,356,716</u>	<u>\$ 16,182,462</u>	<u>\$ 7,825,746</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	\$ 20,945,342
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	(1,727,692)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(931,336)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,286,314</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,762,880
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(440,225)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,322,655</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, 2007**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 30,618,415	\$ 30,618,415	\$ 26,131,332	\$ (4,487,083)
Miscellaneous	15,000	15,000	4,034,743	4,019,743
Total operating revenues	<u>30,633,415</u>	<u>30,633,415</u>	<u>30,166,075</u>	<u>(467,340)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	6,084,445	6,090,407	5,313,467	(776,940)
Contractual services, materials and supplies	15,280,798	15,335,367	14,387,944	(947,423)
Capital outlay	80,983,212	58,769,304	24,748,472	(34,020,832)
Total operating expenses	<u>106,348,455</u>	<u>80,195,078</u>	<u>44,449,883</u>	<u>(35,745,195)</u>
Operating income (loss)	<u>(75,715,040)</u>	<u>(49,561,663)</u>	<u>(14,283,808)</u>	<u>35,277,855</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	1,697,000	1,693,475	3,006,635	1,313,160
Proceeds from bonds or contracts payable	19,007,919	19,007,919	16,200,000	(2,807,919)
Interest expense	(2,676,977)	(2,698,087)	(2,293,440)	404,647
Debt principal payments	(5,050,246)	(5,050,246)	(3,133,011)	1,917,235
Total nonoperating revenues (expenses)	<u>12,977,696</u>	<u>12,953,061</u>	<u>13,780,184</u>	<u>827,123</u>
Income (loss) before contributions and transfers	<u>(62,737,344)</u>	<u>(36,608,602)</u>	<u>(503,624)</u>	<u>36,104,978</u>
Capital contributions	8,461,506	8,461,506	16,670,614	8,209,108
Transfers in	25,000	25,000	25,000	-
Transfers (out)	(327,264)	(327,264)	(325,675)	1,589
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (54,578,102)</u>	<u>\$ (28,449,360)</u>	<u>\$ 15,866,315</u>	<u>\$ 44,315,675</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.	4,662,946
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,086,622)
Proceeds from the sale of bonds or contracts payable are revenues for budgetary purposes but are increases in long-term debt, and therefore not revenues, for GAAP purposes.	(16,200,000)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	1,086,622
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(57,536)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(946,270)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	21,418,055
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	(5,281,842)
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.	3,133,011
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(4,924,911)
Bond issuance costs are expensed in the year of issuance for budgetary purposes, but are amortized to interest expense over the life of the bonds for GAAP purposes.	4,634
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	18,000
Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(9,299,961)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 8,392,441</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, 2007**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 13,690,950	\$ 13,690,950	\$ 14,924,466	\$ 1,233,516
Miscellaneous	10,000	10,000	-	(10,000)
Total operating revenues	<u>13,700,950</u>	<u>13,700,950</u>	<u>14,924,466</u>	<u>1,223,516</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	257,243	1,359,160	1,377,680	18,520
Contractual services, materials and supplies	9,118,128	9,640,901	9,027,550	(613,351)
Capital outlay	65,186,089	106,325,402	19,526,232	(86,799,170)
Contingencies	4,075,000	-	-	-
Total operating expenses	<u>78,636,460</u>	<u>117,325,463</u>	<u>29,931,462</u>	<u>(87,394,001)</u>
Operating income (loss)	<u>(64,935,510)</u>	<u>(103,624,513)</u>	<u>(15,006,996)</u>	<u>88,617,517</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	1,212,200	1,209,635	1,548,628	338,993
Proceeds from bonds or contracts payable	31,753,145	31,753,145	27,183,342	(4,569,803)
Interest expense	(1,236,206)	(1,236,206)	(524,081)	712,125
Debt principal payments	(5,487,294)	(5,487,294)	(2,042,504)	3,444,790
Total nonoperating revenues (expenses)	<u>26,241,845</u>	<u>26,239,280</u>	<u>26,165,385</u>	<u>(73,895)</u>
Income (loss) before contributions and transfers	<u>(38,693,665)</u>	<u>(77,385,233)</u>	<u>11,158,389</u>	<u>88,543,622</u>
Capital contributions	4,401,784	4,401,784	2,719,879	(1,681,905)
Transfers in	85,000	85,000	85,000	-
Transfers out	(257,243)	(257,243)	(256,062)	1,181
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (34,464,124)</u>	<u>\$ (73,155,692)</u>	<u>\$ 13,707,206</u>	<u>\$ 86,862,898</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.	162,358
Proceeds from the sale of bonds or contracts payable are revenues for budgetary purposes but are increases in long-term debt, and therefore not revenues, for GAAP purposes.	(27,183,342)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(93,490)
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.	93,490
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(14,818)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	101,159
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	19,500,876
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	3,488,880
Interest is capitalized on construction of capital assets for GAAP purposes, but is not a budgeted item.	(59,546)
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations, and therefore not an expense, for GAAP purposes.	2,042,504
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(3,719,732)
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.	(15,827)
The loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	3,633
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	11,770,776
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 19,784,127</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 10,982,622	\$ 10,982,622	\$ 11,285,019	\$ 302,397
Miscellaneous	100,000	-	-	-
Total operating revenues	<u>11,082,622</u>	<u>10,982,622</u>	<u>11,285,019</u>	<u>302,397</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,048,810	3,048,810	2,895,333	(153,477)
Contractual services, materials and supplies	6,855,236	6,955,236	7,003,884	48,648
Capital outlay	6,501,208	6,501,208	5,344,571	(1,156,637)
Contingencies	1,500,000	400,000	-	(400,000)
Total operating expenses	<u>17,905,254</u>	<u>16,905,254</u>	<u>15,243,788</u>	<u>(1,661,466)</u>
Operating income (loss)	<u>(6,822,632)</u>	<u>(5,922,632)</u>	<u>(3,958,769)</u>	<u>1,963,863</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	535,008	535,008	810,831	275,823
Gain (loss) on sale of fixed assets	-	100,000	-	(100,000)
Debt principal payments	(95,200)	(95,200)	-	95,200
Total nonoperating revenues (expenses)	<u>439,808</u>	<u>539,808</u>	<u>810,831</u>	<u>271,023</u>
Income (loss) before contributions and transfers	<u>(6,382,824)</u>	<u>(5,382,824)</u>	<u>(3,147,938)</u>	<u>2,234,886</u>
Capital contributions	899,252	899,252	621,892	(277,360)
Transfers in	166,667	166,667	-	(166,667)
Transfers (out)	(184,508)	(184,508)	(17,705)	166,803
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (5,501,413)</u>	<u>\$ (4,501,413)</u>	<u>\$ (2,543,751)</u>	<u>\$ 1,957,662</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.	41,313
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(896,872)
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.	896,872
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(3,481)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	11,308
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	5,344,571
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(701,706)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	41,964
Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(3,809,952)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (1,619,734)</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, 2007**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,673,110	\$ 1,673,110	\$ 1,462,421	\$ (210,689)
Rents	1,832,500	1,832,500	1,603,428	(229,072)
Miscellaneous	-	-	3,083	3,083
Total operating revenues	<u>3,505,610</u>	<u>3,505,610</u>	<u>3,068,932</u>	<u>(436,678)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,211,825	1,211,825	1,114,465	(97,360)
Contractual services, materials and supplies	3,382,989	3,540,855	3,659,576	118,721
Capital outlay	43,000	87,778	59,747	(28,031)
Contingencies	150,000	-	-	-
Total operating expenses	<u>4,787,814</u>	<u>4,840,458</u>	<u>4,833,788</u>	<u>(6,670)</u>
Operating loss	<u>(1,282,204)</u>	<u>(1,334,848)</u>	<u>(1,764,856)</u>	<u>(430,008)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	16,946	16,651	51,503	34,852
Interest expense	(37,456)	(37,456)	(37,195)	261
Debt principal payments	(118,211)	(118,211)	(118,211)	-
Total nonoperating revenues (expenses)	<u>(138,721)</u>	<u>(139,016)</u>	<u>(103,903)</u>	<u>35,113</u>
Income (loss) before transfers	<u>(1,420,925)</u>	<u>(1,473,864)</u>	<u>(1,868,759)</u>	<u>(394,895)</u>
Transfers in	2,806,478	2,806,478	2,855,204	48,726
Transfers (out)	(277,820)	(277,820)	(275,265)	2,555
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 1,107,733</u>	<u>\$ 1,054,794</u>	<u>\$ 711,180</u>	<u>\$ 343,614</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.	2,188
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(112,827)
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.	112,827
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(97,064)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(8,832)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	59,747
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.	118,211
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(750,858)
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.	(648)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	4,969
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 42,569</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Rent	\$ 160,000	\$ 160,000	\$ 144,777	\$ (15,223)
From federal government	-	-	135,174	135,174
Miscellaneous	-	-	6,376	6,376
Total operating revenues	<u>160,000</u>	<u>160,000</u>	<u>286,327</u>	<u>126,327</u>
<b>OPERATING EXPENSES:</b>				
Contractual services, materials and supplies	280,000	286,652	286,051	(601)
Contingencies	75,000	-	-	-
Total operating expenses	<u>355,000</u>	<u>286,652</u>	<u>286,051</u>	<u>(601)</u>
Operating income (loss)	<u>(195,000)</u>	<u>(126,652)</u>	<u>276</u>	<u>126,928</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	10,000	10,000	14,345	4,345
Total nonoperating revenues (expenses)	<u>10,000</u>	<u>10,000</u>	<u>14,345</u>	<u>4,345</u>
Income (loss) before transfers	<u>(185,000)</u>	<u>(116,652)</u>	<u>14,621</u>	<u>131,273</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (185,000)</u>	<u>\$ (116,652)</u>	<u>\$ 14,621</u>	<u>\$ 131,273</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.	(276)
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(85,489)
The gain/loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	733
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (70,411)</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 self-insurance 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, 2007**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,093,569	\$ 1,438,892	\$ 237,539	\$ 1,287,956	\$ 5,057,956
Investments	9,578,047	6,582,910	1,086,740	5,892,380	23,140,077
Interest receivable	75,560	45,357	7,563	30,650	159,130
Supplies inventory	70,046	-	-	-	70,046
Total current assets	<u>11,817,222</u>	<u>8,067,159</u>	<u>1,331,842</u>	<u>7,210,986</u>	<u>28,427,209</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	2,184,015	-	81,342	20,840,172	23,105,529
Vehicles	17,828,238	-	-	-	17,828,238
Furniture	-	-	11,732	60,969	72,701
Less accumulated depreciation	(10,770,463)	-	(86,606)	(14,049,037)	(24,906,106)
Construction in progress	-	-	-	2,902,327	2,902,327
Total capital assets, net	<u>9,241,790</u>	<u>-</u>	<u>6,468</u>	<u>9,902,533</u>	<u>19,150,791</u>
Total assets	<u>21,059,012</u>	<u>8,067,159</u>	<u>1,338,310</u>	<u>17,113,519</u>	<u>47,578,000</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	293,556	15,045	220,062	155,689	684,352
Accrued payroll	20,799	3,078	51,626	79,387	154,890
Claims payable	-	3,100,000	-	-	3,100,000
Current portion of compensated absences	86,920	4,260	143,490	203,280	437,950
Total current liabilities	<u>401,275</u>	<u>3,122,383</u>	<u>415,178</u>	<u>438,356</u>	<u>4,377,192</u>
Non-current liabilities:					
Compensated absences	9,520	430	14,210	20,020	44,180
Total long-term liabilities	<u>9,520</u>	<u>430</u>	<u>14,210</u>	<u>20,020</u>	<u>44,180</u>
Total liabilities	<u>410,795</u>	<u>3,122,813</u>	<u>429,388</u>	<u>458,376</u>	<u>4,421,372</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	9,241,790	-	6,468	9,902,533	19,150,791
Unrestricted	11,406,427	4,944,346	902,454	6,752,610	24,005,837
Total net assets	<u>\$ 20,648,217</u>	<u>\$ 4,944,346</u>	<u>\$ 908,922</u>	<u>\$ 16,655,143</u>	<u>\$ 43,156,628</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, 2007**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,930,418	\$ 3,551,667	\$ 5,828,909	\$ 8,804,834	\$ 25,115,828
Other governmental	80,000	-	-	-	80,000
Miscellaneous	3,815	160,410	-	42,128	206,353
Total operating revenues	<u>7,014,233</u>	<u>3,712,077</u>	<u>5,828,909</u>	<u>8,846,962</u>	<u>25,402,181</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	1,137,857	157,872	2,550,923	4,046,162	7,892,814
Contractual services, materials and supplies	3,456,871	185,277	2,879,200	4,213,658	10,735,006
Insurance claims and expenses	-	1,627,729	-	-	1,627,729
Depreciation and amortization	2,110,296	-	8,421	1,869,395	3,988,112
Total operating expenses	<u>6,705,024</u>	<u>1,970,878</u>	<u>5,438,544</u>	<u>10,129,215</u>	<u>24,243,661</u>
Operating income (loss)	309,209	1,741,199	390,365	(1,282,253)	1,158,520
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	550,370	330,832	54,889	222,739	1,158,830
Gain on sale of fixed assets	60,785	-	-	-	60,785
Total non-operating revenues	<u>611,155</u>	<u>330,832</u>	<u>54,889</u>	<u>222,739</u>	<u>1,219,615</u>
Income (loss) before transfers	920,364	2,072,031	445,254	(1,059,514)	2,378,135
Transfers in	1,933,255	-	-	3,445,854	5,379,109
Transfers out	<u>(240,708)</u>	<u>(8,062)</u>	<u>(67,971)</u>	<u>(22,881)</u>	<u>(339,622)</u>
Change in net assets	2,612,911	2,063,969	377,283	2,363,459	7,417,622
Total net assets - beginning	<u>18,035,306</u>	<u>2,880,377</u>	<u>531,639</u>	<u>14,291,684</u>	<u>35,739,006</u>
Total net assets - ending	<u>\$ 20,648,217</u>	<u>\$ 4,944,346</u>	<u>\$ 908,922</u>	<u>\$ 16,655,143</u>	<u>\$ 43,156,628</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, 2007**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
<b>Increase (decrease) in cash and cash equivalents</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 7,014,233	\$ 3,712,077	\$ 5,828,909	\$ 8,846,962	\$ 25,402,181
Payments to suppliers	(3,309,929)	(232,121)	(2,792,159)	(4,434,633)	(10,768,842)
Payments to employees	(1,116,417)	(156,451)	(2,518,696)	(3,999,441)	(7,791,005)
Self-insurance costs	-	(1,627,729)	-	-	(1,627,729)
Net cash provided (used) by operating activities	<u>2,587,887</u>	<u>1,695,776</u>	<u>518,054</u>	<u>412,888</u>	<u>5,214,605</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	1,933,255	-	-	3,445,854	5,379,109
Transfers out	(240,708)	(8,062)	(67,971)	(22,881)	(339,622)
Net cash provided (used) by non-capital financing activities	<u>1,692,547</u>	<u>(8,062)</u>	<u>(67,971)</u>	<u>3,422,973</u>	<u>5,039,487</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Net acquisition and construction of fixed assets	(2,663,657)	-	-	(1,951,344)	(4,615,001)
Net cash flows from capital and related financing activities	<u>(2,663,657)</u>	<u>-</u>	<u>-</u>	<u>(1,951,344)</u>	<u>(4,615,001)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(20,352,021)	(14,043,443)	(2,304,002)	(12,562,299)	(49,261,765)
Proceeds from sale of investments	19,279,920	12,834,107	1,951,341	11,204,111	45,269,479
Interest received on investments	499,628	297,648	49,563	202,304	1,049,143
Net cash provided (used) by investing activities	<u>(572,473)</u>	<u>(911,688)</u>	<u>(303,098)</u>	<u>(1,155,884)</u>	<u>(2,943,143)</u>
Net increase (decrease) in cash and cash equivalents	1,044,304	776,026	146,985	728,633	2,695,948
Cash and cash equivalents at beginning of year	1,049,265	662,866	90,554	559,323	2,362,008
Cash and cash equivalents at end of year	<u>\$ 2,093,569</u>	<u>\$ 1,438,892</u>	<u>\$ 237,539</u>	<u>\$ 1,287,956</u>	<u>\$ 5,057,956</u>
Classified as:					
Current assets	\$ 2,093,569	\$ 1,438,892	\$ 237,539	\$ 1,287,956	\$ 5,057,956
Totals	<u>\$ 2,093,569</u>	<u>\$ 1,438,892</u>	<u>\$ 237,539</u>	<u>\$ 1,287,956</u>	<u>\$ 5,057,956</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 309,209	\$ 1,741,199	\$ 390,365	\$ (1,282,253)	\$ 1,158,520
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,110,296	-	8,421	1,869,395	3,988,112
(Increase) decrease in assets:					
Supplies inventory	19,822	-	-	-	19,822
Increase (decrease) in liabilities:					
Accounts payable	127,120	(46,844)	87,041	(220,975)	(53,658)
Accrued payroll	3,200	661	9,497	14,371	27,729
Compensated absences	18,240	760	22,730	32,350	74,080
Total adjustments	<u>2,278,678</u>	<u>(45,423)</u>	<u>127,689</u>	<u>1,695,141</u>	<u>4,056,085</u>
Net cash provided (used) by operating activities	<u>\$ 2,587,887</u>	<u>\$ 1,695,776</u>	<u>\$ 518,054</u>	<u>\$ 412,888</u>	<u>\$ 5,214,605</u>
Non-cash investing, capital and financing activities:					
Increase in fair market value of investments	\$ 11,148	\$ 7,148	\$ 916	\$ 4,011	\$ 23,223
Total non-cash investing, capital and financing activities	<u>\$ 11,148</u>	<u>\$ 7,148</u>	<u>\$ 916</u>	<u>\$ 4,011</u>	<u>\$ 23,223</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, 2007**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 6,866,041	\$ 6,866,041	\$ 6,968,155	\$ 102,114
Other governmental	-	-	80,000	80,000
Miscellaneous	100,000	-	3,815	3,815
Total operating revenues	<u>6,966,041</u>	<u>6,866,041</u>	<u>7,051,970</u>	<u>185,929</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,154,318	1,154,318	1,116,417	(37,901)
Contractual services, materials and supplies	3,067,399	3,479,200	3,307,522	(171,678)
Capital outlay	2,348,936	3,104,657	2,021,494	(1,083,163)
Contingencies	1,500,000	-	-	-
Total operating expenses	<u>8,070,653</u>	<u>7,738,175</u>	<u>6,445,433</u>	<u>(1,292,742)</u>
Operating income (loss)	<u>(1,104,612)</u>	<u>(872,134)</u>	<u>606,537</u>	<u>1,478,671</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	375,656	375,656	499,628	123,972
Gain (loss) on sale of fixed assets	-	100,000	-	(100,000)
Total nonoperating revenues (expenses)	<u>375,656</u>	<u>475,656</u>	<u>499,628</u>	<u>23,972</u>
Income (loss) before transfers	<u>(728,956)</u>	<u>(396,478)</u>	<u>1,106,165</u>	<u>1,502,643</u>
Transfers in	1,071,939	1,071,939	791,939	(280,000)
Transfers (out)	(134,150)	(134,150)	(133,275)	875
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 208,833</u>	<u>\$ 541,311</u>	<u>\$ 1,764,829</u>	<u>\$ 1,223,518</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.	50,742
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(37,737)
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.	37,737
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(21,440)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(146,942)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,981,333
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,110,296)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	60,785
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,033,900
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 2,612,911</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,552,376	\$ 3,552,376	\$ 3,518,483	\$ (33,893)
Miscellaneous	-	-	160,410	160,410
Total operating revenues	<u>3,552,376</u>	<u>3,552,376</u>	<u>3,678,893</u>	<u>126,517</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	159,116	159,116	156,451	(2,665)
Contractual services, materials and supplies	481,547	541,547	229,719	(311,828)
Insurance claims and expenses	2,929,000	2,869,000	1,630,131	(1,238,869)
Capital outlay	-	-	6,732	6,732
Contingencies	750,000	275,000	-	(275,000)
Total operating expenses	<u>4,319,663</u>	<u>3,844,663</u>	<u>2,023,033</u>	<u>(1,821,630)</u>
Operating loss	<u>(767,287)</u>	<u>(292,287)</u>	<u>1,655,860</u>	<u>1,948,147</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	59,896	59,896	330,832	270,936
Total nonoperating revenues	<u>59,896</u>	<u>59,896</u>	<u>330,832</u>	<u>270,936</u>
Income (loss) before transfers	<u>(707,391)</u>	<u>(232,391)</u>	<u>1,986,692</u>	<u>2,219,083</u>
Transfers (out)	(1,330)	(1,330)	(1,330)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (708,721)</u>	<u>\$ (233,721)</u>	<u>\$ 1,985,362</u>	<u>\$ 2,219,083</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.	33,184
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(1,421)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	46,844
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	6,732
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(6,732)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 2,063,969</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, 2007**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,828,909	\$ 5,828,909	\$ 5,828,909	\$ -
Miscellaneous	-	-	-	-
Total operating revenues	<u>5,828,909</u>	<u>5,828,909</u>	<u>5,828,909</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,102,173	3,102,173	2,518,696	(583,477)
Contractual services, materials and supplies	2,819,875	2,900,824	2,792,159	(108,665)
Capital outlay	-	30,000	5,521	(24,479)
Contingencies	100,000	100,000	-	(100,000)
Total operating expenses	<u>6,022,048</u>	<u>6,132,997</u>	<u>5,316,376</u>	<u>(816,621)</u>
Operating income (loss)	<u>(193,139)</u>	<u>(304,088)</u>	<u>512,533</u>	<u>816,621</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	13,462	13,462	49,563	36,101
Total nonoperating revenues	<u>13,462</u>	<u>13,462</u>	<u>49,563</u>	<u>36,101</u>
Income (loss) before transfers	<u>(179,677)</u>	<u>(290,626)</u>	<u>562,096</u>	<u>852,722</u>
Transfers (out)	(62,450)	(62,450)	(62,450)	-
Deficit revenues over expenses - budgetary basis	<u>\$ (242,127)</u>	<u>\$ (353,076)</u>	<u>\$ 499,646</u>	<u>\$ 852,722</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.	5,326
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(32,227)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(87,041)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	5,521
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.	(5,521)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 377,283</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, 2007**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 8,915,627	\$ 8,915,627	\$ 8,915,627	\$ -
Miscellaneous	-	-	42,128	42,128
Total operating revenues	<u>8,915,627</u>	<u>8,915,627</u>	<u>8,957,755</u>	<u>42,128</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	4,135,241	4,135,241	3,999,441	(135,800)
Contractual services, materials and supplies	4,796,179	5,453,502	4,520,182	(933,320)
Capital outlay	3,629,716	3,617,457	1,594,687	(2,022,770)
Contingencies	1,100,000	-	-	-
Total operating expenses	<u>13,661,136</u>	<u>13,206,200</u>	<u>10,114,310</u>	<u>(3,091,890)</u>
Operating loss	<u>(4,745,509)</u>	<u>(4,290,573)</u>	<u>(1,156,555)</u>	<u>3,134,018</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	159,642	159,642	202,304	42,662
Total nonoperating revenues	<u>159,642</u>	<u>159,642</u>	<u>202,304</u>	<u>42,662</u>
Income before transfers	<u>(4,585,867)</u>	<u>(4,130,931)</u>	<u>(954,251)</u>	<u>3,176,680</u>
Transfers in	2,998,871	2,998,871	2,998,871	-
Transfers (out)	(8,270)	(8,270)	(8,270)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (1,595,266)</u>	<u>\$ (1,140,330)</u>	<u>\$ 2,036,350</u>	<u>\$ 3,176,680</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.	20,435
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(46,721)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(110,793)
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.	110,793
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	220,975
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,569,443
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,869,395)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	432,372
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 2,363,459</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 the administrator. Neighborhood Pride was formed to accept charitable contributions for the purpose of revitalizing neighborhoods. The program provides support to individual property owners for improvement of their properties through material donations and volunteer assistance.

