

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2004

City of Peoria, Arizona



City Council:
John Keegan, Mayor
Ken Forgia, Vice Mayor
Bob Barrett
Pat Dennis
Vicki Hunt
Carlo Leone
Ella Makula

Administrative Staff:
Terry Ellis, City Manager
Meredith Flinn, Deputy City Manager
Prisila Ferreira, Deputy City Manager

Prepared By:
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VISION

The City of Peoria will become the community known for service, excellence and quality of living.

MISSION

To deliver services through responsive government that promote and enhance quality of life for our community.

GOALS

To develop and implement a comprehensive long range strategy to encourage economic development and job creation.

To provide efficient, effective customer service which matches or exceeds the service needs of the citizens.

To develop and implement professional progressive management.

To expand citizen/government active partnerships.

To expand technological resources to facilitate intergovernmental communications and government/citizen communications.

To communicate positive community image through marketing methods.

CITY OF PEORIA, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2004

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City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

September 17, 2004

Honorable Mayor, City Council, City Manager and Citizens of Peoria, Arizona:

We are pleased to submit to you the 2004 Comprehensive Annual Financial Report (CAFR) of the City of Peoria, Arizona (the City). The report was prepared by the Financial Services Division of the Finance Department.

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

The comprehensive annual financial report is presented in three sections. The Introductory Section includes a list of principal officials, an organizational chart, and this transmittal letter which highlights significant aspects of the City and particular financial issues. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other required supplementary information (RSI), combining financial statements and other financial schedules. The Statistical Section includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis.

THE FINANCIAL REPORTING ENTITY

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

The City encompasses approximately 176 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between 1990 and 2000, the City's population increased by over 100 percent, from approximately 50,600 to approximately 108,300. The estimated current population is 129,632. The City's tremendous growth is attributable to the affordable housing, an excellent school district, and the expansion of the metropolitan freeway systems, allowing Peoria residents to commute effectively to other cities in the metropolitan area. Based on current projections, population growth trends are expected to continue, although at a slower pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current high level of services.

The City provides a full range of municipal services, including police and fire protection, sanitation 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 24 parks encompassing 233 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. During fiscal year 2004, the City finished construction of the first phase of the City's first large community park, Rio Vista Community Park, in the southern part of the City. This 50 plus acre facility has athletic fields, playgrounds, ramadas and other amenities for the citizens' enjoyment. The City is also considering construction of a community theater in the Old Town area of the City.

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 that are 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 three blended component units, the City of Peoria Municipal Development Authority, Inc., the City of Peoria Municipal Sports Complex 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

Throughout 2004, the City of Peoria celebrated its 50th year of incorporation with programs and events in recognition of those who helped shape Peoria in its early years. The flagship of this effort was a new book, *More Than a Century of Peoria People, Progress & Pride*. The book chronicles the history of our small desert community from its founding in the 1880's to its recognition as the fifth fastest growing city in the United States during the 1990's.

In 2004 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

- Moved into Peoria's new 95,000 square foot Public Safety Administration Building.
- Completed important upgrades to its radio communications systems.
- Was reaccredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA).

Fire

- Completed construction of the new Westbrook fire station #192.
- Began construction of the new Gene Mason Memorial Fire Station in Peoria's downtown area.
- Commenced design of the new Vistancia Fire Station in northwest Peoria.
- Implemented a new electronic filing system for hazardous materials inventories.
- Received a FEMA grant to purchase a mobile sprinkler/fire safety house.
- Partnered with Peoria Unified School District to create a high school firefighter cadet program.
- Implemented the Telestaff automated staff management software program to streamline the daily staffing needs of seven stations and five shifts.

Engineering

- Continued construction of significant improvements at 83rd Avenue and Union Hills Road.
- Continued phases of Lake Pleasant Parkway to improve access to the northern areas of the city.

- Undertook major street improvements to improve traffic circulation. This includes Union Hills Road, Beardsley Road and Deer Valley Road.

Public Works

- Completed the City Hall Master Plan to identify space requirements and building projects to accommodate the next twenty years of municipal office space needs in the downtown area.
- Completed the Municipal Operations Center renovation and expansion plan to address functional, safety, security and growth needs for all field operating departments.
- Completed the first year of an expanded recycling program that doubled the amount of recyclable materials collected from residents.
- Initiated a project to create a state of the art facility for the City's computer operations center.

Finance

- Implemented a new sales tax system to identify, track and collect appropriate sales tax revenues.
- Continued the replacement of the utility billing system to insure high level service to our customers.
- Continued installation of electronic read water meters for increased accuracy and efficiency.

Community Development

- Adopted a Desert Lands Conservation Ordinance providing for protection of sensitive desert areas.
- Annexed approximately five square miles to enhance the city's ability to provide services.
- Implemented enhancements to the development services provided to citizens and developers.
- Continued the highly successful Neighborhood Pride community improvement program.

Community Services

- Conducted the grand opening of Rio Vista Community Park featuring baseball fields, picnic armadas, playground areas, a skateboard park, volleyball courts and an urban lake.
- Opened the city's third municipal swimming pool.
- Approved the purchase of 60 acres of property for future development of a southern community park.
- Received recognition as a recipient of the national Excellence in Youth Sports award.

Communications and Public Affairs

- Created Council District Newsletters for elected officials to communicate with their constituents.
- Developed an Employee Innovation Program for ideas to improve the way the City provides services.

Utilities

- Received a "Crescordia" Environmental Excellence award for community programs.
- Began design of the Southern Peoria Water Reclamation Plant.
- Continued construction of the Jomax water treatment plant.
- Began the Phase II expansion of the Beardsley Water Reclamation Plant.
- Purchased ownership in the Agua Fria Recharge Project to provide for replenishment of groundwater.

Information Technology

- Continued implementation of a Geographic Information System for mapping and informational needs.
- Continued the enhancement of the City's website and intranet site for Peoria citizens and employees.
- Planned for the design of the city's new state of the art computer center.

Economic Development

- Worked with a developer to bring a 21 acre, 242,000 square foot industrial development to the southwest part of the City.
- Helped negotiate a development agreement to bring Lexus and Acura auto dealerships into the central part of the City.
- Helped negotiate development agreements for the Arizona Broadway Dinner Theater and Chili Davis baseball facility near the City's 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:

- Emphasize quality growth and development to result in a balanced and sustainable community.
- Maximize Peoria's economic development opportunities.
- Develop a strategy for delivering services to the northern area of the city.
- Develop the community's cultural infrastructure.
- Develop a strategy and implement programs for the redevelopment of the downtown area.
- Ensure adequate revenue sources to finance the city's operational and capital needs.
- Complete key capital improvement projects.
- Provide for Peoria's long term water and wastewater needs.

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 2004 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 ten years remaining on a twenty-year joint use contract to share the facilities. Each team has the option of extending their contract an additional ten years. This agreement contributes significantly to the economic impact of the Spring Training Cactus League of Maricopa County.

The Arrowhead Fountains Center "triangle" near the Peoria Sports Complex continues to expand into a vibrant, 24-hour, mixed-use activity center. This area currently supports a diverse array of land use types including hotels, restaurants, office buildings, luxury apartments, an eighteen-screen cinema and recreational opportunities. New restaurant construction continues to add to this area. Employment opportunities in the higher paying sectors are projected to continue to grow. The City of Peoria has received several development applications for office, medical and light manufacturing land uses. Several zoning changes are in process to facilitate commercial growth along the Lake Pleasant Road corridor.

The City should continue to see a robust trend in new housing starts with development activities of several master-planned communities in north and northwest Peoria. New or continued residential developments include West Wing Mountain, Vistancia, Sonoran Mountain Ranch, Cibola Vista, Rock Springs, Lake Pleasant Heights, Saddleback Heights, Estates at Lakeside, and Quintero Golf and Country Club.

Economic Outlook

During the past year Arizona's economic recovery has been firmly in place. Important local industries such as tourism, high technology manufacturing and transportation have rebounded. Employment and job growth have seen significant improvements. In June 2004, the state's unemployment rate was 4.7% while Maricopa County reported an unemployment rate of 3.9%. 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 approximately 39% of General Fund revenues. The City's sales tax rate is currently at 1.5%, with a 5% charge on hotel/motel service and 2.5% for restaurant/bar and amusement activities. Roughly 50% of sales tax collection is derived through retail sales. Over the

last few years, strong automobile sales along with commercial development along the Bell Road corridor have generated significant revenues for the City. Retail store and restaurant activity near the Peoria Sports Complex area have helped the City support its current service standards. Overall, management expects the City's sales tax revenues to increase about 5% annually over the next five years.

State Shared Revenues: The City of Peoria receives significant revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax and motor vehicle in-lieu taxes. A significant portion of this revenue is placed in the City's General Fund, where it is used to support a large portion of the City's day-to-day activities. The City projects an overall increase of 4% in these revenues in fiscal year 2005.

Property Tax: The City's property tax rate currently stands at \$1.59 per \$100 of assessed valuation. Of this, \$.29, or about 18% of the total, is levied for the primary property tax levy. The primary levy can be used for any general government purpose, but is limited in size by State statute. The primary tax raised \$2.1 million in fiscal year 2004. While this amounts to less than 3% of the General Fund revenues, it is nonetheless an important component for the stability of the fund.

The fiscal year 2005 projections, based on preliminary estimates from the Maricopa County Assessor's Office, are for a 10% growth in assessed value over fiscal year 2004 levels. Because of the increasing assessed value of the city, primary property tax revenues continue to grow, despite the City not increasing the tax levy rate. The City has maintained the property tax rate at \$1.59 for fiscal year 2005, but with the increasing assessed value, revenue projections for fiscal year 2005 are \$2.3 million. Based on current development patterns, as well as expected economic conditions, property tax revenue is expected to continue to increase over the next few years.

Labor Force: Peoria has a well-educated and available labor force. This economic resource is at the forefront of our economic development efforts. The City is a member of the Greater Phoenix Economic Council (GPEC) which has been successful introducing new businesses to the City. In addition, the City has an Economic Development Department that is effectively pursuing economic development.

FINANCIAL CONTROLS

Internal Controls

The management of the City of Peoria is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City of Peoria, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. At a general election held in March 2003 the citizens of Peoria approved a permanent adjustment of the expenditure base from the original 1979-80 base of \$3,247,857 to a new base of \$18,247,857. After adjustment for inflation and population growth, the city's expenditure limitation for FY

2004 is \$489 million. The City may utilize the additional expenditure authority for any local budgetary purposes. The new permanent adjustment eliminates the need for voter approval every four years.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated operating budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order. Encumbered appropriations lapse at fiscal year-end and are re-budgeted as needed in the next fiscal year.

OTHER MATTERS

Employee Pension Plans

The City maintains two employee pension plans and a pension plan for elected officials. The general employee plan is administered through the Arizona State Retirement System. The Public Safety Pension Plan and the Elected Officials Retirement Plan are administered by the Arizona Public Safety Personnel Retirement System. Both the employee and the employer make contributions directly to these organizations. Financial information about these plans can be found in Note 16 of the notes to the financial statements included in the Financial Section of this report. The City also administers a small pension fund that provides retirement income for volunteer firemen. The City no longer utilizes volunteer firemen, and only nine former members currently receive payments under the plan. The plan for volunteer firemen is sufficiently funded with assets of \$311,121 at June 30, 2004. For fiscal year 2004, investment income and other revenues were \$10,590 while expenditures for retirement payments and administrative expenses were \$26,100.

Debt Administration

Under current State Statutes, cities can issue general obligation bonds for purposes of water, sewer, artificial lighting, open space, parks, playground and recreational facilities up to an amount not exceeding 20 percent of the secondary assessed valuation. Cities can also issue general obligation bonds for all other purposes up to an amount not exceeding 6 percent of the secondary assessed valuation. As of June 30, 2004, the City's general obligation debt of \$64,980,000 was below the combined legal limit of \$195,111,597. A detailed computation of this legal debt margin is included in Table XX of the statistical section of this report.

Two standard indicators of a City's debt position and debt burden include: 1) the ratio of general obligation bonded debt, supported by the City's general tax revenues, to secondary assessed valuation, and 2) the amount of bonded debt per capita. The following is a summary of these two indicators at June 30, 2004.

Percent of General Obligation Debt to Assessed Value:		
General Obligation Debt	\$	64,980,000
Secondary Assessed Value	\$	750,429,221
G.O. debt to assessed value		8.7%
Bonded Debt Per Capita:		
General Obligation Debt	\$	64,980,000
Estimated Population		129,632
G.O. debt per capita	\$	501.27

In 2004, the City received an upgrade to its credit ratings for its water and wastewater. The City's water and wastewater system credit was upgraded from an A rating to an A+ rating by Standard and Poor's Rating Service on April 5, 2004. The City is diligent in its efforts to maintain and even improve its bond ratings. General obligation debt is serviced by secondary property taxes. Revenue supported debt is serviced with the user fees associated with the particular fund activity.

The City's bond ratings are indicated in the table below.

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
General Obligation Bonds			
Current rating	Aa3	AA-	AA
Prior rating	A1	A+	AA-
Date of current rating	2/4/2003	3/3/2003	2/17/2003
Water & Wastewater Bonds			
Current rating	A2	A+	A+
Prior rating	A3	A	A-
Date of current rating	6/2/2000	4/5/2004	6/2/2000
Municipal Development Authority (Utility) Bonds			
Current rating	A1	AA-	AA-
Prior rating	A2	A	A+
Date of current rating	5/16/2003	5/19/2003	5/16/2003
Municipal Sports Complex Authority Bonds			
Current rating	(not rated)	BBB+	BBB
Date of current rating		5/1993	5/1993
Highway User Revenue Bonds			
Current rating	A	A-	A+
Prior rating			A-
Date of current rating	1/25/1988	2/10/1988	3/13/2000
Improvement District Bonds			
Current rating	(not rated)	BBB	A+
Prior rating			A-
Date of current rating		5/26/1997	3/13/2000

Cash Management

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

The City is permitted to invest in certificates of deposit, money market mutual funds, repurchase agreements, corporate securities, direct U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and instrumentalities, and the State of Arizona's Local Government Investment Pool.

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool and overnight repurchase agreements collateralized by U.S. Government securities. The average yield on unrestricted investments was 1.69% for the year ended June 30, 2004. The book value of the City's unrestricted investment portfolio at June 30, 2004 was \$265,091,806. 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 2004, the City was self-insured for the first \$500,000 of each public liability claim with an annual aggregate limit of \$2,250,000. Coverage in excess of these amounts up to \$30,000,000 was provided through the purchase of commercial insurance.

During the fiscal year ended June 30, 2004 there was no significant reduction in excess insurance coverage. The Risk Management Division of the City Attorney's Office administers the City's liability insurance program. Workers' compensation claims are reviewed by the Human Resources Department and handled through the State Compensation Fund.

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

OTHER INFORMATION

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the management of the City. The City has established and maintains a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to allow the compilation of sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. The audit satisfies Article VI, Section 7, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peoria, Arizona for the fiscal year ended June 30, 2004, 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, 2004, 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, 2004 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, 2003. This is the 19th 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,

John F. Wenderski, CPA, CGFM, CIA
Chief Financial Officer and Director of Finance

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, 2003

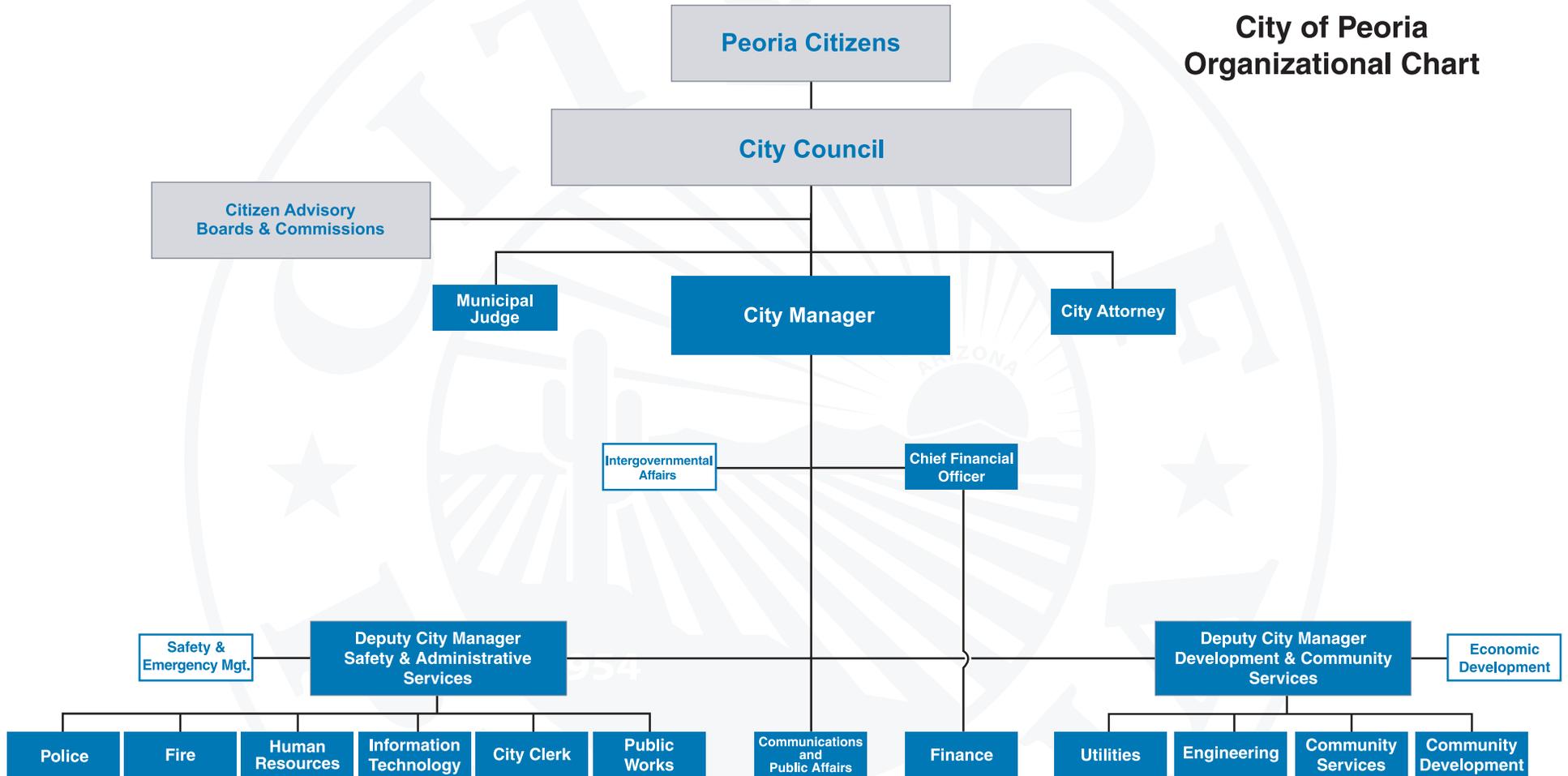
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Peoria Organizational Chart



City of Peoria Principal Officials of the City Fiscal Year 2004

John Keegan
Mayor

Ken Forgia
Vice-Mayor

Carlo Leone
Councilmember

Vicki Hunt
Councilmember



Bob Barrett
Councilmember

Ella Makula
Councilmember

Pat Dennis
Councilmember

Terrence L. Ellis
City Manager

Meredith R. Flinn
Deputy City Manager – Development & Community Services
Prisila B. Ferreira
Deputy City Manager – Safety & Administrative Services

George Anagnost
Municipal Judge

J.P. de la Montaigne
Community Services Director

Greg A. Eckman
Human Resources Director

Robert McKibben
Fire Chief

Mary Jo Kief
City Clerk

Stephen Bontrager
Utilities Director

Neil Mann
Public Works Director

Sandy Teetsel
Information Technology Director

Stephen M. Kemp
City Attorney

David A. Moody
Engineering Director

Debra Stark
Community Development Director

David Leonardo
Chief of Police

John F. Wenderski
Chief Financial Officer

Grady Miller
Communications & Public Affairs
Director

Steve Prokopek
Economic Development Director

Mayor and City Council



Mayor John Keegan



Vicki Hunt
Acacia District



Bob Barrett
Ironwood District



Ken Forgia
Vice Mayor
Mesquite District



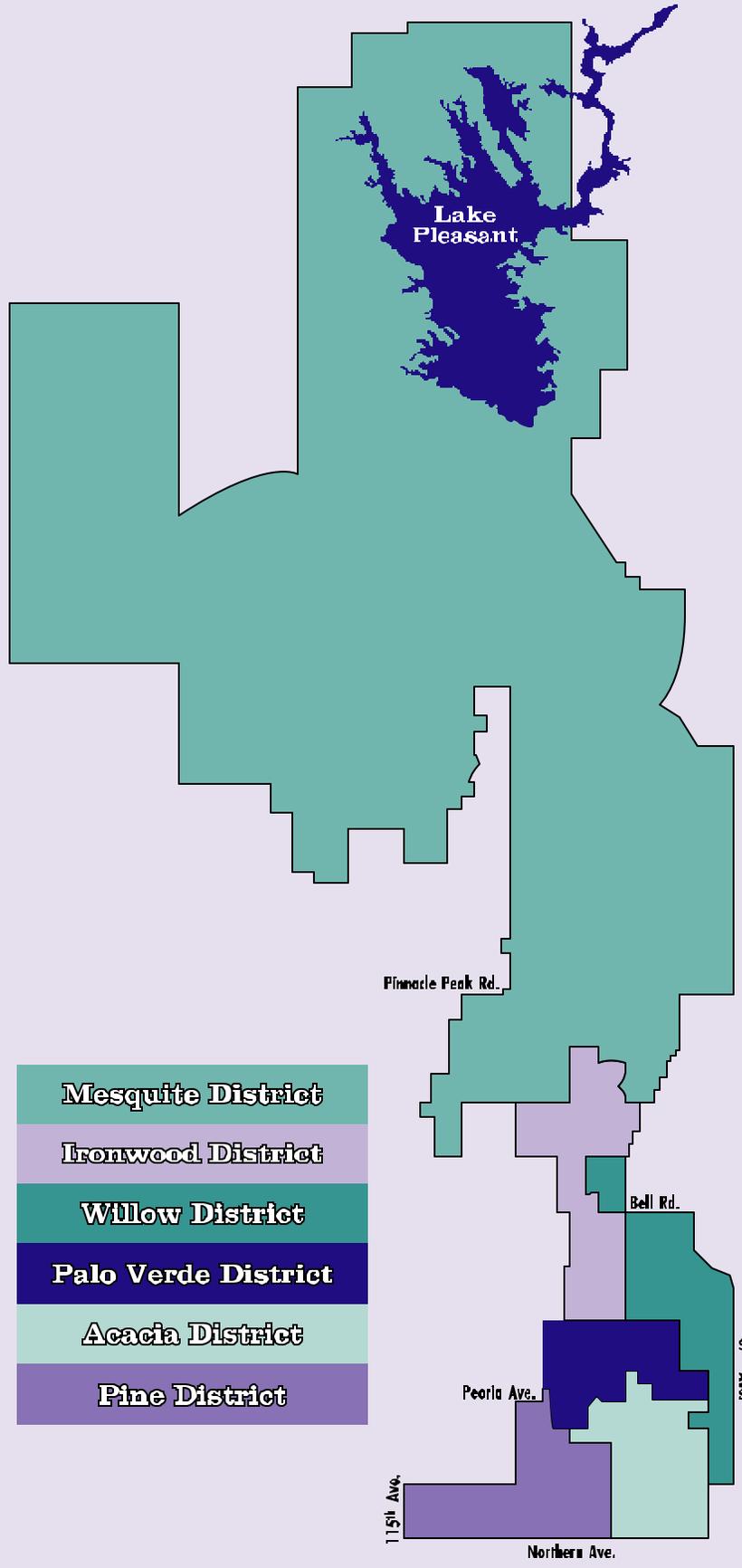
Pat Dennis
Palo Verde District



Carlo Leone
Pine District



Ella Makula
Willow District



Mesquite District

Ironwood District

Willow District

Palo Verde District

Acacia District

Pine District



John Keegan **Mayor**

John Keegan was elected Mayor of Peoria May of 1997 and re-elected to four-year terms in 1999 and 2003. He is a fourth generation Arizonan and holds a Bachelors Degree in Civil Engineering from Arizona State University and a Masters Degree in Urban Planning from Pacific Western University. He has conducted post-graduate studies in strategic planning at the Naval War College and Harvard University. Mayor Keegan is the owner of an engineering and planning consulting firm. Mayor Keegan recently retired with the rank of Commander from the U.S. Naval Reserve after 27 years of service in both the U.S. Army and the U.S.N.R. From 1991 to 1995, he was a member of the Arizona House of Representatives. In 1997, he was recognized with the Champion of Decency Award from the American Families for Decency, and received the Samuel Adams Award for Outstanding Leadership in Local Government from the Local Government Council. In 2000, he was awarded the Arizona Planning Associations Distinguished Leadership Award. Mayor Keegan serves on the Executive Council of the Boy Scouts of America Grand Canyon Council and on the Board of Directors of the Morrison Institute and the Greater Phoenix Economic Council. He is a member of the Episcopal Bishop's Precept Committee and former Senior Warden of St. Christopher's Parish. Mr. Keegan is a life member of the National Eagle Scout Association. Mayor Keegan is married to Lisa Graham Keegan and they have five children and one grandson.

Ken Forgia **Vice Mayor** **Mesquite District**

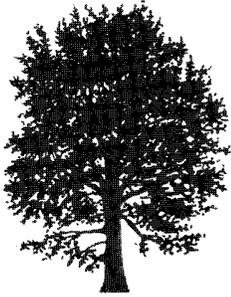


In 1991 Mr. Forgia was elected as Mayor of Peoria, serving three two-year terms through 1997. In the March 1997 primary election, Mayor Forgia was elected to a four-year term as the City of Peoria Councilmember for the Mesquite District, appointed Vice-Mayor from June 2000-May 2001, and re-elected to a four-year term as Mesquite District Councilmember in June 2001. Mr. Forgia retired in 1983 as a Lieutenant Colonel with the Arizona Department of Public Safety, after more than twenty-six years of service. He also served as Assistant Director for the Arizona Department of Public Safety and commanded a Bureau that included three statewide crime labs, Fixed and Rotary Wing aircraft, all investigative support operations, and selected licensing functions. Mr. Forgia was born in Oklahoma and moved to Arizona as a child. He graduated from Glendale Community College and the FBI National Academy. He attended the University of Virginia and Arizona State University. Mr. Forgia's current memberships include Ethics Committee Chairman, Boswell Memorial Hospital Operating Board, Chairman of the Governmental Affairs Committee, Uniform Municipal Tax Code Commission, and member of the Transportation Infrastructure and Services (TIS) Policy Committee since 2001. Councilmember Forgia is also serving his sixth term as a member of the Executive Board of Arizona League of Cities and Towns. His past affiliations include Sports Complex Board Member, President of the Arizona Municipal Water Users Association (AMWUA), Treasurer of the Regional Public Transportation Authority (RPTA), Chairman of the RPTA, City of Peoria Personnel Board, MAG Youth Policy Advisory Board and former board member of the Arizona Medical Emergency System.

Bob Barrett **Councilmember** **Ironwood District**



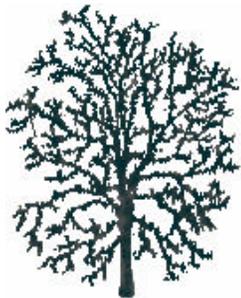
Bob Barrett was elected to the Peoria City Council representing the Ironwood District in 2001 and is currently serving as Vice Mayor. He came to Arizona in 1962 and moved to Peoria with his wife, Rachelle, in 1994. Councilman Barrett graduated with honors from Arizona State University with a degree in Mass Communications-Journalism. He worked for more than 20 years for *The Arizona Republic* as a magazine writer, reporter and editor. He currently works in the communications department of Central Arizona Project. Vice-Mayor Barrett served in the U.S. Army and was awarded the Bronze Star in Vietnam in 1971. He also received the Meritorious Service Medal awarded in 2001 by the Arizona National Guard for his work as the Media Relations Coordinator for the International Workshop for Emergency Response. He has also served as the Media Relations Chairman of the Statewide Emergency Taskforce and as a member of the program committee of the Colorado River Water Users Association and of Valley Forward. Vice-Mayor Barrett also is a member of WESTMARC, the International Association of Business Communicators and the Public Relations Society of America.



Ella Makula
Councilmember
Willow District

Ella Makula has been a resident of Arizona for over 30 years. She has been elected to three consecutive terms on the Peoria City Council since 1993. Ella was nominated Vice-Mayor from June 1996 to June 1998 and served as Vice Mayor in 2003. She is currently the Escrow Administrator for a major title company in the Phoenix metropolitan area with over 30 years of experience. Other community service activities include: Constitutional Commemoration Committee Member; Arizona Board of Appraisal Member; Neighborhood Pride Board of Directors; Chairperson, Not-for-Profit Funding and CDGB Appropriation Committee; Economic Development Subcommittee Member, and Ethics Subcommittee Member. Past affiliations include MAG Regional Vision 2025 Committee;

Northwest Regional Community Council; Selective Service System Board Member; Greater Phoenix Economic Council; Lake Pleasant/North Peoria Area Project Steering Committee Member; Neighborhoods U.S.A. (NUSA) Member; Arizona Women in Municipal Government Member.



Pat Dennis
Councilmember
Palo Verde District

A Peoria resident for 18 years, Pat Dennis has been elected to three consecutive terms on the City Council since 1995, and has served as Vice Mayor in 1999 and 2001. Councilwoman Dennis graduated from Mercy College with a degree in Social Work and has worked in the early childhood field for 14 years. She currently works as a real estate agent. Councilwoman Dennis is a member of the following boards and committees: AZ Women in Municipal Government (1996-2001); Member-Valley Metro Transportation Board since 1999 and past Chairperson (2001-2002); Member-Maricopa Association of Governments Transportation Policy Committee (2002); Vice-Mayor (2001-2002); Member-Not-for-

Profit Funding and CDBG Appropriation Committee (1998-Present); Chairperson-Subcommittee of Boards and Commissions Appointments (1995-Present); Member-Sports Complex Board (1999-2001); City Council Liaison-Education Committee.



Carlo Leone
Councilmember
Pine District

Carlo Leone was first elected as the Pine District representative to the Peoria City Council in 1999, and was re-elected in 2003. He and his wife, Joan, have been residents of Peoria for 13½ years. 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 majoring in Labor Law. Councilmember Leone is a member of the City Council's Subcommittee on Ethics, a member of the Military Affairs Committee, and appointed to the Board of Manufactured Housing by Governor Napolitano. He has been a member of the Peoria Diamond Club at Peoria Sports Complex for the past 7 years. He is a member of the Country Meadows

Lions Club and a former member of the Peoria Kiwanis Club.



Vicki Hunt
Councilmember
Acacia District

A West Valley native, Vicki Hunt was elected to the Peoria City Council from the Acacia District in 2003. Councilmember Hunt spent many years as an educator, most recently as an award-winning English teacher at Peoria High School (from 1984 to 2000). She is also a published writer and editor of educational materials. After retiring from teaching, Councilmember Hunt opened the Old Town Bed and Breakfast, Wedding and Reception Center in Old Town Peoria, a business that she still owns and operates. She is married with three grown children and two grandchildren. Councilmember Hunt’s past and current community involvement includes: Graduate of City of Peoria’s Leadership Institute Inaugural Class (Spring 2002); Member, City of Peoria Revitalization Project Advisory Committee (1999-2000); President, Peoria Main Street Partnership (2000-current); Co-chair, Central Peoria Revitalization Ad Hoc Committee (2001–current); Board of Directors, Friends of Peoria Public Library (current); Volunteer at Community-Justice Assistance Services (2000-current); Peoria Women’s Club (2001-current); Peoria Historical Society (1998-current); Arizona English Teachers Association (1989-current).



Peoria operates under the Council-Manager form of government. The Mayor is elected at-large to serve a four-year term. The Vice-Mayor is elected from within the City Council each year. The City Council consists of six part-time nonpartisan members, elected to staggered four-year terms .

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, 2004, 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, 2004, 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 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Half-cent Sales Tax, Highway User Revenue and Development Fee 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, 2004, 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 17, 2004, 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 16 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and the combining financial statements. The accompanying supplemental 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 the combining 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 information included in the introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining financial statements and, accordingly, we express no opinion on them.

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

September 17, 2004

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, 2004. 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-xiii of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 17 and the accompanying notes to the financial statements.

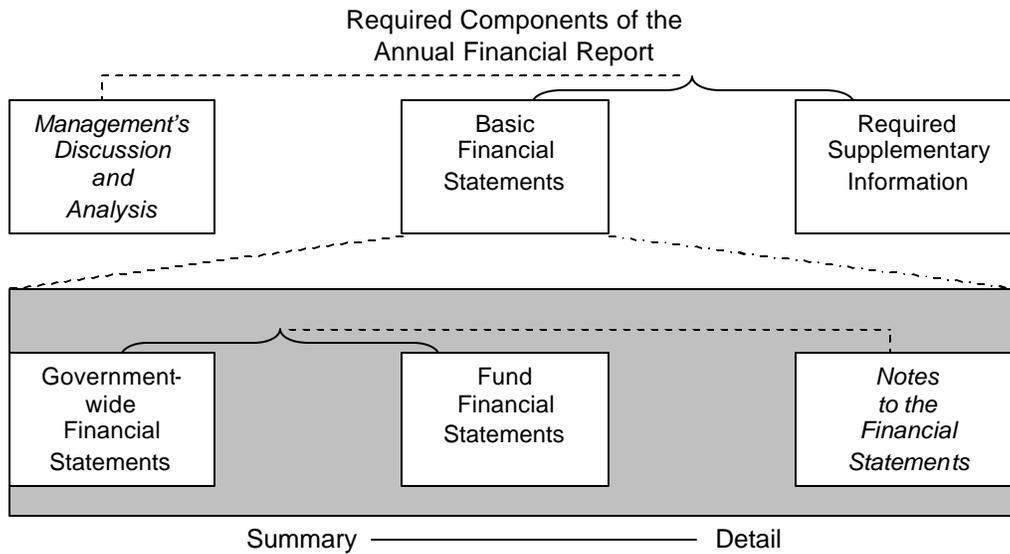
Financial Highlights

- ◆ The City's total net assets increased \$77.4 million (9.7%) in fiscal year 2004, \$37.4 million (a 7.6% increase) in governmental activities and \$40.0 million (a 13.0% increase) in business-type activities.
- ◆ Total net assets of the City are \$875.5 million, of which \$166.8 million is unrestricted (down \$82.4 million, 33.1%, from last year's \$249.2 million unreserved net assets).
- ◆ The governmental activities program revenues increased by approximately \$5.7 million (17.5%) from the previous year.
- ◆ The business-type activities program revenues increased by approximately \$3.7 million (6.4%) over the previous year.
- ◆ At June 30, 2004, total fund balance of the governmental funds was \$137.3 million, down \$26.9 million (16.4%) from the previous year. Of this, \$29.1 million (21.2%) was unreserved (available for spending at the government's discretion).
- ◆ General Fund revenues (on a budgetary basis) exceeded budgeted revenues by \$5.8 million for fiscal year 2004. Additionally, budgetary basis expenditures were only 84.2% (\$14 million in savings) of the final budget in the General Fund.
- ◆ At June 30, 2004, unreserved fund balance for the General Fund was \$13.2 million, or 2.2% of General Fund expenditures for fiscal year 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City implemented the Governmental Accounting Standards Board (GASB) Statement 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement 34) with the financial statements for the year ended June 30, 2001.

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 and the basic financial statements. 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. There are also additional non-required combining schedules and other supplementary schedules presented after the basic financial statements (Combining Statements, Supplemental Information and Statistical Sections of this report).



Government-wide Financial Statements

The government-wide financial statements (see pages 17-19) are designed to provide a broad overview of the City's finances in a manner similar to those used by private businesses. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net assets. The focus on net assets is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. 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 that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

Also presented are fund financial statements for governmental funds, proprietary funds and fiduciary funds. The fund financial statements focus on major funds of the City. A fund is a grouping of related

accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City.

Governmental funds – Governmental funds are used to account for most of the City's basic services. These are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental activities column on the government-wide financial statements, these fund financial statements (pages 20-32) 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 58-62).

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, Special Assessment Debt Service Fund, General Obligation Bond Capital Projects Fund, Non-Bond Capital Projects Fund and CFD 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 84-87).

Proprietary funds – Proprietary funds are used to account for services which are primarily supported by user fees. The proprietary fund financial statements (pages 34-41) are prepared on the same long-term focus as the government-wide financial statements. The City maintains the following two types of proprietary funds.

