

# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2009

**City of Peoria, Arizona**



**City Council:**

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

**Administrative Staff:**

**Carl Swenson, City Manager**  
**Susan Thorpe, Deputy City Manager**  
**Susan Daluddung, Deputy City Manager**

**Prepared By: Finance Department**  
**Brent D. Mattingly, Chief Financial Officer, Finance Director**  
**Kent Meredith, Financial Services Manager**  
**Dan Leahy, Accounting Supervisor**



# Core Values

“The City of Peoria team members share a commitment to provide quality service for our community.”

## Professional

Demonstrates professional skills and knowledge needed to perform the job; keeps informed of developments in the professional field and applies this knowledge to the job; encourages and supports the development of subordinate personnel.

## Ethical

Maintains the highest standards of personal integrity, truthfulness, honesty, and fairness in carrying out public duties; avoids any improprieties; trustworthy, maintains confidentiality; never uses City position or power for personal gain.

## Open

Communicates effectively orally and in writing; involves appropriate individuals and keeps others informed; acts as a team member; participates and supports committees/boards/commissions/task forces; approachable; receptive to new ideas; supports diversity and treats others with respect; actively listens.

## Responsive

Consistently emphasizes and supports customer service; takes responsibility to respond to all customers in a prompt, efficient, friendly, and patient manner; represents the City in an exemplary manner with civic groups/organizations and the public.

## Innovative

Demonstrates original thinking, ingenuity, and creativity by introducing new ideas or courses of action; supports innovative problem-solving by identifying and implementing better methods and procedures; takes responsible risks; demonstrates initiative and “follows through” on development and completion of assignments.

## Accountable

Accepts responsibility; committed to providing quality service to our community; plans, organizes, controls and delegates appropriately; work produced is consistent and completed within required timeframes; implements or recommends appropriate solutions to problems; acknowledges mistakes; manages human and financial resources appropriately.

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
*For the Year Ended June 30, 2009*

TABLE OF CONTENTS

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	v-xvi
Certificate of Achievement for Excellence in Financial Reporting	xvii
City of Peoria Organizational Chart	xviii
Principal Officials of the City	xix
City Council pictures and biographies	xx-xxiii
 <b>II. FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b>	1
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b> (required supplementary information)	3
<b>B. BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets	19
Statement of Activities	20
 <b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities - Governmental Activities	29
Budgetary Comparison Statements - General Fund and major Special Revenue Funds:	
General Fund	30
Half-Cent Sales Tax Fund	32
Highway User Revenue Fund	33
Development Fee Fund	34
Transportation Sales Tax Fund	35
 <b>Proprietary Fund Financial Statements</b>	
Statement of Net Assets	36
Statement of Revenues, Expenses, and Changes in Fund Net Assets	38
Statement of Cash Flows	40
 <b>Fiduciary Fund Financial Statements</b>	
Statement of Fiduciary Net Assets	44
Statement of Changes in Fiduciary Net Assets	45
 <b>Notes to the Financial Statements</b>	 47

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended June 30, 2009

	<u>Page</u>
<b>C. SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS AND BUDGETARY SCHEDULES</b>	
<b>Major Governmental Funds</b>	
Budgetary Comparison Schedules – Major Debt Service & Capital Projects Funds	
General Obligation Bonds Debt Service Fund	90
Special Assessment Debt Service Fund	91
General Obligation (GO) Bond Capital Projects Fund	92
<b>Non-Major Governmental Funds</b>	
Combining Statements:	
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	98
Budgetary Comparison Schedules	
Public Transit Fund	100
Section 8 Housing Fund	101
Other Grants Fund	102
Storm Drainage Fund	103
Municipal Development Authority (MDA) Bonds Debt Service Fund	104
Community Facilities District (CFD) Bonds Debt Service Fund	105
Community Facilities District (CFD) Bonds Capital Projects Fund	106
Municipal Development Authority (MDA) Bonds Capital Projects Fund	107
Improvement District Bonds Capital Projects Fund	108
Non-Bond Capital Projects Fund	109
<b>Enterprise Funds</b>	
Schedule of Operations – Budget and Actual	
Water Utility Fund	112
Wastewater Utility Fund	113
Solid Waste Utility Fund	114
Stadium Fund	115
Public Housing Fund	116
<b>Internal Service Funds</b>	
Combining Statement of Net Assets	118
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	119
Combining Statement of Cash Flows	120
Schedules of Operations – Budget and Actual	
Motor Pool Fund	121
Self-Insurance Fund	122
Facilities Maintenance Fund	123
Information Technology Fund	124
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Assets	126
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	127

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended June 30, 2009

	<u>Page</u>
<b>D. OTHER SUPPLEMENTARY INFORMATION</b>	
Federal Financial Data Schedule	130
Debt Service Schedules	
Schedule of Changes in Debt – Governmental Activities	133
Schedule of Changes in Debt – Business-type Activities	134
Schedule of Debt Service Requirements to Maturity	135
Capital Assets Schedules	
Schedule of Capital Assets by Function and Classification	140
Schedule of Changes in Capital Assets by Function – Governmental Activities	142
Schedule of Interfund Transfers	143
	<u>Table</u>
<b>III. STATISTICAL SECTION - Unaudited</b>	
Net Assets By Component	I 149
Changes in Net Assets	II 150
Program Revenues	III 152
Fund Balances, Governmental Funds	IV 153
Changes in Fund Balances, Governmental Funds	V 154
Government-wide Revenues By Function	VI 155
Tax Revenues By Source, Governmental Funds	VII 156
Intergovernmental Revenues By Source, Governmental Funds	VIII 157
Development/Expansion Fees By Type	IX 158
City Transaction Privilege Taxes By Category	X 159
Direct and Overlapping Sales Tax Rates	XI 160
Sales Tax Payers - By Category	XII 161
Secondary Assessed Value and Full Cash Value of Taxable Property	XIII 162
Direct and Overlapping Property Tax Rates	XIV 163
Direct and Overlapping Property Tax Levies	XV 164
Principal Property Tax Payers	XVI 165
Property Tax Levies and Collections	XVII 166
Utility Statistical Data	XVIII 167
Outstanding Debt By Type	XIX 171
Ratio of Net General Bonded Debt to Full Cash Value and Net Bonded Debt Per Capita	XX 172
Direct and Overlapping Governmental Activities Debt – Current Fiscal Year	XXI 173
Direct and Overlapping Governmental Activities Debt – Last Ten Fiscal Years	XXII 174
Legal Debt Margin	XXIII 175
Pledged Revenue Coverage - Municipal Development Authority Bonds Governmental Portion	XXIV 176
Pledged Revenue Coverage – Revenue Bonds	XXV 177
Pledged Revenue Coverage - Special Assessment Bonds	XXVI 178
Special Assessment Collections	XXVII 179
Ratio of Annual Debt Service Expenditures for Governmental Debt To Total Governmental Expenditures and Revenues	XXVIII 180
Bond Authorizations – Issued and Unissued	XXIX 181
Demographic and Economic Statistics	XXX 182
Major Employers Within the City	XXXI 183
Authorized Full-time Equivalent City Government Employees By Function	XXXII 184
Building Permits and Home Sales	XXXIII 185
Schedule of Insurance in Force	XXXIV 186
Property Insurance Schedule	XXXV 187
Operating Indicators By Function/Program	XXXVI 188
Capital Asset Statistics By Function/Program	XXXVII 189





# City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

October 15, 2009

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Peoria, Arizona (the City) for the fiscal year ended June 30, 2009. The report was prepared by the Financial Services Division of the Finance Department.

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

Managements Discussion and Analysis presented on pages 3-18 has a different focus and purpose than this transmittal letter and should be read in conjunction with this transmittal.

## **THE FINANCIAL REPORTING ENTITY**

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

The City encompasses approximately 179 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 1990 census and the 2000 census the City's population increased by over 100 percent, from approximately 50,600 to approximately 108,300. The estimated current population is approximately 159,263. The City's tremendous growth is attributable to the comparatively affordable housing, an excellent school district, and the expansion of the metropolitan freeway systems, allowing Peoria residents to commute effectively to other cities in the metropolitan area. Based on current projections, population growth trends are expected to continue, although at a slower pace. While having a positive impact, this growth will continue to present challenges to the City in providing its current high level of services.

The City provides a full range of municipal services, including police and fire protection, solid waste services, water and sewer services, construction and maintenance of streets, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. Peoria offers a wide range of community facilities including two community centers, three swimming pools, two libraries and 28 parks encompassing 314 acres. In addition, the Peoria Sports Complex operated by the City is the nation's first two-team baseball spring training facility - home to the San Diego Padres and Seattle Mariners. Lake Pleasant, in northern Peoria, is the second largest lake in

Arizona. The City opened its first large community park, Rio Vista Community Park, in the southern part of the City in fiscal year 2004. This 50 plus acre facility has athletic fields, playgrounds, ramadas and other amenities for the citizens' enjoyment. Phase two of Rio Vista Park, including a recreation center and additional fields were completed in 2007. The City will begin construction of another large community park in fiscal year 2010. The City also opened a performing arts center with a 250 seat main auditorium, 80 seat black box theater, classroom and administrative space, in the downtown area of the City in 2007 as part of the downtown revitalization plan.

This report includes financial statements on both a government-wide and fund basis for the primary government as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No.14, *The Financial Reporting Entity*. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and two blended component units, the City of Peoria Municipal Development Authority, Inc. and the Vistancia Community Facilities District as discussed further in Note 1.A of the notes to the financial statements.

## **MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS**

### **For The Year**

In fiscal year 2009 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:

Peoria's commitment to sustainability and the environment put on its public face:

- News and information to help residents "go green" is available in a new section of the city web site – [www.peoriaaz.gov/sustainability](http://www.peoriaaz.gov/sustainability).
- A Building Community speakers series invites regional experts on sustainable development to share ideas on how Peoria might move forward in an environmentally and financially sustainable fashion.
- Hundreds of people attended Peoria's first "Green Your ride" auto show, where they could put their hands on hybrid and other fuel efficient vehicles offered by the City's Bell Road auto dealers; climb on the City's alt-fuel work vehicles; and learn about other sustainable practices.
- Peoria earned a rebate of almost \$55,000 from Arizona Public Service (APS) for the energy-efficient lighting, heating and air conditioning, and other systems built into the Development & Community Services Building, which opened in 2007.

### **Budget & Management**

- Received the Certificate of Distinction from the International City/County Management Association (ICMA) for the Performance Management Program.
- Received the 16<sup>th</sup> consecutive Distinguished Budget Award from the Government Finance Officers Association for the fiscal year 2009 budget documents.

### **Communications**

- Peoria's government Channel 11 began streaming live at [www.peoriaaz.gov/channel11](http://www.peoriaaz.gov/channel11), opening city government to an even wider audience.
- Channel 11 launched two new shows: *The REC Show*, a roughly 20 minute program that highlights recreational, educational and cultural opportunities in Peoria; and *Peoria Pulse*, a five-minute community update. The new programs join *Focus TV*, an award winning 30 minute newsmagazine that debuted in November 2008.

### **Community Development**

- Set the future direction in sustainability by drafting a new Energy Element of the General Plan which was adopted by Council.

- Developed a process to recognize locally historically significant structures in the City. The Central School, jail, Women’s Club and Presbyterian Church were all recognized under this program.
- Developed new levels of customer service, Fast Track and Expedited Review, to give customers additional options in the development process.
- Awarded the City’s first Community Housing Development Authority Grant to purchase, rehab and lease multi-family housing units.
- Developed a strategy through the Foreclosure Task Force to reduce the negative effects of the foreclosure crisis on City neighborhoods. The strategy combines aggressive code compliance efforts with increased down payment assistance for purchasers of foreclosed homes.

#### Community Services

- Received official designation of “Tree City USA” by the Arbor Day Foundation.
- Dedicated and opened new Sunrise Mountain Branch Library in the northern part of the City.
- Completed two miles of trails as part of the New River Trail between Grand and Olive Avenues.
- Made significant right-of-way improvements to several areas throughout the City.
- Completed overall renovations at Hayes Park.
- Installed shade canopies over playground structures at Country Meadows Park, Terramar Park, and Hayes Park.
- Organized Veterans Day Run and recognition event.

#### City Clerk

- Conducted open meeting law training for Department Directors, Boards & Commissions Staff Liaisons and Staff Assistants.
- Conducted three elections, including serving as an early voting location.

#### City Manager

- Organized and led Fleet Solutions Group, a cross-functional team that analyzed the city’s fleet operations and identified approximately \$1 million in ongoing budget savings, primarily through the elimination of low-uses vehicles and a review of the useful lives of existing vehicles.
- The City collaborated with residents and neighboring communities to successfully back a State Route 74 alignment for a major electric power line through Peoria. The alternate route would have dissected some of the city’s most beautiful terrain and near existing neighborhoods.

#### Engineering

- Constructed a new segment of Happy Valley road from 83<sup>rd</sup> Avenue to 67<sup>th</sup> Avenue, including a new bridge over New River, as part of a \$54 million project.
- Completed the \$19.2 million widening of Thunderbird Road from SR 101L to 94<sup>th</sup> Avenue, including aesthetic enhancements to the bridge over New River.
- Completed two major drainage projects in partnership with the Flood Control District of Maricopa County – the Rose Garden Lane Channel (\$11.8 million) and the 83<sup>rd</sup> Avenue & Pinnacle Peak Road Drainage (\$16 million). These projects provide an increased level of flood protection for residents and businesses in these areas.
- Installed traffic signals at seven additional intersections throughout the City to enhance traffic flow and safety.
- Received \$4.9 million in federal funds for the 84<sup>th</sup> Avenue streetscape (\$2.4 million) and 91<sup>st</sup> Avenue & Olive Avenue intersection improvements (\$2.5 million) projects.
- Secured \$3.98 million in transportation funding through the American Recovery and Reinvestment Act of 2009 (ARRA) to assist in construction of the Beardsley road Extension to the Loop 101 freeway (\$2.85 million) and the resurfacing and re-striping of Beardsley Road from Lake Pleasant Road to 83<sup>rd</sup> Avenue (\$1.13 million).

#### Finance

- Issued \$68.4 million in General Obligation bonds to fund various street, storm drainage, municipal facilities, and parks and trails projects.
- Received another incremental bond rating upgrade for its General Obligation Bonds from Standard & Poor’s rating agency.

- The Revenue Division successfully completed a project to restructure the City's meter reading and utility billing processes to more evenly distribute internal staff workloads and provide enhanced customer service.
- Implemented electronic (e-billing) for the utility billing system allowing customers to sign up to receive their city utility bill by e-mail.
- The Meter Services Section completed the final phase of a nine year project to convert all of the City's water meters to an automated meter reading system.

#### Fire

- The Emergency Management Division trained every City employee in Continuous Chest Compression (CCC) Cardio Pulmonary Resuscitation (CPR) and Automatic Defibrillator (AED) operations. New AED heart monitors were installed throughout city facilities.
- Received a grant from the Federal Emergency Management Agency (FEMA) to purchase new Self-Contained Breathing Apparatus (SCBAs) for improved safety of personnel.
- Fire Community Services received grants for programs including car seat installations, smoke detectors replacement, CPR in schools and senior programs. These grants allowed them to: train 200 5<sup>th</sup> & 6<sup>th</sup> grade students through the CPR in schools program; install 300 smoke detectors in senior communities; teach the proper installation of child car seats to over 400 participants; and donate 25 car seats to low income families.
- Peoria paramedics received 4 recognition awards from John C. Lincoln Hospital – North Mountain for paramedic of the year and medals of valor.
- Lead a multi-department effort to relocate and expand the City's Emergency Operations Center to allow the City to enhance response to disasters or other emergency situations.

#### Human Resources

- Completed first on-line open benefits enrollment for all City staff.
- Implementation of the Classification and Compensation study covering all AFSCME represented staff of the City.

#### Information Technology

- Completion of a \$14 million Citywide radio system for Police and general government operations, with integration into the regional radio system to enhance regional disaster response.
- Completion of the City of Peoria/Peoria Unified School District fiber optic sharing project, with connectivity to all major City facilities.
- Redesign of the City's public website to make it more citizen-centric, with implementation of a content management system for ease of updates.
- Implementation of e-Citation for the Courts and Police motorcycle units for electronic traffic violation ticketing and processing.

#### Police

- Implemented the Nixel emergency notification system. This system allows residents to sign up to receive emergency or community alert information from the Police and Fire Departments. This system allows notification by e-mail, text message or through the Nixel web site.
- Also implemented a new Community Emergency Notification System (CENS) to notify the community of emergency situations by phone (land lines only).
- Participated on the team to review the Federal Emergency Management Agency (FEMA) Basic Public Information Officers' Course and created two new courses.
- Established a School Resource Officer Program and assigned officers to two local high schools.
- Participated with Information Technology in the installation and implementation of a new radio system.
- Upgraded the 9-1-1 phone system.

#### Public Works

- Became the 54<sup>th</sup> agency in the country to be accredited by the American Public Works Association.
- Led the initiative to reduce electrical consumption at the Municipal Office Complex. This led to a savings of 799,360 kilowatt hours from the same period a year earlier.

- The Transit Division's Trip Reduction Program (TRP) received the 2008 Clean Air Award of Outstanding TRP (Governmental Employer category).
- Fleet Division earned a Blue Seal of Excellence from the National Institute for Automotive Safety Excellence.
- Executed \$2.6 million in pavement management projects.
- Conducted three Household Hazardous Waste Drop-Off Events. Over 1,500 residents utilized the service and 184,338 pounds of hazardous waste was diverted from the landfill.
- Peoria celebrated one year of residential curbside recycling by treating residents to "Recycling Night at the Ballpark". Residents diverted nearly 25% of solid waste to recycling - 16,076 tons – which earned nearly \$350,000 to help pay for the service.

#### Public Works Utilities

- The Utilities Division received nine safety awards from AzWater (formerly Arizona Water & Pollution Control Association), the preeminent water association in the state. This was the largest number of awards to a single entity.
- The Butler Water Reclamation Facility was named a Public Works Project of the Year by the American Public Works Association. The plant was the largest membrane bio-reactor in the United States when it opened. This treatment system minimizes impact to the surrounding area while treating effluent to the highest quality.
- Began recharging Class A+ reclaimed water from the Butler Water Reclamation Facility at the New River Agua Fria Underground Storage Project operated by Salt River Project (SRP).
- Enhanced the water conservation program through expansion of the rebate program and additional educational class for residents.
- The water conservation program helped the community reduce its residential water use by 634 million gallons from the previous year – enough to fill nearly 1,000 Olympic swimming pools.
- Significantly reduced the City's reliance on groundwater pumping through recovery of recharged surface water.
- Cleaned 123 miles of sewer line.
- Inspected and performed maintenance of all 7,600 fire hydrants throughout the City.
- Converted to radio cluster communications, improving Supervisory Control and Data Acquisition (SCADA) communications system wide.

#### 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:

- Community Building – Preserve and expand our quality of life:
  - Arts/Culture.
  - Parks and recreation opportunities.
  - Quality neighborhoods / revitalization of older neighborhoods / Old town / Arrowhead Entertainment District.
  - Community oriented services, including Fire and Police.
  - Expand civic and not-for-profit partnerships.
- Enhance Current Services:
  - Our City organization and culture.
  - Cost effective service delivery.
  - Peoria is the employer of choice.
  - Use technology to enhance and streamline services.
  - A business model for the future / strategic planning.
  - Seek out grants.
- Preserve our Natural Environment:
  - Land banking for parks and open space.

- Incorporate open space into our built environment.
- Total Planning:
  - Employment / Jobs / Corridor.
  - Mix of living environments.
  - Infrastructure.
  - University / Higher Education strategy.
  - Health Care strategy.
  - Prudent fiscal stewardship.
  - Broad internet access.
  - Cost-effective green development.
- Economic Development:
  - Seek economic opportunities state, national, Pacific Rim, international.
  - Partner with economic development groups like Greater Phoenix Economic Council (GPEC).
  - Assess new models for economic development.
  - Partner with State Land Department in seeking economic development opportunities.
  - Seek multi-modal transportation infrastructure.
  - Strengthen Sister Cities relationships. Add an Asian city.
- Leadership and Image:
  - Locally and regionally.
  - Within the State.
  - Community relations.
  - Become a major player.
  - Peoria as a destination.

## **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 2009 another successful year and continues to provide a foundation for success in the years to come. The City maintains a strong commitment to continue to refocus itself to the new economic reality and to be a leader in areas like sustainability and cost-effective service delivery to maintain and enhance the quality of life in Peoria.

The American League Seattle Mariners and the National League San Diego Padres, professional major league baseball teams, continue their Cactus League Spring Training and minor league activities in Peoria. The City owns and operates a ten thousand-seat stadium and sports complex used by both teams. The teams have five years remaining on a twenty-year joint use contract to share the facilities. Each team has the option of extending their contract for an additional ten years. This agreement contributes significantly to the economic impact of the Spring Training Cactus League of Maricopa County. Numerous restaurants and entertainment facilities have been developed in the area surrounding the Sports Complex, making this area an important part of the City's economy. The City is currently undertaking a study to reevaluate the overall economic factors of this area to ensure that the area remain a thriving part of the City's economy.

In fiscal year 2009 the City has continued to experience a downturn in the overall economy. However, four major retail centers at Happy Valley Road and Lake Pleasant Road have reached a virtual completion, offering approximately 1.5 million square feet of new retail space for northern Peoria. The majority of the space has been occupied and current tenancy continues to reflect profitability. There is quite a bit of opportunity and business potential still available for this area. Numerous commercial and retail developments are in various stages of planning. The Peoria Regional Medical Center is anticipated to start construction in the next year, consisting of a 70,000 square foot hospital and an adjacent 350,000 square foot medical support facilities. Also, a 500,000 square foot commercial/office site north of Jomax Road on Lake Pleasant Road is moving forward and construction is projected in the next year.

Two major commercial activity studies are currently underway; both are designed to enhance the overall concept of the Downtown and Peoria Sports Complex areas. Both of these areas will attract major new commercial and office developments enhancing the economic outlook for the City.

Presently, we have two new commercial developments moving forward in southern Peoria; one is a new retail building just north of Thunderbird Road and 83<sup>rd</sup> Ave consisting of 40,000 square feet offering approximately 50 employment opportunities and the other is a 30,000 square foot manufacturing building at Olive Rd and 75<sup>th</sup> Ave bringing an additional 40 new jobs to the City. Construction on both these commercial developments is planned to begin shortly.

The overall trend has been that commercial development is dependent on, and follows, residential development activity. Since residential construction has declined significantly over the last year, commercial activity has slowed dramatically. When the residential market turns, the City of Peoria will become a major commercial market for new construction within the Maricopa County area.

## **Economic Outlook**

The regional economy has remained subdued during fiscal year 2009 with continued declines in housing construction and home prices. Because construction employment accounts for a larger share of Arizona's economy than for the nation as a whole, job growth has been in decline with only moderate gains in the healthcare sectors. Employment growth in Arizona declined at a rate of 7.6%. In June 2009, the unemployment rate in the metropolitan Phoenix region was 8.3%, which remains below the state (8.9%) and national (9.5%) unemployment rates. Locally, Peoria has maintained a slow level of commercial construction, continuing to provide services and facilities to the new neighborhoods developed over the last several years. New housing construction in Peoria has continued at a much slower pace than in previous years as the state's housing market continues to adjust home values down. 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 34% of General Fund revenues in fiscal year 2009. The City's sales tax rate (including the .03% transportation sales tax discussed below) is currently at 1.8%, with a 5.6% charge on hotel/motel service, 3.3% on utilities and 2.8% for restaurant/bar and amusement activities. Over 45% of sales tax collection is derived through retail sales. In the past, strong automobile sales along with commercial development along the Bell Road corridor and several new power centers in northern Peoria have generated significant revenues for the City. Retail store and restaurant activity near the Peoria Sports Complex area, as well as the 91<sup>st</sup> Avenue and Northern area and the Jomax and Lake Pleasant area, have helped the City support its current service standards. Looking forward, new commercial activity has slowed significantly with the credit crunch and lower consumer confidence is having an impact on sales tax revenues, especially in the sale of automobiles. Fiscal year 2009 sales taxes decreased 13.8% from the prior fiscal year. Fiscal year 2010 sales tax revenues are anticipated to decline an additional 3% from fiscal 2009 levels.

Dedicated City Sales Tax for Transportation: During fiscal year 2005, a Citizens' Bond Committee recommended to City Council that voters be asked to consider an increase to the sales tax rate of .03% (three-tenths of one percent) to be dedicated to transportation needs of the City. This includes construction and maintenance of streets as well as expansion of the City's transit program. On September 13, 2005, the citizens approved the sales tax increase by an affirmative vote of 68%. The dedicated transportation sales tax, which became effective January 1, 2006, generated \$8.8 million in revenue in fiscal year 2009, down from \$10.3 million in fiscal year 2008. As with other sales tax revenues, a small decline is expected in fiscal year 2010 collections.

State Shared Revenues: The City of Peoria receives significant revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax and motor vehicle in-lieu taxes. Much of this revenue is placed in the City's General Fund, where it helps support the City's day-to-day activities. The City projects an overall decrease of 7.5% in these revenues in fiscal year 2010, reflective of a sluggish statewide economy. As the State continues to deal with budget shortages, changes to the formulas used to allocate revenues to the cities are part of the budget balancing conversations. To date, the state legislature has not looked to these revenues to balance the state budget at the expense of the cities.

Property Tax: The City's property tax rate was \$1.44 per \$100 of assessed valuation for fiscal year 2009. Of this, \$.19, or about 15% of the total, was levied as the City's primary property tax. The primary tax can be used for any general government purpose, but is limited in size by State statute. The primary tax generated \$2.9 million in revenue for the General Fund in fiscal year 2009.

After a reduction in the total tax rate of \$.11 in fiscal year 2007 (\$.01 primary and \$.10 secondary), the City maintained the \$1.49 tax rate for fiscal year 2008. However, City Council approved adjusting five cents from the primary property tax rate to the secondary property tax rate for fiscal year 2008. The primary rate was decreased an additional \$.05 for fiscal year 2009, making the overall tax rate \$1.44. The property tax rate is unchanged for fiscal year 2010. With a 12% rise in assessed value, primary property tax revenue projections for fiscal year 2010 are \$3.2 million. Based on current development patterns, as well as expected decreases in the assessed value of existing properties, primary property tax revenue will likely decrease over the next several years.

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

## **FINANCIAL CONTROLS**

### **Internal Controls**

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

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

### **Budgetary Controls**

The City of Peoria, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. At a general election held in March 2003 the citizens of Peoria approved a permanent adjustment of the expenditure base from the original 1979-80 base of \$3,247,857 to a new base of \$18,247,857. The permanent adjustment eliminated the need for voter approval every four years. After adjustment for inflation and population growth, the city's expenditure limitation for fiscal year 2009 was \$688.9 million. The City may utilize the additional expenditure authority for any local budgetary purposes.

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

upon the issuance of a purchase order. Encumbered appropriations lapse at fiscal year-end and are re-budgeted as needed in the next fiscal year.

**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 17 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 five former members currently receive payments under the plan. The plan for volunteer firemen is sufficiently funded with assets of \$204,962 at June 30, 2009. For fiscal year 2009, investment income and other revenues were \$5,653 while expenditures for retirement payments and administrative expenses were \$30,600.

**Debt Administration**

Under current State Statutes, cities can issue general obligation bonds for purposes of water, sewer, artificial lighting, open space, parks, playground and recreational facilities, public safety and transportation up to an amount not exceeding 20 percent of the secondary assessed valuation. Cities can also issue general obligation bonds for all other purposes up to an amount not exceeding 6 percent of the secondary assessed valuation. As of June 30, 2009, the City's general obligation debt of \$183,060,000 was below the combined legal limit of \$518,593,900. A detailed computation of this legal debt margin is included in Table XXIII in the statistical section of this report.

Two standard indicators of a City's debt position and debt burden include: 1) the ratio of general obligation bonded debt, supported by the City's general tax revenues, to secondary assessed valuation, and 2) the amount of bonded debt per capita. The following is a summary of these two indicators at June 30, 2009.

Percent of General Obligation Debt to Secondary Assessed Value:

General Obligation Debt	\$	183,060,000
Secondary Assessed Value	\$	1,994,591,924
G.O. debt to secondary assessed value		9.2%

Bonded Debt Per Capita:

General Obligation Debt	\$	183,060,000
Less: Debt Service Reserves		44,978,714
Net GO Debt		138,081,286
Estimated Population		159,263
G.O. debt per capita	\$	867

In September 2006, the City received an upgrade to its Municipal Development Authority bond rating from Standard & Poor's from AA to AA+. In February 2007, the City received an upgrade to its General Obligation bond rating from Standard & Poor's from AA- to AA as well as its Utility Revenue Bonds from A+ to AA-. In March 2007, the City received ratings for its Improvement District bond ratings from each of the rating agencies. Moody's rated them at A1, Standard & Poor's upgraded the rating from A- to A, and Fitch upgraded the rating from A+ to AA-. In September 2007, Fitch upgraded the Water and Wastewater bond rating for the City from A+ to AA-. In February 2008, the City issued Municipal Development Authority Transportation Sales Tax Revenue Bonds and received initial ratings of AA from Standard & Poor's, A+ from Fitch Ratings and Aa3 from Moody's Investors Service. Also in February 2008, the City received an upgrade from A1 to Aa3 for its existing Municipal Development Authority debt and an

upgrade from Aa3 to Aa2 for its existing General Obligation debt from Moody's Investors Service. In January 2009, all of the rating agencies reviewed their ratings for the City's General Obligation Bonds and Utility Revenue Bonds. The previous ratings were confirmed except for an upgrade from Standard & Poor's from AA to AA+ on the General Obligation rating and from AA- to AA for the Utility Revenue rating. All of the City's bonds are rated in the "A" or better category. The City is diligent in its efforts to maintain or improve its bond ratings. General obligation debt is serviced by secondary property taxes. Revenue supported debt is serviced with the user fees associated with the particular fund activity. The City's bond ratings are indicated in the table below.

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
<b>General Obligation Bonds</b>			
Current rating	Aa2	AA+	AA
Prior rating	Aa2	AA	AA
Date of current rating	1/2009	1/2009	1/2009
<b>Water &amp; Wastewater Bonds</b>			
Current rating	A2	AA	AA-
Prior rating	A2	AA-	AA-
Date of current rating	1/2009	1/2009	1/2009
<b>Municipal Development Authority Bonds (Other than Transportation)</b>			
Current rating	Aa3	AA+	AA-
Prior rating	A1	AA+	AA-
Date of current rating	2/2008	2/2006	2/2006
<b>Municipal Development Authority (Transportation) Bonds</b>			
Current rating	Aa3	AA	A+
Prior rating	Not rated	Not rated	Not rated
Date of current rating	2/2008	2/2008	2/2008
<b>Highway User Revenue Bonds</b>			
Current rating	A	A	A+
Prior rating	not rated	not rated	A-
Date of current rating	6/1988	2/1988	3/2000
<b>Improvement District Bonds</b>			
Current rating	A1	A	AA-
Prior rating	Not rated	A-	A+
Date of current rating	3/2007	3/2007	3/2007

## Cash Management

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

The City is permitted to invest in certificates of deposit, money market mutual funds, repurchase agreements, commercial paper, 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 2.34% for the year ended June 30, 2009. The book value of the City's unrestricted investment portfolio at June 30, 2009 was \$204,523,892. 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 2009 the City was self-insured for the first \$500,000 of each public liability claim. Coverage in excess of these amounts up to \$40,000,000 was provided through the purchase of commercial insurance.

During the fiscal year ended June 30, 2009 there was no significant reduction in excess insurance coverage. The Risk Management Division of the City Attorney's Office administers the City's liability insurance program. Workers' compensation claims are reviewed by the Human Resources Department and handled through the State Compensation Fund.

The City of Peoria has an aggressive safety program that promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses. For further information on risk management and insurance coverage, please refer to Note 1.Q of the notes to the financial statements and Tables XXXIV and XXXV in the statistical section of this report.

## **OTHER INFORMATION**

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

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

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. The audit satisfies Article VI, Section 7, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peoria, Arizona for the fiscal year ended June 30, 2009, 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, 2009, 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, 2009 found no instances of material weakness in the

internal control. However, there were significant deficiencies found in one of the major programs tested. The reports from Heinfeld, Meech & Co., P.C. are available in the City of Peoria, Arizona's separately issued Single Audit Report.

### **Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Peoria, Arizona for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This is the 24th 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,

A handwritten signature in blue ink, appearing to read "Brent Mattingly", with a long horizontal flourish extending to the right.