#### **PLAY Peoria Fund**

Accounts for monies held on behalf of PLAY Peoria, a separate not-for profit agency for which the City operates as the administrator. PLAY Peoria was formed for the purpose of accepting charitable donations and seeking grants that require a not-for-profit status, for the benefit of recreation programs and participants.

#### **Peoria Citizens Corp Council Fund**

Accounts for monies held on behalf of Peoria Citizens Corp Council (PCCC), a separate not-for profit agency for which the City operates as the administrator. PCCC is organized for charitable and educational purposes supporting community activities that engage and train individuals in emergency preparedness and response, crime prevention, and promotion of good public health and safety practices through education, training, guidance, and volunteer service.

#### **Westside Fire Training IGA Fund**

Accounts for monies on behalf of the Westside Fire Training, a consortium of west valley fire departments for which the City operates as the administrator. This consortium was formed through an intergovernmental agreement to fund joint training opportunities for the member fire departments.

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<b>Terramar Infrastructure Fund</b>				
Assets:				
Cash and cash equivalents	\$ 42,274	\$ 26,779	\$ -	\$ 69,053
Investments	342,696	-	26,779	315,917
Total Assets	<u>384,970</u>	<u>26,779</u>	<u>26,779</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
<b>Neighborhood Pride NFP Fund</b>				
Assets:				
Cash and cash equivalents	3,917	28,289	21,742	10,464
Investments	31,753	16,119	-	47,872
Interest receivable	97	263	-	360
Total Assets	<u>35,767</u>	<u>44,671</u>	<u>21,742</u>	<u>58,696</u>
Liabilities:				
Accounts payable	4,035	1,588	5,623	-
Other liabilities	31,732	26,964	-	58,696
Total Liabilities	<u>35,767</u>	<u>28,552</u>	<u>5,623</u>	<u>58,696</u>
<b>PLAY Peoria NFP Fund</b>				
Assets:				
Cash and cash equivalents	-	3,935	3,935	-
Total Assets	<u>-</u>	<u>3,935</u>	<u>3,935</u>	<u>-</u>
Liabilities:				
Accounts payable	-	3,935	3,935	-
Total Liabilities	<u>-</u>	<u>3,935</u>	<u>3,935</u>	<u>-</u>
<b>Peoria Citizens Corp Council NFP Fund</b>				
Assets:				
Cash and cash equivalents	-	3,000	3,000	-
Due from other governments	-	3,000	-	3,000
Total Assets	<u>-</u>	<u>6,000</u>	<u>3,000</u>	<u>3,000</u>
Liabilities:				
Other liabilities	-	3,000	-	3,000
Total Liabilities	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<b>Westside Fire Training IGA Fund</b>				
Assets:				
Cash and cash equivalents	-	21,969	18,983	2,985
Investments	-	13,655	-	13,655
Interest receivable	-	6	-	6
Total Assets	<u>-</u>	<u>35,630</u>	<u>18,983</u>	<u>16,646</u>
Liabilities:				
Accounts payable	-	5,874	5,328	546
Other liabilities	-	16,100	-	16,100
Total Liabilities	<u>-</u>	<u>21,974</u>	<u>5,328</u>	<u>16,646</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	46,191	83,972	47,660	82,502
Investments	374,449	29,774	26,779	377,444
Due from other governments	-	3,000	-	3,000
Interest receivable	97	269	-	366
Total Assets	<u>420,737</u>	<u>117,015</u>	<u>74,439</u>	<u>463,312</u>
Liabilities:				
Accounts payable	4,035	11,397	14,886	546
Other liabilities	416,702	46,064	-	462,766
Total Liabilities	<u>420,737</u>	<u>57,461</u>	<u>14,886</u>	<u>463,312</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, 2007

**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
<b>ASSETS:</b>					
Current Assets:					
Cash:					
111	Cash – unrestricted	\$ 455,000	-	410,728	82,079
100	Total cash	455,000	-	410,728	82,079
Accounts receivable:					
122	Accounts receivable – HUD Other projects	-	-	-	136,611
125	Accounts receivable – miscellaneous	15,152	-	23,688	-
126.2	Allowance for doubtful accts – other	-	-	-	-
120	Total receivables, net	15,152	-	23,688	-
150	Total current assets	470,152	-	434,416	218,690
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	(1,722,241)	-	-	-
160	Total fixed assets, net	2,111,167	-	-	-
180	Total non-current assets	2,111,167	-	-	-
190	Total Assets	\$ 2,581,319	-	434,416	218,690
<b>LIABILITIES AND EQUITY:</b>					
<b>LIABILITIES:</b>					
Current Liabilities:					
312	Accounts payable < 90 days	\$ -	-	17,030	131,337
332	Accounts payable – PHA projects	-	-	23,688	-
341	Tenant security deposits	12,652	-	-	-
342	Deferred revenues	-	-	82,183	87,353
310	Total Current Liabilities	12,652	-	122,901	218,690
350	Total Noncurrent Liabilities	-	-	-	-
300	Total Liabilities	12,652	-	122,901	218,690
<b>EQUITY:</b>					
508.1	Invested in capital assets, net of related debt	2,111,167	-	-	-
511.1	Restricted net assets	-	-	-	-
512.1	Unrestricted net assets	457,500	-	311,515	-
513	Total Equity/Net Assets	2,568,667	-	311,515	-
600	Total Liabilities and Equity/Net Assets	\$ 2,581,319	-	434,416	218,690

(continued)

CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Line #	Account Description	Low Rent Public Housing #14.850a	CIAP #14.852	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
<b>REVENUE:</b>					
703	Net tenant rental revenues	\$ 144,501	-	-	-
705	Total tenant revenue	144,501	-	-	-
706	HUD PHA grants	135,174	733	528,335	221,566
711	Investment Income – unrestricted	14,345	-	12,725	-
715	Other revenue	6,376	-	95,618	-
700	Total revenue	300,396	733	636,678	221,566
<b>EXPENSES:</b>					
911	Administrative salaries	\$ 45,705	-	-	-
912	Audit fees	2,500	-	1,000	-
913	Outside management fees	37,754	-	131,902	-
915	Employee benefit contributions – administrative	11,413	-	-	-
916	Other operating – administrative	23,791	-	-	4,470
931	Water	25,608	-	-	-
932	Electricity	4,500	-	-	-
933	Gas	3,174	-	-	-
941	Ordinary maintenance and operations – labor	26,355	-	-	-
942	Ordinary maint. & oper. – materials and other	73,257	-	-	-
943	Ordinary maint. & oper. – contract costs	22,414	-	-	217,096
945	Employee benefit contributions – ordinary maint.	9,169	-	-	-
952	Protective Services – other contract costs	196	-	-	-
961	Insurance premiums	215	-	-	-
969	Total operating expenses	286,051	-	132,902	221,566
970	Excess operating revenues over expenses	14,345	-	503,776	-
973	Housing assistance payments	-	-	491,051	-
974	Depreciation expense	85,489	-	-	-
900	Total expenses	371,540	-	623,953	221,566
1001	Operating transfers in	733	-	-	-
1002	Operating transfers out	-	(733)	-	-
1010	Total other financing sources (uses)	733	(733)	-	-
1000	Excess (deficiency) of operating revenues over (under) expenses	\$ (70,411)	-	12,725	-
<b>MEMO ACCOUNT INFORMATION:</b>					
1103	Beginning equity	\$ 2,639,078	-	\$298,790	-
1120	Unit months available	840	-	843	-
1121	Number of unit months leased	827	-	788	-
1117	Administrative fee equity	-	-	\$309,017	-
1118	Housing assistance payments equity	-	-	\$2,498	-