Enterprise funds are used for activities that primarily serve customers outside the governmental unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information such as cash flows. Any reconciliation necessary between the enterprise funds and the business-type activities column of the government-wide financial statements is provided with the fund statements. The City's enterprise funds are the Water, Wastewater, and Sanitation 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 88-90). The internal service funds of the City include the Motor Pool, Self-Insurance, Facilities Maintenance, and Information Technology Funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of

those funds are not available to support programs of the City. The fiduciary fund statements (pages 42-43 and 91) 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 46-80) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Required supplementary information other than MD&A – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information in Note 16 to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2004 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, 2004 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
	2004	2003	2004	2003	2004	2003	
Current and other assets	\$ 183.1	\$ 209.9	\$ 145.1	\$ 134.4	\$ 328.2	\$ 344.3	(4.7%)
Capital assets	511.9	455.3	298.1	272.5	810.0	727.8	11.3
Total assets	<u>695.0</u>	<u>665.2</u>	<u>443.2</u>	<u>406.9</u>	<u>1,138.2</u>	<u>1,072.1</u>	6.2
Other liabilities	42.1	33.8	17.4	16.4	59.5	50.2	18.5
Long-term liabilities outstanding	125.4	141.3	77.8	82.5	203.2	223.8	(9.2)
Total liabilities	<u>167.5</u>	<u>175.1</u>	<u>95.2</u>	<u>98.9</u>	<u>262.7</u>	<u>274.0</u>	(4.1)
Net assets:							
Invested in capital assets, net of related debt	396.8	275.3	216.3	186.8	613.1	462.1	32.7
Restricted	22.0	23.2	73.6	63.6	95.6	86.8	10.1
Unrestricted	108.7	191.6	58.1	57.6	166.8	249.2	(33.1)
Total net assets	<u>\$ 527.5</u>	<u>\$ 490.1</u>	<u>\$ 348.0</u>	<u>\$ 308.0</u>	<u>\$ 875.5</u>	<u>\$ 798.1</u>	9.7

The net assets of the City increased \$77.4 million (9.7%) in fiscal year 2004. Of this increase, \$37.4 million was in the governmental activities, a 7.6% increase, and \$40.0 million was in the business-type activities, a 13.0% increase.

Net Assets consists of three components. The largest portion of net assets (\$613.1 million or 70%) 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 \$151.0 million in FY04 primarily as a result of the purchase, construction and donation of additional capital assets with no additional capital debt and a reduction in outstanding debt.

The second portion of the City's net assets (\$95.6 million or 10.9%) represents resources that are subject to external restrictions on how they may be used. The increase of \$8.8 million is primarily due to the increase of funds reserved for capital projects and debt service.

The third portion consists of Unrestricted Net Assets of \$166.8 million (19.1%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category decreased \$82.4 million (33.1%) in FY04. Unreserved net assets is the balance of net assets remaining after calculating the other two categories discussed above. In fiscal year 2004, net assets invested in capital assets and reserved net assets increased more than total net assets, causing unreserved net assets to decrease.

Changes in Net Assets

The program revenues (charges for services and grants and entitlements that are clearly identifiable to an operating function) of governmental activities increased \$5.7 million (17.5%) from the previous year. This increase is from increased charges for service revenues, especially in Public Works, and increased capital grants, especially development fees and other developer contributions. The program revenues of business-type activities increased \$3.7 million (6.4%), due to increased charges for service revenues (\$2.5 million) and increased capital grants and contributions (\$1.2 million). The increase in charges for service revenues is from an increased customer base and increased sports complex revenues. There were \$1.9 million in one time developer contributions on various water projects included in the capital grants revenues for fiscal year 2004.

For fiscal year 2004, total governmental revenues increased \$13.5 million (11.2%) and total business-type revenues increased \$8.5 million (11.4%) while the expenses increased \$5.5 million (6.1%) and \$1.6 million (3.7%) for the governmental activities and business-type activities respectively.

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

Changes in Net Assets (in millions of dollars)

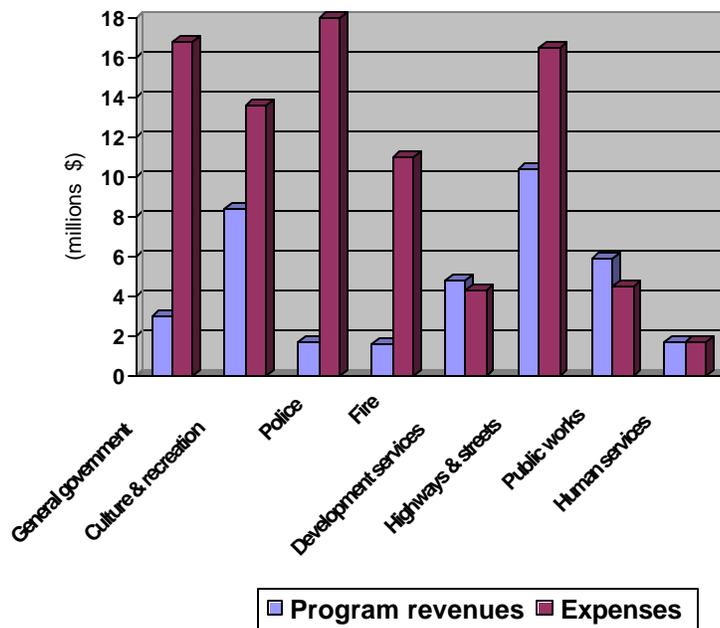
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2004	2003	2004	2003	2004	2003	
REVENUES:							
Program revenues:							
Charges for services	\$ 14.3	\$ 12.3	\$ 47.1	\$ 44.6	\$ 61.4	\$ 56.9	7.9%
Federal grants	2.3	3.8	.1	.1	2.4	3.9	(38.5)
Other grants and entitlements	21.7	16.5	14.6	13.4	36.3	29.9	21.4
General revenues:							
Property taxes	12.7	11.4	-	-	12.7	11.4	11.4
Sales and use taxes	40.6	35.9	-	-	40.6	35.9	13.1
Franchise taxes	2.5	2.3	-	-	2.5	2.3	8.7
State shared sales tax	9.1	8.5	-	-	9.1	8.5	7.1
Urban revenue sharing	9.8	11.4	-	-	9.8	11.4	(14.0)
Auto-in-lieu taxes	4.4	4.3	-	-	4.4	4.3	2.3
Donations of capital assets	13.7	10.2	20.2	14.1	33.9	24.3	39.5
Miscellaneous	.6	1.1	-	.3	.6	1.4	(57.1)
Proceeds from eliminated debt	.8	.1	-	-	.8	.1	800.0
Investment earnings	1.7	2.9	1.4	2.4	3.1	5.3	(41.5)
Total revenues	134.2	120.7	83.4	74.9	217.6	195.6	11.3
EXPENSES:							
Program activities:							
Governmental activities:							
General government	16.8	14.0	-	-	16.8	14.0	20.0%
Culture and recreation	13.6	12.5	-	-	13.6	12.5	8.8
Police	19.5	18.4	-	-	19.5	18.4	6.0
Fire	11.0	10.4	-	-	11.0	10.4	5.8
Development services	4.3	4.2	-	-	4.3	4.2	2.4
Highways and streets	16.5	16.4	-	-	16.5	16.4	.6
Public works	4.5	4.6	-	-	4.5	4.6	(2.2)
Human services	1.7	2.6	-	-	1.7	2.6	(34.6)
Interest expense on debt	6.9	6.2	-	-	6.9	6.2	11.3
Unallocated depreciation	.6	.6	-	-	.6	.6	-

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2004	2003	2004	2003	2004	2003	
Business-type activities:							
Water utility	-	-	21.3	18.9	21.3	18.9	12.7
Wastewater utility	-	-	11.0	12.3	11.0	12.3	(10.6)
Sanitation utility	-	-	7.8	7.8	7.8	7.8	-
Stadium	-	-	4.3	3.9	4.3	3.9	10.3
Housing	-	-	.4	.3	.4	.3	33.3
Total expenses	<u>95.4</u>	<u>89.9</u>	<u>44.8</u>	<u>43.2</u>	<u>140.2</u>	<u>133.1</u>	5.3
Excess before transfers	<u>38.8</u>	<u>30.8</u>	<u>38.6</u>	<u>31.7</u>	<u>77.4</u>	<u>62.5</u>	23.8
Transfers	<u>(1.4)</u>	<u>(2.8)</u>	<u>1.4</u>	<u>2.8</u>	<u>-</u>	<u>-</u>	-
Increase (decrease) in net assets	<u>\$ 37.4</u>	<u>\$ 28.0</u>	<u>\$ 40.0</u>	<u>\$ 34.5</u>	<u>\$ 77.4</u>	<u>\$ 62.5</u>	23.8

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the functional revenues of \$38.3 million are 40.2% of the governmental expenses for fiscal year 2004, up from 36.2% in fiscal year 2003. In the business-type activities, functional revenues of \$61.8 million are 137.9% of the business-type expense for fiscal year 2004. This compares to \$58.1 million and 134.5% in fiscal year 2003.

Governmental activities account for 61.7% of the total revenues of the City and 68.0% of the total expenses in fiscal year 2004. These percentages were 61.7% and 67.5% respectively in fiscal year 2003.

Governmental Activities Program Revenues & Expenses

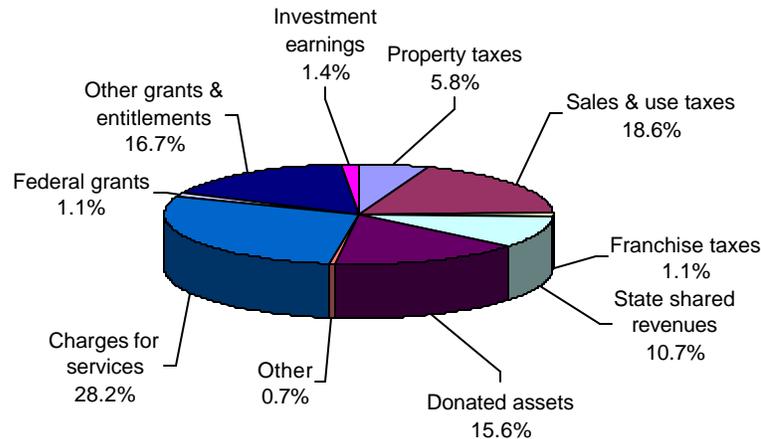


As seen in the following graph, the largest financing source for the City is charges for services (28.2%), primarily because this is the major funding source of the business-type activities (56.5% of business-type revenues). The major funding sources of the governmental activities are taxes (25.5% of total revenues, 41.6% of governmental revenues) and state shared revenues (10.7% of total revenues, 17.4% of governmental revenues).

Taxes, including property, sales and use and franchise taxes, increased 12.5% from fiscal year 2003 to fiscal year 2004. Sales and use taxes increased 13.1% with a recovering economy, while franchise taxes

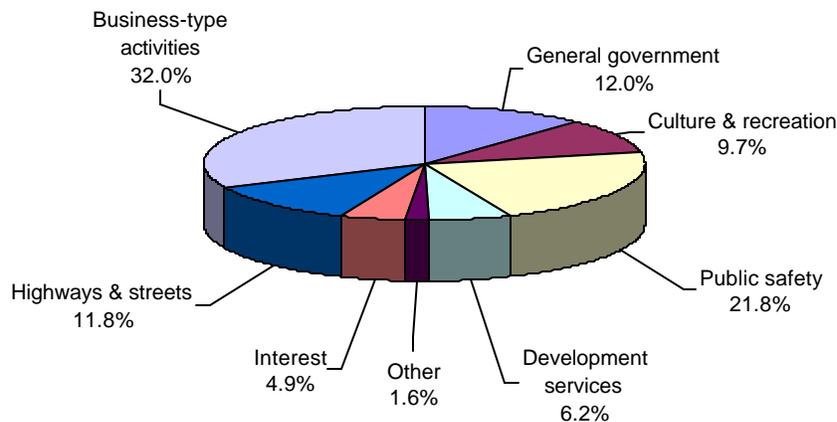
increased 8.7% and property taxes rose 11.4%. The increase in property taxes was due to growth in the assessed value of the City, as the tax rate was unchanged from fiscal year 2003 to fiscal year 2004.

Government-Wide Revenue Sources Fiscal Year 2004



Business-type activities account for 32.5% of the functional expenses of the City for fiscal year 2004, while governmental activities account for 67.5% of the functional expenses. For the governmental activities, the largest users of resources are public safety (21.6% of total expense, 32% of governmental expenses), general government (11.9% of total expenses, 17.6% of governmental expenses), highways and streets (11.7% of total expenses, 17.3% of governmental expenses) and culture and recreation (9.6% of total expenses, 14.3% of governmental expenses).

Government-Wide Functional Expenses Fiscal Year 2004



Total government-wide expenses (not including transfers out) of the City increased \$7.1 million (5.3%) in fiscal year 2004. Expenses of the governmental activities increased \$5.5 million (6.1%). This includes \$2.7 million (20%) for general government, \$1.7 million (5.9%) for public safety (police and fire) and \$1.1 million (8.8%) for culture and recreation. These increases reflect the Council's goals of public safety and customer service. Expenses in Business-type activities increased \$1.6 million (3.7%), due to both an increase in customers and increasing costs as the City continues to expand the water and wastewater systems and move from ground water to surface water.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

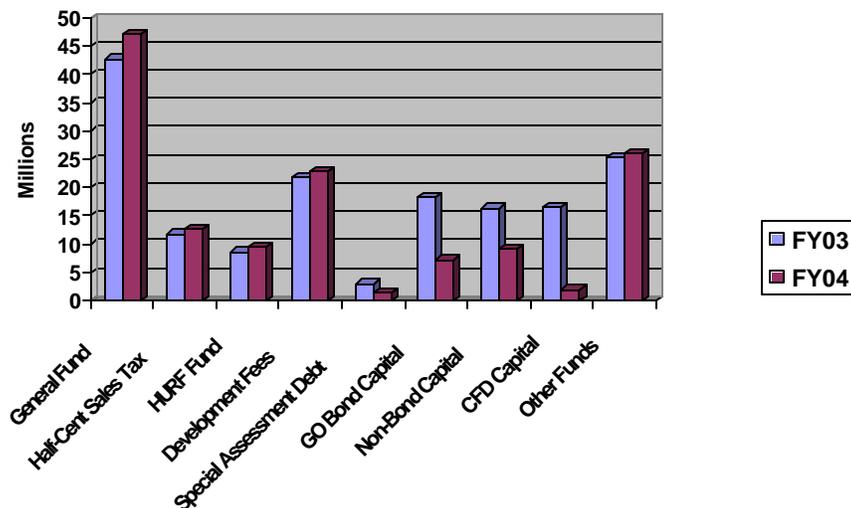
The focus of the governmental fund financial statements (pages 20-32) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discreetly presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 84-87.

The fund balance of the governmental funds is \$137.3 million, a decrease of \$26.9 million, or 16.4%, from the previous year. Of this, \$63.4 million (down \$28.8 million (31.2%) 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 decrease in total fund balance and restricted fund balance is due to the spending of bond proceeds on capital outlay during fiscal year 2004. No additional bonds were issued in fiscal year 2004.

An additional \$4.8 million of the governmental fund balance has been designated or committed for specific purposes by council policy or administrative action. These designations include economic stabilization reserves, debt service reserves, current capital projects and equipment replacement reserves. These designations are described in Note 11 to the financial statements (page 68).

The remaining \$29.1 million of governmental fund balance is classified as "Unreserved, Undesignated". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unreserved, undesignated fund balance decreased 8.2% during fiscal year 2004, primarily due to cash funding of certain capital projects and other one-time needs.

Governmental Funds - Fund Balance



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 \$5.1 million (7.8%) over the previous year. The City's sales and use tax revenues increased \$3.4 million (14.2%) and charges for services increased \$1.6 million (21.8%) as the City continued moderate growth during fiscal year 2004. General

Fund expenditures increased \$6.1 million (10.2%) with most of the increase (\$5.5 million) in the functional expenditures. Approximately \$3.6 million of the increased expenditures is in personnel costs. The City did not have a general cost of living increase for employee salaries and wages in fiscal year 2004, but eligible employees did receive salary step increases. Additionally, health insurance and other employee benefit costs continued to increase. There were also seven additional employees approved in the General Fund for fiscal year 2004. The remaining increase in expenditures is increased costs of ongoing programs. As a result of increasing expenditures, as well as higher policy reserves (designations), the unreserved/undesignated fund balance of the General Fund was 20.2% of expenditures at June 30, 2004, down from 27.7% at June 30, 2003.

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 \$.9 million (8.2%) from the previous year. Although functional expenditures in this fund increased \$2.3 million (53.8%), the increase was offset by lower transfers out to other funds. The fund balance increased \$1 million in fiscal year 2004.

The Highway User Revenue Fund (HURF Fund) is required by state statute to track the state allocation of gasoline taxes and other state revenues shared with local governments and required to be used for transportation purposes. Also, there is a sales tax on utilities and property tax revenues from street light improvement districts included in this fund. Both revenues and expenditures in the HURF Fund increased a moderate \$.3 million in fiscal year 2004 (3.4% in revenues and 3.1% in expenditures). Fund balance increased \$.7 million in fiscal year 2004.

Other major governmental funds of the City include the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety and general government. The Special Assessment Debt Service Fund collects special assessments levied through improvement districts and pays the debt service on the improvement district bonds. The GO Bond Capital Projects Fund accounts for bond proceeds of general obligation bonds and the expenditure of those proceeds. The Non-Bond Capital Projects Fund accounts for contributions from developers and other governments used for the construction of capital assets. The City also uses the Non-Bond Capital Projects Fund for the construction of some capital assets funded with City revenues other than bond funds (cash funding). During fiscal year 2004, the new public safety administration building (cost of \$17.4 million) was completed, funded by transfers from the General Fund, Half-Cent Sales Tax Fund and Development Fee Fund. The CFD Capital Projects Fund accounts for bond proceeds and developer contributions used to construct capital assets within the Vistancia Community Facilities District. All non-major governmental funds of the City are combined into one column on the governmental fund statements.

Proprietary funds

The proprietary funds 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 on the fund statements. The Public Housing Fund does not meet the GASB 34 criteria of a major fund, but the City has chosen to present it as a major fund.

Net assets of the enterprise funds increased \$40.1 million (13.0%) in fiscal year 2004. The Water Utility, Wastewater Utility and Sanitation Utility experienced increases in net assets of \$25.1 million (17.5%), \$15.2 million (12.8%) and \$.9 million (5.2%) respectively, while the Stadium Fund and the Public Housing Fund had decreases of \$1 million (3.7%) and \$.1 million (3.5%) respectively. The unrestricted net assets of the enterprise funds increased \$.7 million (1.2%) from the previous year.

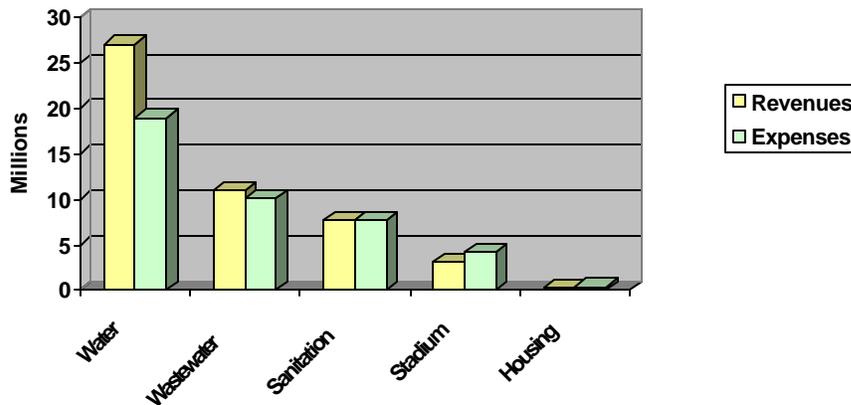
Operating revenues of the enterprise funds increased \$4.3 million (9.6%) in fiscal year 2004. The Water, Wastewater and Sanitation Utility Funds, as well as the Stadium Fund, all experienced increased revenues in fiscal year 2004. Of that increase, \$1.9 million in the Water Fund was for one-time reimbursement revenue and developer contributions. Water rates were reduced in January 2004 by 5%. This rate reduction was partially offset by a 3% increase in the number of water customers. Stadium revenue experienced a \$.5 million (61.6%) increase in charges for services over 2003. This includes \$.2 million in sports program revenues shown in the General Fund as culture and recreation revenues in

previous years. These programs are now shown in the Stadium Fund, since these activities take place at the stadium.

Operating expenses of the enterprise funds increased \$1.4 million (3.4%) in fiscal year 2004. In 2004 in the Water Utility Fund, the most significant component of the overall increase was a \$1.7 million expense in insurance claims related to ongoing litigation against the city. Operating income increased \$2.9 million (62.3%) compared to 2003, due to the higher revenues.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2004.

Fiscal year 2004 Enterprise Fund Operating Revenues and Expenses



BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 28-32. 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 94-113.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1.E on page 52 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 from contingency accounts to allow expenditure authority from unanticipated revenue sources. These include new, or higher than expected, 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 \$330 million occurred during fiscal year 2004. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund revenues of \$80.3 million, on a budgetary basis, exceeded budgeted revenues of \$74.5 million by \$5.8 million (7.8%) while budgetary basis expenditures of \$75.3 million were only 84.2% of final budgeted expenditures. The excess of General Fund revenues over budgeted amounts is primarily due to higher sales tax collections, especially retail and construction contracting, resulting from a growing local economy, and sales tax recoveries generated from sales tax audits. Reduced General Fund expenditures resulted from delayed capital projects and unspent contingencies.

The original General Fund expenditures budget of \$91.1 million was reduced by \$1.7 million to come to the final expenditure budget of \$89.4 million. This change was due to General Fund contingency budget being transferred to other funds. The only significant General Fund amendments were transfers between the General Fund and other funds. They are as follows:

- Carryover transfers from General Fund contingency for items budgeted in the prior year totaled \$3.8 million. Carryover reductions, i.e. transfers back to the General Fund contingency, totaled \$1.6 million, making a net carryover adjustment of \$2.2 million from the General Fund contingency to other funds. The majority of these funds were transferred into various capital project budgets in both governmental and proprietary funds.
- A developer-funded project of \$.7 million and a developer-funded fire engine purchase of \$.4 million resulted in General Fund contingency being transferred to the Non-Bond Capital Projects Fund and the Motor Pool Fund, respectively.
- A General Fund contingency transfer of \$1.1 million to Special Assessment Debt Service Fund occurred when special assessment bonds were called. This transfer was covered by fund reserves built up through early payoffs of special assessments.
- In order to complete Phase I of the City's community park, \$.5 million of General Fund contingency was transferred to the Development Fee Fund. This transfer was covered by fund reserves.
- Budgeted funds of \$8.7 million were returned to the General Fund contingency from two projects originally budgeted in the Wastewater Fund capital outlay expenditure line, for which expenditures were not going to be made in fiscal year 2004.
- Contingency appropriation of \$1.9 million was transferred from the General Fund into the Half-Cent Sales Tax Fund in order to facilitate the contract award for the renovation of the old police building for use as an administrative building. The project was originally scheduled for expenditures to begin in fiscal year 2005. This transfer was covered by fund reserves.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2004, the City had \$13.1 million invested in various capital assets, net of accumulated depreciation and related debt, up 32.7% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$809.9 million. This is a net increase of \$82.1 million from June 30, 2003. Of the increase, \$56.6 million resulted from governmental activities and \$25.5 million resulted from business-type activities.

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

- ✓ The City spent an additional \$6.8 million for construction of a new public safety administration building. The project began construction in early fiscal year 2003 and was completed, at a cost of \$17.4 million, in early fiscal year 2004. This facility houses the police department, fire department administration and a production studio for the City's public access television station, Channel 11.
- ✓ Construction of the city's third swimming pool was completed at Sunrise Mountain High School, at a cost of \$3.4 million in fiscal year 2004. The project includes 8 racing lanes, zero depth play

area, dive well with two 1-meter boards, slides and water play features, concession area, bleachers, a shade structure and a Family Center.

- ✓ \$1.6 million was spent to allow the City to participate in a regional recharge project, located south of the CAP canal in or near the streambed of the Agua Fria River. Participation will provide Peoria with seasonal and emergency storage and to accrue long term storage credits for use during periods when CAP water will not be available.
- ✓ The City completed construction of a 4 million gallon water storage reservoir located at the City's Municipal Operation Center in the southern part of the City. \$1.5 million was spent in fiscal year 2004.
- ✓ The City spent an additional \$5.6 million on construction of phase I for the City's first large community park. This 50 plus acre park will include lighted sports facilities, playgrounds, picnic ramadas and other recreational facilities. Construction of Phase I of the park was completed in January 2004 at a cost of \$9.3 million.
- ✓ Land was purchased, at a cost of \$3.4 million, for the city's second large community park.

The following table provides a breakdown of the capital assets of the City at June 30, 2004 and 2003. Additional information on the City's capital assets may be found in Note 12 on pages 69-70.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2004	2003	2004	2003	2004	2003	
	Buildings and building improvements	\$ 47.7	\$ 31.6	\$ 20.9	\$ 21.5	\$ 68.6	
Furniture	.6	.6	-	-	.6	.6	-
Equipment	11.4	9.6	.6	1.5	12.0	11.1	8.1
Vehicles	7.6	5.9	4.7	3.7	12.3	9.6	28.1
Storm drainage system	39.8	40.3	-	-	39.8	40.3	(1.2)
Street system	198.4	187.2	-	-	198.4	187.2	6.0
Park system	15.1	10.0	-	-	15.1	10.0	51.0
Water system	-	-	143.5	118.5	143.5	118.5	21.1
Wastewater system	-	-	91.9	84.3	91.9	84.3	9.0
Land	147.7	141.1	12.6	12.5	160.3	153.6	4.4
Work in progress	43.6	29.0	23.8	30.5	67.4	59.5	13.3
Total	<u>\$ 511.9</u>	<u>\$ 455.3</u>	<u>\$ 298.0</u>	<u>\$ 272.5</u>	<u>\$ 809.9</u>	<u>\$ 727.8</u>	11.3

The City has adopted a ten year capital improvement plan budgeted at \$474.8 million, including \$147.6 million in fiscal year 2005. Anticipated funding for this plan is through a combination of impact fees (38%), utility revenue bonds (7%), general obligation bonds (27%), operating revenues (23%) and other outside funding sources (5%).

Long-term Debt

The City's outstanding non-current long-term debt, including bonds, notes, contracts and compensated absences, was \$204.3 million at June 30, 2004. Of this total, \$126.3 million was in governmental activities and \$78 million was in business-type activities. The City's outstanding non-current debt decreased \$20.7 million in fiscal year 2004. The City issued no bonds during fiscal year 2004.

Of the outstanding debt, \$65 million is general obligation bonds backed by the full faith and credit of the City. An additional \$12.9 million are 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 \$21.3 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 outstanding assessed valuation of the City. The City's available debt margin at June 30,

2004 is \$19.5 million in the 6% capacity and \$110.6 million in the 20% capacity. Additional information on the debt limitations and capacities may be found in Note 14 on page 71 and also in Table XX in the statistical section of this report (page 159).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2004 and 2003. Further detail on the City's outstanding debt may be found in Note 14 on pages 71-75.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2004	2003	2004	2003	2004	2003	
	General obligation debt	\$ 65.0	\$ 68.6	\$ -	\$ -	\$ 65.0	
Municipal Development Authority debt	22.2	23.6	2.8	2.8	25.0	26.4	(5.3)
Highway User Revenue bonds	4.3	4.6	-	-	4.3	4.6	(6.5)
Special assessment debt	12.9	15.5	-	-	12.9	15.5	(16.8)
Water/Sewer Revenue bonds	-	-	80.0	85.8	80.0	85.8	(6.8)
Community Facilities District bonds	21.3	21.3	-	-	21.3	21.3	-
Contracts payable	15.2	17.7	-	-	15.2	17.7	(14.1)
Compensated absences	3.3	2.9	.4	.4	3.7	3.3	12.1
Total	\$ 144.2	\$ 154.2	\$ 83.2	\$ 89.0	\$ 227.4	\$ 243.2	(6.5)

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

ECONOMIC FACTORS

The unemployment rate in the metropolitan Phoenix region for June 2004 was 3.9%, which remains below both the state (4.7%) and national average (5.6%). While the regional economy remains strong, it is traditionally largely driven by construction, due to the continued population growth of the state and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy. While the state and regional economies appear to be moving in the direction of a gradual recovery, fiscal year 2004 saw the economy continue to struggle to recover from the effects of the recession and low consumer confidence. Local economists predict continued slow growth.

Because of the continued growth of the community, Peoria's revenues have continued to increase, although at a slower rate than the past several years. Low interest rates have continued to fuel a steady, if slower, new housing market. Although interest rates began to rise in the second half of fiscal year 2004, they are expected to stay at historically low levels, at least through fiscal year 2005. Peoria continues to attract new retail businesses and restaurants, helping to increase the City's sales tax base. The adopted fiscal year 2005 budget expects sales tax revenues to increase 5%.

To keep up with the City's growth, the adopted fiscal year 2005 budget is \$375 million (up 13.6% from 2004). It includes a \$165.5 million operating budget (an increase of 17.5% from 2003) and a \$209.5 million capital projects budget (up 10.7% from 2004). The fiscal year 2005 budget includes 79 new staff positions to support City services. Of these positions, 29 are funded by user fees or developer contributions. Twenty five of the new positions are public safety positions.

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 \$24.3 million in the General Fund and \$3.9 million in the Half-Cent Sales Tax Fund at June 30, 2004. The City also maintains a working capital policy reserve in the Water Utility Fund and Wastewater Utility Fund. At June 30, 2004, those reserves were \$19.1 million in the Water Utility and \$8.3 million in the Wastewater 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 Chief Financial Officer at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

CITY OF PEORIA, ARIZONA
STATEMENT OF NET ASSETS
June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,810,469	\$ 11,871,455	\$ 24,681,924
Investments	129,041,267	121,445,187	250,486,454
Accounts receivable, net	5,719,196	7,977,793	13,696,989
Interest receivable	293,849	264,879	558,728
Internal balances	1,052,838	(1,052,838)	-
Due from other governments	4,121,885	-	4,121,885
Prepaid items	150,852	74,438	225,290
Supply inventories	227,816	206,275	434,091
Deferred bond issuance costs, net	1,869,715	650,661	2,520,376
Restricted cash and cash equivalents	7,278,479	1,410,360	8,688,839
Restricted investments	8,199,066	1,124,168	9,323,234
Other assets	-	1,166,026	1,166,026
Special assessments receivable	12,363,701	-	12,363,701
Capital assets:			
Non-depreciable	191,284,126	36,421,567	227,705,693
Depreciable (net)	320,576,961	261,648,329	582,225,290
Total assets	<u>694,990,220</u>	<u>443,208,300</u>	<u>1,138,198,520</u>
LIABILITIES			
Accounts payable	5,801,743	3,553,453	9,355,196
Accrued payroll	1,123,700	134,929	1,258,629
Interest payable	3,231,727	1,749,376	4,981,103
Due to other governments	1,104,080	-	1,104,080
Claims payable	3,100,000	1,700,000	4,800,000
Customer deposits	2,707	503,552	506,259
Deferred revenue	1,804,320	3,768,775	5,573,095
Arbitrage liability	11,753	-	11,753
Unamortized bond premium	2,357,852	261,050	2,618,902
Other liabilities	5,647,956	586,734	6,234,690
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	2,791,470	367,630	3,159,100
Current portion of contracts payable	1,868,137	-	1,868,137
Current portion of bonds payable	13,297,034	4,774,424	18,071,458
Due in more than one year:			
Noncurrent portion of compensated absences	453,310	63,430	516,740
Noncurrent portion of contracts payable	13,370,818	-	13,370,818
Noncurrent portion of bonds payable	112,431,796	77,942,302	190,374,098
Less: Deferred loss on bond refunding	(872,441)	(213,534)	(1,085,975)
Total liabilities	<u>167,525,962</u>	<u>95,192,121</u>	<u>262,718,083</u>
NET ASSETS			
Invested in capital assets, net of related debt	396,789,364	216,306,907	613,096,271
Restricted for:			
Capital projects	-	66,460,167	66,460,167
Development fees	21,795,798	-	21,795,798
Revenue bond retirement	-	6,715,420	6,715,420
Grant purposes	215,369	421,562	636,931
Unrestricted	108,663,727	58,112,123	166,775,850
Total net assets	<u>\$ 527,464,258</u>	<u>\$ 348,016,179</u>	<u>\$ 875,480,437</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, 2004**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 16,762,082	\$ 1,576,952	\$ 24,523	\$ 1,381,237
Culture and recreation	13,580,663	4,278,605	344,989	3,804,338
Police	19,519,868	603,702	383,223	710,725
Fire	11,025,133	730,868	71,558	750,752
Development services	4,280,766	4,121,816	635,153	-
Highways and streets	16,554,235	176,195	7,501,918	2,756,439
Public works	4,460,277	2,709,759	19,301	3,158,134
Human services	1,665,219	107,998	1,469,874	148,364
Other	32,049	-	-	859,781
Interest on long-term debt	6,884,380	-	-	-
Unallocated depreciation (Note 12)	582,180	-	-	-
Total governmental activities	<u>95,346,852</u>	<u>14,305,895</u>	<u>10,450,539</u>	<u>13,569,770</u>
Business-type activities:				
Water Utility	21,344,055	25,175,285	-	10,201,368
Wastewater Utility	11,049,354	10,971,239	-	3,658,370
Sanitation Utility	7,798,343	7,728,124	-	765,334
Stadium	4,341,127	3,133,022	-	-
Housing programs	357,785	128,332	129,308	-
Total business-type activities	<u>44,890,664</u>	<u>47,136,002</u>	<u>129,308</u>	<u>14,625,072</u>
Total primary government	<u>\$ 140,237,516</u>	<u>\$ 61,441,897</u>	<u>\$ 10,579,847</u>	<u>\$ 28,194,842</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
Urban revenue sharing
Auto in-lieu taxes
Donations of capital assets
Investment earnings
Gain on sale of capital assets
Elimination of development agreement debt
Miscellaneous
Transfers in (out)
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of the financial statements

**Net (Expense) Revenue and
Changes in Net Assets
Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (13,779,370)	\$ -	\$ (13,779,370)
(5,152,731)	-	(5,152,731)
(17,822,218)	-	(17,822,218)
(9,471,955)	-	(9,471,955)
476,203	-	476,203
(6,119,683)	-	(6,119,683)
1,426,917	-	1,426,917
61,017	-	61,017
827,732	-	827,732
(6,884,380)	-	(6,884,380)
(582,180)	-	(582,180)
<u>(57,020,648)</u>	<u>-</u>	<u>(57,020,648)</u>
-	14,032,598	14,032,598
-	3,580,255	3,580,255
-	695,115	695,115
-	(1,208,105)	(1,208,105)
-	(100,145)	(100,145)
<u>-</u>	<u>16,999,718</u>	<u>16,999,718</u>
<u>\$ (57,020,648)</u>	<u>\$ 16,999,718</u>	<u>\$ (40,020,930)</u>
\$ 2,724,739	\$ -	\$ 2,724,739
9,940,516	-	9,940,516
40,579,522	-	40,579,522
2,495,803	-	2,495,803
9,116,684	-	9,116,684
9,786,943	-	9,786,943
4,390,706	-	4,390,706
13,645,440	20,228,650	33,874,090
1,698,168	1,349,492	3,047,660
160,917	-	160,917
839,099	-	839,099
443,892	-	443,892
<u>(1,404,110)</u>	<u>1,404,110</u>	<u>-</u>
<u>94,418,319</u>	<u>22,982,252</u>	<u>117,400,571</u>
<u>37,397,671</u>	<u>39,981,970</u>	<u>77,379,641</u>
<u>490,066,587</u>	<u>308,034,209</u>	<u>798,100,796</u>
<u>\$ 527,464,258</u>	<u>\$ 348,016,179</u>	<u>\$ 875,480,437</u>

**CITY OF PEORIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004**

	Major Funds			
	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Development Fee Fund
ASSETS				
Cash and cash equivalents	\$ 4,595,627	\$ 1,032,870	\$ 763,156	\$ 2,031,127
Investments	44,135,674	11,197,221	8,273,289	22,019,206
Accounts receivable, net	3,609,961	866,907	250,909	-
Interest receivable	95,430	27,446	19,744	49,810
Due from other funds	885,664	-	-	-
Due from other governments	2,171,835	-	654,133	-
Prepaid items	92,651	9,902	-	-
Supply inventories	47,632	-	57,832	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 55,634,474</u>	<u>\$ 13,134,346</u>	<u>\$ 10,019,063</u>	<u>\$ 24,100,143</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,126,077	\$ 482,377	\$ 516,982	\$ 621,139
Accrued payroll	958,398	-	41,666	-
Due to other funds	-	-	-	-
Due to other governments	1,084,401	-	-	-
Claims/deposits payable	2,707	-	-	-
Deferred revenue	149,049	-	-	-
Arbitrage liability	-	-	-	-
Other liabilities	3,471,279	-	63,946	658,242
Compensated absences	791,410	-	39,060	-
Total liabilities	<u>\$ 8,583,321</u>	<u>\$ 482,377</u>	<u>\$ 661,654</u>	<u>\$ 1,279,381</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Development fees	-	-	-	21,795,798
Encumbrances	2,921,524	1,047,413	80,973	1,024,964
Grant purposes	-	-	-	-
Supply inventories	47,632	-	57,832	-
Prepaid items	92,651	9,902	-	-
Unreserved, designated (see note 11):				
General fund	30,796,247	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	4,900,000	-	-
Unreserved, undesignated, reported in:				
General fund	13,193,099	-	-	-
Special revenue funds	-	6,694,654	9,218,604	-
Total fund balance	<u>47,051,153</u>	<u>12,651,969</u>	<u>9,357,409</u>	<u>22,820,762</u>
Total liabilities and fund balance	<u>\$ 55,634,474</u>	<u>\$ 13,134,346</u>	<u>\$ 10,019,063</u>	<u>\$ 24,100,143</u>