Brent Mattingly  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Peoria  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

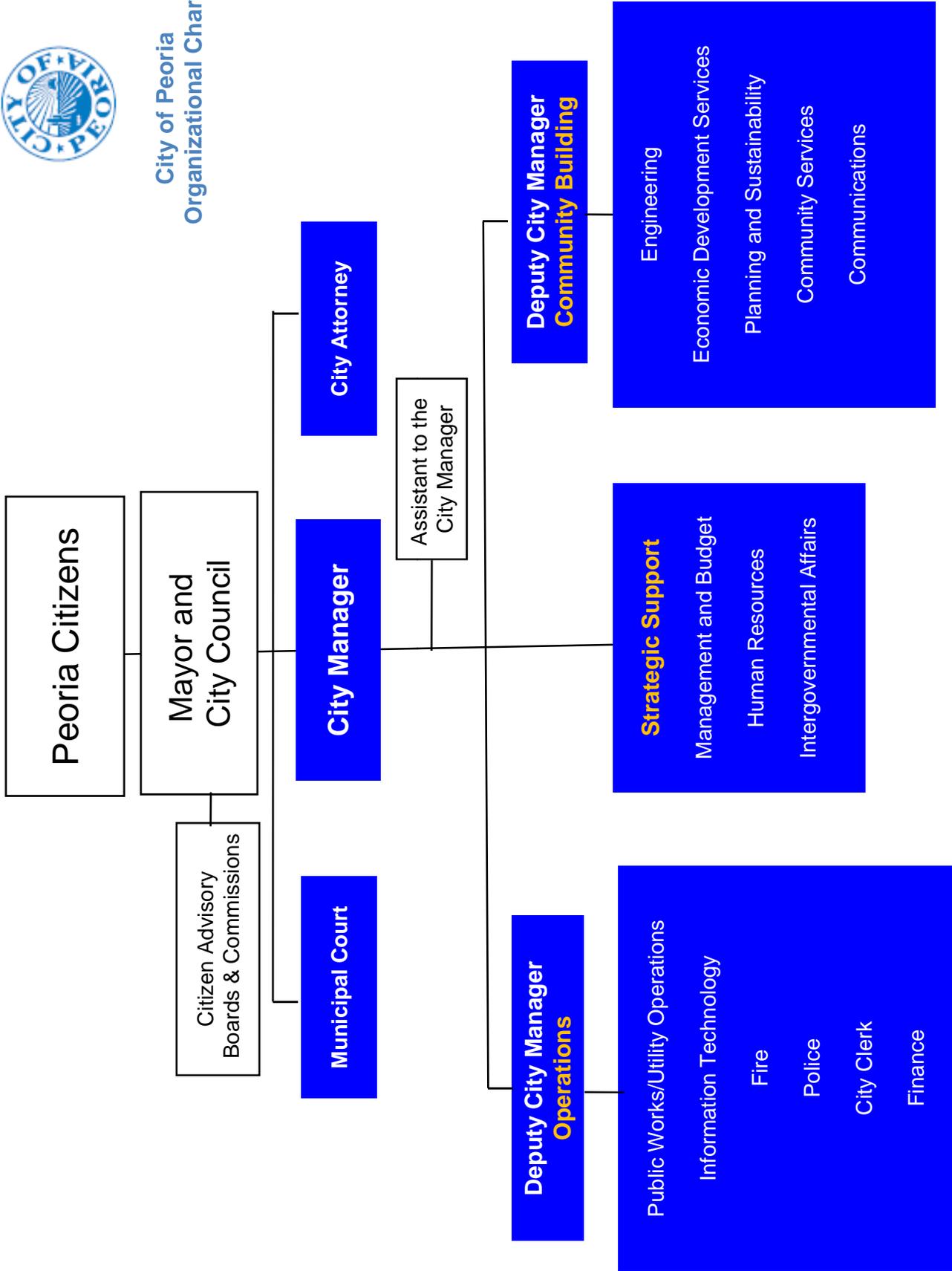
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



City of Peoria  
Organizational Chart



# City of Peoria Principal Officials of the City Fiscal Year 2009

**Bob Barrett**  
Mayor

**Joan Evans**  
Vice-Mayor

**Cathy Carlat**  
Councilmember

**Carlo Leone**  
Councilmember



**Ron Aames**  
Councilmember

**Vicki Hunt**  
Councilmember

**Dave Pearson**  
Councilmember

**Carl Swenson**  
City Manager

**Susan Thorpe**  
*Deputy City Manager – Operations*

**Susan Daluddung**  
*Deputy City Manager – Community Building*

**George Anagnost**  
*Municipal Judge*

**J.P. de la Montaigne**  
*Community Services Director*

**Wynette Reed**  
*Human Resources Director*

**Thomas Solberg**  
*Fire Chief*

**Mary Jo Kief**  
*City Clerk*

**Bill Mattingly**  
*Public Works /Utility Operations  
Director*

**John Imig**  
*Information Technology Director*

**Vacant**  
*Economic Development Services  
Director*

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

**Andrew Granger**  
*Engineering Director*

**Glen Van Nimwegen**  
*Planning & Sustainability Director*

**Larry Ratcliff**  
*Chief of Police*

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

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

**Jeff Tyne**  
*Budget Director*

# Mayor and City Council



**Mayor Bob Barrett**



**Vicki Hunt**  
*Acacia District*



**Cathy Carlat**  
*Mesquite District*



**Dave Pearson**  
*Ironwood District*



**Ron Aames**  
*Palo Verde District*



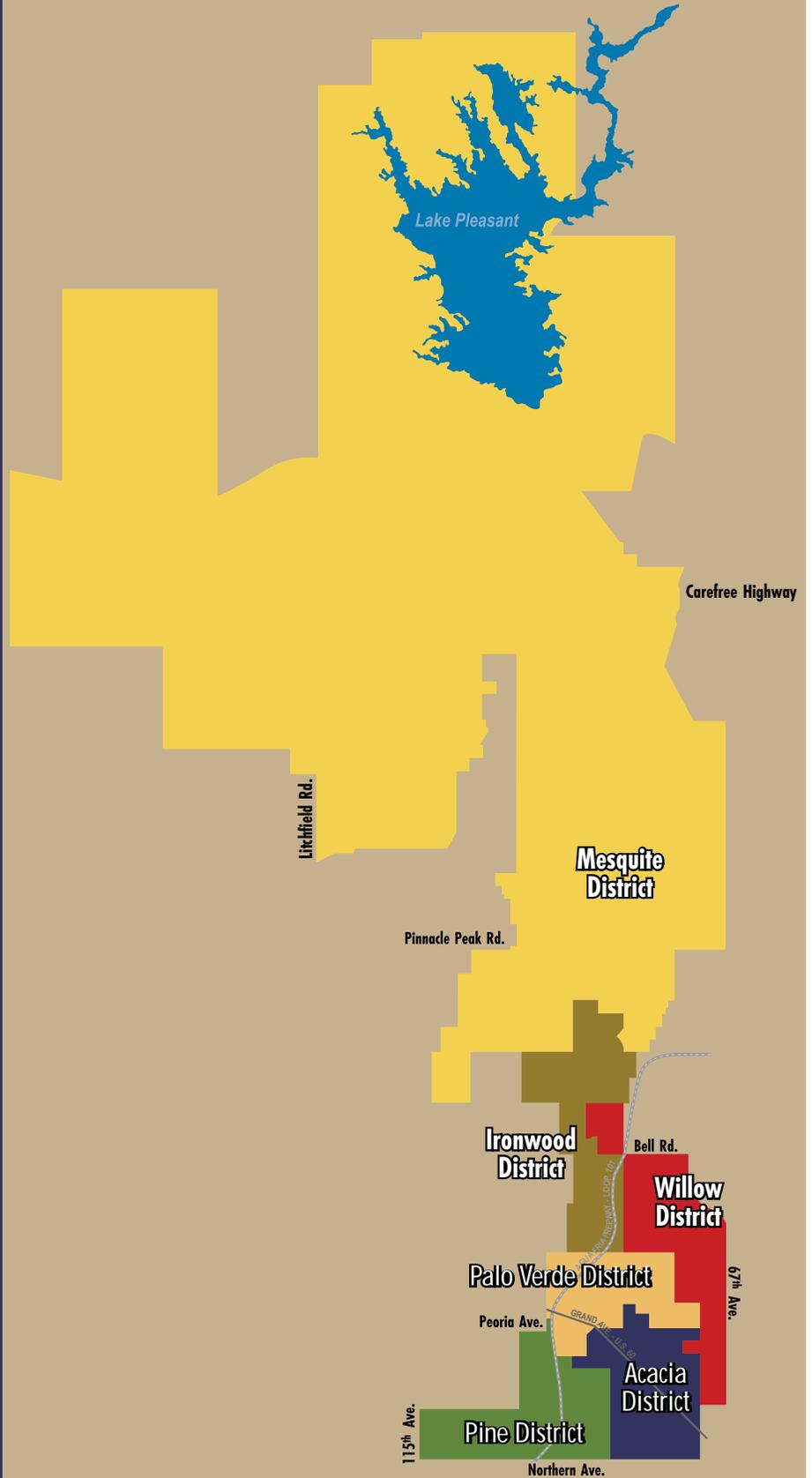
**Carlo Leone**  
*Pine District*



**Joan Evans**  
*Willow District*

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

# City Council Districts





## Bob Barrett

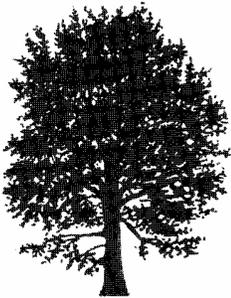
Mayor Barrett was first elected to the City Council representing the Ironwood District in 2001 and was reelected to a second term in 2004. A resident of Peoria since 1993, Mayor Barrett served in the US Army and was awarded the Bronze Star in Vietnam in 1971. Mayor Barrett graduated with honors from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

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

## Joan Evans

### Vice Mayor

### Willow District



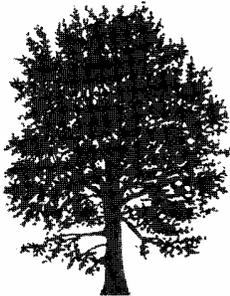
Councilor Evans was elected to her first four-year term on the Peoria City Council in November 2004 and re-elected in 2008. Education, personal growth and continuous learning are accurate words to describe the experience of Councilor Joan Evans of the Willow District. With a bachelor's degree from Arizona State University in Elementary Education and a master's degree from Northern Arizona University in Educational Leadership, Councilor Evans has devoted herself to education. After teaching 4<sup>th</sup> and 5<sup>th</sup> grades for 18 years in the Peoria Unified School District (PUSD), she served five years in educational administration as

an Assistant Principal. Now retired from primary education and PUSD, Councilor Evans is a certified Myers-Briggs Type Indicator Consultant. She is also involved with the Northwest Valley Young Life Committee, a faith based ministry for youth, as well as the Women's Ministry Team at Trinity Bible Church. Currently, Councilor Evans is involved in many aspects of the City of Peoria. She serves on the Peoria City Council Ethics Committee, the Ad Hoc Recycling Committee, and the Boards and Commissions Subcommittee. Councilor Evans has raised her family in the Phoenix area for the past 54 years, with the last 12 years being spent in Peoria. Now in her 41st year of marriage to husband David, Councilor Evans enjoys spending time with her family which includes two married daughters and seven grandchildren. Natalie and husband Arvid have four children while Lisa and husband Christopher have three children.

## Vicki Hunt

### Councilmember

### Acacia District



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

University Summa Cum Laude with a Master's in Curriculum and Instruction. She also did advanced graduate work at Bread Loaf School of English in Vermont and Oxford University in England. Councilor Hunt's family includes her husband Tom, three grown children and four beautiful grandchildren. Councilor Hunt's past and current community involvement includes: State Participation: Arizona English Teachers Association - 1984-2000; Regional Participation: Commissioner, WESTMARC Enterprise Zone Commission - 2005-Present; Peoria Participation: Board of Directors, Theater Works - 2003-2005; Member, Peoria Historical Society - 1998-Present; Member, Peoria Women's Club - 2001-Present; President, Peoria Main Street Partnership - 2002-2003; Board of Directors, Friends of Peoria Public Library - 2002-Present; Member, Peoria Rotary Club - 2003-Present; City

Participation: Co-Chair, Central Peoria Revitalization Ad Hoc Committee – 2001-2003; Graduate, City of Peoria's Inaugural Leadership Institute – Spring 2002; Member, Not-for-Profit Funding subcommittee – 2004-Present; Member, Boards and Commissions subcommittee – 2003-Present; Council Liaison, Economic Development Advisory Board – 2004-Present; Chair – Ethic Committee.



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

Councilor Dave Pearson was elected in November 2006 and re-elected in 2008 to represent the Ironwood Council District. He previously served two terms on the Peoria City Council from June 1991 through June 1997, and was Vice Mayor in 1993. Councilor Pearson was Chairperson of the Peoria Municipal Sports Complex Authority during the construction of the Peoria Sports Complex, the spring training site of the San Diego Padres and the Seattle Mariners Major League Baseball teams. He was also a founding member of the Peoria Diamond Club, a major community volunteer group. He has served on the Peoria Housing Commission and various other civic and bond committees.

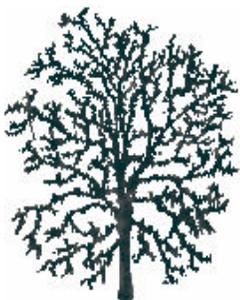
Councilor Pearson is currently a teacher/librarian in the Peoria Unified School District where he has been an educator for 27 years. Prior to teaching, Mr. Pearson was a newspaper reporter and editor. He holds a bachelor's degree in journalism and elementary education from Arizona State University and holds a school library endorsement from the State of Arizona. He is a 20 year resident of Peoria where he and his wife have raised three children.



**Cathy Carlat**  
**Councilmember**  
**Mesquite District**

Cathy Carlat was elected to the Peoria City Council representing the Mesquite District in 2005. She was born and raised in the Valley, graduating from Paradise Valley High School. Councilor Carlat moved to Texas in 1984 and has been a Peoria resident since returning to Arizona in 2001. Cathy and her husband Dennis have two children Adam, 21 and Natalie, 14. As a businesswoman, Councilor Carlat has spent many years in management, including positions as a District Manager for a Fortune 500 Company and Vice President of a real estate leasing firm. She was also the owner of her own business for six years in Dallas, Texas. She currently works in the Communications

Department of Central Arizona Project managing special events and public relations. Prior to running for office, Councilor Carlat served on the Mayor's Ad Hoc Rose Valley Water Committee. Councilor Carlat also serves as Chair of the Council Ad Hoc Recycling Subcommittee and is a member of the Council Subcommittee of Boards and Commissions, which screens residents who are seeking appointments.



**Ron Aames**  
**Councilmember**  
**Palo Verde District**

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

his work as a councilmember. His degrees include a Ph.D., which focused on urban development, from the University of Wisconsin-Madison, and a Master's from California State Polytechnic University-Pomona, which focused on transportation planning. In business, Councilor Aames has been a corporate executive for hi-tech, banking, and marketing companies. In the marketing area, he was a managing consultant for eight years for The

Gallup Organization, where his clients included federal government agencies. Councilor Aames is currently an independent marketing consultant.



**Carlo Leone**  
**Councilmember**  
**Pine District**

First elected in 1999 as the Pine District representative to the Peoria City Council, Councilor Leone was re-elected in 2003 and 2006. He and his wife, Joan, have been residents of Peoria since 1988. Married since 1955, they have five children, 13 grandchildren, and two great grandchildren. Councilor Leone retired in 1994 after 20 years as a Union Manager. He was a Political Science Major at Mt. San Antonio College in Walnut, California, and attended UCLA and Loyola Colleges studying Labor Law. Councilor Leone is a member of the following boards and commissions: National

Participation: National League of Cities: Human Development Committee; National League of Cities: Leadership Institute-Bronze & Silver certificates. State Participation: Member, Board of Manufactured Housing-appointed by Governor Napolitano. City Participation: Member, Boards and Commissions Subcommittee; Member, Ethics Committee; Member, Impact Fee Ad-Hoc Committee; Member, Peoria Chamber of Commerce Military Affairs Committee. Volunteer: Volunteer Coach, City of Peoria Youth Basketball Program - 2002-Present; Peoria Diamond Club-Peoria Sports Complex – 1993-Present; Knights of Columbus; Habitat for Humanity of the West Valley; Country Meadows Lions Club; Peoria Kiwanis Club (former member).





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

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

## 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, 2009, 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, 2009, as listed in the table of contents. These financial statements are the responsibility of the City of Peoria's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peoria, Arizona, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Half-cent Sales Tax, Highway User Revenue, Development Fee and Transportation Sales Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, internal service, and fiduciary funds of the City of Peoria, Arizona, as of June 30, 2009, 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 October 15, 2009, 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 18 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and the combining financial statements. The accompanying supplementary information such as the introductory section, statistical section, and the schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements and the combining financial statements. Such Other Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole and the combining financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

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

October 15, 2009

## 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, 2009. 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.

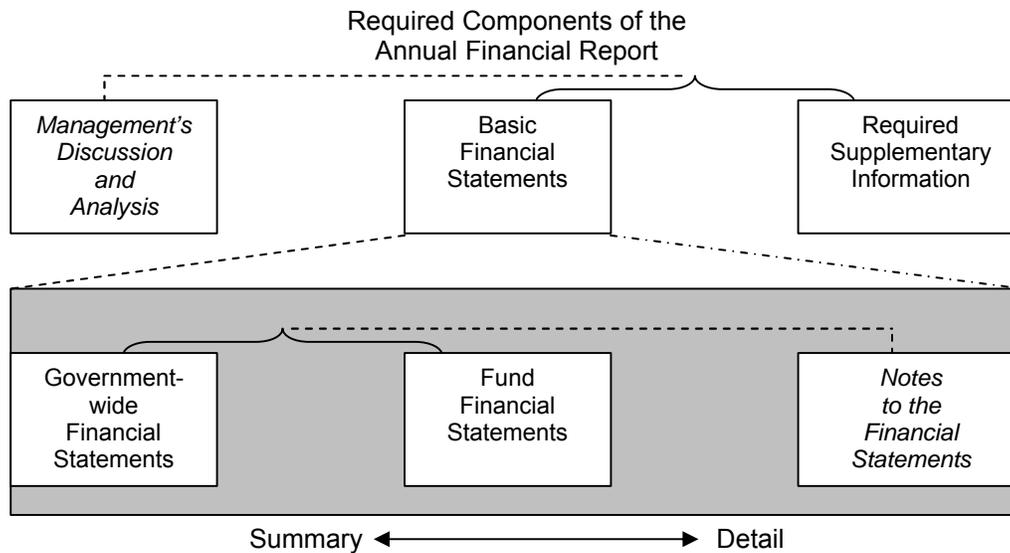
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xvi of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 19 and the accompanying notes to the financial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

### Financial Highlights

- ◆ The City's total net assets increased \$62.5 million (4.5%) in fiscal year 2009, an increase of \$65.0 million (7.3%) in governmental activities and a decrease of \$2.5 million (.5%) in business-type activities.
- ◆ Total net assets of the City are \$1,453.4 million, of which \$244.2 million is unrestricted (down \$18.2 million, 6.9%, from last year's \$262.4 million unreserved net assets).
- ◆ The governmental activities program revenues increased by approximately \$2.6 million (3.2%) over the previous year. This was due to an increase in the value of donated capital assets. Charges for services decreased by \$5.4 million (21.2%), grants/entitlements decreased by \$1.9 million (5.2%), while donations of capital assets increased by \$9.9 million (50.3%).
- ◆ The business-type activities program revenues decreased by approximately \$12.5 million (14.8%) from the previous year. Charges for services decreased by \$2.5 million (4.0%) and donations of capital assets decreased by \$10.1 million (45.3%).
- ◆ At June 30, 2009, total fund balance of the governmental funds was \$319.4 million, up \$12.1 million (3.9%) from the previous year. Of this, \$66.0 million (up 3.5%) was unreserved/undesignated (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) were less than budgeted inflows by \$8.3 million for fiscal year 2009. Budgetary basis outflows of the General Fund were only 74.2% (\$42.6 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2009, unreserved/undesignated fund balance for the General Fund was \$24.3 million, or 22.2% of General Fund expenditures for fiscal year 2009.
- ◆ During fiscal year 2009, the City issued \$68.4 million in General Obligation (GO) Bonds and \$8.6 million in Water Infrastructure Financing Authority (WIFA) debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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



### Government-wide Financial Statements

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

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

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

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

The *statement of activities* presents information showing how the City's net assets changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net assets are reported at the time the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

## Fund Financial Statements

Also presented are fund financial statements for governmental funds, proprietary funds and fiduciary funds. The fund financial statements focus on major funds of the City. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City.

**Governmental funds** – Governmental funds are used to account for most of the City's basic services. These are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental activities column on the government-wide financial statements, these fund financial statements (pages 22-35) focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Since the governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To facilitate this comparison, reconciliations of the differences between the two are provided immediately following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances and in Note 2 (pages 59-62).

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, Transportation Sales Tax Fund, GO Bond Debt Service Fund, Special Assessment Debt Service Fund, and General Obligation Bond Capital Projects Fund, which are considered to be major funds of the City. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements (page 96-99).

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

**Enterprise funds** are used for activities that primarily serve customers outside the governmental unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information such as cash flows. Any reconciliation necessary between the enterprise funds and the business-type activities column of the government-wide financial statements is provided on the face of the fund statements. The City's enterprise funds are the Water, Wastewater, and Solid Waste utilities, as well as the sports complex (Stadium Fund) and public housing activities. All of the enterprise funds are considered to be major funds of the City.

**Internal service funds** are used for activities where the primary customer is the City itself. Because the primary customers of the internal service funds are the governmental activities, the assets and liabilities of those funds are included in the governmental activities column of the government-wide statement of net assets. The costs of internal service funds are allocated to the various user functions on the government-wide statement of activities. The internal service funds are combined into a single column on the proprietary fund statements. Additional detail of the internal service funds is provided in combining statements (pages 118-120). The internal service funds of the City include the Motor Pool, Self-Insurance, Facilities Maintenance, and Information Technology Funds.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support programs of the City. The fiduciary fund statements (pages 44-45 and 126-127) are prepared on the same basis as the government-wide and proprietary fund statements.

**Notes to the financial statements** – The notes to the financial statements (pages 47-86) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

**Required supplementary information other than MD&A** – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information in Note 17 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, 2009, 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, 2009, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 400.3	\$ 393.5	\$ 83.6	\$ 102.2	\$ 483.9	\$ 495.7	(2.4)%
Capital assets	982.5	867.0	571.8	564.6	1,554.3	1,431.6	8.6
Total assets	<u>1,382.8</u>	<u>1,260.5</u>	<u>655.4</u>	<u>666.8</u>	<u>2,038.2</u>	<u>1,927.3</u>	5.8
Other liabilities	47.0	53.7	11.4	9.3	58.4	63.0	(7.3)
Long-term liabilities outstanding	<u>382.2</u>	<u>318.2</u>	<u>144.2</u>	<u>155.2</u>	<u>526.4</u>	<u>473.4</u>	11.2
Total liabilities	<u>429.2</u>	<u>371.9</u>	<u>155.6</u>	<u>164.5</u>	<u>584.8</u>	<u>536.4</u>	9.0
Net assets:							
Invested in capital assets, net of related debt	690.7	602.7	429.8	427.3	1,120.5	1,030.0	8.8
Restricted	55.2	65.5	33.5	33.0	88.7	98.5	(10.0)
Unrestricted	<u>207.7</u>	<u>220.4</u>	<u>36.5</u>	<u>42.0</u>	<u>244.2</u>	<u>262.4</u>	(6.9)
Total net assets	<u>\$ 953.6</u>	<u>\$ 888.6</u>	<u>\$ 499.8</u>	<u>\$ 502.3</u>	<u>\$ 1,453.4</u>	<u>\$ 1,390.9</u>	4.5

The net assets of the City increased \$62.5 million (4.5%) in fiscal year 2009. Net assets of governmental activities increased \$65.0 million (7.3%), while the business-type activities decreased \$2.5 million (.5%).

Net Assets consists of three components. The largest portion of net assets (\$1,120.5 million or 77.1%) 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 \$90.5 million in fiscal year 2009 due to capital asset expenditures, including \$53 million for streets-related infrastructure, \$7 million for drainage infrastructure, \$5 million related to the new branch library, \$2 million for the court building expansion, \$5 million for parks, trails and other culture and

recreation capital items, \$4 million for water utility capital items, \$6 million for wastewater utility capital items, and the rest for various other capital expenditures and reductions in related debt.

The second portion of the City's net assets (\$88.7 million or 6.1%) represents resources that are subject to external restrictions on how they may be used. The decrease of \$9.8 million is primarily due to an increase of \$4.2 million in restricted for capital projects in the governmental activities and a decrease of \$15.0 million in net assets restricted for development fees (due to a sharp decreases in development fee revenues, but continued capital projects from this fund) in the governmental activities.

The third portion consists of Unrestricted Net Assets of \$244.2 million (16.8%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category decreased \$18.2 million (6.9%) in fiscal year 2009. Unrestricted net assets is the balance of net assets remaining after calculating the other two categories discussed above. Unrestricted net assets of governmental activities decreased \$12.7 million, while unrestricted net assets of business-type activities decreased \$5.5 million. Much of the decrease in unrestricted net assets comes from the following funds: General Fund \$9.6 million, Half-Cent Sales Tax Fund \$1.4 million and Highway User Revenue Fund \$.3 million due to lower revenues, especially sales taxes and development related revenues, in the economic downturn.

### Changes in Net Assets

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

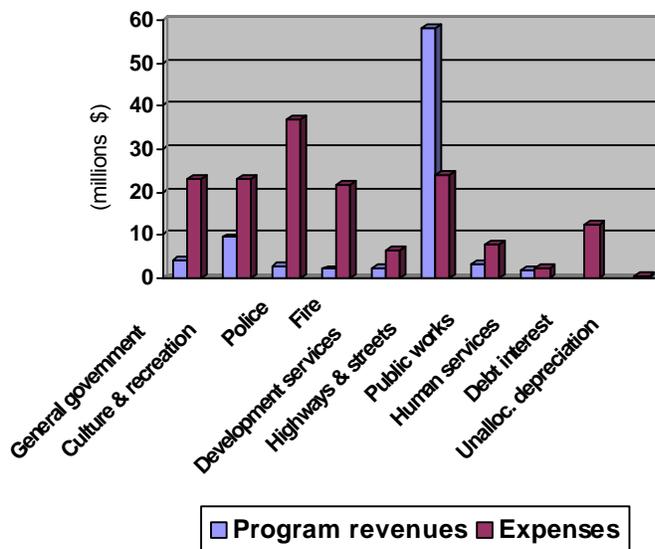
	Changes in Net Assets							
	(in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change	
2009	2008	2009	2008	2009	2008			
<b>REVENUES:</b>								
Program revenues:								
Fees, fines & charges for services	\$ 20.1	\$ 25.5	\$ 59.5	\$ 62.0	\$ 79.6	\$ 87.5	(9.0)%	
Federal grants	3.0	2.9	.2	.1	3.2	3.0	6.7	
Other grants and entitlements	31.4	33.4	-	-	31.4	33.4	(6.0)	
Capital contributions	29.6	19.7	12.2	22.3	41.8	42.0	(.5)	
General revenues:								
Property taxes	31.8	26.3	-	-	31.8	26.3	20.9	
Sales and use taxes	59.0	68.5	-	-	59.0	68.5	(13.9)	
Franchise taxes	4.0	3.8	-	-	4.0	3.8	5.3	
State shared sales tax	11.0	12.7	-	-	11.0	12.7	(13.4)	
Urban revenue sharing	20.4	19.5	-	-	20.4	19.5	4.6	
Auto-in-lieu taxes	5.0	5.6	-	-	5.0	5.6	(10.7)	
Miscellaneous	3.6	6.0	-	-	3.6	6.0	(40.0)	
Investment earnings	7.9	13.3	2.0	3.3	9.9	16.6	(40.4)	
Total revenues	<u>226.8</u>	<u>237.2</u>	<u>73.9</u>	<u>87.7</u>	<u>300.7</u>	<u>324.9</u>	(7.5)	
<b>EXPENSES:</b>								
Program activities:								
Governmental activities:								
General government	23.2	17.1	-	-	23.2	17.1	35.7%	
Culture and recreation	23.2	21.8	-	-	23.2	21.8	6.4	
Police	37.1	34.5	-	-	37.1	34.5	7.5	
Fire	21.6	19.9	-	-	21.6	19.9	8.5	
Development services	6.4	6.5	-	-	6.4	6.5	(1.5)	
Highways and streets	24.0	22.9	-	-	24.0	22.9	4.8	
Public works	7.7	7.8	-	-	7.7	7.8	(1.3)	
Human services	2.4	2.9	-	-	2.4	2.9	(17.2)	
Interest expense on debt	12.6	11.2	-	-	12.6	11.2	12.5	
Unallocated depreciation	.6	.6	-	-	.6	.6	-	
Business-type activities:								
Water utility	-	-	32.2	28.7	32.2	28.7	12.2	
Wastewater utility	-	-	31.0	17.3	31.0	17.3	79.2	
Solid Waste utility	-	-	10.6	13.3	10.6	13.3	(20.3)	
Stadium	-	-	5.3	6.9	5.3	6.9	(23.2)	
Housing	-	-	.3	.4	.3	.4	(25.0)	
Total expenses	<u>158.8</u>	<u>145.2</u>	<u>79.4</u>	<u>66.6</u>	<u>238.2</u>	<u>211.8</u>	12.5	
Excess (deficit) before transfers	<u>68.0</u>	<u>92.0</u>	<u>(5.5)</u>	<u>21.1</u>	<u>62.5</u>	<u>113.1</u>	(44.7)	
Transfers	<u>(3.0)</u>	<u>(9.8)</u>	<u>3.0</u>	<u>9.8</u>	<u>-</u>	<u>-</u>	-	
Increase (decrease) in net assets	<u>\$ 65.0</u>	<u>\$ 82.2</u>	<u>\$ (2.5)</u>	<u>\$ 30.9</u>	<u>\$ 62.5</u>	<u>\$ 113.1</u>	(44.7)	

The general revenues of governmental activities decreased \$13.0 million (8.4%) from the previous year. The primary drivers were property taxes, levied for debt service (or secondary property taxes), sales and use taxes, and state shared sales taxes. Secondary property tax revenues increased by \$5.6 million (24.8%) in fiscal year 2009 due to increased secondary valuation of taxable property. Sales and use taxes decreased \$9.5 million (13.9%) and state shared sales taxes decreased \$1.7 million (13.4%) due to the downturn in the economy. Additionally interest income decreased \$5.4 million (40.6%) due to lower interest rates. Program revenues of governmental activities increased \$2.6 million (3.2%) mainly as a result of the following changes: Charges for services decreased by \$5.4 million (21.2%), grants/entitlements decreased by \$1.9 million (5.2%), while donations of capital assets increased by \$9.9 million (50.3%). Charges for services were affected by decreased permit-related revenues of \$5.7 million from fiscal year 2008, affecting public works, development services, police, and fire program revenues. The program revenues of business-type activities decreased \$12.5 million (14.8%). Of that, capital contributions (impact fees and donations of capital assets) decreased by \$10.1 million (45.3%) as a result of decreased permit and construction activity.

For fiscal year 2009, total governmental revenues decreased \$10.4 million (4.4%) and total business-type revenues decreased \$13.8 million (15.7%). Expenses increased \$13.6 million (9.4%) and \$12.8 million (19.2%) for the governmental activities and business-type activities, respectively. General government expenses increased by \$6.1 million (35.7%), police expenses increased by \$2.6 million (7.5%), fire expenses increased by \$1.7 million (8.5%), and interest expense on debt increased \$1.4 million (12.5%). Water Utility expenses increased \$3.5 million (12.2%) while Wastewater utility expenses increased by \$13.7 million (79.2%), solid waste utility expenses decreased by \$2.7 million (20.3%) and stadium expenses decreased by \$1.6 million (23.2%). For further explanation of these changes, refer to the financial analysis of the City's funds later in this document.

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$84.1 million are 53.0% of the governmental expenses for fiscal year 2009. Of note, is the increase in highways and streets program revenues of \$15.7 million. Of that increase \$12.8 million is reimbursement to the City from the county transportation tax for specific transportation projects. This reimbursement occurs as City projects included on the County's project plan are completed and reimbursement requests are submitted to the County.

### Governmental Activities Program Revenues & Expenses



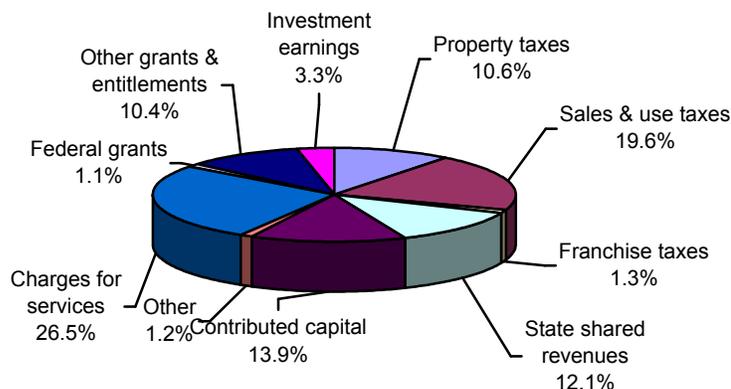
In the business-type activities, program revenues of \$71.9 million are 90.6% of the business-type expense for fiscal year 2009. This compares to \$84.4 million and 126.7% in fiscal year 2008.

Governmental activities account for 75.4% of the total revenues of the City and 66.7% of the total expenses in fiscal year 2009. These percentages were 73.0% and 68.6% respectively in fiscal year 2008.

As seen in the following graph, one of the largest financing sources for the City is charges for services (26.5%), primarily because this is the major funding source of the business-type activities (80.5% of business-type revenues). Capital contributions represent \$41.8 million (13.9%) of the fiscal year 2009 revenues, of which approximately \$39.8 million (95.2%) is non-spendable resources. The major funding sources of the governmental activities are taxes (31.5% of total revenues, 41.8% of governmental revenues) and state shared revenues (12.2% of total revenues, 16.1% of governmental revenues).

Property taxes increased 20.9% from fiscal year 2008 to fiscal year 2009. The city's primary assessed valuation increased 19.9%, while the secondary assessed valuation increased 21.5%. The increase in property taxes resulted from the increase in the assessed valuation. The primary property tax rate decreased \$.05 in fiscal year 2009, while the secondary rate was unchanged.

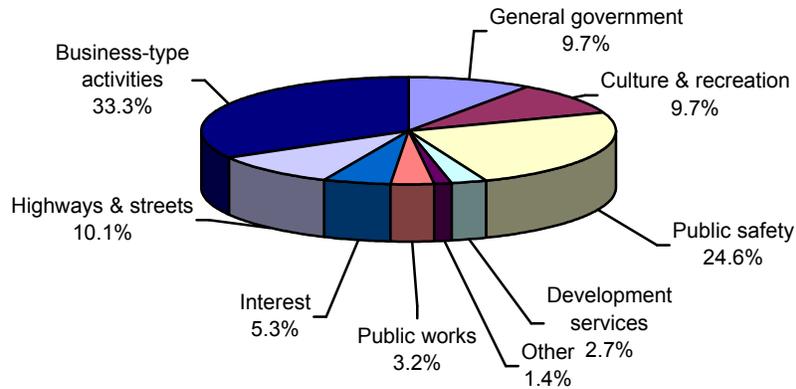
### Government-Wide Revenue Sources Fiscal Year 2009



Business-type activities account for 33.3% of the functional expenses of the City for fiscal year 2009, while governmental activities account for 66.7% of the functional expenses. For the governmental activities, the largest users of resources are public safety (24.6% of total expense, 37.0% of governmental expenses), highways and streets (10.1% of total expenses, 15.1% of governmental expenses), culture and recreation (9.7% of total expenses, 14.6% of governmental expenses), and general government (9.7% of total expenses, 14.6% of governmental expenses).

Total government-wide expenses (not including transfers out) of the City increased \$26.4 million (12.5%) in fiscal year 2009. Expenses of the governmental activities increased \$13.6 million (9.4%). This includes increases of \$6.1 million (35.7%) for general government, \$4.3 million (7.9%) for public safety (police and fire), \$1.1 million (4.8%) for highways and streets, and \$1.4 million (6.4%) for culture and recreation. Interest on debt increase \$1.4 million (12.5%). Expenses in Business-type activities increased \$12.8 million (19.2%). The increase is primarily caused by insurance claims and expenses of \$7.9 million in the wastewater fund, associated with a settlement of a terminated wastewater treatment agreement, and an increase in depreciation in the wastewater utility of \$3.6 million (92.1%), as a full year's depreciation was incurred for the Butler wastewater treatment plant. Water Utility expenses increased \$3.5 million (12.2%) due to a one-time payment to Central Arizona Project for recalculated construction costs on the reallocation of water from the CAP canal.

## Government-Wide Functional Expenses Fiscal Year 2009



### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

#### Governmental funds

The focus of the governmental fund financial statements (pages 22-27) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 96-99. Although the Half-Cent Sales Tax Fund, Highway User Revenue Fund, Development Fee Fund and Transportation Sales Tax Fund do not meet the GASB 34 criteria of a major fund, the City has chosen to present them as major funds due to local significance.

The fund balance of the governmental funds is \$319.4, an increase of \$12.1 million, or 3.9%, from the previous year. Of this, \$165.4 million (up \$21.5 million (14.9%) from the previous year) is classified as "Reserved" because it is not appropriable for expenditure or is legally segregated for a specific future use. The increase in reserved fund balance is primarily due to shared County transportation tax revenues received from Maricopa County. These revenues are to fund various transportation projects within the city that are deemed to be of regional significance by the Maricopa Association of Governments (MAG) regional transportation plan.

An additional \$88.0 million of the governmental fund balance (down \$11.7 million (11.7%) from the previous year) has been designated or committed for specific purposes by council policy or administrative action. These designations include encumbrances (\$39.0 million), economic stabilization reserves (\$40.0 million), debt service reserves (\$1.0 million), and current capital projects and equipment replacement reserves (\$8.0 million). The designations are further described in Note 11 to the financial statements (pages 69-70).

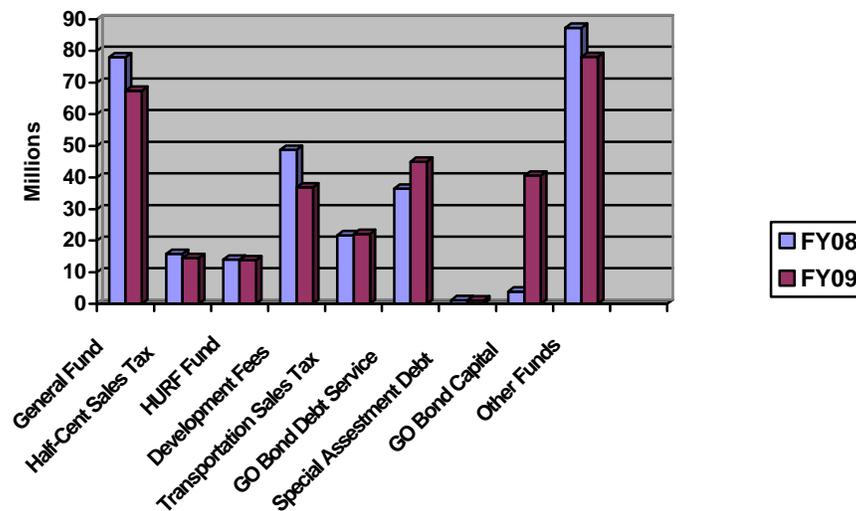
The remaining \$66.0 million of governmental fund balance is classified as "Unreserved, Undesignated". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unreserved, undesignated fund balance increase of 3.5% during fiscal year 2009 is primarily due to a change in the City's policy of designating

fund balance for future capital projects (see the decrease in designated fund balance above), offset by increasing reserved fund balances.