(concluded)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Exhibit 1

	<u>Balances at June 30, 2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2007</u>
Compensated absences	\$ 3,889,090	4,759,523	4,272,273	4,376,340
Contracts payable	18,551,973	28,776,339	7,063,581	40,264,731
Total	<u>22,441,063</u>	<u>33,535,862</u>	<u>11,335,854</u>	<u>44,641,071</u>
General obligation bonds:				
Refunding bonds - series 1993	3,825,000		620,000	3,205,000
Series 1995	3,025,000		2,780,000	245,000
Series 1996	4,400,000		4,085,000	315,000
Series 1998A	4,520,000		255,000	4,265,000
Refunding bonds - series 1998B	2,735,000		450,000	2,285,000
Series 2000	11,960,000		11,960,000	-
Series 2003	20,740,000		965,000	19,775,000
Series 2007		94,380,000		94,380,000
Series 2007 Ref		18,365,000		18,365,000
Total	<u>51,205,000</u>	<u>112,745,000</u>	<u>21,115,000</u>	<u>142,835,000</u>
Municipal Development Authority:				
Refunding bonds - series 2003	17,953,578	-	2,580,048	15,373,530
Series 2006	6,675,000		395,000	6,280,000
Total	<u>24,628,578</u>	<u>-</u>	<u>2,975,048</u>	<u>21,653,530</u>
Highway user revenue:				
Series 1996	3,830,000		260,000	3,570,000
Total	<u>3,830,000</u>	<u>-</u>	<u>260,000</u>	<u>3,570,000</u>
Special assessment:				
Sunny Boy ID #9002	205,000		-	205,000
North Valley ID #8801	2,545,000		275,000	2,270,000
Bell Road ID #8802	2,965,000		310,000	2,655,000
83rd Ave ID #9601	980,000		145,000	835,000
North Beardsley ID #9602	295,000		295,000	-
Arrowhead Fountains ID #9603	1,505,000		220,000	1,285,000
75th Ave & Paradise Ln ID #9303	1,327,570		235,506	1,092,064
99 Ave & Northern Ave ID #0601	-	4,950,000		4,950,000
Total	<u>9,822,570</u>	<u>4,950,000</u>	<u>1,480,506</u>	<u>13,292,064</u>
Community Facilities District:				
Vistancia CFD Series 2002	20,525,000		750,000	19,775,000
Vistancia CFD Series 2005	23,550,000		-	23,550,000
Vistancia CFD Series 2006		22,760,000		22,760,000
Total	<u>44,075,000</u>	<u>22,760,000</u>	<u>750,000</u>	<u>66,085,000</u>
Total bonds payable	<u>133,561,148</u>	<u>140,455,000</u>	<u>26,580,554</u>	<u>247,435,594</u>
Total governmental debt	<u>\$ 156,002,211</u>	<u>173,990,862</u>	<u>37,916,408</u>	<u>292,076,665</u>

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CHANGES IN DEBT  
BUSINESS-TYPE ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Exhibit 2

	<u>Balance at June 30, 2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2007</u>
Compensated absences	\$ 514,300	557,750	501,660	\$ 570,390
Less current portion	460,010			520,370
Long-term portion of compensated absences	<u>\$ 54,290</u>			<u>\$ 50,020</u>
Contracts payable	<u>\$ 3,664,741</u>	<u>\$ 1,807,178</u>	<u>\$ 743,564</u>	<u>\$ 4,728,355</u>
1995 Wastewater Management Authority	6,580,354		570,001	6,010,353
1997 Water Infrastructure Finance Authority	9,585,686		677,425	8,908,261
1998A Water and Sewer Revenue	13,530,000		770,000	12,760,000
1998B Water and Sewer Revenue	830,000		830,000	-
2000 Water and Sewer Revenue	8,915,000		625,000	8,290,000
2000 Water Infrastructure Finance Authority, Phase 1	17,042,353		854,915	16,187,438
2000 Water Infrastructure Finance Authority, Phase 2	12,421,200		571,880	11,849,320
2000 Water Infrastructure Finance Authority, Phase 3	1,757,660		74,554	1,683,106
2003 Municipal Development Authority Refunding	2,226,422		319,952	1,906,470
2006 Water Infrastructure Finance Authority, DW		16,200,000		16,200,000
2006 Water Infrastructure Finance Authority, CW Phase 1		27,183,342		27,183,342
Total bonds	<u>72,888,675</u>	<u>43,383,342</u>	<u>5,293,727</u>	<u>110,978,290</u>
Total business-type bonds & contracts payable	<u>76,553,416</u>	<u>45,190,520</u>	<u>6,037,291</u>	<u>115,706,645</u>
Less current portion of bonds & contracts payable	<u>6,217,467</u>			<u>6,261,280</u>
Long-term portion of bonds & contracts payable	<u>\$ 70,335,949</u>			<u>\$ 109,445,365</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2007**

Exhibit 3

Fiscal Year	General Obligation						Total General Obligation		
	General Facilities Purpose 6% Limitation (1)			Other Purpose 20% Limitation (1)			Principal	Interest	Total
	Principal	Interest	Total	Principal	Interest	Total			
2008	15,160,000	4,437,688	19,597,688	1,480,000	365,498	1,845,498	16,640,000	4,803,186	21,443,186
2009	6,565,000	3,085,302	9,650,302	5,010,000	1,961,583	6,971,583	11,575,000	5,046,885	16,621,885
2010	1,800,000	1,030,684	2,830,684	4,580,000	3,611,786	8,191,786	6,380,000	4,642,470	11,022,470
2011	1,240,000	709,179	1,949,179	5,440,000	3,662,759	9,102,759	6,680,000	4,371,938	11,051,938
2012	1,170,000	643,209	1,813,209	5,360,000	3,457,403	8,817,403	6,530,000	4,100,612	10,630,612
2013	1,070,000	584,009	1,654,009	5,380,000	3,256,219	8,636,219	6,450,000	3,840,228	10,290,228
2014	1,115,000	545,074	1,660,074	5,605,000	3,033,123	8,638,123	6,720,000	3,578,197	10,298,197
2015	350,000	151,802	501,802	6,650,000	3,152,238	9,802,238	7,000,000	3,304,040	10,304,040
2016	-	-	-	6,990,000	3,024,231	10,014,231	6,990,000	3,024,231	10,014,231
2017	-	-	-	6,870,000	2,746,216	9,616,216	6,870,000	2,746,216	9,616,216
2018	-	-	-	6,610,000	2,455,066	9,065,066	6,610,000	2,455,066	9,065,066
2019	-	-	-	6,920,000	2,156,363	9,076,363	6,920,000	2,156,363	9,076,363
2020	-	-	-	6,725,000	1,868,796	8,593,796	6,725,000	1,868,796	8,593,796
2021	-	-	-	7,040,000	1,577,900	8,617,900	7,040,000	1,577,900	8,617,900
2022	-	-	-	6,155,000	1,293,739	7,448,739	6,155,000	1,293,739	7,448,739
2023	-	-	-	6,425,000	1,014,338	7,439,338	6,425,000	1,014,338	7,439,338
2024	-	-	-	4,955,000	758,288	5,713,288	4,955,000	758,288	5,713,288
2025	-	-	-	5,165,000	543,500	5,708,500	5,165,000	543,500	5,708,500
2026	-	-	-	5,385,000	332,500	5,717,500	5,385,000	332,500	5,717,500
2027	-	-	-	5,620,000	112,400	5,732,400	5,620,000	112,400	5,732,400
	<u>\$ 28,470,000</u>	<u>\$ 11,186,947</u>	<u>\$ 39,656,947</u>	<u>\$ 114,365,000</u>	<u>\$ 40,383,946</u>	<u>\$ 154,748,946</u>	<u>\$ 142,835,000</u>	<u>\$ 51,570,893</u>	<u>\$ 194,405,893</u>

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

Year of Issuance	General Obligation Bond		
	Original Issue Amount	6% Limitation	20% Limitation
1993R	9,900,000	5,475,000	4,425,000
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
2007	94,380,000	17,340,000	77,040,000
2007R	18,365,000	2,265,000	16,100,000
Total	<u>\$ 185,730,000</u>	<u>51,125,000</u>	<u>134,605,000</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2007**

Exhibit 3

Fiscal Year	Municipal Development Authority (2)			Highway User Revenue			Special Assessment (3)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	3,185,000	1,029,431	4,214,431	275,000	195,210	470,210	1,264,637	704,268	1,968,905
2009	3,400,000	867,056	4,267,056	290,000	179,810	469,810	1,624,615	675,958	2,300,573
2010	3,575,000	695,031	4,270,031	305,000	163,295	468,295	1,855,492	577,351	2,432,843
2011	3,990,000	508,356	4,498,356	325,000	145,574	470,574	2,017,320	463,832	2,481,152
2012	1,570,000	383,706	1,953,706	340,000	126,703	466,703	1,695,000	339,995	2,034,995
2013	1,635,000	316,681	1,951,681	360,000	106,663	466,663	1,315,000	235,595	1,550,595
2014	1,685,000	233,681	1,918,681	385,000	85,244	470,244	325,000	149,600	474,600
2015	300,000	184,056	484,056	405,000	62,531	467,531	340,000	135,788	475,788
2016	310,000	168,806	478,806	430,000	38,525	468,525	355,000	121,338	476,338
2017	320,000	154,656	474,656	455,000	13,081	468,081	370,000	106,250	476,250
2018	335,000	141,556	476,556	-	-	-	390,000	90,525	480,525
2019	350,000	127,856	477,856	-	-	-	405,000	73,950	478,950
2020	365,000	113,556	478,556	-	-	-	425,000	56,738	481,738
2021	380,000	98,466	478,466	-	-	-	445,000	38,675	483,675
2022	395,000	82,529	477,529	-	-	-	465,000	19,763	484,763
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	-	-	-	-	-	-
2027									
	<u>\$23,560,000</u>	<u>5,258,854</u>	<u>28,818,854</u>	<u>3,570,000</u>	<u>1,116,635</u>	<u>4,686,635</u>	<u>13,292,064</u>	<u>3,789,624</u>	<u>17,081,687</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, NE corner of Northern & 99th Ave.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2007**

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
2008	4,340,865	3,315,710	7,656,575	1,475,000	3,532,249	5,007,249	27,180,502	13,580,054	40,760,556
2009	6,206,413	3,752,571	9,958,984	1,550,000	3,416,955	4,966,955	24,646,028	13,939,235	38,585,263
2010	6,449,048	3,506,384	9,955,432	2,170,000	3,329,455	5,499,455	20,734,540	12,913,987	33,648,526
2011	5,902,105	3,279,017	9,181,122	2,275,000	3,222,393	5,497,393	21,189,425	11,991,109	33,180,535
2012	6,115,769	3,059,224	9,174,993	2,385,000	3,108,336	5,493,336	18,635,769	11,118,576	29,754,345
2013	6,335,241	2,830,347	9,165,588	2,505,000	2,985,974	5,490,974	18,600,241	10,315,488	28,915,729
2014	6,565,723	2,591,966	9,157,689	2,630,000	2,854,633	5,484,633	18,310,723	9,493,321	27,804,044
2015	6,802,422	2,343,931	9,146,353	2,765,000	2,711,311	5,476,311	17,612,422	8,741,657	26,354,079
2016	7,055,562	2,085,980	9,141,542	2,920,000	2,555,713	5,475,713	18,060,562	7,994,592	26,055,154
2017	7,632,948	1,803,620	9,436,568	3,080,000	2,388,074	5,468,074	18,727,948	7,211,897	25,939,845
2018	7,930,139	1,495,602	9,425,741	3,255,000	2,207,674	5,462,674	18,520,139	6,390,423	24,910,562
2019	7,298,684	1,197,045	8,495,729	3,440,000	2,285,359	5,725,359	18,413,684	5,840,573	24,254,257
2020	6,175,529	936,779	7,112,308	3,635,000	1,810,671	5,445,671	17,325,529	4,786,540	22,112,069
2021	6,438,365	693,590	7,131,955	3,850,000	1,593,926	5,443,926	18,153,365	4,002,558	22,155,923
2022	3,701,024	506,649	4,207,673	4,070,000	1,362,718	5,432,718	14,786,024	3,265,397	18,051,421
2023	2,765,087	400,070	3,165,157	4,310,000	1,115,388	5,425,388	13,915,087	2,595,567	16,510,654
2024	2,709,103	313,681	3,022,784	4,565,000	862,431	5,427,431	12,659,103	1,982,530	14,641,633
2025	2,794,059	227,392	3,021,451	4,815,000	604,936	5,419,936	13,224,059	1,405,366	14,629,425
2026	2,881,681	138,395	3,020,076	5,080,000	357,175	5,437,175	13,816,681	838,058	14,654,739
2027	2,972,053	46,604	3,018,657	5,310,000	120,803	5,430,803	13,902,053	279,807	14,181,860
	<u>\$109,071,820</u>	<u>34,524,557</u>	<u>143,596,377</u>	<u>66,085,000</u>	<u>42,426,172</u>	<u>108,511,172</u>	<u>358,413,884</u>	<u>138,686,734</u>	<u>497,100,618</u>

(4) Vistancia Community Facilities District bonds

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CAPITAL ASSETS  
BY FUNCTION AND CLASSIFICATION  
JUNE 30, 2007**

<b>Governmental activities:</b>						
<b>Asset Type</b>	<b>Culture and Recreation</b>	<b>General Government</b>	<b>Police</b>	<b>Fire</b>	<b>Development Services</b>	<b>Highways and Streets</b>
Work in progress (WIP)	\$ 46,334,718	\$ 27,972,668	\$ 500	\$ 3,390,301	\$ -	\$ 39,063,176
Land	50,203,921	15,466,282	1,056,225	1,048,451	-	205,535,099
Buildings and Improvements	10,332,302	30,722,144	19,651,678	15,869,303	119,479	-
Furniture	180,236	1,746,476	124,446	405,940	131,806	57,229
Equipment	2,086,156	20,726,264	6,549,014	3,284,078	142,781	6,030,642
Vehicles	1,174,863	1,391,220	4,445,693	5,713,887	403,078	2,820,317
Storm Drain System	527,426	-	-	-	-	-
Street System	7,458,289	20,819	-	-	-	325,257,636
Park System	20,819,608	99,461	-	-	-	-
<b>Sub-total</b>	<b>139,117,519</b>	<b>98,145,334</b>	<b>31,827,556</b>	<b>29,711,960</b>	<b>797,144</b>	<b>578,764,099</b>
Less accumulated depreciation	(14,130,174)	(27,439,591)	(9,049,071)	(6,354,109)	(444,795)	(115,436,013)
Total governmental activities capital assets, net	\$ 124,987,345	\$ 70,705,743	\$ 22,778,485	\$ 23,357,851	\$ 352,349	\$ 463,328,086
<b>Business-type activities:</b>						
	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Sanitation Utility</b>	<b>Stadium</b>	<b>Housing Programs</b>	<b>Total</b>
Work in progress (WIP)	\$ 36,014,165	\$ 77,742,429	\$ -	\$ -	\$ -	\$ 113,756,594
Land	5,663,072	3,878,001	-	6,703,349	410,350	16,654,772
Buildings and Improvements	82,327	5,704	10,799	25,781,679	3,276,922	29,157,431
Furniture	112,250	29,004	8,013	-	9,613	158,880
Equipment	1,528,733	954,181	35,861	730,545	136,523	3,385,843
Vehicles	1,856,291	866,466	8,137,609	368,981	-	11,229,347
Water System	220,803,327	-	-	-	-	220,803,327
Wastewater System	-	158,953,176	-	-	-	158,953,176
<b>Sub-total</b>	<b>266,060,165</b>	<b>242,428,961</b>	<b>8,192,282</b>	<b>33,584,554</b>	<b>3,833,408</b>	<b>554,099,370</b>
Less accumulated depreciation	(38,608,740)	(39,533,680)	(3,462,016)	(9,293,279)	(1,722,241)	(92,619,956)
Total business-type activities capital assets, net	\$ 227,451,425	\$ 202,895,281	\$ 4,730,266	\$ 24,291,275	\$ 2,111,167	\$ 461,479,414