The accompanying notes are an integral part of the financial statements

Special Assessment Debt Service Fund	GO Bond Capital Projects Fund	Non-Bond Capital Projects Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 107,713	\$ 27,086	\$ 815,878	\$ -	\$ 2,143,443	\$ 11,516,900
1,167,699	293,638	8,844,843	-	19,086,261	115,017,831
-	-	945,961	-	45,458	5,719,196
5,596	12	24,558	1,929	38,361	262,886
-	-	-	-	-	885,664
-	-	281,000	-	1,014,917	4,121,885
-	48,299	-	-	-	150,852
-	-	-	-	-	105,464
-	23,683	-	2,743,650	4,511,146	7,278,479
-	8,199,066	-	-	-	8,199,066
12,363,701	-	-	-	-	12,363,701
<u>\$ 13,644,709</u>	<u>\$ 8,591,784</u>	<u>\$ 10,912,240</u>	<u>\$ 2,745,579</u>	<u>\$ 26,839,586</u>	<u>\$ 165,621,924</u>
\$ 2,400	\$ 595,925	\$ 79,466	\$ -	\$ 193,099	\$ 4,617,465
-	-	-	-	16,674	1,016,738
-	885,664	-	-	-	885,664
-	-	-	-	19,679	1,104,080
-	-	-	-	-	2,707
12,343,923	-	1,225,774	-	484,441	14,203,187
-	-	-	-	11,753	11,753
20,209	36,146	525,083	862,837	10,214	5,647,956
-	-	-	-	10,980	841,450
<u>\$ 12,366,532</u>	<u>\$ 1,517,735</u>	<u>\$ 1,830,323</u>	<u>\$ 862,837</u>	<u>\$ 746,840</u>	<u>\$ 28,331,000</u>
\$ 1,278,177	\$ -	\$ -	\$ -	\$ 24,144,975	\$ 25,423,152
-	6,087,489	186,794	-	-	6,274,283
-	-	-	-	-	21,795,798
-	938,261	594,908	1,882,742	125,639	8,616,424
-	-	-	-	972,811	972,811
-	-	-	-	-	105,464
-	48,299	-	-	-	150,852
-	-	-	-	-	30,796,247
-	-	8,300,215	-	-	8,300,215
-	-	-	-	812,826	5,712,826
-	-	-	-	-	13,193,099
-	-	-	-	36,495	15,949,753
<u>1,278,177</u>	<u>7,074,049</u>	<u>9,081,917</u>	<u>1,882,742</u>	<u>26,092,746</u>	<u>137,290,924</u>
<u>\$ 13,644,709</u>	<u>\$ 8,591,784</u>	<u>\$ 10,912,240</u>	<u>\$ 2,745,579</u>	<u>\$ 26,839,586</u>	<u>\$ 165,621,924</u>



**CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2004**

Fund balances - total governmental funds balance sheet		\$ 137,290,924
<p>Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 617,792,569	
Less accumulated depreciation	<u>(120,863,025)</u>	496,929,544
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred bond issue costs	1,869,715	
Deferred loss on refunding	<u>872,441</u>	2,742,156
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental bonds payable	125,728,830	
Governmental contracts payable	15,238,955	
Compensated absences	<u>2,073,670</u>	(143,041,455)
<p>Deferred revenue for long-term special assessments is shown on the governmental funds balance sheet, but is not deferred on the statement of net assets</p>		
		12,343,923
<p>Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting</p>		
		(2,357,852)
<p>Property tax revenue earned but not received within 60 days of year-end is deferred for the governmental statements, but is recognized as revenue for the government-wide statements</p>		
		54,944
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		
		(3,231,727)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with the governmental activities.</p>		
		<u>26,733,801</u>
Net assets of governmental activities - statement of net assets		<u><u>\$ 527,464,258</u></u>

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Major Funds				Special
	General	Half-Cent	Highway User	Development	Assessment
	Fund	Sales Tax	Revenue	Fee	Debt Service
	Fund	Fund	Fund	Fund	Fund
REVENUES:					
Taxes:					
Sales and use taxes	\$ 27,558,658	\$ 11,799,352	\$ 1,221,512	\$ -	\$ -
Property taxes	2,217,857	-	522,842	-	-
Franchise taxes	2,495,803	-	-	-	-
Intergovernmental:					
State shared sales taxes	9,116,684	-	-	-	-
Urban revenue sharing	9,786,943	-	-	-	-
Auto in-lieu taxes	4,390,706	-	-	-	-
Highway user revenue	-	-	7,501,918	-	-
Local transportation aid	-	-	-	-	-
From federal government	-	-	-	-	-
Other	178,759	-	-	-	-
Charges for services	9,074,841	-	166,742	8,947,974	-
Licenses and permits	3,595,022	-	2,500	-	-
Fines and forfeitures	1,060,937	-	-	-	-
Rents	89,829	-	-	-	-
Investment earnings	358,237	204,283	72,594	280,932	42,456
Special assessments	-	-	-	-	2,598,445
Miscellaneous	328,460	75,495	33,139	-	-
Total revenues	<u>70,252,736</u>	<u>12,079,130</u>	<u>9,521,247</u>	<u>9,228,906</u>	<u>2,640,901</u>
EXPENDITURES:					
Current:					
General government	14,857,107	433,012	-	19,195	-
Culture and recreation	11,943,945	-	-	166,176	-
Police	18,437,227	-	-	8,015	-
Fire	10,424,533	-	-	5,906	-
Development services	3,776,557	-	-	-	-
Highways and streets	-	-	8,494,750	12,234	-
Public works	3,088,486	-	-	-	-
Human services	-	-	-	-	-
Other	-	-	-	-	439
Debt service:					
Principal payments	8,227	1,779,057	320,000	-	2,505,652
Interest and other charges	-	163,604	262,440	-	980,028
Capital outlay	2,781,438	4,297,042	540,008	7,136,782	-
Total expenditures	<u>65,317,520</u>	<u>6,672,715</u>	<u>9,617,198</u>	<u>7,348,308</u>	<u>3,486,119</u>
Excess (deficiency) of revenues over expenditures	<u>4,935,216</u>	<u>5,406,415</u>	<u>(95,951)</u>	<u>1,880,598</u>	<u>(845,218)</u>
OTHER FINANCING SOURCES (USES):					
Capital-related debt issued	164,548	-	-	-	-
Transfers in	1,807,760	-	1,001,782	-	-
Transfers out	(2,542,232)	(4,443,513)	(178,904)	(976,099)	(772,623)
Total other financing sources and uses	<u>(569,924)</u>	<u>(4,443,513)</u>	<u>822,878</u>	<u>(976,099)</u>	<u>(772,623)</u>
Net change in fund balances	<u>4,365,292</u>	<u>962,902</u>	<u>726,927</u>	<u>904,499</u>	<u>(1,617,841)</u>
Fund balances - beginning	42,685,861	11,689,067	8,630,482	21,916,263	2,896,018
Fund balances - ending	<u>\$ 47,051,153</u>	<u>\$ 12,651,969</u>	<u>\$ 9,357,409</u>	<u>\$ 22,820,762</u>	<u>\$ 1,278,177</u>

The accompanying notes are an integral part of the financial statements

GO Bond Capital Projects Fund	Non-Bond Capital Projects Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 40,579,522
-	-	-	9,958,189	12,698,888
-	-	-	-	2,495,803
-	-	-	-	9,116,684
-	-	-	-	9,786,943
-	-	-	-	4,390,706
-	-	-	-	7,501,918
-	-	-	650,734	650,734
-	-	-	2,340,738	2,340,738
-	-	-	874,701	1,053,460
-	-	-	241,092	18,430,649
-	-	-	-	3,597,522
-	-	-	25,390	1,086,327
-	-	-	-	89,829
139,055	103,407	65,430	201,309	1,467,703
-	1,492,856	-	-	2,598,445
<u>139,055</u>	<u>1,596,263</u>	<u>65,430</u>	<u>1,363,610</u>	<u>3,293,560</u>
			<u>15,655,763</u>	<u>121,179,431</u>
-	41,808	-	35,486	15,386,608
-	-	-	285,767	12,395,888
-	-	-	218,433	18,663,675
-	-	-	9,568	10,440,007
-	-	-	477,153	4,253,710
159,307	157,884	-	1,620	8,825,795
-	-	-	19,301	3,107,787
-	-	-	1,590,605	1,590,605
-	-	-	16,384	16,823
-	-	-	5,125,000	9,737,936
-	-	-	4,893,554	6,299,626
<u>10,473,272</u>	<u>9,754,069</u>	<u>14,749,598</u>	<u>2,770,171</u>	<u>52,502,380</u>
<u>10,632,579</u>	<u>9,953,761</u>	<u>14,749,598</u>	<u>15,443,042</u>	<u>143,220,840</u>
<u>(10,493,524)</u>	<u>(8,357,498)</u>	<u>(14,684,168)</u>	<u>212,721</u>	<u>(22,041,409)</u>
-	-	-	-	164,548
-	2,557,297	-	826,318	6,193,157
<u>(714,313)</u>	<u>(1,419,615)</u>	<u>-</u>	<u>(219,212)</u>	<u>(11,266,511)</u>
<u>(714,313)</u>	<u>1,137,682</u>	<u>-</u>	<u>607,106</u>	<u>(4,908,806)</u>
<u>(11,207,837)</u>	<u>(7,219,816)</u>	<u>(14,684,168)</u>	<u>819,827</u>	<u>(26,950,215)</u>
18,281,886	16,301,733	16,566,910	25,272,919	164,241,139
<u>\$ 7,074,049</u>	<u>\$ 9,081,917</u>	<u>\$ 1,882,742</u>	<u>\$ 26,092,746</u>	<u>\$ 137,290,924</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, 2004**

Net change in fund balances - total governmental funds	\$ (26,950,215)
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.	(218,130)
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.	(1,790,534)
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.	(431,315)
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 (\$52,508,724) exceeded depreciation (\$15,206,537) in the current period.	37,302,187
Gains/losses on sales of fixed assets are not shown in the governmental funds, but are revenues, or expenses, on the statement of activities.	51,434
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	13,645,440
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.	839,099
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.	(164,548)
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.	9,737,936
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.	(153,439)
Interfund transactions between governmental activities are eliminated in the statement of activities.	3,342,605
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	2,187,151
Change in net assets of governmental activities- statement of activities	\$ 37,397,671

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, 2004**

	<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, 2003	\$ 37,997,047	\$ 37,997,047	\$ 37,997,047	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	24,038,500	24,038,500	27,567,826	3,529,326
Property taxes	2,159,558	2,159,558	2,225,936	66,378
Franchise taxes	2,525,000	2,525,000	2,358,923	(166,077)
Intergovernmental:				
State shared sales taxes	8,575,000	8,575,000	9,064,543	489,543
Urban revenue sharing	9,780,420	9,780,420	9,771,114	(9,306)
Auto in-lieu taxes	4,190,000	4,190,000	4,288,725	98,725
Other	72,680	72,680	163,554	90,874
Charges for services	16,474,221	16,474,221	17,422,520	948,299
Licenses and permits	2,865,000	2,865,000	3,595,022	730,022
Fines and forfeitures	991,000	991,000	1,060,937	69,937
Rents	62,150	62,150	135,050	72,900
Investment earnings	842,823	839,373	450,711	(388,662)
Miscellaneous	67,000	67,000	328,460	261,460
Transfers from other funds	1,910,604	1,910,604	1,903,586	(7,018)
Total inflows	<u>74,553,956</u>	<u>74,550,506</u>	<u>80,336,907</u>	<u>5,786,401</u>
Amounts available for appropriation	<u>112,551,003</u>	<u>112,547,553</u>	<u>118,333,954</u>	<u>5,786,401</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government:				
Mayor and council	622,624	695,302	666,471	(28,831)
City manager	1,742,243	1,777,951	1,665,491	(112,460)
Human resources	1,362,427	1,477,427	1,419,828	(57,599)
Attorney	1,531,172	1,535,436	1,491,236	(44,200)
City clerk	594,090	617,008	592,755	(24,253)
Court	930,277	930,277	871,841	(58,436)
Economic development	316,046	314,646	300,511	(14,135)
Finance	7,904,732	7,884,803	7,406,378	(478,425)
Non-departmental	9,173,826	9,466,342	8,994,014	(472,328)
Culture and recreation	12,216,479	12,405,385	11,667,982	(737,403)
Development services	3,949,524	4,010,176	3,689,300	(320,876)
Fire	10,408,488	10,473,102	10,183,675	(289,427)
Police	18,050,912	18,444,084	18,011,238	(432,846)
Public works	3,154,169	3,371,469	3,017,127	(354,342)
Debt service:				
Principal payments	-	-	8,227	8,227
Capital outlay	8,994,688	9,312,136	3,764,557	(5,547,579)
Contingencies	9,000,000	5,468,451	-	(5,468,451)
Transfers to other funds	1,191,557	1,191,557	1,587,811	396,254
Total charges to appropriations	<u>91,143,254</u>	<u>89,375,552</u>	<u>75,338,442</u>	<u>(14,037,110)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 21,407,749</u>	<u>\$ 23,172,001</u>	<u>\$ 42,995,512</u>	<u>\$ 19,823,511</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	\$ 118,333,954
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	(37,997,047)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(1,903,586)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(8,902,962)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	722,377
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 70,252,736</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 75,338,442
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	300,426
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,192,751
Capital outlay recognized as expenditures in proprietary fund for budgetary purposes, but assets reclassified to expenditure in governmental funds for financial reporting purposes	26,919
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,050,245)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(8,902,962)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,587,811)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 65,317,520</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HALF-CENT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 9,014,832	\$ 9,014,832	\$ 9,014,832	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	10,816,667	10,816,667	11,897,911	1,081,244
Investment earnings	175,000	175,000	292,181	117,181
Miscellaneous	-	-	75,495	75,495
Total inflows	<u>10,991,667</u>	<u>10,991,667</u>	<u>12,265,587</u>	<u>1,273,920</u>
Amounts available for appropriation	<u>20,006,499</u>	<u>20,006,499</u>	<u>21,280,419</u>	<u>1,273,920</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government- non-departmental	451,420	471,596	353,122	(118,474)
Capital outlay	2,925,245	8,439,146	3,900,101	(4,539,045)
Principal payments	2,572,449	2,487,259	1,781,399	(705,860)
Interest and other charges	73,691	158,881	163,569	4,688
Contingencies	2,000,000	105,423	-	(105,423)
Transfers to other funds	6,715,881	6,715,881	4,443,513	(2,272,368)
Total charges to appropriations	<u>14,738,686</u>	<u>18,378,186</u>	<u>10,641,704</u>	<u>(7,736,482)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 5,267,813</u>	<u>\$ 1,628,313</u>	<u>\$ 10,638,715</u>	<u>\$ 9,010,402</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 21,280,419
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	(9,014,832)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(186,457)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,079,130</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,641,704
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	474,524
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(4,443,513)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,672,715</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, 2004**

	<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, 2003	\$ 8,150,519	\$ 8,150,519	\$ 8,150,519	\$ -
RESOURCES (INFLOWS):				
Taxes:				
Sales and use taxes	1,162,720	1,162,720	1,098,826	(63,894)
Property taxes	548,368	548,368	529,555	(18,813)
Intergovernmental:				
Highway user revenue	6,970,680	6,970,680	7,467,094	496,414
Charges for services	414,500	414,500	506,590	92,090
Licenses and permits	1,000	1,000	2,500	1,500
Investment earnings	163,010	163,010	93,348	(69,662)
Miscellaneous	-	-	33,139	33,139
Transfers from other funds	1,548,368	1,548,368	1,535,279	(13,089)
Total inflows	<u>10,808,646</u>	<u>10,808,646</u>	<u>11,266,331</u>	<u>457,685</u>
Amounts available for appropriation	<u>18,959,165</u>	<u>18,959,165</u>	<u>19,416,850</u>	<u>457,685</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current operating:				
Highways and streets	9,220,727	9,175,283	8,616,152	(559,131)
Debt service:				
Principal payments	320,000	320,000	320,000	-
Interest and other charges	262,390	262,440	262,440	-
Capital outlay	2,403,239	2,542,823	540,008	(2,002,815)
Contingencies	750,000	662,288	-	(662,288)
Transfers to other funds	812,436	812,436	712,401	(100,035)
Total charges to appropriations	<u>13,768,792</u>	<u>13,775,270</u>	<u>10,451,001</u>	<u>(3,324,269)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 5,190,373</u>	<u>\$ 5,183,895</u>	<u>\$ 8,965,849</u>	<u>\$ 3,781,954</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	\$ 19,416,850
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	(8,150,519)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(1,535,279)
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	80,195
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,521,247</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,451,001
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	27,624
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(149,026)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(712,401)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,617,198</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, 2004**

	<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, 2003	\$ 21,009,884	\$ 21,009,884	\$ 21,009,884	\$ -
RESOURCES (INFLOWS):				
Impact/expansion fees	8,437,916	8,437,916	8,947,974	510,058
Investment earnings	428,400	427,470	320,393	(107,077)
Total inflows	<u>8,866,316</u>	<u>8,865,386</u>	<u>9,268,367</u>	<u>402,981</u>
Amounts available for appropriation	<u>29,876,200</u>	<u>29,875,270</u>	<u>30,278,251</u>	<u>402,981</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government	-	31,900	19,195	(12,705)
Culture and recreation	363,264	275,459	126,669	(148,790)
Police	-	8,600	8,015	(585)
Fire	-	6,630	5,906	(724)
Highways and streets	-	13,100	12,234	(866)
Capital outlay	9,048,180	11,843,207	6,023,598	(5,819,609)
Contingencies	1,390,000	835,881	-	(835,881)
Transfers out	907,897	907,897	907,897	-
Total charges to appropriations	<u>11,709,341</u>	<u>13,922,674</u>	<u>7,103,514</u>	<u>(6,819,160)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 18,166,859</u>	<u>\$ 15,952,596</u>	<u>\$ 23,174,737</u>	<u>\$ 7,222,141</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 30,278,251
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	(21,009,884)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(39,461)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,228,906</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,103,514
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,220,893
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(68,202)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(907,897)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 7,348,308</u>

The accompanying notes are an integral part of the financial statements



CITY OF PEORIA, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Sanitation Utility Fund	Stadium Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,074,553	\$ 4,076,831	\$ 1,208,071	\$ 93,537
Investments	63,188,846	44,196,446	13,096,553	963,342
Accounts receivable, net	4,781,778	1,714,217	1,162,971	301,219
Interest receivable	134,877	98,751	28,869	2,382
Prepaid items	60,438	-	-	14,000
Supplies inventory	169,028	-	37,247	-
Total current assets	<u>74,409,520</u>	<u>50,086,245</u>	<u>15,533,711</u>	<u>1,374,480</u>
Non-current assets:				
Restricted assets:				
Cash equivalents	1,180,110	148,050	-	82,200
Investments	978,026	146,142	-	-
Capital assets:				
Buildings and improvements	77,050	5,704	-	25,754,320
Distribution and collection systems	167,731,941	120,753,268	-	-
Equipment	558,458	476,951	46,660	414,224
Vehicles	1,459,114	616,539	6,294,555	348,230
Furniture	50,314	-	8,013	-
Less accumulated depreciation	(25,434,047)	(29,264,482)	(2,919,385)	(7,129,013)
Land and improvements	1,752,464	3,710,107	-	6,703,349
Construction in progress	14,338,369	9,475,993	-	30,935
Capital assets, net	<u>160,533,663</u>	<u>105,774,080</u>	<u>3,429,843</u>	<u>26,122,045</u>
Unamortized bonds costs	233,185	413,491	-	3,985
Other assets	895,049	270,977	-	-
Total non-current assets	<u>163,820,033</u>	<u>106,752,740</u>	<u>3,429,843</u>	<u>26,208,230</u>
Total assets	<u>238,229,553</u>	<u>156,838,985</u>	<u>18,963,554</u>	<u>27,582,710</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,844,066	506,963	838,644	363,727
Accrued payroll	65,133	14,793	39,069	15,934
Accrued interest payable	1,320,401	404,959	-	24,016
Other current liabilities	583,109	-	-	3,625
Claims payable	1,700,000	-	-	-
Current portion of compensated absences	160,920	58,600	112,510	35,600
Current portion of bonds and contracts payable	2,830,516	1,849,747	-	94,161
Total current liabilities	<u>8,504,145</u>	<u>2,835,062</u>	<u>990,223</u>	<u>537,063</u>
Non-current liabilities:				
Deposits payable	489,096	-	-	-
Deferred revenue	3,750,000	-	-	18,775
Deferred bond premium	131,344	33,257	-	96,449
Compensated absences	28,300	10,260	17,750	7,120
Long-term portion of bonds payable	56,766,310	20,250,479	-	925,513
Less: Deferred loss on bond refunding	(67,426)	(86,727)	-	(59,381)
Total non-current liabilities	<u>61,097,624</u>	<u>20,207,269</u>	<u>17,750</u>	<u>988,476</u>
Total liabilities	<u>69,601,769</u>	<u>23,042,331</u>	<u>1,007,973</u>	<u>1,525,539</u>
NET ASSETS				
Invested in capital assets, net of related debt	101,642,431	83,921,998	3,429,843	25,102,370
Restricted:				
Capital projects	29,046,361	27,887,688	9,287,525	238,593
Revenue bond retirement	3,793,903	2,921,517	-	-
Grant purpose	-	-	-	-
Unrestricted	34,145,089	19,065,451	5,238,213	716,208
Total net assets	<u>\$ 168,627,784</u>	<u>\$ 133,796,654</u>	<u>\$ 17,955,581</u>	<u>\$ 26,057,171</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
\$ 418,463	\$ 11,871,455	\$ 1,293,569
-	121,445,187	14,023,436
17,608	7,977,793	-
-	264,879	30,963
-	74,438	-
-	206,275	122,352
<u>436,071</u>	<u>141,840,027</u>	<u>15,470,320</u>
-	1,410,360	-
-	1,124,168	-
3,141,152	28,978,226	148,102
-	288,485,209	-
129,478	1,625,771	15,236,321
-	8,718,438	13,851,779
-	58,327	41,956
(1,470,715)	(66,217,642)	(16,226,525)
410,350	12,576,270	-
-	23,845,297	1,879,910
<u>2,210,265</u>	<u>298,069,896</u>	<u>14,931,543</u>
-	650,661	-
-	1,166,026	-
<u>2,210,265</u>	<u>302,421,111</u>	<u>14,931,543</u>
<u>2,646,336</u>	<u>444,261,138</u>	<u>30,401,863</u>
53	3,553,453	1,184,278
-	134,929	106,962
-	1,749,376	-
-	586,734	-
-	1,700,000	3,100,000
-	367,630	278,880
-	4,774,424	-
<u>53</u>	<u>12,866,546</u>	<u>4,670,120</u>
14,456	503,552	-
-	3,768,775	-
-	261,050	-
-	63,430	50,780
-	77,942,302	-
-	(213,534)	-
<u>14,456</u>	<u>82,325,575</u>	<u>50,780</u>
<u>14,509</u>	<u>95,192,121</u>	<u>4,720,900</u>
2,210,265	216,306,907	14,931,543
-	66,460,167	-
-	6,715,420	-
421,562	421,562	-
-	59,164,961	10,749,420
<u>\$ 2,631,827</u>	<u>\$ 349,069,017</u>	<u>\$ 25,680,963</u>
	<u>\$ (1,052,838)</u>	
	<u>\$ 348,016,179</u>	

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Sanitation Utility Fund	Stadium Fund
OPERATING REVENUES				
Charges for services	\$ 25,139,797	\$ 10,956,435	\$ 7,653,394	\$ 1,267,222
Rents	-	-	-	1,581,567
From federal government	-	-	-	-
Miscellaneous	1,904,994	901	3,462	284,233
Total operating revenues	<u>27,044,791</u>	<u>10,957,336</u>	<u>7,656,856</u>	<u>3,133,022</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	3,574,306	888,271	2,409,788	827,633
Contractual services, materials and supplies	10,139,047	6,315,792	4,568,458	2,713,873
Insurance claims and expenses	1,700,000	-	-	-
Depreciation and amortization	3,520,846	2,911,251	750,124	739,479
Total operating expenses	<u>18,934,199</u>	<u>10,115,314</u>	<u>7,728,370</u>	<u>4,280,985</u>
Operating income (loss)	8,110,592	842,022	(71,514)	(1,147,963)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	683,885	490,663	152,945	17,221
Interest expense	(2,374,991)	(884,173)	-	(46,891)
Gain (loss) on sale of fixed assets	19,213	13,903	71,268	(1,942)
Total non-operating revenues (expenses)	<u>(1,671,893)</u>	<u>(379,607)</u>	<u>224,213</u>	<u>(31,612)</u>
Income (loss) before contributions and transfers	6,438,699	462,415	152,699	(1,179,575)
Capital contributions	18,278,046	13,921,623	765,334	-
Transfers in	980,306	890,274	187	269,402
Transfers out	(552,531)	(67,981)	(38,160)	(77,387)
Change in net assets	<u>25,144,520</u>	<u>15,206,331</u>	<u>880,060</u>	<u>(987,560)</u>
Total net assets - beginning	143,483,264	118,590,323	17,075,521	27,044,731
Total net assets - ending	<u>\$ 168,627,784</u>	<u>\$ 133,796,654</u>	<u>\$ 17,955,581</u>	<u>\$ 26,057,171</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
\$ -	\$ 45,016,848	\$ 16,793,687
126,587	1,708,154	-
129,308	129,308	183,073
1,745	2,195,335	2,956
<u>257,640</u>	<u>49,049,645</u>	<u>16,979,716</u>
-	7,699,998	5,759,339
278,070	24,015,240	6,843,402
-	1,700,000	2,912,942
79,715	8,001,415	3,230,576
<u>357,785</u>	<u>41,416,653</u>	<u>18,746,259</u>
(100,145)	7,632,992	(1,766,543)
4,778	1,349,492	230,465
-	(3,306,055)	-
-	102,442	66,335
<u>4,778</u>	<u>(1,854,121)</u>	<u>296,800</u>
(95,367)	5,778,871	(1,469,743)
-	32,965,003	-
-	2,140,169	3,972,711
-	(736,059)	(303,467)
<u>(95,367)</u>	<u>40,147,984</u>	<u>2,199,501</u>
2,727,194	308,921,033	23,481,462
<u>\$ 2,631,827</u>	<u>\$ 349,069,017</u>	<u>\$ 25,680,963</u>

(166,014)

\$ 39,981,970

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Sanitation Utility Fund	Stadium Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 26,747,832	\$ 10,849,385	\$ 7,587,208	\$ 2,863,483
Payments to suppliers	(9,063,183)	(6,227,015)	(2,302,797)	(2,501,334)
Payments to employees	(3,531,998)	(885,817)	(2,395,401)	(820,795)
Self-insurance costs	-	-	-	-
Payments to internal service funds	(679,664)	(288,932)	(1,586,575)	(367,918)
Net cash provided (used) by operating activities	<u>13,472,987</u>	<u>3,447,621</u>	<u>1,302,435</u>	<u>(826,564)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	980,306	890,274	187	269,402
Transfers out	(552,531)	(67,981)	(38,160)	(77,387)
Net cash provided (used) by non-capital financing activities	<u>427,775</u>	<u>822,293</u>	<u>(37,973)</u>	<u>192,015</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Net acquisition and construction of fixed assets	(8,759,271)	(3,528,902)	(511,864)	(266,865)
Capital contributions	8,312,649	3,658,370	765,334	-
Principal payments on capital debt	(4,115,435)	(1,751,779)	-	-
Interest paid on capital debt	(2,318,987)	(836,589)	-	(28,020)
Net cash provided (used) by capital and related financing activities	<u>(6,881,044)</u>	<u>(2,458,900)</u>	<u>253,470</u>	<u>(294,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments, net	(30,152,586)	(16,658,804)	(5,210,445)	-
Proceeds from sale of investments, net	-	-	-	243,407
Interest received on investments	806,432	617,569	185,839	22,993
Net cash provided (used) by investing activities	<u>(29,346,154)</u>	<u>(16,041,235)</u>	<u>(5,024,606)</u>	<u>266,400</u>
Net increase (decrease) in cash and cash equivalents	(22,326,436)	(14,230,221)	(3,506,674)	(663,034)
Cash and cash equivalents at beginning of year	29,581,099	18,455,102	4,714,745	838,771
Cash and cash equivalents at end of year	<u>\$ 7,254,663</u>	<u>\$ 4,224,881</u>	<u>\$ 1,208,071</u>	<u>\$ 175,737</u>
Classified as:				
Cash and cash equivalents	\$ 6,074,553	\$ 4,076,831	\$ 1,208,071	\$ 93,537
Non-current restricted cash and cash equivalents	1,180,110	148,050	-	82,200
Totals	<u>\$ 7,254,663</u>	<u>\$ 4,224,881</u>	<u>\$ 1,208,071</u>	<u>\$ 175,737</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>
\$ 256,027	\$ 48,303,935	\$ 16,994,792
(283,105)	(20,377,434)	(6,467,110)
-	(7,634,011)	(5,692,218)
-	-	(2,812,942)
(32)	(2,923,121)	-
<u>(27,110)</u>	<u>17,369,369</u>	<u>2,022,522</u>
-	2,140,169	3,972,711
-	(736,059)	(303,467)
<u>-</u>	<u>1,404,110</u>	<u>3,669,244</u>
-	(13,066,902)	(5,610,124)
-	12,736,353	-
-	(5,867,214)	-
-	(3,183,596)	-
<u>-</u>	<u>(9,381,359)</u>	<u>(5,610,124)</u>
-	(52,021,835)	(4,662,831)
-	243,407	-
4,778	1,637,611	278,478
<u>4,778</u>	<u>(50,140,817)</u>	<u>(4,384,353)</u>
(22,332)	(40,748,697)	(4,302,711)
440,795	54,030,512	5,596,280
<u>\$ 418,463</u>	<u>\$ 13,281,815</u>	<u>\$ 1,293,569</u>
\$ 418,463	\$ 11,871,455	\$ 1,293,569
-	1,410,360	-
<u>\$ 418,463</u>	<u>\$ 13,281,815</u>	<u>\$ 1,293,569</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Major Enterprise Funds			
	Water Utility Fund	Wastewater Utility Fund	Sanitation Utility Fund	Stadium Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 8,110,592	\$ 842,022	\$ (71,514)	\$ (1,147,963)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,520,846	2,911,251	750,124	739,479
(Increase) decrease in assets:				
Accounts receivable	115,926	(107,951)	(69,648)	(288,314)
Due from other governments	57,263	-	-	-
Prepaid items	(60,438)	-	-	-
Supplies inventory	(4,589)	-	(4,719)	-
Increase (decrease) in liabilities:				
Accounts payable	457,708	(200,155)	683,805	(154,353)
Accrued payroll	15,248	2,064	7,637	4,528
Other liabilities	142,916	-	-	(1,026)
Deposits payable	29,852	-	-	-
Arbitrage liability	(139,397)	-	-	-
Claims payable	1,700,000	-	-	-
Deferred revenue	(500,000)	-	-	18,775
Compensated absences	27,060	390	6,750	2,310
Total adjustments	<u>5,362,395</u>	<u>2,605,599</u>	<u>1,373,949</u>	<u>321,399</u>
Net cash provided (used) by operating activities	<u>\$ 13,472,987</u>	<u>\$ 3,447,621</u>	<u>\$ 1,302,435</u>	<u>\$ (826,564)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	\$ 9,965,397	\$ 10,263,253	\$ -	\$ -
Decrease in fair value of investments	(157,807)	(110,353)	(32,695)	(2,429)
Total non-cash investing, capital and financing activities	<u>\$ 9,807,590</u>	<u>\$ 10,152,900</u>	<u>\$ (32,695)</u>	<u>\$ (2,429)</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>
\$ (100,145)	\$ 7,632,992	\$ (1,766,543)
79,715	8,001,415	3,230,576
(2,567)	(352,554)	15,076
-	57,263	-
-	(60,438)	2,307
-	(9,308)	(2,195)
(5,067)	781,938	376,180
-	29,477	24,411
-	141,890	-
954	30,806	-
-	(139,397)	-
-	1,700,000	100,000
-	(481,225)	-
-	36,510	42,710
<u>73,035</u>	<u>9,736,377</u>	<u>3,789,065</u>
<u>\$ (27,110)</u>	<u>\$ 17,369,369</u>	<u>\$ 2,022,522</u>
\$ -	\$ 20,228,650	\$ -
-	(303,284)	(34,998)
<u>\$ -</u>	<u>\$ 19,925,366</u>	<u>\$ (34,998)</u>

CITY OF PEORIA, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2004

	Firemen's Pension Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 25,755	\$ 27,225
Investments, at fair value	279,205	295,143
Due from other governments	5,473	-
Interest receivable	688	-
Total assets	311,121	322,368
LIABILITIES		
Accounts payable	-	280
Other liabilities	-	322,088
Total liabilities	-	322,368
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ 311,121	\$ -

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, 2004**

	Firemen's Pension Fund
ADDITIONS	
Contributions:	
State insurance premium tax rebate	\$ 5,473
Total contributions	5,473
Investment earnings:	
Interest and investment income	5,423
Total investment earnings	5,423
Less investment expenses:	
Investment management fees	306
Net investment earnings	5,117
Total additions	10,590
 DEDUCTIONS	
Retirement payments	26,100
Total deductions	26,100
Change in net assets	(15,510)
Net assets - beginning of the year	326,631
Net assets - end of the year	\$ 311,121

The accompanying notes are an integral part of the financial statements



Notes to the Financial Statements

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

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CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of other significant accounting policies:

A. Financial Reporting Entity

The City's major operations include police and fire protection, parks and recreation, public works, certain social services and general administrative services. In addition, the City owns and operates enterprise funds, which include water, wastewater and sanitation operations, a baseball stadium complex, and the public housing operations.

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

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.

City of Peoria Municipal Sports Complex Authority, Inc.

City of Peoria Municipal Sports Complex Authority, Inc., an Arizona not-for-profit corporation, was organized for the purpose of assisting the City of Peoria in financing the development and construction of a spring training practice facility and stadium which is currently used by the San Diego Padres and the Seattle Mariners. As of June 12, 2003, the remaining Municipal Sports Complex Authority debt was refinanced, and the City has no further obligation to the Municipal Sports Complex Authority, Inc.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Vistancia Community Facilities District

The Vistancia Community Facilities District (the District) was formed by petition to the City Council in 2003. 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.

All of these component units are governed by boards, substantially or wholly, comprised of the government's elected council. No separate financial statements are prepared for the Municipal Development Authority, Inc. or the Sports Complex Authority, Inc. 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, as required by GASB Statement #34.

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Reservations or designations of net assets imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are not shown on the government-wide financial statements. Note 11 discusses the internal reservations and designations of net assets in the various funds to demonstrate the government's intended use of those net assets.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt and depreciation expense on assets shared by multiple functions are not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other revenues not identifiable with particular functions or segments are included as general revenues. State shared revenues, such as sales taxes, urban revenue sharing and auto-in-lieu taxes, 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, as defined by Statement #34. Although the model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of 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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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 be included in the fund columns in the proprietary fund financial statements. The net costs/income of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund statements.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items like investment income and interest expense that are not a result of the direct operations of the activity.

C. Basis of Presentation

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

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

Governmental Funds

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

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

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

Debt Service Funds account for the resources accumulated and the servicing of general long-term debt not being financed by proprietary funds. The Special Assessment Debt Service Fund, which accounts for the receipt of revenues from special assessment districts and the payment of the special assessment bonds, is a major fund presented in the basic financial statements.

Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds. Three capital projects funds are presented as major funds in the basic financial statements. The GO Bond Capital Projects Fund accounts for the bond

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

proceeds from general obligation bonds and the expenditure of those monies. The Non-Bond Capital Projects Fund accounts for the collection and expenditure of non-bond generated revenues, i.e. monies from developers or other governments, to be used for capital construction and related expenditures. The CFD Capital Projects Fund accounts for the proceeds from the sales of Community Facilities District bonds and the expenditure of those monies for capital construction within the Vistancia Community Facilities District.

Proprietary Funds

Proprietary funds account for activities of the City similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The following are the Proprietary Funds of the City:

Enterprise Funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed *solely* by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. All of the enterprise funds of the City are presented discretely in the basic financial statements.

The enterprise funds of the City are as follows:

The Water Utility, Wastewater Utility and Sanitation 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.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and therefore are not available to support City programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary Funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs. The City maintains the following types of fiduciary funds as defined by GASB Statement #34:

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

Agency Funds account for assets the City holds as an agent for individuals, private organizations, other governments or other funds in a temporary custodial capacity. The City currently maintains two agency funds. One accounts for the monies collected from developers in one area of the City and held in trust by the City until reimbursed by the City to a developer that made certain infrastructure improvements in that area. The second accounts for monies held on behalf of Neighborhood Pride, a separate not-for-profit agency for which the City operates as an administrator.

Non-Current Governmental Assets and Liabilities

GASB Statement #34 eliminates the presentation of account groups in the financial statements (formerly the general fixed asset account group and the general long-term debt account group). The governmental long-term assets and liabilities continue to be maintained in the account groups for tracking purposes, but are presented with the governmental activities in the government-wide Statement of Net Assets.

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 are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

When applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33 – *Recipient Reporting for Certain Shared Non-exchange Transactions* (Statement #33), 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.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Under GASB Statement #33, 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. 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. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Interest and dividend income is recognized on the modified accrual basis. Changes in fair value of investments are recognized in investment income at the end of the year.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. For the governmental fund statements, grant revenue earned but not expected to be received within six months of year end is deferred.

Proprietary funds and pension trust funds are accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income.

The accrual basis of accounting is used for proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus.

E. Budgets and Budgetary Accounting

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

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.
- Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year. 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 2004.
- 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

- The City Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments must be approved by the City Council. Additionally, budget revisions involving personnel or capital asset expenditures/expenses must be approved by the City Council.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.
- All funds of the City have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

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

F. Expenditure Limitation

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. The limitation restricts the annual growth of expenditures to a percentage determined by population and inflation. Certain types of expenditures are excluded from the limitation. Article 9, Sections 20 and 21 of the Arizona Constitution require the Economic Estimate Commission to determine each year the expenditure limitation for the following fiscal year for all cities in Arizona. The limitation is calculated based on the amount of fiscal year 1979-1980 actual payments of local revenues, referred to as the "base limit". Each year, the base limits for local jurisdictions are adjusted for population growth and inflation to calculate the new expenditure limitations for the cities. Local governments may carry forward revenues which were not subject to the expenditure limitation, and which were not expended in the year of receipt, to later years.