The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues decreased \$13.9 million (12.7%) over the previous year. Urban revenue sharing increased \$.9 million (4.4%) and Fines & Forfeitures increased by \$.9 million (37.6%) (due to increased traffic fines, primarily from red light cameras) while charges for service decreased \$4.7 million due to decreased development related fees. The City's sales tax revenues in the General Fund decreased \$5.4 million (14.3%) and state shared sales tax revenues decreased \$1.7 million (13.4%) due to the economic downturn. Total General Fund expenditures decreased \$1.0 million (0.9%). Personnel costs increased \$2.6 million while other costs (contractual, commodities and capital outlay) decreased. The increased personnel costs are due to the following: the City offered a retirement incentive program which resulted in a liability to the Arizona State Retirement System (ASRS). Additionally, there were vacation, sick and incentive payouts related to the retirement and separation incentives. The City granted a 2.5% increase in salaries and wages in fiscal year 2009, plus eligible employees received salary step increases and employer retirement contributions, health insurance and other personnel benefit costs continued to increase in fiscal year 2009. There were 10 additional employees approved in the General Fund for fiscal year 2009. The unreserved/undesignated fund balance of the General Fund was 22.2% of expenditures at June 30, 2009 compared to 30.6% at June 30, 2008.

The Half-Cent Sales Tax Fund tracks the revenues from a \$.05 sales tax designated for specific purposes by Council policy. Revenues in this fund decreased \$3.0 million (16.7%) from the previous year due to decreased sales tax revenue and investment earnings with the economic downturn and low interest rates. Expenditures in this fund decreased \$2.0 million (42.3%) due to a \$2.1 million decrease in capital outlay expenditures with the completion of the Municipal Operations Center Expansion (MOC). Total fund balance of the Half-Cent Sales Tax Fund decreased by \$1.4 million (8.6%) in fiscal year 2009.

### Governmental Funds - Fund Balance



The Highway User Revenue Fund (HURF Fund) is required by state statute to track the receipt of the state allocation of gasoline taxes and other state revenues shared with local governments and required to be used for transportation purposes. Also, there is a sales tax on utilities and property tax revenues from street light improvement districts included in this fund. Revenues decreased by \$1.3 million (9.8%) due to decreased investment earnings (\$.2 million or 37.6%) and decreased highway user revenues (\$1.2 million or 12.7%). The sales tax revenue in this fund is the tax on utilities, which has not been impacted as

strongly by the economic slow down (increased \$.1 million or 3.8%) as sales taxes in other funds. Expenditures increased by \$1.0 million (7.5%) in fiscal year 2009. The increased expenditures are split between personnel costs (cost of living and step increases plus higher benefit costs) and contractual services (street maintenance). Fund balance decreased \$.2 million (1.4%) in fiscal year 2009.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, streets and intersections and general government. Revenues in the Development Fee Fund decreased \$13.8 million (67.8%) with slower development in the City, while expenditures decreased \$1.0 million (5.4%) in fiscal year 2009 due to decreased principal payments on development agreements. Fund balance decreased \$12.0 million (24.4%) in fiscal year 2009 due to the decreased revenues. All fund balance in this fund is restricted or designated (encumbrances).

The Transportation Sales Tax Fund tracks the collection and expenditure of the .3% voter approved sales tax to fund transportation issues. Revenues in this fund decreased \$1.6 million (14.8%) while expenditures increased \$2.8 million (817.0%) with higher capital outlay expenditures as the capital program for these dedicated revenues is catching up to the revenues. The fund balance increased \$.4 million (1.7%) in the fiscal year 2009.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund increased \$2.0 million (8.5%) due to increased secondary property taxes. The secondary assessed value of the City increased 21.5% in fiscal year 2009 while the secondary tax rate was unchanged. Expenditures decreased by \$4.8 million (22.4%) due to the retirement of \$16.6 million of GO Bonds in fiscal year 2008. Debt payments were no longer required on these bonds in fiscal year 2009. Fund balance increased \$8.5 million (23.3%) in fiscal year 2009.

The Special Assessment Debt Service Fund collects special assessments levied through improvement districts and pays the debt service on the improvement district bonds. Revenues in this fund increased \$.4 million (20.2%) while expenditures increased \$.3 million (17.2%) in fiscal year 2009 due to higher debt payments. The fund balance decreased \$.1 million (11.7%).

The GO Bond Capital Projects Fund accounts for bond proceeds of general obligation bonds and the expenditure of those proceeds. Revenues in the fund increased \$30,025 (4.1%) with slightly higher investment earnings due to a decrease in the federal arbitrage liability, while expenditures decreased by \$.9 million (3.2%) due to lower capital outlays. Fund balance increased \$36.6 million (928.0%) with the sale of \$68.4 million in new bonds.

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

### **Proprietary funds**

The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discretely. Although the Solid Waste Utility Fund, Stadium Fund and Public Housing Fund do not meet the GASB 34 criteria of a major fund, the City has chosen to present them as major funds due to local significance.

Total net assets of the enterprise funds decreased \$3.2 million (.7%) in fiscal year 2009. Net assets invested in capital assets, net of related debt increased \$2.4 million (0.6%) with the addition of utility infrastructure. Restricted net assets increased \$.6 million (1.8%), mostly in bond reserve requirements, which are tied to capital assets. The unreserved net assets decreased \$6.2 million (15.1%), primarily due to lower revenues and one-time expenses discussed below. The Water Utility Fund experienced an increase in total net assets of \$4.6 million (2.0%), while the Wastewater Utility Fund decreased total net assets by \$8.7 million (3.9%). The Solid Waste Fund increased \$.9 million (4.9%), the Stadium Fund increased \$.1 million (0.5%) and the Public Housing Fund decreased \$54,898 (2.2%). The Water Utility

unrestricted net assets decreased \$2.1 million (9.1%), and the Wastewater Utility unrestricted net assets decreased \$5.6 million (56.2%).

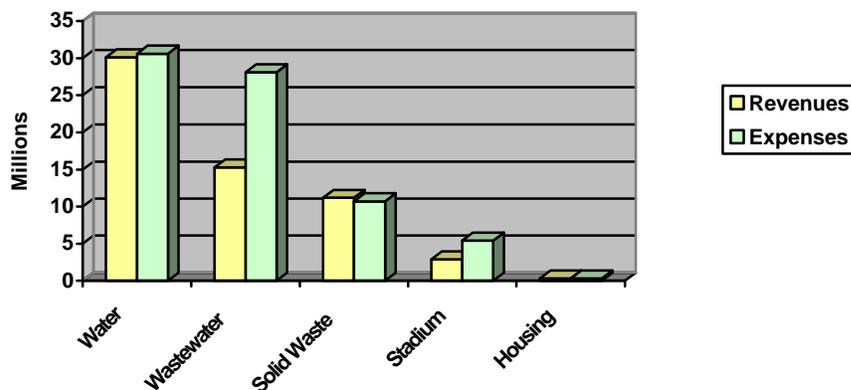
Operating revenues of the enterprise funds decreased \$2.2 million (3.5%) in fiscal year 2009. With the economic slowdown and increased home vacancies due to foreclosures, the Water Utility had decreased charges for services of \$1.5 million (4.9%). The economic downturn also impacted spring training attendance at the sports complex causing the Stadium Fund to have decreased charges for services and rents of \$.2 million (15.1%) and \$.2 million (9.9%), respectively.

Operating expenses of the enterprise funds increased \$11.0 million (17.2%) in fiscal year 2009. The Water Utility had increased operating expenses of \$3.9 million due to a \$3.8 million one-time payment to Central Arizona Project for recalculated construction costs on the reallocation of water from the CAP canal and a \$.5 million increase in depreciation expense. In the Wastewater Utility Fund, operating expenses increased \$11.3 million (67.3%) due to a claims settlement of \$7.9 million for the termination of a wastewater treatment processing agreement, and an increase of \$3.5 million for wastewater depreciation due to a full year's depreciation of the new Butler wastewater treatment plant. In the Solid Waste Fund, contractual services/commodities expenses decreased by \$2.7 million (29.8%) without the \$2.8 million one-time purchases of recycling containers in 2008. In the Stadium Fund, contractual services/commodities expenses decreased by \$1.7 million (35.6%), due to \$1.4 million decreases in building, grounds, and facilities repairs and maintenance expenses.

Operating income for the Water Utility Fund decreased \$5.6 million (110.9%) compared to 2008, due to the decreased revenues and one-time expenditures discussed above. Operating income for the Wastewater Utility decreased \$11.4 million (833.6%) as a result of the insurance claims and depreciation operating expense increases previously mentioned. The Solid Waste Utility Fund operating income increased \$2.6 million (121.0%) due to the 2008 one-time recycling expenses. The Stadium Fund and Public Housing Fund had operating losses in fiscal year 2009 of \$2.5 million (a \$1.2 million decrease from the previous fiscal year) and \$65,148, respectively. The Stadium Fund's operating loss is covered by transfers from the Half-Cent Sales Tax Fund for governmental use and support of this facility. The Public Housing Fund operating loss is due to depreciation costs associated with capital assets.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2009.

### Fiscal year 2009 Enterprise Fund Operating Revenues and Expenses



## BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 30-35. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgetary schedules for the other governmental funds as well as the proprietary funds are also presented on pages 90-92, 100-109, 112-116, and 121-124.

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

No amendments increasing the City's total adopted budget of \$680 million occurred during fiscal year 2009. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund inflows (revenues and other sources) of \$115.0 million, on a budgetary basis, fell below budgeted inflows of \$123.3 million by \$8.3 million (6.7%) while budgetary basis outflows (expenditures and other uses) of \$122.4 million were only 74.2% of final budgeted outflows. The shortfall of General Fund inflows under budgeted amounts is primarily due to lower than budgeted sales and use taxes, state shared sales taxes, charges for service (especially development related fees), licenses and permits (again especially development related fees like building permits) and investment earnings (due to low interest rates), somewhat offset by higher than anticipated fines and forfeitures (especially red light fines) and miscellaneous revenue. Reduced General Fund outflows resulted primarily from delayed capital projects and unspent contingency.

During the fiscal year, the original General Fund expenditures and other uses budget of \$167.5 million was amended by \$2.5 million to the final expenditure and other uses budget of \$165.0 million. Notable General Fund transfers are as follows:

- As a result of the economic downturn being worse than anticipated, the City made budget reductions in January 2009. As a result of these reductions, the General Fund operating budgets were reduced by \$3.1 million and those funds plus an additional \$1.9 million from other funds were returned to the General Fund contingency account.
- Contingency appropriation of \$3.4 million was transferred from the General Fund to the MDA Debt Service Fund for debt service on the 2008 MDA bonds for transportation projects.
- Contingency appropriation of \$.8 million was transferred from the General Fund to the Non-Bond Capital Projects Fund to cover additional costs for the Happy Valley Road water and wastewater lines construction.
- Contingency appropriation of \$.6 million was transferred from the General Fund to the Development Fee Fund for the purchase of fire trucks for the Jomax Station.
- Contingency appropriation of \$.9 million was transferred from the General Fund to the Development Fee Fund for funding of two streets projects.

- Appropriation authority of \$3.5 million was returned to the General Fund contingency from various parks and trails projects after the final reconciliation of project budget carryovers included in the original adopted budget.
- General Fund contingency appropriation of \$6.5 million was transferred to various funds for the final reconciliation of carryover budgets for various streets, drainage and public safety capital projects.
- Transfer of \$.5 million from General Fund Capital Projects contingency to GO Bond Fund for the roadway widening improvements at 91<sup>st</sup> Avenue and Olive Avenue.
- Appropriation transfer of \$.3 million from General Fund to various other funds to cover the Retirement Incentive Program.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2009, the City had \$1.1 billion invested in various capital assets, net of accumulated depreciation and related debt, up 8.8% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.6 billion. This is a net increase of \$122.8 million from June 30, 2008. Of the increase, \$115.6 million resulted from governmental activities and \$7.2 million resulted from business-type activities.

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

- ✓ The City spent an additional \$5.6 million on the upgrade of the radio system utilized by city staff and the emergency services. This project will meet the City's need for a new digital, trunked radio system that will serve the needs of all City departments and have the expansion capacity to meet the anticipated growth occurring over the next 20 to 40 years. The City currently has four independent radio systems. This project will implement one system that will promote interoperability between departments as well as our ability to communicate with other government agencies.
- ✓ The City continued the construction of Happy Valley Road from 75<sup>th</sup> Av to Lake Pleasant Parkway. Happy Valley Road is significant to the far north portion of the city. It is the first east-west route north of Bell Road connecting I-17 to US 60 and beyond. The total cost of the project is \$40.5 million. In fiscal year 2009, the city spent an additional \$24.3 million.
- ✓ Construction of a northern branch library completed in fiscal year 2009. The 25,000 square feet branch library is in response to citizens' desire for a full service library in the northern portion of the city. The total cost of the project, including funds to purchase the books for the new branch is estimated at \$9.6 million. In fiscal year 2009, the city spent \$5.3 million on the project.
- ✓ The City spent \$11.9 million in fiscal year 2009 on widening Thunderbird Road from Loop 101 to 94<sup>th</sup> Drive. The project consists of constructing additional thru lanes, a median and bike lanes. Improvements include right-of-way acquisition, paving, curb, gutter, sidewalk, driveways, medians, storm drains, street lights and traffic signal interconnect conduits. This project will provide additional capacity and enhance safety on Thunderbird Road.
- ✓ The City spent an additional \$2.4 million on the renovation and expansion of the Municipal Court Building (total expected costs \$10.8 million). This project both expands the facility by adding 17,000 square feet of building space and updating the building to accommodate changes in technology, security needs and key building systems to current code requirements.

The following table provides a breakdown of the capital assets of the City at June 30, 2009 and 2008. Additional information on the City's capital assets may be found in Note 12 on pages 70-71.

**Capital Assets at June 30**  
**(Net of depreciation)**

(in millions)

	Governmental		Business-type		Total		Percent Change
	Activities		Activities		Primary	Government	
	2009	2008	2009	2008	2009	2008	
Buildings and building improvements	\$ 114.5	\$ 116.7	\$ 26.4	\$ 27.4	\$ 140.9	\$ 144.1	(2.2)%
Furniture	1.1	1.2	.1	.1	1.2	1.3	(7.7)
Equipment	26.0	21.4	1.5	1.6	27.5	23.0	19.6
Vehicles	9.8	9.2	5.5	5.1	15.3	14.3	7.0
Storm drainage system	42.7	44.0	-	-	42.7	44.0	(3.0)
Street system	259.5	241.3	-	-	259.5	241.3	7.5
Park system	20.8	19.3	-	-	20.8	19.3	7.8
Water system	-	-	205.4	202.9	205.4	202.9	1.2
Water rights	-	-	6.0	-	6.0	-	-
Wastewater system	-	-	281.8	250.3	281.8	250.3	12.6
Land	326.3	298.6	17.0	25.3	343.3	323.9	6.0
Work in progress	181.8	115.2	28.1	51.9	209.9	167.1	25.6
<b>Total</b>	<b>\$ 982.5</b>	<b>\$ 866.9</b>	<b>\$ 571.8</b>	<b>\$ 564.6</b>	<b>\$ 1,554.3</b>	<b>\$ 1,431.5</b>	<b>8.6</b>

The City has adopted a ten year capital improvement plan budgeted at \$612.5 million, including \$199.4 million in fiscal year 2010. Anticipated funding for this plan is through a combination of impact fees (10.8%), utility revenue bonds (10.1%), general obligation bonds (29.9%), municipal development authority bonds (14.9%), operating revenues (19.2%), City (7.1%) and County (4.4%) transportation sales taxes and other outside funding sources (3.6%). The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$54.3 million. The capital improvement plan is updated annually as part of the City's budget process.

### Long-term Debt

The City's outstanding non-current long-term debt, including bonds, loans, notes, contracts, compensated absences, and net of deferred loss on bond refunding, was \$467.0 million at June 30, 2009. Of this total, \$333.1 million was in governmental activities and \$133.9 million was in business-type activities. The City's outstanding non-current debt increased \$32.2 million in fiscal year 2009. Water Infrastructure Finance Authority Revenue Bonds were issued in the amount of \$8.6 million for the final phase of construction of the Butler Water Reclamation Facility. In addition, General Obligation Bonds in the amount of \$68.4 million were issued for drainage, street, and public safety improvements.

Of the total outstanding bonds of \$457.1 million, \$183.1 million is general obligation bonds backed by the full faith and credit of the City. An additional \$10.4 million is special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to pay the debt payments. The outstanding debt also includes \$63.1 million in Community Facilities District bonds where the City has no obligation for payment. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The State constitution imposes certain debt limitations on the City of six percent (6%) and twenty percent (20%) of the assessed valuation of the City. The City's available debt margin at June 30, 2009 is \$112.9 million in the 6% category and \$222.6 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 72) and also in Table XXIII in the statistical section of this report (page 175).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2009 and 2008. Further detail on the City's outstanding debt may be found in Note 14 on pages 72-78.

**Outstanding Debt**  
(in millions)

	Governmental		Business-type		Total		Percent Change
	Activities		Activities		Primary Government		
	2009	2008	2009	2008	2009	2008	
General obligation debt	\$ 183.1	\$ 126.2	\$ -	\$ -	\$ 183.1	\$ 126.2	45.1%
Municipal Development Authority debt	61.0	65.8	1.2	1.6	62.2	67.4	(7.7)
Highway User Revenue bonds	3.0	3.3	-	-	3.0	3.3	(9.1)
Special assessment debt	10.4	12.0	-	-	10.4	12.0	(13.3)
Water/Sewer Revenue bonds	-	-	135.3	147.5	135.3	147.5	(8.3)
Community Facilities District bonds	63.1	64.6	-	-	63.1	64.6	(2.3)
Long-term loan payable	-	-	1.1	1.2	1.1	1.2	(8.3)
Contracts payable	56.8	42.5	4.4	4.3	61.2	46.8	30.8
Compensated absences	5.9	4.9	.6	.6	6.5	5.5	18.2
<b>Total</b>	<b>\$ 383.3</b>	<b>\$ 319.3</b>	<b>\$ 142.6</b>	<b>\$ 155.2</b>	<b>\$ 525.9</b>	<b>\$ 474.5</b>	<b>10.8</b>

The City currently maintains the following ratings on its general obligation debt: "AA+" from Standard & Poor's, "Aa2" from Moody's and "AA" from Fitch. For the water and sewer revenue bonds, the ratings are "AA" from Standard & Poor's, "A2" from Moody's and "AA-" from Fitch.

**ECONOMIC FACTORS**

The unemployment rate in the metropolitan Phoenix region for June 2009 was 8.3%, which remains below both the state (8.9%) and national average (9.5%). The regional economy remains subdued with declines in construction activity and population growth. Overall employment growth was negative with a year-over-year job loss rate of 7.6% for the state. The most significant employment losses were within the government and educational sectors, the professional and business sectors and the construction industry. Some moderate gains were realized in the healthcare sector which has helped to offset job losses within the other major industries. Within Peoria, the local economy has experienced decreases in both residential and commercial activity with some limited construction activity to infill the neighborhoods and planned communities that have developed over the past few years.

The adopted fiscal year 2010 budget is \$535 million, a decrease of 21% from 2009 as the City anticipates continuing declines in revenues due to the economic slowdown. The operating budget totals \$207.4 million, which is a decrease of 11% from 2009. The capital projects portion of the budget, \$199.4 million, is divided in the following manner: \$22.4 million for drainage projects, \$12.8 million for operational facilities, \$29.3 million for parks, trails and open space, \$11.1 million for public safety projects, \$81.7 million for streets projects, \$3.4 million for traffic control projects, \$16.6 million for wastewater projects, and \$22.1 million for water projects. With the downturn in the economy, the citizens' needs for City services were balanced with a diminished revenue base. To make ends meet, tough choices and numerous sacrifices were made. The budget focuses on preserving the City's excellent quality of life.

Overall, there was a reduction of 61.67 (full-time equivalent) staff positions in the fiscal year 2010 budget. In addition, many City departments were restructured. Following are the approved budget 2010 position decreases (including moves due to the departmental reorganization): City Manager's Office (1.0), Community Services (18.22), Management & Budget (1.0), Engineering (14.25), Finance (4.25), Fire (3.0), Information Technology (3.0), Office of Communications (1.0), Planning and Sustainability (3.5), Public Works (14.25). Only two departments had 2010 budgeted position increases, as follows: Economic Development Services (1.3), and Police (3.5).

The City has built cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of an ever-changing city. The City has established 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 \$34.2 million in the General Fund and \$5.8 million in the Half-Cent Sales Tax Fund at June 30, 2009. The City also maintains a working capital policy reserve in the Utility Funds. At June 30, 2009, those reserves were \$16.0 million in the Water Utility, \$3.1 million in the Wastewater Utility, and \$2.1 million in the Solid Waste Utility. It should be noted that while these reserves are established to address immediate and dramatic fiscal difficulties, they are not intended to cover structural budget shortfalls. With

this in mind, the fiscal year 2010 budget does not anticipate the use of reserves to address recurring expenses.

### **FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the City of Peoria, Arizona's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Director at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 98,816,215	\$ 28,202,435	\$ 127,018,650
Cash with fiscal agents	4,796,102	-	4,796,102
Investments	159,315,867	44,785,810	204,101,677
Accounts receivable, net	9,615,438	6,898,871	16,514,309
Interest receivable	1,746,555	374,032	2,120,587
Internal balances	(1,529,420)	1,529,420	-
Due from other governments	6,207,284	27,221	6,234,505
Prepaid items	1,015,552	206,114	1,221,666
Supply inventories	317,110	305,489	622,599
Deferred bond issuance costs, net	3,437,009	446,025	3,883,034
Restricted cash and cash equivalents	37,711,880		37,711,880
Restricted cash with fiscal agents	-	408,936	408,936
Restricted investments	64,574,546		64,574,546
Other assets	4,392,000	384,332	4,776,332
Special assessments receivable	9,886,921		9,886,921
Capital assets:			
Non-depreciable	508,096,751	45,091,657	553,188,408
Depreciable (net)	474,396,521	526,733,943	1,001,130,464
<b>Total assets</b>	<b>1,382,796,331</b>	<b>655,394,285</b>	<b>2,038,190,616</b>
<b>LIABILITIES</b>			
Accounts payable	13,961,659	3,742,333	17,703,992
Accrued payroll	2,458,490	313,210	2,771,700
Interest payable	6,735,863	2,490,574	9,226,437
Due to other governments	3,288,148	252,021	3,540,169
Claims payable	1,500,000	3,000,000	4,500,000
Customer deposits	3,317	1,207,911	1,211,228
Unearned revenue	10,055,338	-	10,055,338
Arbitrage liability	484,828	-	484,828
Unamortized bond premium	3,546,915	116,022	3,662,937
Other liabilities	4,935,825	288,920	5,224,745
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	4,298,750	517,780	4,816,530
Current portion of contracts payable	4,978,956	147,226	5,126,182
Current portion of loans payable	-	177,095	177,095
Current portion of bonds payable	39,847,547	7,866,778	47,714,325
Due in more than one year:			
Noncurrent portion of claims payable	-	1,500,000	1,500,000
Noncurrent portion of compensated absences	1,571,340	128,290	1,699,630
Noncurrent portion of contracts payable	51,879,755	4,273,816	56,153,571
Noncurrent portion of loans payable	-	887,537	887,537
Noncurrent portion of bonds payable	280,665,658	128,709,131	409,374,789
Less: Deferred loss on bond refunding	(1,028,853)	(54,237)	(1,083,090)
<b>Total liabilities</b>	<b>429,183,536</b>	<b>155,564,407</b>	<b>584,747,943</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	690,708,494	429,764,018	1,120,472,512
Restricted for:			
Capital projects	19,337,844	20,236,850	39,574,694
Development fees	33,864,793	-	33,864,793
Revenue bond retirement	-	12,830,980	12,830,980
Grant purposes	1,993,823	490,660	2,484,483
Unrestricted	207,707,841	36,507,370	244,215,211
<b>Total net assets</b>	<b>\$ 953,612,795</b>	<b>\$ 499,829,878</b>	<b>\$ 1,453,442,673</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines &amp; Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 23,226,263	\$ 3,635,662	\$ 130,765	\$ 326,373
Culture and recreation	23,185,665	8,035,499	498,152	983,005
Police	37,084,671	1,326,404	1,247,553	270,944
Fire	21,618,004	1,748,715	5,000	394,285
Development services	6,354,769	1,568,529	627,035	-
Highways and streets	24,046,432	348,351	8,302,395	49,391,689
Public works	7,688,062	3,336,840	4,345	-
Human services	2,382,604	130,962	1,759,504	-
Interest on long-term debt	12,610,988	-	-	-
Unallocated depreciation	574,550	-	-	-
Total governmental activities	<u>158,772,008</u>	<u>20,130,962</u>	<u>12,574,749</u>	<u>51,366,296</u>
Business-type activities:				
Water Utility	32,164,325	30,104,254	-	7,760,070
Wastewater Utility	31,039,534	15,331,781	-	4,315,902
Solid Waste Utility	10,624,589	11,166,354	-	110,359
Stadium	5,235,258	2,866,609	-	-
Housing programs	331,785	108,010	158,627	-
Total business-type activities	<u>79,395,491</u>	<u>59,577,008</u>	<u>158,627</u>	<u>12,186,331</u>
Total primary government	<u>\$ 238,167,499</u>	<u>\$ 79,707,970</u>	<u>\$ 12,733,376</u>	<u>\$ 63,552,627</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales and use taxes

Franchise taxes

State shared sales taxes- unrestricted

Urban revenue sharing- unrestricted

Auto in-lieu taxes- unrestricted

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of the financial statements

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (19,133,463)	\$ -	\$ (19,133,463)
(13,669,009)	-	(13,669,009)
(34,239,770)	-	(34,239,770)
(19,470,004)	-	(19,470,004)
(4,159,205)	-	(4,159,205)
33,996,003	-	33,996,003
(4,346,877)	-	(4,346,877)
(492,138)	-	(492,138)
(12,610,988)	-	(12,610,988)
(574,550)	-	(574,550)
<u>(74,700,001)</u>	<u>-</u>	<u>(74,700,001)</u>
-	5,699,999	5,699,999
-	(11,391,851)	(11,391,851)
-	652,124	652,124
-	(2,368,649)	(2,368,649)
-	(65,148)	(65,148)
-	<u>(7,473,525)</u>	<u>(7,473,525)</u>
<u>\$ (74,700,001)</u>	<u>\$ (7,473,525)</u>	<u>\$ (82,173,526)</u>
\$ 3,629,629	\$ -	\$ 3,629,629
28,162,003	-	28,162,003
59,004,816	-	59,004,816
4,019,182	-	4,019,182
10,991,095	-	10,991,095
20,395,663	-	20,395,663
5,018,384	-	5,018,384
7,896,100	1,970,474	9,866,574
115,412	-	115,412
3,528,043	-	3,528,043
(3,066,497)	3,066,497	-
<u>139,693,830</u>	<u>5,036,971</u>	<u>144,730,801</u>
<u>64,993,829</u>	<u>(2,436,554)</u>	<u>62,557,275</u>
<u>888,618,966</u>	<u>502,266,432</u>	<u>1,390,885,398</u>
<u>\$ 953,612,795</u>	<u>\$ 499,829,878</u>	<u>\$ 1,453,442,673</u>

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Development Fee Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,684,885	\$ 5,021,097	\$ 5,050,280	\$ 14,626,711
Cash with fiscal agents	-	-	-	-
Investments	38,094,274	8,118,675	8,165,861	23,650,113
Accounts receivable, net	4,461,570	1,243,947	263,627	-
Interest receivable	271,810	87,763	67,488	223,159
Due from other governments	3,105,437	-	754,570	-
Prepaid items	150,478	4,783	-	-
Supply inventories	124,706	-	82,277	-
Restricted cash and cash equivalents	9,573,814	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 79,466,974</u>	<u>\$ 14,476,265</u>	<u>\$ 14,384,103</u>	<u>\$ 38,499,983</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,451,237	\$ 21,536	\$ 390,638	\$ 1,392,811
Accrued payroll	2,081,975	-	96,412	-
Due to other governments	3,284,259	-	-	-
Customer deposits	3,317	-	-	-
Deferred revenue	1,273,747	-	6,967	-
Arbitrage liability	-	-	-	-
Other liabilities	2,995,110	-	63,946	249,895
Total liabilities	<u>\$ 12,089,645</u>	<u>\$ 21,536</u>	<u>\$ 557,963</u>	<u>\$ 1,642,706</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Development fees	-	-	-	33,864,793
Grant purposes	-	-	-	-
Supply inventories	124,706	-	82,277	-
Prepaid items	150,478	4,783	-	-
Unreserved, designated (see note 11):				
General fund	42,758,436	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	7,088,293	209,966	2,992,484
Unreserved, undesignated, reported in:				
General fund	24,343,709	-	-	-
Special revenue funds	-	7,361,653	13,533,897	-
Total fund balance	<u>67,377,329</u>	<u>14,454,729</u>	<u>13,826,140</u>	<u>36,857,277</u>
Total liabilities and fund balance	<u>\$ 79,466,974</u>	<u>\$ 14,476,265</u>	<u>\$ 14,384,103</u>	<u>\$ 38,499,983</u>

The accompanying notes are an integral part of the financial statements

<b>Transportation Sales Tax Fund</b>	<b>GO Bond Debt Service Fund</b>	<b>Special Assessment Debt Service Fund</b>	<b>GO Bond Capital Projects Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 8,397,890	\$ 17,012,616	\$ 398,574	\$ -	\$ 12,097,260	\$ 86,289,313
-	-	-	-	4,796,102	4,796,102
13,578,654	27,507,912	644,460	-	19,301,013	139,060,962
746,046	958,385	-	-	1,941,863	9,615,438
108,573	142,534	5,875	360,375	341,790	1,609,367
-	340,914	-	-	2,006,363	6,207,284
-	-	-	18,000	-	173,261
-	-	-	-	-	206,983
-	-	-	17,600,656	10,537,410	37,711,880
-	-	-	27,892,049	36,682,497	64,574,546
-	-	9,886,921	-	-	9,886,921
<u>\$ 22,831,163</u>	<u>\$ 45,962,361</u>	<u>\$ 10,935,830</u>	<u>\$ 45,871,080</u>	<u>\$ 87,704,298</u>	<u>\$ 360,132,057</u>
\$ 646,473	\$ 591	\$ -	\$ 4,833,369	\$ 3,757,973	\$ 13,494,628
-	-	-	-	41,445	2,219,832
-	-	-	-	3,889	3,288,148
-	-	-	-	-	3,317
-	958,385	9,871,061	-	4,153,259	16,263,419
-	24,671	-	460,157	-	484,828
-	-	-	2,217	1,624,657	4,935,825
<u>\$ 646,473</u>	<u>\$ 983,647</u>	<u>\$ 9,871,061</u>	<u>\$ 5,295,743</u>	<u>\$ 9,581,223</u>	<u>\$ 40,689,997</u>
\$ -	\$ 44,978,714	\$ 1,064,769	\$ -	\$ 13,400,453	\$ 59,443,936
-	-	-	24,751,843	45,727,751	70,479,594
-	-	-	-	-	33,864,793
-	-	-	-	1,235,982	1,235,982
-	-	-	-	-	206,983
-	-	-	18,000	-	173,261
-	-	-	-	-	42,758,436
-	-	-	15,805,494	13,623,183	29,428,677
1,862,300	-	-	-	3,685,631	15,838,674
-	-	-	-	-	24,343,709
20,322,390	-	-	-	450,075	41,668,015
<u>22,184,690</u>	<u>44,978,714</u>	<u>1,064,769</u>	<u>40,575,337</u>	<u>78,123,075</u>	<u>319,442,060</u>
<u>\$ 22,831,163</u>	<u>\$ 45,962,361</u>	<u>\$ 10,935,830</u>	<u>\$ 45,871,080</u>	<u>\$ 87,704,298</u>	<u>\$ 360,132,057</u>



**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009**

Fund balances - total governmental funds balance sheet		\$ 319,442,060
<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	\$ 1,142,011,324	
Less accumulated depreciation	<u>(190,991,571)</u>	951,019,753
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred bond issuance costs	3,437,009	
Deferred loss on bond refunding	<u>1,028,853</u>	4,465,862
<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	320,513,205	
Governmental contracts payable	56,858,711	
Compensated absences	<u>5,335,990</u>	(382,707,906)
Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting		4,392,000
Deferred revenue for long-term special assessments is shown on the governmental funds balance sheet, but is not deferred on the statement of net assets		4,921,062
Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting		(3,546,915)
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		1,287,019
Interest payable on long-term debt is not reported in the governmental funds.		(6,735,863)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with the governmental activities.		<u>61,075,723</u>
Net assets of governmental activities - statement of net assets		<u><u>\$ 953,612,795</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Development Fee Fund</b>
<b>REVENUES:</b>				
Taxes:				
Sales and use taxes	\$ 32,464,266	\$ 14,643,516	\$ 3,107,554	\$ -
Property taxes	2,898,724	-	560,183	-
Franchise taxes	4,019,182	-	-	-
Intergovernmental:				
State shared sales taxes	10,991,095	-	-	-
County shared sales taxes	-	-	-	-
Urban revenue sharing	20,395,663	-	-	-
Auto in-lieu taxes	5,018,384	-	-	-
Highway user revenue	-	-	8,287,891	-
Local transportation aid	-	-	-	-
From federal government	-	-	-	-
Other	259,443	-	-	-
Charges for services	11,381,397	-	39,413	5,356,850
Licenses and permits	1,802,759	-	-	-
Fines and forfeitures	3,309,210	-	-	-
Rents	366,976	-	28,858	-
Investment earnings	1,420,768	463,291	355,151	1,178,214
Special assessments	-	-	-	-
Miscellaneous	1,146,493	-	-	-
Total revenues	<u>95,474,360</u>	<u>15,106,807</u>	<u>12,379,050</u>	<u>6,535,064</u>
<b>EXPENDITURES:</b>				
Current:				
General government	17,020,771	436,079	-	19,289
Culture and recreation	20,980,812	-	-	784,806
Police	35,261,322	-	-	16,751
Fire	20,482,503	-	-	3,415
Development services	5,847,773	-	-	-
Highways and streets	-	-	13,642,031	752,915
Public works	5,692,376	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	34,192	2,024,534	290,000	4,079,953
Interest and other charges	-	9,953	180,160	-
Capital outlay	4,415,263	219,331	221,998	12,491,799
Total expenditures	<u>109,735,012</u>	<u>2,689,897</u>	<u>14,334,189</u>	<u>18,148,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,260,652)</u>	<u>12,416,910</u>	<u>(1,955,139)</u>	<u>(11,613,864)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	6,575,900	-	2,118,394	760,500
Transfers out	<u>(2,944,135)</u>	<u>(13,773,560)</u>	<u>(354,248)</u>	<u>(1,115,724)</u>
Total other financing sources and uses	<u>3,631,765</u>	<u>(13,773,560)</u>	<u>1,764,146</u>	<u>(355,224)</u>
Net change in fund balances	<u>(10,628,887)</u>	<u>(1,356,650)</u>	<u>(190,993)</u>	<u>(11,969,088)</u>
Fund balances - beginning	78,006,216	15,811,379	14,017,133	48,826,365
Fund balances - ending	<u>\$ 67,377,329</u>	<u>\$ 14,454,729</u>	<u>\$ 13,826,140</u>	<u>\$ 36,857,277</u>