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<u>Public Works</u>	<u>Human Services</u>	<u>Total</u>
\$ 10,013,833	\$ -	\$ 126,775,196
10,073,335	307,757	283,691,070
359,520	-	77,054,426
90,665	5,592	2,742,390
231,391	-	39,050,326
1,184,960	694,220	17,828,238
52,877,515	-	53,404,941
8,774	-	332,745,518
-	-	20,919,069
<u>74,839,993</u>	<u>1,007,569</u>	<u>954,211,174</u>
<u>(13,250,316)</u>	<u>(321,307)</u>	<u>(186,425,376)</u>
<u>\$ 61,589,677</u>	<u>\$ 686,262</u>	<u>\$ 767,785,798</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Exhibit 5

Department	Balances July 1, 2006	Additions and Transfers	Deletions and Transfers	Balances June 30, 2007
Culture and Recreation	\$ 96,395,790	\$ 42,870,640	\$ (148,911)	\$ 139,117,519
General Government	61,714,466	36,481,515	(50,647)	98,145,334
Police	29,758,683	2,659,255	(590,382)	31,827,556
Fire	25,344,872	4,367,088	-	29,711,960
Development Services	816,883	-	(19,739)	797,144
Highways & Streets	543,373,638	35,390,461	-	578,764,099
Public Works	66,221,602	8,618,391	-	74,839,993
Human Services	765,385	242,184	-	1,007,569
Sub-total governmental fixed assets	<u>\$ 824,391,319</u>	<u>\$ 130,629,534</u>	<u>\$ (809,679)</u>	<u>\$ 954,211,174</u>
<b>Less accumulated depreciation</b>				
Culture and Recreation	(12,691,208)	(1,581,037)	142,071	(14,130,174)
General Government	(24,735,762)	(2,754,476)	50,647	(27,439,591)
Police	(7,958,468)	(1,660,849)	570,246	(9,049,071)
Fire	(5,111,051)	(1,243,058)		(6,354,109)
Development Services	(391,330)	(73,203)	19,738	(444,795)
Highways & Streets	(106,307,189)	(9,128,824)		(115,436,013)
Public Works	(11,886,031)	(1,364,285)		(13,250,316)
Human Services	(273,270)	(48,037)		(321,307)
Sub-total accumulated depreciation	<u>\$ (169,354,309)</u>	<u>\$ (17,853,769)</u>	<u>\$ 782,702</u>	<u>\$ (186,425,376)</u>
Total governmental activities capital assets, net	<u>\$ 655,037,010</u>	<u>\$ 112,775,765</u>	<u>\$ (26,977)</u>	<u>\$ 767,785,798</u>

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Governmental Funds:</b>			
General	MDA Debt Service - debt payments	\$ -	\$ 169,517
	Other Grants - Employee wellness committee subsidy	-	10,000
	Water Utility - capital assets	2,782,551	-
	Wastewater Utility - capital assets	259,676	-
	Sanitation Utility - capital assets	3,451,603	-
	ISF - Motor Pool - equipment purchases	-	510,939
	ISF - Motor Pool - capital assets	17	63,422
	ISF - Self-Insurance - capital assets	6,732	-
	ISF - IT Fund - equipment reserve	-	237,369
	ISF - IT Fund - capital assets	22,881	8,262
	ISF - IT Fund - projects	-	2,251,073
	ISF - IT Fund - computer equipment purchases	-	135,140
	Special Assmt Debt Service - close ID	5,189	-
	Half-Cent - public safety subsidy	2,385,000	-
	Half-Cent - economic development subsidy	744,031	-
	Half-Cent - office complex reserve	1,000,000	-
	Fund Totals	10,657,680	3,385,722
Half-Cent Sales Tax	General - public safety subsidy	-	2,385,000
	General - economic development subsidy	-	744,031
	General - office complex reserve	-	1,000,000
	Wastewater Utility - capital assets	2,931	-
	ISF - IT Fund - IT subsidy	-	82,000
	Highway User - streets subsidy	-	1,000,000
	MDA Debt Service - debt payments	-	2,837,526
	Stadium - debt service subsidy	-	480,697
	Stadium - operating subsidy	-	2,374,507
	Fund Totals	2,931	10,903,761
Highway User	MDA Debt Service - debt payments	-	294,989
	ISF - Motor Pool - equipment purchases	-	187,000
	ISF - IT Fund - projects	-	2,876
	ISF - IT Fund - computer equipment purchases	-	2,400
	ISF - IT Fund - equipment reserve	-	10,694
	Transportation Sales Tax - subsidy	497,348	-
	GO Bond Capital Projects - Streets capital projects	-	514,705
	Half-Cent - streets subsidy	1,000,000	-
	Fund Totals	1,497,348	1,012,664
Development Fee	General - capital assets	-	419,945
	Fund Totals	-	419,945
Transportation Sales Tax	Streets - subsidy	-	497,348
	Transit - subsidy	-	166,260
	Fund Totals	-	663,608
Special Assmt Debt Service	General - close completed ID	-	5,189
	Fund Totals	-	5,189
GO Bond Capital Projects	Streets Fund - capital projects	514,705	-
	Non-Bond Capital Projects - capital assets	247,000	-
	Fund Totals	761,705	-
Other Governmental			
Public Transit	Transportation Sales Tax - subsidy	166,260	-
	ISF - Motor Pool - capital assets	-	236,438
	ISF - IT Fund - equipment reserve	-	839
	ISF - IT Fund - projects	-	226
	ISF - IT Fund - computer equipment purchases	-	2,640
	sub-total	166,260	240,143

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Other Governmental (continued)</b>			
Section 8 Housing	Public housing - capital assets	-	733
Other Grants	Homeland Security - Water - capital assets	-	100,000
	Other Grants - Motor Pool Fund - equipment purchases	-	441,938
	State Forfeiture - IT Fund - capital assets	-	60,945
	General to Employee Wellness - subsidy	10,000	-
	sub-total	<u>10,000</u>	<u>602,883</u>
Storm Drainage	ISF- IT Fund - computer equipment purchases	-	4,935
	ISF- IT Fund - equipment reserve	-	419
	ISF - Motor Pool - equipment purchases	-	60,000
	sub-total	<u>-</u>	<u>65,354</u>
MDA Debt Service	General - debt service	169,517	-
	Half-Cent - debt service	2,837,526	-
	Highway User - debt service	294,989	-
	Water Utility - debt service	170,384	-
	Wastewater Utility - debt service	126,772	-
	Sanitation Utility - debt service	14,512	-
	Stadium - debt service	274,200	-
	ISF - Motor Pool - debt service	93,905	-
	sub-total	<u>3,981,805</u>	<u>-</u>
CFD Bonds-Debt Service	CFD Capital Projects - debt transfers	<u>720,705</u>	<u>-</u>
CFD Bonds-Capital Projects	Other Govtl - CFD Debt Services - debt transfers	-	720,705
	Water Utility - capital assets	-	1,987,569
	Wastewater Utility - capital assets	-	865,957
	sub-total	<u>-</u>	<u>3,574,231</u>
Non-Bond Capital Projects	GO Bond Capital Projects - capital assets	<u>-</u>	<u>247,000</u>
	Fund Totals	<u>4,878,770</u>	<u>4,730,344</u>
	Total Governmental Funds	<u>17,798,434</u>	<u>21,121,233</u>
<b>Enterprise Funds:</b>			
Water Utility	MDA Debt Service - debt service	-	170,384
	General - capital assets	-	2,782,551
	Half-Cent - capital assets	-	2,931
	Wastewater Utility - capital assets	874,340	12,127,600
	ISF- IT Fund - projects	-	43,317
	ISF- IT Fund - equipment reserve	-	23,485
	ISF- IT Fund - computer equipment purchases	-	63,490
	ISF- IT Fund - capital assets	-	131,338
	Other Grants - Homeland Security - capital assets	100,000	-
	CFD Capital Projects - capital assets	1,987,569	-
	Fund Totals	<u>2,961,909</u>	<u>15,345,096</u>
Wastewater Utility	MDA Debt Service - debt service	-	126,772
	ISF- IT Fund - equipment reserve	-	3,565
	ISF- IT Fund - computer equipment purchases	-	3,500
	ISF- IT Fund - projects	-	37,225
	ISF - IT Fund - capital assets	-	126,583
	ISF - Motor Pool - capital assets	37,818	-
	General -capital assets	-	259,676
	Water Utility - capital assets	12,127,600	874,340
	CFD Capital Projects - capital assets	865,957	-
	Fund Totals	<u>13,031,375</u>	<u>1,431,661</u>

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Enterprise Funds (continued)</b>			
Sanitation Utility	MDA Debt Service - debt service	-	14,512
	General - capital assets	-	3,451,603
	Proprietary capital asset given to govtl activity	-	308,801
	ISF- IT Fund - projects	-	677
	ISF- IT Fund - equipment reserve	-	2,516
	ISF - IT Fund - capital assets	-	107,623
	ISF - Motor Pool - capital assets	58,075	-
	Fund Totals	<u>58,075</u>	<u>3,885,732</u>
Stadium	MDA Debt Service - debt service	-	274,200
	Half-Cent - operating subsidy	2,374,507	-
	Half-Cent - debt service subsidy	480,697	-
	ISF - Motor Pool - capital assets	10,769	-
	ISF- IT Fund - projects	-	226
	ISF- IT Fund - equipment reserves	-	839
	ISF - IT Fund - capital assets	-	5,800
	Fund Totals	<u>2,865,973</u>	<u>281,065</u>
Public Housing	Other Govtl - Section 8 Housing - capital assets	733	-
	Total Enterprise Funds	<u>18,918,065</u>	<u>20,943,554</u>
<b>Internal Service Funds</b>			
Motor Pool	MDA Debt Service - debt service	-	93,905
	General Fund - equipment purchases	510,939	-
	General Fund - capital assets	63,422	17
	Development Fees - capital assets	411,518	-
	Wastewater Utility - capital assets	-	37,818
	Sanitation Utility - capital assets	-	58,075
	Stadium - capital assets	-	10,769
	ISF- IT Fund - projects	-	36,015
	ISF- IT Fund - capital assets	-	754
	ISF- IT Fund - equipment reserve	-	3,355
	ISF - Facilities - equipment purchases	22,000	-
	Highway User - equipment purchases	187,000	-
	Other Governmental - Storm Drainage - equipment purchases	60,000	-
	Other Governmental - Other Grants - capital assets	441,938	-
	Other Governmental - Transit - capital assets	236,438	-
	Fund Totals	<u>1,933,255</u>	<u>240,708</u>
Self-Insurance	General - capital assets	-	6,732
	ISF- IT Fund - equipment reserve	-	1,048
	ISF- IT Fund - projects	-	282
	Fund Totals	<u>-</u>	<u>8,062</u>
Facilities Maintenance	Half-Cent - Modular lease	-	5,871
	ISF - IT Fund - equipment reserve	-	1,579
	ISF- IT Fund - projects	-	33,000
	ISF - IT Fund - computer equipment purchases	-	5,521
	ISF - IT Fund - capital assets	-	22,000
	ISF - Motor Pool - equipment purchases	-	67,971
	Fund Totals	<u>-</u>	<u>67,971</u>

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Internal Service Funds (continued)			
Information Technology	General - computer projects	2,251,073	-
	General - computer equipment purchases	135,140	-
	General - equipment reserve	237,369	-
	General - capital assets	8,262	22,881
	Half-Cent subsidy	82,000	-
	Highway User - computer projects	2,876	-
	Highway User - computer equipment purchases	2,400	-
	Highway User - equipment reserve	10,694	-
	Development Fees - capital assets	8,427	-
	Other Governmental -Transit - computer projects	226	-
	Other Governmental -Transit - computer equipment	2,640	-
	Other Governmental -Transit - equipment reserve	839	-
	Other Governmental -Storm Drainage - computer equipment	4,935	-
	Other Governmental -Storm Drainage - equipment reserve	419	-
	Other Governmental - Other Grants - capital assets	60,945	-
	Water Utility - computer projects	43,317	-
	Water Utility - equipment reserve	23,485	-
	Water Utility - computer equipment purchases	63,490	-
	Water Utility - capital assets	131,338	-
	Wastewater Utility - computer projects	37,225	-
	Wastewater Utility - equipment reserve	3,565	-
	Wastewater Utility - computer equipment purchases	3,500	-
	Wastewater Utility - capital assets	126,583	-
	Sanitation Utility - computer projects	677	-
	Sanitation Utility - equipment reserve	2,516	-
	Sanitation Utility - capital assets	107,623	-
	Stadium - computer projects	226	-
	Stadium - equipment reserve	839	-
	Stadium - capital assets	5,800	-
	ISF - Motor Pool - computer projects	36,015	-
	ISF - Motor Pool - equipment reserve	3,355	-
	ISF - Motor Pool - capital assets	754	-
	ISF - Self-Insurance - equipment reserve	1,048	-
	ISF - Self-Insurance - projects	282	-
	ISF - Facilities - equipment reserve	5,871	-
	ISF - Facilities - computer projects	1,579	-
	ISF - Facilities - computer equipment purchases	33,000	-
	ISF - Facilities - capital assets	5,521	-
	Fund Totals	3,445,854	22,881
	Total Internal Service Funds	5,379,109	339,622
	Grand Totals	42,095,608	42,404,409

(concluded)

# Statistical Section

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<b>Financial Trends</b>	141
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	151
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.	
<b>Debt Capacity</b>	163
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.	
<b>Economic and Demographic Information</b>	174
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	176
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

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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 SEVEN 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>	<u>2007</u>
<b>Governmental Activities</b>							
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	\$ 591,763,494
Restricted	29,693,525	44,743,192	23,123,757	22,011,167	35,660,531	41,483,246	40,822,727
Unrestricted	75,707,921	75,812,410	191,628,459	108,663,727	118,007,870	131,307,050	173,833,813
<b>Total governmental activities net assets</b>	<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>	<u>\$ 806,420,034</u>
<b>Business-type Activities</b>							
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	\$ 369,615,117
Restricted	53,395,184	54,505,333	63,628,468	73,597,149	83,015,115	79,329,431	32,749,544
Unrestricted	60,155,500	60,944,374	57,594,489	58,112,123	55,874,702	53,032,272	68,959,683
<b>Total business-type activities net assets</b>	<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>	<u>\$ 471,324,344</u>
<b>Primary Government</b>							
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	\$ 961,378,611
Restricted	83,088,709	99,248,525	86,752,225	95,608,316	118,675,646	120,812,677	73,572,271
Unrestricted	135,863,421	136,756,784	249,222,948	166,775,850	173,882,572	184,339,322	242,793,496
<b>Total primary government net assets</b>	<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>	<u>\$ 1,277,744,378</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 SEVEN 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>	<u>2007</u>
<b>Expenses</b>							
<b>Governmental Activities</b>							
General Government	\$ 10,658,604	\$ 12,518,899	\$ 14,008,647	\$ 16,794,131	\$ 18,810,419	\$ 21,608,973	\$ 24,469,279
Culture & Recreation	9,962,666	11,926,736	12,488,931	13,580,663	15,135,836	16,304,875	17,947,721
Police	13,334,357	15,018,206	18,400,046	19,519,868	21,844,025	25,725,922	28,548,401
Fire	8,500,589	9,155,641	10,361,499	11,025,133	12,731,478	14,184,353	17,401,924
Development Services	3,534,282	3,447,617	4,178,383	4,280,766	4,557,154	4,882,448	5,605,618
Highways & Streets	13,830,180	14,507,609	16,423,295	16,554,235	21,839,566	18,713,722	23,031,544
Public Works	2,518,683	3,630,838	4,647,879	4,460,277	5,187,303	5,791,128	6,288,446
Human Services	1,582,952	1,597,081	2,551,175	1,665,219	1,869,601	2,054,042	2,316,358
Interest on long-term debt	5,635,399	5,542,309	6,186,918	6,884,380	6,017,664	7,223,963	8,065,449
Unallocated Deprecation	1,541,927	604,962	587,006	582,180	576,719	575,334	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>	<u>\$ 134,250,074</u>
<b>Business-type Activities</b>							
Water Utility	\$ 14,222,685	\$ 18,106,642	\$ 18,886,650	\$ 21,344,055	\$ 23,815,912	\$ 25,859,997	\$ 27,058,901
Wastewater Utility	9,237,170	10,880,229	12,274,198	11,049,354	12,469,667	12,782,965	14,523,268
Solid Waste Utility	6,564,782	6,896,802	7,787,634	7,798,343	8,462,126	8,688,437	9,458,194
Stadium	5,378,906	5,673,177	3,916,869	4,341,127	4,623,886	5,442,993	5,448,667
Housing	281,411	345,064	347,606	357,785	344,030	369,052	371,540
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>	<u>\$ 56,860,570</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>	<u>\$ 191,110,644</u>
<b>Program Revenues</b>							
<b>Governmental Activities</b>							
Charges for services	\$ 10,644,978	\$ 10,374,005	\$ 12,278,699	\$ 14,305,895	\$ 21,078,973	\$ 22,666,481	\$ 23,226,773
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946
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>	<u>\$ 96,975,027</u>
<b>Business-type Activities</b>							
Charges for services	\$ 38,657,721	\$ 41,520,765	\$ 44,627,823	\$ 47,136,002	\$ 47,962,423	\$ 53,196,965	\$ 61,918,282
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423
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>	<u>\$ 80,272,879</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>	<u>\$ 177,247,906</u>
<b>Net (Expense)/Revenue</b>							
Governmental Activities	\$ (31,484,622)	\$ (24,012,184)	\$ (47,115,807)	\$ (43,375,208)	\$ (39,054,460)	\$ 21,087,664	\$ (37,275,047)
Business-type Activities	17,902,343	19,436,772	29,061,420	37,228,368	46,504,587	14,288,769	23,412,309
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>	<u>\$ (13,862,738)</u>