The State Constitution also gives local jurisdictions several methods of seeking approval from their citizens to override the state expenditure limitation. One of these methods is to seek local approval of an override of the limitation, called "home rule". This override approval must be approved by the voters every four years. Peoria has operated under voter approved "home rule", last approved in 2001, since 1989. "Home rule" allows the City Council to locally establish the annual budgetary limits.

Another method for overriding the state expenditure limitation 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 is effective beginning in fiscal year 2005-2006 after the expiration of the voter approved "Home rule" option. The City of Peoria's state calculated expenditure limitation for fiscal year 2003-2004 was \$87,048,427, as calculated without the permanent base adjustment. Including the permanent base adjustment, the limit would be \$489,081,494.

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 reservations of fund balances at June 30 in the fund financial statements, since they do not constitute expenditures or

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

liabilities. Encumbrances outstanding at the beginning of a fiscal year which were recognized as budgetary expenditures (but not as GAAP basis expenditures) in the prior year are recognized as GAAP basis expenditures (but not as budgetary expenditures unless reappropriated) in the current year as such expenditures are incurred. No restrictions of net assets for encumbrances are shown in the government-wide financial statements. Encumbrance accounting is employed in the proprietary fund types for budget purposes only, but is not shown as restricted net assets in the financial statements.

H. Deposits and Investments

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

Investment Policy

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

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

Investment Valuation

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

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

The City's investment policy permits the City to invest in fixed coupon dollar repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase similar securities in the future at a lower price that reflects a financing rate. The fair value of securities underlying fixed coupon dollar repurchase agreements equals 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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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 fund financial statements indicating it does not constitute available expendable resources. No reservation of net assets is shown in the government-wide financial statements for inventories.

J. Capital Assets

Prior to GASB Statement #34, capital assets for governmental funds were recorded in the General Fixed Assets Account Group and were not depreciated. Statement #34 requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated (unless the modified approach is used) in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related fixed 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, 2004, the City capitalized net interest costs of \$300,132 (interest incurred of \$310,308 reduced by interest earned of \$10,176) in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$3,501,178.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

Fixed assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

K. Transactions Between Funds

Transactions that would be treated as revenue, expenditures or expenses if they involved organizations external to the governmental unit, like the sale of water from the Water Utility to various functions of the General Fund, are accounted for as revenue and expenditures or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Administrative service fees that are charged to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration) are treated as reimbursement transactions and the revenue and expenditures/expenses reduced in the allocating fund. Transfers between funds are included in the results of both governmental and proprietary funds (as other sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds).

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as "due to/from other funds".

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

L. Receivables

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

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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, an estimate of the percentage of vacation, compensatory time and FICA benefits normally taken within 60 days of year end is recorded as a current liability of the applicable funds. Long-term liabilities of governmental funds are not shown on the fund financial statements. 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.

City employees are granted one sick leave day per month. The maximum an employee may accumulate varies according to union status; however, the City makes no payment on the unused portion upon employment termination except on the condition of retirement. Therefore, no sick leave obligation is accrued. Any sick time accrued above the maximum allowed to be carried is paid out annually in May at a rate of 25% and the employees' sick leave is reduced to the allowable maximum.

P. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City maintains a Self-Insurance Fund (accounted for in the Internal Service Funds) to account for and finance its uninsured risks of loss. Premiums are paid into the internal service fund by all other operating funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to fund claim expenditures reported in the internal service fund. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
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The claims liability of \$3,100,000 reported in the Self-Insurance Fund, as well as \$1,700,000 reported in the Water Utility Fund, at June 30, 2004 is based on the requirements of Governmental Accounting Standards Board Statement #10 which requires that liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The City is self-insured for property and public liability up to \$500,000 and for auto liability claims up to \$25,000 or \$50,000, depending on the value of the vehicle. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts. For additional information on insurance amounts, see Table XXIX on pages 170-171. 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. During the fiscal year ended June 30, 2004, 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 2003 and 2004 were:

Years Ended, June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2003	\$2,253,418	\$2,203,739	\$(1,457,157)	\$3,000,000
2004	3,000,000	1,826,233	(1,726,233)	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. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net assets/balance sheet and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE STATEMENTS

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual accounting basis while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual accounting basis. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each fund financial statement. Additional reconciliations are provided below.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Reconciliation of Governmental Funds Balance Sheet and the government-wide Statement of Net Assets:

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Assets Totals
Assets					
Cash and cash equivalents	\$ 11,516,900	-	1,293,569		12,810,469
Investments	115,017,831	-	14,023,436	-	129,041,267
Accounts receivable, net	5,719,196	-	-	-	5,719,196
Interest receivable	262,886	-	30,963	-	293,849
Internal balances	885,664	-	1,052,838	(885,664)	1,052,838
Due from other governments	4,121,885	-	-	-	4,121,885
Prepaid items	150,852	-	-	-	150,852
Supply inventories	105,464	-	122,352	-	227,816
Deferred bond issuance costs, net	-	1,869,715	-	-	1,869,715
Restricted cash & cash equivalents	7,278,479	-	-	-	7,278,479
Restricted investments	8,199,066	-	-	-	8,199,066
Special assessment receivables	12,363,701	-	-	-	12,363,701
Capital assets	-	496,929,544	14,931,543	-	511,861,087
Total assets	<u>\$165,621,924</u>	<u>498,799,259</u>	<u>31,454,701</u>	<u>(885,664)</u>	<u>694,990,220</u>
Liabilities					
Accounts payable	\$ 4,617,465	-	1,184,278	-	5,801,743
Accrued payroll	1,016,738	-	106,962	-	1,123,700
Interest payable	-	3,231,727	-	-	3,231,727
Due to other funds	885,664	-	-	(885,664)	-
Due to other governments	1,104,080	-	-	-	1,104,080
Claims payable	-	-	3,100,000	-	3,100,000
Customer deposits	2,707	-	-	-	2,707
Deferred revenue	14,203,187	(12,398,867)	-	-	1,804,320
Arbitrage liability	11,753	-	-	-	11,753
Other liabilities	5,647,956	-	-	-	5,647,956
Unamortized bond premium	-	2,357,852	-	-	2,357,852
Compensated absences-current	841,450	1,671,140	278,880	-	2,791,470
Current bonds/contracts payable	-	15,165,171	-	-	15,165,171
Long-term liabilities (net of deferred loss)	-	125,332,703	50,780	-	125,383,483
Total liabilities	<u>\$ 28,331,000</u>	<u>135,359,726</u>	<u>4,720,900</u>	<u>(885,664)</u>	<u>167,525,962</u>
Fund Balance/Net Assets					
Total fund balance/net assets	<u>\$137,290,924</u>	<u>363,439,533</u>	<u>26,733,801</u>	<u>-</u>	<u>527,464,258</u>
Total liabilities and fund balance/net assets	<u>\$165,621,924</u>	<u>498,799,259</u>	<u>31,454,701</u>	<u>(885,664)</u>	<u>694,990,220</u>

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

Costs of capital assets	\$ 617,792,569
Accumulated depreciation	(120,863,025)
	<u>\$ 496,929,544</u>

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

Interest payable	<u>\$ 3,231,727</u>
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Bond issuance costs are expensed when incurred in governmental funds, but are deferred and amortized over the life of the bonds in the statement of net assets.

	<u>\$ 1,869,715</u>
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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

	<u>\$2,357,852</u>
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CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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	\$ 15,238,955
Bonds payable	125,728,830
Compensated absences	<u>2,073,670</u>
Subtotal	<u>143,041,455</u>
Less: current compensated absences	1,671,140
current portion of bonds/contracts	<u>15,165,171</u>
	<u>\$ 126,205,144</u>

Loss on refunding bonds is expenses 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 \$ (872,441)

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	\$ (12,343,923)
Deferred grant revenue	<u>(54,944)</u>
	<u>\$ (12,398,867)</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.

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

	Total Statement Governmental Funds Adjustments(5)	Long-term Revenues/ Expenses(1) Activities	Capital- related Items(2)	Internal Service Funds(3)	Long-term Debt Transactions(4)	Eliminations and	of
Revenues and Other Sources							
Taxes:							
Sales and use taxes	\$ 40,579,522	-	-	-	-	-	40,579,522
Property taxes	12,698,888	(51,871)	-	-	-	18,238	12,665,255
Franchise taxes	2,495,803	-	-	-	-	-	2,495,803
Intergovernmental:							
State shared sales taxes	9,116,684	-	-	-	-	-	9,116,684
Urban revenue sharing	9,786,943	-	-	-	-	-	9,786,943
Auto-in-lieu taxes	4,390,706	-	-	-	-	-	4,390,706
Highway user revenue	7,501,918	-	-	-	-	-	7,501,918
Local transportation aid	650,734	-	-	-	-	-	650,734
From federal government	2,340,738	-	-	-	-	-	2,340,738
Other	1,053,460	-	-	-	-	-	1,053,460
Charges for services	18,430,649	-	-	-	-	(151,781)	18,278,868
Licenses and permits	3,597,522	-	-	-	-	-	3,597,522
Fines and forfeitures	1,086,327	-	-	-	-	20,647	1,106,974
Rents	89,829	-	-	-	-	-	89,829
Investment earnings	1,467,703	-	-	230,465	-	-	1,698,168
Special assessments	2,598,445	(1,738,663)	-	-	-	-	859,782
Miscellaneous	3,293,560	-	(3,580)	-	-	291	3,290,271
Other sources:							
Gain on sale of capital assets	-	-	-	160,917	-	-	-160,917
Capital contributions	-	-	13,645,440	-	-	-	13,645,440
Capital related debt issued	164,548	-	-	-	(164,548)	-	-
Expired debt agreement	-	-	-	-	839,099	-	839,099
Transfers in	6,193,157	-	-	518,025	-	(6,051,874)	659,308
Total revenues and other sources	127,537,136	(1,790,534)	13,802,777	748,490	674,551	(6,164,479)	134,807,941

CITY OF PEORIA, ARIZONA
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Total Statement Governmental Funds Adjustments(5)	Long-term Revenues/ Expenses(1) Activities	Capital- related Items(2)	Internal Service Funds(3)	Long-term Debt Transactions(4)	Eliminations and	of
Expenditures/Expenses							
Current:							
General government	15,386,608	46,640	1,564,648	(237,826)	-	3,012	16,762,082
Culture and recreation	12,395,888	35,050	1,415,794	(95,827)	-	(170,242)	13,580,663
Police	18,663,675	78,000	1,136,161	(375,438)	-	17,470	19,519,868
Fire	10,440,007	34,190	922,282	(386,143)	-	14,797	11,025,133
Development services	4,253,710	4,110	72,038	(49,421)	-	329	4,280,766
Highways and streets	8,825,795	27,810	8,205,785	(511,958)	-	6,803	16,554,235
Public works	3,107,787	(9,290)	1,333,085	28,695	-	-	4,460,277
Human services	1,590,605	2,620	74,123	(2,129)	-	-	1,665,219
Other	16,823	-	-	-	-	15,226	32,049
Debt service:							
Principal payments	9,737,936	-	-	-	(9,737,936)	-	-
Interest and other charges	6,299,626	431,315	-	-	153,439	-	6,884,380
Capital outlay	52,502,380	-	(52,502,380)	-	-	-	-
Unallocated depreciation	-	-	582,180	-	-	-	582,180
Total expenditures/ expenses	<u>143,220,840</u>	<u>649,445</u>	<u>(37,196,284)</u>	<u>(1,630,047)</u>	<u>(9,584,497)</u>	<u>(112,605)</u>	<u>95,346,852</u>
Other financing uses/changes in net assets							
Transfers out	<u>11,266,511</u>	-	-	191,386	-	(9,394,479)	2,063,418
Total expenditures/expenses & other financing uses	<u>154,487,351</u>	<u>649,445</u>	<u>(37,196,284)</u>	<u>(1,438,661)</u>	<u>(9,584,497)</u>	<u>(9,507,084)</u>	<u>97,410,270</u>
Net change for the year	<u>\$ 26,950,215</u>	<u>(2,439,979)</u>	<u>50,999,061</u>	<u>2,187,151</u>	<u>10,259,048</u>	<u>3,342,605</u>	<u>37,397,671</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 \$ 218,130

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	\$ 491,706
Amortization of loss on refunding	96,938
Amortization of bond premium	(247,940)
Amortization of CAB discount	90,611
	<u>\$ 431,315</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.

\$ (51,871)

Special assessment principal payments received are reported as revenue on the governmental fund statements, but are reductions to the outstanding special assessment debt for government-wide reporting. Also, the sale of additional special assessment bonds is reported as a receivable and deferred revenue in the governmental funds, but on the government-wide financial statements, it is reported as an increase in outstanding debt and the revenue is recognized.

Current year principal payments received \$ (1,738,663)

(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 \$ 52,502,380

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Other capital	6,344
Depreciation expense	<u>(15,206,537)</u>
	<u>\$ 37,302,187</u>

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>\$ 13,645,440</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	160,917
Losses	<u>(109,483)</u>
	<u>\$ 51,434</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	\$ 748,490
Expenditures and other uses	<u>1,438,661</u>
Change in net assets	<u>\$ 2,187,151</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>\$ 9,737,936</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.

Additional contracts payable	<u>\$ (164,548)</u>
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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.

Amortization of bond issuance costs	<u>\$ (153,439)</u>
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A Development Agreement (long-term debt not carried in the governmental funds) expired without meeting the revenue requirement 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>\$ 839,099</u>
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- (5) Certain other transactions are treated differently under modified accrual accounting used in the governmental funds and full accrual accounting used for the statement of activities. Also interfund transactions between governmental funds or between business-type activities are eliminated in the statement of activities and only net transactions between governmental and business-type activities remain.

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

Allowance for uncollectible accounts receivable	\$ 58,255
Bad debt expense	<u>(58,255)</u>
	<u>\$ -</u>

Interfund charges for service between governmental activities are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of revenues and expenditures in the charging fund so that the expenses remain in the charged activity.

Interfund charges for services revenue	\$ 170,860
Interfund service charges	<u>170,860</u>
	<u>\$ -</u>

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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	\$ 9,394,479
Transfers in	<u>(6,051,874)</u>
	<u>\$ 3,342,605</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 business-type activities are presented as supplementary information after the combining schedules. In all cases, the budgetary statements or schedules include a reconciliation of the adjustments required to convert the budgetary revenues and expenditures or change in net assets on a budgetary basis, to revenues and expenditures/expenses or change in net assets on a GAAP basis.

4. DEPOSITS AND INVESTMENTS

A. Deposits

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

At June 30, 2004, the carrying amount of the City's deposits was \$9,089,602 and the bank balance was \$2,316,694. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name, in the Municipal Development Authority, Inc.'s trust name or in the Municipal Sports Complex Authority, Inc.'s trust name. The difference of \$6,772,908 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.

City policy requires that securities underlying repurchase agreements must have a market value of at least 100 percent of the cost of the repurchase agreement. The market values of securities underlying repurchase agreements were at or above the required level during the year.

The City's investments at June 30, 2004 are summarized below to give an indication of risk assumed by the City at year-end. Category 1 included investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, but not in the City's name.

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, 2004, the City's investments included the following:

	Category			Carrying Value
	1	2	3	
<u>Unrestricted Investments:</u>				
City of Peoria Bonds	\$ 2,160,689	-	-	\$ 2,160,689
U.S. Treasury notes and strips	63,222,228	-	-	63,222,228
Agency coupon securities	110,096,869	-	-	110,096,869
Agency discount notes	64,660,066	-	-	64,660,066
U.S. Treasury Bills	22,534,502	-	-	22,534,502
	<u>262,674,354</u>	<u>-</u>	<u>-</u>	<u>262,674,354</u>
Unclassified Investments (1):				
State of Arizona local				
Government investment pool				2,270,617
Mutual fund-money market				146,835
Total unrestricted investments				<u>265,091,806</u>
Less: amount included in cash and cash equivalents				<u>(14,031,004)</u>
Unrestricted investments, net				<u>\$ 251,060,802</u>
Total investments per statement of net assets				\$ 250,486,454
Investments in Fiduciary Funds				574,348
Total unrestricted investments				<u>\$ 251,060,802</u>
<u>Restricted Assets (2):</u>				
U.S. Treasury Bills	\$ 2,698,466	-	-	\$ 2,698,466
Agency discount notes	7,532,035	-	-	7,532,035
	<u>10,230,501</u>	<u>-</u>	<u>-</u>	<u>10,230,501</u>
Unclassified Investments (1):				
Mutual fund-money market				7,781,572
Total Restricted Assets	<u>\$ 10,230,501</u>			<u>\$ 18,012,073</u>

(1) These investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

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

Cash and cash equivalents at June 30, 2004 consisted of the following:

Investments included in cash and cash equivalents	\$14,031,004
Carrying amount of City deposits	9,089,602
Amounts due from restricted cash	1,600,143
Petty cash on hand	<u>14,155</u>
Total cash and cash equivalents	24,734,904
Less: Cash and cash equivalents of Fiduciary funds	<u>52,980</u>
Total cash and cash equivalents per statement of net assets	<u>\$24,681,924</u>

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

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Investment income comprises the following for the year ended June 30, 2004:

Net interest and dividends	\$ 3,675,535
Net decrease in the fair value of investments	<u>(622,758)</u>
Total net investment income	3,052,777
Less: net investment income of Fiduciary funds	<u>5,117</u>
Total net investment income per statement of activities	<u>\$ 3,047,660</u>

The net decrease in the fair value of investments during fiscal year 2003-2004 was approximately \$622,758. 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, 2004 was approximately \$(1,461,791).

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 2004 are \$716,421,283 and \$750,429,221 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 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

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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, 2004:

Governmental activities:

General Fund:

Due from Maricopa County for:		
Property tax	\$	36,459
Due from State of Arizona for:		
State shared sales tax		778,758
State revenue sharing		830,296
Auto lieu tax		456,653
Miscellaneous other		22,201
Due from Peoria Unified School District		47,468
Subtotal		<u>2,171,835</u>

Highway User Revenue Fund:

Due from State of Arizona (Highway user revenue)		648,310
Due from Maricopa County – Property tax (SLIDS)		5,823
Subtotal		<u>654,133</u>

Non-Bond Capital Projects:

Due from Peoria Unified School District		281,000
Subtotal		<u>281,000</u>

Non-major Governmental Fund:

Due from US Department of Housing & Urban Development		282,521
Due from US Department of Transportation		170,739
Due from Federal Emergency Management Agency		41,910
Due from other Federal agencies		6,860
Due from Maricopa County:		
Home Grant		152,679
Property tax		168,784
Other		20,734
Due from State of Arizona		154,347
Due from Other Municipalities		16,343
Subtotal		<u>1,014,917</u>
Total governmental activities	\$	<u><u>4,121,885</u></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 uncollectibles as follows at June 30, 2004:

<u>Fund</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
General Fund	\$ 3,679,213	69,252	3,609,961
Half-Cent Sales Tax Fund	866,907	-	866,907
Highway User Revenue Fund	257,712	6,803	250,909
Non-Bond Capital Projects Fund	945,961	-	945,961
Other Governmental Funds	202,190	156,732	45,458
Total governmental activities	<u>\$ 5,951,983</u>	<u>232,787</u>	<u>5,719,196</u>

CITY OF PEORIA, ARIZONA
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Fund	Receivables	Allowance	Net
Business-type activities:			
Water Utility Fund	\$ 5,794,007	1,012,229	4,781,778
Wastewater Utility Fund	2,127,993	413,776	1,714,217
Sanitation Utility Fund	1,489,437	326,466	1,162,971
Stadium Fund	301,833	614	301,219
Public Housing Fund	17,608	-	17,608
Total business-type activities	\$ 9,730,878	1,753,085	7,977,793

8. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

Net interfund receivables and payables between governmental activities and business-type activities of \$1,052,838 are included in the government-wide financial statements at June 30, 2004. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). At June 30, 2004, there is a short-term loan from the General Fund to the GO Bond Capital Projects Fund to cover a temporary cash deficit until additional bonds are sold. It is expected that the loan will be repaid in fiscal year 2005. This transaction is shown in the fund financial statements as an interfund receivable (General Fund) and payable (GO Bond Capital Projects Fund).

The net transfers of \$1,404,110 from governmental activities to business-type activities on the government-wide statement of activities are primarily debt service and operational subsidies from the General Fund and Half-Cent Sales Tax Fund to the Stadium Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2004:

Fund	Transfers out	Transfers in
Governmental funds:		
General Fund	\$ 2,542,232	1,807,760
Half-Cent Sales Tax Fund	4,443,513	-
Highway User Revenue Fund	178,904	1,001,782
Development Fee Fund	976,099	-
GO Bond Capital Projects Fund	714,313	-
Special Assessment Debt Service Fund	772,623	-
Non-Bond Capital Projects Fund	1,419,615	2,557,297
Non-Major Governmental Funds	219,212	826,318
Total governmental funds	11,266,511	6,193,157
Fund	Transfers out	Transfers in
Enterprise funds:		
Water Utility Fund	552,531	980,306
Wastewater Utility Fund	67,981	890,274
Sanitation Utility Fund	38,160	187
Stadium Fund	77,387	269,402
Total enterprise funds	736,059	2,140,169
Internal Service funds	303,467	3,972,711
Grand totals	\$ 12,306,037	12,306,037

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 2004 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer. For further detail on interfund transfers, refer to Exhibit 6 on page 125.

CITY OF PEORIA, ARIZONA
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9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

The following fund had an accumulated fund deficit at June 30, 2004:

<u>Type</u>	<u>Fund Name</u>	<u>Deficit Amount</u>
Internal Service	Self-Insurance Fund	\$ 1,379,426

The deficit in the Self-Insurance fund arose due to an increase in insurance costs and claims paid or accrued at June 30, 2004. The City plans to eliminate this deficit over the next three fiscal years with an increase in the internal charges to operating funds.

For the year ended June 30, 2004, expenditures, including capital outlay and transfers, did not exceed budget at the department level (i.e. the level of budgetary control) in any funds.

11. FUND BALANCE/NET ASSETS RESERVATIONS AND DESIGNATIONS

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, reserves for encumbrances, inventories and pre-paid items are shown on the governmental fund financial statements. Reservations or designations of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, reserve or designate portions of net assets in other funds to demonstrate the government's intended use of those net assets. Reservations are created by legislative action of the City Council while designations are created by administrative policy. The following are the reservations or designations of fund balance/net assets included in unreserved fund balance/net assets at June 30, 2004:

General Fund:	
Designated for economic stabilization reserve	\$ 24,300,000
Designated for capital construction	2,220,000
Designated for branch library equipment	120,049
Designated for economic development	484,669
Designated for municipal office complex reserve	<u>3,671,529</u>
	30,796,247
Half-Cent Sales Tax Fund:	
Designated for economic stabilization reserve	3,900,000
Designated for debt service retirement	<u>1,000,000</u>
	4,900,000
Non-Bond Capital Projects Fund:	
Designated for capital construction	<u>8,300,215</u>
Other Grants Fund:	
Reserved for arts capital	<u>812,826</u>
Total governmental funds	<u>\$ 44,809,288</u>
Water Utility Fund:	
Designated for working capital policy reserve	\$ 19,100,000
Designated for capital equipment replacement	1,666,115
Designated for capital construction	<u>2,044,739</u>
	22,810,854

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Wastewater Utility Fund:	
Designated for working capital policy reserve	\$ 8,300,000
Designated for capital equipment replacement	570,674
Designated for capital construction	<u>4,517,569</u>
	13,388,243
Sanitation Utility Fund:	
Designated for capital equipment replacement	<u>5,238,197</u>
Stadium Fund:	
Designated for capital equipment replacement	<u>447,487</u>
Total proprietary funds	<u>\$ 41,884,781</u>
Internal Service Funds:	
Designated for capital equipment replacement	<u>\$ 9,980,670</u>

12. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2004 follows:

	<u>Balances</u> <u>June 30, 2003</u>	<u>Additions/</u> <u>Transfers in</u>	<u>Disposals/</u> <u>Transfers out</u>	<u>Balances</u> <u>June 30, 2004</u>
Governmental activities:				
Non-depreciable assets:				
Work in Progress – Parks	\$ 4,011,761	6,276,016	(248,843)	10,038,934
Work in Progress – Land	186,835	-	-	186,835
Work in Progress – Buildings	11,079,075	18,505,600	(10,618,891)	18,965,784
Work in Progress – Storm drains	1,678,149	158,083	-	1,836,232
Work in Progress – Streets	8,974,504	4,672,425	(3,572,189)	10,074,740
Work in Progress – Technology	3,048,801	1,196,688	(1,804,036)	2,441,453
Land	<u>141,089,043</u>	<u>6,651,105</u>	<u>-</u>	<u>147,740,148</u>
Total non-depreciable assets	170,068,168	37,459,917	(16,243,959)	191,284,126
Depreciable assets:				
Buildings & Improvements	45,686,674	17,454,235	(22,641)	63,118,268
Furniture	1,763,512	84,691	-	1,848,203
Equipment	23,883,093	4,742,485	(9,195)	28,616,383
Vehicles	11,947,082	3,406,127	(1,501,432)	13,851,777
Storm drain system	47,749,361	697,928	-	48,447,289
Street system	264,571,541	18,805,426	-	283,376,967
Park system	<u>12,826,700</u>	<u>5,580,924</u>	<u>-</u>	<u>18,407,624</u>
Total depreciable assets at historical cost	<u>408,427,963</u>	<u>50,771,816</u>	<u>(1,533,268)</u>	<u>457,666,511</u>
Less accumulated depreciation for:				
Buildings & Improvements	(14,168,252)	(1,227,995)	7,740	(15,388,507)
Furniture	(1,123,252)	(138,860)	-	(1,262,112)
Equipment	(14,318,277)	(2,929,954)	6,262	(17,241,969)
Vehicles	(6,013,450)	(1,561,372)	1,348,364	(6,226,458)
Storm drain system	(7,470,816)	(1,169,085)	-	(8,639,901)
Street system	(77,350,761)	(7,654,913)	-	(85,005,674)
Park system	<u>(2,800,571)</u>	<u>(524,358)</u>	<u>-</u>	<u>(3,324,929)</u>
Total accum. depreciation assets, net	<u>(123,245,379)</u>	<u>(15,206,537)</u>	<u>1,362,366</u>	<u>(137,089,550)</u>
Governmental activities capital assets, net	<u>\$ 285,182,584</u>	<u>35,565,279</u>	<u>(170,902)</u>	<u>320,576,961</u>
Governmental activities capital assets, net	<u>\$ 455,250,752</u>	<u>73,025,196</u>	<u>(16,414,861)</u>	<u>511,861,087</u>

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	Balances June 30, 2003	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2004
Business-type activities:				
Non-depreciable assets:				
Work in Progress - Baseball	\$ 32,406	-	(1,471)	30,935
Work in Progress - Water system	24,075,524	3,890,003	(13,627,158)	14,338,369
Work in Progress - Wastewater	6,365,713	3,110,495	(215)	9,475,993
Land	12,487,587	88,683	-	12,576,270
Total non-depreciable assets	42,961,230	7,089,181	(13,628,844)	36,421,567
Depreciable assets:				
Buildings & improvements	28,780,453	197,773	-	28,978,226
Furniture	41,249	17,078	-	58,327
Equipment	2,366,551	131,140	(871,920)	1,625,771
Vehicles	7,066,547	1,992,568	(340,677)	8,718,438
Water system	139,654,900	28,077,041	-	167,731,941
Wastewater system	110,409,333	10,343,935	-	120,753,268
Total depreciable assets at historical cost	288,319,033	40,759,535	(1,212,597)	327,865,971
Less accumulated depreciation for:				
Buildings & improvements	(7,340,431)	(721,214)	-	(8,061,645)
Furniture	(8,255)	(5,930)	-	(14,185)
Equipment	(827,079)	(227,707)	53,032	(1,001,754)
Vehicles	(3,341,827)	(989,608)	337,687	(3,993,748)
Water system	(21,151,024)	(3,145,450)	-	(24,296,474)
Wastewater system	(26,094,669)	(2,755,167)	-	(28,849,836)
Total accum. depreciation	(58,763,285)	(7,845,076)	390,719	(66,217,642)
Total depreciable assets, net	229,555,748	32,914,459	(821,878)	261,648,329
Business-type activities capital assets, net	\$ 272,516,978	40,003,640	(14,450,722)	298,069,896

The City has fully implemented the infrastructure reporting requirements of GASB Statement #34.

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

General government	\$ 1,552,175
Culture and recreation	1,423,224
Police	1,115,072
Fire	922,282
Development services	72,038
Highways and streets	8,132,357
Public works	1,333,086
Human services	74,123
Unallocated	582,180
Total depreciation expense	<u>\$ 15,206,537</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

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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 of general obligation bonds in 2003 against this authorization. These bonds will be repaid by the property owners within VCFD. The bonds are obligations of the district only. The City has no obligation for VCFD debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of VCFD.

14. LONG-TERM DEBT

A. General Obligation bonds

General: General obligation (GO) bonds are issued, after approval of the City of Peoria voters at an authorized bond election, to finance the purchase or construction of major capital facilities. While GO bonds may be issued for both governmental and business-type activities, at June 30, 2004, there are no outstanding GO bonds in the business-type activities.

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

Statutory Debt Limitation: Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, and (after January 1, 1974) parks and open space purposes may not exceed 20 percent of a City's net secondary assessed valuation. Also outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City's net secondary assessed valuation. The City's computation of legal debt margins available for creation of additional debt at June 30, 2004 was \$19,525,753 and \$110,605,844 for the 6 percent and 20 percent debt limits, respectively. Also see Table XX, page 159, 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

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offset the defaulted assessment. If there is no purchase at the public auction, the City is required to buy the property with funds appropriated from the General Fund.

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

At June 30, 2004, 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, 2004 totaled \$1,360.

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 districts. See further discussion of CFD bonds outstanding in Note 13.

F. Authorized and issued debt

The voters of the City authorized \$22,080,000 of general obligation bonds at a special bond election in March 1990, and \$75,150,000 in September 1994 of which \$2,328,966 and \$23,636,480, respectively, was unissued at June 30, 2004. In September 1996, the voters authorized \$75,550,000 in either general obligation bonds or utility revenue bonds. To date, the City has not issued general obligation bonds against this authorization; however, \$58,292,154 in utility revenue bonds has been issued against the 1996 authorization, leaving \$17,257,846 unissued against the authorization. In September 2000, the voters authorized \$282,000,000 in bonds as follows: \$164,000,000 in general obligation, utility revenue bonds or Water Infrastructure Finance Authority of Arizona Revolving Fund Loan for the acquisition and construction of water and wastewater facilities; \$22,300,000 in general obligation or utility revenue bonds for storm drainage projects; \$47,150,000 in general obligation or highway user revenue bonds for street, bridges and traffic control projects; and \$48,550,000 in general obligation bonds for parks, open space, public safety and public service projects. General obligation bonds in the amount of \$21,681,456 were issued against the 2000 authorization during the fiscal year 2003, leaving \$260,318,544 unissued from the 2000 election.

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, 2004.

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. At June 30, 2004, the City is in compliance with all such covenants.

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

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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, 2004, and has established a liability of \$11,753 in the GO Bonds Debt Service Fund (governmental). The business-type funds have no arbitrage liability at June 30, 2004.

Bonds payable at June 30, 2004 are comprised of the following:

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:							
General Obligation Bonds							
03/30/93	Series 1993	Refunding portions of Series 1985, 1986, 1989, 1990A	7/1/93-11	5.84	10.5	\$ 9,900,000	\$ 5,345,000
03/30/93	Series 1993	Capital appreciation refunding	7/1/01-04	5.84	10.5	5,965,000	1,875,000
05/04/94	Series 1994	Various improvements	7/1/95-14	6.44	12.7	3,675,000	170,000
06/21/95	Series A (1995)	Various improvements	7/1/96-15	5.34	12.5	4,695,000	3,450,000
07/02/96	Series B (1996)	Various improvements	7/1/97-16	5.52	13.2	6,000,000	4,960,000
07/01/98	Series A (1998)	Various improvements	7/1/99-18	4.82	12.2	5,930,000	4,985,000
07/01/98	Series B (1998)	Refunding portions of Series 1994, 1992A/B	7/1/99-14	4.64	9.8	4,030,000	3,590,000
04/04/00	Series 2000	Various improvements	4/1/00-20	5.47	12.3	14,860,000	13,035,000
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	27,570,000	27,570,000
Total General Obligation Bonds						82,625,000	64,980,000
Municipal Development Authority Bonds							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	22,255,141	22,255,141
Highway User Revenue Bonds							
07/10/96	Series C (1996)	Street, bridge, traffic signal improvements	7/1/97-16	5.81	14.1	4,600,000	4,305,000
Special Assessment Bonds (collateralized by the special assessments levied on the property benefiting from the improvements)							
06/30/91	ID# 8801	North Valley Power Center ID-Water & street improvements	1/1/94-7/1/13	7.30	13.4	5,015,000	3,075,000
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	3,570,000
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
01/19/94	ID# 9202	Arrowhead Shores ID-infrastructure improvements	1/1/96-05	5.40	7.0	832,000	108,000
09/17/97	ID# 9601	83rd Ave ID-Water, wastewater & street improvements	1/1/99-12	5.30	8.7	2,285,000	1,240,000
04/15/97	ID# 9602	North Beardsley ID-Water system improvements	1/1/99-07	5.60	6.1	2,125,000	665,000
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	1,915,000
08/28/01	ID# 9303	75th Ave & Paradise Ln ID-Street & bridge improvements	1/1/03-11	6.00	5.7	2,270,000	1,759,345
08/28/01	ID# 9801	83rd Ave & Thunderbird ID-Street improvements	1/1/03-11	5.00	5.7	493,000	401,344
Total Improvement District Bonds						25,005,000	12,938,689
Community Facility District Bonds (collateralized by ad valorem property taxes levied on the property benefiting from the improvements)							
12/17/02	Series 2002	Vistancia Community Facilities District	7/15/05-22	6.69	12.7	21,250,000	21,250,000
Total bonds payable recorded in governmental activities							125,728,830
Less current portion							(13,297,034)
Long-term portion of bonds payable recorded in governmental activities							\$112,431,796
CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:							
Municipal Development Authority Bonds							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	\$ 2,759,859	\$ 2,759,859
Revenue Bonds							
08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	7,668,637
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	10,882,896
09/10/98	Series A (1998)	Water system improvements	7/1/01-18	4.73	12.7	16,730,000	14,935,000
09/10/98	Series B (1998)	Refunding portion of Series 1991	7/1/01-06	4.16	5.6	4,170,000	2,325,000
07/06/00	Series 2000	Water & wastewater system improvements	7/1/02-20	5.33	12.6	16,590,000	10,090,000
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	18,656,192
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	13,500,746
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,898,396
Total Revenue Bonds						99,839,870	79,956,867
Total bonds payable recorded in business-type activities							82,716,726
Less current portion							(4,774,424)
Long-term portion of bonds payable recorded in business-type activities							77,942,302

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Total long-term portion of bonds payable	<u>\$190,374,098</u>
Reconciliation to total bonded debt principal:	
Total long-term portion of bonds payable	\$190,374,098
Add:	
Current portion of bonds payable	18,071,458
Total bonded debt principal as of June 30, 2004	<u>\$208,445,556</u>

Contracts Payable

Other debt at June 30, 2004 consists of the following:

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:							
05/22/90	Planned area retail project	Offsite improvements-Bell Rd-IDs 8801 and 8802	08/28/18	Prime	10.5	\$ 13,137,805	\$ 7,033,110
02/20/92	Planned area retail project	Offsite improvements-Bell Rd-ID 8802	01/20/11	Prime	9.0	5,305,975	3,819,756
06/01/94	Planned area retail project	Offsite improvements-Bell Rd & Paradise Ln-IDs 8802 and 9303	06/20/17	Prime	7.0	4,538,097	2,952,288
03/27/97	Planned area retail & restaurant projects	Bicycle path & infrastructure improvements related to development	02/01/06	-	-	222,716	87,147
11/21/00	Planned area retail project	Offsite improvements-83rd Ave & Thunderbird	11/21/07	-	-	122,323	104,105
01/02/01	Planned area retail project	Street & infrastructure improvements-91st Ave & Northern	02/09/09	-	-	900,000	621,482
01/02/01	Planned area retail project	Street & infrastructure improvements-91st Ave & Northern	02/03/09	-	-	200,000	140,850
09/04/01	Restaurant project	Street improvements-83rd Ave & Bell Rd-ID 8802	01/08/07	-	-	67,534	49,227
08/17/01	Capital lease	Modular buildings at City Hall Complex	10/01/06	5.85	-	396,195	191,703
08/07/02	Capital lease	Modular buildings at Municipal Operations Center	10/01/07	4.95	-	122,925	82,966
03/17/04	Capital lease	Sixteen Copiers	04/01/09	-	-	164,548	156,321
	Total contracts payable						<u>15,238,955</u>
Total contracts payable recorded in governmental activities							15,238,955
Less estimated current portion							<u>(1,868,137)</u>
Long-term portion of contracts payable							<u>13,370,818</u>
Total contracts payable							<u>\$ 15,238,955</u>

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2004:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 68,629,389	90,611	3,740,000	64,980,000	9,600,000
MDA bonds	23,640,141	-	1,385,000	22,255,141	2,055,142
Highway user revenue bonds	4,625,000	-	320,000	4,305,000	230,000
Special assessment bonds	15,444,341	-	2,505,652	12,938,689	1,411,892
CFD bonds	21,250,000	-	-	21,250,000	-
Total bonds payable	133,588,871	90,611	7,950,652	125,728,830	13,297,034
Contracts payable	17,700,790	164,548	2,626,383	15,238,955	1,868,137
Compensated absences	2,892,280	3,376,010	3,023,510	3,244,780	2,791,470
Governmental activities totals	<u>\$ 154,181,941</u>	<u>3,631,169</u>	<u>13,600,545</u>	<u>144,212,565</u>	<u>17,956,641</u>
Business-type activities:					
Bonds payable:					
MDA bonds	\$ 2,759,859	-	-	2,759,859	254,858
Revenue bonds	85,824,081	-	5,867,214	79,956,867	4,519,566
Total bonds payable	88,583,940	-	5,867,214	82,716,726	4,774,424
Compensated absences	394,550	425,872	389,362	431,060	367,630
Business-type activities totals	<u>\$ 88,978,490</u>	<u>425,872</u>	<u>6,256,576</u>	<u>83,147,786</u>	<u>5,142,054</u>

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The following is a summary of debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2004

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Total
2005	12,427,616	3,449,877	472,190	2,240,425	7,694,343	1,315,763	27,600,214
2006	6,685,676	3,563,961	469,990	2,145,273	7,727,225	2,026,263	22,618,388
2007	5,714,798	3,802,301	469,525	2,188,522	7,705,189	2,020,825	21,901,160
2008	5,728,024	3,720,497	470,210	1,880,484	6,880,568	2,011,481	20,691,264
2009	5,452,704	3,771,556	469,810	1,899,558	6,842,281	2,022,450	20,458,359
2010	5,352,608	3,773,476	468,295	2,027,876	6,825,589	2,004,300	20,452,146
2011	5,343,009	4,000,484	470,574	2,077,876	6,065,047	2,031,106	19,988,096
2012	4,931,960	1,465,482	466,703	1,559,470	6,056,236	2,003,125	16,482,976
2013	4,539,455	1,460,249	466,662	1,077,820	6,044,054	1,996,563	15,584,803
2014	4,564,436	1,431,139	470,244	-	6,033,167	2,010,063	14,509,049
2015	4,570,127	-	467,531	-	6,019,021	1,989,844	13,046,523
2016	4,283,875	-	468,525	-	6,011,077	1,986,375	12,749,852
2017	3,893,847	-	468,081	-	6,288,927	1,977,844	12,628,699
2018	3,394,272	-	-	-	6,273,848	1,988,406	11,656,526
2019	3,399,800	-	-	-	5,361,912	1,992,219	10,753,931
2020	2,963,302	-	-	-	4,003,206	1,989,281	8,955,789
2021	1,698,550	-	-	-	4,019,854	1,979,594	7,697,998
2022	1,700,130	-	-	-	1,159,606	1,963,156	4,822,892
2023	1,707,575	-	-	-	138,355	1,964,125	3,810,055
Less interest	(23,371,764)	(5,424,022)	(1,793,340)	(4,158,617)	(27,192,638)	(16,022,783)	(77,963,164)
	<u>\$ 64,980,000</u>	<u>25,015,000</u>	<u>4,305,000</u>	<u>12,938,689</u>	<u>79,956,867</u>	<u>21,250,000</u>	<u>208,445,556</u>

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

The following table discloses the debt service requirements as of June 30, 2004, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2005	18,071,458	9,528,757	27,600,215
2006	13,848,982	8,769,407	22,618,389
2007	13,813,626	8,087,534	21,901,160
2008	13,252,565	7,438,699	20,691,264
2009	13,680,972	6,777,387	20,458,359
2010-2014	62,833,780	24,183,288	87,017,068
2015-2019	49,536,562	11,298,968	60,835,530
2020-2023	23,407,611	1,879,124	25,286,735
Totals	<u>\$ 208,445,556</u>	<u>77,963,164</u>	<u>286,408,720</u>

The City had no outstanding variable rate bonds at June 30, 2004. The City had \$13,805,154 in variable rate outstanding contracts payable at June 30, 2004. 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, 2004.