The accompanying notes are an integral part of the financial statements

<u>Transportation Sales Tax Fund</u>	<u>GO Bond Debt Service Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>GO Bond Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,789,480	\$ -	\$ -	\$ -	\$ -	\$ 59,004,816
-	24,421,586	-	-	2,991,522	30,872,015
-	-	-	-	-	4,019,182
-	-	-	-	-	10,991,095
-	-	-	-	12,837,089	12,837,089
-	-	-	-	-	20,395,663
-	-	-	-	-	5,018,384
-	-	-	-	-	8,287,891
-	-	-	-	640,826	640,826
-	-	-	-	2,970,534	2,970,534
-	-	-	-	1,317,298	1,576,741
-	-	-	-	1,702,004	18,479,664
-	-	-	-	-	1,802,759
-	-	-	-	423,837	3,733,047
-	-	-	-	-	395,834
567,195	748,207	31,447	769,110	1,640,726	7,174,109
-	-	2,200,782	-	-	2,200,782
-	-	-	-	6,342,247	7,488,740
<u>9,356,675</u>	<u>25,169,793</u>	<u>2,232,229</u>	<u>769,110</u>	<u>30,866,083</u>	<u>197,889,171</u>
-	139,680	866	-	182,262	17,798,947
-	-	-	-	538,234	22,303,852
-	-	-	-	1,180,035	36,458,108
-	-	-	-	30,427	20,516,345
-	-	-	-	641,426	6,489,199
336,995	-	-	480,816	256,938	15,469,695
-	-	-	-	495,257	6,187,633
-	-	-	-	2,343,847	2,343,847
-	11,575,000	1,624,615	-	6,360,260	25,988,554
-	4,940,779	679,184	221,675	5,885,831	11,917,582
2,835,486	-	-	27,601,687	29,729,578	77,515,142
<u>3,172,481</u>	<u>16,655,459</u>	<u>2,304,665</u>	<u>28,304,178</u>	<u>47,644,095</u>	<u>242,988,904</u>
<u>6,184,194</u>	<u>8,514,334</u>	<u>(72,436)</u>	<u>(27,535,068)</u>	<u>(16,778,012)</u>	<u>(45,099,733)</u>
-	-	-	68,440,000	-	68,440,000
-	-	-	808,192	-	808,192
-	-	-	43,465	9,357,020	18,855,279
(5,824,023)	-	(68,251)	(5,128,351)	(1,720,604)	(30,928,896)
<u>(5,824,023)</u>	<u>-</u>	<u>(68,251)</u>	<u>64,163,306</u>	<u>7,636,416</u>	<u>57,174,575</u>
360,171	8,514,334	(140,687)	36,628,238	(9,141,596)	12,074,842
21,824,519	36,464,380	1,205,456	3,947,099	87,264,671	307,367,218
<u>\$ 22,184,690</u>	<u>\$ 44,978,714</u>	<u>\$ 1,064,769</u>	<u>\$ 40,575,337</u>	<u>\$ 78,123,075</u>	<u>\$ 319,442,060</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, 2009**

Net change in fund balances - total governmental funds	\$ 12,074,842
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.	(960,800)
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.	113,475
Special assessment principal payments received are revenues on the governmental operating statement, but are reductions in the outstanding special assessment debt for government-wide reporting.	(1,605,303)
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.	(642,921)
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 (\$77,617,337) exceeded depreciation (\$22,604,569) in the current period.	55,012,768
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold or disposed of.	2,106
Gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses, on the statement of activities.	26,926
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	29,600,596
Certain development agreement transactions are reported as operating expenditures in the governmental funds, but are reclassified to donated assets on the government-wide statements.	111,747
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.	(68,440,000)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. No effect on net assets.	25,988,554
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.	(858,677)
Interfund transactions between governmental activities are eliminated in the statement of activities unless the transfers are between governmental and business-type activities.	8,395,000
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.	6,175,516
Change in net assets of governmental activities- statement of activities	\$ 64,993,829

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, 2009**

	<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, 2008	\$ 66,030,207	\$ 66,030,207	\$ 66,030,207	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	38,112,233	38,112,233	32,615,235	(5,496,998)
Property taxes	2,822,460	2,822,460	2,967,361	144,901
Franchise taxes	4,253,038	4,253,038	4,000,994	(252,044)
Intergovernmental:				
State shared sales taxes	13,247,000	13,247,000	11,143,095	(2,103,905)
Urban revenue sharing	19,830,408	19,830,408	20,628,382	797,974
Auto in-lieu taxes	5,652,220	5,652,220	4,797,784	(854,436)
From federal government	-	-	(4,931)	(4,931)
Other	286,845	286,845	245,508	(41,337)
Charges for services	24,502,116	24,502,116	23,860,733	(641,383)
Licenses and permits	2,490,071	2,490,071	1,802,759	(687,312)
Fines and forfeitures	2,088,472	2,088,472	3,309,210	1,220,738
Rents	384,250	384,250	363,762	(20,488)
Investment earnings	2,532,200	2,532,200	1,591,603	(940,597)
Miscellaneous	59,500	59,500	1,146,493	1,086,993
Transfers from other funds	7,102,603	7,102,603	6,573,036	(529,567)
Total inflows	<u>123,363,416</u>	<u>123,363,416</u>	<u>115,041,024</u>	<u>(8,322,392)</u>
Amounts available for appropriation	<u>189,393,623</u>	<u>189,393,623</u>	<u>181,071,231</u>	<u>(8,322,392)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government:				
Mayor and council	1,223,500	1,226,812	1,179,602	(47,210)
City manager	3,962,403	3,873,732	3,781,673	(92,059)
Human resources	2,960,278	2,737,618	2,486,637	(250,981)
Attorney	3,071,732	3,175,122	3,077,592	(97,530)
City clerk	1,336,421	1,257,518	1,171,289	(86,229)
Court	2,360,510	2,534,525	2,444,260	(90,265)
Economic development	1,265,001	1,325,848	675,559	(650,289)
Finance	12,653,776	11,541,558	11,639,191	97,633
Non-departmental	1,588,309	3,339,787	2,689,726	(650,061)
Culture and recreation	23,097,805	21,725,266	20,684,060	(1,041,206)
Police	37,118,685	35,740,285	34,766,248	(974,037)
Fire	21,745,093	20,430,872	20,155,990	(274,882)
Development services	6,495,146	5,234,292	5,765,670	531,378
Public works	6,786,758	5,505,353	5,612,454	107,101
Debt service:				
Principal payments	-	-	-	-
Capital outlay	25,378,968	24,970,273	5,545,390	(19,424,883)
Contingencies	15,688,566	19,659,853	-	(19,659,853)
Transfers to other funds	765,764	765,764	765,497	(267)
Total charges to appropriations	<u>167,498,715</u>	<u>165,044,478</u>	<u>122,440,838</u>	<u>(42,603,640)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 21,894,908</u>	<u>\$ 24,349,145</u>	<u>\$ 58,630,393</u>	<u>\$ 34,281,248</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

**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	\$ 181,071,231
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	(66,030,207)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(6,573,036)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(13,177,886)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	184,258
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 95,474,360</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 122,440,838
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	151,610
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,360,999
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(275,052)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(13,177,886)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(765,497)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 109,735,012</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 13,061,649	\$ 13,061,649	\$ 13,061,649	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	17,206,203	17,206,203	14,696,810	(2,509,393)
Investment earnings	332,500	332,500	491,429	158,929
Transfers from other funds	-	-	-	-
Total inflows	<u>17,538,703</u>	<u>17,538,703</u>	<u>15,188,239</u>	<u>(2,350,464)</u>
Amounts available for appropriation	<u>30,600,352</u>	<u>30,600,352</u>	<u>28,249,888</u>	<u>(2,350,464)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government- non-departmental	447,630	491,180	454,259	(36,921)
Debt service:				
Principal payments	2,455,608	2,455,608	2,024,428	(431,180)
Interest and other charges	17,724	17,724	10,057	(7,667)
Capital outlay	5,165,095	5,212,140	886,348	(4,325,792)
Contingencies	2,000,000	2,016,625	-	(2,016,625)
Transfers to other funds	13,855,318	13,855,318	13,323,940	(531,378)
Total charges to appropriations	<u>23,941,375</u>	<u>24,048,595</u>	<u>16,699,032</u>	<u>(7,349,563)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 6,658,977</u>	<u>\$ 6,551,757</u>	<u>\$ 11,550,856</u>	<u>\$ 4,999,099</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	\$ 28,249,888
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	(13,061,649)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(81,432)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,106,807</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,699,032
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(235,575)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(449,620)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(13,323,940)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,689,897</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, 2009**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary fund balance, July 1, 2008	\$ 14,411,456	\$ 14,411,456	\$ 14,411,456	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	3,040,755	3,040,755	3,091,173	50,418
Property taxes	580,175	580,175	555,183	(24,992)
Intergovernmental:				
Highway user revenue	9,270,000	9,270,000	8,322,713	(947,287)
Charges for services	375,000	375,000	332,230	(42,770)
Rents	-	-	28,858	28,858
Investment earnings	240,845	240,845	366,125	125,280
Transfers from other funds	2,557,175	2,557,175	2,543,505	(13,670)
Total inflows	<u>16,063,950</u>	<u>16,063,950</u>	<u>15,239,787</u>	<u>(824,163)</u>
Amounts available for appropriation	<u>30,475,406</u>	<u>30,475,406</u>	<u>29,651,243</u>	<u>(824,163)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	10,562,016	10,036,860	10,972,697	935,837
Debt service:				
Principal payments	290,000	290,000	290,000	-
Interest and other charges	180,210	180,210	180,160	(50)
Capital outlay	6,600,540	5,768,125	4,056,034	(1,712,091)
Contingencies	1,000,000	1,131,000	-	(1,131,000)
Transfers to other funds	934,885	934,885	920,754	(14,131)
Total charges to appropriations	<u>19,567,651</u>	<u>18,341,080</u>	<u>16,419,645</u>	<u>(1,921,435)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 10,907,755</u>	<u>\$ 12,134,326</u>	<u>\$ 13,231,598</u>	<u>\$ 1,097,272</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	\$ 29,651,243
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	(14,411,456)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(2,543,505)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(295,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(22,232)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,379,050</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,419,645
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	13,811
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(883,513)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(295,000)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(920,754)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,334,189</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, 2009**

	<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, 2008	\$ 39,879,121	\$ 39,879,121	\$ 39,879,121	\$ -
<b>RESOURCES (INFLOWS):</b>				
Impact/expansion fees	10,930,974	10,930,974	5,765,008	(5,165,966)
Investment earnings	663,500	663,500	955,055	291,555
Total inflows	<u>11,594,474</u>	<u>11,594,474</u>	<u>6,720,063</u>	<u>(4,874,411)</u>
Amounts available for appropriation	<u>51,473,595</u>	<u>51,473,595</u>	<u>46,599,184</u>	<u>(4,874,411)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government-non departmental	-	105,884	14,574	(91,310)
Culture and recreation	367,880	845,802	693,077	(152,725)
Police	-	45,618	16,751	(28,867)
Fire	-	4,944	5,574	630
Highways and streets	27,321	79,648	752,723	673,075
Debt service:				
Principal payments	5,833,930	6,135,924	4,079,953	(2,055,971)
Capital outlay	31,453,053	28,595,310	12,647,791	(15,947,519)
Contingencies	3,000,000	7,999,584	-	(7,999,584)
Total charges to appropriations	<u>40,682,184</u>	<u>43,812,714</u>	<u>18,210,443</u>	<u>(25,602,271)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 10,791,411</u>	<u>\$ 7,660,881</u>	<u>\$ 28,388,741</u>	<u>\$ 20,727,860</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	\$ 46,599,184
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	(39,879,121)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(184,999)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,535,064</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 18,210,443
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,054,209
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,115,724)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,148,928</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
TRANSPORTATION SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 18,377,715	\$ 18,377,715	\$ 18,377,715	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	10,380,262	10,380,262	8,822,786	(1,557,476)
Investment earnings	-	-	544,937	544,937
Total inflows	<u>10,380,262</u>	<u>10,380,262</u>	<u>9,367,723</u>	<u>(1,012,539)</u>
Amounts available for appropriation	<u>28,757,977</u>	<u>28,757,977</u>	<u>27,745,438</u>	<u>(1,012,539)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	71,953	211,556	303,243	91,687
Debt service:				
Principal payments	1,760,000	1,760,000	1,760,000	-
Interest and other charges	1,809,171	1,809,171	1,659,171	(150,000)
Capital outlay	20,027,488	15,344,755	2,511,649	(12,833,106)
Contingencies	1,000,000	5,705,523	-	(5,705,523)
Transfers to other funds	1,386,000	1,386,000	1,157,500	(228,500)
Total charges to appropriations	<u>26,054,612</u>	<u>26,217,005</u>	<u>7,391,563</u>	<u>(18,825,442)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 2,703,365</u>	<u>\$ 2,540,972</u>	<u>\$ 20,353,875</u>	<u>\$ 17,812,903</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	\$ 27,745,438
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	(18,377,715)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(11,048)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,356,675</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,391,563
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	598,786
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(241,197)
Certain debt service expenditures were budgeted in the Transportation Sales Tax Fund, but were paid from another fund.	(3,419,171)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,157,500)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,172,481</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2009**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 14,297,697	\$ 7,017,502	\$ 5,717,338	\$ 703,898
Restricted cash with fiscal agents	199,868	50,607	-	146,768
Investments	23,064,397	11,346,687	9,244,436	1,130,290
Accounts receivable, net	3,772,756	1,782,842	1,309,124	19,121
Interest receivable	185,067	106,495	73,333	9,137
Due from other governments	-	-	-	-
Prepaid items	78,762	126,996	-	-
Supplies inventory	235,206	-	66,132	-
Total current assets	<u>41,833,753</u>	<u>20,431,129</u>	<u>16,410,363</u>	<u>2,009,214</u>
Non-current assets:				
Capital assets:				
Buildings and improvements	1,642,283	7,659,795	10,799	25,781,679
Distribution and collection systems	252,017,815	331,278,757	-	-
Water Rights	6,095,443	-	-	-
Equipment	1,863,781	1,082,629	43,338	749,921
Vehicles	1,856,327	903,774	8,589,040	490,528
Furniture	186,058	29,004	-	-
Less accumulated depreciation and amortization	(49,310,791)	(50,845,197)	(4,179,881)	(10,748,220)
Land and improvements	6,025,686	3,878,001	-	6,703,349
Construction in progress	26,662,468	1,394,434	-	17,369
Capital assets, net	<u>247,039,070</u>	<u>295,381,197</u>	<u>4,463,296</u>	<u>22,994,626</u>
Unamortized bonds costs	154,094	290,160	-	1,771
Other assets	295,016	89,316	-	-
Total non-current assets	<u>247,488,180</u>	<u>295,760,673</u>	<u>4,463,296</u>	<u>22,996,397</u>
Total assets	<u>289,321,933</u>	<u>316,191,802</u>	<u>20,873,659</u>	<u>25,005,611</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,726,388	1,632,877	191,076	176,488
Accrued payroll	150,945	51,265	75,865	35,135
Accrued interest payable	949,357	1,509,580	20,814	10,823
Due to other governments	244,373	-	-	287
Other current liabilities	241,793	41,947	-	5,180
Claims payable	-	3,000,000	-	-
Current portion of compensated absences	238,010	100,040	122,630	57,100
Current portion of bonds, contracts & loans payable	3,523,476	4,351,930	179,750	135,943
Total current liabilities	<u>7,074,342</u>	<u>10,687,639</u>	<u>590,135</u>	<u>420,956</u>
Non-current liabilities:				
Deposits payable	1,196,987	-	-	-
Claims payable	-	1,500,000	-	-
Deferred bond premium	58,375	14,781	-	42,866
Compensated absences	57,500	21,320	34,310	15,160
Long-term portion of bonds, contracts & loans payable	44,266,278	88,125,229	1,160,621	318,356
Less: Deferred loss on bond refunding	(22,219)	(5,627)	-	(26,391)
Total non-current liabilities	<u>45,556,921</u>	<u>89,655,703</u>	<u>1,194,931</u>	<u>349,991</u>
Total liabilities	<u>52,631,263</u>	<u>100,343,342</u>	<u>1,785,066</u>	<u>770,947</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	199,249,316	202,904,039	3,122,925	22,540,327
Restricted:				
Capital projects	10,708,997	1,566,421	6,910,324	1,051,108
Revenue bond retirement	5,852,342	6,978,638	-	-
Grant purpose	-	-	-	-
Unrestricted	20,880,015	4,399,362	9,055,344	643,229
Total net assets	<u>\$ 236,690,670</u>	<u>\$ 215,848,460</u>	<u>\$ 19,088,593</u>	<u>\$ 24,234,664</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
\$ 466,000	\$ 28,202,435	\$ 12,526,902
11,693	408,936	-
-	44,785,810	20,254,905
15,028	6,898,871	-
-	374,032	137,188
27,221	27,221	-
356	206,114	842,291
4,151	305,489	110,127
<u>524,449</u>	<u>81,208,908</u>	<u>33,871,413</u>
3,276,922	38,371,478	148,102
-	583,296,572	-
-	6,095,443	-
144,422	3,884,091	40,386,355
-	11,839,669	22,273,193
9,613	224,675	30,745
(1,893,896)	(116,977,985)	(33,784,398)
410,350	17,017,386	-
-	28,074,271	2,419,522
<u>1,947,411</u>	<u>571,825,600</u>	<u>31,473,519</u>
-	446,025	-
-	384,332	-
<u>1,947,411</u>	<u>572,655,957</u>	<u>31,473,519</u>
<u>2,471,860</u>	<u>653,864,865</u>	<u>65,344,932</u>
15,504	3,742,333	467,031
-	313,210	238,658
-	2,490,574	-
7,361	252,021	-
-	288,920	-
-	3,000,000	1,500,000
-	517,780	413,080
-	8,191,099	-
<u>22,865</u>	<u>18,795,937</u>	<u>2,618,769</u>
10,924	1,207,911	-
-	1,500,000	-
-	116,022	-
-	128,290	121,020
-	133,870,484	-
-	(54,237)	-
<u>10,924</u>	<u>136,768,470</u>	<u>121,020</u>
<u>33,789</u>	<u>155,564,407</u>	<u>2,739,789</u>
1,947,411	429,764,018	31,473,519
-	20,236,850	-
-	12,830,980	-
490,660	490,660	-
-	34,977,950	31,131,624
<u>\$ 2,438,071</u>	<u>\$ 498,300,458</u>	<u>\$ 62,605,143</u>
	1,529,420	
	<u>\$ 499,829,878</u>	

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 29,933,405	\$ 15,327,269	\$ 11,163,703	\$ 1,310,340
Rents	-	-	-	1,555,509
From federal government	-	-	-	-
Miscellaneous	158,828	3,199	2,651	760
Total operating revenues	<u>30,092,233</u>	<u>15,330,468</u>	<u>11,166,354</u>	<u>2,866,609</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	6,218,758	2,204,155	3,402,406	1,450,908
Contractual services, materials and supplies	18,541,841	10,457,127	6,422,496	3,147,049
Insurance claims and expenses	-	7,930,000	-	-
Depreciation and amortization	5,885,108	7,498,822	888,346	756,134
Total operating expenses	<u>30,645,707</u>	<u>28,090,104</u>	<u>10,713,248</u>	<u>5,354,091</u>
Operating income (loss)	<u>(553,474)</u>	<u>(12,759,636)</u>	<u>453,106</u>	<u>(2,487,482)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	981,749	552,381	386,254	47,739
Interest expense	(1,925,762)	(3,043,285)	(43,309)	(18,059)
Gain on sale of capital assets	12,021	1,313	-	-
Total non-operating revenues (expenses)	<u>(931,992)</u>	<u>(2,489,591)</u>	<u>342,945</u>	<u>29,680</u>
Income (loss) before contributions and transfers	<u>(1,485,466)</u>	<u>(15,249,227)</u>	<u>796,051</u>	<u>(2,457,802)</u>
Capital contributions	7,760,070	4,315,902	110,359	-
Transfers in	628,593	2,885,249	-	2,848,601
Transfers out	(2,322,602)	(681,539)	(17,984)	(281,720)
Change in net assets	<u>4,580,595</u>	<u>(8,729,615)</u>	<u>888,426</u>	<u>109,079</u>
Total net assets - beginning	232,110,075	224,578,075	18,200,167	24,125,585
Total net assets - ending	<u><u>\$ 236,690,670</u></u>	<u><u>\$ 215,848,460</u></u>	<u><u>\$ 19,088,593</u></u>	<u><u>\$ 24,234,664</u></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
\$ -	\$ 57,734,717	\$ 26,982,879
104,158	1,659,667	-
158,627	158,627	-
3,852	169,290	168,009
<u>266,637</u>	<u>59,722,301</u>	<u>27,150,888</u>
-	13,276,227	9,506,713
245,619	38,814,132	11,865,247
-	7,930,000	160,246
86,166	15,114,576	6,424,208
<u>331,785</u>	<u>75,134,935</u>	<u>27,956,414</u>
(65,148)	(15,412,634)	(805,526)
2,351	1,970,474	721,991
-	(5,030,415)	-
-	13,334	21,612
<u>2,351</u>	<u>(3,046,607)</u>	<u>743,603</u>
(62,797)	(18,459,241)	(61,923)
-	12,186,331	-
7,899	6,370,342	9,165,218
-	(3,303,845)	(158,098)
<u>(54,898)</u>	<u>(3,206,413)</u>	<u>8,945,197</u>
2,492,969	501,506,871	53,659,946
<u>\$ 2,438,071</u>	<u>\$ 498,300,458</u>	<u>\$ 62,605,143</u>

769,859

\$ (2,436,554)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 31,831,880	\$ 15,973,963	\$ 11,626,907	\$ 2,834,760
Payments to suppliers	(16,673,361)	(9,460,770)	(2,871,626)	(2,623,371)
Payments to employees	(6,245,808)	(2,202,141)	(3,367,832)	(1,444,682)
Self-insurance costs	-	(4,930,000)	-	-
Payments to internal service funds	(2,016,031)	(707,428)	(3,762,678)	(491,569)
Net cash provided (used) by operating activities	<u>6,896,680</u>	<u>(1,326,376)</u>	<u>1,624,771</u>	<u>(1,724,862)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	628,593	2,885,249	-	2,848,601
Transfers out	(2,322,602)	(681,539)	(17,984)	(281,720)
Net cash provided (used) by non-capital financing activities	<u>(1,694,009)</u>	<u>2,203,710</u>	<u>(17,984)</u>	<u>2,566,881</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net acquisition and construction of capital assets	(4,273,103)	(5,963,252)	(1,558,245)	(101,516)
Capital contributions	1,394,079	447,047	110,359	-
Proceeds from sale of bonds	-	8,575,248	-	-
Proceeds (reduction) from contracts payable	80,762	178,926	-	-
Principal payments on capital debt	(19,640,602)	(1,483,174)	(170,368)	(129,216)
Interest paid on capital debt	(1,978,087)	(2,452,384)	(46,639)	(24,966)
Net cash provided (used) by capital and related financing activities	<u>(24,416,951)</u>	<u>(697,589)</u>	<u>(1,664,893)</u>	<u>(255,698)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	39,031,064	19,204,113	15,640,107	1,903,110
Proceeds from sale of investments	(39,051,141)	(20,165,827)	(16,307,077)	(2,328,516)
Interest received on investments	1,086,727	492,480	406,212	45,598
Net cash provided (used) by investing activities	<u>1,066,650</u>	<u>(469,234)</u>	<u>(260,758)</u>	<u>(379,808)</u>
Net increase (decrease) in cash and cash equivalents	(18,147,630)	(289,489)	(318,864)	206,513
Cash and cash equivalents at beginning of year	32,645,195	7,357,598	6,036,202	644,153
Cash and cash equivalents at end of year	<u>\$ 14,497,565</u>	<u>\$ 7,068,109</u>	<u>\$ 5,717,338</u>	<u>\$ 850,666</u>
Classified as:				
Cash and cash equivalents	\$ 14,297,697	\$ 7,017,502	\$ 5,717,338	\$ 703,898
Restricted cash with fiscal agents	199,868	50,607	-	146,768
Totals	<u>\$ 14,497,565</u>	<u>\$ 7,068,109</u>	<u>\$ 5,717,338</u>	<u>\$ 850,666</u>

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ 312,776	\$ 62,580,286	\$ 27,154,740
(227,199)	(31,856,327)	(13,111,585)
-	(13,260,463)	(9,465,921)
-	(4,930,000)	(1,760,246)
(62)	(6,977,768)	-
<u>85,515</u>	<u>5,555,728</u>	<u>2,816,988</u>
7,899	6,370,342	9,165,218
-	(3,303,845)	(158,098)
<u>7,899</u>	<u>3,066,497</u>	<u>9,007,120</u>
(7,899)	(11,904,015)	(10,306,032)
-	1,951,485	-
-	8,575,248	-
-	259,688	-
-	(21,423,360)	-
-	(4,502,076)	-
<u>(7,899)</u>	<u>(27,043,030)</u>	<u>(10,306,032)</u>
-	75,778,394	34,255,985
-	(77,852,561)	(36,597,823)
2,351	2,033,368	744,739
<u>2,351</u>	<u>(40,799)</u>	<u>(1,597,099)</u>
87,866	(18,461,604)	(79,023)
389,827	47,072,975	12,605,925
<u>\$ 477,693</u>	<u>\$ 28,611,371</u>	<u>\$ 12,526,902</u>
\$ 466,000	\$ 28,202,435	\$ 12,526,902
11,693	408,936	-
<u>\$ 477,693</u>	<u>\$ 28,611,371</u>	<u>\$ 12,526,902</u>

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (553,474)	\$ (12,759,636)	\$ 453,106	\$ (2,487,482)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	5,885,108	7,498,822	888,346	756,134
(Increase) decrease in assets:				
Accounts receivable	1,671,059	643,495	426,637	(16,249)
Due from other governments	-	-	33,916	-
Prepaid items	(4,281)	20,195	-	-
Supplies inventory	(59,065)	-	(41,977)	-
Other assets	-	(20,195)	-	-
Increase (decrease) in liabilities:				
Accounts payable	(28,673)	(892,883)	(169,831)	32,073
Accrued payroll	(6,800)	(14,516)	9,794	2,986
Due to other governments	(6,245)	-	-	17
Other liabilities	(49,287)	(318,188)	-	19
Deposits payable	71,588	-	-	-
Claims payable	-	3,000,000	-	-
Deferred revenue	(3,000)	-	-	(15,600)
Compensated absences	(20,250)	16,530	24,780	3,240
Total adjustments	<u>7,450,154</u>	<u>11,433,260</u>	<u>1,171,665</u>	<u>762,620</u>
Net cash provided (used) by operating activities	<u>\$ 6,896,680</u>	<u>\$ (1,326,376)</u>	<u>\$ 1,624,771</u>	<u>\$ (1,724,862)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	\$ 6,365,991	\$ 3,868,855	\$ -	\$ -
Increase in fair market value of investments	<u>158,082</u>	<u>78,423</u>	<u>60,309</u>	<u>7,042</u>
Total non-cash investing, capital and financing activities	<u>\$ 6,524,073</u>	<u>\$ 3,947,278</u>	<u>\$ 60,309</u>	<u>\$ 7,042</u>

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ (65,148)	\$ (15,412,634)	\$ (805,526)
86,166	15,114,576	6,424,208
2,190	2,727,132	3,852
44,597	78,513	-
(356)	15,558	(842,291)
(4,151)	(105,193)	(27,332)
-	(20,195)	-
15,504	(1,043,810)	(376,520)
-	(8,536)	37,152
7,361	1,133	(195)
-	(367,456)	-
(648)	70,940	-
-	3,000,000	(1,600,000)
-	(18,600)	-
-	24,300	3,640
<u>150,663</u>	<u>20,968,362</u>	<u>3,622,514</u>
<u>\$ 85,515</u>	<u>\$ 5,555,728</u>	<u>\$ 2,816,988</u>
\$ -	\$ 10,234,846	\$ -
-	303,856	111,444
<u>\$ -</u>	<u>\$ 10,538,702</u>	<u>\$ 111,444</u>

**CITY OF PEORIA, ARIZONA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009**

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 77,913	\$ 183,209
Investments (pooled), at fair value	125,979	296,236
Interest receivable	1,070	-
Total assets	204,962	479,445
<b>LIABILITIES</b>		
Accounts payable	-	3,874
Other liabilities	-	475,571
Total liabilities	-	479,445
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ 204,962	

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, 2009**

	<b>Firemen's Pension Fund</b>
<b>ADDITIONS</b>	
Investment earnings:	
Interest and investment income	\$ 5,744
Total investment earnings	5,744
Less investment expenses:	
Investment management fees	91
Net investment earnings	5,653
Total additions	5,653
 <b>DEDUCTIONS</b>	
Retirement payments	30,600
Total deductions	30,600
Change in net assets	(24,947)
Net assets - beginning of the year	229,909
Net assets - end of the year	\$ 204,962

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.

Note		Page
1	Summary of Significant Accounting Policies	47
2	Reconciliation of Governmental Fund Financial Statements to Government-wide Statements	59
3	Budget Basis of Accounting	63
4	Deposits and Investments	63
5	Property Taxes	66
6	Due from Other Governments	67
7	Accounts Receivable and Allowance for Doubtful Accounts	68
8	Interfund Transactions, Receivable and Payable Balances	68
9	Segment Information for Enterprise Funds	69
10	Deficits in Fund Equity/Excess of Expenditures Over Appropriations	69
11	Fund Balance/Net Assets Reservations and Designations	69
12	Capital Assets	70
13	Community Facilities District Debt	72
14	Long-Term Debt	72
15	Advance Refundings	78
16	Pledged Revenues	78
17	Retirement and Pension Plans	78
18	Operating Leases	83
19	Deferred Compensation Plan	83
20	Commitments and Contingencies	83
21	Other Matters	85
22	Subsequent Events	86

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The following is a summary of other significant accounting policies:

**A. Financial Reporting Entity**

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

The financial reporting entity presented in these financial statements consists of the City and two blended component units. In accordance with GASB Statement #14, these component units, discussed below, are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These component units are governed by boards, substantially or wholly, comprised of the government's elected council.

**Individual Component Units - Blended**

**City of Peoria Municipal Development Authority, Inc.**

City of Peoria Municipal Development Authority, Inc. (Authority), an Arizona not-for-profit corporation, was organized for the purpose of financing the construction of municipal facilities within the City through the issuance of bonds. Concurrent with these bond issues, the City entered into contracts with the Authority whereby the City will pay, to the Authority, amounts sufficient to retire the Authority's bonds and related interest. The outstanding Municipal Development Authority, Inc. bonds are reported as a debt service fund in the City's financial statements. No separate financial statements are prepared for the Municipal Development Authority, Inc.

**Vistancia Community Facilities District**

The Vistancia Community Facilities District (the District) was formed by petition to the City Council in 2002. The district's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District. The City has no liability for the District's debt. For reporting purposes, the transactions of the District are included as governmental type funds as if they were part of the City's operations.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

Stand-alone financial statements are prepared for the Vistancia Community Facilities District. The accounting records of the District are maintained by the City and the financial statements for the District are available from the City of Peoria, Finance Department at 8401 West Monroe Street, Peoria, AZ 85345.

**B. Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (statement of net assets and statement of activities) report on the City and its component units as a whole, excluding fiduciary activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities, both governmental and business type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The “doubling up” effect of internal service fund activity has been removed from the government-wide statements with the expenses shown in the various functions and segments on the Statement of Activities. Quasi-external transactions, like the sale of utility services from the Enterprise Funds to the other funds, are not eliminated for the financial statements. Elimination of these charges would distort the direct costs and program revenue reported for the various functions.

The City does not currently employ an indirect cost allocation system. The General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund.

The government-wide Statement of Net Assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt, is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on long-term debt and depreciation expense on assets shared by multiple functions are not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment and 2) grants

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

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

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

The proprietary fund and fiduciary fund financial statements, except for the Agency Funds which have no measurement focus, are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary fund financial statements. The net costs/income of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund statements.

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

**C. Basis of Presentation**

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

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

**Governmental Funds**

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

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

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

Debt Service Funds account for the resources accumulated and the servicing of long-term debt not being financed by proprietary funds. The debt service funds presented as major funds in the basic financial statements are as follows: GO Bond Debt Service Fund accounts for the principal and interest requirements of the City's general obligation bonds, with revenues generated from the general property tax levy sufficient to meet the debt service; and the Special Assessment Debt Service Fund accounts for the receipt of revenues from special assessment districts and the payment of the special assessment bonds.

Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds. One capital projects fund is presented as a major fund in the basic financial statements. The GO Bond Capital Projects Fund accounts for the bond proceeds from general obligation bonds and the expenditure of those monies.

**Proprietary Funds**

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

establish activity fees or charges to recover the cost of providing services, including capital costs. All of the enterprise funds of the City are presented discretely in the basic financial statements.

The enterprise funds of the City are as follows:

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

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

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

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

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

Self-Insurance Fund – accounts for the Risk Management function of the City as well as maintaining the costs of the City's liability insurance and any claims paid under the City's self-insurance program. These costs are allocated to all operational activities of the City.

Facilities Maintenance Fund – allocates the costs of operations and maintenance of the City's facilities to the user departments.

Information Technology Fund – maintains the costs of operation and maintenance of the City's computer systems. The computer replacement fund for all governmental functions is also in this fund. Revenues are charges to user departments.

### **Fiduciary Funds**

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

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

Westside Fire Training IGA, a consortium of area fire departments that pool monies for training activities, for which the City acts as the administrator.

**D. Measurement Focus and Basis of Accounting**

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

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and unreserved fund balance is a measure of available spendable resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers revenues available under modified accrual, if they are earned by June 30 (all eligibility requirements have been met) and the revenue is expected to be collected within six months after year-end, except for property taxes. For property taxes, the City uses a 60 day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement #33 – *Recipient Reporting for Certain Shared Non-exchange*, receivables and revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

Property taxes and special assessments are susceptible to accrual when an enforceable legal claim has arisen. As noted above, the City recognizes property taxes received within 60 days of fiscal year-end to be revenues under modified accrual. The remaining taxes levied are considered deferred revenue on the governmental fund financial statements. State Shared Sales Taxes, Highway User revenues and State Shared Income taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. City levied transaction privilege taxes (sales taxes) are considered susceptible to accrual at the time of the underlying transaction (sale). In practice, taxes collected by local businesses in June and remitted to the City in July are recognized as revenue in the previous fiscal year. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

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

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

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

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

**E. Budgets and Budgetary Accounting**

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

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.
- Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation (see Note 1.F). Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2009.
- The maximum legal expenditure permitted for the year is the total budget as adopted. The expenditure appropriations in the adopted budget are maintained in the City's financial system by department within individual funds. Departmental appropriations may be amended during the year, within administrative guidelines and adopted Council policies.
- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.
- The City Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments must be approved by the City Council. Additionally, budget revisions involving personnel or capital asset expenditures/expenses must be approved by the City Council.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.
- All funds of the City, except the agency funds, have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

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

**F. Expenditure Limitation**

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

The State Constitution also gives local jurisdictions several methods of seeking approval from their citizens to override the state expenditure limitation. One of these is local approval of a permanent base adjustment. In March 2003, the voters of Peoria approved a \$15 million permanent adjustment of the expenditure base. This permanent base adjustment was effective beginning in fiscal year 2005-2006. The City of Peoria's state calculated expenditure limitation for fiscal year 2008-2009, including the permanent base adjustment, was \$688,862,608.

#### **G. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed by the City. In the governmental funds, encumbrances are reported as designations of fund balances at June 30 in the fund financial statements, since they do not constitute expenditures or liabilities. No restrictions of net assets for encumbrances are shown in the government-wide financial statements. Encumbrance accounting is employed in the proprietary fund types for budget purposes only, but is not shown as a restriction or designation of net assets in the financial statements.

#### **H. Deposits and Investments**

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. It is generally the City's policy to hold investments to maturity.