**CITY OF PEORIA, ARIZONA**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN 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>	<u>2007</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	\$ 3,722,092
Property taxes, levied for debt service	6,878,678	8,156,576	8,681,164	9,940,516	11,240,627	12,930,561	14,392,472
Sales and use taxes	33,621,787	33,711,972	35,932,415	40,579,522	45,535,559	61,156,870	68,873,970
Franchise taxes	2,022,335	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895	3,983,701
State shared sales taxes - unrestricted	6,971,235	8,350,576	8,474,910	9,116,684	10,038,874	11,681,284	13,130,116
Urban revenue sharing - unrestricted	8,891,990	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782	15,996,992
Auto in-lieu taxes - unrestricted	3,054,248	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577	5,725,299
Investment Earnings	7,677,637	5,395,083	2,950,753	1,698,168	2,930,923	6,723,061	12,100,831
Gain on sale of capital assets	59,397	36,313	91,970	160,917	148,518	81,122	60,785
Elimination of development agreement debt	-	-	135,068	839,099	-	17,279	23,941
Miscellaneous	171,852	414,835	1,034,025	443,892	2,480,978	5,584,218	7,439,193
Transfers in (out)	(1,463,203)	(1,563,008)	(2,755,444)	(1,404,110)	(14,546,789)	(12,660,507)	2,025,489
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>	<u>\$ 147,474,881</u>
Business-type Activities							
Investment Earnings	\$ 7,108,181	\$ 5,357,578	\$ 2,379,114	\$ 1,349,492	\$ 2,846,925	\$ 5,222,148	\$ 5,851,620
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	(2,025,489)
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>	<u>\$ 3,826,131</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>	<u>\$ 151,301,012</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	\$ 110,199,834
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	27,238,440
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>	<u>\$ 137,438,274</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 SEVEN FISCAL YEARS**  
(accrual basis of accounting)

Table III

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Fiscal Year</u> <u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Program Revenues</b>							
Governmental Activities							
Charges for services							
General Government	\$ 1,147,361	\$ 1,261,983	\$ 1,468,973	\$ 1,576,952	\$ 3,122,641	\$ 3,346,730	\$ 2,747,370
Culture & Recreation	3,156,382	3,579,918	4,156,225	4,278,605	5,117,914	5,793,176	6,927,760
Police	179,253	173,678	231,147	603,702	1,123,337	828,053	1,283,559
Fire	244,605	216,299	839,434	730,868	1,557,835	1,844,083	1,737,666
Development Services	3,915,408	3,380,947	3,816,666	4,121,816	5,840,631	5,660,591	4,614,166
Highways & Streets	603,174	247,162	142,242	176,195	205,291	104,654	433,400
Public Works	930,258	1,454,693	1,578,903	2,709,759	3,987,875	4,950,541	5,318,686
Human Services	468,537	59,325	45,109	107,998	123,449	138,653	164,166
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946
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>	<u>\$ 96,975,027</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	\$ 33,511,407
Wastewater Utility	9,605,153	9,606,324	10,623,544	10,971,239	11,608,902	12,227,879	14,907,360
Solid Waste Utility	6,799,753	7,036,110	7,277,520	7,728,124	8,330,792	9,715,409	10,395,273
Stadium	2,406,658	2,494,194	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365
Housing	139,288	154,129	137,193	128,332	128,141	153,630	150,877
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423
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>	<u>\$ 80,272,879</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>	<u>\$ 177,247,906</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 9,727,311	\$ 11,069,242	\$ 10,649,066	\$ 231,842	\$ 366,670	\$ 730,494	\$ 3,061,807	\$ 150,764	\$ 948,135	\$ 216,652
Unreserved	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	74,842,586
Total General Fund	<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>	<u>\$ 75,059,238</u>
General Fund as % of current year revenues (1)										
Reserved	17.5%	17.8%	15.1%	0.4%	0.6%	1.1%	4.4%	0.2%	1.0%	0.2%
Unreserved	47.2%	62.0%	77.1%	92.6%	70.7%	64.4%	62.6%	64.2%	67.6%	70.9%
Total General Fund	64.7%	79.8%	92.2%	93.0%	71.3%	65.5%	67.0%	64.4%	68.6%	71.1%
General Fund as % of current year expenditures (2)										
Reserved	24.7%	25.1%	21.8%	0.5%	0.6%	1.2%	4.7%	0.2%	1.1%	0.2%
Unreserved	66.8%	87.3%	111.1%	112.4%	75.2%	70.8%	67.3%	68.2%	76.4%	72.0%
Total General Fund	91.5%	112.5%	132.9%	112.9%	75.8%	72.0%	72.0%	68.4%	77.5%	72.2%
All Other Governmental Funds										
Reserved	\$ 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	\$ 154,966,318
Unreserved, reported in:										
Special revenue funds	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	49,251,757
Capital projects funds	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)	18,917,375
Total All Other Governmental Funds	<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>	<u>\$ 223,135,450</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 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	\$ 90,780,140
Intergovernmental	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	64,283,444
Charges for services	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	39,290,401
Licenses and Permits	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	3,878,132
Fines and Forfeitures	838,890	838,607	796,459	1,159,057	1,080,542	1,093,438	1,086,327	1,823,626	2,112,799	2,203,756
Rents	132,477	146,021	160,742	30,217	58,606	70,952	89,829	174,837	228,492	249,069
Investment Earnings	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	10,942,001
Special assessments	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	1,971,991
Miscellaneous	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	6,992,363
<b>Total Revenues</b>	<b>\$ 71,973,301</b>	<b>\$ 80,874,207</b>	<b>\$ 92,029,612</b>	<b>\$ 103,033,259</b>	<b>\$ 109,293,292</b>	<b>\$ 112,560,955</b>	<b>\$ 121,179,431</b>	<b>\$ 144,191,521</b>	<b>\$ 178,025,080</b>	<b>\$ 220,591,297</b>
<b>Expenditures</b>										
General Government	\$ 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	\$ 22,833,440
Culture & Recreation	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	17,013,511
Police	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	28,163,474
Fire	-	-	-	8,197,640	9,012,316	9,633,471	10,440,007	12,206,093	13,422,870	16,522,036
Development Services	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	5,526,599
Highways & Streets	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	14,679,124
Public Works	-	-	-	1,780,346	2,571,543	3,217,245	3,107,787	3,993,427	4,640,211	5,010,116
Human Services	-	-	-	1,474,413	1,537,183	2,452,063	1,590,605	1,768,107	1,991,939	2,291,469
Other	28,847	16,814	8,225	4,518	8,025	3,707	16,823	3,849	539	45,912
Capital Outlay	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	76,919,805
Debt Service										
Interest	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	8,099,492
Principal	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	16,178,431
<b>Total Expenditures</b>	<b>\$ 67,014,052</b>	<b>\$ 72,785,237</b>	<b>\$ 81,065,289</b>	<b>\$ 91,850,304</b>	<b>\$ 99,206,370</b>	<b>\$ 111,779,079</b>	<b>\$ 143,220,840</b>	<b>\$ 144,972,313</b>	<b>\$ 153,731,533</b>	<b>\$ 213,283,409</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 4,959,249</b>	<b>\$ 8,088,970</b>	<b>\$ 10,964,323</b>	<b>\$ 11,182,955</b>	<b>\$ 10,086,922</b>	<b>\$ 781,876</b>	<b>\$ (22,041,409)</b>	<b>\$ (780,792)</b>	<b>\$ 24,293,547</b>	<b>\$ 7,307,888</b>
<b>Other Financing Sources (Uses)</b>										
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	\$ 122,090,000
Proceeds from refunding	-	4,030,000	-	-	-	24,613,603	-	-	-	18,365,000
Proceeds from sale of general fixed assets	1,879,500	1,697,720	1,328,591	-	-	-	-	-	-	-
Payments to bond refunding escrow agent	-	(4,030,000)	-	-	-	(22,255,141)	-	-	-	(18,365,000)
Premium on bonds issued	-	-	-	-	-	-	-	75,552	20,559	1,502,204
Transfers In	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	17,798,434
Transfers Out	(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)	(21,121,233)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 781,915</b>	<b>\$ 2,649,310</b>	<b>\$ 12,756,698</b>	<b>\$ (2,960,066)</b>	<b>\$ (1,171,385)</b>	<b>\$ 45,778,068</b>	<b>\$ (4,908,806)</b>	<b>\$ 19,824,374</b>	<b>\$ (10,010,658)</b>	<b>\$ 120,269,405</b>
<b>Net Change in Fund Balance</b>	<b>\$ 5,741,164</b>	<b>\$ 10,738,280</b>	<b>\$ 23,721,021</b>	<b>\$ 8,222,889</b>	<b>\$ 8,915,537</b>	<b>\$ 46,559,944</b>	<b>\$ (26,950,215)</b>	<b>\$ 19,043,582</b>	<b>\$ 14,282,889</b>	<b>\$ 127,577,293</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	25.2%	20.4%	19.1%	22.4%	19.0%	20.0%	17.7%	20.0%	19.9%	17.8%

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 SEVEN 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>	<u>2007</u>
Governmental Activities:							
General Government	\$ 4,197,681	\$ 6,195,112	\$ 3,475,738	\$ 3,842,493	\$ 5,155,229	\$ 5,471,741	\$ 5,099,910
Culture & Recreation	7,491,034	7,036,365	7,017,008	8,427,932	11,784,749	14,003,877	12,243,385
Police	1,357,792	1,023,801	1,147,435	1,697,650	2,579,817	3,128,006	5,271,968
Fire	542,501	588,650	1,375,502	1,553,178	3,075,988	3,729,960	4,098,537
Development Services	4,814,347	4,034,695	4,735,581	4,756,969	6,545,647	6,459,264	5,437,544
Highways & Streets	18,522,808	31,816,700	19,439,898	24,079,992	34,210,694	98,404,102	57,310,910
Public Works	930,258	1,558,305	3,063,471	5,887,194	4,161,349	4,950,541	5,418,686
Human Services	1,758,596	1,684,086	2,463,339	1,726,236	2,001,832	2,004,933	2,094,087
Unallocated General Revenues	71,361,039	75,551,880	77,944,058	82,176,989	92,516,403	121,413,631	145,449,392
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>	<u>\$ 242,424,419</u>
Business-type Activities:							
Water Utility	\$ 24,529,708	\$ 32,751,517	\$ 36,926,991	\$ 45,639,906	\$ 49,238,279	\$ 36,888,294	\$ 44,900,179
Wastewater Utility	16,351,098	17,500,110	24,833,732	24,595,006	34,300,518	16,668,034	21,116,119
Solid Waste Utility	7,670,435	7,633,584	8,031,180	8,493,458	9,454,742	10,732,529	11,017,165
Stadium	4,782,876	3,174,210	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365
Housing	253,180	279,265	257,263	257,640	264,877	283,562	286,051
Unallocated General Revenues	7,271,755	23,836,584	2,696,588	1,349,492	2,846,925	5,222,148	5,851,620
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>	<u>\$ 86,124,499</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>	<u>\$ 328,548,918</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>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>	<u>2007</u>
Transaction Taxes (1)	\$ 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	\$ 68,873,970
Franchise Taxes	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	3,983,701
Property Taxes										
Primary Taxes	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	2,896,360
Secondary Taxes	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	13,211,927
Special District* Taxes	177,314	205,678	183,425	384,380	512,196	834,891	619,973	868,197	796,821	1,571,936
In Lieu Taxes	452,899	289,719	275,222	236,085	192,931	175,135	252,345	293,417	273,644	242,246
Total Property Taxes	<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>	<u>\$ 17,922,469</u>
Total Taxes	<u><u>\$ 28,263,140</u></u>	<u><u>\$ 33,085,735</u></u>	<u><u>\$ 38,420,066</u></u>	<u><u>\$ 44,534,680</u></u>	<u><u>\$ 46,097,098</u></u>	<u><u>\$ 49,675,987</u></u>	<u><u>\$ 55,774,213</u></u>	<u><u>\$ 62,170,531</u></u>	<u><u>\$ 80,238,340</u></u>	<u><u>\$ 90,780,140</u></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									
	<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>	<u>2007</u>
State Shared Sales Tax	\$ 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	\$ 13,130,116
Urban Revenue Sharing	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	15,996,992
HURF Revenues	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	9,870,460
Auto in-Lieu	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	5,725,299
Local Transportation Aid	511,915	528,376	551,269	598,664	615,115	639,879	650,734	650,056	657,162	658,598
Other	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	15,800,183
Federal	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	3,101,796
Total Intergovernmental Revenue	<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>	<u>\$ 64,283,444</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>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>	<u>2007</u>
Governmental Activities:										
Streets	\$ -	\$ -	\$ 215,358	\$ 1,846,867	\$ 1,911,146	\$ 2,064,748	\$ 2,740,580	\$ 7,029,058	\$ 8,460,281	\$ 11,093,775
Parks/Recreation	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	4,020,306
Library	372,611	330,070	436,814	460,258	476,734	457,898	586,200	1,028,504	969,582	691,434
Public Safety	440,991	452,779	531,464	909,116	929,164	1,124,351	1,461,477	2,730,568	3,275,831	5,649,715
General Government	-	-	112,669	926,097	941,436	1,012,151	1,381,237	2,020,208	2,105,106	2,167,340
Total Governmental Activities	<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>	<u>\$ 23,622,570</u>
Business-type Activities:										
Water Expansion	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	4,973,097
Water Resource	-	-	16,882	185,934	475,237	887,389	1,287,101	1,801,486	1,550,288	1,133,833
Wastewater Expansion	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	2,719,879
Solid Waste Expansion	1,308,440	915,034	1,450,380	870,682	597,474	753,660	765,334	1,123,950	1,009,520	621,892
Total Business-type Activities	<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>	<u>\$ 9,448,701</u>
Total Primary Government	<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>	<u>\$ 33,071,271</u>