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

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issues have been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government Securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues refunded.

The City issued no refunding bonds during fiscal year 2004. The City defeased \$1,475,000 in Water and Sewer Revenue Series 1995 bonds through a cash defeasance on July 1, 2003. The bonds were immediately callable by the fiscal agent on July 1, 2003. Liability for the debt has been removed from the enterprise fund. Cash defeasance of the bonds resulted in \$537,940 in interest savings.

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

Arizona State Retirement System:

a. Plan Description

All of the City's full-time employees participate in the Arizona State Retirement System (System), a multiple-employer, cost-sharing pension plan. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5 of the Arizona Revised Statutes. The System provides for retirement, disability, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, 3300 N. Central Ave., Suite 1300, Phoenix, Arizona, 85012 or by calling 1-800-621-3778.

b. Funding Policy

Covered employees were required by state statute to contribute 5.7 percent of their salaries to the System during fiscal year 2003-2004 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, 2004, 2003, and 2002, were \$1,924,939, \$782,900, and \$655,517, respectively, which equal the required contributions for each year. The City's employees contributed equal amounts to the System for the same time periods.

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Elected Officials Retirement Plan:

a. **Plan Description**

The City's Mayor and Council members participate in the Elected Officials Retirement System (EORP), a multiple-employer, cost sharing pension plan. The Fund Manager of the Public Safety Personnel Retirement System (PSPRS) is the administrator for the EORP which was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges and certain elected city officials. EORP provides retirement benefits as well as death and disability benefits. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 1020 E. Missouri Ave., Phoenix, Arizona, 85014, by calling 602-255-5575, or on the internet at www.psprs.com.

b. **Funding Policy**

The EORP's funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 7 percent of their annual covered salary. The employer rate for fiscal year 2003-2004 was 13.49 percent. The City's contributions to EORP for the fiscal years ended June 30, 2004, 2003 and 2002 were \$16,998, \$8,787, and \$8,783, respectively, which equal the required contributions for each year. The City's employees contributed \$8,820, \$8,824, and \$8,820 for the same time periods.

Public Safety Personnel Retirement System:

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer public safety employee retirement system that acts as a common investment and administrative agent for the various fire and police agencies within the state. All 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 162 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 1020 East Missouri, Phoenix, Arizona, 85014, by calling 602-255-5575, or on the internet at www.psprs.com.

b. **Funding Policy**

PSPRS fire personnel are required to contribute 7.65 percent of their annual covered salary and police personnel are required to contribute 5.25 percent while the City is required to contribute an actuarially determined rate. The rate for fiscal year 2003-2004 was 6.43 percent for fire personnel and 12.18 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 \$428,416 and fire personnel \$452,001 during fiscal year 2003-2004. For fiscal year 2003-2004, the City's annual pension cost of \$993,926 for police and \$379,917 for fire was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 9 percent investment rate of return, (b) projected salary increases of 6.5 percent per year compounded annually, attributable to inflation (5.5%) and

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

other across-the-board factors (1%), and (c) additional projected salary increases ranging from 0 percent to 3 percent per year, depending on age, attributable to seniority/merit. The actuarial value of PSPRS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. PSPRS's actuarial gains/losses are amortized as level percents of payroll over an open period of 20 years from July 1, 2003.

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>
2001	\$749,766	100%	\$ 0
2002	836,748	100	0
2003	818,276	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>
2001	\$498,529	100%	\$ 0
2002	473,108	100	0
2003	356,693	100	0

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

Schedule of Funding Progress (Latest Information Available)

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>Funded Excess / (Unfunded AAL)</u>	<u>Annual Covered Payroll</u>	<u>Funded Excess as a % of Covered Payroll</u>
2001	\$16,228,821	\$14,568,475	111.4%	\$1,660,346	\$5,808,395	28.6%
2002	17,509,065	17,231,298	101.6	277,767	6,880,797	4.0
2003	20,148,381	20,366,262	98.9	(217,881)	8,233,721	2.6

Fire

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Funded Excess</u>	<u>Annual Covered Payroll</u>	<u>Funded Excess as a % of Covered Payroll</u>
2001	\$15,002,952	\$10,664,811	140.7%	\$4,338,141	\$4,891,978	88.7%
2002	16,152,081	12,847,367	125.7	3,304,714	5,491,083	60.2
2003	17,933,498	15,218,667	117.8	2,714,831	5,908,093	46.0

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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 nine individuals receiving monthly benefits of \$300 each. During the year individual benefits increased from \$200 to \$300 per month. Total annual individual benefits in fiscal year 2004 were \$2,900. In fiscal year 2005 they will be \$3,600. 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 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. Current year lease costs for the fiscal year ended June 30, 2004 was \$38,632.

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

Year Ending June 30,	Amount
2005	\$ 28,245
2006	16,299
2007	11,685
2008	9,379
2009	9,379

18. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Additionally, the City offers its management employees an additional deferred compensation plan created in accordance with Internal Revenue Code Section 401a. The deferred compensation is not available to employees, under either plan, until termination, retirement, death or unforeseeable emergency. The City's fiduciary responsibility is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 and 401a plan assets be held in trust for employees. This means that employee assets held in Section 457 and 401a plans are not the property of the City and are not subject to claims of the City's general creditors. Therefore, the deferred compensation assets are not included in the City's Basic Financial Statements.

19. CONTINGENCIES

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity, except as discussed below.

On October 4, 2003 the City was served with a complaint in Maricopa County Superior Court. This matter arises out of the death of two young children in October 2002. The plaintiffs allege that the young children died as the result of their nasal ingestion of a bacteria know as naegleria fowleri. The complaint alleges the bacteria was in a well operated by the City and that the City failed to adequately chlorinate the water prior to its delivery to the Rose Valley water system (a privately owned water company).

The initial claim indicates the parents believe their damages for both children are forty million dollars. Under Arizona Law, the parents are not bound by the claim; it serves only as an initial indication of the amount that the parents believe the litigation may be valued.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

The City is self-insured for the first five hundred thousand dollars of any occurrence and then has additional coverage up to thirty million dollars. The City Attorney's Office believes the City has a significant chance of prevailing in this matter. However, should this matter go to a jury, a verdict could approach or exceed the City's maximum insurance coverage. At this point in time, the level of such a risk can not be accurately determined as the case is still in the early phases.

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

20. OTHER MATTERS

On July 1, 2003, the City entered into a development agreement with DIB Investment Group, LLC, to develop at least one luxury automotive dealership at the northwest corner of 92nd Avenue and Bell Road. The agreement specifies that construction of a Lexus dealership will commence no later than September 1, 2005, with the business opening by January 15, 2006. As a part of the project the dealer will construct all off-site improvements required by the City, including the development of a traffic signal and median improvements in the event these improvements have not previously been made. The City will contribute \$200,000 toward the construction of the median improvements if made by the developer. In addition, in consideration of the public benefit accruing from the project, the City will reimburse the dealer an amount not to exceed \$1,800,000. The reimbursement amount will be paid quarterly and will equal fifty percent of one percent of sales tax revenues from the project. Payments will begin within 30 days of the end of the first calendar quarter from the date the dealer receives the final certificate of occupancy. The agreement will end on the date that is seven years from the initial payment date to the dealer or the date on which the reimbursement amount is paid in full, whichever date is earlier.

On November 18, 2003, a development agreement was signed with Isbell Motor Company, Inc. for development of at least one luxury automotive dealership, including at least one Acura dealership, on the northeast corner of 92nd Avenue and Bell Road. The agreement calls for construction to begin by no later than August 1, 2004 with the dealer open for business by February 1, 2005. These dates were later revised to postpone the commencement of construction to March 1, 2005 and the open for business date to August 1, 2005, by request of the dealership. In the event the dealer constructs medium improvements and a traffic signal at 92nd Avenue and Bell Road, the City will contribute \$200,000. The City also agrees to reimburse the dealer an amount not to exceed \$1,800,000. Payments will be made quarterly and will equal fifty percent of one percent of sales tax revenues from the project. The payments will begin within 30 days of the end of the first calendar quarter from the date the dealer receives the final certificate of occupancy and will expire on the date which is the earlier of the reimbursement amount being paid in full or seven years from the initial payment date.

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

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.

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.

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 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.

Highway User Revenue Bonds Capital Project Fund

This fund accounts for the construction or purchase of City facilities to be funded through the use of Highway User Revenue Bonds.

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
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2004**

	Special Revenue Funds			Debt Service
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Municipal Development Authority Bonds
ASSETS				
Cash and cash equivalents	\$ 40,274	\$ 382,862	\$ 77,755	\$ 66,363
Investments	436,610	-	842,933	719,439
Accounts receivable, net	-	-	-	-
Interest receivable	971	-	2,148	4,090
Due from other governments	170,739	193,698	481,696	-
Restricted cash and cash equivalents	-	-	-	1,794,089
Total assets	<u>\$ 648,594</u>	<u>\$ 576,560</u>	<u>\$ 1,404,532</u>	<u>\$ 2,583,981</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,119	\$ 10,977	\$ 173,289	\$ -
Accrued payroll	6,936	-	9,738	-
Due to other governments	-	19,568	111	-
Deferred revenue	161,366	260,596	17,021	-
Arbitrage liability	-	-	-	-
Other liabilities	500	-	9,714	-
Compensated absences	6,650	-	4,330	-
Total liabilities	<u>\$ 176,571</u>	<u>\$ 291,141</u>	<u>\$ 214,203</u>	<u>\$ -</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ 2,583,981
Encumbrances	-	-	125,639	-
Grant Purposes	472,023	285,419	215,369	-
Unreserved, designated (note 11)	-	-	812,826	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	36,495	-
Total fund balance	<u>472,023</u>	<u>285,419</u>	<u>1,190,329</u>	<u>2,583,981</u>
Total liabilities and fund balance	<u>\$ 648,594</u>	<u>\$ 576,560</u>	<u>\$ 1,404,532</u>	<u>\$ 2,583,981</u>

The accompanying notes are an integral part of the financial statements

<u>Debt Service Funds</u>		<u>Capital Projects</u>	<u>Total</u>
<u>General</u>	<u>CFD</u>	<u>Highway User</u>	<u>Non-Major</u>
<u>Obligation</u>	<u>Bonds</u>	<u>Revenue</u>	<u>Governmental</u>
<u>Bonds</u>		<u>Bonds</u>	<u>Funds</u>
\$ 1,575,825	\$ -	\$ 364	\$ 2,143,443
17,083,335	-	3,944	19,086,261
45,458	-	-	45,458
30,235	917	-	38,361
168,784	-	-	1,014,917
-	2,717,057	-	4,511,146
<u>\$ 18,903,637</u>	<u>\$ 2,717,974</u>	<u>\$ 4,308</u>	<u>\$ 26,839,586</u>

\$ 3,406	\$ -	\$ 4,308	\$ 193,099
-	-	-	16,674
-	-	-	19,679
45,458	-	-	484,441
11,753	-	-	11,753
-	-	-	10,214
-	-	-	10,980
<u>\$ 60,617</u>	<u>\$ -</u>	<u>\$ 4,308</u>	<u>\$ 746,840</u>

\$ 18,843,020	\$ 2,717,974	\$ -	\$ 24,144,975
-	-	-	125,639
-	-	-	972,811
-	-	-	812,826
-	-	-	36,495
<u>18,843,020</u>	<u>2,717,974</u>	<u>-</u>	<u>26,092,746</u>
<u>\$ 18,903,637</u>	<u>\$ 2,717,974</u>	<u>\$ 4,308</u>	<u>\$ 26,839,586</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, 2004

	Special Revenue Funds			Debt Service
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Municipal Development Authority Bonds
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Local transportation aid	650,734	-	-	-
From federal government	170,739	790,381	1,379,618	-
Other	75,017	-	799,684	-
Charges for service	39,365	-	201,727	-
Fines and forfeitures	-	-	25,390	-
Investment earnings	7,224	2,545	16,464	19,296
Miscellaneous	13,702	-	48,537	-
Total revenues	<u>956,781</u>	<u>792,926</u>	<u>2,471,420</u>	<u>19,296</u>
EXPENDITURES:				
Current operating:				
General government	-	-	35,486	-
Culture and recreation	-	-	285,767	-
Police	-	-	218,433	-
Fire	-	-	9,568	-
Development services	-	-	477,153	-
Highways and streets	-	-	-	-
Public works	-	-	19,301	-
Human services	794,183	796,422	-	-
Other	-	-	-	13,464
Debt service:				
Principal payments	-	-	-	1,385,000
Interest and other charges	-	-	-	640,032
Capital outlay	-	-	1,282,827	-
Total expenditures	<u>794,183</u>	<u>796,422</u>	<u>2,328,535</u>	<u>2,038,496</u>
Excess (deficiency) of revenues over expenditures	<u>162,598</u>	<u>(3,496)</u>	<u>142,885</u>	<u>(2,019,200)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	10,000	809,397
Transfers out	<u>(176,801)</u>	<u>-</u>	<u>(40,629)</u>	<u>-</u>
Total other financing sources and uses	<u>(176,801)</u>	<u>-</u>	<u>(30,629)</u>	<u>809,397</u>
Net change in fund balances	<u>(14,203)</u>	<u>(3,496)</u>	<u>112,256</u>	<u>(1,209,803)</u>
Fund balances - beginning	486,226	288,915	1,078,073	3,793,784
Fund balances - ending	<u>\$ 472,023</u>	<u>\$ 285,419</u>	<u>\$ 1,190,329</u>	<u>\$ 2,583,981</u>

The accompanying notes are an integral part of the financial statements

<u>Debt Service Funds</u>		<u>Capital Projects</u>	<u>Total</u>
<u>General</u>		<u>Highway User</u>	<u>Non-Major</u>
<u>Obligation</u>	<u>CFD</u>	<u>Revenue</u>	<u>Governmental</u>
<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Funds</u>
\$ 9,955,712	\$ 2,477	\$ -	\$ 9,958,189
-	-	-	650,734
-	-	-	2,340,738
-	-	-	874,701
-	-	-	241,092
-	-	-	25,390
135,396	10,258	10,126	201,309
-	1,301,371	-	1,363,610
<u>10,091,108</u>	<u>1,314,106</u>	<u>10,126</u>	<u>15,655,763</u>
-	-	-	35,486
-	-	-	285,767
-	-	-	218,433
-	-	-	9,568
-	-	-	477,153
-	-	1,620	1,620
-	-	-	19,301
-	-	-	1,590,605
2,920	-	-	16,384
3,740,000	-	-	5,125,000
2,835,422	1,418,100	-	4,893,554
-	-	1,487,344	2,770,171
<u>6,578,342</u>	<u>1,418,100</u>	<u>1,488,964</u>	<u>15,443,042</u>
<u>3,512,766</u>	<u>(103,994)</u>	<u>(1,478,838)</u>	<u>212,721</u>
6,921	-	-	826,318
-	-	(1,782)	(219,212)
<u>6,921</u>	<u>-</u>	<u>(1,782)</u>	<u>607,106</u>
<u>3,519,687</u>	<u>(103,994)</u>	<u>(1,480,620)</u>	<u>819,827</u>
15,323,333	2,821,968	1,480,620	25,272,919
<u>\$ 18,843,020</u>	<u>\$ 2,717,974</u>	<u>\$ -</u>	<u>\$ 26,092,746</u>

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2004

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 609,934	\$ 170,190	\$ 53,648	\$ 459,797	\$ 1,293,569
Investments	6,612,227	1,845,007	581,598	4,984,604	14,023,436
Interest receivable	15,299	2,962	1,247	11,455	30,963
Supplies inventory	122,352	-	-	-	122,352
Total current assets	<u>7,359,812</u>	<u>2,018,159</u>	<u>636,493</u>	<u>5,455,856</u>	<u>15,470,320</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	2,010,286	-	81,342	13,144,693	15,236,321
Vehicles	13,851,779	-	-	-	13,851,779
Furniture	-	-	11,732	30,224	41,956
Less accumulated depreciation	(7,438,557)	-	(61,343)	(8,726,625)	(16,226,525)
Construction in progress	-	-	-	1,879,910	1,879,910
Total capital assets, net	<u>8,423,508</u>	<u>-</u>	<u>31,731</u>	<u>6,476,304</u>	<u>14,931,543</u>
Total assets	<u>15,783,320</u>	<u>2,018,159</u>	<u>668,224</u>	<u>11,932,160</u>	<u>30,401,863</u>
LIABILITIES					
Current liabilities:					
Accounts payable	274,698	294,716	92,370	522,494	1,184,278
Accrued payroll	16,965	1,849	33,837	54,311	106,962
Claims payable	-	3,100,000	-	-	3,100,000
Current portion of compensated absences	57,690	840	86,500	133,850	278,880
Total current liabilities	<u>349,353</u>	<u>3,397,405</u>	<u>212,707</u>	<u>710,655</u>	<u>4,670,120</u>
Non-current liabilities:					
Compensated absences	11,050	180	16,190	23,360	50,780
Total long-term liabilities	<u>11,050</u>	<u>180</u>	<u>16,190</u>	<u>23,360</u>	<u>50,780</u>
Total liabilities	<u>360,403</u>	<u>3,397,585</u>	<u>228,897</u>	<u>734,015</u>	<u>4,720,900</u>
NET ASSETS					
Invested in capital assets, net of related debt	8,423,508	-	31,731	6,476,304	14,931,543
Unrestricted	6,999,409	(1,379,426)	407,596	4,721,841	10,749,420
Total net assets	<u>\$ 15,422,917</u>	<u>\$ (1,379,426)</u>	<u>\$ 439,327</u>	<u>\$ 11,198,145</u>	<u>\$ 25,680,963</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, 2004

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES					
Charges for services	\$ 5,193,622	\$ 2,114,873	\$ 4,122,732	\$ 5,362,460	\$ 16,793,687
From federal government	183,073	-	-	-	183,073
Miscellaneous	1,584	-	-	1,372	2,956
Total operating revenues	<u>5,378,279</u>	<u>2,114,873</u>	<u>4,122,732</u>	<u>5,363,832</u>	<u>16,979,716</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	993,103	96,425	1,891,205	2,778,606	5,759,339
Contractual services, materials and supplies	2,326,382	12,291	1,994,939	2,509,790	6,843,402
Insurance claims and expenses	-	2,912,942	-	-	2,912,942
Depreciation and amortization	1,778,172	-	8,421	1,443,983	3,230,576
Total operating expenses	<u>5,097,657</u>	<u>3,021,658</u>	<u>3,894,565</u>	<u>6,732,379</u>	<u>18,746,259</u>
Operating income (loss)	280,622	(906,785)	228,167	(1,368,547)	(1,766,543)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	113,871	22,048	9,284	85,262	230,465
Gain (loss) on sale of fixed assets	66,335	-	-	-	66,335
Total non-operating revenues	<u>180,206</u>	<u>22,048</u>	<u>9,284</u>	<u>85,262</u>	<u>296,800</u>
Income (loss) before transfers	460,828	(884,737)	237,451	(1,283,285)	(1,469,743)
Transfers in	725,270	650,000	5,000	2,592,441	3,972,711
Transfers out	<u>(65,363)</u>	<u>(23,545)</u>	<u>(214,559)</u>	<u>-</u>	<u>(303,467)</u>
Change in net assets	1,120,735	(258,282)	27,892	1,309,156	2,199,501
Total net assets - beginning	<u>14,302,182</u>	<u>(1,121,144)</u>	<u>411,435</u>	<u>9,888,989</u>	<u>23,481,462</u>
Total net assets - ending	<u>\$ 15,422,917</u>	<u>\$ (1,379,426)</u>	<u>\$ 439,327</u>	<u>\$ 11,198,145</u>	<u>\$ 25,680,963</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, 2004**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,378,279	\$ 2,129,949	\$ 4,122,732	\$ 5,363,832	\$ 16,994,792
Payments to suppliers	(2,203,496)	218,363	(1,956,904)	(2,525,073)	(6,467,110)
Payments to employees	(980,802)	(95,784)	(1,871,921)	(2,743,711)	(5,692,218)
Self-insurance costs	-	(2,812,942)	-	-	(2,812,942)
Net cash provided (used) by operating activities	<u>2,193,981</u>	<u>(560,414)</u>	<u>293,907</u>	<u>95,048</u>	<u>2,022,522</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	725,270	650,000	5,000	2,592,441	3,972,711
Transfers out	(65,363)	(23,545)	(214,559)	-	(303,467)
Net cash provided (used) by non-capital financing activities	<u>659,907</u>	<u>626,455</u>	<u>(209,559)</u>	<u>2,592,441</u>	<u>3,669,244</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net acquisition and construction of fixed assets	(3,291,233)	-	(1)	(2,318,890)	(5,610,124)
Net cash flows from capital and related financing activities	<u>(3,291,233)</u>	<u>-</u>	<u>(1)</u>	<u>(2,318,890)</u>	<u>(5,610,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments, net	(1,905,346)	(643,230)	(243,907)	(1,870,348)	(4,662,831)
Interest received on investments	138,595	28,891	11,318	99,674	278,478
Net cash provided (used) by investing activities	<u>(1,766,751)</u>	<u>(614,339)</u>	<u>(232,589)</u>	<u>(1,770,674)</u>	<u>(4,384,353)</u>
Net increase (decrease) in cash and cash equivalents	(2,204,096)	(548,298)	(148,242)	(1,402,075)	(4,302,711)
Cash and cash equivalents at beginning of year	2,814,030	718,488	201,890	1,861,872	5,596,280
Cash and cash equivalents at end of year	<u>\$ 609,934</u>	<u>\$ 170,190</u>	<u>\$ 53,648</u>	<u>\$ 459,797</u>	<u>\$ 1,293,569</u>
Classified as:					
Current assets	\$ 609,934	\$ 170,190	\$ 53,648	\$ 459,797	\$ 1,293,569
Totals	<u>\$ 609,934</u>	<u>\$ 170,190</u>	<u>\$ 53,648</u>	<u>\$ 459,797</u>	<u>\$ 1,293,569</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 280,622	\$ (906,785)	\$ 228,167	\$ (1,368,547)	\$ (1,766,543)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,778,172	-	8,421	1,443,983	3,230,576
(Increase) decrease in assets:					
Accounts receivable	-	15,076	-	-	15,076
Prepaid items	-	-	2,307	-	2,307
Supplies inventory	(2,195)	-	-	-	(2,195)
Increase (decrease) in liabilities:					
Accounts payable	125,081	230,654	35,728	(15,283)	376,180
Accrued payroll	3,391	331	9,834	10,855	24,411
Claims payable	-	100,000	-	-	100,000
Compensated absences	8,910	310	9,450	24,040	42,710
Total adjustments	<u>1,913,359</u>	<u>346,371</u>	<u>65,740</u>	<u>1,463,595</u>	<u>3,789,065</u>
Net cash provided (used) by operating activities	<u>\$ 2,193,981</u>	<u>\$ (560,414)</u>	<u>\$ 293,907</u>	<u>\$ 95,048</u>	<u>\$ 2,022,522</u>
Non-cash investing, capital and financing activities:					
Decrease in fair market value of investments	\$ (16,503)	\$ (4,608)	\$ (1,432)	\$ (12,455)	\$ (34,998)
Total non-cash investing, capital and financing activities	<u>\$ (16,503)</u>	<u>\$ (4,608)</u>	<u>\$ (1,432)</u>	<u>\$ (12,455)</u>	<u>\$ (34,998)</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<u>Terramar Infrastructure Fund</u>				
Assets:				
Cash and cash equivalents	\$ 739	\$ 26,087	\$ -	26,826
Investments	1,237	289,407	-	290,644
Total Assets	<u>1,976</u>	<u>315,494</u>	<u>-</u>	<u>317,470</u>
Liabilities:				
Other liabilities	<u>1,976</u>	<u>315,494</u>	<u>-</u>	<u>317,470</u>
<u>Neighborhood Pride NFP Fund</u>				
Assets:				
Cash and cash equivalents	2,838	2,227	4,666	399
Investments	4,745	25,093	25,339	4,499
Total Assets	<u>7,583</u>	<u>27,320</u>	<u>30,005</u>	<u>4,898</u>
Liabilities:				
Accounts payable	828	29,458	30,006	280
Other liabilities	6,755	-	2,137	4,618
Total Liabilities	<u>7,583</u>	<u>29,458</u>	<u>32,143</u>	<u>4,898</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	3,577	28,314	4,666	27,225
Investments	5,982	314,500	25,339	295,143
Total Assets	<u>9,559</u>	<u>342,814</u>	<u>30,005</u>	<u>322,368</u>
Liabilities:				
Accounts payable	828	29,458	30,006	280
Other liabilities	8,731	315,494	2,137	322,088
Total Liabilities	<u>9,559</u>	<u>344,952</u>	<u>32,143</u>	<u>322,368</u>

The accompanying notes are an integral part of the financial statements



OTHER SUPPLEMENTARY INFORMATION

This section contains schedules which the City deems necessary to provide additional budgetary, debt service and capital asset information to enable the user of the financial statements to fully understand the financial position and results of operation of the City.

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**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 2,237,243	\$ 2,237,243	\$ 2,237,243	\$ -
RESOURCES (INFLOWS):				
Special assessments	2,450,200	2,450,200	2,579,320	129,120
Investment earnings	44,742	42,597	48,937	6,340
Total inflows	<u>2,494,942</u>	<u>2,492,797</u>	<u>2,628,257</u>	<u>135,460</u>
Amounts available for appropriation	4,732,185	4,730,040	4,865,500	135,460
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	-	1,355	439	(916)
Debt service:				
Principal payments	1,432,946	2,517,946	2,505,652	(12,294)
Interest and other charges	724,865	982,558	982,347	(211)
Transfers out	-	-	772,623	772,623
Total charges to appropriations	<u>2,157,811</u>	<u>3,501,859</u>	<u>4,261,061</u>	<u>759,202</u>
Budgetary fund balance, June 30, 2004	<u>\$ 2,574,374</u>	<u>\$ 1,228,181</u>	<u>\$ 604,439</u>	<u>\$ (623,742)</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	\$ 4,865,500
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	(2,237,243)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	12,644
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,640,901</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,261,061
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(2,319)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(772,623)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,486,119</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 17,765,468	\$ 17,765,468	\$ 17,765,468	\$ -
RESOURCES (INFLOWS):				
Capital-related debt issued	17,470,523	17,470,523	-	(17,470,523)
Investment earnings	330,000	329,120	126,416	(202,704)
Total inflows	<u>17,800,523</u>	<u>17,799,643</u>	<u>126,416</u>	<u>(17,673,227)</u>
Amounts available for appropriation	<u>35,565,991</u>	<u>35,565,111</u>	<u>17,891,884</u>	<u>(17,673,227)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Highways and streets	591,547	349,405	207,606	(141,799)
Capital outlay	33,980,594	34,326,564	11,335,645	(22,990,919)
Transfers out	649,400	649,400	656,321	6,921
Total charges to appropriations	<u>35,221,541</u>	<u>35,325,369</u>	<u>12,199,572</u>	<u>(23,125,797)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 344,450</u>	<u>\$ 239,742</u>	<u>\$ 5,692,312</u>	<u>\$ 5,452,570</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	\$ 17,891,884
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(17,765,468)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	12,639
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 139,055</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12,199,572
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(852,680)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(57,992)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(656,321)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 10,632,579</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
NON-BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 17,602,631	\$ 17,602,631	\$ 17,602,631	\$ -
RESOURCES (INFLOWS):				
Investment earnings	200,000	200,000	136,700	(63,300)
Miscellaneous	8,038,356	8,038,356	354,572	(7,683,784)
Transfers in	<u>2,557,297</u>	<u>2,557,297</u>	<u>2,557,297</u>	<u>-</u>
Total inflows	<u>10,795,653</u>	<u>10,795,653</u>	<u>3,048,569</u>	<u>(7,747,084)</u>
Amounts available for appropriation	<u>28,398,284</u>	<u>28,398,284</u>	<u>20,651,200</u>	<u>(7,747,084)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services:				
General government - non-departmental	-	-	41,808	41,808
Highways and streets	51,320	51,320	157,884	106,564
Capital outlay	26,900,286	25,375,816	12,444,490	(12,931,326)
Transfers out	-	-	-	-
Total charges to appropriations	<u>26,951,606</u>	<u>25,427,136</u>	<u>12,644,182</u>	<u>(12,782,954)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 1,446,678</u>	<u>\$ 2,971,148</u>	<u>\$ 8,007,018</u>	<u>\$ 5,035,870</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	\$ 20,651,200
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(17,602,631)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	1,104,991
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(2,557,297)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,596,263</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12,644,182
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,270,806)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,419,615)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	-
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,953,761</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2003	\$ 16,553,377	\$ 16,553,377	\$ 16,553,377	\$ -
RESOURCES (INFLOWS):				
Investment earnings	-	-	77,034	77,034
Total inflows	-	-	77,034	77,034
Amounts available for appropriation	<u>16,553,377</u>	<u>16,553,377</u>	<u>16,630,411</u>	<u>77,034</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	-	17,307,379	14,834,315	(2,473,064)
Transfers to other funds	-	-	-	-
Total charges to appropriations	-	<u>17,307,379</u>	<u>14,834,315</u>	<u>(2,473,064)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 16,553,377</u>	<u>\$ (754,002)</u>	<u>\$ 1,796,096</u>	<u>\$ 2,550,098</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	\$ 16,630,411
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	(16,553,377)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(11,604)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 65,430</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,834,315
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(84,717)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 14,749,598</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 605,028	\$ 605,028	\$ 605,028	\$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
Local transportation aid	652,000	652,000	650,734	(1,266)
From federal government	104,000	104,000	34,880	(69,120)
Other	-	-	161,367	161,367
Charges for services	37,000	37,000	42,865	5,865
Investment earnings	10,727	10,727	8,189	(2,538)
Miscellaneous	-	-	13,702	13,702
Total inflows	<u>803,727</u>	<u>803,727</u>	<u>911,737</u>	<u>108,010</u>
Amounts available for appropriation	<u>1,408,755</u>	<u>1,408,755</u>	<u>1,516,765</u>	<u>108,010</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Human services	864,396	902,781	798,087	(104,694)
Contingencies	50,000	50,000	-	(50,000)
Transfers out	136,952	136,952	176,800	39,848
Total charges to appropriations	<u>1,051,348</u>	<u>1,089,733</u>	<u>974,887</u>	<u>(114,846)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 357,407</u>	<u>\$ 319,022</u>	<u>\$ 541,878</u>	<u>\$ 222,856</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	\$ 1,516,765
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	(605,028)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	45,044
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 956,781</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 974,887
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	2,800
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(6,704)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(176,800)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 794,183</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SECTION 8 HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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>
Budgetary fund balance, July 1, 2003	\$ 530,765	\$ 530,765	\$ 530,765	\$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	1,314,461	1,314,461	836,700	(477,761)
Investment earnings	5,650	5,650	2,545	(3,105)
Miscellaneous	-	-	982	982
Total inflows	<u>1,320,111</u>	<u>1,320,111</u>	<u>840,227</u>	<u>(479,884)</u>
Amounts available for appropriation	<u>1,850,876</u>	<u>1,850,876</u>	<u>1,370,992</u>	<u>(479,884)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Human services	<u>1,547,108</u>	<u>1,547,108</u>	<u>772,629</u>	<u>(774,479)</u>
Total charges to appropriations	<u>1,547,108</u>	<u>1,547,108</u>	<u>772,629</u>	<u>(774,479)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 303,768</u>	<u>\$ 303,768</u>	<u>\$ 598,363</u>	<u>\$ 294,595</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	\$ 1,370,992
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	(530,765)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(47,301)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 792,926</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 772,629
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	23,793
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 796,422</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 1,009,340	\$ 1,009,340	\$ 1,009,340	\$ -
RESOURCES (INFLOWS):				
Intergovernmental:				
From federal government	1,636,359	1,636,359	1,298,272	(338,087)
Other	5,875,288	5,875,288	886,298	(4,988,990)
Charges for services	599,954	599,954	202,657	(397,297)
Fines and forfeitures	20,000	20,000	25,390	5,390
Investment earnings	10,725	10,725	17,771	7,046
Miscellaneous	16,000	16,000	48,537	32,537
Transfers from other funds	10,000	10,000	10,000	-
Total inflows	<u>8,168,326</u>	<u>8,168,326</u>	<u>2,488,925</u>	<u>(5,679,401)</u>
Amounts available for appropriation	<u>9,177,666</u>	<u>9,177,666</u>	<u>3,498,265</u>	<u>(5,679,401)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government:				
Mayor and council	1,500	1,500	-	(1,500)
Attorney	29,681	30,083	24,794	(5,289)
Court	20,000	20,000	-	(20,000)
Non-departmental	15,000	15,385	10,528	(4,857)
Culture and recreation	320,741	371,657	290,623	(81,034)
Development services	1,431,223	1,406,223	494,866	(911,357)
Fire	1,500	9,884	15,258	5,374
Police	113,977	293,807	192,757	(101,050)
Public works	-	19,609	41,314	21,705
Capital outlay	6,166,686	6,860,820	1,283,456	(5,577,364)
Contingencies	800,000	35,703	-	(35,703)
Transfers out	40,000	40,000	40,629	629
Total charges to appropriations	<u>8,940,308</u>	<u>9,104,671</u>	<u>2,394,225</u>	<u>(6,710,446)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 237,358</u>	<u>\$ 72,995</u>	<u>\$ 1,104,040</u>	<u>\$ 1,031,045</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	\$ 3,498,265
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	(1,009,340)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(7,505)
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>\$ 2,471,420</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,394,225
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	2,652
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(27,084)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(629)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(40,629)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,328,535</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 2,514,353	\$ 2,514,353	\$ 2,514,353	\$ -
RESOURCES (INFLOWS):				
Investment earnings	50,572	50,572	17,092	(33,480)
Transfers from other funds	<u>3,199,442</u>	<u>3,199,442</u>	<u>809,397</u>	<u>(2,390,045)</u>
Total inflows	<u>3,250,014</u>	<u>3,250,014</u>	<u>826,489</u>	<u>(2,423,525)</u>
Amounts available for appropriation	<u>5,764,367</u>	<u>5,764,367</u>	<u>3,340,842</u>	<u>(2,423,525)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	-	3,731	13,464	9,733
Debt service:				
Principal payments	1,385,000	1,385,000	1,385,000	-
Interest and other charges	<u>61,072</u>	<u>672,607</u>	<u>744,986</u>	<u>72,379</u>
Total charges to appropriations	<u>1,446,072</u>	<u>2,061,338</u>	<u>2,143,450</u>	<u>82,112</u>
Budgetary fund balance, June 30, 2004	<u>\$ 4,318,295</u>	<u>\$ 3,703,029</u>	<u>\$ 1,197,392</u>	<u>\$ (2,505,637)</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	\$ 3,340,842
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	(2,514,353)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	2,204
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(809,397)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 19,296</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,143,450
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(104,954)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,038,496</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 13,247,593	\$ 13,247,593	\$ 13,247,593	\$ -
RESOURCES (INFLOWS):				
Property taxes	9,741,690	9,741,690	9,988,110	246,420
Investment earnings	259,952	259,952	169,470	(90,482)
Transfers in	-	-	6,921	6,921
Total inflows	<u>10,001,642</u>	<u>10,001,642</u>	<u>10,164,501</u>	<u>162,859</u>
Amounts available for appropriation	<u>23,249,235</u>	<u>23,249,235</u>	<u>23,412,094</u>	<u>162,859</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	35,000	35,000	2,920	(32,080)
Debt service:				
Principal payments	3,740,000	3,740,000	3,740,000	-
Interest and other charges	<u>4,076,448</u>	<u>4,076,448</u>	<u>2,835,104</u>	<u>(1,241,344)</u>
Total charges to appropriations	<u>7,851,448</u>	<u>7,851,448</u>	<u>6,578,024</u>	<u>(1,273,424)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 15,397,787</u>	<u>\$ 15,397,787</u>	<u>\$ 16,834,070</u>	<u>\$ 1,436,283</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	\$ 23,412,094
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	(13,247,593)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(66,472)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(6,921)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 10,091,108</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,578,024
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	318
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 6,578,342</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<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, 2003	\$ 2,879,218	\$ 2,879,218	\$ 2,879,218	\$ -
RESOURCES (INFLOWS):				
Property Taxes			2,477	2,477
Investment earnings	-	-	10,569	10,569
Miscellaneous	-	1,423,100	1,301,371	(121,729)
Total inflows	-	1,423,100	1,314,417	(108,683)
Amounts available for appropriation	<u>2,879,218</u>	<u>4,302,318</u>	<u>4,193,635</u>	<u>(108,683)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Debt service:				
Interest and other charges	-	1,423,100	1,476,578	53,478
Total charges to appropriations	-	1,423,100	1,476,578	53,478
Budgetary fund balance, June 30, 2004	<u>\$ 2,879,218</u>	<u>\$ 2,879,218</u>	<u>\$ 2,717,057</u>	<u>\$ (162,161)</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	\$ 4,193,635
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	(2,879,218)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(311)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,314,106</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,476,578
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(58,478)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,418,100</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
HIGHWAY USER REVENUE BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary fund balance, July 1, 2003	\$ 1,611,338	\$ 1,611,338	\$ 1,611,338	\$ -
RESOURCES (INFLOWS):				
Investment earnings	45,000	45,000	10,135	(34,865)
Total inflows	<u>45,000</u>	<u>45,000</u>	<u>10,135</u>	<u>(34,865)</u>
Amounts available for appropriation	<u>1,656,338</u>	<u>1,656,338</u>	<u>1,621,473</u>	<u>(34,865)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Highways and streets	1,000	1,000	1,620	620
Capital outlay	1,491,458	1,554,881	1,545,539	(9,342)
Transfers to other funds	-	-	1,782	1,782
Total charges to appropriations	<u>1,492,458</u>	<u>1,555,881</u>	<u>1,548,941</u>	<u>(6,940)</u>
Budgetary fund balance, June 30, 2004	<u>\$ 163,880</u>	<u>\$ 100,457</u>	<u>\$ 72,532</u>	<u>\$ (27,925)</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	\$ 1,621,473
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	(1,611,338)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(9)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 10,126</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,548,941
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(58,195)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,782)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,488,964</u>

CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
WATER UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 26,020,264	\$ 26,020,264	\$ 25,325,503	\$ (694,761)
Miscellaneous	-	-	1,904,994	1,904,994
Total operating revenues	<u>26,020,264</u>	<u>26,020,264</u>	<u>27,230,497</u>	<u>1,210,233</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	4,027,203	3,932,771	3,531,998	(400,773)
Contractual services, materials and supplies	12,993,625	11,442,003	9,546,187	(1,895,816)
Capital outlay	14,854,423	17,905,653	8,322,775	(9,582,878)
Contingencies	8,600,000	3,783,197	-	(3,783,197)
Total operating expenses	<u>40,475,251</u>	<u>37,063,624</u>	<u>21,400,960</u>	<u>(15,662,664)</u>
Operating income (loss)	<u>(14,454,987)</u>	<u>(11,043,360)</u>	<u>5,829,537</u>	<u>16,872,897</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,021,500	1,021,500	667,035	(354,465)
Proceeds from bonds or contracts payable	4,428,050	4,428,050	-	(4,428,050)
Interest expense	(3,622,757)	(3,713,685)	(2,619,119)	1,094,566
Debt principal payments	(3,540,384)	(3,570,381)	(4,115,437)	(545,056)
Total nonoperating revenues (expenses)	<u>(1,713,591)</u>	<u>(1,834,516)</u>	<u>(6,067,521)</u>	<u>(4,233,005)</u>
Income (loss) before contributions and transfers	<u>(16,168,578)</u>	<u>(12,877,876)</u>	<u>(237,984)</u>	<u>12,639,892</u>
Capital contributions	5,861,486	5,861,486	8,312,649	2,451,163
Transfers in	181,500	181,500	1,282,003	1,100,503
Transfers out	(332,192)	(332,192)	(1,010,800)	(678,608)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (10,457,784)</u>	<u>\$ (7,167,082)</u>	<u>\$ 8,345,868</u>	<u>\$ 15,512,950</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.	313,809
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(539,928)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(42,308)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(2,243,139)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	8,322,775
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	9,965,397
Interest is capitalized on construction of capital assets for GAAP purposes, but is not a budgeted item.	300,132
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations and therefore not an expense for GAAP purposes.	4,115,437
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(3,520,846)
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.	(48,462)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	19,213
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	156,572
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 25,144,520</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 10,813,156	\$ 10,813,156	\$ 10,951,941	\$ 138,785
Miscellaneous	-	-	901	901
Total operating revenues	<u>10,813,156</u>	<u>10,813,156</u>	<u>10,952,842</u>	<u>139,686</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	909,364	1,007,296	885,817	(121,479)
Contractual services, materials and supplies	6,808,559	7,120,237	6,515,947	(604,290)
Capital outlay	16,060,818	10,503,033	2,679,454	(7,823,579)
Contingencies	7,720,000	8,795,784	-	(8,795,784)
Total operating expenses	<u>31,498,741</u>	<u>27,426,350</u>	<u>10,081,218</u>	<u>(17,345,132)</u>
Operating income (loss)	<u>(20,685,585)</u>	<u>(16,613,194)</u>	<u>871,624</u>	<u>17,484,818</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	808,720	808,720	617,569	(191,151)
Proceeds from bonds or contracts payable	3,529,950	3,529,950	-	(3,529,950)
Interest expense	(870,799)	(888,742)	(836,589)	52,153
Debt principal payments	(1,785,832)	(1,785,832)	(1,751,779)	34,053
Total nonoperating revenues (expenses)	<u>1,682,039</u>	<u>1,664,096</u>	<u>(1,970,799)</u>	<u>(3,634,895)</u>
Income (loss) before contributions and transfers	<u>(19,003,546)</u>	<u>(14,949,098)</u>	<u>(1,099,175)</u>	<u>13,849,923</u>
Capital contributions	3,703,250	3,703,250	3,658,370	(44,880)
Transfers in	75,000	75,000	520,739	445,739
Transfers out	(149,217)	(149,217)	(561,796)	(412,579)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (15,374,513)</u>	<u>\$ (11,320,065)</u>	<u>\$ 2,518,138</u>	<u>\$ 13,838,203</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.	(18,955)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(103,457)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(2,454)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	225,473
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	2,679,454
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	10,263,253
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations, and therefore not an expense, for GAAP purposes.	1,751,779
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,911,251)
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.	(72,902)
The loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	13,903
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	863,350
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 15,206,331</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
SANITATION UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Charges for services	\$ 8,796,253	\$ 8,796,253	\$ 8,792,626	\$ (3,627)
Miscellaneous	-	-	3,462	3,462
Total operating revenues	<u>8,796,253</u>	<u>8,796,253</u>	<u>8,796,088</u>	<u>(165)</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	2,332,076	2,332,076	2,395,401	63,325
Contractual services, materials and supplies	5,782,889	5,601,584	3,889,372	(1,712,212)
Capital outlay	2,068,893	2,437,893	582,945	(1,854,948)
Contingencies	1,000,000	878,422	-	(878,422)
Total operating expenses	<u>11,183,858</u>	<u>11,249,975</u>	<u>6,867,718</u>	<u>(4,382,257)</u>
Operating income (loss)	<u>(2,387,605)</u>	<u>(2,453,722)</u>	<u>1,928,370</u>	<u>4,382,092</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	255,579	255,579	185,839	(69,740)
Interest expense	(4,000)	(4,000)	-	4,000
Total nonoperating revenues (expenses)	<u>251,579</u>	<u>251,579</u>	<u>185,839</u>	<u>(65,740)</u>
Income (loss) before contributions and transfers	<u>(2,136,026)</u>	<u>(2,202,143)</u>	<u>2,114,209</u>	<u>4,316,352</u>
Capital contributions	323,850	323,850	765,334	441,484
Transfers in	-	-	25,500	25,500
Transfers out	(41,960)	(41,960)	(63,660)	(21,700)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (1,854,136)</u>	<u>\$ (1,920,253)</u>	<u>\$ 2,841,383</u>	<u>\$ 4,761,636</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.	36,753
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,208,879)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(14,387)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(679,086)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	582,945
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(750,124)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	71,268
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	187
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 880,060</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 1,010,445	\$ 1,010,445	\$ 1,072,353	\$ 61,908
Rents	1,903,282	1,903,282	1,581,567	(321,715)
Miscellaneous	-	-	284,233	284,233
Total operating revenues	<u>2,913,727</u>	<u>2,913,727</u>	<u>2,938,153</u>	<u>24,426</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	876,811	876,811	820,795	(56,016)
Contractual services, materials and supplies	2,520,005	2,728,202	2,869,253	141,051
Capital outlay	113,633	136,352	102,196	(34,156)
Contingencies	40,000	40,000	-	(40,000)
Total operating expenses	<u>3,550,449</u>	<u>3,781,365</u>	<u>3,792,244</u>	<u>10,879</u>
Operating loss	<u>(636,722)</u>	<u>(867,638)</u>	<u>(854,091)</u>	<u>13,547</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	24,527	24,527	22,993	(1,534)
Interest expense	(10,523)	(62,559)	(50,567)	11,992
Total nonoperating revenues (expenses)	<u>14,004</u>	<u>(38,032)</u>	<u>(27,574)</u>	<u>10,458</u>
Income (loss) before transfers	<u>(622,718)</u>	<u>(905,670)</u>	<u>(881,665)</u>	<u>24,005</u>
Transfers in	354,543	354,543	102,298	(252,245)
Transfers out	(213,926)	(213,926)	(76,409)	137,517
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (482,101)</u>	<u>\$ (765,053)</u>	<u>\$ (855,776)</u>	<u>\$ (90,723)</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.	282,542
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(93,445)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(6,838)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	155,380
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	102,196
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(739,479)
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.	(1,942)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	166,126
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (987,560)</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Charges for services	\$ 224,938	\$ 224,938	\$ -	\$ (224,938)
Rent	-	-	124,974	124,974
From federal government	-	-	129,308	129,308
Miscellaneous	-	-	1,745	1,745
Total operating revenues	<u>224,938</u>	<u>224,938</u>	<u>256,027</u>	<u>31,089</u>
OPERATING EXPENSES:				
Contractual services, materials and supplies	<u>224,938</u>	<u>278,938</u>	<u>283,137</u>	<u>4,199</u>
Total operating expenses	<u>224,938</u>	<u>278,938</u>	<u>283,137</u>	<u>4,199</u>
Operating income (loss)	<u>-</u>	<u>(54,000)</u>	<u>(27,110)</u>	<u>26,890</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	<u>8,928</u>	<u>8,928</u>	<u>4,778</u>	<u>(4,150)</u>
Total nonoperating revenues (expenses)	<u>8,928</u>	<u>8,928</u>	<u>4,778</u>	<u>(4,150)</u>
Income (loss) before transfers	<u>8,928</u>	<u>(45,072)</u>	<u>(22,332)</u>	<u>22,740</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 8,928</u>	<u>\$ (45,072)</u>	<u>\$ (22,332)</u>	<u>\$ 22,740</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	1,613
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	5,067
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(79,715)
The gain/loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (95,367)</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
MOTOR POOL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 5,003,873	\$ 5,003,873	\$ 5,219,210	\$ 215,337
From federal government	-	-	183,073.00	183,073.00
Miscellaneous	50,000	50,000	1,584	(48,416)
Total operating revenues	<u>5,053,873</u>	<u>5,053,873</u>	<u>5,403,867</u>	<u>349,994</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	1,087,164	1,087,164	993,103	(94,061)
Contractual services, materials and supplies	1,899,198	2,449,278	2,203,496	(245,782)
Capital outlay	2,397,641	4,151,733	3,432,691	(719,042)
Contingencies	100,000	-	-	-
Total operating expenses	<u>5,484,003</u>	<u>7,688,175</u>	<u>6,629,290</u>	<u>(1,058,885)</u>
Operating income (loss)	<u>(430,130)</u>	<u>(2,634,302)</u>	<u>(1,225,423)</u>	<u>1,408,879</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	156,606	156,606	138,595	(18,011)
Total nonoperating revenues (expenses)	<u>156,606</u>	<u>156,606</u>	<u>138,595</u>	<u>(18,011)</u>
Income (loss) before transfers	<u>(273,524)</u>	<u>(2,477,696)</u>	<u>(1,086,828)</u>	<u>1,390,868</u>
Transfers in	480,600	480,600	619,928	139,328
Transfers out	(65,452)	(65,452)	(40,898)	24,554
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 141,624</u>	<u>\$ (2,062,548)</u>	<u>\$ (507,798)</u>	<u>\$ 1,554,750</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.	(24,724)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(25,588)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(122,886)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	3,432,691
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,778,172)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	66,335
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	80,877
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,120,735</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 2,126,744	\$ 2,126,744	\$ 2,121,716	\$ (5,028)
Miscellaneous	-	-	15,076	15,076
Total operating revenues	<u>2,126,744</u>	<u>2,126,744</u>	<u>2,136,792</u>	<u>10,048</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	101,381	101,381	95,784	(5,597)
Contractual services, materials and supplies	398,225	558,177	(218,363)	(776,540)
Insurance claims and expenses	1,715,000	2,415,000	2,836,487	421,487
Contingencies	50,000	-	-	-
Total operating expenses	<u>2,264,606</u>	<u>3,074,558</u>	<u>2,713,908</u>	<u>(360,650)</u>
Operating loss	<u>(137,862)</u>	<u>(947,814)</u>	<u>(577,116)</u>	<u>370,698</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	39,000	39,000	22,048	(16,952)
Total nonoperating revenues	<u>39,000</u>	<u>39,000</u>	<u>22,048</u>	<u>(16,952)</u>
Income (loss) before transfers	<u>(98,862)</u>	<u>(908,814)</u>	<u>(555,068)</u>	<u>353,746</u>
Transfers in	-	-	650,000	650,000
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (98,862)</u>	<u>\$ (908,814)</u>	<u>\$ 94,932</u>	<u>\$ 1,003,746</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(21,919)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(641)
The City budgets insurance claims on the cash basis, rather than the accrual basis.	(100,000)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(230,654)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (258,282)</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Charges for services	\$ 4,141,984	\$ 4,141,984	\$ 4,149,651	\$ 7,667
Miscellaneous	-	-	-	-
Total operating revenues	<u>4,141,984</u>	<u>4,141,984</u>	<u>4,149,651</u>	<u>7,667</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	2,037,384	2,037,384	1,871,921	(165,463)
Contractual services, materials and supplies	2,216,026	2,233,026	1,956,904	(276,122)
Capital outlay	74,500	240,500	224,916	(15,584)
Contingencies	100,000	-	-	-
Total operating expenses	<u>4,427,910</u>	<u>4,510,910</u>	<u>4,053,741</u>	<u>(457,169)</u>
Operating income (loss)	<u>(285,926)</u>	<u>(368,926)</u>	<u>95,910</u>	<u>464,836</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	7,120	7,120	11,318	4,198
Interest expense	(4,728)	(4,728)	-	4,728
Debt principal payments	(22,962)	(22,962)	-	22,962
Total nonoperating revenues	<u>(20,570)</u>	<u>(20,570)</u>	<u>11,318</u>	<u>31,888</u>
Income (loss) before transfers	<u>(306,496)</u>	<u>(389,496)</u>	<u>107,228</u>	<u>496,724</u>
Transfers in	5,000	5,000	5,000	-
Transfers out	(16,562)	(16,562)	(16,562)	-
Deficit revenues over expenses - budgetary basis	<u>\$ (318,058)</u>	<u>\$ (401,058)</u>	<u>\$ 95,666</u>	<u>\$ 496,724</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.	(2,034)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(19,284)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(38,035)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	197,997
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.	(197,997)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 27,892</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Charges for services	\$ 5,417,760	\$ 5,417,760	\$ 5,417,460	\$ (300)
Miscellaneous	-	-	1,372	1,372
Total operating revenues	<u>5,417,760</u>	<u>5,417,760</u>	<u>5,418,832</u>	<u>1,072</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	2,666,174	2,669,774	2,743,711	73,937
Contractual services, materials and supplies	3,224,950	3,258,900	2,525,071	(733,829)
Capital outlay	1,268,660	1,183,098	697,028	(486,070)
Contingencies	500,000	500,000	-	(500,000)
Total operating expenses	<u>7,659,784</u>	<u>7,611,772</u>	<u>5,965,810</u>	<u>(1,645,962)</u>
Operating loss	<u>(2,242,024)</u>	<u>(2,194,012)</u>	<u>(546,978)</u>	<u>1,647,034</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	88,051	88,051	99,674	11,623
Total nonoperating revenues	<u>88,051</u>	<u>88,051</u>	<u>99,674</u>	<u>11,623</u>
Income before transfers	<u>(2,153,973)</u>	<u>(2,105,961)</u>	<u>(447,304)</u>	<u>1,658,657</u>
Transfers in	951,078	951,078	970,576	19,498
Transfers out	-	-	-	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (1,202,895)</u>	<u>\$ (1,154,883)</u>	<u>\$ 523,272</u>	<u>\$ 1,678,155</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.	(14,412)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(34,895)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(55,000)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	15,283
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	697,028
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,443,983)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,621,863
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,309,156</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
SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Supplementary Information – Federal Financial Data Schedule

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	Account Description:	Low Rent Public Housing #14.850a	CIAP #14.852	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
ASSETS:					
Current Assets:					
Cash:					
111	Cash – unrestricted	\$ 418,463	0	299,622	235,920
100	Total cash	418,463	0	299,622	235,920
Accounts receivable:					
121	Accounts receivable – PHA projects	-	24,676	-	-
124	Accounts receivable – other projects	-	-	16,343	-
125	Accounts receivable – miscellaneous	17,608	-	-	-
126.2	Allowance for doubtful accts – other	-	-	-	-
120	Total receivables, net	17,608	24,676	16,343	-
Other current assets:					
144	Interprogram due from	-	-	-	24,676
150	Total current assets	436,071	24,676	315,965	260,596
Non-current Assets:					
Fixed Assets:					
161	Land	410,350	-	-	-
162	Buildings	3,141,152	-	-	-
164	Furniture, equipment & machinery – admin.	8,303	-	-	-
165	Leasehold improvements	121,175	-	-	-
166	Accumulated depreciation	(1,470,715)	-	-	-
160	Total fixed assets, net	2,210,265	-	-	-
180	Total non-current assets	2,210,265	-	-	-
190	Total Assets	\$ 2,646,336	24,676	315,965	260,596
LIABILITIES AND EQUITY:					
LIABILITIES:					
Current Liabilities:					
312	Accounts payable < 90 days	\$ 53	-	10,978	-
331	Accounts payable – HUD PHA programs	-	-	4,444	-
332	Accounts payable – PHA projects	-	-	15,124	-
341	Tenant security deposits	14,456	-	-	-
342	Deferred revenues	-	-	-	260,596
347	Interprogram due to	-	24,676	-	-
310	Total Current Liabilities	14,509	24,676	30,546	260,596
350	Total Noncurrent Liabilities	-	-	-	-
300	Total Liabilities	14,509	24,676	30,546	260,596
EQUITY:					
508.1	Invested in capital assets, net of related debt	2,210,265	-	-	-
511.1	Restricted net assets	-	-	-	-
512.1	Unrestricted net assets	421,562	-	285,419	-
513	Total Equity/Net Assets	2,631,827	-	285,419	-
600	Total Liabilities and Equity/Net Assets	\$ 2,646,336	24,676	315,965	260,596

CITY OF PEORIA, ARIZONA
SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Line #	Account Description	Low Rent Public Housing #14.850a	CIAP #14.852	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
REVENUE:					
703	Net tenant rental revenues	\$ 126,587	-	-	-
705	Total tenant revenue	126,587	-	-	-
706	HUD PHA grants	129,308	-	572,429	134,896
711	Capital grants	4,778	-	2,697	-
715	Other revenue	1,745	-	68,633	-
700	Total revenue	262,418	-	643,759	134,896
EXPENSES:					
911	Administrative salaries	\$ 77,191	-	-	-
912	Audit fees	3,220	-	1,000	-
913	Outside management fees	40,626	-	115,482	-
915	Employee benefit contributions – administrative	19,682	-	-	-
916	Other operating – administrative	21,021	-	-	5,174
931	Water	21,781	-	-	-
932	Electricity	4,183	-	-	-
933	Gas	6,371	-	-	-
941	Ordinary maintenance and operations– labor	26,092	-	-	-
942	Ordinary maint. & oper. – materials and other	3,547	-	-	-
943	Ordinary maint. & oper. – contract costs	46,855	-	-	129,722
945	Employee benefit contributions – ordinary maint.	7,003	-	-	-
961	Insurance premiums	498	-	-	-
962	Other general expenses	-	-	152	-
969	Total operating expenses	278,070	-	116,634	134,896
970	Excess operating revenues over expenses	(15,652)	-	527,125	-
973	Housing assistance payments	-	-	531,576	-
974	Depreciation expense	79,715	-	-	-
900	Total expenses	357,785	-	648,210	134,896
1000	Excess (deficiency) of operating revenues over (under) expenses	\$ (95,367)	-	(4,451)	-
MEMO ACCOUNT INFORMATION:					
1103	Beginning equity	\$ 2,727,194	-	288,915	-
1104	Prior period adjustments, equity transfers, and correction of errors	-	-	955	-
1113	Maximum annual contributions commitment (Per ACC)	-	-	576,873	-
1115	Contingency reserve	-	-	40,217	-
1116	Total annual contributions available	-	-	617,090	-
1120	Unit months available	840	-	984	-
1121	Number of unit months leased	819	-	819	-



CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN DEBT
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Exhibit 1

	Balances at	Issued	Retired	Non-Cash		Balances at
	June 30, 2003			Accretions	Additions	June 30, 2004
Compensated absences	\$ 2,892,280	\$ -	\$ 3,023,510	\$ -	\$ 3,376,010	\$ 3,244,780
Contracts payable	17,700,790	164,548	2,626,383	-	-	15,238,955
Total	<u>20,593,070</u>	<u>164,548</u>	<u>5,649,893</u>	<u>-</u>	<u>3,376,010</u>	<u>18,483,735</u>
General obligation bonds:						
Refunding bonds - series 1992	430,000	-	430,000	-	-	-
Series 1992B	200,000	-	200,000	-	-	-
Refunding bonds - series 1993	5,345,000	-	-	-	-	5,345,000
Capital appreciation bonds 1993	3,319,389	-	1,535,000	90,611	-	1,875,000
Series 1994	330,000	-	160,000	-	-	170,000
Series 1995	3,645,000	-	195,000	-	-	3,450,000
Series 1996	5,265,000	-	305,000	-	-	4,960,000
Series 1998A	5,200,000	-	215,000	-	-	4,985,000
Refunding bonds - series 1998B	3,790,000	-	200,000	-	-	3,590,000
Series 2000	13,535,000	-	500,000	-	-	13,035,000
Series 2003	27,570,000	-	-	-	-	27,570,000
Total	<u>68,629,389</u>	<u>-</u>	<u>3,740,000</u>	<u>90,611</u>	<u>-</u>	<u>64,980,000</u>
Municipal Development Authority:						
Series 1989	1,205,000	-	1,205,000	-	-	-
Series 1991	180,000	-	180,000	-	-	-
Series 1993	-	-	-	-	-	-
Refunding bonds - series 2003	22,255,141	-	-	-	-	22,255,141
Total	<u>23,640,141</u>	<u>-</u>	<u>1,385,000</u>	<u>-</u>	<u>-</u>	<u>22,255,141</u>
Highway user revenue:						
Series 1988	270,000	-	270,000	-	-	-
Series 1996	4,355,000	-	50,000	-	-	4,305,000
Total	<u>4,625,000</u>	<u>-</u>	<u>320,000</u>	<u>-</u>	<u>-</u>	<u>4,305,000</u>
Special assessment:						
Sunny Boy ID #9002	425,000	-	220,000	-	-	205,000
North Valley ID #8801	3,315,000	-	240,000	-	-	3,075,000
Bell Road ID #8802	3,840,000	-	270,000	-	-	3,570,000
Arrowhead Shores ID #9202	144,000	-	36,000	-	-	108,000
83rd Ave ID #9601	1,665,000	-	425,000	-	-	1,240,000
North Beardsley ID #9602	825,000	-	160,000	-	-	665,000
Arrowhead Fountains ID #9603	2,740,000	-	825,000	-	-	1,915,000
75th Ave & Paradise Ln ID #9303	2,042,051	-	282,706	-	-	1,759,345
83rd Ave & Thunderbird ID #9801	448,290	-	46,946	-	-	401,344
Total	<u>15,444,341</u>	<u>-</u>	<u>2,505,652</u>	<u>-</u>	<u>-</u>	<u>12,938,689</u>
Community Facilities District:						
Vistancia CFD	21,250,000	-	-	-	-	21,250,000
Total	<u>21,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,250,000</u>
Total bonds payable	<u>133,588,871</u>	<u>-</u>	<u>7,950,652</u>	<u>90,611</u>	<u>-</u>	<u>125,728,830</u>
Total governmental debt	<u>\$ 154,181,941</u>	<u>164,548</u>	<u>13,600,545</u>	<u>90,611</u>	<u>3,376,010</u>	<u>144,212,565</u>

**CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN DEBT
BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Exhibit 2

	<u>Balance at June 30, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2004</u>
Compensated absences	\$ 394,550	\$ 425,872	\$ 389,362	\$ 431,060
Total	<u>394,550</u>	<u>425,872</u>	<u>389,362</u>	<u>431,060</u>
1995 Wastewater Management Authority	8,187,964	-	519,327	7,668,637
1995A Water and Sewer Revenue	1,555,000	-	1,555,000	-
1997 Water Infrastructure Finance Authority	11,503,777	-	620,881	10,882,896
1998A Water and Sewer Revenue	15,575,000	-	640,000	14,935,000
1997B Water and Sewer Refunding	2,995,000	-	670,000	2,325,000
2000 Water and Sewer Revenue	10,615,000	-	525,000	10,090,000
2000 Water Infrastructure Finance Authority, Phase 1	19,417,526	-	761,334	18,656,192
2000 Water Infrastructure Finance Authority, Phase 2	14,010,025	-	509,279	13,500,746
2000 Water Infrastructure Finance Authority, Phase 3	1,964,789	-	66,393	1,898,396
2003 Municipal Development Authority Refunding	2,759,859	-	-	2,759,859
Total bonds	<u>88,583,940</u>	<u>-</u>	<u>5,867,214</u>	<u>82,716,726</u>
Total business-type debt	<u>88,978,490</u>	<u>425,872</u>	<u>6,256,576</u>	<u>83,147,786</u>
Less current portion of debt	<u>6,228,916</u>			<u>5,142,054</u>
Long-term portion of debt	<u>\$ 82,749,574</u>			<u>\$ 78,005,732</u>

CITY OF PEORIA, ARIZONA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2004

Exhibit 3

Fiscal Year	General Obligation						Total General Obligation		
	General Purpose 6% Limitation (1)			Utility Purpose 20% Limitation (1)					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	9,100,000	2,329,264	11,429,264	500,000	498,353	998,353	9,600,000	2,827,617	12,427,617
2006	3,050,000	1,949,140	4,999,140	1,125,000	561,537	1,686,537	4,175,000	2,510,677	6,685,677
2007	2,220,000	1,696,908	3,916,908	1,175,000	622,890	1,797,890	3,395,000	2,319,798	5,714,798
2008	2,095,000	1,456,901	3,551,901	1,480,000	696,123	2,176,123	3,575,000	2,153,024	5,728,024
2009	1,905,000	1,365,654	3,270,654	1,565,000	617,050	2,182,050	3,470,000	1,982,704	5,452,704
2010	1,895,000	1,275,616	3,170,616	1,650,000	531,991	2,181,991	3,545,000	1,807,607	5,352,607
2011	1,530,000	903,949	2,433,949	2,175,000	734,060	2,909,060	3,705,000	1,638,009	5,343,009
2012	1,170,000	643,209	1,813,209	2,290,000	828,751	3,118,751	3,460,000	1,471,960	4,931,960
2013	1,070,000	584,009	1,654,009	2,150,000	735,446	2,885,446	3,220,000	1,319,455	4,539,455
2014	1,115,000	545,074	1,660,074	2,280,000	624,361	2,904,361	3,395,000	1,169,435	4,564,435
2015	350,000	151,802	501,802	3,210,000	858,325	4,068,325	3,560,000	1,010,127	4,570,127
2016	-	-	-	3,435,000	848,875	4,283,875	3,435,000	848,875	4,283,875
2017	-	-	-	3,200,000	693,847	3,893,847	3,200,000	693,847	3,893,847
2018	-	-	-	2,835,000	559,272	3,394,272	2,835,000	559,272	3,394,272
2019	-	-	-	2,970,000	429,800	3,399,800	2,970,000	429,800	3,399,800
2020	-	-	-	2,660,000	303,302	2,963,302	2,660,000	303,302	2,963,302
2021	-	-	-	1,520,000	178,550	1,698,550	1,520,000	178,550	1,698,550
2022	-	-	-	1,590,000	110,130	1,700,130	1,590,000	110,130	1,700,130
2023	-	-	-	1,670,000	37,575	1,707,575	1,670,000	37,575	1,707,575
	<u>\$ 25,500,000</u>	<u>12,901,526</u>	<u>38,401,526</u>	<u>39,480,000</u>	<u>10,470,238</u>	<u>49,950,238</u>	<u>64,980,000</u>	<u>23,371,764</u>	<u>88,351,764</u>

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

Year of Issuance	General Obligation Bond Original		
	Issue Amount	6% Limitation	20% Limitation
1993R	9,900,000	5,475,000	4,425,000
1994	3,675,000	3,675,000	-
1995	4,695,000	1,900,000	2,795,000
1996	6,000,000	-	6,000,000
1998A	5,930,000	-	5,930,000
1998B	4,030,000	3,060,000	970,000
2000	14,860,000	5,740,000	9,120,000
2003	27,570,000	15,345,000	12,225,000
Total	<u>\$ 76,660,000</u>	<u>35,195,000</u>	<u>41,465,000</u>

(continued)

CITY OF PEORIA, ARIZONA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF JUNE 30, 2004

Fiscal Year	Municipal Development Authority (2)			Highway User Revenue			Special Assessment (3)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	2,310,000	1,139,877	3,449,877	230,000	242,190	472,190	1,411,892	828,533	2,240,425
2006	2,525,000	1,038,961	3,563,961	245,000	224,990	469,990	1,403,934	741,339	2,145,273
2007	2,900,000	902,301	3,802,301	260,000	209,525	469,525	1,534,851	653,671	2,188,522
2008	2,965,000	755,497	3,720,497	275,000	195,210	470,210	1,321,700	558,784	1,880,484
2009	3,170,000	601,556	3,771,556	290,000	179,810	469,810	1,424,531	475,027	1,899,558
2010	3,335,000	438,476	3,773,476	305,000	163,295	468,295	1,643,403	384,475	2,027,878
2011	3,740,000	260,484	4,000,484	325,000	145,574	470,574	1,798,378	279,498	2,077,876
2012	1,310,000	155,482	1,465,482	340,000	126,703	466,703	1,395,000	164,470	1,559,470
2013	1,360,000	100,249	1,460,249	360,000	106,662	466,662	1,005,000	72,820	1,077,820
2014	1,400,000	31,139	1,431,139	385,000	85,244	470,244	-	-	-
2015	-	-	-	405,000	62,531	467,531	-	-	-
2016	-	-	-	430,000	38,525	468,525	-	-	-
2017	-	-	-	455,000	13,081	468,081	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
	<u>\$ 25,015,000</u>	<u>5,424,022</u>	<u>30,439,022</u>	<u>4,305,000</u>	<u>1,793,340</u>	<u>6,098,340</u>	<u>12,938,689</u>	<u>4,158,617</u>	<u>17,097,306</u>

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

(3) Includes Sunny Boy Water and Sewer Improvement District Bonds, Arrowhead Shores 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, and 83rd Avenue and Thunderbird Improvement District Bonds.