##### Investment Policy

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

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

##### Investment Valuation

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

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

#### Investment Income

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

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

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

Inventories are valued at cost and the City uses the first-in, first-out (FIFO) flow assumption in determining cost. Inventory in the governmental funds, which consists of expendable supplies held for consumption, is recorded as an expenditure at the time individual inventory items are consumed and is offset by a fund balance reserve in the governmental fund financial statements indicating it does not constitute available expendable resources. No reservation of net assets is shown in the proprietary fund statements or the government-wide financial statements for inventories.

Prepaid items are generally for payments made by the City in the current fiscal year for goods or services to be received in the subsequent fiscal year. Such items are recorded as prepaid at the time of the payment and recognized as expenditures/expenses when the related goods or services are received. Prepaid items are offset by a reservation of fund balance in governmental funds to indicate it does not constitute available expendable resources. No reservation of net assets is shown in the proprietary fund statements or the government-wide financial statements for prepaid items.

#### **J. Capital Assets**

All capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements.

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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed. For the year ended June 30, 2009, the City did not capitalize any net interest costs in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred, not including agent fees or other costs, of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$4,956,296.

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>
Water Rights	100
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
Furniture and fixtures	7
Vehicles	7
Computers/software	3

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

**K. Water Rights**

The City entered into a lease agreement with Gila River Indian Community (GRIC) for the rights to 7,000 acre-feet of water each year through 2107. These rights, costing \$6,095,443, are being amortized over the 100 year life of the agreement on a straight-line basis starting in fiscal year 2008. Fiscal year 2009 amortization was \$121,909 (2 years amortization under GASB Statement 51 implemented in fiscal year 2009) and the net book value at June 30, 2009 was \$5,973,534.

**L. Transactions Between Funds**

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as “due to/from other funds” for the current portion and “interfund receivables and payables” for the non-current portion (if applicable).

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

**M. Receivables**

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

**N. Restricted Assets**

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the balance sheet, or statement of net assets, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

**O. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the period in which the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The long-term debt of the City is serviced by various funds, according to the type of debt and the funds benefiting from that debt. The General Obligation Bonds Debt Service Fund, Municipal Development Authority Bonds Debt Service Fund, Community Facilities District Bonds Debt Service Fund, and Special Assessment Debt Service Fund are all specifically established to service those specific types of debt obligations of the City. The Highway User Revenue Fund services the highway user revenue bonds, which are funded by state shared gas tax revenues. The Half-Cent Sales Tax Fund services debt obligations from development agreements. Each enterprise fund individually accounts for and services the applicable bonds and contracts payable that benefit that fund.

**P. Compensated Absences**

Annual leave, based on a graduated scale of years of employment, is credited to each employee as it accrues. The maximum annual leave accrual for permanent employees is 320 hours. Upon employment termination, payment is made to the employee for the unused leave.

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

For the governmental fund financial statements, compensated absences are accrued only when due. For the government-wide financial statements, as well as the proprietary fund financial statements, all

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

of the outstanding vacation, compensatory time and benefits, as well as an estimate of the retirement sick-time payout for eligible employees, are recorded as a liability. Compensated absences are liquidated when mature by the various operating funds accruing the liability.

**Q. Risk Management**

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

The claims liability of \$1,500,000 reported in the Self-Insurance Fund at June 30, 2009 is based on the requirements of Governmental Accounting Standards Board Statement #10 which requires that liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The City is self-insured for property and public liability up to \$500,000 and for damage to City vehicles valued up to \$50,000. Vehicles with a value in excess of \$50,000 have a \$5,000 deductible. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts up to \$40,000,000. For additional information on insurance amounts, see Table XXXIV on page 186. The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses are not included in the calculation. During the fiscal year ended June 30, 2009, 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 2008 and 2009 were:

Years Ended, June 30	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claim Payments	Balance at Fiscal Year-end
2008	\$3,100,000	\$ -	\$727,954	\$ (727,954)	\$3,100,000
2009	3,100,000	(1,600,000)	587,490	\$ (587,490)	1,500,000

**R. Cash Equivalents**

The City considers short-term investments (including restricted assets) in the State of Arizona investment pool, mutual fund-money market, U.S. Treasury bills and notes with maturities of three months or less at acquisition date to be cash equivalents.

**S. New Accounting Standards**

During fiscal year 2009, the City implemented the following new accounting standard issued by the Governmental Accounting Standards Board:

Statement No. 51 – “Accounting and Financial Reporting for Intangible Assets”.

**T. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net assets/balance sheet and the reported amounts of revenues and expenses/expenditures during the reporting period. Specifically, the city has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable),

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

valuation of capital assets and depreciation expense, and the ultimate outcome of claims payable. Actual results could differ from those estimates.

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

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

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

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Internal Service Funds (2)</b>	<b>Statement of Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 86,289,313	-	12,526,902	98,816,215
Cash with fiscal agents	4,796,102	-	-	4,796,102
Investments	139,060,962	-	20,254,905	159,315,867
Accounts receivable, net	9,615,438	-	-	9,615,438
Interest receivable	1,609,367	-	137,188	1,746,555
Internal balances	-	-	(1,529,420)	(1,529,420)
Due from other governments	6,207,284	-	-	6,207,284
Prepaid items	173,261	-	842,291	1,015,552
Supply inventories	206,983	-	110,127	317,110
Deferred bond issuance costs, net	-	3,437,009	-	3,437,009
Other assets	-	4,392,000	-	4,392,000
Restricted cash/cash equivalents	37,711,880	-	-	37,711,880
Restricted investments	64,574,546	-	-	64,574,546
Special assessment receivables	9,886,921	-	-	9,886,921
Capital assets	-	951,019,753	31,473,519	982,493,272
Total assets	<u>\$ 360,132,057</u>	<u>958,848,762</u>	<u>63,815,512</u>	<u>1,382,796,331</u>
<b>Liabilities</b>				
Accounts payable	\$ 13,494,628	-	467,031	13,961,659
Accrued payroll	2,219,832	-	238,658	2,458,490
Interest payable	-	6,735,863	-	6,735,863
Due to other governments	3,288,148	-	-	3,288,148
Claims/deposits payable	3,317	-	1,500,000	1,503,317
Deferred revenue	16,263,419	(6,208,081)	-	10,055,338
Arbitrage liability	484,828	-	-	484,828
Other liabilities	4,935,825	-	-	4,935,825
Unamortized bond premium	-	3,546,915	-	3,546,915
Compensated absences-current	-	3,885,670	413,080	4,298,750
Current bonds/contracts payable	-	44,826,503	-	44,826,503
Long-term liabilities (net of deferred loss)	-	332,966,880	121,020	333,087,900
Total liabilities	<u>\$ 40,689,997</u>	<u>385,753,750</u>	<u>2,739,789</u>	<u>429,183,536</u>
<b>Fund Balance/Net Assets</b>				
Total fund balance/net assets	<u>\$ 319,442,060</u>	<u>573,095,012</u>	<u>61,075,723</u>	<u>953,612,795</u>
Total liabilities and fund balance/net assets	<u>\$ 360,132,057</u>	<u>958,848,762</u>	<u>63,815,512</u>	<u>1,382,796,331</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	\$ 1,142,011,324
Accumulated depreciation	(190,991,571)
	<u>\$ 951,019,753</u>

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

Interest payable	\$ 6,735,863
------------------	--------------

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

Deferred bond issuance costs	<u>\$ 3,437,009</u>
------------------------------	---------------------

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Bond premiums are recognized at the time of issuance in the governmental funds, but are deferred and amortized over the life of the bonds on the statement of net assets \$ 3,546,915

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	\$ 56,858,711
Bonds payable	320,513,205
Compensated absences	<u>5,335,990</u>
Subtotal	<u>382,707,906</u>
Less: current compensated absences	3,885,670
current portion of bonds/contracts	<u>44,826,503</u>
	<u>\$ 333,995,733</u>

Loss on refunding bonds is expensed at the time of issuance in the governmental funds, but is deferred and expensed over the life of the bonds on the statement of net assets. \$ (1,028,853)

Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill. \$ 4,392,000

Deferred revenue for the long-term special assessment receivables shown on the governmental fund statements is not deferred on the statement of net assets. Also, certain property tax revenues deferred under modified accrual for the governmental fund statements, is recognized as revenue in the year received under accrual accounting for the government-wide statements.

Deferred special assessment revenue	\$ (4,921,062)
Deferred property tax revenue	<u>(1,287,019)</u>
	<u>\$ (6,208,081)</u>

(2) Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor pool, information technology and facilities maintenance, to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets, but are not included on the governmental fund balance sheet.

ISF Net Assets \$ 61,075,723

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

	Total Governmental Funds	Long-term Revenues/ Expenses(1)	Capital- related Items(2)	Internal Service Funds(3)	Long-term Debt Transactions(4)	Eliminations and Adjustments(5)	Statement of Activities
<b>Revenues and Other Sources</b>							
Taxes:							
Sales and use taxes	\$ 59,004,816	-	-	-	-	-	59,004,816
Property taxes	30,872,015	821,475	-	-	-	98,142	31,791,632
Franchise taxes	4,019,182	-	-	-	-	-	4,019,182
Intergovernmental:							
State shared sales taxes	10,991,095	-	-	-	-	-	10,991,095
County shared sales taxes	12,837,089	-	-	-	-	-	12,837,089
Urban revenue sharing	20,395,663	-	-	-	-	-	20,395,663
Auto-in-lieu taxes	5,018,384	-	-	-	-	-	5,018,384
Highway user revenue	8,287,891	-	-	-	-	-	8,287,891
Local transportation aid	640,826	-	-	-	-	-	640,826
From federal government	2,970,534	-	-	-	-	-	2,970,534
Other governmental	1,576,741	-	-	-	-	-	1,576,741
Charges for services	18,479,664	-	-	-	-	3,148,597	21,628,261
Licenses and permits	1,802,759	-	-	-	-	100	1,802,859
Fines and forfeitures	3,733,047	-	-	-	-	2,850	3,735,897
Rents	395,834	-	-	-	-	-	395,834
Investment earnings	7,174,109	-	-	721,991	-	-	7,896,100
Special assessments	2,200,782	(1,605,303)	-	-	-	-	595,479
Miscellaneous	7,488,740	-	2,106	-	-	(3,962,803)	3,528,043
Other sources:							
Gain on sale of capital assets	-	-	115,412	-	-	-	115,412
Capital contributions	-	-	29,600,596	-	-	-	29,600,596
Capital-related debt issued	68,440,000	-	-	-	(68,440,000)	-	-
Premium on bonds issued	808,192	-	-	-	(808,192)	-	-
Transfers in	18,855,279	-	4,191,700	612,120	69,469,867	(91,642,744)	1,486,222
<b>Total revenues and other sources</b>	<b>285,992,642</b>	<b>(783,828)</b>	<b>33,909,814</b>	<b>1,334,111</b>	<b>221,675</b>	<b>(92,355,858)</b>	<b>228,318,556</b>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Total Governmental Funds	Long-term Revenues/ Expenses(1)	Capital- related Items(2)	Internal Service Funds(3)	Long-term Debt Transactions(4)	Eliminations and Adjustments(5)	Statement of Activities
<b>Expenditures/Expenses</b>							
Current:							
General government	17,798,947	738,900	5,189,671	(600,811)	-	99,556	23,226,263
Culture and recreation	22,303,852	41,640	2,327,641	(719,746)	-	(767,722)	23,185,665
Police	36,458,108	475,880	1,680,280	(1,536,221)	-	6,624	37,084,671
Fire	20,516,345	393,070	1,735,046	(998,555)	-	(27,902)	21,618,004
Development services	6,489,199	(10,510)	52,813	(176,733)	-	-	6,354,769
Highways and streets	15,469,695	22,250	9,384,911	(825,608)	-	(4,816)	24,046,432
Public works	6,187,633	7,100	1,465,388	46,795	-	(18,854)	7,688,062
Human services	2,343,847	470	68,813	(30,526)	-	-	2,382,604
Debt service:							
Principal payments	25,988,554	-	-	-	(25,988,554)	-	-
Interest and other charges	11,917,582	642,921	-	-	50,485	-	12,610,988
Capital outlay	77,515,142	-	(77,515,142)	-	-	-	-
Unallocated depreciation	-	-	574,550	-	-	-	574,550
Total expenditures/ expenses	<u>242,988,904</u>	<u>2,311,721</u>	<u>(55,036,029)</u>	<u>(4,841,405)</u>	<u>(25,938,069)</u>	<u>(713,114)</u>	<u>158,772,008</u>
<b>Other financing uses/changes in net assets</b>							
Transfers out	<u>30,928,896</u>	-	<u>4,191,700</u>	-	<u>69,469,867</u>	<u>(100,037,744)</u>	<u>4,552,719</u>
Total expenditures/expenses & other financing uses	<u>273,917,800</u>	<u>2,311,721</u>	<u>(50,844,329)</u>	<u>(4,841,405)</u>	<u>43,531,798</u>	<u>(100,750,858)</u>	<u>163,324,727</u>
Net change for the year	<u>\$ 12,074,842</u>	<u>(3,095,549)</u>	<u>84,754,143</u>	<u>6,175,516</u>	<u>(43,310,123)</u>	<u>8,395,000</u>	<u>64,993,829</u>

- (1) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.
- |  |                        |
|--|------------------------|
| Accrual of long-term compensated absences  | <u>\$ 960,800</u>      |
| Interest expense on long-term debt is accrued for the statement of activities but is not accrued for the governmental fund statements. Amortization of bond premiums and deferred loss on refunding is also included in the statement of activities, but not the governmental fund statements.   |                        |
| Accrued interest   | \$ 854,581             |
| Amortization of loss on refunding  | 155,220                |
| Amortization of bond premium   | <u>(366,880)</u>       |
|  | <u>\$ 642,921</u>      |
| Property taxes revenues not received within 60 days of year-end are deferred for governmental fund reporting, but are not deferred for government-wide reporting. When these revenues are subsequently received, they are recognized in the governmental operating statement and reversed in the statement of activities.  |                        |
|  | <u>\$ 821,475</u>      |
| Special assessment principal payments received are reported as revenue on the governmental fund statements, but are reductions to the outstanding special assessment debt for government-wide reporting. Also, the sale of additional special assessment bonds is reported as a receivable and deferred revenue in the governmental funds, but on the government-wide financial statements, it is reported as an increase in outstanding debt and the revenue is recognized. |                        |
| Current year principal payments received   | <u>\$ (1,605,303)</u>  |
| Certain long-term debt obligations are offset by a goodwill asset that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements.   |                        |
|  | <u>\$ 708,000</u>      |
| Capital outlay   | \$ (77,515,142)        |
| Other capital  | (102,195)              |
| Depreciation expense   | <u>22,604,569</u>      |
|  | <u>\$ (55,012,768)</u> |
| The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets is removed from the capital assets account in the statement of net assets and offset against the sales proceeds resulting in a "gain on sale of capital assets" in the statement of activities. Thus, more revenue is reported in the governmental funds than gain in the statement of activities.                                   |                        |
| Cost of capital assets disposed of:  | <u>\$ 2,106</u>        |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 \$ 29,600,596

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

Expenditures \$ (111,747)

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 \$ 115,412  
 Losses (88,486)  
\$ 26,926

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

Transfers out \$ (4,191,700)  
 Transfers in 4,191,700  
\$ -

- (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 \$ 1,334,111  
 Expenditures and other uses 4,841,405  
\$ 6,175,516

- (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 \$ (25,988,554)

The issuance of additional debt is reported as a revenue in the governmental funds, but is an increase in outstanding debt, not a revenue, for government-wide reporting.

Bonds issued \$ (68,440,000)

Certain bond transactions, like issuance costs, bond premiums and loss on refunding, are reported as revenues or expenditures in the governmental funds because they provide, or use, current financial resources. However, for the City as a whole, these costs are deferred and recognized or amortized (expensed) over the life of the bonds.

Issuance costs for new debt \$ 221,537  
 Amortization of bond issuance costs (272,022)  
 Bond premium (808,192)  
\$ (858,677)

- (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.

Bad debt expense \$ 54,663  
 Allowance for uncollectible accounts receivable (54,663)  
\$ -

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 \$ 767,777  
 Interfund service charges (767,777)  
\$ -

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 \$ 100,037,744  
 Transfers in (91,642,744)  
\$ 8,395,000

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

**3. BUDGET BASIS OF ACCOUNTING**

The City prepares the annual budget on a modified cash basis, which differs from GAAP, as discussed in Note 1.E. Budgetary comparison statements for the General Fund and major Special Revenue Funds are included with the basic financial statements. Budgetary comparison schedules for all other governmental funds as well as schedules of operation – budget and actual for the proprietary funds are presented as supplementary information. In all cases, the budgetary statements or schedules include a reconciliation of the adjustments required to convert the budgetary revenues and expenditures or change in net assets on a budgetary basis, to revenues and expenditures/expenses or change in net assets on a GAAP basis.

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

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

At June 30, 2009, the carrying amount of the City's deposits was \$70,092,697 and the bank balance was \$74,687,460. Of the bank balance, \$20,735,751 was swept into the bank's money market fund, which is backed by government-only securities. An additional \$44,459,032 of that balance was already committed in the Fedwire system for 7/1/09 debt service payments and was not collateralized. The remaining bank balance of \$9,492,677 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 name of the Peoria Housing Authority. The difference between the City's carrying amount and the bank balance of \$4,594,763 represents deposits in transit, outstanding checks and other reconciling items.

**B. Investments**

City charter, ordinance, and trust agreements authorize the City to invest in obligations of the U.S. Treasury or its agencies and instrumentalities. In addition, the City may invest in certificates of deposit, mutual fund money market, repurchase agreements, corporate securities and the State of Arizona local government investment pool. The State Treasurer's Investment Pool is overseen according to Arizona State Statute by the State Board of Deposit.

Governmental Accounting Standards Board Statement No. 40 – Deposit and Investment Risk Disclosures (Statement 40) requires the City to disclose its deposit and investment policies regarding certain types of investment risks. The City's adopted investment policy is in compliance with Statement 40.

*Interest rate risk:* In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 35% invested for a period of one year or less and no more than 20% of the City's portfolio be invested for a period greater than three years. At June 30, 2009, 67.1% of the City's investments have a maturity of less than one year and none have maturities greater than three years. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed one year. The WAM at June 30, 2009 was 255 days.

*Credit risk:* State law and the City's investment policy limits the purchase of Commercial Paper to those securities rated A-1/P-1 or the equivalent by two nationally recognized statistical rating agencies. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better by two nationally recognized rating agencies and with a maximum maturity of 180 days. At June 30, 2009, the City's investments include \$11.0 million in Commercial Paper and no Banker's Acceptance securities. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market values of securities underlying repurchase agreements were at or above the required level during the fiscal year.

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>% of Investments</u>
Federal Farm Credit Bank - Agency Note	Aaa	AAA	11.9
Federal Farm Credit Bank - Callable Agency Note	Aaa	AAA	2.2
Federal Farm Credit Bank - Discount Note	Aaa	AAA	2.7
Federal Home Loan Bank - Agency Note	Aaa	AAA	13.4
Federal Home Loan Bank - Callable Agency Note	Aaa	AAA	2.2
Federal Home Loan Bank - Step-up Agency Note	Aaa	AAA	1.4
Federal Home Loan Bank - Discount Note	Aaa	AAA	.8
Federal Home Loan Mortgage Corp - Agency Note	Aaa	AAA	12.1
Federal Home Loan Mortgage Corp - Callable Agency Note	Aaa	AAA	3.3
Federal Home Loan Mortgage Corp - Discount Note	Aaa	AAA	1.9
Federal National Mortgage Assoc-Agency Note	Aaa	AAA	7.6
Federal National Mortgage Assoc-Callable Agency Note	Aaa	AAA	9.0
Federal National Mortgage Assoc-Discount Note	Aaa	AAA	2.7

The City's investment in the State of Arizona local government investment pool is limited to a pool that invests only in government securities. At June 30, 2009, all investments of that pool were U.S. Government Obligations and Agencies, and it therefore does not carry a credit rating.

*Concentration of credit risk.* The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2009, the City's investments include 61.6% invested in U.S. Agency Coupon securities, 8.1% in U.S. Agency Discount Notes, 1.4% in U.S. Agency Step-up securities, 9.6% in U.S. Treasury Notes, 3.0% in Commercial Paper, and 16.3% in City of Peoria Improvement District Bonds, money market funds, cash with fiscal agent, and the Arizona State Investment Pool.

*Custodial credit risk.* To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly market values along with original safekeeping receipts.

The City's investment in the State of Arizona's local government investment pool is stated at fair value, which also approximates the value of the investment upon withdrawal. At June 30, 2009, the City's investments included the following:

	<b>Investment Maturities in Years</b>				<b>Fair Value</b>
	<b>Less than 1</b>	<b>1-2</b>	<b>2-3</b>	<b>Over 3</b>	
<u>Unrestricted Investments:</u>					
City of Peoria Bonds	\$ 280,492	297,321	-	- \$	577,813
U.S. Treasury notes and strips	25,366,291	10,206,250	-	-	35,572,541
Agency coupon securities	86,021,662	79,553,689	5,093,750	-	170,669,101
Agency discount notes	15,907,417	-	-	-	15,907,417
Commercial Paper	5,998,833	-	-	-	5,998,833
					<u>228,725,705</u>
State of Arizona local government investment pool	1,034,834	-	-	-	1,034,834
Mutual fund-money market	<u>30,167,980</u>	-	-	-	<u>30,167,980</u>
Total unrestricted investments	164,777,509	90,057,260	5,093,750	-	259,928,519

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

	<b>Investment Maturities in Years</b>				
	<b>Less than 1</b>	<b>1-2</b>	<b>2-3</b>	<b>Over 3</b>	<b>Fair Value</b>
<u>Unrestricted Investments (cont):</u>					
Less: amount included in cash and cash equivalents					56,497,373
Plus: amount included in restricted investments					1,092,746
Unrestricted investments, net					<u>\$ 204,523,892</u>
Total investments per statement of net assets					\$ 204,101,677
Plus: Investments in Fiduciary Funds					422,215
Net unrestricted investments					<u>\$ 204,523,892</u>
<u>Restricted Investments:</u>					
Agency coupon securities	55,569,122	6,175,313	-	-	- \$ 61,744,435
Agency Discount Notes	13,946,915	-	-	-	13,946,915
Commercial paper	4,998,872	-	-	-	4,998,872
Mutual fund-money market	28,334,001	-	-	-	28,334,001
Total Restricted Investments	<u>102,848,910</u>	<u>6,175,313</u>	-	-	<u>- \$ 109,024,223</u>
Less: amount included in cash with fiscal agents					4,571,986
Less: amount included in restricted cash and cash equivalents					37,711,880
Less: amount included in restricted cash with fiscal agents					397,243
Less: amount included in unrestricted investments					1,092,746
Less: amount included in unrestricted cash and cash equivalents					675,822
Net restricted investments					<u>\$ 64,574,546</u>
Restricted cash, cash equivalents, and cash with fiscal agents at June 30, 2009 consisted of the following:					
Restricted investments included in restricted cash and cash equivalents					\$ 37,711,880
Restricted investments included in cash with fiscal agents					397,243
Restricted Cash with Fiscal Agents					11,693
Total cash and cash equivalents per statement of net assets					<u>\$ 38,120,816</u>
Cash with Fiscal Agents:					
Restricted investments included in cash with fiscal agents					4,571,986
Cash with Fiscal Agents					224,116
Total cash with fiscal agents					<u>\$ 4,796,102</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

Unrestricted Cash and cash equivalents at June 30, 2009 consisted of the following:

Investments included in cash and cash equivalents	\$ 56,497,373
Carrying amount of City deposits	70,092,697
Amounts due from restricted cash	675,822
Petty cash on hand	<u>13,880</u>
Total cash and cash equivalents	127,279,772
Less: Cash and cash equivalents of Fiduciary funds	<u>261,122</u>
Total cash and cash equivalents per statement of net assets	<u>\$ 127,018,650</u>

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

Investment income comprises the following for the year ended June 30, 2009:

Net interest and dividends	\$ 8,443,460
Net increase in the fair value of investments	<u>1,428,767</u>
Total net investment income	9,872,227
Less: net investment income of Fiduciary funds	<u>5,653</u>
Total net investment income per statement of activities	<u>\$ 9,866,574</u>

The net increase in the fair value of investments during fiscal year 2008-2009 was approximately \$1,428,767. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2009 was approximately \$1,194,730.

**5. PROPERTY TAXES**

Arizona law provides for a two tiered tax system: (1) a primary system for taxes levied to pay for current operation and maintenance expenses, and (2) a secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of maximum permissible bonded indebtedness.

Specific provisions are made under each system for determining full cash values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the full cash value of locally assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on annual increases in full cash value of any property. Primary levies on residential property are limited to one percent of the primary full cash value of such property. Additionally, primary taxes on all types of property are limited to a maximum increase of two percent over the prior year's levy, adjusted for new construction and annexations. Secondary property taxes levied to pay principal and interest on bonded indebtedness are not limited. The City's primary and secondary assessed valuation for fiscal year 2009 are \$1,499,682,407 and \$1,994,591,924 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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase that has not been redeemed may demand a County Treasurer's Deed from the County Treasurer.

Property taxes are recognized as revenue in the government-wide financial statements when an enforceable legal claim has arisen. Therefore, the City recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the year it is levied. For the governmental fund financial statements, property tax revenues not collected within 60 days of year end are deferred. Unsecured taxes on personal property, which are assessed on a monthly basis using different procedures than those mentioned above, are recognized as revenue on a cash basis for both the governmental fund statements and the government-wide statements.

**6. DUE FROM OTHER GOVERNMENTS**

The following amounts are due from other governments at June 30, 2009:

<b>Governmental activities:</b>	
General Fund:	
Due from Federal for:	
COBRA Subsidy – ARRA	\$ 4,931
Due from Maricopa County for:	
Property tax	43,443
Due from State of Arizona for:	
State shared sales tax	895,166
State revenue sharing	1,486,265
Auto lieu tax	478,385
Miscellaneous other	94,322
Due from Peoria Unified School District	102,925
Subtotal	<u>3,105,437</u>
Highway User Revenue Fund:	
Due from State of Arizona (Highway user revenue)	748,853
Due from Maricopa County – Property tax (SLIDS)	5,717
Subtotal	<u>754,570</u>
GO Bond Debt Service Fund:	
Due from Maricopa County (Property tax)	340,914
Subtotal	<u>340,914</u>
Non-major Governmental Fund:	
Due from US Department of Housing & Urban Development	151,188
Due from US Department of Transportation	48,961
Due from US Department of Homeland Security	890,062
Due from other Federal agencies	169,732
Due from Maricopa County:	
Home grant	12,155
Property tax	58,552
Other	559,047
Due from State of Arizona	116,264
Subtotal	<u>2,006,363</u>
Total governmental activities	<u>\$ 6,207,284</u>
<b>Proprietary activities</b>	
Public Housing Fund:	
Due from US Department of Housing & Urban Development	27,221
Subtotal	<u>27,221</u>
Total proprietary activities	<u>\$ 27,221</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**7. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows at June 30, 2009.

Fund	Receivables	Allowance	Net
Governmental funds:			
General Fund	\$ 4,606,273	144,703	4,461,570
Half-Cent Sales Tax Fund	1,243,947	-	1,243,947
Highway User Revenue Fund	279,127	15,500	263,627
Transportation Sales Tax Fund	746,046	-	746,046
GO Bond Debt Service Fund	1,340,413	382,028	958,385
Other Governmental Funds	2,001,426	59,563	1,941,863
Total governmental funds	<u>\$ 10,217,232</u>	<u>601,794</u>	<u>9,615,438</u>
Enterprise funds:			
Water Utility Fund	\$ 5,662,790	1,890,034	3,772,756
Wastewater Utility Fund	2,158,326	375,484	1,782,842
Solid Waste Utility Fund	1,580,321	271,197	1,309,124
Stadium Fund	19,121	-	19,121
Public Housing Fund	15,028	-	15,028
Total enterprise funds	<u>9,435,586</u>	<u>2,536,715</u>	<u>6,898,871</u>
Grand totals	<u>\$ 19,652,818</u>	<u>3,138,509</u>	<u>16,514,309</u>

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

Net interfund receivables and payables between governmental activities and business-type activities of \$1,529,420 are included in the government-wide financial statements at June 30, 2009. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). Other interfund payables and receivables, if any, shown on the financial statements are primarily represent short-term cash loans at year end. All such balances are expected to be repaid in the next fiscal year.

The net transfers of \$3,066,497 from business-type activities to governmental activities on the government-wide statement of activities are primarily debt service and operational subsidies from the General Fund and Half-Cent Sales Tax Fund to the Stadium Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2009:

Fund	Transfers out	Transfers in
Governmental funds:		
General Fund	\$ 2,944,135	6,575,900
Half-Cent Sales Tax Fund	13,773,560	-
Highway User Revenue Fund	354,248	2,118,394
Development Fee Fund	1,115,724	760,500
Transportation Sales Tax Fund	5,824,023	-
Special Assessment Debt Service Fund	68,251	-
GO Bond Capital Projects Fund	5,128,351	43,465
Non-Major Governmental Funds	1,720,604	9,357,020
Total governmental funds	<u>30,928,896</u>	<u>18,855,279</u>
Enterprise funds:		
Water Utility Fund	2,322,602	628,593
Wastewater Utility Fund	681,539	2,885,249
Solid Waste Utility Fund	17,984	-
Stadium Fund	281,720	2,848,601
Public Housing Fund	-	7,899
Total enterprise funds	<u>3,303,845</u>	<u>6,370,342</u>
Internal Service funds	158,098	9,165,218
Grand totals	<u>\$ 34,390,839</u>	<u>34,390,839</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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 2009 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer. For further detail on interfund transfers, refer to Exhibit 6 on pages 143-146.

**9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

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

At June 30, 2009, no funds were in a deficit position.

For the year ended June 30, 2009, 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, 2009:

General Fund:

Designated for economic stabilization reserve	\$ 34,200,000
Designated for encumbrances	3,413,508
Designated for economic development	447,964
Designated for municipal office complex reserve	<u>4,696,964</u>
	42,758,436

Half-Cent Sales Tax Fund:

Designated for economic stabilization reserve	\$ 5,800,000
Designated for encumbrances	288,293
Designated for debt service retirement	<u>1,000,000</u>
	7,088,293

Highway User Revenue Fund:

Designated for encumbrances	<u>\$ 209,966</u>
-----------------------------	-------------------

Development Fee Fund:

Designated for encumbrances	<u>\$ 2,992,484</u>
-----------------------------	---------------------

Transportation Sales Tax Fund:

Designated for encumbrances	<u>\$ 1,862,300</u>
-----------------------------	---------------------

GO Bond Capital Projects Fund:

Designated for encumbrances	<u>\$ 15,805,494</u>
-----------------------------	----------------------

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Non-major Funds:	
Housing Fund:	
Designated for encumbrances	\$ 22,027
Other Grants Fund:	
Designated for encumbrances	735,774
Designated for arts capital	2,911,661
sub-total	<u>3,647,435</u>
Storm Drain Fund:	
Designated for encumbrances	<u>16,169</u>
MDA Bonds Capital Projects Fund:	
Designated for encumbrances	<u>13,592,725</u>
Non-Bond Capital Projects Fund:	
Designated for encumbrances	<u>30,458</u>
Non-major funds total	<u>17,308,814</u>
Total governmental funds	<u>\$ 88,025,787</u>
Water Utility Fund:	
Designated for working capital policy reserve	\$ 16,000,000
Designated for capital equipment replacement	2,452,286
Designated for capital construction	2,044,739
	<u>20,497,025</u>
Wastewater Utility Fund:	
Designated for working capital policy reserve	3,077,322
Designated for capital equipment replacement	1,322,041
	<u>4,399,363</u>
Solid Waste Utility Fund:	
Designated for working capital policy reserve	2,100,000
Designated for capital equipment replacement	5,889,421
	<u>7,989,421</u>
Stadium Fund:	
Designated for capital equipment replacement	<u>577,231</u>
Total proprietary funds	<u>\$ 33,463,042</u>
Internal Service Funds:	
Designated for capital equipment replacement	<u>\$ 17,134,785</u>

**12. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2009 follows:

	<u>Balances</u> <u>June 30, 2008</u>	<u>Additions/</u> <u>Transfers in</u>	<u>Disposals/</u> <u>Transfers out</u>	<u>Balances</u> <u>June 30, 2009</u>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Work in Progress – Parks	\$ 26,883,192	4,417,121	(2,031,353)	29,268,960
Work in Progress – Buildings	3,309,456	10,472,850	(383,041)	13,399,265
Work in Progress - Equipment	-	76,752	-	76,752
Work in Progress – Furniture	-	31,036	-	31,036
Work in Progress – Storm drains	15,147,703	6,811,240	-	21,958,943
Work in Progress – Streets	63,566,351	49,618,625	(769,917)	112,415,059
Work in Progress – Technology	4,028,391	1,361,624	(2,883,495)	2,506,520
Work in Progress – Vehicles	366,114	-	(366,114)	-
Work in Progress – CFD	1,853,271	308,318	-	2,161,589
Land	298,584,323	27,694,304	-	326,278,627
Total non-depreciable assets	<u>413,738,801</u>	<u>100,791,870</u>	<u>(6,433,920)</u>	<u>508,096,751</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>Balances June 30, 2008</b>	<b>Additions/ Transfers in</b>	<b>Disposals/ Transfers out</b>	<b>Balances June 30, 2009</b>
<b>Depreciable assets:</b>				
Buildings & Improvements	139,088,909	1,263,607	-	140,352,516
Furniture	3,286,872	19,744	(1,316,939)	1,989,677
Equipment	51,184,083	9,794,182	(184,140)	60,794,125
Vehicles	19,715,132	3,207,180	(642,945)	22,279,367
Storm drain system	57,405,904	-	-	57,405,904
Street system	361,172,232	27,299,237	-	388,471,469
Park system	25,574,771	2,304,661	-	27,879,432
Total depreciable assets at historical cost	<u>657,427,903</u>	<u>43,888,611</u>	<u>(2,144,024)</u>	<u>699,172,490</u>
<b>Less accumulated depreciation for:</b>				
Buildings & Improvements	(22,352,686)	(3,450,653)	-	(25,803,339)
Furniture	(2,040,616)	(206,850)	1,316,939	(930,527)
Equipment	(29,748,994)	(5,263,201)	184,140	(34,828,055)
Vehicles	(10,497,901)	(2,453,126)	511,666	(12,439,361)
Storm drain system	(13,436,958)	(1,263,129)	-	(14,700,087)
Street system	(119,840,564)	(9,125,841)	-	(128,966,405)
Park system	(6,266,426)	(841,769)	-	(7,108,195)
Total accum. depreciation assets, net	<u>(204,184,145)</u>	<u>(22,604,569)</u>	<u>2,012,745</u>	<u>(224,775,969)</u>
Governmental activities capital assets, net	<u>\$ 866,982,559</u>	<u>122,075,912</u>	<u>(6,565,199)</u>	<u>982,493,272</u>
<b>Business-type activities:</b>				
<b>Non-depreciable assets:</b>				
Work in Progress - Water	\$ 21,882,982	5,834,184	(1,054,698)	26,662,468
Work in Progress - Wastewater	30,015,462	4,487,654	(33,108,682)	1,394,434
Work in Progress - Stadium	-	17,369	-	17,369
Land	25,278,729	268,342	(8,529,685)	17,017,386
Total non-depreciable assets	<u>77,177,173</u>	<u>10,607,549</u>	<u>(42,693,065)</u>	<u>45,091,657</u>
<b>Depreciable assets:</b>				
Buildings & improvements	38,371,478	-	-	38,371,478
Furniture	173,233	67,165	(15,723)	224,675
Equipment	3,693,178	262,239	(71,326)	3,884,091
Vehicles	10,304,643	1,642,394	(107,368)	11,839,669
Water Rights	-	6,095,443	-	6,095,443
Water system	244,287,111	7,730,704	-	252,017,815
Wastewater system	292,830,380	38,448,377	-	331,278,757
Total depreciable assets at historical cost	<u>589,660,023</u>	<u>54,246,322</u>	<u>(194,417)</u>	<u>643,711,928</u>
<b>Less accumulated depreciation for:</b>				
Buildings & improvements	(10,973,035)	(969,785)	-	(11,942,820)
Furniture	(82,990)	(24,894)	15,723	(92,161)
Equipment	(2,066,502)	(317,522)	71,326	(2,312,698)
Vehicles	(5,203,967)	(1,238,779)	98,758	(6,343,988)
Water Rights	-	(121,909)	-	(121,909)
Water system	(41,404,867)	(5,260,119)	-	(46,664,986)
Wastewater system	(42,474,193)	(7,025,230)	-	(49,499,423)
Total accum. depreciation	<u>(102,205,554)</u>	<u>(14,958,238)</u>	<u>185,807</u>	<u>(116,977,985)</u>
Total depreciable assets, net	<u>487,454,469</u>	<u>39,288,084</u>	<u>(8,610)</u>	<u>526,733,943</u>
Business-type activities capital assets, net	<u>\$ 564,631,642</u>	<u>49,895,633</u>	<u>(42,701,675)</u>	<u>571,825,600</u>

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

General government	\$ 5,236,477
Culture and recreation	2,368,022
Police	1,591,793
Fire	1,735,046
Development services	52,813
Highways and streets	9,511,667
Public works	1,465,388
Human services	68,813
Unallocated	<u>574,550</u>
Total depreciation expense	<u>\$ 22,604,569</u>

### 13. COMMUNITY FACILITIES DISTRICT DEBT

Community Facilities Districts (CFD's), special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On October 15, 2002 the City Council formed the Vistancia Community Facilities District (VCFD) pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. VCFD was subsequently authorized, by the voters of the district on November 12, 2002, to issue up to \$100,000,000 in general obligation bonds to construct public infrastructure within VCFD. VCFD issued \$21,250,000 in fiscal year 2003 and \$23,550,000 in fiscal year 2005 and \$22,760,000 in fiscal year 2007 of general obligation bonds against this authorization. These bonds will be repaid by the property owners within VCFD. The bonds are obligations of the district only. The City has no obligation for VCFD debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of VCFD.