Source: City financial records

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

Table X

	Fiscal 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>	<u>2006</u>	<u>2007</u>
Retail Sales	\$ 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	\$ 30,963,887
Contracting	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	13,910,951
Rentals	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	6,554,938
Utilities	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	6,005,833
Telecom/Cable TV	318,912	405,098	484,518	623,951	626,479	719,721	815,105	920,471	1,079,620	1,245,892
Restaurant/Bar	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	6,782,852
Amusement	72,510	63,571	149,361	308,340	340,467	373,416	443,680	549,702	655,728	814,307
Use	301,213	454,945	788,801	2,754,177	897,835	602,119	599,172	570,265	485,720	783,997
Other	683,777	387,562	524,232	760,612	880,106	1,064,488	1,992,666	1,835,393	1,675,151	1,811,313
<b>Total</b>	<b>\$ 21,193,261</b>	<b>\$ 24,999,105</b>	<b>\$ 29,172,894</b>	<b>\$ 33,621,788</b>	<b>\$ 33,712,972</b>	<b>\$ 35,932,415</b>	<b>\$ 40,579,522</b>	<b>\$ 45,535,559</b>	<b>\$ 61,156,869</b>	<b>\$ 68,873,970</b>
<b>% Growth by Year</b>										
Retail Sales	19.7%	16.2%	19.4%	2.8%	15.2%	4.7%	9.1%	9.6%	22.7%	15.4%
Contracting	21.1%	31.6%	5.7%	9.6%	-21.3%	6.0%	14.4%	28.0%	78.1%	-0.8%
Rentals	15.8%	16.4%	16.7%	18.4%	-1.1%	8.2%	13.3%	14.4%	27.3%	19.8%
Utilities	2.8%	11.7%	16.3%	-0.6%	26.6%	4.6%	8.4%	5.4%	92.1%	21.3%
Telecom/Cable TV	4.0%	27.0%	19.6%	28.8%	0.4%	14.9%	13.3%	12.9%	17.3%	15.4%
Restaurant/Bar	17.2%	20.1%	10.3%	22.1%	15.6%	22.4%	12.4%	14.0%	18.5%	13.3%
Amusement	-23.6%	-12.3%	135.0%	106.4%	10.4%	9.7%	18.8%	23.9%	19.3%	24.2%
Use	-9.8%	51.0%	73.4%	249.2%	-67.4%	-32.9%	-0.5%	-4.8%	-14.8%	61.4%
Other	93.7%	-43.3%	35.3%	45.1%	15.7%	20.9%	87.2%	-7.9%	-8.7%	8.1%
<b>Total</b>	<b>18.6%</b>	<b>18.0%</b>	<b>16.7%</b>	<b>15.3%</b>	<b>0.3%</b>	<b>6.6%</b>	<b>12.9%</b>	<b>12.2%</b>	<b>34.3%</b>	<b>12.6%</b>

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**

	<b>Year Taxes Are Payable</b>									
	<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>	<u>2007</u>
<b>City Direct Rates:</b>										
Retail Sales	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%
Contracting	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%
Rental	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.60%	5.60%
Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.30%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%
Restaurant/Bar	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%
Amusement	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%
Others	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%
<b>County Rate</b>										
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	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
<b>State Rate</b>										
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%	5.60%	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 TWO YEARS AGO**

Table XII

Category	2007				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	2,612	20.45%	\$ 30,963,887	45.0%	2,365	23.4%	\$ 21,861,810	48.0%
Contracting	4,106	32.14%	13,910,951	20.2%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	267	2.09%	6,782,852	9.8%	235	2.3%	5,052,224	11.1%
Rental	3,709	29.04%	6,554,938	9.5%	2,867	28.3%	4,297,474	9.4%
Utilities	9	0.07%	6,005,833	8.7%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	124	0.97%	1,245,892	1.8%	126	1.2%	920,471	2.0%
Use	879	6.88%	783,997	1.1%	857	8.5%	570,265	1.3%
Amusement	51	0.40%	814,307	1.2%	45	0.4%	549,702	1.2%
Others	1,017	7.96%	1,811,313	2.6%	402	4.0%	1,835,393	4.0%
<b>Total</b>	<b>12,774</b>	<b>100.00%</b>	<b>\$ 68,873,970</b>	<b>100.00%</b>	<b>10,122</b>	<b>100.00%</b>	<b>\$ 45,535,559</b>	<b>100.00%</b>

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Residential (Owner occupied)	\$ 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	\$ 626,591,494
Residential (Renter occupied)	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	75,761,506
Commercial, Industrial, Mines & Utilities	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	293,807,014
Agriculture & Vacant	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	117,630,028
Railroad	789,292	1,063,094	1,008,673	1,073,870	1,094,881	955,802	951,301	1,712,708	1,724,400	1,830,109
Historic & Environmental	116,999	86,391	163,835	58,510	25,215	28,555	190,782	30,780	-	-
Public Property Improvements	400	1,970	1,475	1,430	-	-	-	-	-	-
Net Assessed Value	\$ 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	\$ 1,115,620,151
% Growth	25.2%	7.0%	15.0%	17.9%	16.5%	9.0%	13.2%	10.3%	16.5%	15.7%
Net Assessed Value Per Capita	\$ 3,999	\$ 4,049	\$ 4,082	\$ 4,520	\$ 4,956	\$ 5,226	\$ 5,651	\$ 6,039	\$ 7,262	\$ 7,264
Total Direct Secondary Tax Rate	1.16	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20
Full Cash Value	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	9,999,273,539
% Growth	25.1%	6.6%	16.2%	15.1%	20.1%	8.6%	14.9%	11.6%	16.1%	14.4%
Full Cash Value Per Capita	\$ 35,115	\$ 35,426	\$ 36,088	\$ 39,009	\$ 44,073	\$ 46,278	\$ 50,780	\$ 54,914	\$ 65,788	\$ 65,103
Net Assessed Value as a Percentage of Full Cash Value	11.4%	11.4%	11.3%	11.6%	11.2%	11.3%	11.1%	11.0%	11.0%	11.2%

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 Property ©		Residential	Commercial and Industrial (d)	Agriculture and Vacant Land (d)
1998	26%	26%	22%	25.0%	10%	16%	
1999	25%	25%	21%	25.0%	10%	16%	
2000	-	-	21%	25.0%	10%	16%	
2001	-	-	21%	25.0%	10%	16%	
2002	-	-	21%	25.0%	10%	16%	
2003	-	-	21%	25.0%	10%	16%	
2004	-	-	20%	25.0%	10%	16%	
2005	-	-	21%	25.0%	10%	16%	
2006	-	-	21%	25.0%	10%	16%	
2007	-	-	22%	24.5%	10%	16%	

Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation. Beginning with tax year 2000, mining and utility properties are included in the same class property as the commercial and industrial properties. 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. 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

	Fiscal 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>	<u>2006</u>	<u>2007</u>
Total Direct City										
Primary	\$ 0.36	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.28
Secondary	1.16	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20
School District (1)										
Primary	4.64	4.82	4.75	4.87	4.32	4.41	4.56	4.46	4.13	4.29
Secondary	4.82	5.16	4.95	4.63	4.40	4.28	4.04	3.90	3.80	3.31
County (2)										
Primary	2.64	2.66	2.68	2.64	2.64	2.66	2.59	2.59	2.59	2.06
Secondary	0.83	0.78	0.74	0.70	0.65	0.62	0.51	0.51	0.51	0.68
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	7.64	7.80	7.75	7.83	7.25	7.36	7.44	7.34	4.42	6.63
Secondary	6.81	7.24	6.99	6.63	6.35	6.20	5.85	5.71	6.56	5.19

(1) The school district tax levies are for the Peoria Unified School District, which serves the majority of the City of Peoria. Other areas of the City are served by the Deer Valley Unified School District, whose most recent rates are as follows:

	Deer Valley
Primary	\$ 3.78
Secondary	2.26

(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	\$ 1.18	\$ -
Education Equalization	-	-
Community College District	0.88	0.18
County Flood Control District	-	0.20
Fire District Assistance	-	0.01
County Free Library	-	0.05
Central AZ Water Conservation	-	0.12
Special Health Care	-	0.12
	<u>\$ 2.06</u>	<u>\$ 0.68</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

	Tax Levies Fiscal 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>	<u>2006</u>	<u>2007</u>
Total Direct City										
Primary	\$ 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	\$ 3,012,725
Secondary	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	13,387,442
School District (1)										
Primary	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	58,945,121
Secondary	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	48,531,032
County (2)										
Primary	394,837,918	426,667,921	469,465,347	512,232,252	563,545,711	611,337,637	726,446,055	726,446,055	398,725,245	696,740,167
Secondary	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	240,972,424
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	424,679,482	453,927,854	501,855,890	549,811,112	601,588,445	653,138,786	774,241,944	777,087,034	451,841,923	758,698,013
Secondary	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	302,890,898

(1) The school district tax levies are for the Peoria Unified School District, which serves the majority of the City of Peoria.

Other areas of the City are served by the Deer Valley Unified School District, whose most recent tax levies are as follows:

Deer Valley	
Primary	\$ 77,535,366
Secondary	50,482,978

(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	\$ 398,725,245	\$ -
Education Equalization	-	-
Community College District	298,014,922	66,462,148
County Flood Control District	-	67,096,622
Fire District Assistance	-	2,466,637
County Free Library	-	18,401,410
Central AZ Water Conservation	-	43,585,607
Special Health Care	-	42,960,000
	<u>\$ 696,740,167</u>	<u>\$ 240,972,424</u>

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

Sourc Maricopa County Assessor - Tax Rates and Levies publication

(concluded)

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

Table XV

Taxpayer	2007			1998		
	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value
Arizona Public Service	\$ 16,561,102	1	1.48%	\$ 12,524,838	1	3.48%
Qwest Corporation	9,440,518	2	0.85%	7,142,525	2	1.99%
Sprint Spectrum LP	7,322,358	3	0.66%	-		
Vistancia LLC	6,819,761	4	0.61%	-		
Cox Communications	5,342,596	5	0.48%	-		
Safeway, Inc	5,052,214	6	0.45%	-		
Inland Western Glendale LLC	4,761,553	7	0.43%	-		
Ddra Ahwatukee Foothills LLC	4,715,699	8	0.42%	-		
Target Corporation	4,431,983	9	0.40%	-		
Southwest Gas Corporation	4,407,792	10	0.40%	2,158,925	7	0.60%
Arizona Crossing LP	-			5,081,272	3	1.41%
Midcor Associates	-			2,969,516	4	0.83%
Larry Miller Dodge	-			2,583,270	5	0.72%
Freedom Plaza Limited Partner	-			2,323,854	6	0.65%
Dayton Hudson Corp	-			1,808,543	8	0.50%
C&H Properties	-			1,653,340	9	0.46%
Phillips, Peter R	-			1,535,305	10	0.43%
Total	<u>\$ 68,855,576</u>		<u>6.17%</u>	<u>\$ 39,781,388</u>		<u>11.06%</u>

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>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>	<u>2007</u>
Current Levy	\$ 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	\$ 16,400,167
Current Tax Collections	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	15,926,805
Percent of Levy Collected	96.0%	98.5%	98.8%	97.7%	96.4%	97.7%	98.2%	98.2%	97.7%	97.1%
Delinquent Tax Collections	15,998	24,645	22,418	149,690	117,765	325,376	251,331	143,034	91,070	52,195
Total Tax Collections	\$ 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	\$ 15,979,000
Total Collection as Percent of Current Levy	96.3%	98.9%	99.1%	99.5%	97.7%	100.8%	100.4%	99.3%	98.3%	97.4%

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

<b>Utility Rate Increases &amp; Average Bill</b>										
<b>Last Ten Fiscal Years</b>										
	<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>	<u>2007</u>
Water										
Average bill	\$ 24.28	\$ 26.81	\$ 33.59	\$ 34.58	\$ 37.77	\$ 39.61	\$ 39.06	\$ 35.53	\$ 34.59	\$ 34.85
% Increase	no change	10.42%	25.29%	2.95%	9.22%	4.87%	-1.39%	-9.04%	-2.65%	0.75%
Wastewater										
Average bill	17.60	17.14	17.49	18.10	17.32	18.73	18.53	19.47	18.74	21.52
% Increase	-7.03%	-2.61%	2.04%	3.49%	-4.31%	8.14%	-1.07%	5.07%	-3.75%	14.83%
Residential Solid Waste										
Average bill	12.30	12.30	12.49	12.49	12.49	12.49	12.49	13.32	14.58	14.91
% Increase		no change	1.54%	no change	no change	no change	no change	6.65%	9.46%	2.26%

<b>Utility Service Connections</b>										
<b>Last Ten Fiscal Years</b>										
	<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>	<u>2007</u>
Water										
#	29,300	31,020	31,810	34,900	36,221	37,664	38,818	42,673	44,221	45,630
% Increase	12.54%	5.87%	2.55%	9.71%	3.79%	3.98%	3.06%	9.93%	3.63%	3.19%
Wastewater										
#	27,092	30,274	34,190	37,321	38,130	39,806	40,984	43,824	45,933	47,831
% Increase	9.07%	11.75%	12.94%	9.16%	2.17%	4.40%	2.96%	6.93%	4.81%	4.13%
Residential Solid Waste										
#	26,393	29,517	32,615	35,320	36,978	38,546	39,747	42,467	44,198	46,309
% Increase	8.93%	11.84%	10.50%	8.29%	4.69%	4.24%	3.12%	6.84%	4.08%	4.78%

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2007**

<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

(continued)

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

Table XVII

<b>Volume Charges for Water Services</b>			
<b>Usage Per Month</b>			
<b>As of June 30, 2007</b>			
<b>Volume Consumption (gallons)</b>	<b>Residential (per 1,000 gallons)</b>	<b>Multiplex (per 1,000 gallons)</b>	<b>Commercial (per 1,000 gallons)</b>
First 1,000	Base Charge	Base Charge	Base Charge
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

<b>Water Meter Charges</b>	
<b>As of June 30, 2007</b>	
<b>Meter Size</b>	<b>Charge</b>
3/4"	\$ 264
1 1/2"	418
2"	528-907
3"	1,522 - 2,312
4"	2,096 - 2,985
6"	3,565 - 4,799
Hydrant meter	1,196
Commercial accounts	By meter size

<b>Charges for Wastewater Services</b>		<b>Charges for Storm Water</b>	
<b>As of June 30, 2007</b>		<b>As of June 30, 2007</b>	
<b>Monthly</b>	<b>All Customers</b>	<b>Monthly</b>	<b>All Customers</b>
Base (a)	\$ 2.93	Base charge	\$ 0.75
Volume (b)	2.22		

(a) Base service charge is based on each bill rendered.

(b) For residential & multiplex users, volume is measured as the rate per 1,000 gallons of a three month winter average (December - February). For commercial users, the volume charge is based on actual monthly water usage.