Fiscal Year	Water and Sewer Revenue			Community Facilities District (4)			DEBT SERVICE REQUIREMENTS GRAND TOTALS		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2005	4,519,566	3,174,777	7,694,343	-	1,315,763	1,315,763	18,071,458	9,528,757
2006	4,775,048	2,952,177	7,727,225	725,000	1,301,263	2,026,263	13,848,982	8,769,407	22,618,389
2007	4,973,775	2,731,414	7,705,189	750,000	1,270,825	2,020,825	13,813,626	8,087,534	21,901,160
2008	4,340,865	2,539,703	6,880,568	775,000	1,236,481	2,011,481	13,252,565	7,438,699	20,691,264
2009	4,501,441	2,340,840	6,842,281	825,000	1,197,450	2,022,450	13,680,972	6,777,387	20,458,359
2010	4,690,629	2,134,960	6,825,589	850,000	1,154,300	2,004,300	14,369,032	6,083,113	20,452,145
2011	4,088,562	1,976,485	6,065,047	925,000	1,106,106	2,031,106	14,581,940	5,406,156	19,988,096
2012	4,245,376	1,810,860	6,056,236	950,000	1,053,125	2,003,125	11,700,376	4,782,600	16,482,976
2013	4,406,212	1,637,842	6,044,054	1,000,000	996,563	1,996,563	11,351,212	4,233,591	15,584,803
2014	4,576,220	1,456,947	6,033,167	1,075,000	935,063	2,010,063	10,831,220	3,677,828	14,509,048
2015	4,750,546	1,268,475	6,019,021	1,125,000	864,844	1,989,844	9,840,546	3,205,977	13,046,523
2016	4,939,354	1,071,723	6,011,077	1,200,000	786,375	1,986,375	10,004,354	2,745,498	12,749,852
2017	5,450,391	838,536	6,288,927	1,275,000	702,844	1,977,844	10,380,391	2,248,308	12,628,699
2018	5,679,152	594,695	6,273,847	1,375,000	613,406	1,988,406	9,889,152	1,767,373	11,656,525
2019	4,977,119	384,793	5,361,912	1,475,000	517,219	1,992,219	9,422,119	1,331,812	10,753,931
2020	3,781,171	222,035	4,003,206	1,575,000	414,281	1,989,281	8,016,171	939,618	8,955,789
2021	3,968,931	50,925	4,019,856	1,675,000	304,594	1,979,594	7,163,931	534,069	7,698,000
2022	1,154,155	5,451	1,159,606	1,775,000	188,156	1,963,156	4,519,155	303,737	4,822,892
2023	138,354	-	138,354	1,900,000	64,125	1,964,125	3,708,354	101,700	3,810,054
	<u>\$ 79,956,867</u>	<u>27,192,638</u>	<u>107,149,505</u>	<u>21,250,000</u>	<u>16,022,783</u>	<u>37,272,783</u>	<u>208,445,556</u>	<u>77,963,164</u>	<u>286,408,720</u>

(4) Vistancia Community Facilities District bonds

**CITY OF PEORIA, ARIZONA
SCHEDULE OF FIXED ASSETS
BY FUNCTION AND CLASSIFICATION
JUNE 30, 2004**

Governmental activities:						
Asset Type	Culture and Recreation	General Government	Police	Fire	Development Services	Highways and Streets
Work in progress (WIP)	\$ 10,734,292	\$ 16,891,161	\$ 363,937	\$ 3,740,989	\$ 71,161	\$ 9,866,176
Land	27,317,673	2,660,514		1,048,451	-	110,099,757
Buildings and Improvements	10,125,894	25,681,128	19,651,678	7,180,569	119,479	-
Furniture	180,236	1,079,151	198,509	154,626	131,805	7,619
Equipment	1,473,997	14,065,424	4,226,667	2,545,033	71,620	6,033,327
Vehicles	975,165	972,462	3,145,874	4,630,403	399,101	1,994,656
Storm Drain System	431,061	-	-	-	-	-
Street System	7,340,741	20,819	-	-	-	276,006,634
Park System	18,407,624	-	-	-	-	-
Sub-total	76,986,683	61,370,659	27,586,665	19,300,071	793,166	404,008,169
Less accumulated depreciation	(9,644,368)	(19,788,442)	(5,511,648)	(3,448,543)	(307,470)	(88,932,343)
Total governmental activities capital assets, net	\$ 67,342,315	\$ 41,582,217	\$ 22,075,016	\$ 15,851,528	\$ 485,696	\$ 315,075,826
Business-type activities:						
	Water Utility	Wastewater Utility	Sanitation Utility	Stadium	Housing Programs	Total
Work in progress (WIP)	\$ 14,338,369	\$ 9,475,993	\$ -	\$ 30,935	\$ -	\$ 23,845,297
Land	1,752,464	3,710,107	-	6,703,349	410,350	12,576,270
Buildings and Improvements	77,050	5,704	-	25,754,320	3,141,152	28,978,226
Furniture	50,314	-	8,013	-	-	58,327
Equipment	558,458	476,951	46,660	414,224	129,478	1,625,771
Vehicles	1,459,114	616,539	6,294,555	348,230	-	8,718,438
Water System	167,731,941	-	-	-	-	167,731,941
Wastewater System	-	120,753,268	-	-	-	120,753,268
Sub-total	185,967,710	135,038,562	6,349,228	33,251,058	3,680,980	364,287,538
Less accumulated depreciation	(25,434,047)	(29,264,482)	(2,919,385)	(7,129,013)	(1,470,715)	(66,217,642)
Total business-type activities capital assets, net	\$ 160,533,663	\$ 105,774,080	\$ 3,429,843	\$ 26,122,045	\$ 2,210,265	\$ 298,069,896

<u>Public Works</u>	<u>Human Services</u>	<u>Total</u>
\$ 1,876,262	\$ -	\$ 43,543,978
6,305,996	307,757	147,740,148
359,520	-	63,118,268
90,665	5,592	1,848,203
200,315	-	28,616,383
1,125,017	609,099	13,851,777
48,016,228	-	48,447,289
8,773	-	283,376,967
-	-	18,407,624
<u>57,982,776</u>	<u>922,448</u>	<u>648,950,637</u>
<u>(9,223,658)</u>	<u>(233,078)</u>	<u>(137,089,550)</u>
<u>\$ 48,759,118</u>	<u>\$ 689,370</u>	<u>\$ 511,861,087</u>

CITY OF PEORIA, ARIZONA
SCHEDULE OF CHANGES IN FIXED ASSETS BY FUNCTION
GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Exhibit 5

Department	Balances July 1, 2003	Additions and Transfers	Deletions and Transfers	Balances June 30, 2004
Culture and Recreation	\$ 60,660,014	\$ 16,451,889	\$ (125,220)	\$ 76,986,683
General Government	43,746,086	17,738,267	(113,694)	\$ 61,370,659
Police	19,935,056	8,102,551	(450,942)	\$ 27,586,665
Fire	13,676,890	5,954,324	(331,143)	\$ 19,300,071
Development Services	754,179	128,145	(89,157)	\$ 793,166
Highways & Streets	382,027,915	22,378,156	(397,902)	\$ 404,008,169
Public Works	56,943,392	1,039,384	-	\$ 57,982,776
Human Services	752,599	169,849	-	\$ 922,448
Sub-total governmental fixed assets	<u>\$ 578,496,131</u>	<u>\$ 71,962,564</u>	<u>\$ (1,508,058)</u>	<u>\$ 648,950,637</u>
Less accumulated depreciation				
Culture and Recreation	(8,340,074)	(1,423,225)	118,931	(9,644,368)
General Government	(17,752,301)	(2,134,357)	98,216	(19,788,442)
Police	(4,749,507)	(1,238,476)	476,335	(5,511,648)
Fire	(2,955,812)	(947,276)	454,545	(3,448,543)
Development Services	(322,658)	(72,038)	87,226	(307,470)
Highways & Streets	(81,075,498)	(8,132,357)	275,512	(88,932,343)
Public Works	(7,890,573)	(1,333,085)		(9,223,658)
Human Services	(158,956)	(74,122)		(233,078)
Sub-total accumulated depreciation	<u>\$ (123,245,379)</u>	<u>\$ (15,354,936)</u>	<u>\$ 1,510,765</u>	<u>\$ (137,089,550)</u>
Total governmental activities capital assets, net	<u>\$ 455,250,752</u>	<u>\$ 56,607,628</u>	<u>\$ 2,707</u>	<u>\$ 511,861,087</u>

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2004**

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Governmental Funds:			
General	MDA Debt Service - debt payments	\$ -	\$ 40,879
	Other Grants - Employee wellness committee subsidy	-	10,000
	Water Utility - capital assets	-	18,025
	ISF - Motor Pool - equipment purchases	-	289,674
	ISF - Self-Insurance - additional subsidy	-	250,000
	ISF- IT Fund - projects	-	537,919
	ISF- IT Fund - computer equipment purchases	-	1,395,735
	Half-Cent - public safety equipment subsidy	500,000	-
	Half-Cent - economic development subsidy	307,760	-
	Half-Cent - office complex reserve	1,000,000	-
	Fund Totals	<u>1,807,760</u>	<u>2,542,232</u>
Half-Cent Sales Tax	General - public safety equipment subsidy	-	500,000
	General - economic development subsidy	-	307,760
	General - office complex reserve	-	1,000,000
	Highway User - streets subsidy	-	1,000,000
	Non-Bond Capital Projects - PSAB construction	-	1,000,000
	MDA Debt Service - debt payments	-	533,455
	Stadium - debt service subsidy	-	102,298
	Fund Totals	<u>-</u>	<u>4,443,513</u>
Highway User	MDA Debt Service - debt payments	-	71,136
	ISF - Motor Pool - equipment purchases	-	88,500
	ISF- IT Fund - projects	-	9,445
	ISF- IT Fund - computer equipment purchases	-	9,823
	Half-Cent - streets subsidy	1,000,000	-
	HURF Bonds Cap Proj - move non-bond cash	1,782	-
	Fund Totals	<u>1,001,782</u>	<u>178,904</u>
Development Fee	Non-Bond Capital Projects - PSAB construction	-	907,897
	ISF - Motor Pool - capital assets	-	68,202
	Fund Totals	<u>-</u>	<u>976,099</u>
GO Bond Capital Projects	GO Bond Debt Service - unspent bond proceeds	-	6,921
	Non-Bond Capital Projects - PSAB construction	-	649,400
	ISF - IT Fund - capital assets	-	57,992
	Fund Totals	<u>-</u>	<u>714,313</u>
Special Assmnt Debt Service	Water Utility - recapitulation	-	772,623
Non-Bond Capital Projects	Water Utility - capital assets	-	141,393
	Wastewater Utility - capital assets	-	837,693
	GO Bond Capital Projects - PSAB construction	649,400	-
	Half-Cent - PSAB construction	1,000,000	-
	Development Fee - PSAB construction	907,897	-
	ISF - IT - capital assets	-	440,529
	Fund Totals	<u>2,557,297</u>	<u>1,419,615</u>
Other Governmental			
Public Transit	ISF - Motor Pool - equipment purchases	-	171,849
	ISF- IT Fund - projects	-	2,875
	ISF- IT Fund - computer equipment purchases	-	2,077
	sub-totals	<u>-</u>	<u>176,801</u>
Other Grants	Police State Forfeiture - IT Fund - capital assets	-	629
	Adult Day to ISF - Motor Pool Fund - equipment purchases	-	40,000
	General to Employee Wellness - subsidy	10,000	-
	sub-totals	<u>10,000</u>	<u>40,629</u>

(continued)

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2004**

Exhibit 6

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Other Governmental (continued)			
MDA Debt Service	General - debt service	40,879	
	Half-Cent - debt service	533,455	
	Highway User - debt service	71,136	
	Water Utility - debt service	41,088	
	Wastewater Utility - debt service	30,571	
	Sanitation Utility - debt service	3,500	
	Stadium - debt service	66,123	
	ISF - Motor Pool - debt service	22,645	
	sub-totals	<u>809,397</u>	<u>-</u>
GO Debt Service	GO Bond Capital Projects - unspent bond proceeds	6,921	-
HURF Bond Capital Proj	Highway User Fund - move non-bond cash	-	1,782
	Fund Totals	<u>826,318</u>	<u>219,212</u>
Total Governmental Funds		<u>6,193,157</u>	<u>11,266,511</u>
Enterprise Funds:			
Water Utility	MDA Debt Service - debt service	-	41,088
	Wastewater Utility - capital assets	26,923	49,828
	IFS - Motor Pool - capital assets	21,342	-
	ISF - Motor Pool - equipment purchases	-	7,500
	ISF - Self-Insurance - additional subsidy	-	400,000
	ISF - Facilities Maintenance - equipment purchases	-	5,000
	ISF- IT Fund - projects	-	18,481
	ISF- IT Fund - computer equipment purchases	-	29,351
	ISF- IT Fund - capital assets	-	1,283
	General -capital assets	18,025	-
	Non-Bond Capital Projects - capital assets	141,393	-
	Special Assessment Debt Service - recapitulation	772,623	-
	Fund Totals	<u>980,306</u>	<u>552,531</u>
Wastewater Utility	MDA Debt Service - debt service	-	30,571
	ISF- IT Fund - projects	-	4,928
	ISF- IT Fund - computer equipment purchases	-	3,559
	ISF - Motor Pool - equipment purchases	-	2,000
	ISF - Motor Pool - capital assets	2,753	
	Water Utility - capital assets	49,828	26,923
	Non-Bond Capital Projects - capital assets	837,693	-
	Fund Totals	<u>890,274</u>	<u>67,981</u>
Sanitation Utility	MDA Debt Service - debt service	-	3,500
	ISF- IT Fund - projects	-	3,286
	ISF- IT Fund - computer equipment purchases	-	2,374
	ISF - Motor Pool - capital assets	187	-
	ISF - Motor Pool - equipment purchases	-	29,000
	Fund Totals	<u>187</u>	<u>38,160</u>
Stadium	MDA Debt Service - debt service	-	66,123
	ISF - Motor Pool - capital assets	183	-
	ISF - Facilities - capital assets	166,921	-
	ISF- IT Fund - projects	-	2,053
	ISF- IT Fund - computer equipment purchases	-	5,211
	Half-Cent - debt service subsidy	102,298	-
	ISF - Motor Pool - equipment purchases	-	4,000
	Fund Totals	<u>269,402</u>	<u>77,387</u>
Total Enterprise Funds		<u>2,140,169</u>	<u>736,059</u>

(continued)

**CITY OF PEORIA, ARIZONA
SCHEDULE OF INTERFUND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2004**

Exhibit 6

Fund Out	Purpose	Transfers In	Transfers Out
Internal Service Funds			
Motor Pool	MDA Debt Service - debt service	-	22,645
	Water Utility - equipment purchases	7,500	-
	Wastewater Utility - equipment purchases	2,000	-
	Sanitation Utility - equipment purchases	29,000	-
	Stadium - equipment purchases	4,000	-
	ISF - Self-Insurance - capital assets	23,545	-
	ISF - Facilities Maintenance - equipment purchases	1,000	-
	ISF- IT Fund - projects	-	2,875
	ISF- IT Fund - computer equipment purchases	-	15,378
	General - equipment purchases	289,674	-
	Highway User - equipment purchases	88,500	-
	Development Fee - capital assets	68,202	-
	Other Governmental - Transit - equipment purchases	171,849	-
	Other Governmental - Other Grants - equipment purchases	40,000	-
	Water Utility - capital assets	-	21,342
	Wastewater Utility - capital assets	-	2,753
	Sanitation Utility - capital assets	-	187
	Stadium - capital assets	-	183
	Fund Totals	<u>725,270</u>	<u>65,363</u>
Self-Insurance	ISF - Motor Pool Fund - capital assets	-	23,545
	General - additional subsidy	250,000	-
	Water Utility - additional subsidy	400,000	-
	Fund Totals	<u>650,000</u>	<u>23,545</u>
Facilities Maintenance	Water Utility - equipment purchases	5,000	-
	ISF - Motor Pool - equipment purchases	-	1,000
	ISF- IT Fund - projects	-	9,035
	ISF- IT Fund - computer equipment purchases	-	6,527
	ISF - IT Fund - capital assets	-	31,076
	Stadium - capital projects	-	166,921
	Fund Totals	<u>5,000</u>	<u>214,559</u>
Information Technology	General - computer projects	537,919	-
	General - computer equipment purchases	1,395,735	-
	Highway User - computer projects	9,445	-
	Highway User - computer equipment purchases	9,823	-
	GO Bond Capital Projects - capital assets	57,992	-
	Non-Bond Capital Projects - capital assets	440,529	-
	Other Governmental -Transit - computer projects	2,875	-
	Other Governmental -Transit - computer equipment purchases	2,077	-
	Other Governmental - Other Grants - capital assets	629	-
	Water Utility - computer projects	18,481	-
	Water Utility - computer equipment purchases	29,351	-
	Water Utility - capital assets	1,283	-
	Wastewater Utility - computer projects	4,928	-
	Wastewater Utility - computer equipment purchases	3,559	-
	Sanitation Utility - computer projects	3,286	-
	Sanitation Utility - computer equipment purchases	2,374	-
	Stadium - computer projects	2,053	-
	Stadium - computer equipment purchases	5,211	-
	ISF - Motor Pool - computer projects	2,875	-
	ISF - Motor Pool - computer equipment purchases	15,378	-
	ISF - Facilities - computer projects	9,035	-
	ISF - Facilities - computer equipment purchases	6,527	-
	ISF - Facilities - capital assets	31,076	-
	Fund Totals	<u>2,592,441</u>	<u>-</u>
	Total Internal Service Funds	<u>3,972,711</u>	<u>303,467</u>
	Grand Totals	<u>12,306,037</u>	<u>12,306,037</u>



Statistical Section

Financial presentations included in the Statistical Section provide data on the financial, physical and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.

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**CITY OF PEORIA, ARIZONA
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST FOUR FISCAL YEARS**

Fiscal Year	Charges for Service	Operating Grants & Contributions	Capital Grants & Contributions	Sales & Use Taxes	Property Taxes
2001	\$ 49,302,699	\$ 8,627,749	\$ 22,721,543	\$ 33,621,787	\$ 8,890,558
2002	51,894,770	9,832,568	26,331,637	33,711,972	10,418,523
2003	56,906,522	10,938,594	22,850,022	35,932,415	11,378,846
2004	61,441,897	10,579,847	28,194,842	40,579,522	12,665,255

- NOTE
- 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.
 - These amounts are presented on the accrual basis of accounting.

Source - City financial records, Statement of Activities.

Table I

Franchise Taxes	State Shared Revenues	Donations of Capital Assets	Investment Earnings	Other	Total
\$ 2,022,335	\$ 18,917,473	\$ 12,550,323	\$ 14,785,818	\$ 394,823	\$ 171,835,108
2,327,874	23,247,280	27,217,425	10,752,661	18,930,154	214,664,864
2,291,179	24,129,802	24,297,191	5,329,867	1,578,537	195,632,975
2,495,803	23,294,333	33,874,090	3,047,660	1,443,908	217,617,157

**CITY OF PEORIA, ARIZONA
GOVERNMENT-WIDE REVENUES BY FUNCTION
LAST FOUR FISCAL YEARS**

Fiscal Year	Governmental Activities					
	General Government	Culture & Recreation	Police	Fire	Development Services	Highways & Streets
2001	\$ 2,168,542	\$ 6,345,709	\$ 1,357,792	\$ 542,501	\$ 4,814,347	\$ 12,647,320
2002	2,390,822	7,036,365	1,023,801	588,650	4,034,695	14,181,706
2003	2,502,453	7,017,008	1,147,435	1,375,502	4,735,581	9,227,910
2004	2,982,712	8,427,932	1,697,650	1,553,178	4,756,969	10,434,552

- NOTE
- 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.
 - These amounts are presented on the accrual basis of accounting.

Source - City financial records, Statement of Activities.

Table II

Governmental Activities (continued)				Business-type Activities		
Public Works	Human Services	Other	Unallocated General Revenues	Total Governmental	Water Utility	Wastewater Utility
\$ 930,258	\$ 1,758,596	\$ 2,029,139	\$ 78,381,852	\$ 110,976,056	\$ 22,324,603	\$ 13,026,693
1,558,305	1,684,086	3,804,290	93,186,874	129,489,594	27,163,353	13,505,843
3,063,471	2,463,319	973,285	88,156,046	120,662,010	32,265,011	15,410,509
5,887,194	1,726,236	859,781	95,822,429	134,148,633	35,376,653	14,629,609

(continued)

**CITY OF PEORIA, ARIZONA
GOVERNMENT-WIDE REVENUES BY FUNCTION
LAST FOUR FISCAL YEARS**

Table II

<u>Fiscal Year</u>	<u>Business-type Activities (continued)</u>				<u>Total Business-type</u>	<u>Total Primary Government</u>
	<u>Sanitation Utility</u>	<u>Stadium</u>	<u>Housing</u>	<u>Unallocated General Revenues</u>		
2001	\$ 7,670,435	\$ 4,782,876	\$ 253,180	\$ 12,801,265	\$ 60,859,052	\$ 171,835,108
2002	7,633,584	3,174,210	279,265	33,419,015	85,175,270	214,664,864
2003	8,031,180	2,225,211	257,263	16,781,791	74,970,965	195,632,975
2004	8,493,458	3,133,022	257,640	21,578,142	83,468,524	217,617,157

**CITY OF PEORIA, ARIZONA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST FOUR FISCAL YEARS**

Table III

Fiscal Year	Governmental Activities					
	General Government	Culture & Recreation	Police	Fire	Development Services	Highways & Streets
2001	\$ 10,654,086	\$ 9,962,666	\$ 13,334,357	\$ 8,500,589	\$ 3,534,282	\$ 13,830,180
2002	12,510,874	11,926,736	15,018,206	9,155,641	3,447,617	14,507,609
2003	13,966,159	12,488,931	18,400,046	10,361,499	4,178,383	16,423,295
2004	16,762,082	13,580,663	19,519,868	11,025,133	4,280,766	16,554,235

NOTE - 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.
- These amounts are presented on the accrual basis of accounting and include depreciation expense.

Source - City financial records, Statement of Activities.

**CITY OF PEORIA, ARIZONA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST FOUR FISCAL YEARS**

Governmental Activities (continued)						
Fiscal Year	Public Works	Human Services	Other	Interest on LT Debt	Unallocated Depreciation	Total Governmental
2001	\$ 2,518,683	\$ 1,582,952	\$ 4,518	\$ 5,635,399	\$ 1,541,927	\$ 71,099,639
2002	3,630,838	1,597,081	8,025	5,542,309	604,962	77,949,898
2003	4,647,879	2,551,175	42,488	6,186,918	587,006	89,833,779
2004	4,460,277	1,665,219	32,049	6,884,380	582,180	95,346,852

Business-type Activities						
Water Utility	Wastewater Utility	Sanitation Utility	Stadium	Housing	Total Business-type	Total Primary Government
\$ 14,222,685	\$ 9,237,170	\$ 6,564,782	\$ 5,378,906	\$ 281,411	\$ 35,684,954	\$ 106,784,593
18,106,642	10,880,229	6,896,802	5,673,177	345,064	41,901,914	119,851,812
18,886,650	12,274,198	7,787,634	3,916,869	347,606	43,212,957	133,046,736
21,344,055	11,049,354	7,798,343	4,341,127	357,785	44,890,664	140,237,516

**CITY OF PEORIA, ARIZONA
GOVERNMENTAL ACTIVITIES EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Development Services	Public Safety	Highways and Streets
1995	\$ 4,919,456	\$ 2,574,664	\$ 10,427,139	\$ 3,731,266
1996	6,437,638	2,870,709	11,004,010	3,372,083
1997	8,881,480	3,852,944	12,995,499	3,441,970
1998	9,435,334	3,780,819	14,612,506	4,918,314
1999	13,333,772	4,042,788	15,751,383	4,548,800
2000	14,915,711	4,348,716	17,441,886	5,959,910
2001	10,206,091	5,192,403	20,797,534	6,704,977
2002	13,473,328	5,991,876	23,739,341	7,752,287
2003	13,098,033	7,312,693	27,096,246	8,740,707
2004	15,403,431	7,361,497	29,103,682	8,825,795

NOTES - Includes all governmental funds including General, Special Revenue, Debt Service and Capital Projects fund types
 - With the implementation of GASB Statement #34 in fiscal year 2001, the reporting of some functions were changed on the Statement of Revenues, Expenditures and Changes in Fund Balances. General Government above includes Other from the Statement of Revenues, Expenditures, and Changes in Fund Balances; Development Services includes Public Works; Public Safety includes Fire and Police; Culture and Recreation includes Human Services.

Source - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Table IV

Culture and Recreation	Capital Outlay	Debt Service	Total
\$ 5,114,814	\$ 8,706,418	\$ 8,911,076	\$ 44,384,833
6,403,108	5,018,992	9,703,190	44,809,730
7,783,548	6,481,690	10,678,797	54,115,928
7,682,661	12,901,587	13,682,831	67,014,052
8,818,465	14,333,847	11,956,182	72,785,237
9,449,959	16,673,212	12,275,895	81,065,289
10,554,786	22,993,500	15,401,013	91,850,304
12,501,474	20,817,224	14,930,840	99,206,370
13,791,074	24,209,115	17,531,211	111,779,079
13,986,493	52,502,380	16,037,562	143,220,840

**CITY OF PEORIA, ARIZONA
GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Inter-governmental</u>	<u>Federal Government</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>
1995	\$ 17,730,925	\$ 13,609,860	\$ 704,193	\$ 5,463,686	\$ 1,182,923
1996	20,644,338	14,994,462	1,166,891	7,920,249	2,074,101
1997	23,644,010	19,402,731	2,063,524	9,962,667	2,074,897
1998	28,263,140	20,470,247	1,639,998	11,620,887	3,495,910
1999	33,085,735	22,585,043	1,772,901	12,537,838	3,406,197
2000	38,420,066	24,795,881	2,243,835	13,972,714	4,416,214
2001	44,534,680	29,832,060	2,251,373	12,384,749	2,847,785
2002	46,097,098	33,486,173	1,700,855	13,497,278	2,771,677
2003	49,675,987	33,524,593	3,552,001	14,719,159	3,022,495
2004	55,774,213	32,500,445	2,340,738	18,430,649	3,597,522

Source - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Table V

<u>Fines and Forfeitures</u>	<u>Rents</u>	<u>Investment Earnings</u>	<u>Special Assessments</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 368,882	\$ 97,983	\$ 1,284,080	\$ 1,902,576	\$ 952,078	\$ 43,297,186
524,181	112,905	1,835,092	1,366,559	372,023	51,010,801
642,018	108,060	2,841,758	1,337,060	363,315	62,440,040
838,890	132,477	2,950,804	974,162	1,586,786	71,973,301
838,607	146,021	3,518,012	2,026,300	957,553	80,874,207
796,459	160,742	4,074,836	1,559,116	1,589,749	92,029,612
1,159,057	30,217	6,797,894	2,028,389	1,167,055	103,033,259
1,080,542	58,606	4,765,132	2,225,642	3,610,289	109,293,292
1,093,438	70,952	2,669,885	3,142,875	1,089,570	112,560,955
1,086,327	89,829	1,467,703	2,598,445	3,293,560	121,179,431

**CITY OF PEORIA, ARIZONA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Table VI

Fiscal Year	Transaction Taxes	Franchise Taxes	Property Taxes				Total Property Taxes	Total Taxes
			Primary Taxes	Secondary Taxes	Special Districts *	In Lieu Taxes		
1995	\$ 12,595,123	\$ 760,817	\$ 917,957	\$ 2,968,355	\$ 110,896	\$ 377,777	\$ 4,374,985	\$ 17,730,925
1996	15,024,029	1,094,631	1,061,010	3,010,462	135,772	318,434	4,525,678	20,644,338
1997	17,870,399	1,021,146	1,124,120	3,197,343	130,900	300,102	4,752,465	23,644,010
1998	21,193,261	1,230,062	1,230,933	3,978,671	177,314	452,899	5,839,817	28,263,140
1999	24,999,105	1,446,562	1,196,827	4,947,844	205,678	289,719	6,640,068	33,085,735
2000	29,172,894	1,720,817	1,357,963	5,709,744	183,425	275,222	7,526,354	38,420,065
2001	33,621,787	2,022,335	1,580,367	6,689,726	384,380	236,085	8,890,558	44,534,680
2002	33,711,972	2,327,874	1,638,719	7,713,406	512,196	192,931	10,057,252	46,097,098
2003	35,932,415	2,291,179	1,838,829	8,603,538	834,891	175,135	11,452,393	49,675,987
2004	40,579,522	2,495,803	2,077,178	9,749,392	619,973	252,345	12,698,888	55,774,213

NOTE - 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 - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
- City financial records and reports

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

Table VII

Fiscal Year	Retail Sales	Contracting	Rentals	Telecom/ Utilities	Restaurant/ Bars	Use Tax	Other	Total
1995	\$ 5,979,044	\$ 2,430,872	\$ 1,041,618	\$ 1,473,269	\$ 986,157	\$ 212,170	\$ 471,993	\$ 12,595,123
1996	7,680,815	2,673,269	1,333,349	1,497,215	1,179,432	281,640	378,309	15,024,029
1997	8,877,601	3,485,712	1,665,035	1,589,205	1,471,208	333,794	447,844	17,870,399
1998	10,626,604	4,219,460	1,927,925	1,637,627	1,724,145	301,213	756,287	21,193,261
1999	12,345,170	5,554,362	2,244,361	1,878,456	2,070,678	454,945	451,133	24,999,105
2000	14,738,906	5,870,856	2,618,602	2,198,530	2,283,606	788,801	673,593	29,172,894
2001	15,148,939	6,433,978	3,099,174	2,327,243	2,789,325	2,754,177	1,068,951	33,621,787
2002	17,456,584	5,066,482	3,065,400	2,782,633	3,223,465	897,835	1,219,573	33,711,972
2003	18,284,743	5,372,308	3,315,297	2,975,342	3,944,702	602,119	1,437,904	35,932,415
2004	19,946,715	6,147,387	3,756,875	3,260,304	4,432,723	599,172	2,436,346	40,579,522

NOTE - Includes all governmental fund types

Source - City financial records and reports

**CITY OF PEORIA, ARIZONA
INTERGOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	State Shared Sales Tax	Urban Revenue Sharing	HURF Revenues	Auto in-Lieu
1995	\$ 3,903,484	\$ 3,670,977	\$ 3,367,207	\$ 1,438,537
1996	4,240,089	4,040,150	3,655,513	1,272,477
1997	5,262,978	5,710,921	4,847,374	1,990,487
1998	5,558,631	6,468,099	4,675,405	2,128,508
1999	5,958,570	7,513,864	5,091,160	2,516,193
2000	6,549,653	8,297,259	5,334,646	2,771,158
2001	6,971,235	8,891,990	5,606,104	3,054,248
2002	8,350,576	11,321,449	6,719,940	3,575,255
2003	8,474,910	11,386,513	7,020,920	4,268,379
2004	9,116,684	9,786,943	7,501,918	4,390,706

NOTES - Includes all governmental fund types.
- All governmental revenues, including revenues from federal government

Source - City financial records and reports

Table VIII

Local Transportation Aid		Other	Federal	Total			
\$	450,464	\$	779,192	\$	704,193	\$	14,314,053
	473,654		1,312,578		1,166,891		16,161,353
	486,126		1,104,845		2,063,524		21,466,255
	511,915		1,127,689		1,639,998		22,110,245
	528,376		976,880		1,772,901		24,357,944
	551,269		1,291,896		2,243,835		27,039,716
	598,664		4,709,819		2,251,373		32,083,433
	615,115		2,903,838		1,700,855		35,187,028
	639,879		1,733,992		3,552,001		37,076,594
	650,734		1,053,460		2,340,738		34,841,183

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

Fiscal Year	Governmental					
	Streets	Parks/ Recreation	Library	Public Safety	General Government	Total Governmental
1995	\$ -	\$ 418,303	\$ 144,864	\$ 245,908	\$ -	\$ 809,075
1996	-	655,470	229,325	308,901	-	1,193,696
1997	-	396,147	192,064	245,794	-	834,005
1998	-	997,702	372,611	440,991	-	1,811,304
1999	-	721,216	330,070	452,779	-	1,504,065
2000	215,358	1,110,776	436,814	531,464	112,669	2,407,081
2001	1,846,867	2,117,536	460,258	909,116	926,097	6,259,874
2002	1,911,146	2,346,030	476,734	929,164	941,436	6,604,510
2003	2,064,748	2,089,955	457,898	1,124,351	1,012,151	6,749,103
2004	2,740,580	2,778,480	586,200	1,461,477	1,381,237	8,947,974

Source - City financial records

Table IX

Business-type					
Water Expansion	Water Resource	Wastewater Expansion	Sanitation Expansion	Total Business-type	Grand Total
\$ 1,008,588	\$ -	\$ 1,360,139	\$ 494,827	\$ 2,863,554	\$ 3,672,629
1,692,383	-	2,245,918	821,409	4,759,710	5,953,406
1,303,500	-	1,896,686	580,367	3,780,553	4,614,558
2,772,858	-	4,017,555	1,308,440	8,098,853	9,910,157
1,994,610	-	4,920,157	915,034	7,829,801	9,333,866
2,395,778	16,882	6,101,944	1,450,380	9,964,984	12,372,065
2,431,800	185,934	3,421,540	870,682	6,909,956	13,169,830
4,458,106	475,237	3,899,520	597,474	9,430,337	16,034,847
7,013,267	887,389	4,786,965	753,660	13,441,281	20,190,384
7,025,548	1,287,101	3,658,370	765,334	12,736,353	21,684,327

**CITY OF PEORIA, ARIZONA
OPERATING FUND BALANCES/NET ASSETS
BY FUND TYPE
LAST TEN FISCAL YEARS**

Table X

Fiscal Year	General Fund (1)	Special Revenue Funds (1)	Enterprise Funds (2)	Internal Service Funds (2)	Totals (3)
1995	\$ 11,658,004	\$ 3,190,139	\$ 22,135,314	\$ 6,144,412	\$ 43,127,869
1996	16,945,587	3,896,960	33,279,648	7,890,519	62,012,714
1997	25,463,842	6,040,080	39,424,550	11,134,211	82,062,683
1998	35,994,395	3,889,240	46,217,661	16,692,819	102,794,115
1999	49,534,064	4,767,861	54,638,491	16,640,776	125,581,192
2000	65,040,369	5,271,326	68,759,123	16,542,596	155,613,414
2001	53,668,984	35,233,030	229,042,486	18,280,777	336,225,277
2002	44,312,805	38,699,945	273,918,544	22,735,461	379,666,755
2003	42,685,861	44,089,026	308,921,033	23,481,462	419,177,382
2004	47,051,153	46,777,911	362,710,519	25,688,757	482,228,340

- (1) Prior to fiscal year 2001, the General Fund included the Half-Cent Sales Tax Fund and Development Fee Funds. With the implementation of GASB Statement #34 for FY2001, these other funds became special revenue funds, separate from the General Fund.
- (2) Prior to the implementation of GASB Statement #34, Retained Earning of Enterprise and Internal Service funds did not include contributed capital. With the implementation of GASB Statement #34 in FY01, Net Assets are now reported. Net Assets includes contributed capital.
- (3) This schedule does not include Debt Service Funds, Capital Project Funds or Fiduciary Funds.

**CITY OF PEORIA, ARIZONA
GENERAL FUND - FUND BALANCES
LAST TEN FISCAL YEARS**

Table XI

Fiscal Year	Unreserved/ Undesignated Fund Balance	Total Fund Balance	Undesignated as a % of current year revenues (1)
1995	\$ 4,976,434	\$ 11,658,004	16.0%
1996	9,297,328	16,945,587	24.8%
1997	14,917,363	25,463,842	32.3%
1998	19,543,680	35,994,395	35.2%
1999	25,139,606	49,534,064	40.5%
2000	33,214,289	65,040,369	47.1%
2001 (2)	25,064,665	53,668,984	43.4%
2002	18,471,697	44,312,805	29.7%
2003	16,425,424	42,685,861	25.2%
2004	13,193,099	47,051,153	18.8%

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

(2) Prior to fiscal year 2001, the General Fund included the Half-Cent Sales Tax Fund and Development Fee Funds. With the implementation of GASB Statement #34, these other funds became special revenue funds, separate from the General Fund.

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

Tax rates per \$100 assessed valuations

<u>Fiscal Year</u>	<u>Type</u>	<u>City</u>	<u>School District (1)</u>	<u>County (2)</u>	<u>State</u>	<u>Total</u>
1995	Primary	\$ 0.40	\$ 5.22	\$ 2.66	\$ 0.47	\$ 8.75
	Secondary	1.28	3.08	0.56		4.92
1996	Primary	0.40	5.46	2.63	0.47	8.96
	Secondary	1.09	3.05	0.81		4.95
1997	Primary	0.40	5.28	2.61	-	8.29
	Secondary	1.11	3.50	0.76		5.37
1998	Primary	0.36	4.64	2.64	-	7.64
	Secondary	1.16	4.82	0.83		6.81
1999	Primary	0.32	4.82	2.66	-	7.80
	Secondary	1.30	5.16	0.78		7.24
2000	Primary	0.32	4.75	2.68	-	7.75
	Secondary	1.30	4.95	0.74		6.99
2001	Primary	0.32	4.87	2.64	-	7.83
	Secondary	1.30	4.63	0.70		6.63
2002	Primary	0.29	4.32	2.64	-	7.25
	Secondary	1.30	4.40	0.65		6.35
2003	Primary	0.29	4.41	2.66	-	7.36
	Secondary	1.30	4.28	0.62		6.20
2004	Primary	0.29	4.56	2.70	-	7.55
	Secondary	1.30	4.04	0.52		5.86

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

	Dysart	Deer Valley
Primary	\$ 4.59	\$ 4.33
Secondary	1.32	2.80

(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	\$ 1.21	\$ 0.07
Education Equalization	0.47	-
Community College District	0.94	0.14
County Flood Control District	-	0.21
Fire District Assistance	-	0.01
County Free Library	-	0.05
Central AZ Water Conservation	0.08	0.04
	<u>\$ 2.70</u>	<u>\$ 0.52</u>

Source - Maricopa County Assessor - Tax Rates and Levies publication

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

Tax Levies

Fiscal Year	Type	City	School District (1)	County (2)	State	Total
1995	Primary	\$ 951,000	\$ 21,844,680	\$ 354,209,514	\$ 62,520,935	\$ 439,526,129
	Secondary	3,079,792	13,129,511	61,762,339		77,971,642
1996	Primary	1,046,458	25,229,130	355,357,558	63,420,563	445,053,709
	Secondary	2,925,930	14,614,253	103,076,048		120,616,231
1997	Primary	1,120,938	25,917,836	365,128,307	-	392,167,081
	Secondary	3,196,400	17,472,851	98,494,489		119,163,740
1998	Primary	1,230,590	28,610,974	394,837,918	-	424,679,482
	Secondary	4,180,220	28,494,091	119,207,803		151,882,114
1999	Primary	1,200,924	26,059,009	426,667,921	-	453,927,854
	Secondary	5,010,680	27,839,438	120,255,268		153,105,386
2000	Primary	1,367,471	31,023,072	469,465,347	-	501,855,890
	Secondary	5,761,359	33,823,043	129,292,449		168,876,851
2001	Primary	1,585,084	35,993,776	512,232,252	-	549,811,112
	Secondary	6,729,710	36,136,167	137,665,480		180,531,357
2002	Primary	1,675,077	36,367,657	563,545,711	-	601,588,445
	Secondary	7,901,877	38,874,484	141,844,666		188,621,027
2003	Primary	1,836,000	39,965,149	611,337,637	-	653,138,786
	Secondary	8,616,211	40,456,138	144,920,909		193,993,258
2004	Primary	2,077,622	45,718,267	667,624,371	-	715,420,260
	Secondary	9,755,580	42,454,023	157,424,147		209,633,750

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

	Dysart	Deer Valley
Primary	\$ 21,573,755	\$ 57,772,201
Secondary	6,689,959	40,107,578

(2) These tax levies 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	\$ 308,122,580	\$ 19,234,591
Education Equalization	120,037,513	-
Community College District	239,464,278	37,777,314
County Flood Control District	-	51,153,993
Fire District Assistance	-	1,931,237
County Free Library	-	14,316,032
Central AZ Water Conservation	-	33,010,980
	<u>\$ 667,624,371</u>	<u>\$ 157,424,147</u>

Sources - Maricopa County Assessor - Tax Rates and Levies publication

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

Table XIII

Fiscal Year	Current Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collection as Percent of Current Levy
1995	\$ 4,030,792	\$ 3,871,000	96.0%	\$ 15,312	\$ 3,886,312	96.4%
1996	4,050,515	3,972,260	98.1%	20,957	3,993,217	98.6%
1997	4,317,338	4,300,683	99.6%	20,779	4,321,462	100.1%
1998	5,410,810	5,193,606	96.0%	15,998	5,209,604	96.3%
1999	6,211,604	6,120,026	98.5%	24,645	6,144,671	98.9%
2000	7,128,830	7,045,289	98.8%	22,418	7,067,707	99.1%
2001	8,314,794	8,120,403	97.7%	149,690	8,270,093	99.5%
2002	9,576,954	9,234,358	96.4%	117,765	9,352,123	97.7%
2003	10,452,211	10,209,517	97.7%	325,376	10,534,893	100.8%
2004	11,833,202	11,624,426	98.2%	251,331	11,875,757	100.4%

Sources - Maricopa County Treasurer
- City financial records and reports

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.