### 14. LONG-TERM DEBT

#### A. General Obligation bonds

**General:** General obligation (GO) bonds are issued, after approval of the City of Peoria voters at an authorized bond election, to finance the purchase or construction of major capital facilities. While GO bonds may be issued for both governmental and business-type activities, at June 30, 2009, there are no outstanding GO bonds in the business-type activities.

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

**Statutory Debt Limitation:** Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, (after January 1, 1974) parks and open space, and (after December 7, 2006) public safety and transportation purposes may not exceed 20 percent of a City's net secondary assessed valuation. Also outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City's net secondary assessed valuation. The City's computation of legal debt margins available for creation of additional debt at June 30, 2009 was \$112,390,515 and \$222,603,385 for the 6 percent and 20 percent debt limits, respectively. Also see Table XXIII 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. Also see Table XXV in the Statistical Section of this report.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

**C. Municipal Development Authority bonds**

Municipal Development Authority (MDA) Bonds are issued by a non-profit corporation created by the City for the purpose of financing certain capital construction projects. The MDA issues its own bonds, which are repaid through a lease purchase agreement with the City equal to the debt service requirements. The City utilizes the City's excise tax and other unrestricted revenues to pay the lease payments. Also see Table XXIV in the Statistical Section of this report.

**D. Special assessment bonds with Governmental Commitment**

Special Assessment Bonds are used to construct projects within special assessment districts created by the City after property owners within these districts agree to be assessed for the costs of debt service on these bonds. Payments made by the assessed property owners within the districts are pledged to pay the debt service on the bonds. In the event of default by a property owner, the lien created by the assessment is sold at public action, and the proceeds are used to offset the defaulted assessment. If there is no purchase at the public auction, the City is required to buy the property, and pay off the assessment, with funds appropriated from the General Fund.

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

At June 30, 2009, 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, 2009 totaled \$15,860. Also see Tables XXVI and XXVII in the Statistical Section of this report.

**E. Community Facilities District bonds**

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

**F. Authorized and issued debt**

The voters of the City authorized \$22,080,000 of general obligation bonds at a special bond election in March 1990, and \$75,150,000 in September 1994 of which \$592,560 and \$12,000,657, respectively, was unissued at June 30, 2009. In September 1996, the voters authorized \$75,550,000 in either general obligation bonds or utility revenue bonds. To date, the City has not issued general obligation bonds against this authorization; however, \$58,292,154 in utility revenue bonds has been issued against the 1996 authorization, leaving \$17,257,846 unissued against the authorization. In September 2000, the voters authorized \$282,000,000 in bonds as follows: \$164,000,000 in general obligation, utility revenue bonds or Water Infrastructure Finance Authority of Arizona Revolving Fund Loan for the acquisition and construction of water and wastewater facilities; \$22,300,000 in general obligation or utility revenue bonds for storm drainage projects; \$47,150,000 in general obligation or highway user revenue bonds for street, bridges and traffic control projects; and \$48,550,000 in general obligation bonds for parks, open space, public safety and public service projects. General obligation bonds in the amount of \$21,681,456 in 2003, \$59,472,631 in 2007, \$19,555,776 in 2009 and water infrastructure debt of \$13,965,546 in 2008 and \$8,575,248 in 2009 have been issued against the 2000 authorization, leaving \$158,749,243 unissued. In May 2005, the voters authorized \$196,000,000 in general obligation bonds as follows: \$52,000,000 for public safety and municipal operations, \$109,000,000 for streets, bridges and traffic control projects, and \$35,000,000 for parks, recreation and library projects. Also in May

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

2005 the voters authorized \$160,000,000 in revenue or general obligation bonds for water treatment, water system, wastewater and storm drainage projects. General obligation bonds in the amount of \$24,087,416 in 2007 and \$38,511,231 in 2009 were issued against the 2005 authorization leaving \$133,401,353 unissued. Water infrastructure debt of \$24,631,066 in 2007 and \$28,775,995 in 2008, and \$10,372,993 in general obligation bonds for drainage projects were issued in 2009 against the 2005 water, wastewater and storm drainage authorization leaving \$96,219,946 unissued at June 30, 2009.

In November 2008, the voters authorized \$378,000,000 in bonds as follows: \$276,700,000 in general obligation or utility revenue bonds for transportation and drainage projects, \$60,300,000 for public safety and municipal operations projects, and \$41,000,000 for parks, recreation and trails projects. As of June 30, 2009, no bonds have been issued against the 2008 authorizations.

Additionally, in 1996 the citizens of Peoria approved \$42,480,000 in Water Infrastructure Finance Authority of Arizona revolving fund loan for the acquisition and construction of water and wastewater facilities. These projects are financed by utility rates for water and wastewater. \$28,150,000 remains available of this authorization at June 30, 2009. For further detail of authorized, issued and unissued bonds, see Table XXIX in the Statistical Section of this report.

**G. Bond covenants and restrictions**

There are various limitations and restrictions contained in debt covenants on some bonds requiring that the City maintain certain reserves or other restrictions. No violations of those covenants occurred during the fiscal year ending June 30, 2009.

**H. Arbitrage**

Under U.S. Treasury Department regulations, all government tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. In general the requirements stipulate that the earnings from investments of tax-exempt bond proceeds that exceed related interest expenditures on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated each general obligation bond and revenue bond issue subject to the arbitrage rebate requirement as of June 30, 2009. The City has an arbitrage liability of \$484,828 at June 30, 2009.

Bonds and loans payable at June 30, 2009 are comprised of the following:

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
<b>General Obligation Bonds</b>							
03/30/93	Series 1993	Refunding portions of Series 1985, 1986, 1989, 1990A	7/1/93-11	5.84	10.5	\$ 9,900,000	\$ 1,865,000
07/01/98	Series A (1998)	Various improvements	7/1/99-18	4.82	12.2	5,930,000	3,710,000
07/01/98	Series B (1998)	Refunding portions of Series 1994, 1992A/B	7/1/99-14	4.64	9.8	4,030,000	1,590,000
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	27,570,000	17,745,000
03/01/07	Series A (2007)	Various improvements	7/1/07-26	4.27	20	94,380,000	73,005,000
03/01/07	Series B (2007)	Refunding portions of Series 1995, 1996, 2000	7/1/07-20	4.00	14	18,365,000	16,705,000
02/19/09	Series 2009	Various improvements	7/1/09-28	3.86	7.4	68,440,000	68,440,000
	Total General Obligation Bonds					228,615,000	183,060,000
<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	22,255,141	9,915,393
03/09/06	Series 2006	Revenue Bonds MDA Series 2006 – Community Theater	7/1/06-25	4.2	10.9	6,675,000	5,830,000
03/12/08	Series 2008	Revenue Bonds MDA Series 2008 - Transportation	7/1/08-26	4.6	10.5	47,000,000	45,240,000
						75,930,141	60,985,393
<b>Highway User Revenue Bonds</b>							
07/10/96	Series C (1996)	Street, bridge, traffic signal improvements	7/1/97-16	5.81	14.1	4,600,000	3,005,000

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
<b>Special Assessment Bonds</b> with governmental commitment (collateralized by the special assessments levied on the property benefiting from the improvements)							
06/30/91	ID# 8801	North Valley Power Center ID-Water & street improvements	1/1/94-13	7.30	13.4	5,015,000	1,650,000
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	1,940,000
11/21/91	ID# 9002	Sunny Boy Water & Sewer ID-acquire private water company	1/1/93-11	6.35	12.4	2,575,000	205,000
09/17/97	ID# 9601	83rd Ave ID-Water, wastewater & street improvements	1/1/99-12	5.30	8.7	2,285,000	530,000
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	810,000
08/28/01	ID# 9303	75th Ave & Paradise Ln ID-Street & bridge improvements	1/1/03-11	6.00	5.7	2,270,000	577,812
04/01/07	ID# 0601	99 <sup>th</sup> Ave & Northern ID-Street improvements	7/1/07-22	4.25	15	4,950,000	4,690,000
Total Improvement District Bonds						26,505,000	10,402,812

<b>Community Facility District Bonds</b> (collateralized by ad valorem property taxes levied on the property benefiting from the improvements)							
12/17/02	Series 2002	Vistancia Community Facilities District infrastructure	7/15/05-22	6.69	12.7	21,250,000	18,175,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	22,125,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/09-26	4.26	20	22,760,000	22,760,000
Total Community Facilities District Bonds						67,560,000	63,060,000

Total bonds payable recorded in governmental activities	320,513,205
Less current portion	(39,847,547)
Long-term portion of bonds payable recorded in governmental activities	\$280,665,658

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

<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	\$ 2,759,859	\$ 1,229,607
<b>Revenue Bonds</b>							
08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	4,815,884
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	7,492,909
09/10/98	Series A (1998)	Water system improvements	7/1/01-18	4.73	12.7	16,730,000	11,085,000
07/06/00	Series 2000	Water & wastewater system improvements	7/1/02-20	5.33	12.6	16,590,000	6,915,000
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	14,375,229
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	10,637,078
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,525,071
12/07/06	WIFA Series 2006 CW 1	Butler Water Treatment Plant	7/1/07-26	3.06	20	27,183,342	27,183,342
02/15/08	WIFA Series 2006 CW 2	Butler Water Treatment Plant	1/1/08-27	3.06	20	42,741,541	42,741,541
07/14/08	WIFA Series 2006 CW 3	Butler Water Treatment Plant	7/1/10-28	1.98	19	8,575,248	8,575,248
Total Revenue Bonds						174,170,001	135,346,302

<b>Loans Payable</b>							
02/29/08	Suntrust Leasing	Recycle containers	1/15/08-14	3.91	7	1,235,000	1,064,632

Total bonds and loans payable recorded in business-type activities	137,640,541
Less current portion	(8,043,873)
Long-term portion of bonds and loans payable recorded in business-type activities	129,596,668
Total long-term portion of bonds and loans payable	\$410,262,326

**Reconciliation to total bonded debt principal:**

Total long-term portion of bonds and loans payable	\$410,262,326
Add:	
Current portion of bonds and loans payable	47,891,420
Total bonded debt principal as of June 30, 2009	\$458,153,746

**Contracts Payable**

Other debt at June 30, 2009 consists of the following:

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
05/22/90	Planned area retail project	Offsite improvements-Bell Rd-IDs 8801 and 8802 – Westcor	08/28/18	Prime	10.5	\$ 13,137,805	\$ 3,203,216
02/20/92	Planned area retail project	Offsite improvements-Bell Rd-ID 8802 – Bell 77	01/20/11	Prime	9.0	2,947,454	663,466
06/01/94	Planned area retail project	Offsite improvements-Bell Rd & Paradise Ln-IDs 8802 and 9303 – DMB Circle Road	06/20/17	Prime	7.0	4,538,187	1,015,371
03/16/99	Master-planned community	Street & infrastructure improvements-West Wing Pkwy; Park land; Trail improvements; Open space land – West Wing	03/16/14	-	-	4,316,327	3,940,961

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
10/22/01	Master-planned community	Fire station building, equipment & land; Street & infrastructure improvements-parts of El Mirage Road, Ridgeline Rd, Vistancia Blvd, Jomax Rd, Ln Mtn Rd, Westland Rd; Park land & improvements - Vistancia	10/22/26	-	-	29,203,276	11,655,161
07/01/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd – DIB Investment Group	05/20/20	-	-	1,800,000	1,387,442
11/18/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd- BCC Development (Acura)	04/30/14	-	-	1,800,000	1,437,167
02/17/04	Residential development	Neighborhood park land & improvements; Right of way land on 67 <sup>th</sup> Ave – Sonoran Mtn Ranch	02/17/14	-	-	1,382,257	443,003
03/16/04	Residential development	Street & infrastructure improvements; Right of way land; Park land; Library land – Camino A Lago	08/31/14	-	-	14,512,075	12,872,380
10/19/04	Residential development	Street & infrastructure improvements; Right of way land; Trail land; Fire station land – Rock Springs	-	-	-	3,901,317	3,641,155
10/24/04	Capital lease	Pay Printers & Copiers	07/15/11	-	-	47,550	9,906
12/14/04	Planned area retail project	Offsite improvements-92 <sup>nd</sup> Ave & Bell Rd – Phoenix Motor Co.	07/29/18	-	-	1,800,000	1,708,130
01/21/05	Capital lease	Modular building at Beardsley Treatment Plant	01/21/10	4.00	-	259,728	33,041
2/11/05	Master-planned community	Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio	2/11/15	-	-	7,056,354	6,743,603
07/19/05	Planned area retail project	Offsite improvements – 91 <sup>st</sup> Ave & Bell Rd – BCC Development (Infiniti)	1/1/10	-	-	600,000	515,311
09/14/05	Residential development	Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams – Casa Del Ray	09/14/10	-	-	588,659	79,875
10/12/06	Planned area retail project	Offsite improvements & Right of way land-Peoria east of 83 <sup>rd</sup> Ave - Walmart	10/01/13	-	-	6,926,205	6,420,372
12/22/06	Residential development	Right of way land – Griffith Commerce	12/22/11	-	-	748,209	748,209
04/19/07	Residential development	Street & infrastructure improvements; Right of way land – Colina del Sur	-	-	-	72,613	72,613
11/24/07	Planned area retail project	Street & infrastructure improvements; Right of way land – Mountainside Crossing	-	-	-	441,543	15,137
03/05/09	Planned area retail project	Right of way land; Intersection improvements – Empire Center	-	-	-	253,192	253,192
Total contracts payable recorded in governmental activities							56,858,711
Less estimated current portion							(4,978,956)
Long-term portion of contracts payable in governmental activities							<u>51,879,755</u>

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

12/14/00	Master-planned community	Water and wastewater treatment plant facilities and lift stations - Quintero	-	-	-	661,005	626,568
10/22/01	Master-planned community	Water rights-4,200 acre feet of assured water supply - Vistancia	10/22/26	-	-	4,841,000	2,761,842
02/17/04	Residential development	Wastewater infrastructure improvements –Sonoran Mtn Ranch	02/17/14	-	-	2,376,931	405,753
03/16/04	Residential development	Water rights-947 acre feet water allocation – Camino A Lago	08/31/14	-	-	426,208	351,140
02/11/05	Master-planned community	Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio	02/11/15	-	-	308,801	275,739
Total contracts payable recorded in business-type activities							4,421,042
Less estimated current portion							(147,226)
Long-term portion of contracts payable							<u>4,273,816</u>
Total long-term contracts payable as of June 30, 2009							<u>\$ 56,153,571</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, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 126,195,000	68,440,000	11,575,000	183,060,000	27,270,000
MDA Bonds	65,795,653	-	4,810,260	60,985,393	5,042,055
Highway user revenue bonds	3,295,000	-	290,000	3,005,000	3,005,000
Special assessment bonds	12,027,427	-	1,624,615	10,402,812	2,360,492
CFD bonds	<u>64,610,000</u>	-	<u>1,550,000</u>	<u>63,060,000</u>	<u>2,170,000</u>
Total bonds payable	271,923,080	68,440,000	19,849,875	320,513,205	39,847,547
Contracts payable	42,539,431	20,901,705	6,582,425	56,858,711	4,978,956
Compensated absences	4,905,650	7,115,408	6,150,968	5,870,090	4,298,750
Governmental activities totals	<u>\$ 319,368,161</u>	<u>96,457,113</u>	<u>32,583,268</u>	<u>383,242,006</u>	<u>49,125,253</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Bonds payable:					
MDA bonds	\$ 1,579,347	-	349,740	1,229,607	367,945
Revenue bonds	147,472,495	8,575,248	20,701,441	135,346,302	7,498,833
Total bonds payable	149,051,842	8,575,248	21,051,181	136,575,909	7,866,778
Loans payable	1,235,000	-	170,368	1,064,632	177,095
Contracts payable	4,363,165	259,688	201,811	4,421,042	147,226
Compensated absences	621,770	773,977	749,677	646,070	517,780
Business-type activities totals	\$ 155,271,777	9,608,913	22,173,037	142,707,653	8,708,879

The following is a summary of bond debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2009:

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Long Term Loans	Total
2010	\$33,643,669	8,110,219	3,090,917	2,798,206	12,231,870	5,499,455	217,007	65,589,343
2011	23,260,962	8,359,319	-	2,457,877	11,766,491	5,497,392	217,007	51,559,048
2012	12,786,828	5,832,469	-	1,811,720	11,759,571	5,493,336	217,007	37,900,931
2013	12,826,943	5,850,269	-	1,162,820	11,749,348	5,490,974	217,007	37,297,361
2014	12,824,558	5,833,944	-	474,600	11,740,604	5,484,633	217,007	36,575,346
2015	12,834,574	4,417,381	-	475,788	11,731,395	5,476,311	108,504	35,043,953
2016	12,846,584	4,409,306	-	476,338	11,722,677	5,475,713	-	34,930,618
2017	12,442,919	4,402,831	-	476,250	12,016,770	5,468,074	-	34,806,844
2018	11,880,044	4,402,681	-	480,525	12,004,978	5,462,674	-	34,230,902
2019	11,863,278	4,388,981	-	478,950	11,073,969	5,455,359	-	33,260,537
2020	11,830,361	4,378,931	-	481,738	9,689,517	5,445,671	-	31,826,218
2021	11,840,965	4,383,141	-	483,675	9,708,098	5,443,926	-	31,859,805
2022	10,660,204	4,382,486	-	484,763	6,782,715	5,432,718	-	27,742,886
2023	10,645,803	4,386,453	-	-	5,739,060	5,425,388	-	26,196,704
2024	8,925,853	4,374,193	-	-	5,595,511	5,427,431	-	24,322,988
2025	8,923,913	4,370,288	-	-	5,592,962	5,419,936	-	24,307,099
2026	8,934,961	4,349,237	-	-	5,590,330	5,437,175	-	24,311,703
2027	8,957,256	-	-	-	5,587,612	5,430,802	-	19,975,670
2028	3,230,600	-	-	-	3,628,076	-	-	6,858,676
2029	3,241,325	-	-	-	613,898	-	-	3,855,223
Less								
Interest	(61,341,600)	(24,417,129)	(85,917)	(2,138,438)	(40,979,150)	(35,206,968)	(128,907)	(164,298,109)
	\$183,060,000	62,215,000	3,005,000	10,402,812	135,346,302	63,060,000	1,064,632	458,153,746

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

The following table discloses the bond debt service requirements as of June 30, 2009, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2010	\$ 47,761,419	17,827,924	65,589,343
2011	35,079,031	16,480,017	51,559,048
2012	22,514,898	15,386,033	37,900,931
2013	23,025,762	14,271,599	37,297,361
2014	23,049,571	13,525,775	36,575,346
2015-2019	118,814,952	53,457,902	172,272,854
2020-2024	114,194,108	27,754,493	141,948,601
2025-2029	73,714,005	5,594,366	79,308,371
Totals	\$ 458,153,746	164,298,109	622,451,855

The City had no outstanding variable rate bonds at June 30, 2009. The City had \$4,882,053 in variable rate outstanding contracts payable at June 30, 2009. 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, 2009.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

**15. ADVANCE REFUNDINGS**

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

Prior Years Refundings (amounts not yet callable)

2000	Water/Sewer Revenue Bonds (partially defeased)	\$ 5,475,000
------	--	--------------

**16. PLEDGED REVENUES**

The City has pledged certain future revenues to repay specific bonded debt as follows:

The City has pledged future water utility and wastewater utility revenues, net of specific operating expenses, to repay \$2,759,859 in Municipal Development Refunding Bonds issued in 2003, as well as \$33,320,000 in Revenue Bonds issued in 1998 and 2000 and \$140,850,001 in Water Infrastructure Financing Authority Bonds issued in 1995-2009. The various bonds were issued for the purchase or construction of various water or wastewater infrastructure including wells, treatment plants, pumping stations and water and wastewater distribution or collection lines. At June 30, 2009, \$136,575,909 in bonds remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2009, the net revenues available for service of this debt were \$15,046,440. The debt principal and interest paid on this debt in fiscal year 2009 was \$9,617,423 (63.9% of available net pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for revenue bonds, refer to Table XXV (page 177).

The City has pledged certain revenues for the repayment of \$28,930,141 in Municipal Development Authority (MDA) Bonds issued in 2003 and 2006. Pledged revenues for these bonds include excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes. At June 30, 2009, \$15,745,393 in bonds remained outstanding to be repaid by these future revenues. The bonds were issued to construct various City operational facilities. For the fiscal year ended June 30, 2009, the net revenues available to service this debt were \$105,935,592. The debt principal and interest paid on this debt in fiscal year 2009 was \$3,849,983 (3.6% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for MDA bonds, refer to Table XXIV (page 176).

The City has pledged certain revenues for the repayment of \$47,000,000 in Municipal Development Authority Bonds issued in 2008. The bonds were issued to construct transportation infrastructure. The bonds have a senior lien on the .03% transportation sales tax and a secondary lien on the excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes (secondary after the MDA Bonds discussed above). At June 30, 2009, \$45,240,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2009, the net revenues available to service this debt were \$111,442,284. The debt principal and interest paid on this debt in fiscal year 2009 was \$3,419,171 (3.1% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for revenue bonds, refer to Table XXIV (page 176).

**17. RETIREMENT AND PENSION PLANS**

All full-time employees of the City are covered by one of three pension plans. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance benefits, including death and survivor benefits. The retirement benefits are generally paid at a

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

percentage, based on years of service, of the retiree’s average compensation. Long-term disability benefits vary by circumstances, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are generally paid as a flat dollar amount per month towards the retiree’s health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The Arizona State Retirement System is for the benefit of the employees of the state and certain other governmental jurisdictions. All full-time City employees, except sworn fire and police personnel, are included in the Arizona State Retirement System plan, which is a cost sharing multiple-employer defined benefit plan. Sworn police and fire personnel participate in the Public Safety Retirement System, which is an agent multiple-employer defined benefit plan. In addition, the Mayor and City Council members are covered by the State’s Elected Officials Plan, which is also a multiple-employer defined benefit cost sharing pension plan.

**Arizona State Retirement System:**

**a. Plan Description**

All of the City’s full-time employees, other than those covered by one of the other retirement plans, participate in the Arizona State Retirement System (System), a cost sharing multiple-employer defined benefit pension plan; health insurance premium plan; and long-term disability plan. The System was established by the State of Arizona to provide benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, Article 2 of the Arizona Revised Statutes. The System provides for retirement, disability, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, 3300 N. Central Ave., Suite 1300, Phoenix, Arizona, 85012 or by calling 1-800-621-3778 or 602-240-2000.

**b. Funding Policy**

Covered employees were required by state statute to contribute 9.45 percent (8.95 percent for retirement and 0.5 percent for long-term disability) of their salaries to the System during fiscal year 2008-2009 and the City was required to match it (7.99 percent for retirement, .96 percent for health insurance premium, and 0.5 percent for long-term disability). 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 for the current year and two preceding years, all of which were equal to the required contributions, were as follows:

<b><u>Fiscal Year</u></b> <b><u>Ended</u></b>	<b><u>Retirement</u></b> <b><u>Fund</u></b>	<b><u>Health Benefit</u></b> <b><u>Supplement Fund</u></b>	<b><u>Long-Term Disability</u></b> <b><u>Fund</u></b>
2007	\$ 3,384,935	\$ 470,799	\$ 223,976
2008	4,153,934	541,968	258,104
2009	4,410,683	531,674	275,934

**Elected Officials Retirement Plan:**

**a. Plan Description**

The City’s Mayor and Council members participate in the Elected Officials Retirement System (EORP), a cost sharing multiple-employer defined benefit pension plan and insurance premium plan. The 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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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 as well as insurance premium benefits. Because the health insurance premium plan benefit of the EORP is not established as a formal trust, it is reported in accordance with GASB Statement 45 as an agent multiple-employer plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 3010 E. Camelback Rd., Ste 200, Phoenix, Arizona, 85016, by calling 602-255-5575, or on the internet at [www.psprs.com](http://www.psprs.com).

b. **Funding Policy**

The EORP's funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 7.0 percent of their annual covered salary. The employer rate for fiscal year 2008-2009 was 28.0 percent. The health insurance premium portion of the contribution rate was actuarially set at 3.06 percent of covered payroll. The City's employees contributed \$10,314, \$10,093, and \$9,479, for the fiscal years ended June 30, 2009, 2008, and 2007 respectively.

**Public Safety Personnel Retirement System:**

a. **Plan Description**

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

b. **Funding Policy**

PSPRS police personnel are required to contribute 7.65 percent of their annual covered salary and fire personnel are required to contribute 7.65 percent while the City is required to contribute an actuarially determined rate. Police personnel contributed \$1,046,855 and fire personnel \$797,066 during fiscal year 2008-2009. The City rate for fiscal year 2009 was 16.86 percent for police personnel and 15.84 percent for fire members. The health insurance premium portion of the contribution rate was actuarially set at 1.06 percent of covered payroll for police and .99 percent for fire for fiscal year 2009. 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).

**Actuarial Methods and Assumptions:**

The required contribution was determined as part of the June 30, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.50 percent investment rate of return, (b) projected salary increases of 5.0 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from .5 percent to 3.5 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 assets in excess of actuarial accrued liabilities are amortized as level percents of payroll over an open

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

period of 20 years, while unfunded actuarial liabilities are amortized as level percents of payroll over a closed period of 28 years.

**Annual Pension/OPEB Cost - Agent Plans:**

The City's pension/OPEB costs for the agent plans for the year ended June 30, 2009 follows:

	PSPRS - Police		PSPRS - Fire		EORP	
	Pension	Health Insurance	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$2,219,580	\$138,933	\$1,505,080	\$93,615	\$36,427	\$4,397
Contributions made	2,137,432	141,900	1,530,364	101,147	36,427	4,397

**Three Year Trend Information for Agent Plans:** (Latest Available Information)

Annual pension cost information for the current and two preceding years follows for each of the agent plans. The pension systems implemented GASB Statement 45 in fiscal year 2008. Annual OPEB cost information is not available for years before fiscal year 2008.

**PSPRP - Police - Pension**

<u>Fiscal Year Ended</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Costs Contributed</u>	<u>Net Pension/OPEB Obligation</u>
2007	\$1,358,007	100%	\$ 0
2008	1,303,677	100	0
2009	2,219,580	100	0

**PSPRP - Police – Health Insurance**

2008	\$ 102,234	100%	\$ 0
2009	138,933	100	0

**PSPRP - Fire - Pension**

2007	\$ 645,244	100%	\$ 0
2008	907,893	100	0
2009	1,505,080	100	0

**PSPRP - Fire – Health Insurance**

2008	\$ 73,758	100%	\$ 0
2009	93,615	100	0

**EORP – Pension**

2007	\$ 25,118	100%	\$ 0
2008	27,537	100	0
2009	36,427	100	0

**EORP – Health Insurance**

2008	\$ 1,510	100%	\$ 0
2009	4,397	100	0

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Required Supplementary Information (unaudited):**

The funded status of the plans as of the most recent valuation date, June 30, 2008 follow. For prior valuations, which were prior to the implementation of GASB Statement Nos. 43 and 45, the pension and health insurance benefit amounts were aggregated. In future years when GASB statements Nos. 43 and 45 measurements are made and reported, these benefits will be disaggregated and reported separately. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and therefore, actuarial information for the City, as a participating government, is not available.

**Schedule of Funding Progress** (Latest Available Information) – Includes pension and health insurance

**Police – Retirement (includes Health Insurance Subsidy for years 2006 & 2007)**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
2006	\$26,520,019	\$32,127,887	82.5%	\$5,607,868	\$10,276,601	54.6%
2007	28,125,150	41,246,496	68.2	13,121,346	11,417,698	114.9
2008	31,757,979	44,194,554	71.9	12,436,575	13,106,869	94.9

**Police – Health Insurance Subsidy**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
2008	\$0	\$1,032,969	0.0%	\$1,032,969	\$13,106,869	7.88%

**Fire – Retirement (includes Health Insurance Subsidy for years 2006 & 2007)**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL or (Funded Excess)</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
2006	\$21,755,244	\$22,910,255	95.0%	1,155,011	\$7,134,565	16.2%
2007	22,779,501	29,484,683	77.3	6,705,182	8,627,756	77.7
2008	25,584,820	31,148,375	82.1	5,563,555	9,456,091	58.8

**Fire – Health Insurance Subsidy**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL or (Funded Excess)</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
2008	\$0	\$845,345	0.0%	845,345	\$9,456,091	8.94%

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

**Volunteer Firemen's Pension Trust Fund**

The Volunteer Firemen's Pension Trust plan covers participants in a volunteer firemen program formerly sponsored by the City. There are currently five individuals receiving monthly benefits of \$425 each. There are no potential additional demands upon the fund since the volunteer program has been discontinued. An actuarial valuation of this pension plan has not been performed. The City believes the unfunded liability, if any, is not material.

**18. OPERATING LEASES**

The City leases copiers, books, vehicles and land under certain non-cancelable operating leases. Operating leases do not give rise to property rights or lease obligations (long-term debt), and therefore the results of the lease agreements are not reflected in the City's Statement of Net Assets. Lease costs for the fiscal year ended June 30, 2009 were \$108,715.

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

Year Ending June 30,	Amount
2010	\$ 104,415
2011	98,000
2012	70,506
2013	58,438
2014	<u>24,900</u>
Total	\$ 356,259

The City is the lessor on several operating leases of land. The cost of the real property associated with these leases is \$2,218,519. Operating lease revenues for fiscal year 2009 were \$172,384.

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

Year Ending June 30,	Amount
2010	\$ 241,822
2011	268,409
2012	273,180
2013	289,922
2014	306,735

**19. DEFERRED COMPENSATION PLAN**

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

**20. COMMITMENTS AND CONTINGENCIES**

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity. The City is self-insured for the first \$500,000 of any occurrence and then has additional coverage up to \$40.0 million.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

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

The following table presents the City's commitments as of June 30, 2009:

<u>Fund/Description</u>	<u>Remaining Construction Commitment</u>
General Fund:	
Municipal facilities construction/remodeling	\$ 3,138,510
Streets/Traffic infrastructure	65,953
Parks and recreation facilities	132,591
	<u>3,337,054</u>
Half-Cent Sales Tax Fund:	
Municipal facilities construction/remodeling	288,293
Highway User Revenue Fund:	
Streets/Traffic infrastructure	156,387
Development Fee Fund:	
Parks and recreation facilities	110,612
Municipal facilities construction/remodeling	2,255,720
Streets/Traffic infrastructure	626,152
	<u>2,992,484</u>
Transportation Sales Tax Fund:	
Streets/Traffic infrastructure	1,800,392
GO Bond Capital Projects Fund:	
Parks and recreation facilities	113,688
Drainage infrastructure	8,198,305
Streets/Traffic infrastructure	1,168,555
Municipal facilities construction/remodeling	6,324,946
	<u>15,805,494</u>
Non-Major Governmental Funds:	
Other Grants – Public Safety equipment	5,686
MDA Bonds Capital Projects - Streets/Traffic infrastructure	13,592,725
Non-Bond Capital Projects – Streets/Traffic infrastructure	30,458
	<u>13,628,869</u>
Water Utility Fund:	
Water facilities	74,121
Water lines	5,090,830
Wells and reservoirs	1,194,639
	<u>6,359,590</u>
Wastewater Utility Fund:	
Wastewater facilities and infrastructure	4,758,194
Total construction commitments	<u>\$ 49,126,757</u>

At June 30, 2009, there is a claims liability of \$4,500,000 in the Wastewater Utility for the future payments due on a settlement involving the City discontinuing use of a regional wastewater reclamation facility. Payments of \$3,000,000 (classified as a current liability) and \$1,500,000 (classified as a long-term liability) are due in fiscal years 2010 and 2011 respectively.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

**21. OTHER MATTERS**

The City signed a development agreement with DJN Eagle Mountain, LLC on July 5, 2005, and amended on April 15, 2008, with provisions that reimbursement will be made by the City to the developer for certain public infrastructure improvements related to the retail component of a mixed use project called Park West in the southwest area of the City. The developer is required by the agreement to complete construction of 150,000 square feet of retail business space by July 31, 2008, and an additional 360,000 square feet of retail business space by March 31, 2010, and to have a capital investment of at least forty-five million dollars in the project within 36 months of the construction commencement date. Reimbursements will begin once certain construction obligations are met by the developer. The agreement caps the reimbursement amount at no more than \$9,000,000. Payments will be made quarterly, consisting of fifty percent of one percent of sales tax revenues generated by the project. No liability will be recorded by the City until such time as the developer has met all obligations of the agreement. The developer is in default of the terms of the Agreement related to the improvement district. Developer has requested an amendment to the agreement and provided the City with proposed changes. City is in discussions with the developer regarding possible amendment. Because of the default, the \$9,000,000 has not yet been recorded as a liability.

On June 19, 2007, a development agreement was signed with Arizona Motors, LLC, for the development of a Volkswagen automotive dealership and service center, on the northwest corner of 84<sup>th</sup> Avenue and Bell Road. The City agreed to reimburse the dealer an amount not to exceed \$500,000. Payments will be made quarterly and will equal fifty percent of one percent of sales tax revenues from the project. Reimbursements will cease when the reimbursement amount has been paid in full, or on November 30, 2010, whichever is sooner.

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

The City approved a development agreement with Shea Sunbelt Pleasant Point LLC on October 22, 2001, for development of a master-planned community north of Happy Valley Road and west of the Agua Fria River. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications, water rights acquisition, fire station building and equipment, and park and trail development. In return the City agreed to certain impact fee reimbursements. Individual liabilities will not be recorded until the developer has met City requirements associated with each agreed-upon item. As of June 30, 2009, there are currently estimated potential impact fee reimbursements of the following that are not yet recorded as liabilities: Two neighborhood park sites currently estimated at \$1,500,000; two community park sites currently estimated at \$4,500,000; one library site currently estimated at \$750,000; and street and intersection improvements and associated ROW land dedications currently estimated at \$45,670,000. Developer is in the process of amending their PCD (Planned Community Development) and once finalized, future required dedications may be adjusted.