Source: City customer service and billing records

(continued)

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

Table XVII

	06/30/2001	06/30/2002	06/30/2003	06/30/2004	06/30/2005	06/30/2006	06/30/2007
<b>Miscellaneous data on water utility</b>							
Annual consumption (000's gal)	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760
Average gallons/household/month	15,829	15,801	15,712	14,904	15,056	16,213	16,320
Average gallons/household/year	189,944	189,608	180,544	178,850	180,679	194,552	195,840
Average daily demand (MGD)	16.78	19.32	18.19	20.43	20.10	23.21	24.46
Peak demand (MGD)	28.17	30.25	28.82	30.00	32.00	32.00	34.40
Number of wells in system	23	24	25	28	27	27	29
Available storage capacity (million gallon)	16.1	16.1	22.2	37.3	40.0	40.0	40.0
<b>Miscellaneous data on wastewater utility</b>							
Treatment plant capacity:							
Beardsley treatment plant (million gallon/day)	2.0	2.0	4.0	4.0	4.0	4.0	4.0
Jomax treatment plant (million gallon/day)	-	-	-	-	0.75	0.75	0.75
Tolleson regional plant (million gallon/day)	9.4	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	0.851
Jomax treatment plant (billion gallon)	-	-	-	-	0.0065	0.057	0.091
Tolleson regional plant (billion gallon)	2.580	2.200	2.180	2.620	2.731	2.731	2.727
Average daily flow:							
Beardsley treatment plant (million gallon/day)	1.16	1.45	1.46	1.67	1.85	2.09	2.33
Jomax treatment plant (million gallon/day)	-	-	-	-	0.02	0.16	0.25
Tolleson regional plant (million gallon/day)	7.07	6.54	7.12	7.19	7.48	7.88	7.47
Peak flow:							
Beardsley treatment plant (million gallon/day)	1.27	1.58	1.87	3.20	2.30	2.50	3.00
Jomax treatment plant (million gallon/day)	-	-	-	-	0.278	0.278	0.33
Tolleson regional plant (million gallon/day)	7.60	7.60	8.11	11.80	10.88	10.88	8.92
<b>Miscellaneous data on solid waste service</b>							
Residential tonnage processed	52,188	55,081	60,516	64,358	65,950	69,191	71,396
Commercial tonnage processed	19,958	22,917	19,642	19,157	18,436	22,943	25,260
Recycling tonnage processed	357	498	600	1,133	1,523	1,690	1,927
	<u>72,503</u>	<u>78,496</u>	<u>80,758</u>	<u>84,648</u>	<u>85,909</u>	<u>93,824</u>	<u>98,583</u>

Source: City records

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

(continued)

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

Table XVII

Entity	Type of User	2007			2003		
		Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage	Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage
City of Peoria Padre's Pump Station	Sports Complex	6,629	1	0.97%	3,438	3	0.62%
Desert Harbor	Homeowner's Association	6,513	2	0.95%	7,236	1	1.31%
Trilogy at Vistancia	Commercial Landscape	2,771	3	0.40%	-		
Sun Garden Park II H/O Assn.	Homeowner's Association	2,140	4	0.31%	1,675	6	0.30%
Freedom Plaza LTD Partnership	Health Care Facility	1,624	5	0.24%	2,108	5	0.38%
Desert Harbor sprinklers	Homeowner's Association	1,596	6	0.23%	1,245	8	0.22%
Polynesian Village	Homeowner's Association	1,595	7	0.23%	1,624	7	0.29%
Forum at Desert Harbor	Multi-Family Residential	1,487	8	0.22%	-		
Equity Lifestyle Prop., Inc. - Casa Del Sol	Multi-Family Residential	1,376	9	0.20%	-		
Parkridge Park	City Park	1,302	10	0.19%	-		
Greenway Water Treatment Plant	Water Treatment Plant	-			4,114	2	0.74%
Arizona American Water Co.	Water Utility	-			2,413	4	0.44%
Sun Garden Mobilie Home Park	Homeowner's Association	-			1,565	9	0.28%
MHC Operating Ltd. Partnership	Homeowner's Association	-			1,330	10	0.24%

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>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>	<u>2007</u>
Governmental Activities										
General Obligation Bonds	\$ 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	\$ 142,835,000
Municipal Development Authority Bonds	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	21,653,530
Highway User Revenue Bonds	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	3,570,000
Special Assessment Bonds	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	13,292,064
Community Facilities District Bonds	-	-	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000
Business-type Activities										
Water and Sewer Revenue Bonds	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	21,050,000
WIFA Bonds	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	88,021,820
Municipal Development Authority Bonds	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	1,906,470
Municipal Sports Complex Bonds	23,225,000	22,375,000	21,480,000	20,525,000	1,135,000	-	-	-	-	-
<b>Total Primary Government</b>	<b>\$ 155,077,629</b>	<b>\$ 170,200,969</b>	<b>\$ 176,872,744</b>	<b>\$ 203,455,811</b>	<b>\$ 186,441,195</b>	<b>\$ 222,172,811</b>	<b>\$ 208,445,556</b>	<b>\$ 213,828,854</b>	<b>\$ 206,449,823</b>	<b>\$ 358,413,884</b>
<b>Total debt per capita</b>	<b>\$ 1,724.43</b>	<b>\$ 1,791.59</b>	<b>\$ 1,632.21</b>	<b>\$ 1,762.56</b>	<b>\$ 1,520.05</b>	<b>\$ 1,751.94</b>	<b>\$ 1,569.56</b>	<b>\$ 1,560.28</b>	<b>\$ 1,422.57</b>	<b>\$ 2,333.55</b>

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

**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>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>	<u>2007</u>
Bonded Debt (1)	\$ 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	\$ 142,835,000
Less:										
Debt Service Reserves	<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>	<u>34,727,031</u>
Net Bonded Debt	<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>	<u>\$ 108,107,969</u>
Percentage of Net Bonded Debt to Full Cash Value	0.9%	0.9%	1.1%	0.8%	0.6%	0.9%	0.7%	0.5%	0.3%	1.1%
Net Bonded Debt Per Capita	\$322	\$335	\$392	\$329	\$263	\$420	\$347	\$276	\$186	\$704
Net Bonded Debt as a % of Personal Income	1.26%	1.27%	1.38%	1.15%	0.91%	1.43%	1.12%	0.85%	0.57%	2.17%

(1) Represents face value of general obligation debt outstanding

Note: Personal income and population information may be found on Table XXIX  
Full cash value information may be found on Table XIII

Sources - City debt service schedules. See Exhibits 1 & 2, also footnote 14.

**CITY OF PEORIA, ARIZONA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2007**

Table XX

<u>Governmental Unit</u>	<u>Secondary Assessed Valuation</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Peoria</u>	<u>Amount Applicable to City of Peoria</u>	<u>Secondary Tax Rate per \$100 Assessed</u>
Overlapping:					
State of Arizona	\$ 54,436,547,031	\$ -	1.97%	\$ -	-
Maricopa County	36,294,693,601	-	2.90%	-	-
Community College District	36,294,693,601	369,320,000	2.90%	10,710,280	0.18
County Flood Control District	32,778,027,362	-	-	-	0.20
County Free Library	36,294,693,601	-	-	-	0.05
Fire District Assistance	36,321,338,787	-	-	-	0.01
Central AZ Water Conservation	36,321,338,787	-	-	-	0.12
Sub-total - City-wide overlapping				<u>10,710,280</u>	
Total City-wide debt levies (1)				153,545,280	
Unified School Districts:					
Peoria No. 11	1,467,901,555	234,004,000	87.73%	205,291,709	3.31
Deer Valley No. 97	2,236,216,047	210,660,000	11.49%	24,204,834	2.26
				<u>229,496,543</u>	
Vistancia Community Facilities District	45,020,092	66,085,000	100.00%	<u>66,085,000</u>	2.10
Total overlapping				<u>306,291,823</u>	
Direct:					
City of Peoria	\$ 1,115,620,151	\$ 142,835,000	100.00%	<u>142,835,000</u>	\$ 1.30
Total direct and overlapping general obligation bonded debt				<u>\$ 449,126,823</u>	

(1) - Total City-wide debt levies are County debt plus City debt.

Note: Secondary property taxes are restricted for debt service. For information on total tax rates, see Table XIV.

Sources:     - Exhibit 1 to the Financial Statements  
               - Maricopa County Treasurer  
               - Maricopa County Assessor  
               - State of Arizona, Department of Revenue, Abstract of the Assessment Roll

**CITY OF PEORIA, ARIZONA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
LAST TEN FISCAL YEARS**

Table XXI

Governmental Unit	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	2,922,575	2,432,725	2,367,867	1,969,797	1,542,433	1,542,433	550,505	-	-	-
Community College District	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	10,710,280
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	<u>7,253,275</u>	<u>8,456,925</u>	<u>9,075,797</u>	<u>9,951,811</u>	<u>9,644,808</u>	<u>9,644,808</u>	<u>621,762</u>	<u>11,690,706</u>	<u>11,594,345</u>	<u>10,710,280</u>
Total City-wide levies (1)	<u>36,813,275</u>	<u>46,580,005</u>	<u>59,674,115</u>	<u>57,621,411</u>	<u>54,129,008</u>	<u>78,364,808</u>	<u>65,601,762</u>	<u>67,070,706</u>	<u>62,799,345</u>	<u>153,545,280</u>
Unified School Districts:										
Peoria No. 11	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	205,291,709
Deer Valley No. 97	<u>563,723</u>	<u>630,713</u>	<u>1,664,226</u>	<u>2,186,348</u>	<u>3,586,515</u>	<u>3,918,198</u>	<u>3,571,920</u>	<u>4,063,815</u>	<u>20,573,318</u>	<u>24,204,834</u>
	<u>88,000,891</u>	<u>84,671,635</u>	<u>115,741,627</u>	<u>116,897,351</u>	<u>121,826,883</u>	<u>142,537,126</u>	<u>146,065,576</u>	<u>138,404,355</u>	<u>217,198,494</u>	<u>229,496,543</u>
Vistancia Community Facilities District	-	-	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000
Total overlapping	<u>95,254,166</u>	<u>93,128,560</u>	<u>124,817,424</u>	<u>126,849,162</u>	<u>131,471,691</u>	<u>173,431,934</u>	<u>167,937,338</u>	<u>194,895,061</u>	<u>272,867,839</u>	<u>306,291,823</u>
Direct:										
City of Peoria	<u>29,560,000</u>	<u>38,123,080</u>	<u>50,598,318</u>	<u>47,669,600</u>	<u>44,484,200</u>	<u>68,720,000</u>	<u>64,980,000</u>	<u>55,380,000</u>	<u>51,205,000</u>	<u>142,835,000</u>
Total direct and overlapping general obligation bonded debt	<u>\$ 124,814,166</u>	<u>\$ 131,251,640</u>	<u>\$ 175,415,742</u>	<u>\$ 174,518,762</u>	<u>\$ 175,955,891</u>	<u>\$ 242,151,934</u>	<u>\$ 232,917,338</u>	<u>\$ 250,275,061</u>	<u>\$ 324,072,839</u>	<u>\$ 449,126,823</u>

(1) - Total City-wide debt levies are County debt plus City debt.

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>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>	<u>2007</u>
Secondary Assessed Value	\$ 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	\$ 1,115,620,151
<b><u>6% Limitation</u></b>										
Debt limit	\$ 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	\$ 66,937,209
Total net debt applicable to limit	<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>	<u>28,470,000</u>
Legal 6% Debt Margin	<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>	<u>\$ 38,467,209</u>
Total net debt applicable to the limit as a percentage of debt limit	73.1%	63.4%	71.5%	55.1%	41.1%	70.4%	56.6%	33.0%	23.1%	42.5%
<b><u>20% Limitation</u></b>										
Debt limit	\$ 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	\$ 223,124,030
Total net debt applicable to limit	<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>	<u>114,365,000</u>
Legal 20% Debt Margin	<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>	<u>\$ 108,759,030</u>
Total net debt applicable to the limit as a percentage of debt limit	25.5%	30.5%	35.8%	29.6%	24.2%	30.7%	26.3%	23.5%	19.6%	51.3%

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>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>	<u>2007</u>
Pledged Revenues (1)	\$ 45,201,146	\$ 51,582,476	\$ 58,578,166	\$ 67,198,257	\$ 69,544,724	\$ 71,409,403	\$ 77,041,031	\$ 89,807,396	\$ 108,336,399	\$ 117,980,567
Debt Service Requirements										
Principal (2)	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	2,975,048
Interest (2)	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	1,040,265
Total Annual Requirements (2)	<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>	<u>4,015,313</u>
Estimated Coverage	13.07	15.64	17.82	20.11	19.67	16.53	38.59	29.23	34.10	29.38

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Revenue (1)	\$ 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	\$ 53,290,996
Operating and Maintenance Expenses (2)	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	30,782,640
Net Revenue Available for Debt Service	<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>	<u>\$ 22,508,356</u>
Development Fee Revenue	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	8,826,809
Total Net Revenue	<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>	<u>\$ 31,335,165</u>
Debt Service Requirements										
Principal (3)	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	5,175,515
Interest (4)	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	2,718,837
Total Debt Service Requirements	<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>	<u>\$ 7,894,352</u>
Ratio of Total Net Revenue/ Total Bond Expense	3.89	3.84	4.89	5.16	3.49	2.50	3.07	3.37	3.82	3.97
Ratio of Net Available/ Total Bond Expense (5)	2.16	2.12	3.14	3.98	2.24	1.32	1.78	1.63	2.21	2.85

- (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>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>	<u>2007</u>
Pledged Revenues (1)	\$ 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	\$ 3,216,095
Debt Service Requirements										
Principal	325,000	640,000	520,000	740,000	1,243,308	1,889,351	2,505,652	1,507,136	1,608,983	1,480,506
Interest (2)	890,077	1,015,885	955,340	911,040	1,052,893	1,091,160	972,553	828,532	747,720	638,657
Total Annual Requirements	<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>	<u>\$ 2,119,163</u>
Estimated Coverage	3.53	3.08	3.95	2.61	2.17	1.97	1.37	1.52	1.49	1.52

(1) - Pledged revenues equals Special Assessment Debt Service Fund current year fund balance plus current year principal & interest payments.

(2) - Bond interest payments only. Does not include agent fees included in interest expense on the Statement of Revenues, Expenditures and Changes in Fund Balance.

Source: City financial records  
 Governmental Fund Financial Statements

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

Table XXVI

	Fiscal 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>	<u>2006</u>	<u>2007</u>
Current Assessments Due	\$ 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	\$ 1,965,107
Assessments Collected	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	1,961,724
Prepaid Assessments Collected	337,129	731,042	79,724	88,160	156,055	877,315	504,165	186,624	275,392	7,818
Total Assessments Collected (1)	<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>	<u>\$ 1,969,542</u>
Ratio of Current Collections to Amount Due	99.7%	99.6%	99.6%	98.9%	99.7%	99.6%	99.1%	99.6%	99.8%	99.8%
Outstanding Assessment Principal (2)	\$ 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	\$12,782,394

(1) Does not include penalties or admin fees which are included in special assessment revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

(2) Principal only. Assessments Receivable on Balance Sheet-Governmental Funds also includes delinquent interest and penalties.