CITY OF PEORIA, ARIZONA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table XIV

Fiscal Year	Type	Assessed Value	Percent Increase	Estimated Actual Value (1)	Percent of Assessed Value to Estimated Actual Value
1995	Primary	\$ 235,813,105	6.05%	\$ 2,056,279,322	11.5%
	Secondary	240,679,009	5.85%		2,096,932,952
1996	Primary	258,544,548	9.64%	2,315,639,312	11.2%
	Secondary	268,581,583	11.59%		2,384,168,747
1997	Primary	281,790,138	8.99%	2,487,430,860	11.3%
	Secondary	287,258,125	6.95%		2,523,490,925
1998	Primary	337,232,514	19.68%	2,966,435,756	11.4%
	Secondary	359,595,270	25.18%		3,157,894,607
1999	Primary	369,628,826	9.61%	3,247,430,744	11.4%
	Secondary	384,697,103	6.98%		3,365,492,995
2000	Primary	426,785,999	15.46%	3,744,729,205	11.4%
	Secondary	448,127,721	16.49%		3,910,651,859
2001	Primary	492,232,405	15.33%	4,272,881,111	11.5%
	Secondary	521,704,006	16.42%		4,502,876,658
2002	Primary	577,612,761	17.35%	5,067,038,129	11.4%
	Secondary	607,836,669	16.51%		5,405,768,822
2003	Primary	633,103,381	9.61%	5,584,361,202	11.3%
	Secondary	662,785,441	9.04%		5,868,802,159
2004	Primary	716,421,283	13.16%	6,368,111,108	11.3%
	Secondary	750,429,221	13.22%		6,743,773,145

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

(1) Actual full cash value net of estimated value of property exempt from taxation.

**CITY OF PEORIA, ARIZONA
SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION
LAST TEN FISCAL YEARS**

Table XV

Fiscal Year	Property Classifications							Total
	Commercial, Industrial, Mines & Utilities	Agriculture & Vacant	Residential (Owner occupied)	Residential (Rental occupied)	Railroad	Historic & Environmental	Public Property Improvements	
1995	\$ 64,628,763	\$ 30,676,663	\$ 131,554,878	\$ 13,119,480	\$ 676,200	\$ 23,025	\$ -	\$ 240,679,009
1996	66,389,702	30,762,891	156,599,120	14,027,419	801,671	-	780	268,581,583
1997	76,286,117	29,194,770	166,038,625	14,867,302	758,676	112,235	400	287,258,125
1998	87,255,237	36,158,313	217,493,444	17,781,585	789,292	116,999	400	359,595,270
1999	95,383,002	37,217,844	229,616,621	21,328,181	1,063,094	86,391	1,970	384,697,103
2000	106,059,247	40,917,076	267,224,220	26,956,291	1,008,673	163,835	1,475	442,330,817
2001	128,361,247	43,750,084	316,200,286	32,258,579	1,073,870	58,510	1,430	521,704,006
2002	151,050,647	48,748,154	371,374,428	35,543,344	1,094,881	25,215	-	607,836,669
2003	170,508,040	50,351,826	403,937,371	37,003,847	955,802	28,555	-	662,785,441
2004	190,086,111	51,802,238	464,911,130	42,487,659	951,301	190,782	-	750,429,221

Notes 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 Years	Mines (b)	Utilities (b)	Railroads, Private Car, and Airline Flight Property (c)	Commercial and Industrial (d)	Residential	Agriculture and Vacant Land (d)
1995	29%	29%	27%	25%	10%	16%
1996	28%	28%	24%	25%	10%	16%
1997	27%	27%	23%	25%	10%	16%
1998	26%	26%	22%	25%	10%	16%
1999	25%	25%	21%	25%	10%	16%
2000	-	-	21%	25%	10%	16%
2001	-	-	21%	25%	10%	16%
2002	-	-	21%	25%	10%	16%
2003	-	-	21%	25%	10%	16%
2004	-	-	20%	25%	10%	16%

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) Beginning with tax year 2000, mining and utility properties are included in the same class property as the commercial and industrial properties.
- (c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.
- (d) Beginning in 1995, an annually adjusted exemption exists for commercial, industrial and agricultural property. Any portion of the full cash value in excess of that exemption is assessed at 25% or 16% as applicable.

Source - Arizona Department of Revenue - Property Tax Division abstract of the assessment roll

**CITY OF PEORIA, ARIZONA
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2004**

Table XVI

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003-2004 Secondary Assessed Valuation</u>	<u>As a Percentage of City Total Secondary Assessed Valuation</u>
Salt River Project	Electric Utility	\$15,821,599	2.11%
Arizona Public Service	Gas & Electric Utility	12,726,121	1.70%
Qwest Communications	Telecommunications	11,157,954	1.49%
Cox Communications	Cable and Telecommunications	5,862,831	0.78%
Sprint Spectrum LP	Telecommunications	5,762,882	0.77%
Developers Diversified Realty Corp	Shopping Center	5,454,703	0.73%
Larry Miller Real Estate	Auto Sales	5,012,676	0.67%
Southwest Gas Corporation	Gas Utility	3,840,780	0.51%
Target Corporation	Retail	3,692,066	0.49%
Albertsons Inc	Grocery Store	3,540,311	0.47%
Safeway Inc	Grocery Store	3,287,011	0.44%
Plaza III LP	Nursing Home/Apartments	2,898,316	0.39%
North Valley Shopping Center LLC	Shopping Center	2,740,568	0.37%
Camden Operations TR Arizona Inc	Multi-Family Housing	2,550,384	0.34%
Harkins Phoenix Cinemas LLC	Entertainment	2,515,185	0.34%
Lou Grubb Chevrolet Arrowhead	Auto Sales	2,459,818	0.33%
Peoria Sunset LLC	Shopping Center	2,391,973	0.32%
Plaza Del Rio Properties LLC	Medical Clinic	2,147,842	0.29%
Kimco Barclay Peoria Crossings LP	Shopping Center	2,096,642	0.28%
Arizona Medical Clinic	Medical Clinic	2,085,276	0.28%
Lowe's Home Improvement Inc	Retail	2,058,680	0.27%
		<u>\$ 100,103,618</u>	<u>13.34%</u>

Source - Maricopa County Treasurer's Office

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

Table XVII

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Assessments Collected (1)</u>	<u>Prepaid Assessments Collected (1)</u>	<u>Total Assessments Collected</u>	<u>Ratio of Current Collections to Amount Due (1)</u>	<u>Outstanding Assessment Principal (2)</u>
1995	\$ 1,946,409	\$ 2,550,065	\$ -	\$ 2,550,065	131.0%	\$ 13,366,566
1996	1,670,778	1,867,947	-	1,867,947	111.8%	11,940,722
1997	1,589,950	1,532,497	246,111	1,778,608	96.4%	13,269,396
1998	1,232,080	1,228,915	337,129	1,566,044	99.7%	19,109,042
1999	2,192,539	2,184,783	731,042	2,947,065	99.6%	17,174,620
2000	2,106,995	2,098,476	79,724	2,047,152	99.6%	16,140,436
2001	1,954,952	1,932,607	88,160	2,028,389	98.9%	14,675,529
2002	2,069,030	2,061,842	156,055	2,225,642	99.7%	16,256,194
2003	2,301,354	2,291,817	877,315	3,135,900	99.6%	14,086,246
2004	2,088,695	2,069,962	504,165	2,598,391	99.1%	12,345,284

(1) Current collection amounts through fiscal 1996 include prepaid assessments. Does not include delinquent collections.

(2) Principal only. Assessments receivable on statement of revenues, expenditures, and changes in fund balance - governmental funds also includes delinquent interest and penalties due.

Sources - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
- City financial records and reports

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

Table XVIII

Fiscal Year	Population	Secondary Assessed Value	Bonded Debt	Less: Debt Service Reserves	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	74,565	\$ 240,651,961	\$ 28,086,086	\$ 4,289,105	\$ 23,796,981	10%	\$ 319.14
1996	78,310 (1)	268,581,583	37,556,903	4,706,163	32,850,740	12%	419.50
1997	81,900 (1)	287,258,125	36,043,571	4,784,783	31,258,788	11%	381.67
1998	89,930 (1)	359,595,270	34,088,060	5,158,417	28,929,643	8%	321.69
1999	95,000 (1)	384,697,103	38,123,080	6,340,080	31,783,000	8%	334.56
2000	108,364	448,127,721	50,598,318	8,076,539	42,521,779	9%	392.40
2001	115,432 (1)	521,704,006	47,669,600	9,749,163	37,920,437	7%	328.51
2002	122,655 (1)	607,836,669	44,484,200	12,167,776	32,316,424	5%	263.47
2003	127,807 (1)	662,785,441	68,629,389	15,323,333	53,306,056	8%	417.08
2004	129,632 (1)	750,429,221	64,980,000	18,843,020	46,136,980	6%	355.91

(1) Estimated by City's Community Development Department.

(2) Represents face value of general obligation debt outstanding

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

CITY OF PEORIA, ARIZONA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2004

Table XIX

Jurisdiction	Secondary Assessed Valuation	General Obligation Debt Outstanding (1)	Percentage Applicable to City of Peoria	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed (2)
Direct:					
City of Peoria	\$ 750,429,221	\$ 64,980,000	100.00%	\$ 64,980,000	\$ 1.30
Overlapping:					
State of Arizona	40,861,415,479	-	1.84%	-	-
Maricopa County	27,477,987,528	20,165,000	2.73%	550,505	0.07
Community College District	27,477,987,528	261,015,000	0.03%	71,257	0.14
County Flood Control District	24,140,629,062	-	-	-	0.21
County Free Library	27,477,987,528	-	-	-	0.05
Fire District Assistance	27,508,078,052	-	-	-	0.01
Education Equalization	27,477,987,528	-	-	-	-
Central AZ Water Conservation	27,509,149,702	-	-	-	0.04
Sub-total - City-wide overlapping				<u>621,762</u>	
Total City-wide levies				<u>\$ 65,601,762</u>	
Unified School Districts:					
Peoria No. 11	1,050,827,294	199,543,000	71.41%	142,493,656	4.04
Dysart No. 89	507,353,975	21,000,000	0.01%	2,100	1.32
Deer Valley No. 97	1,434,074,301	198,440,000	1.80%	<u>3,571,920</u>	2.80
				<u>146,067,676</u>	
Vistancia Community Facilities District	117,930	21,250,000	100.00%	<u>21,250,000</u>	2.10
Total overlapping				<u>167,939,438</u>	
Total direct and overlapping general obligation bonded debt				<u>\$ 232,919,438</u>	

(1) Includes outstanding discount on Capital Appreciation Bonds.

(2) Maricopa County debt includes outstanding debt for the County free Library District and Maricopa County Flood Control District.

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

- 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
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004**

Table XX

Secondary Assessed value	<u>\$ 750,429,221</u>
Debt limit 6 percent of assessed value	\$ 45,025,753
Amount of debt applicable to debt limit: General purpose general obligation bonds (1)	<u>25,500,000</u>
Legal debt margin for creation of additional debt	<u>\$ 19,525,753</u>
Debt limit 20 percent of assessed value	\$ 150,085,844
Amount of debt applicable to debt limit: Water, sewer, lighting, parks, open space and recreational purpose general obligation bonds	<u>39,480,000</u>
Legal debt margin for creation of additional debt	<u>\$ 110,605,844</u>

Note - See footnote 14 for discussion of 6% and 20% limitations.

Sources - Maricopa County Assessor
- Exhibit 3 to the Financial Statements

CITY OF PEORIA, ARIZONA
BOND AUTHORIZATIONS - ISSUED AND UNISSUED
June 30, 2004

Table XXI

<u>Authorization/Purpose</u>	<u>Authorization</u>	<u>Prior Issues</u>	<u>Current Year Issues</u>	<u>Remaining Authorization</u>
1990 Authorization				
Police, Fire & Public Service	\$ 4,145,000	\$ 4,025,500	\$ -	\$ 119,500
Streets & Traffic Control	17,935,000	15,725,534	-	2,209,466
Subtotal	<u>22,080,000</u>	<u>19,751,034</u>	<u>-</u>	<u>2,328,966</u>
1994 Authorization				
Police, Fire & Public Service	5,975,000	1,506,590	-	4,468,410
Storm Sewer, Flood Protection & Bridges	15,375,000	15,212,755	-	162,245
Streets & Traffic Control	23,700,000	12,763,508	-	10,936,492
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	-	1,791,968
Subtotal	<u>75,150,000</u>	<u>51,513,520</u>	<u>-</u>	<u>23,636,480</u>
1996 Authorization				
Water System	56,500,000	56,124,930	-	375,070
Wastewater System	19,050,000	2,167,224	-	16,882,776
Subtotal	<u>75,550,000</u>	<u>58,292,154</u>	<u>-</u>	<u>17,257,846</u>
1996 WIFA Authorization				
Water/Wastewater	42,480,000	14,330,000	-	28,150,000
2000 Authorization				
Police, Fire & Public Service	18,550,000	6,240,251	-	12,309,749
Storm Sewer & Flood Protection	22,300,000	6,964,992	-	15,335,008
Streets, Bridges & Traffic Control	47,150,000	5,488,318	-	41,661,682
Water System	99,000,000	-	-	99,000,000
Wastewater System	65,000,000	-	-	65,000,000
Parks & Open Space	30,000,000	2,987,895	-	27,012,105
Subtotal	<u>282,000,000</u>	<u>21,681,456</u>	<u>-</u>	<u>260,318,544</u>
Totals	<u>\$ 497,260,000</u>	<u>\$ 165,568,164</u>	<u>\$ -</u>	<u>\$ 331,691,836</u>

Source - City financial records

CITY OF PEORIA, ARIZONA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Table XXII

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest and Other Charges</u>	<u>Total</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures</u>
1995	\$ 4,030,908	\$ 4,856,366	\$ 8,887,274	\$ 44,384,833	20.02%
1996	4,826,461	4,841,671	9,668,132	44,809,730	21.58%
1997	5,689,870	4,961,393	10,651,263	54,115,928	19.68%
1998	8,578,202	5,075,782	13,653,984	67,014,052	20.37%
1999	6,846,203	5,093,165	11,939,368	72,785,237	16.40%
2000	7,359,490	4,908,180	12,267,670	81,065,289	15.13%
2001	9,663,293	5,737,720	15,401,013	91,850,304	16.77%
2002	9,578,372	5,352,468	14,930,840	99,206,370	15.05%
2003	10,612,697	6,918,514	17,531,211	111,779,079	15.68%
2004	9,737,936	6,299,626	16,037,562	143,220,840	11.20%

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



**CITY OF PEORIA, ARIZONA
 PLEDGED REVENUE, DEBT SERVICE REQUIREMENTS
 AND ESTIMATED COVERAGE
 MUNICIPAL DEVELOPMENT AUTHORITY DEBT**

Table XXIII

FISCAL YEAR	Pledged Revenues (1)	Debt Service Requirements			Estimated Coverage (3)
		Principal (2)	Interest (2)	Total Annual Requirements (2)	
2004	\$ 81,769,346	\$ 1,385,000	\$ 611,534	\$ 1,996,534	40.96
2005	92,736,049 (4)	2,055,142	1,017,518	3,072,660	30.18
2006		2,246,421	930,530	3,176,951	29.19
2007		2,580,048	809,868	3,389,916	27.36
2008		2,637,877	679,420	3,317,297	27.96
2009		2,820,260	542,967	3,363,227	27.57
2010		2,967,877	398,284	3,366,161	27.55
2011		3,327,373	240,923	3,568,296	25.99
2012		1,165,470	140,257	1,305,727	71.02
2013		1,209,954	92,526	1,302,480	71.20
2014		1,245,541	31,139	1,276,680	72.64
		<u>23,640,963</u>	<u>5,494,966</u>	<u>29,135,929</u>	

- Notes
- (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. 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 Sewer and Sports Complex allocations of MDA issues are excluded.
 - (3) Coverage for fiscal year 2004 is based on actual revenues and debt service. All other years estimated based on fiscal year 2005 revenue estimates and debt service requirements at 6/30/04.
 - (4) Fiscal year 2005 revenue estimate per adopted budget.

- Source
- Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 - FY05 City budget
 - Debt service schedules, calculated for governmental portion only.

**CITY OF PEORIA, ARIZONA
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue (1)	Operating and Maintenance Expenses (2)	Net Revenue Available for Debt Service	Development Fee Revenue
1995	\$ 13,389,793	\$ 7,767,616	\$ 5,622,177	\$ 2,358,727
1996	18,976,129	9,477,470	9,498,659	3,938,301
1997	19,979,583	10,352,073	9,627,510	3,200,186
1998	21,097,831	12,630,176	8,467,655	6,790,413
1999	25,000,981	16,473,188	8,527,793	6,914,767
2000	30,648,093	15,355,373	15,292,720	8,515,604
2001	35,656,995	15,245,886	20,411,109	6,039,274
2002	36,573,208	20,628,253	15,944,955	8,832,863
2003	37,049,975	22,922,451	14,127,524	12,687,621
2004	39,176,675	22,617,415	16,559,260	11,971,020

(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. FY04 includes a cash defeasance of \$1,475,000 principal.

(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.

Sources - 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

Table XXIV

Total Net Revenue	Debt Service Requirements			Ratio of Total Net Revenue/ Total Bond Expense	Ratio of Net Available/ Total Bond Expense
	Principal (3)	Interest (4)	Total		
\$ 7,980,904	\$ 580,000	\$ 760,389	\$ 1,340,389	5.95	4.19
13,436,960	803,112	1,472,734	2,275,846	5.90	4.17
12,827,696	1,351,849	1,525,941	2,877,790	4.46	3.35
15,258,068	2,047,093	1,876,824	3,923,917	3.89	2.16
15,442,560	2,573,718	1,447,300	4,021,018	3.84	2.12
23,808,324	2,366,910	2,504,469	4,871,379	4.89	3.14
26,450,383	1,975,976	3,147,993	5,123,969	5.16	3.98
24,777,818	3,797,131	3,310,090	7,107,221	3.49	2.24
26,815,145	7,215,071	3,516,929	10,732,000	2.50	1.32
28,530,280	5,867,214	3,422,812	9,290,026	3.07	1.78

**CITY OF PEORIA, ARIZONA
 PLEDGED REVENUE, DEBT SERVICE REQUIREMENTS
 AND ESTIMATED COVERAGE
 UTILITY REVENUE BOND DEBT**

Table XXV

FISCAL YEAR	Pledged Revenues (1)	Debt Service Requirements			Estimated Coverage (3)
		Principal (2)	Interest (2)	Total Annual Requirements	
2004	\$ 28,530,278	\$ 5,867,214	\$ 3,422,812	\$ 9,290,026	3.07
2005	30,355,075	4,680,263	3,251,928	7,932,191	3.60
2006		4,950,701	3,020,546	7,971,247	3.81
2007		5,175,516	2,789,696	7,965,212	3.81
2008		4,547,127	2,587,672	7,134,799	4.25
2009		4,721,964	2,377,783	7,099,747	4.28
2010		4,922,631	2,160,303	7,082,934	4.29
2011		4,348,738	1,988,819	6,337,557	4.79
2012		4,336,507	1,820,460	6,156,967	4.93
2013		4,500,821	1,642,712	6,143,533	4.94
2014		4,673,611	1,456,948	6,130,559	4.95
		<u>52,725,093</u>	<u>26,519,679</u>	<u>79,244,772</u>	

- Notes
- (1) Pledged revenues on Utility Revenue Bonds include operating revenue, investment income, and development fees, less operating expenses except depreciation and amortization.
 - (2) Debt service requirements include principal and interest for Water and Sewer Revenue bonds, Water Infrastructure Finance Authority bonds, and the utility portion of the Municipal Development Authority bonds. FY04 includes cash defeasance of \$1,475,000.
 - (3) Coverage for fiscal years 2004 based on actual revenues and debt service. All other years estimated based on fiscal year 2005 revenue estimates and debt service requirements as of 6/30/04.
- Source
- Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
 - Exhibit 3 to the financial statements - Schedule of Debt Service Requirements to Maturity
 - Debt service schedules, calculated for utility portion only.

**CITY OF PEORIA, ARIZONA
MAJOR EMPLOYERS WITHIN THE CITY
FOR THE YEAR ENDED JUNE 30, 2004**

Table XXVI

Employer	Product/Service	# of Employees
1. Peoria Unified School District	Education	4,250
2. City of Peoria	Local Government	1,532
3. Plaza Del Rio Campus/Freedom Plaza & Care Center	Healthcare/Convalescent Care Facility	612
4. Fry's Food Stores(4 Locations)	Grocery/Retail	469
5. Emmanuel Care Campus	Healthcare/Convalescent Care Facility	354
6. Target (2 Locations)	Retail/Consumer Goods	340
7. Albertson's (3 Locations)	Grocery/Retail	297
8. Safeway (4 Locations)	Grocery/Retail	280
9. Antigua	Apparel/Embroidery	243
10. Good Shepherd Care Center	Healthcare/Convalescent Care Facility	240
11. Northern Pipeline	Natural Gas Contractors	230
12. OakCraft	Cabinets/Millwork	218
13. Forum at Desert Harbor	Healthcare/Convalescent Care Facility	208
14. Larry Miller Dodge/Hyundai	Auto Sales and Service	207
15. Wal-Mart	Retail/Consumer Goods	176
16. Bashas' (2 Locations)	Grocery/Retail	175
17. Sunset Ford	Auto Sales and Service	175
18. Peoria Pontiac-GMC	Auto Sales and Service	165
19. Lou Grubb Chevrolet	Auto Sales and Service	162
20. Arizona Retirement Centers Inc d.b.a. Sierra Winds Lifecare	Healthcare/Convalescent Care Facility	160
21. Home Depot (9201 W Peoria Ave.)	Retail/Home Improvement	150
22. Larry Miller Toyota	Auto Sales and Service	150
23. Sun Grove Village Care Center	Healthcare/Convalescent Care Facility	145
24. Liberty Buick	Auto Sales and Service	135
25. Peoria Nissan	Auto Sales and Service	127

Source: City of Peoria Economic Development Department

**CITY OF PEORIA, ARIZONA
POPULATION AND UNEMPLOYMENT STATISTICS**

Table XXVII

Population Statistics						
Year	City of Peoria	% of Growth	Maricopa County	% of Growth	State of Arizona	% of Growth
1960 Census	2,844	-	663,150	-	1,302,161	-
1970 Census	4,792	68.5%	971,228	46.5%	1,775,339	36.3%
1980 Census	12,351	157.7%	1,509,262	55.4%	2,718,425	53.1%
1985 Special Census	27,568	123.2%	1,837,856	21.8%	3,197,700	17.6%
1990 Census	50,618	83.6%	2,122,101	15.5%	3,665,228	14.6%
1995 Special Census	74,565	47.3%	2,528,700	19.2%	4,307,150	17.5%
2000 Census	108,364	45.3%	3,072,149	21.5%	5,130,632	19.1%
2001 Estimate	115,432	6.5%	3,192,000	3.9%	5,320,000	3.7%
2002 Estimate	122,665	6.3%	3,296,250	3.3%	5,472,750	2.9%
2003 Estimate	127,807	4.2%	3,404,000	3.3%	5,634,000	2.9%
2004 Estimate	129,632	1.4%	3,475,500	2.1%	5,758,800	2.2%

Source: Center for Business Research. L. William Seidman Research Institute, College of Business, Arizona State University, and City Planning Staff.

Unemployment Averages - Last Five Fiscal Years				
Fiscal Year	United States	State of Arizona	Maricopa County	City of Peoria
2000	4.0%	3.9%	2.6%	2.0%
2001	4.8%	4.0%	3.9%	3.0%
2002	6.0%	5.6%	5.1%	3.8%
2003	6.4%	5.9%	5.2%	4.0%
2004	5.6%	4.7%	3.9%	3.2%

Source: Arizona Department of Economic Security, Research Administration, Labor Market Information, Research and Analysis.

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

Table XXVIII

Fiscal Year	Building Permits						Total Value
	Commercial		Residential		Other		
	Number of Permits	Value	Number of Dwelling Units	Value	Number of Permits	Value	
1995	61	\$ 13,047,459	990	\$ 87,787,738	999	\$ 2,755,082	\$ 103,590,279
1996	271	30,893,617	2,325	194,840,976	1,419	7,492,502	233,227,095
1997	79	32,303,543	1,878	189,104,992	1,728	8,288,369	229,696,904
1998	132	47,130,563	3,228	365,787,704	1,662	26,207,449	439,125,716
1999	76	32,467,463	2,867	307,835,122	3,251	90,972,372	431,274,957
2000	101	46,615,999	3,654	420,114,645	2,512	59,939,189	526,669,833
2001	74	35,619,783	1,740	243,314,533	2,254	19,001,442	297,935,758
2002	151	39,366,098	1,620	215,434,384	1,970	14,482,349	269,282,831
2003	180	69,627,621	1,525	199,491,258	1,399	13,399,434	282,518,313
2004	190	47,808,957	1,831	241,885,416	2,203	20,138,826	309,833,199

Source: City Community Development Department

Year	Single Family Housing Sales				New Housing Starts	
	New		Resale		City of Peoria	Maricopa County
	# of Units	Average Sale Amount	# of Units	Average Sale Amount		
1999	2,747	\$ 143,839	2,194	\$ 128,078	2,496	36,997
2000	2,822	158,987	2,275	136,615	3,227	43,908
2001	2,279	183,975	2,850	145,844	2,332	43,732
2002	1,810	202,365	2,945	153,360	2,183	43,826
2003	1,583	215,825	3,515	151,000	1,974	47,808

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, 2003 THROUGH JUNE 30, 2004**

<u>Type of Insurance</u>	<u>Annual Renewal Date</u>	<u>Insurance Carrier</u>
1. Primary Public Liability & Automobile		
General & auto liability	N/A	Self-insured
Excess liability -Primary	7/1	St. Paul Companies
Public Entity E & O		St. Paul Companies
Excess liability - 1st level		Gulf Company
Excess liability - 2nd level		Royal Insurance Company
Excess liability - 2nd level -Special Events		Great American Insurance
2. Property (Real & Personal)		
City buildings and contents	N/A	Self-insured
Automobile & Equipment	N/A	Self-insured
Excess buildings and contents (see Note)		Travelers Property/Casualty
Storage Tank 3rd Party liability		Great American Insurance
3. Boiler & Machinery		Travelers Property Insurance
4. Workers' Compensation	N/A	State Compensation
5. Public Official Bond		
Mayor, Council, City Manager & Directors		Hartford Fire Insurance Co.
6. Public Employee Bond		
Blanket employee dishonesty bond		Hartford Fire Insurance Co.
7. Broker Service Fee		

Source: City Risk Management and financial records

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

(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.

Table XXIX

<u>Policy Number</u>	<u>Limits</u>	<u>Deductible Amount</u>	<u>Annual Premium</u>
N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
GP06301403	5 Million per occurrence	SIR above	592,297
GP06301403	5 Million per occurrence	SIR above	Included with above
GA6731219	10 Million per occurrence	SIR above	127,000
P2HA021509	15 Million per occurrence	SIR above	12,500
GLO0000566001100	1,000,000		8,470
N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
N/A	\$25,000/\$50,000 (1)	N/A	N/A
297T228803	112,716,480	SIR above	165,883
BTA557496100	1,000,000	5,000	2,345
7733A918PHX03	25,000,000	1,000	11,218
N/A	N/A	N/A	N/A
59SUN405740	10,000	N/A	260
83BPECE0389	250,000	5,000	7,543
			28,000

CITY OF PEORIA, ARIZONA
PROPERTY INSURANCE SCHEDULE
JUNE 30, 2004

Table XXX

Property

Building and contents - combined blanket limit - excluding earthquake and flooding	\$ 105,414,576
Valuable papers: City Hall	1,000,000
Contractors equipment (\$5,000 deductible)	1,301,904
Electronic data processing (\$5,000 deductible)	5,000,000
	<u>\$ 112,716,480</u>

Sources - Risk Management records

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

Table XXXI

Date of incorporation: June 6, 1954		City employees as of June 30, 2004:	
		Full-time	889
		Part-time FTE's	<u>28</u>
Date of Charter adoption: March 15, 1983		Total authorized FTE's	917
Form of government: Council / City Manager		Age distribution of population: Per 2000 Census - all persons	
		<u>Age Group</u>	<u>Total</u>
Annexed area:		Under 5 yrs.	8,010
1965	2.4	5 to 9 years	8,892
1975	7.6	10 to 14 years	9,026
1980	26.5	15 to 19 years	7,221
1985	31.5	20 to 24 years	4,879
1990	63.5	25 to 34 years	15,029
1995	100.0	35 to 44 years	18,158
1998	117.0	45 to 54 years	12,849
1999	139.0	55 to 59 years	4,751
2000	144.0	60 to 64 years	3,897
2001	156.0	65 to 74 years	7,512
2002	162.4	75 to 84 years	5,428
2003	162.6	85 years and over	<u>2,712</u>
2004	176.2	Totals	108,364
Median household income:		Median age:	
1985 census	\$ 16,904	Per 1990 census	32.5
1990 census	34,195	Per 2000 census	35.6
1995 census	38,238	Gross sales estimates: (from sales & use tax returns)	
2000 census	52,199	1995	\$ 1,118,748,270
Elections:		1996	1,208,248,132
Registered voters:		1997	1,510,310,165
As of June 30, 2004	52,674	1998	1,785,941,770
At last municipal election	50,939	1999	2,098,838,768
Number of votes cast:		2000	2,399,518,200
Last municipal election		2001	2,615,474,800
March 2003	5,618	2002	2,618,351,822
Last City-wide special election		2003	2,775,978,773
September 2000	10,054	2004	3,140,272,436
Percentage of registered voters voting in:		Peoria Unified School District:	
Last municipal election		Number of schools:	
March 2003	11.00%	Elementary schools (grades K - 8)	29
Last City-wide special election		High schools (grades 9 - 12)	<u>6</u>
September 2000	24.87%		35
Sources		Number of personnel:	
- Various City of Peoria records		Administrative	116
- U.S. Census		Certified	2,220
- Arizona Department of Economic Security		Classified	<u>1,801</u>
- Peoria Unified School District			4,137
		Number of students:	
		Elementary	25,656
		High school	<u>11,113</u>
			36,769

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

Table XXXI

Miles of streets maintained:		Fire protection:	
Arterial (paved)	73	Number of stations	5
Collectors (paved)	47	Number of part-time stations	2
Local (paved)	341	Number of employees	117
Unpaved	10	Average response time (minutes)	4.3
Number of streetlights:	11,829	Number of incidents:	
Recreation:		Emergency medical support	9,015
Number of parks/playgrounds	24	Fire calls	1,121
Park acreage	233	Miscellaneous	878
Restroom facilities	19	Total incidents	11,014
Basketball hoops	71	Police protection:	
Tennis courts	22	Number of employees	226
Playground and picnic areas	23	Number of calls answered	101,951
Tot lot	20	Number of citations issued	24,000
Ramadas	74	Average personnel/shift	13.0
Walking/jog paths	17	Vehicular patrol units	80
Drinking fountains	30	Number of reserves	1
Volleyball	10		
Multi-purpose fields	12		
Urban lake	1		
Skate park	1		
Community center	2		
Swimming pools/aquatic centers	3		
Sports complex	1		
Libraries:			
Number of libraries	2		
Number of items in collection	187,483		
Annual circulation	668,423		
Registered borrowers	88,904		

Utility Rate Increases & Average Bill
Last Ten Fiscal Years

Fiscal Year	Water		Wastewater		Residential Sanitation	
	Average bill	% increase	Average bill	% increase	Average bill	% increase
1995	\$ 16.80	33.86%	\$ 16.60	16.08%		
1996	17.39	3.51%	17.16	3.37%		
1997	17.92	3.05%	18.93	10.31%		
1998	24.28	no change	17.60	no change	12.30	
1999	26.81	10.42%	17.14	no change	12.30	no change
2000	33.59	25.29%	17.49	no change	12.49	1.54%
2001	34.58	2.95%	18.10	no change	12.49	no change
2002	37.77	9.22%	17.32	-4.31%	12.49	no change
2003	39.61	4.87%	18.73	8.14%	12.49	no change
2004	39.06	-1.39%	18.53	-1.70%	12.49	no change

Utility Service Connections
Last Ten Fiscal Years

Fiscal Year	Water		Wastewater		Residential Sanitation	
	#	% increase	#	% increase	#	% increase
1995	23,711	6.00%	22,661	6.00%	20,954	5.45%
1996	23,885	0.73%	23,665	4.43%	22,197	5.93%
1997	26,035	9.00%	24,840	4.97%	24,230	9.16%
1998	29,300	12.54%	27,092	9.07%	26,393	8.93%
1999	31,020	5.87%	30,274	11.75%	29,517	11.84%
2000	31,810	2.55%	34,190	12.94%	32,615	10.50%
2001	34,900	9.71%	37,321	9.16%	35,320	8.29%
2002	36,221	3.79%	38,130	2.17%	36,978	4.69%
2003	37,664	3.98%	39,806	4.40%	38,546	4.24%
2004	38,818	3.06%	40,984	2.96%	39,747	3.12%

Charges for Water Services
Base Minimum Monthly Bill
As of June 30, 2004

Meter Size	Residential		Multiplex		Commercial	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
5/8"-3/4"	\$ 14.05	\$ 14.05	\$ 14.05	\$ 14.05	\$ 14.05	\$ 14.05
1"	16.71	16.71	16.71	16.71	16.71	16.71
1 1/2"	19.39	19.39	19.39	19.39	19.39	19.39
2"	26.76	26.76	26.76	26.76	26.76	26.76
3"	68.85	68.85	68.85	68.85	68.85	68.85
4"	97.28	97.28	97.28	97.28	97.28	97.28
6"	152.08	152.08	152.08	152.08	152.08	152.08

**Volume Charges for Water Services
Usage Per Month
As of June 30, 2004**

Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)
First 1,000	Base Charge	Base Charge	Base Charge
1,001 - 5,000	\$ 1.48	\$ 1.48	\$ 1.48
5,001 - 10,000	2.67	2.15	2.15
10,001 - 25,000	3.21	2.61	2.61
25,001 - 50,000 (a)	3.82	3.13	3.13
50,001+	3.82	3.13	3.18

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

**Water Meter Charges
As of June 30, 2004**

Meter Size	Charge
3/4"	\$ 227
1"	286
1 1/2"	428
2"	534
3"	973 - 1,898
4"	1,380 - 2,890
6"	2,658 - 3,786
Hydrant meter	750
Commercial accounts	By meter size

**Charges for Wastewater Services
As of June 30, 2004**

Monthly	Residential		Multiplex		Commercial	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
Base (a)	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.58
Volume (b)	1.95	1.95	1.95	1.95	1.95	1.95

(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.

Sources: City customer service and billing records

Miscellaneous data on water utility at or for year ended

	6/30/2001	6/30/2002	6/30/2003	6/30/2004
Annual consumption (000's gal)	6,629,039	6,657,323	6,640,038	6,828,944
Average gallons/household/month	15,829	15,801	15,712	14,904
Average gallons/household/year	189,944	189,608	180,544	178,850
Average daily demand	16.78	19.32	18.19	20.43
Peak demand (MGD)	28.17	30.25	28.82	30.00
Number of wells in system	23	24	25	28
Available storage capacity	16.1 Mil Gal	16.1 Mil Gal	22.2 Mil Gal	37.3 Mil Gal

Miscellaneous data on wastewater utility for year ended:

	6/30/2001	6/30/2002	6/30/2003	6/30/2004
Treatment plant capacity:				
Beardsley treatment plant	2.0 Mil Gal/Day	2.0 Mil Gal/Day	4.0 Mil Gal/Day	4.0 Mil Gal/Day
Tolleson regional plant	9.4 Mil Gal/Day	9.4 Mil Gal/Day	9.4 Mil Gal/Day	9.4 Mil Gal/Day
Annual wastewater treated:				
Beardsley treatment plant	.424 Bil Gal	.485 Bil Gal	.531 Bil Gal	.606 Bil Gal
Tolleson regional plant	2.58 Bil Gal	2.20 Bil Gal	2.18 Bil Gal	2.62 Bil Gal
Average daily flow				
Beardsley treatment plant	1.16 MGD	1.45 MGD	1.46 MGD	1.67 MGD
Tolleson regional plant	7.07 MGD	6.54 MGD	7.12 MGD	7.19 MGD
Peak flow				
Beardsley treatment plant	1.27 MGD	1.58 MGD	1.87 MGD	3.20 MGD
Tolleson regional plant	7.60 MGD	7.60 MGD	8.11 MGD	11.8 MGD

Miscellaneous data on sanitation service for year ended:

	6/30/2001	6/30/2002	6/30/2003	6/30/2004
Residential tonnage processed	52,188	54,104	60,520	64,367
Commercial tonnage processed	19,958	19,866	19,642	19,157
Recycling tonnage processed	357	498	600	1,133
	72,503	74,468	80,762	84,657

**List of 10 Largest Water Users
For the Year Ended June 30, 2004**

Entity	Type of User	Average Monthly Water Usage (last 24 months)
Desert Harbor	Homeowner's Association	6,462
Padres Pump Station	Sports Complex	2,794
Sun Garden Park II H/O Assn	Homeowner's Association	1,903
Polynesian Village	Homeowner's Association	1,695
Sun Garden Mobile Home Park	Homeowner's Association	1,770
Freedom Plaza LTD Partnership	Health Care	2,213
Centennial High School	Public School	1,317
Forum at Desert Harbor	Homeowner's Association	1,184
Desert Harbor Sprinklers	Homeowner's Association	1,284
Manufactured Home Communities	Homeowner's Association	1,294