The City approved a development agreement with Diamond Ventures Inc. on December 24, 2002 for a master-planned community located on the southwest corner of 163rd Avenue and State Highway 74. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications, and provision of certain equipment. Associated with some of these requirements, the City has agreed to credit the developer from impact fees and other sources. As of June 30, 2009, no building activities have commenced and the credits could not be reliably estimated. The agreement is in force for 25 years from the signing of the agreement.

The City approved a development agreement with TDR LLC on February 11, 2005, for a residential and commercial development between Happy Valley Road and 107th Avenue east of the Agua Fria River. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications. Individual liabilities will not be recorded until the developer has met City requirements associated with each agreed-upon item. As of June 30, 2009, there are currently estimated impact fee credits of the following: Wastewater improvement credits currently estimated at \$2,992,188, but could potentially increase up to \$4,792,065; and credits for future street infrastructure improvements and right-of-way land dedications estimated at \$2,415,415.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

---

On December 19, 2005, the City approved a development agreement with Group Three Properties, Noranda Properties Inc., and Pleasant Views LLC, which terminated an existing development agreement and enabled the developer to rely on existing City ordinances related to infrastructure improvements, right-of-way and land dedications. The development is a master-planned community east of Vistancia North and south of State Route 74. As the developer moves forward with the project, there may be infrastructure and land dedications resulting in impact fee credits due them from the City. As of June 30, 2009, those potential credits could not be reliably estimated.

The City approved a development agreement with WalMart Stores, Inc. on October 12, 2006, for a commercial development located on Peoria east of 83<sup>rd</sup> Avenue. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications. As of June 30, 2009, the total reimbursement is capped at \$7,270,000. Of that \$228,934 is related to future infrastructure dedications and has not yet been recorded as a liability. A repayment of \$3,000,000 will occur upon the completion of Phase II infrastructure (Cotton Crossing), followed by quarterly installments on the remaining balance based on fifty percent of one percent of sales tax revenues from the project.

The City approved a development agreement with Peoria place 100, LLC on December 22, 2006, for a mixed-use development located at the Southeast corner of 83<sup>rd</sup> Avenue and Monroe Street. The developer is required to construct and dedicate Cotton Crossing from Mountain View to Grand Avenue. Developer is required to dedicate all ROW and begin construction by July 1, 2008. The City agreed to reimburse the developer up to \$6,443,000 on August 1, 2011, through cash reimbursement for roadway and intersection improvements. Construction on Cotton Crossing has begun.

## **22. SUBSEQUENT EVENTS**

On July 1, 2009, the City called \$9,190,000 in bonds as follows: \$1,140,000 in Series 1993 General Obligation Bonds, \$3,415,000 in Series A 1998 General Obligation Bonds, \$1,355,000 in Series B 1998 General Obligation Bonds, \$2,700,000 in Series 1996 Streets and Highway User Revenue Bonds, \$175,000 in North Valley Power Center #8801 Improvement District Bonds, \$100,000 in 83<sup>rd</sup> Avenue #9601 Improvement District Bonds, \$100,000 in Arrowhead Fountain Center #9603 Improvement District Bonds, and \$205,000 in Sunny Boy Water & Sewer #9002 Improvement District Bonds. There was a 1% call premium on the North Valley Power Center Improvement District Bonds. All other bonds were callable without premium.

On July 17, 2009, the City closed on four loans with the Water Infrastructure Financing Authority (WIFA) totaling \$18,828,805 for various water and wastewater infrastructure projects. Approximately \$10,004,662 of these loans are funded by American Recovery & Reinvestment Act (ARRA) monies through subsidized interest rates or principal forgiveness.

On July 1, 2009 the City established a workers' compensation fund for work-related injuries to employees. Previously, the City participated in the State Compensation Fund for workers' compensation claims. The workers compensation self-insurance program is accounted for in an internal service fund. The City created the City of Peoria Workers' Compensation Trust to oversee the program. The City is self-insured up to \$750,000 for public safety employees and \$600,000 for all other employees up to an aggregate loss of \$2,577,017. The fund purchases \$1,000,000 in excess coverage insurance through a commercial insurance carrier cover individual claims, or cumulative claims, over these amounts. For fiscal year 2010, the program is funded by a one time transfer from the Risk Management Fund. In future years, it will be funded by service charges to the operating departments. Claims are administered and medical claims are paid by a third party administrator from the accounts of the fund. Salaries of employees off work for workers' compensation claims are paid by the employee's regular department.

# Combining Fund Financial Statements and Budgetary Schedules

---

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

	Page
<b>Major Governmental Funds Other than General Fund &amp; Special Revenue Funds</b>	
Budgetary Comparison Schedules	
General Obligation Bonds Debt Service Fund	90
Special Assessment Debt Service Fund	91
General Obligation (GO) Bond Capital Projects Fund	92
<b>Non-Major Governmental Funds</b>	
Combining Statements	
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	98
Budgetary Comparison Schedules	
Public Transit Fund	100
Section 8 Housing Fund	101
Other Grants Fund	102
Storm Drainage Fund	103
Municipal Development Authority (MDA) Bonds Debt Service Fund	104
Community Facilities District (CFD) Bonds Debt Service Fund	105
Community Facilities District (CFD) Bonds Capital Projects Fund	106
Municipal Development Authority (MDA) Bonds Capital Projects Fund	107
Improvement District Bonds Capital Projects Fund	108
Non-Bond Capital Projects Fund	109
<b>Enterprise Funds</b>	
Schedule of Operations – Budget and Actual	
Water Utility Fund	112
Wastewater Utility Fund	113
Solid Waste Utility Fund	114
Stadium Fund	115
Public Housing Fund	116
<b>Internal Service Funds</b>	
Combining Statements	
Combining Statement of Net Assets	118
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	119
Combining Statement of Cash Flows	120
Schedule of Operations – Budget and Actual	
Motor Pool Fund	121
Self-Insurance Fund	122
Facilities Maintenance Fund	123
Information Technology Fund	124
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Assets	126
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	127



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

## **Debt Service Funds**

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

### **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.

### **Special Assessment Debt Service Fund**

This fund accounts for the collection of special assessment district revenues and the payment of the special assessment bonds.

## **Capital Projects Funds**

A capital project fund is established to account for the acquisition and construction of major capital facilities other than those financed by Special Revenue Fund and Enterprise Fund resources. A capital project fund enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

### **General Obligation (GO) Bond Capital Projects Fund**

This fund accounts for the receipt of proceeds from General Obligation bonds and the expenditure of those funds to purchase or construct capital assets for the City.

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 11,175,900	\$ 11,175,900	\$ 11,175,900	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property taxes	24,871,967	24,871,967	24,482,193	(389,774)
Investment earnings	675,000	675,000	775,285	100,285
Transfers in	-	-	-	-
Total inflows	<u>25,546,967</u>	<u>25,546,967</u>	<u>25,257,478</u>	<u>(289,489)</u>
Amounts available for appropriation	<u>36,722,867</u>	<u>36,722,867</u>	<u>36,433,378</u>	<u>(289,489)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	139,680	139,680
Debt service:				
Principal payments	13,366,328	13,366,328	11,575,000	(1,791,328)
Interest and other charges	9,265,523	9,265,523	4,940,718	(4,324,805)
Total charges to appropriations	<u>22,631,851</u>	<u>22,631,851</u>	<u>16,655,398</u>	<u>(5,976,453)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 14,091,016</u>	<u>\$ 14,091,016</u>	<u>\$ 19,777,980</u>	<u>\$ 5,686,964</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	\$ 36,433,378
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	(11,175,900)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(87,685)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 25,169,793</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,655,398
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	61
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 16,655,459</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 1,090,854	\$ 1,090,854	\$ 1,090,854	\$ -
<b>RESOURCES (INFLOWS):</b>				
Special assessments	1,830,999	1,830,999	2,185,865	354,866
Investment earnings	495,525	495,525	32,693	(462,832)
Total inflows	<u>2,326,524</u>	<u>2,326,524</u>	<u>2,218,558</u>	<u>(107,966)</u>
Amounts available for appropriation	<u>3,417,378</u>	<u>3,417,378</u>	<u>3,309,412</u>	<u>(107,966)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	790	866	76
Debt service:				
Principal payments	1,624,615	1,624,615	1,624,615	-
Interest and other charges	679,959	679,959	679,184	(775)
Total charges to appropriations	<u>2,304,574</u>	<u>2,305,364</u>	<u>2,304,665</u>	<u>(699)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 1,112,804</u>	<u>\$ 1,112,014</u>	<u>\$ 1,004,747</u>	<u>\$ (107,267)</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	\$ 3,309,412
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	(1,090,854)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	13,671
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,232,229</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,304,665
Differences - budget to GAAP:	
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,304,665</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 20,513,691	\$ 20,513,691	\$ 20,513,691	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital-related debt issued	99,997,498	99,997,498	68,440,000	(31,557,498)
Premium on bonds issued	-	-	808,192	808,192
Investment earnings	200,000	200,000	697,142	497,142
Total inflows	<u>100,197,498</u>	<u>100,197,498</u>	<u>69,945,334</u>	<u>(30,252,164)</u>
Amounts available for appropriation	<u>120,711,189</u>	<u>120,711,189</u>	<u>90,459,025</u>	<u>(30,252,164)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	912,756	1,268,807	570,122	(698,685)
Interest and fiscal charges	-	-	179,675	179,675
Capital outlay	115,524,483	102,962,964	39,996,679	(62,966,285)
Contingencies	-	3,878,497	-	(3,878,497)
Total charges to appropriations	<u>116,437,239</u>	<u>108,110,268</u>	<u>40,746,476</u>	<u>(67,363,792)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 4,273,950</u>	<u>\$ 12,600,921</u>	<u>\$ 49,712,549</u>	<u>\$ 37,111,628</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	\$ 90,459,025
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	(20,513,691)
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(68,440,000)
Bond Premiums are a budgetary resource, but are not a revenue for financial reporting purposes	(808,192)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	71,968
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 769,110</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 40,746,476
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(7,313,947)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(5,128,351)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 28,304,178</u>

# **NON-MAJOR GOVERNMENTAL FUNDS**

## **OTHER GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

#### **Public Transit Fund**

This fund receives and expends the City's allocation of Federal Transit Authority grant money as well as the City's allocation of the Local Transportation Assistance Fund money. The amount of Federal Transportation Authority funds available to each city is based on the total funding available and the total requests for funds. The amount of Local Transportation Assistance funds available to each city is allocated on a population basis, which is determined by the latest federal census. Expenditures are for the administration and operating costs of the public transit system.

#### **Section 8 Housing Fund**

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

#### **Other Grants Fund**

This fund receives and expends much of the City's grant fund money. The amount of grants received is generally based upon application to granting agencies by the City and availability of funding by grantors. Grant money may be used only for the purpose of the approved budget and is subject to grantor expenditure guidelines.

#### **Storm Drainage Fund**

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

### **Debt Service Funds**

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

#### **Municipal Development Authority Bonds Debt Service Fund**

This fund accounts for the principal and interest requirements of the Municipal Development Authority's bonds. Provisions are made in the City's transaction privilege tax for funds sufficient to meet the Municipal Development Authority's debt service.

## **Debt Service Funds (continued)**

### **Community Facilities District (CFD) Bonds Debt Service Fund**

This fund accounts for the principal and interest requirements of the Vistancia Communities Facilities District (a blended component unit) general obligation bonds. Provisions are made in the District's general property tax levy for funds sufficient to meet the general obligation debt service.

### **Capital Projects Funds**

A capital project fund is established to account for the acquisition and construction of major capital facilities other than those financed by Special Revenue Fund and Enterprise Fund resources. A capital project fund enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

### **Community Facilities District (CFD) Bonds Capital Projects Fund**

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

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

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

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

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

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

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



**CITY OF PEORIA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2009**

	Special Revenue Funds			
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Storm Drainage Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 128,733	\$ 160,303	\$ 1,180,403	\$ 111,840
Cash with fiscal agents	-	224,116	-	-
Investments	208,149	-	1,908,609	180,836
Accounts receivable, net	3,061	99,797	827	83,795
Interest receivable	2,566	-	15,646	504
Due from other governments	48,961	12,155	1,886,695	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 391,470</u>	<u>\$ 496,371</u>	<u>\$ 4,992,180</u>	<u>\$ 376,975</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,511	\$ 201,591	\$ 605,670	\$ 5,218
Accrued payroll	21,343	-	13,769	6,333
Due to other governments	-	3,889	-	-
Deferred revenue	-	9,779	14,705	-
Other liabilities	500	-	-	-
Total liabilities	<u>\$ 24,354</u>	<u>\$ 215,259</u>	<u>\$ 634,144</u>	<u>\$ 11,551</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Grant Purposes	367,116	259,085	609,781	-
Unreserved, designated (note 11)				
Capital projects funds	-	-	-	-
Special revenue funds	-	22,027	3,647,435	16,169
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	100,820	349,255
Total fund balance	<u>367,116</u>	<u>281,112</u>	<u>4,358,036</u>	<u>365,424</u>
Total liabilities and fund balance	<u>\$ 391,470</u>	<u>\$ 496,371</u>	<u>\$ 4,992,180</u>	<u>\$ 376,975</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds		Capital Projects Funds				Total
Municipal Development Authority Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Improvement District Bonds	Non-Bond	Non-Major Governmental Funds
\$ -	\$ 3,648	\$ 156,764	\$ -	\$ -	\$ 10,355,569	\$ 12,097,260
4,571,986	-	-	-	-	-	4,796,102
-	5,898	253,472	-	-	16,744,049	19,301,013
-	128,831	-	-	-	1,625,552	1,941,863
-	18,183	106,986	83,699	-	114,206	341,790
-	58,552	-	-	-	-	2,006,363
328	4,555,487	3,516,400	2,465,195	-	-	10,537,410
-	4,188,531	14,889,712	17,604,254	-	-	36,682,497
<u>\$ 4,572,314</u>	<u>\$ 8,959,130</u>	<u>\$ 18,923,334</u>	<u>\$ 20,153,148</u>	<u>\$ -</u>	<u>\$ 28,839,376</u>	<u>\$ 87,704,298</u>
\$ 2,160	\$ -	\$ -	\$ 2,874,501	\$ -	\$ 66,322	\$ 3,757,973
-	-	-	-	-	-	41,445
-	-	-	-	-	-	3,889
-	128,831	-	-	-	3,999,944	4,153,259
-	-	-	1,099,074	-	525,083	1,624,657
<u>\$ 2,160</u>	<u>\$ 128,831</u>	<u>\$ -</u>	<u>\$ 3,973,575</u>	<u>\$ -</u>	<u>\$ 4,591,349</u>	<u>\$ 9,581,223</u>
\$ 4,570,154	\$ 8,830,299	\$ -	\$ -	\$ -	\$ -	\$ 13,400,453
-	-	18,923,334	2,586,848	-	24,217,569	45,727,751
-	-	-	-	-	-	1,235,982
-	-	-	13,592,725	-	30,458	13,623,183
-	-	-	-	-	-	3,685,631
-	-	-	-	-	-	450,075
<u>4,570,154</u>	<u>8,830,299</u>	<u>18,923,334</u>	<u>16,179,573</u>	<u>-</u>	<u>24,248,027</u>	<u>78,123,075</u>
<u>\$ 4,572,314</u>	<u>\$ 8,959,130</u>	<u>\$ 18,923,334</u>	<u>\$ 20,153,148</u>	<u>\$ -</u>	<u>\$ 28,839,376</u>	<u>\$ 87,704,298</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, 2009**

	<b>Special Revenue Funds</b>			
	<b>Public Transit Fund</b>	<b>Section 8 Housing Fund</b>	<b>Other Grants Fund</b>	<b>Storm Drainage Fund</b>
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
County shared sales taxes	-	-	-	-
Local transportation aid	640,826	-	-	-
From federal government	53,545	792,337	2,124,652	-
Other	272,766	80,448	964,084	-
Charges for service	50,514	-	921,596	729,894
Fines and forfeitures	-	-	423,837	-
Investment earnings	13,643	1,391	84,451	2,592
Miscellaneous	-	30	53,745	-
Total revenues	<u>1,031,294</u>	<u>874,206</u>	<u>4,572,365</u>	<u>732,486</u>
<b>EXPENDITURES:</b>				
Current operating:				
General government	-	-	177,888	-
Culture and recreation	-	-	538,234	-
Police	-	-	1,180,035	-
Fire	-	-	30,427	-
Development services	-	-	641,426	-
Highways and streets	-	-	14,504	-
Public works	-	-	4,997	490,260
Human services	1,438,919	904,928	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	206,730	-
Total expenditures	<u>1,438,919</u>	<u>904,928</u>	<u>2,794,241</u>	<u>490,260</u>
Excess (deficiency) of revenues over expenditures	<u>(407,625)</u>	<u>(30,722)</u>	<u>1,778,124</u>	<u>242,226</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	180,500	-	28,152	-
Transfers out	(425)	(7,899)	(516,892)	(2,213)
Total other financing sources and uses	<u>180,075</u>	<u>(7,899)</u>	<u>(488,740)</u>	<u>(2,213)</u>
Net change in fund balances	<u>(227,550)</u>	<u>(38,621)</u>	<u>1,289,384</u>	<u>240,013</u>
Fund balances - beginning	594,666	319,733	3,068,652	125,411
Fund balances - ending	<u>\$ 367,116</u>	<u>\$ 281,112</u>	<u>\$ 4,358,036</u>	<u>\$ 365,424</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds		Capital Projects Funds				Total
Municipal Development Authority Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Improvement District Bonds	Non-Bond	Non-Major Governmental Funds
\$ -	\$ 2,991,522	\$ -	\$ -	\$ -	\$ -	\$ 2,991,522
-	-	-	-	-	12,837,089	12,837,089
-	-	-	-	-	-	640,826
-	-	-	-	-	-	2,970,534
-	-	-	-	-	-	1,317,298
-	-	-	-	-	-	1,702,004
-	-	-	-	-	-	423,837
4,036	82,170	224,192	628,702	-	599,549	1,640,726
-	2,736,299	-	-	-	3,552,173	6,342,247
<u>4,036</u>	<u>5,809,991</u>	<u>224,192</u>	<u>628,702</u>	<u>-</u>	<u>16,988,811</u>	<u>30,866,083</u>
734	3,640	-	-	-	-	182,262
-	-	-	-	-	-	538,234
-	-	-	-	-	-	1,180,035
-	-	-	-	-	-	30,427
-	-	-	-	-	-	641,426
-	-	-	217,960	-	24,474	256,938
-	-	-	-	-	-	495,257
-	-	-	-	-	-	2,343,847
4,810,260	1,550,000	-	-	-	-	6,360,260
2,468,876	3,416,955	-	-	-	-	5,885,831
-	-	308,318	23,107,631	-	6,106,899	29,729,578
<u>7,279,870</u>	<u>4,970,595</u>	<u>308,318</u>	<u>23,325,591</u>	<u>-</u>	<u>6,131,373</u>	<u>47,644,095</u>
<u>(7,275,834)</u>	<u>839,396</u>	<u>(84,126)</u>	<u>(22,696,889)</u>	<u>-</u>	<u>10,857,438</u>	<u>(16,778,012)</u>
8,358,313	225,240	491,552	-	73,263	-	9,357,020
-	-	(423,745)	-	-	(769,430)	(1,720,604)
<u>8,358,313</u>	<u>225,240</u>	<u>67,807</u>	<u>-</u>	<u>73,263</u>	<u>(769,430)</u>	<u>7,636,416</u>
<u>1,082,479</u>	<u>1,064,636</u>	<u>(16,319)</u>	<u>(22,696,889)</u>	<u>73,263</u>	<u>10,088,008</u>	<u>(9,141,596)</u>
3,487,675	7,765,663	18,939,653	38,876,462	(73,263)	14,160,019	87,264,671
<u>\$ 4,570,154</u>	<u>\$ 8,830,299</u>	<u>\$ 18,923,334</u>	<u>\$ 16,179,573</u>	<u>\$ -</u>	<u>\$ 24,248,027</u>	<u>\$ 78,123,075</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 388,773	\$ 388,773	\$ 388,773	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Local transportation aid	686,800	686,800	640,826	(45,974)
From federal government	-	-	42,772	42,772
Other	-	-	272,766	272,766
Charges for services	61,000	61,000	51,208	(9,792)
Investment earnings	6,701	6,701	15,399	8,698
Transfers from other funds	409,000	409,000	180,500	(228,500)
Total inflows	<u>1,163,501</u>	<u>1,163,501</u>	<u>1,203,471</u>	<u>39,970</u>
Amounts available for appropriation	<u>1,552,274</u>	<u>1,552,274</u>	<u>1,592,244</u>	<u>39,970</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,551,849	1,735,454	1,437,758	(297,696)
Transfers out	425	425	425	-
Total charges to appropriations	<u>1,552,274</u>	<u>1,735,879</u>	<u>1,438,183</u>	<u>(297,696)</u>
Budgetary fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ (183,605)</u>	<u>\$ 154,061</u>	<u>\$ 337,666</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	\$ 1,592,244
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	(388,773)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	8,323
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(180,500)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,031,294</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,438,183
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	1,427
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(266)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(425)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,438,919</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SECTION 8 HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 287,515	\$ 287,515	\$ 287,515	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,697,570	1,697,570	865,909	(831,661)
Other	-	-	(19,349)	(19,349)
Investment earnings	300	300	1,391	1,091
Miscellaneous	-	-	30	30
Total inflows	<u>1,697,870</u>	<u>1,697,870</u>	<u>847,981</u>	<u>(849,889)</u>
Amounts available for appropriation	<u>1,985,385</u>	<u>1,985,385</u>	<u>1,135,496</u>	<u>(849,889)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,681,766	1,422,075	775,360	(646,715)
Capital outlay	-	84,631	7,899	(76,732)
Total charges to appropriations	<u>1,681,766</u>	<u>1,506,706</u>	<u>783,259</u>	<u>(723,447)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 303,619</u>	<u>\$ 478,679</u>	<u>\$ 352,237</u>	<u>\$ (126,442)</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	\$ 1,135,496
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	(287,515)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	26,225
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 874,206</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 783,259
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	129,568
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 904,928</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 4,515,533	\$ 4,515,533	\$ 4,515,533	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,438,475	1,438,475	1,631,254	192,779
Other	5,636,390	5,636,390	569,877	(5,066,513)
Charges for services	2,000,000	2,000,000	920,770	(1,079,230)
Fines and forfeitures	20,000	20,000	423,837	403,837
Investment earnings	68,750	68,750	83,376	14,626
Miscellaneous	42,500	42,500	53,745	11,245
Transfers from other funds	10,000	10,000	10,000	-
Total inflows	<u>9,216,115</u>	<u>9,216,115</u>	<u>3,692,859</u>	<u>(5,523,256)</u>
Amounts available for appropriation	<u>13,731,648</u>	<u>13,731,648</u>	<u>8,208,392</u>	<u>(5,523,256)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government:				
Mayor and council	1,800	2,880	2,741	(139)
Attorney	92,625	93,204	(499,942)	(593,146)
City Manager	65,000	65,731	65,731	-
Court	-	91,856	48,110	(43,746)
Non-departmental	15,000	15,000	7,954	(7,046)
Culture and recreation	559,075	576,624	517,198	(59,426)
Police	546,675	1,651,703	1,172,800	(478,903)
Fire	28,500	43,179	31,412	(11,767)
Development services	1,301,215	1,345,615	643,183	(702,432)
Highways and streets	-	16,853	14,504	(2,349)
Public works	2,609,890	5,000	3,616	(1,384)
Capital outlay	2,709,954	1,409,052	775,678	(633,374)
Contingencies	1,950,995	510,275	-	(510,275)
Transfers out	159	159	159	-
Total charges to appropriations	<u>9,880,888</u>	<u>5,827,131</u>	<u>2,783,144</u>	<u>(3,043,987)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 3,850,760</u>	<u>\$ 7,904,517</u>	<u>\$ 5,425,248</u>	<u>\$ (2,479,269)</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 8,208,392
<b>Differences - budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(4,515,533)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	889,506
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(10,000)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,572,365</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,783,144
<b>Differences - budget to GAAP:</b>	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(2,917)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	513,406
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(499,233)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(159)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,794,241</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
STORM DRAINAGE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 74,649	\$ 74,649	\$ 74,649	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Charges for services	744,410	744,410	762,620	18,210
Investment earnings	1,600	1,600	2,088	488
Total inflows	<u>746,010</u>	<u>746,010</u>	<u>764,708</u>	<u>18,698</u>
Amounts available for appropriation	<u>820,659</u>	<u>820,659</u>	<u>839,357</u>	<u>18,698</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	620,264	574,854	496,634	(78,220)
Capital outlay	-	2,000	2,000	-
Transfers out	213	213	213	-
Total charges to appropriations	<u>620,477</u>	<u>577,067</u>	<u>498,847</u>	<u>(78,220)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 200,182</u>	<u>\$ 243,592</u>	<u>\$ 340,510</u>	<u>\$ 96,918</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	\$ 839,357
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	(74,649)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(32,222)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 732,486</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 498,847
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	694
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(7,068)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(213)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 490,260</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 2,337,717	\$ 2,337,717	\$ 2,337,717	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	-	-	4,036	4,036
Transfers from other funds	3,930,717	3,930,717	3,932,987	2,270
Total inflows	<u>3,930,717</u>	<u>3,930,717</u>	<u>3,937,023</u>	<u>6,306</u>
Amounts available for appropriation	<u>6,268,434</u>	<u>6,268,434</u>	<u>6,274,740</u>	<u>6,306</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	734	734	-
Debt service:				
Principal payments	3,050,260	4,810,260	4,810,260	-
Interest and other charges	803,723	2,468,876	2,466,716	(2,160)
Total charges to appropriations	<u>3,853,983</u>	<u>7,279,870</u>	<u>7,277,710</u>	<u>(2,160)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 2,414,451</u>	<u>\$ (1,011,436)</u>	<u>\$ (1,002,970)</u>	<u>\$ 8,466</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 6,274,740
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	(2,337,717)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(3,932,987)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,036</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,277,710
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	2,160
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 7,279,870</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1, 2008	\$ 7,720,537	\$ 7,720,537	\$ 7,720,537	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property Taxes	3,144,037	3,144,037	2,968,119	(175,918)
Investment earnings	500,000	500,000	73,965	(426,035)
Miscellaneous	1,326,919	1,326,919	2,736,299	1,409,380
Total inflows	<u>4,970,956</u>	<u>4,970,956</u>	<u>5,778,383</u>	<u>807,427</u>
Amounts available for appropriation	<u>12,691,493</u>	<u>12,691,493</u>	<u>13,498,920</u>	<u>807,427</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	3,640	3,640	-
Debt service:				
Principal payments	1,550,000	1,550,000	1,550,000	-
Interest and other charges	3,416,956	3,416,956	3,416,955	(1)
Total charges to appropriations	<u>4,966,956</u>	<u>4,970,596</u>	<u>4,970,595</u>	<u>(1)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 7,724,537</u>	<u>\$ 7,720,897</u>	<u>\$ 8,528,325</u>	<u>\$ 807,428</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 13,498,920
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,720,537)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	31,608
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,809,991</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,970,595
Differences - budget to GAAP:	
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,970,595</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 21,630,856	\$ 21,630,856	\$ 21,630,856	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	500,000	495,000	145,461	(349,539)
Total inflows	<u>500,000</u>	<u>495,000</u>	<u>145,461</u>	<u>(349,539)</u>
Amounts available for appropriation	<u>22,130,856</u>	<u>22,125,856</u>	<u>21,776,317</u>	<u>(349,539)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	-	-	936	936
Capital outlay	19,124,997	19,118,155	651,633	(18,466,522)
Contingencies	-	6,842	-	(6,842)
Total charges to appropriations	<u>19,124,997</u>	<u>19,124,997</u>	<u>652,569</u>	<u>(18,472,428)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 3,005,859</u>	<u>\$ 3,000,859</u>	<u>\$ 21,123,748</u>	<u>\$ 18,122,889</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	\$ 21,776,317
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	(21,630,856)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	78,731
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 224,192</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 652,569
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(417,614)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	73,363
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 308,318</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 40,183,266	\$ 40,183,266	\$ 40,183,266	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	300,500	300,500	850,552	550,052
Total inflows	<u>300,500</u>	<u>300,500</u>	<u>850,552</u>	<u>550,052</u>
Amounts available for appropriation	<u>40,483,766</u>	<u>40,483,766</u>	<u>41,033,818</u>	<u>550,052</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and Streets	110,123	334,132	217,960	(116,172)
Capital outlay	36,904,992	43,617,210	22,483,645	(21,133,565)
Contingencies	-	1,065,188	-	(1,065,188)
Total charges to appropriations	<u>37,015,115</u>	<u>45,016,530</u>	<u>22,701,605</u>	<u>(22,314,925)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 3,468,651</u>	<u>\$ (4,532,764)</u>	<u>\$ 18,332,213</u>	<u>\$ 22,864,977</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	\$ 41,033,818
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	(40,183,266)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(221,850)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 628,702</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,701,605
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	623,986
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 23,325,591</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
IMPROVEMENT DISTRICT BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 1,399,859	\$ 1,399,859	\$ 1,399,859	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	25,000	25,000	-	(25,000)
Special assessments	4,000,000	4,000,000	-	(4,000,000)
Total inflows	<u>4,025,000</u>	<u>4,025,000</u>	<u>-</u>	<u>(4,025,000)</u>
Amounts available for appropriation	<u>5,424,859</u>	<u>5,424,859</u>	<u>1,399,859</u>	<u>(4,025,000)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Capital outlay	5,445,316	4,215,294	-	(4,215,294)
Total charges to appropriations	<u>5,445,316</u>	<u>4,215,294</u>	<u>-</u>	<u>(4,215,294)</u>
Budgetary fund balance, June 30, 2009	<u>\$ (20,457)</u>	<u>\$ 1,209,565</u>	<u>\$ 1,399,859</u>	<u>\$ 190,294</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	\$ 1,399,859
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	(1,399,859)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ -</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ -
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	73,263
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(73,263)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ -</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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, 2008	\$ 154,378	\$ 154,378	\$ 154,378	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental revenue:				
Other governmental revenue	18,855,130	18,855,130	12,837,089	(6,018,041)
Investment earnings	502,000	502,000	604,157	102,157
Proceeds	10,210,000	10,210,000	-	(10,210,000)
Miscellaneous	15,007,973	15,007,973	2,872,720	(12,135,253)
Total inflows	<u>44,575,103</u>	<u>44,575,103</u>	<u>16,313,966</u>	<u>(28,261,137)</u>
Amounts available for appropriation	<u>44,729,481</u>	<u>44,729,481</u>	<u>16,468,344</u>	<u>(28,261,137)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services:				
Highways and streets	3,880	33,880	24,474	(9,406)
Capital outlay	36,541,845	34,720,068	8,014,127	(26,705,941)
Contingencies	6,000,000	8,767,143	-	(8,767,143)
Total charges to appropriations	<u>42,545,725</u>	<u>43,521,091</u>	<u>8,038,601</u>	<u>(35,482,490)</u>
Budgetary fund balance, June 30, 2009	<u>\$ 2,183,756</u>	<u>\$ 1,208,390</u>	<u>\$ 8,429,743</u>	<u>\$ 7,221,353</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	\$ 16,468,344
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	(154,378)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	674,845
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 16,988,811</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,038,601
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,318,719)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(588,509)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,131,373</u>



# ENTERPRISE FUNDS

## Budgetary Schedules

### Enterprise Funds

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

#### Water Utility Fund

The Water Utility accounts for the revenues from charges to the customers of the City's water services, as well as the expenditure of those funds to operate, maintain, and expand the water treatment and distribution systems.

#### Wastewater Utility Fund

The Wastewater Utility Fund accounts for the revenue from charges to the customers of the City's wastewater services, as well as the expenditure of those funds to operate, maintain, and expand the wastewater collection and treatment systems.

#### Solid Waste Utility Fund

The Solid Waste Utility Fund accounts for the revenue from charges to the customers of the City's solid waste services, as well as the expenditure of those funds to operate, maintain, and expand the solid waste collection and disposal systems.