Source: City financial records and reports

**CITY OF PEORIA, ARIZONA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GOVERNMENTAL DEBT TO TOTAL GOVERNMENTAL EXPENDITURES AND REVENUES**  
**LAST TEN FISCAL YEARS**

Table XXVII

	Fiscal 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>	<u>2006</u>	<u>2007</u>
Principal Payments	\$ 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	\$ 16,178,431
Interest and Other Charges	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	8,099,492
Total	<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>	<u>\$ 24,277,923</u>
Total Governmental Expenditures	\$ 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	\$ 213,283,409
Ratio of Debt Service to Governmental Expenditures	20.37%	16.40%	15.13%	16.77%	15.05%	15.68%	11.20%	15.42%	15.37%	11.38%
Total Governmental Revenues	\$ 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	\$ 220,591,297
Ratio of Debt Service to Governmental Revenues	18.97%	14.76%	13.33%	14.95%	13.66%	15.57%	13.23%	15.50%	13.27%	11.01%

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, 2007

Table XXVIII

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization	Authorization/Purpose	Authorization	Issued	Remaining Authorization
<b>1990 Authorization</b>					<b>Total authorizations by type:</b>			
Police, Fire & Public Service	\$ 4,145,000	\$ 4,025,500	\$ -	\$ 119,500	Police, Fire & Public Service	\$ 80,670,000	\$ 32,003,132	\$ 48,666,868
Streets & Traffic Control	17,935,000	15,725,534	1,736,406	473,060	Streets & traffic control	197,785,000	70,523,554	127,261,446
Subtotal	<u>22,080,000</u>	<u>19,751,034</u>	<u>1,736,406</u>	<u>592,560</u>	Parks, open space, library	75,180,000	31,941,370	43,238,630
					Water system	170,320,000	69,529,384	100,790,616
<b>1994 Authorization</b>					Waterwater system	88,150,000	11,594,004	76,555,996
Police, Fire & Public Service	5,975,000	1,506,590	-	4,468,410	Solid waste	1,000,000	-	1,000,000
Storm Sewer, Flood					Storm Sewer, Flood Protection &			
Protection & Bridges	15,375,000	15,212,755	151,501	10,744	Bridges	37,675,000	32,578,996	5,096,004
Streets & Traffic Control	23,700,000	12,763,508	10,722,053	214,439	Water, Wastewater & Drainage	202,480,000	55,161,066	147,318,934
Water System	14,820,000	13,404,454	-	1,415,546				
Wastewater System	4,100,000	238,181	-	3,861,819				
Solid Waste	1,000,000	-	-	1,000,000				
Park & Library	10,180,000	8,388,032	762,269	1,029,699				
Subtotal	<u>75,150,000</u>	<u>51,513,520</u>	<u>11,635,823</u>	<u>12,000,657</u>				
<b>1996 Authorization</b>								
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>-</u>	<u>17,257,846</u>				
<b>1996 WIFA Authorization</b>								
Water/Wastewater	42,480,000	14,330,000	-	28,150,000				
<b>2000 Authorization</b>								
Police, Fire & Public Service	18,550,000	6,240,251	9,780,142	2,529,607				
Storm Sewer & Flood								
Protection	22,300,000	6,964,992	10,249,748	5,085,260				
Streets, Bridges & Traffic								
Control	47,150,000	5,488,318	17,002,594	24,659,088				
Water System	99,000,000	-	-	99,000,000				
Wastewater System	65,000,000	-	9,188,599	55,811,401				
Parks & Open Space	30,000,000	2,987,895	13,251,548	13,760,557				
Subtotal	<u>282,000,000</u>	<u>21,681,456</u>	<u>59,472,631</u>	<u>200,845,913</u>				
<b>2005 Authorization</b>								
Public Safety & Municipal								
Operations	52,000,000	-	10,450,649	41,549,351				
Water Treatment, Water								
System, Wastewater &								
Drainage	160,000,000	-	40,831,066	119,168,934				
Streets, Bridges & Traffic								
Control	109,000,000	-	7,085,141	101,914,859				
Parks, Recreation & Library	35,000,000	-	6,551,626	28,448,374				
Subtotal	<u>356,000,000</u>	<u>-</u>	<u>64,918,482</u>	<u>291,081,518</u>				
<b>Grand Total</b>				<u><u>549,928,494</u></u>				

Source: City financial records

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

Table XXIX

	<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>	<u>2007</u>
City Of Peoria										
Population	89,930	95,000	108,364	115,432	122,655	126,815	132,805	137,045	145,125	153,592
% growth	9.8%	5.6%	14.1%	6.5%	6.3%	3.4%	4.7%	3.2%	5.9%	12.1%
Unemployment Rate	2.3%	2.2%	2.3%	3.0%	3.8%	4.0%	3.2%	2.9%	2.2%	2.3%
Personal income (\$000's) **	2,290,607	2,506,575	3,073,095	3,310,936	3,537,861	3,717,962	4,102,612	4,442,177	4,704,082	4,978,531
Maricopa County										
Population	2,806,100	2,913,475	3,072,149	3,192,125	3,296,250	3,406,170	3,537,630	3,681,300	3,792,675	3,879,150
% growth	3.1%	3.8%	5.4%	3.9%	3.3%	3.3%	3.9%	4.1%	3.0%	5.4%
Unemployment Rate	2.8%	3.0%	3.3%	3.9%	5.1%	5.2%	3.9%	4.1%	3.8%	3.2%
Per Capita Income	26,002	26,930	28,984	29,250	29,423	29,912	31,523	33,178	N/A	N/A
State of Arizona										
Population	4,764,025	4,924,350	5,131,501	5,319,785	5,470,720	5,642,725	5,845,250	6,077,740	6,305,210	6,432,007
% growth	3.8%	3.4%	4.2%	3.7%	2.8%	3.1%	3.6%	4.0%	3.7%	5.8%
Unemployment Rate	4.3%	4.5%	4.0%	4.7%	6.0%	5.7%	5.0%	4.7%	4.4%	3.8%
Per Capita Income	23,216	24,057	25,656	26,197	26,472	26,975	28,564	30,019	N/A	N/A
United States of America										
Unemployment Rate	4.5%	4.2%	4.0%	4.8%	6.0%	6.4%	5.6%	5.3%	4.6%	4.6%
Phoenix MSA										
Per Capita Income	25,471	26,385	28,359	28,683	28,844	29,318	30,892	32,414	N/A	N/A

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

\*\* - In thousands of dollars. Peoria personal income calculated by multiplying Phoenix Metropolitan Statistical Area (MSA) per capita income times Peoria population.

Notes : Population estimates in non-census years are estimates from the sources listed below.

Most recent per capita income information is two years old. Most recent two years of Peoria persona income calculated using most recent available per capital information. Per capita income information not available for the City of Peoria.

Source: City population for most current year based on City staff estimates.

Other population and unemployment data - Arizona Department of Security. [www.workforce.az.gov](http://www.workforce.az.gov)

Per Capita Income data - U.S. Dept of Commerce, Bureau of Economic Analysis

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

**Table XXX**

<b>Employer</b>	<b>2007</b>			<b>2003</b>		
	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Peoria Unified School District	4,380	1	15.2%	4,100	1	15.6%
City of Peoria	1,537	2	5.3%	832	3	3.2%
Plaza Del Rio Campus/Freedom Plaza & Care Center	545	3	1.9%	1,129	2	4.3%
Target (3 Locations)	541	4	1.9%	300	7	1.1%
Fry's Food Stores (4 Locations)	487	5	1.7%	415	4	1.6%
Northern Pipeline	415	6	1.4%	-		0.0%
Safeway (4 Locations)	310	7	1.1%	-		0.0%
Antigua	304	8	1.1%	210		0.8%
Home Depot (2 locations)	275	9	1.0%	-		0.0%
Emmanuel Care Campus	260	10	0.9%	378	5	1.4%
Oakcraft	253		0.9%	-		0.0%
Good Shepherd Care Center	250		0.9%	230	10	0.9%
Larry Miller Dodge/Hyundai	242		0.8%	-		0.0%
Kohl's (2 locations)	232		0.8%	-		0.0%
Basha's (2 locations)	210		0.7%	-		0.0%
Wal-Mart	204		0.7%	280	9	1.1%
Albertson's (2 Locations)	200		0.7%	297	8	1.1%
<b>Total</b>	<b>10,645</b>		<b>36.8%</b>	<b>8,481</b>		<b>32.3%</b>

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>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>	<u>2007</u>
General Government										
Mayor & Council	3.00	3.00	3.50	3.50	4.00	4.00	4.00	5.00	5.00	6.00
City Manager	10.54	8.04	8.04	8.04	10.04	7.50	7.50	8.50	10.50	12.00
Communications & PA	-	-	-	-	-	6.00	6.00	7.50	11.00	12.50
Human Resources	7.00	8.50	10.00	11.00	12.00	12.00	12.00	13.00	13.00	14.00
Attorney	16.12	16.12	16.44	16.50	18.80	18.71	19.31	20.20	22.70	23.80
City Clerk	6.49	6.49	5.63	5.63	7.00	7.00	7.00	8.00	8.00	8.00
Court	8.55	9.55	10.05	10.05	11.05	10.00	10.00	11.00	13.00	16.00
Economic Development	-	-	-	-	-	3.00	3.00	3.00	4.00	4.00
Budget	5.00	5.00	5.00	5.00	5.50	5.00	5.00	7.00	7.00	7.00
Finance	53.29	56.37	58.37	65.37	69.87	71.00	71.00	77.00	79.00	82.00
Culture & Recreation	134.27	141.69	156.31	170.59	186.02	99.90	103.78	111.36	109.36	124.39
Police	138.00	146.00	158.00	165.00	182.00	200.00	208.00	226.00	250.00	264.00
Fire	94.00	98.00	98.00	102.50	107.00	112.00	117.00	131.00	134.00	157.00
Community Development	50.92	51.92	51.92	51.92	52.92	46.50	46.50	49.50	50.80	51.80
Engineering	21.00	21.00	21.00	26.00	30.00	31.50	33.00	38.00	43.00	47.00
Highways & Streets	29.29	30.29	32.29	32.29	33.29	35.00	36.00	39.00	40.00	44.00
Public Works	45.00	47.00	48.00	47.50	53.50	52.50	56.50	59.50	61.50	69.00
Human Services	9.25	9.25	9.25	9.25	8.50	9.00	8.00	8.00	8.50	14.50
Water Utility	42.52	44.52	44.52	47.52	54.52	56.52	60.02	67.02	70.02	72.00
Wastewater Utility	14.00	16.00	16.00	16.00	16.00	16.00	17.50	17.50	16.50	19.00
Solid Waste Utility	30.00	30.00	31.00	35.00	35.00	39.00	40.00	40.00	40.00	44.00
Information Technology	16.00	18.00	19.00	20.00	27.00	33.00	33.00	38.00	39.00	43.00
Stadium	18.67	19.47	19.47	19.48	19.48	14.00	13.00	14.00	14.00	16.00
<b>Total FTE</b>	<u>752.91</u>	<u>786.21</u>	<u>821.79</u>	<u>868.14</u>	<u>943.49</u>	<u>889.13</u>	<u>917.11</u>	<u>999.08</u>	<u>1,049.88</u>	<u>1,150.99</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

	<b>Building Permits</b>									
	<b>Fiscal Year</b>									
	<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>	<u>2007</u>
Commercial										
Number of Permits	132	76	101	74	151	180	190	177	181	244
Value	\$ 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	\$ 121,602,510
Residential										
Number of Dwelling Units	3,228	2,867	3,654	1,740	1,620	1,525	1,831	2,927	2,421	1,338
Value	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	213,028,399
Other										
Number of Permits	1,662	3,251	2,512	2,254	1,970	1,399	2,203	2,000	2,209	2,110
Value	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	34,196,112
<b>Total Value</b>	<b>\$ 439,125,716</b>	<b>\$ 431,274,957</b>	<b>\$ 526,669,833</b>	<b>\$ 297,935,758</b>	<b>\$ 269,282,831</b>	<b>\$ 282,518,313</b>	<b>\$ 309,833,199</b>	<b>\$ 469,121,647</b>	<b>\$ 412,303,639</b>	<b>\$ 368,827,021</b>

Source: City Community Development Department

**Single Family Housing Sales**

	<b>Calendar Year</b>							
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
New								
# of Units	2,747	2,822	2,279	1,810	1,583	1,395	1,875	2,235
Average Sale Amount	\$ 143,839	\$ 158,987	\$ 183,975	\$ 202,365	\$ 215,825	\$ 270,000	\$ 323,190	\$ 395,650
Avr price % increase	12.63%	10.53%	15.72%	10.00%	6.65%	25.10%	19.70%	22.42%
Resale								
# of Units	2,194	2,275	2,850	2,945	3,515	4,575	5,055	2,930
Average Sale Amount	\$ 128,078	\$ 136,615	\$ 145,844	\$ 153,360	\$ 151,000	\$ 175,000	\$ 250,000	\$ 270,000
Avr price % increase	7.89%	6.67%	6.76%	5.15%	-1.54%	15.89%	42.86%	8.00%

**New Housing Starts**

	<b>Calendar Year</b>							
	<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	2,496	3,227	2,332	2,183	1,974	2,420	3,560	1,654
Maricopa County	36,997	43,908	43,732	43,826	47,808	58,882	56,139	40,294

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, 2006 THROUGH JUNE 30, 2007**

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>
<b>1. Primary Public Liability &amp; Automobile</b>						
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	768,581
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	RSUI Indemnity Company	NHA035436	15 Million per occurrence	SIR above	77,500
Excess liability - 2nd level	7/1	RSUI Indemnity Company	NHA030665	20 Million per occurrence	SIR above	12,000
Excess liability - 2nd level -Special Events	4/1	Great American Insurance	GLP0000566241702	1,000,000		17,067
<b>2. Property (Real &amp; Personal)</b>						
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	240,527,053	SIR above	179,000
Storage Tank 3rd Party liability	1/6	Great American Insurance	BTA557496103	1,000,000	5,000	2,406
<b>3. Boiler &amp; Machinery</b>	7/1	Travelers Property Casualty	7733A918BM21	25,000,000	1,000	12,876
<b>4. Workers' Compensation</b>	N/A	State Compensation	N/A	N/A	N/A	N/A
<b>5. Public Employee Bond</b>						
Blanket employee dishonesty bond	9/22	Hartford Fire Insurance Co.	83BSBDQ8939	100,000	5,000	400
<b>6. Broker Service Fee</b>						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, 2007

Table XXXIV

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**Property**

Building and contents - combined blanket limit - excluding earthquake and flooding	\$ 223,527,053
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>\$ 240,527,053</u>

Sources - Risk Management records

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

Table XXXV

<b>Date of incorporation:</b> June 6, 1954	<b>City employees as of June 30, 2007</b> Full-time 1,110 Part-time FTE's 41 Total authorized FTE's 1,151	<b>Peoria Unified School District:</b> Number of schools: Elementary schools (grades K - 8) 30 High schools (grades 9 - 12) 8 38 Number of personnel: Administrative 126 Certified 1,669 Classified 2,204 3,999 Number of students: Elementary 25,877 High school 12,555 38,432
<b>Date of Charter adoption:</b> March 15, 1983	<b>Age distribution of population:</b> Per 2000 Census - all persons	<b>Elections:</b> Registered voters: As of November 2006 63,544 At last municipal election 62,328 Number of votes cast: Last municipal election September 2006 15,799 Last City-wide special election November 2005 13,417 Percentage of registered voters voting in: Last municipal election September 2006 25.35% Last City-wide special election November 2005 20.96%
<b>Form of government:</b> Council / City Manager	<b>Annexed area:</b> 1965 2.4 1975 7.6 1980 26.5 1985 31.5 1990 63.5 1995 100.0 1998 117.0 1999 139.0 2000 144.0 2001 156.0 2002 162.4 2003 162.6 2004 176.2 2005 177.9 2006 177.9 2007 177.9	<b>Gross sales estimates: (from sales &amp; use tax returns)</b> 1996 \$ 1,208,248,132 1997 1,510,310,165 1998 1,785,941,770 1999 2,098,838,768 2000 2,399,518,200 2001 2,615,474,800 2002 2,618,351,822 2003 2,775,978,773 2004 3,140,272,436 2005 3,538,279,430 2006 3,821,042,901 2007 3,486,447,273
<b>Median household income:</b> 1985 census \$ 16,904 1990 census 34,195 1995 census 38,238 2000 census 52,849	<b>Median age:</b> Per 1990 census 32.5 Per 2000 census 35.6	
<b>Sources</b>	- Various City of Peoria records - U.S. Census - Arizona Department of Economic Security - Peoria Unified School District	

(continued)

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

**Table XXXV**

**Miles of streets maintained:**

Arterial (paved)	76
Collectors (paved)	66
Local (paved)	385
Unpaved	10

**Number of streetlights:**

12,737

**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	7
Volleyball	12
Multi-purpose fields	31
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	218,576
Annual circulation	922,906
Registered borrowers	84,646

**Fire protection:**

Number of stations	7
Number of part-time stations	1
Number of employees	157
Average response time (minutes)	4.4
Number of incidents:	
Emergency medical support	11,030
Fire calls	1,157
Miscellaneous	601
Total incidents	12,788

**Police protection:**

Number of employees (civilian & sworn)	274
Number of calls for service	103,921
Priority 1 response time (minutes)	5.2
Marked patrol vehicles (units)	101
Number of reserves	2

Source: Various City departments and records

(concluded)