#### Stadium Fund

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

#### Public Housing Fund

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

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**WATER UTILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 35,198,318	\$ 35,198,318	\$ 33,574,439	\$ (1,623,879)
Miscellaneous	613,000	613,000	158,828	(454,172)
Total operating revenues	<u>35,811,318</u>	<u>35,811,318</u>	<u>33,733,267</u>	<u>(2,078,051)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	6,673,866	6,849,660	6,245,808	(603,852)
Contractual services, materials and supplies	17,709,947	17,171,630	19,125,267	1,953,637
Capital outlay	31,949,629	26,185,272	9,126,372	(17,058,900)
Contingencies	11,253,079	12,528,084	-	(12,528,084)
Total operating expenses	<u>67,586,521</u>	<u>62,734,646</u>	<u>34,497,447</u>	<u>(28,237,199)</u>
Operating income (loss)	<u>(31,775,203)</u>	<u>(26,923,328)</u>	<u>(764,180)</u>	<u>26,159,148</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	1,246,000	1,246,000	1,086,727	(159,273)
Interest expense	(2,496,420)	(2,496,420)	(1,978,086)	518,334
Debt principal payments	(4,072,656)	(4,072,656)	(3,440,602)	632,054
Total nonoperating revenues (expenses)	<u>(5,323,076)</u>	<u>(5,323,076)</u>	<u>(4,331,961)</u>	<u>991,115</u>
Income (loss) before contributions and transfers	<u>(37,098,279)</u>	<u>(32,246,404)</u>	<u>(5,096,141)</u>	<u>27,150,263</u>
Capital contributions	3,475,000	3,475,000	1,394,079	(2,080,921)
Transfers (out)	(186,994)	(186,994)	(186,727)	267
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (33,810,273)</u>	<u>\$ (28,958,398)</u>	<u>\$ (3,888,789)</u>	<u>\$ 25,069,609</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.	(1,844,625)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,901,387)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	1,901,387
The City budgets compensated absences on the cash basis, rather than the accrual basis.	27,050
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	225,123
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	7,660,860
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	6,365,991
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations and therefore not an expense for GAAP purposes.	3,440,602
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(5,885,108)
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.	(25,248)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	12,021
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(1,507,282)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 4,580,595</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 16,432,249	\$ 16,432,249	\$ 16,124,013	\$ (308,236)
Miscellaneous	150	150	3,199	3,049
Total operating revenues	<u>16,432,399</u>	<u>16,432,399</u>	<u>16,127,212</u>	<u>(305,187)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	2,057,188	2,059,928	2,202,141	142,213
Contractual services, materials and supplies	11,089,554	10,147,029	11,293,110	1,146,081
Insurance claims and expenses	-	4,000,000	3,430,000	(570,000)
Capital outlay	22,113,168	15,118,486	5,355,605	(9,762,881)
Contingencies	1,880,000	12,058,088	-	(12,058,088)
Total operating expenses	<u>37,139,910</u>	<u>43,383,531</u>	<u>22,280,856</u>	<u>(21,102,675)</u>
Operating income (loss)	<u>(20,707,511)</u>	<u>(26,951,132)</u>	<u>(6,153,644)</u>	<u>20,797,488</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	617,275	617,275	492,480	(124,795)
Proceeds from bonds or contracts payable	13,977,628	13,977,628	8,575,248	(5,402,380)
Interest expense	(2,727,283)	(2,747,483)	(2,472,579)	274,904
Debt principal payments	(1,652,312)	(1,672,312)	(1,483,174)	189,138
Total nonoperating revenues (expenses)	<u>10,215,308</u>	<u>10,175,108</u>	<u>5,111,975</u>	<u>(5,063,133)</u>
Income (loss) before contributions and transfers	<u>(10,492,203)</u>	<u>(16,776,024)</u>	<u>(1,041,669)</u>	<u>15,734,355</u>
Capital contributions	1,685,000	1,685,000	447,047	(1,237,953)
Transfers out	(132,524)	(132,524)	(132,326)	198
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (8,939,727)</u>	<u>\$ (15,223,548)</u>	<u>\$ (726,948)</u>	<u>\$ 14,496,600</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.	(583,594)
Proceeds from the sale of bonds or contracts payable are revenues for budgetary purposes but are increases in long-term debt, and therefore not revenues, for GAAP purposes.	(8,575,248)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(153,249)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	153,249
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(2,014)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(3,864,928)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	4,847,464
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	3,868,855
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.	1,483,174
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(7,498,822)
Bond issuance costs, loss on refunding and bond premiums are expensed in the year of issuance for budgetary purposes, but are amortized to interest expense over the life of the bonds for GAAP purposes.	(14,903)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	1,313
Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.	2,336,036
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (8,729,615)</u>

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

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 12,917,172	\$ 12,917,172	\$ 12,705,428	\$ (211,744)
Miscellaneous	-	-	2,651	2,651
Total operating revenues	<u>12,917,172</u>	<u>12,917,172</u>	<u>12,708,079</u>	<u>(209,093)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,338,132	3,066,535	3,367,832	301,297
Contractual services, materials and supplies	8,031,428	7,474,008	7,715,474	241,466
Capital outlay	2,877,668	2,661,113	1,560,245	(1,100,868)
Contingencies	3,500,000	3,683,555	-	(3,683,555)
Total operating expenses	<u>17,747,228</u>	<u>16,885,211</u>	<u>12,643,551</u>	<u>(4,241,660)</u>
Operating income (loss)	<u>(4,830,056)</u>	<u>(3,968,039)</u>	<u>64,528</u>	<u>4,032,567</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	312,000	312,000	406,212	94,212
Interest expense	(46,640)	(46,640)	(46,639)	1
Debt principal payments	(188,069)	(188,069)	(170,368)	17,701
Total nonoperating revenues (expenses)	<u>77,291</u>	<u>77,291</u>	<u>189,205</u>	<u>111,914</u>
Income (loss) before contributions and transfers	<u>(4,752,765)</u>	<u>(3,890,748)</u>	<u>253,733</u>	<u>4,144,481</u>
Capital contributions	330,000	330,000	110,359	(219,641)
Transfers (out)	(16,007)	(16,007)	(15,984)	23
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (4,438,772)</u>	<u>\$ (3,576,755)</u>	<u>\$ 348,108</u>	<u>\$ 3,924,863</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.	(480,511)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,081,172)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	1,081,172
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(34,574)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	215,136
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,560,245
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.	170,368
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(888,346)
Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(2,000)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 888,426</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,651,214	\$ 1,651,214	\$ 1,420,905	\$ (230,309)
Rents	1,643,000	1,643,000	1,555,509	(87,491)
Miscellaneous	-	-	760	760
Total operating revenues	<u>3,294,214</u>	<u>3,294,214</u>	<u>2,977,174</u>	<u>(317,040)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,447,838	1,447,838	1,444,682	(3,156)
Contractual services, materials and supplies	3,647,435	3,573,935	3,199,067	(374,868)
Capital outlay	199,677	229,677	128,603	(101,074)
Total operating expenses	<u>5,294,950</u>	<u>5,251,450</u>	<u>4,772,352</u>	<u>(479,098)</u>
Operating loss	<u>(2,000,736)</u>	<u>(1,957,236)</u>	<u>(1,795,178)</u>	<u>162,058</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	33,000	33,000	45,598	12,598
Interest expense	(24,977)	(24,977)	(24,966)	11
Debt principal payments	(129,217)	(129,217)	(129,217)	-
Total nonoperating revenues (expenses)	<u>(121,194)</u>	<u>(121,194)</u>	<u>(108,585)</u>	<u>12,609</u>
Income (loss) before transfers	<u>(2,121,930)</u>	<u>(2,078,430)</u>	<u>(1,903,763)</u>	<u>174,667</u>
Transfers in	2,849,150	2,849,150	2,848,601	(549)
Transfers (out)	(282,150)	(282,150)	(281,720)	430
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 445,070</u>	<u>\$ 488,570</u>	<u>\$ 663,118</u>	<u>\$ (174,548)</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.	2,790
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(6,226)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(28,878)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	101,516
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.	129,217
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(756,134)
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
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 109,079</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Rent	\$ -	\$ -	\$ 150,297	\$ 150,297
From federal government	280,000	280,000	158,627	(121,373)
Miscellaneous	-	-	3,852	3,852
Total operating revenues	<u>280,000</u>	<u>280,000</u>	<u>312,776</u>	<u>32,776</u>
<b>OPERATING EXPENSES:</b>				
Contractual services, materials and supplies	378,000	378,000	227,261	(150,739)
Capital outlay	-	-	7,899	7,899
Contingencies	100,000	100,000	-	(100,000)
Total operating expenses	<u>478,000</u>	<u>478,000</u>	<u>235,160</u>	<u>(242,840)</u>
Operating income (loss)	<u>(198,000)</u>	<u>(198,000)</u>	<u>77,616</u>	<u>275,616</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	3,000	3,000	2,351	(649)
Total nonoperating revenues (expenses)	<u>3,000</u>	<u>3,000</u>	<u>2,351</u>	<u>(649)</u>
Income (loss) before transfers	<u>(195,000)</u>	<u>(195,000)</u>	<u>79,967</u>	<u>274,967</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (195,000)</u>	<u>\$ (195,000)</u>	<u>\$ 79,967</u>	<u>\$ 274,967</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.	(46,139)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(18,358)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	7,899
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(86,166)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	7,899
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (54,898)</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.

## **INTERNAL SERVICE FUNDS**

### **Motor Pool Fund**

The Motor Pool Fund is responsible for the maintenance and operation of the City's fleet of vehicles and various other equipment.

### **Self-Insurance Fund**

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

### **Facilities Maintenance Fund**

The Facilities Maintenance Fund is responsible for the maintenance and operations of the City's buildings and grounds.

### **Information Technology Fund**

The Information Technology Fund is responsible for the maintenance and operations of the City's computer hardware and software systems.

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2009**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,023,889	\$ 3,957,393	\$ 446,920	\$ 3,098,700	\$ 12,526,902
Investments	8,123,189	6,398,758	722,631	5,010,327	20,254,905
Interest receivable	63,531	44,249	3,384	26,024	137,188
Prepaid items	842,291	-	-	-	842,291
Supplies inventory	110,127	-	-	-	110,127
Total current assets	<u>14,163,027</u>	<u>10,400,400</u>	<u>1,172,935</u>	<u>8,135,051</u>	<u>33,871,413</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	2,013,471	-	81,342	38,291,542	40,386,355
Vehicles	22,273,193	-	-	-	22,273,193
Furniture	-	-	-	30,745	30,745
Less accumulated depreciation	(14,053,294)	-	(81,342)	(19,649,762)	(33,784,398)
Construction in progress	-	-	-	2,419,522	2,419,522
Total capital assets, net	<u>10,233,370</u>	<u>-</u>	<u>-</u>	<u>21,240,149</u>	<u>31,473,519</u>
Total assets	<u>24,396,397</u>	<u>10,400,400</u>	<u>1,172,935</u>	<u>29,375,200</u>	<u>65,344,932</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	202,510	25,729	83,234	155,558	467,031
Accrued payroll	29,367	3,537	82,090	123,664	238,658
Claims payable	-	1,500,000	-	-	1,500,000
Current portion of compensated absences	42,560	4,010	166,150	200,360	413,080
Total current liabilities	<u>274,437</u>	<u>1,533,276</u>	<u>331,474</u>	<u>479,582</u>	<u>2,618,769</u>
Non-current liabilities:					
Compensated absences	10,990	750	61,600	47,680	121,020
Total long-term liabilities	<u>10,990</u>	<u>750</u>	<u>61,600</u>	<u>47,680</u>	<u>121,020</u>
Total liabilities	<u>285,427</u>	<u>1,534,026</u>	<u>393,074</u>	<u>527,262</u>	<u>2,739,789</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	10,233,370	-	-	21,240,149	31,473,519
Unrestricted	13,877,600	8,866,374	779,861	7,607,789	31,131,624
Total net assets	<u>\$ 24,110,970</u>	<u>\$ 8,866,374</u>	<u>\$ 779,861</u>	<u>\$ 28,847,938</u>	<u>\$ 62,605,143</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, 2009**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 7,465,963	\$ 2,799,204	\$ 6,674,134	\$ 10,043,578	\$ 26,982,879
Miscellaneous	4,091	151,231	5,135	7,552	168,009
Total operating revenues	<u>7,470,054</u>	<u>2,950,435</u>	<u>6,679,269</u>	<u>10,051,130</u>	<u>27,150,888</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	1,265,053	147,500	3,105,977	4,988,183	9,506,713
Contractual services, materials and supplies	4,001,319	59,771	3,271,844	4,532,313	11,865,247
Insurance claims and expenses	-	160,246	-	-	160,246
Depreciation and amortization	2,573,402	-	641	3,850,165	6,424,208
Total operating expenses	<u>7,839,774</u>	<u>367,517</u>	<u>6,378,462</u>	<u>13,370,661</u>	<u>27,956,414</u>
Operating income (loss)	(369,720)	2,582,918	300,807	(3,319,531)	(805,526)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	334,816	232,599	17,860	136,716	721,991
Gain on sale of capital assets	21,612	-	-	-	21,612
Total non-operating revenues	<u>356,428</u>	<u>232,599</u>	<u>17,860</u>	<u>136,716</u>	<u>743,603</u>
Income (loss) before transfers	(13,292)	2,815,517	318,667	(3,182,815)	(61,923)
Transfers in	1,892,872	-	-	7,272,346	9,165,218
Transfers out	(114,611)	(266)	(14,221)	(29,000)	(158,098)
Change in net assets	<u>1,764,969</u>	<u>2,815,251</u>	<u>304,446</u>	<u>4,060,531</u>	<u>8,945,197</u>
Total net assets - beginning	<u>22,346,001</u>	<u>6,051,123</u>	<u>475,415</u>	<u>24,787,407</u>	<u>53,659,946</u>
Total net assets - ending	<u>\$ 24,110,970</u>	<u>\$ 8,866,374</u>	<u>\$ 779,861</u>	<u>\$ 28,847,938</u>	<u>\$ 62,605,143</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, 2009**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
<b>Increase (decrease) in cash and cash equivalents</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 7,470,108	\$ 2,954,233	\$ 6,679,269	\$ 10,051,130	\$ 27,154,740
Payments to suppliers	(4,877,838)	(150,282)	(3,320,383)	(4,763,082)	(13,111,585)
Payments to employees	(1,294,496)	(147,332)	(3,049,314)	(4,974,779)	(9,465,921)
Self-insurance costs	-	(1,760,246)	-	-	(1,760,246)
Net cash provided (used) by operating activities	<u>1,297,774</u>	<u>896,373</u>	<u>309,572</u>	<u>313,269</u>	<u>2,816,988</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	1,892,872	-	-	7,272,346	9,165,218
Transfers out	(114,611)	(266)	(14,221)	(29,000)	(158,098)
Net cash provided (used) by non-capital financing activities	<u>1,778,261</u>	<u>(266)</u>	<u>(14,221)</u>	<u>7,243,346</u>	<u>9,007,120</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Net acquisition and construction of capital assets	(2,797,833)	-	-	(7,508,199)	(10,306,032)
Net cash flows used by capital and related financing activities	<u>(2,797,833)</u>	<u>-</u>	<u>-</u>	<u>(7,508,199)</u>	<u>(10,306,032)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	13,736,996	10,830,428	1,211,070	8,477,491	34,255,985
Proceeds from sale of investments	(14,512,147)	(11,815,918)	(1,431,688)	(8,838,070)	(36,597,823)
Interest received on investments	349,818	237,309	18,906	138,706	744,739
Net cash provided (used) by investing activities	<u>(425,333)</u>	<u>(748,181)</u>	<u>(201,712)</u>	<u>(221,873)</u>	<u>(1,597,099)</u>
Net increase (decrease) in cash and cash equivalents	(147,131)	147,926	93,639	(173,457)	(79,023)
Cash and cash equivalents at beginning of year	5,171,020	3,809,467	353,281	3,272,157	12,605,925
Cash and cash equivalents at end of year	<u>\$ 5,023,889</u>	<u>\$ 3,957,393</u>	<u>\$ 446,920</u>	<u>\$ 3,098,700</u>	<u>\$ 12,526,902</u>
Classified as:					
Current assets	\$ 5,023,889	\$ 3,957,393	\$ 446,920	\$ 3,098,700	\$ 12,526,902
Totals	<u>\$ 5,023,889</u>	<u>\$ 3,957,393</u>	<u>\$ 446,920</u>	<u>\$ 3,098,700</u>	<u>\$ 12,526,902</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (369,720)	\$ 2,582,918	\$ 300,807	\$ (3,319,531)	\$ (805,526)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,573,402	-	641	3,850,165	6,424,208
(Increase) decrease in assets:					
Accounts receivable	54	3,798	-	-	3,852
Prepaid items	(842,291)	-	-	-	(842,291)
Supplies inventory	(27,332)	-	-	-	(27,332)
Increase (decrease) in liabilities:					
Accounts payable	(6,701)	(90,511)	(48,539)	(230,769)	(376,520)
Accrued payroll	4,777	(482)	14,663	18,194	37,152
Due to other governments	(195)	-	-	-	(195)
Claims payable	-	(1,600,000)	-	-	(1,600,000)
Compensated absences	(34,220)	650	42,000	(4,790)	3,640
Total adjustments	<u>1,667,494</u>	<u>(1,686,545)</u>	<u>8,765</u>	<u>3,632,800</u>	<u>3,622,514</u>
Net cash provided (used) by operating activities	<u>\$ 1,297,774</u>	<u>\$ 896,373</u>	<u>\$ 309,572</u>	<u>\$ 313,269</u>	<u>\$ 2,816,988</u>
Non-cash investing, capital and financing activities:					
Increase in fair market value of investments	\$ 52,075	\$ 35,671	\$ 2,800	\$ 20,898	\$ 111,444
Total non-cash investing, capital and financing activities	<u>\$ 52,075</u>	<u>\$ 35,671</u>	<u>\$ 2,800</u>	<u>\$ 20,898</u>	<u>\$ 111,444</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**MOTOR POOL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 8,291,291	\$ 8,291,291	\$ 7,499,605	\$ (791,686)
Miscellaneous	50,000	50,000	4,091	(45,909)
Total operating revenues	<u>8,341,291</u>	<u>8,341,291</u>	<u>7,503,696</u>	<u>(837,595)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,202,455	1,362,455	1,294,496	(67,959)
Contractual services, materials and supplies	4,559,744	4,084,984	4,900,058	815,074
Capital outlay	5,183,903	5,499,903	1,142,717	(4,357,186)
Contingencies	3,000,000	3,026,000	-	(3,026,000)
Total operating expenses	<u>13,946,102</u>	<u>13,973,342</u>	<u>7,337,271</u>	<u>(6,636,071)</u>
Operating income (loss)	<u>(5,604,811)</u>	<u>(5,632,051)</u>	<u>166,425</u>	<u>5,798,476</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	256,000	256,000	349,818	93,818
Total nonoperating revenues (expenses)	<u>256,000</u>	<u>256,000</u>	<u>349,818</u>	<u>93,818</u>
Income (loss) before transfers	<u>(5,348,811)</u>	<u>(5,376,051)</u>	<u>516,243</u>	<u>5,892,294</u>
Transfers in	56,000	56,000	56,000	-
Transfers (out)	(97,258)	(97,258)	(97,111)	147
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (5,390,069)</u>	<u>\$ (5,417,309)</u>	<u>\$ 475,132</u>	<u>\$ 5,892,441</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.	(15,056)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(33,588)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	33,588
The City budgets compensated absences on the cash basis, rather than the accrual basis.	29,443
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	876,519
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,131,349
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,573,402)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	21,612
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	1,819,372
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,764,969</u>

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

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
SELF-INSURANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,799,327	\$ 2,799,327	\$ 2,799,204	\$ (123)
Miscellaneous	-	-	155,029	155,029
Total operating revenues	<u>2,799,327</u>	<u>2,799,327</u>	<u>2,954,233</u>	<u>154,906</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	156,996	156,996	147,332	(9,664)
Contractual services, materials and supplies	475,769	459,569	150,282	(309,287)
Insurance claims and expenses	2,277,411	1,805,511	1,760,246	(45,265)
Contingencies	1,000,000	1,000,000	-	(1,000,000)
Total operating expenses	<u>3,910,176</u>	<u>3,422,076</u>	<u>2,057,860</u>	<u>(1,364,216)</u>
Operating loss	<u>(1,110,849)</u>	<u>(622,749)</u>	<u>896,373</u>	<u>1,519,122</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	150,000	150,000	237,309	87,309
Total nonoperating revenues	<u>150,000</u>	<u>150,000</u>	<u>237,309</u>	<u>87,309</u>
Income (loss) before transfers	<u>(960,849)</u>	<u>(472,749)</u>	<u>1,133,682</u>	<u>1,606,431</u>
Transfers (out)	(266)	(266)	(266)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (961,115)</u>	<u>\$ (473,015)</u>	<u>\$ 1,133,416</u>	<u>\$ 1,606,431</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.	(8,508)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(168)
The City budgets insurance claims on the cash basis, rather than the accrual basis.	1,600,000
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	90,511
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 2,815,251</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 6,475,817	\$ 6,475,817	\$ 6,677,093	\$ 201,276
Miscellaneous	-	-	5,135	5,135
Total operating revenues	<u>6,475,817</u>	<u>6,475,817</u>	<u>6,682,228</u>	<u>206,411</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,210,946	2,767,626	3,049,314	281,688
Contractual services, materials and supplies	3,261,290	3,302,546	3,320,383	17,837
Capital outlay	-	2,959	2,959	-
Total operating expenses	<u>6,472,236</u>	<u>6,073,131</u>	<u>6,372,656</u>	<u>299,525</u>
Operating income (loss)	<u>3,581</u>	<u>402,686</u>	<u>309,572</u>	<u>(93,114)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	8,800	8,800	18,906	10,106
Total nonoperating revenues	<u>8,800</u>	<u>8,800</u>	<u>18,906</u>	<u>10,106</u>
Income (loss) before transfers	<u>12,381</u>	<u>411,486</u>	<u>328,478</u>	<u>(83,008)</u>
Transfers (out)	<u>(11,262)</u>	<u>(11,262)</u>	<u>(11,262)</u>	<u>-</u>
Deficit revenues over expenses - budgetary basis	<u>\$ 1,119</u>	<u>\$ 400,224</u>	<u>\$ 317,216</u>	<u>\$ (83,008)</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.	(1,046)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(2,959)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(56,663)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	48,539
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	2,959
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(641)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(2,959)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 304,446</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 10,132,055	\$ 10,132,055	\$ 10,132,053	\$ (2)
Miscellaneous	-	-	7,552	7,552
Total operating revenues	<u>10,132,055</u>	<u>10,132,055</u>	<u>10,139,605</u>	<u>7,550</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	4,797,956	4,917,556	4,974,779	57,223
Contractual services, materials and supplies	5,601,212	4,906,308	4,378,513	(527,795)
Capital outlay	3,236,666	3,058,438	1,474,965	(1,583,473)
Total operating expenses	<u>13,635,834</u>	<u>12,882,302</u>	<u>10,828,257</u>	<u>(2,054,045)</u>
Operating loss	<u>(3,503,779)</u>	<u>(2,750,247)</u>	<u>(688,652)</u>	<u>2,061,595</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	85,000	85,000	138,706	53,706
Total nonoperating revenues	<u>85,000</u>	<u>85,000</u>	<u>138,706</u>	<u>53,706</u>
Income before transfers	<u>(3,418,779)</u>	<u>(2,665,247)</u>	<u>(549,946)</u>	<u>2,115,301</u>
Transfers in	783,580	783,580	783,580	-
Transfers (out)	(29,000)	(29,000)	(29,000)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (2,664,199)</u>	<u>\$ (1,910,667)</u>	<u>\$ 204,634</u>	<u>\$ 2,115,301</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.	(1,990)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(13,404)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(88,475)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	88,475
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	230,769
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,001,921
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(3,850,165)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	6,488,766
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 4,060,531</u>

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

## **FIDUCIARY FUNDS**

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

### **Agency Funds**

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

#### **Terramar Infrastructure Fund**

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

#### **Neighborhood Pride NFP Fund**

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

#### **PLAY Peoria Fund**

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

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

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

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

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

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**JUNE 30, 2009**

	<b>Terramar Infrastructure Fund</b>	<b>Neighborhood Pride NFP Fund</b>	<b>PLAY Peoria NFP Fund</b>	<b>Peoria Citizens Corp Council NFP Fund</b>	<b>Westside Fire Training IGA Fund</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 147,108	\$ 21,819	\$ 3,840	\$ 2,084	\$ 8,358	\$ 183,209
Investments (pooled), at fair value	237,862	35,280	6,209	3,370	13,515	296,236
Total assets	<u>384,970</u>	<u>57,099</u>	<u>10,049</u>	<u>5,454</u>	<u>21,873</u>	<u>479,445</u>
<b>LIABILITIES</b>						
Accounts payable	-	3,777	97	-	-	3,874
Other liabilities	384,970	53,322	9,952	5,454	21,873	475,571
Total liabilities	<u>384,970</u>	<u>57,099</u>	<u>10,049</u>	<u>5,454</u>	<u>21,873</u>	<u>479,445</u>

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b>Terramar Infrastructure Fund</b>				
Assets:				
Cash and cash equivalents	\$ 159,013	\$ 225,957	\$ 237,862	\$ 147,108
Investments	225,957	237,862	225,957	237,862
Total Assets	<u>384,970</u>	<u>463,819</u>	<u>463,819</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
<b>Neighborhood Pride NFP Fund</b>				
Assets:				
Cash and cash equivalents	28,581	69,535	76,297	21,819
Investments	40,613	35,280	40,613	35,280
Total Assets	<u>69,194</u>	<u>104,815</u>	<u>116,910</u>	<u>57,099</u>
Liabilities:				
Accounts payable	-	42,082	38,305	3,777
Other liabilities	69,194	-	15,872	53,322
Total Liabilities	<u>69,194</u>	<u>42,082</u>	<u>54,177</u>	<u>57,099</u>
<b>PLAY Peoria NFP Fund</b>				
Assets:				
Cash and cash equivalents	2,285	15,057	13,502	3,840
Investments	3,248	6,209	3,248	6,209
Total Assets	<u>5,533</u>	<u>21,266</u>	<u>16,750</u>	<u>10,049</u>
Liabilities:				
Accounts payable	-	3,525	3,428	97
Other liabilities	5,533	15,303	10,884	9,952
Total Liabilities	<u>5,533</u>	<u>18,828</u>	<u>14,312</u>	<u>10,049</u>
<b>Peoria Citizens Corp Council NFP Fund</b>				
Assets:				
Cash and cash equivalents	199	7,834	5,949	2,084
Investments	283	3,370	283	3,370
Total Assets	<u>482</u>	<u>11,204</u>	<u>6,232</u>	<u>5,454</u>
Liabilities:				
Accounts payable	-	2,439	2,439	-
Other liabilities	482	5,092	120	5,454
Total Liabilities	<u>482</u>	<u>7,531</u>	<u>2,559</u>	<u>5,454</u>
<b>Westside Fire Training IGA Fund</b>				
Assets:				
Cash and cash equivalents	5,196	20,542	17,380	8,358
Investments	7,384	13,515	7,384	13,515
Total Assets	<u>12,580</u>	<u>34,057</u>	<u>24,764</u>	<u>21,873</u>
Liabilities:				
Accounts payable	1,922	1,943	3,865	-
Other liabilities	10,658	11,215	-	21,873
Total Liabilities	<u>12,580</u>	<u>13,158</u>	<u>3,865</u>	<u>21,873</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	195,274	338,925	350,990	183,209
Investments	277,485	296,236	277,485	296,236
Total Assets	<u>472,759</u>	<u>635,161</u>	<u>628,475</u>	<u>479,445</u>
Liabilities:				
Accounts payable	1,922	49,989	48,037	3,874
Other liabilities	470,837	31,610	26,876	475,571
Total Liabilities	<u>472,759</u>	<u>81,599</u>	<u>74,913</u>	<u>479,445</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 debt service capital asset and interfund transfer information and the Federal Financial Data Schedule for Housing to enable the user of the financial statements to fully understand the financial position and results of operation of the City.

### Description of Schedules

	<u>Page</u>
Federal Financial Data Schedule	130
Debt Service Schedules	
Schedule of Changes in Debt – Governmental Activities	133
Schedule of Changes in Debt – Business-type Activities	134
Schedule of Debt Service Requirements to Maturity	135
Capital Assets Schedules	
Schedule of Capital Assets by Function and Classification	140
Schedule of Changes in Capital Assets by Function – Governmental Activities	142
Schedule of Interfund Transfers	143

CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Supplementary Information - Federal Financial Data Schedule**

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

Line #	BALANCE SHEET	TOTAL PROJECTS Public Housing 14.850A & 14.872	TOTAL PROGRAMS Housing Choice Vouchers 14.871
	<b>ASSETS:</b>		
	<b>Current Assets:</b>		
111	Cash-unrestricted	476,549	386,073
114	Cash-tenant security deposits	10,924	-
100	<b>Total Cash</b>	<b>487,473</b>	<b>386,073</b>
121	Accounts receivable - PHA projects		98,350
122-010	Accounts receivable - HUD other projects - Operating subsidy	21,270	-
122-020	Accounts receivable - HUD other projects - Capital fund	5,951	-
122	<b>Accounts Receivable - HUD Other Projects</b>	<b>27,221</b>	<b>-</b>
125-010	Account receivable - miscellaneous - Not For Profit	11,915	-
125	<b>Account Receivable - Miscellaneous</b>	<b>11,915</b>	<b>-</b>
126	Accounts receivable - tenants	3,113	-
126.1	Allowance for doubtful accounts - tenants	-	-
126.2	Allowance for doubtful accounts - other	-	-
120	<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	<b>42,249</b>	<b>98,350</b>
142	Prepaid expenses and other assets	356	-
143	Inventories	4,151	-
144	Inter program - due from	-	1,447
150	<b>Total Current Assets</b>	<b>534,229</b>	<b>485,870</b>
	<b>Non-current Assets:</b>		
161	Land	410,350	-
162	Buildings	3,276,922	-
164	Furniture, equipment and machinery - administration	32,860	-
165	Leasehold improvements	121,175	-
166	Accumulated depreciation	(1,893,896)	-
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>1,947,411</b>	<b>-</b>
180	<b>Total Non-current Assets</b>	<b>1,947,411</b>	<b>-</b>
190	<b>Total Assets</b>	<b>2,481,640</b>	<b>485,870</b>
	<b>LIABILITIES AND EQUITY:</b>		
	<b>LIABILITIES:</b>		
	<b>Current Liabilities:</b>		
312	Accounts payable <= 90 days	9,828	3,386
321	Accrued wage/payroll taxes payable	2,693	4,215
322	Accrued compensated absences - current portion	154	307
331	Accounts payable - HUD PHA Programs	-	3,889
341	Tenant security deposits	10,924	-
342-020	Deferred revenue - Capital fund	9,779	-
342	<b>Deferred Revenue</b>	<b>9,779</b>	<b>-</b>
345	Other current liabilities	7,361	190,201
347	Inter program - due to	1,447	-
310	<b>Total Current Liabilities</b>	<b>42,186</b>	<b>201,998</b>
	<b>Non-current Liabilities:</b>		
354	Accrued compensated absences - non-current	1,383	2,761
350	<b>Total Non-current Liabilities</b>	<b>1,383</b>	<b>2,761</b>
300	<b>Total Liabilities</b>	<b>43,569</b>	<b>204,759</b>
	<b>EQUITY:</b>		
508.1	Invested in capital assets, net of related debt	1,947,411	-
511.1	Restricted net assets	-	(14,773)
512.1	Unrestricted net assets	490,660	295,884
513	<b>Total Equity/Net Assets</b>	<b>2,438,071</b>	<b>281,111</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>2,481,640</b>	<b>485,870</b>

(continued)

CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

INCOME STATEMENT		Public Housing Operating 14.850A	Public Housing Capital 14.872	TOTAL PROJECTS Public Housing	TOTAL PROGRAMS Housing Choice Vouchers 14.871
<b>REVENUE:</b>					
70300	Net tenant rental revenue	104,158	-	104,158	-
70400	Tenant revenue - other	3,851	-	3,851	-
70500	<b>Total Tenant Revenue</b>	<b>108,009</b>	<b>-</b>	<b>108,009</b>	<b>-</b>
70600-010	Housing assistance payments	-	-	-	592,914
70600-020	Ongoing administrative fees earned	-	-	-	48,502
70600	HUD PHA operating grants	158,627	128,712	287,339	<b>641,416</b>
70610	Capital grants	-	7,899	7,899	-
71100-020	Administrative fee	-	-	-	1,391
71100	Investment income - unrestricted	2,351	-	2,351	<b>1,391</b>
71500	Other revenue	-	-	-	80,479
7000	<b>Total Revenue</b>	<b>268,987</b>	<b>136,611</b>	<b>405,598</b>	<b>723,286</b>
<b>EXPENSES:</b>					
91100	Administrative salaries	46,708	-	46,708	66,546
91200	Auditing fees	2,500	-	2,500	1,000
91300	Management fee	(24,341)	-	(24,341)	6,047
91310	Bookkeeping fee	4,433	-	4,433	19,902
91500	Employee benefit contributions - administrative	8,740	-	8,740	7,717
91600	Office expenses	44,199	5,093	49,292	24,166
91700	Legal expense	63	-	63	-
91000	<b>Total Operating - Administrative</b>	<b>82,302</b>	<b>5,093</b>	<b>87,395</b>	<b>125,378</b>
93100	Water	13,180	-	13,180	105
93200	Electricity	5,891	-	5,891	1,065
93300	Gas	3,856	-	3,856	154
93600	Sewer	7,616	-	7,616	22
93000	<b>Total Utilities</b>	<b>30,543</b>	<b>-</b>	<b>30,543</b>	<b>1,346</b>
94100	Ordinary maintenance and operations - labor	30,518	6,913	37,431	7,595
94200	Ordinary maintenance and operations - materials and other	51,260	27,717	78,977	1,145
94300-010	Ordinary maintenance and operations - garbage & trash removal contracts	5,068	-	5,068	419
94300-020	Ordinary maintenance and operations - heating & cooling contracts	-	11,017	11,017	-
94300-050	Ordinary maintenance and operations - landscape & grounds contracts	-	4,883	4,883	-
94300-060	Ordinary maintenance and operations - unit turnaround contracts	-	57,487	57,487	-
94300-070	Ordinary maintenance and operations - electrical contracts	-	4,481	4,481	-
94300-080	Ordinary maintenance and operations - plumbing contracts	-	845	845	-
94300-110	Ordinary maintenance and operations - routine maintenance contracts	-	2,969	2,969	-
94300-120	Ordinary maintenance and operations - misc contracts	33,554	3,389	36,943	1,123
94300	<b>Total Ordinary Maintenance and Operations Contracts</b>	<b>38,622</b>	<b>85,071</b>	<b>123,693</b>	<b>1,542</b>
94500	Employee benefit contribution - ordinary maintenance	-	-	-	1,881
94000	<b>Total Maintenance</b>	<b>120,400</b>	<b>119,701</b>	<b>240,101</b>	<b>12,163</b>
95200	Protective services - other contract costs	639	-	639	448
95000	<b>Total Protective Services</b>	<b>639</b>	<b>-</b>	<b>639</b>	<b>448</b>
96140	All other insurance	23	-	23	23
96100	<b>Total Insurance Premiums</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>23</b>
96200	Other general expenses	-	3,918	3,918	9,879
96300	Payments in lieu of taxes	7,361	-	7,361	-
96400	Bad debt - tenant rents	4,351	-	4,351	1,695
96000	<b>Total Other General Expenses</b>	<b>11,712</b>	<b>3,918</b>	<b>15,630</b>	<b>11,574</b>
96900	<b>Total Operating Expenses</b>	<b>245,619</b>	<b>128,712</b>	<b>374,331</b>	<b>150,932</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>23,368</b>	<b>7,899</b>	<b>31,267</b>	<b>572,354</b>
97300-050	All other	-	-	-	610,975
97300	<b>Housing Assistance Payments</b>	-	-	-	<b>610,975</b>
97400	Depreciation expense	86,166	-	86,166	-
90000	<b>Total Expenses</b>	<b>331,785</b>	<b>128,712</b>	<b>460,497</b>	<b>761,907</b>

(continued)

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

INCOME STATEMENT (continued)		Public Housing Operating 14.850A	Public Housing Capital 14.872	TOTAL PROJECTS Public Housing	TOTAL PROGRAMS Housing Choice Vouchers 14.871
<b>EXPENSES (continued):</b>					
10010	Operating Transfers In	7,899	-	7,899	-
10020	Operating Transfers Out	-	(7,899)	(7,899)	-
10100	<b>Total Other Financing Sources (Uses)</b>	<b>7,899</b>	<b>(7,899)</b>	<b>-</b>	<b>-</b>
1000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(54,899)</b>	<b>-</b>	<b>(54,899)</b>	<b>(38,621)</b>
<b>OTHER INFORMATION:</b>					
11030	Beginning equity	2,492,969	-	2,492,969	319,733
11170-001	Administrative Fee Equity - Beginning Balance	-	-	-	316,445
11170-010	Administrative Fee Revenue	-	-	-	48,502
11170-040	Investment Income	-	-	-	1,391
11170-050	Other Revenue	-	-	-	80,478
11170-060	Total Admin Fee Revenues	-	-	-	130,371
11170-080	Total Operating Expenses	-	-	-	150,932
11170-110	Total Expenses	-	-	-	150,932
11170-002	Net Administrative Fee	-	-	-	(20,561)
11170-003	<b>Administrative Fee Equity - Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>295,884</b>
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-	-	3,288
11180-010	Housing Assistance Payment Revenues	-	-	-	592,914
11180-030	Total HAP Revenues	-	-	-	592,914
11180-080	Housing Assistance Payments	-	-	-	610,975
11180-100	Total Housing Assistance Payments Expenses	-	-	-	610,975
11180-002	Net Housing Assistance Payments	-	-	-	(18,061)
11180-003	Housing Assistance Payments Equity - Ending Balance	-	-	-	(14,773)
11180	<b>Housing Assistance Payments Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,773)</b>
11190-210	Total ACC HCV Units	-	-	-	984
11190	<b>Unit Months Available</b>	<b>840</b>	<b>-</b>	<b>840</b>	<b>984</b>
11210	<b>Unit Months Leased</b>	<b>796</b>	<b>-</b>	<b>796</b>	<b>846</b>
11270	<b>Excess Cash</b>	<b>487,536</b>	<b>-</b>	<b>487,536</b>	<b>-</b>

(concluded)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Exhibit 1

	<u>Balances at June 30, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2009</u>
Compensated absences	\$ 4,905,650	7,115,408	6,150,968	5,870,090
Contracts payable	42,539,431	20,901,705	6,582,425	56,858,711
Total	<u>47,445,081</u>	<u>28,017,113</u>	<u>12,733,393</u>	<u>62,728,801</u>
General obligation bonds:				
Refunding bonds - series 1993	2,555,000	-	690,000	1,865,000
Series 1998A	3,995,000	-	285,000	3,710,000
Refunding bonds - series 1998B	1,815,000	-	225,000	1,590,000
Series 2003	18,775,000	-	1,030,000	17,745,000
Series 2007	80,915,000	-	7,910,000	73,005,000
Series 2007 Ref	18,140,000	-	1,435,000	16,705,000
Series 2009A	-	68,440,000	-	68,440,000
Total	<u>126,195,000</u>	<u>68,440,000</u>	<u>11,575,000</u>	<u>183,060,000</u>
Municipal Development Authority:				
Refunding bonds - series 2003	12,735,653	-	2,820,260	9,915,393
Series 2006	6,060,000	-	230,000	5,830,000
Series 2008	47,000,000	-	1,760,000	45,240,000
Total	<u>65,795,653</u>	<u>-</u>	<u>4,810,260</u>	<u>60,985,393</u>
Highway user revenue:				
Series 1996	3,295,000	-	290,000	3,005,000
Total	<u>3,295,000</u>	<u>-</u>	<u>290,000</u>	<u>3,005,000</u>
Special assessment:				
Sunny Boy ID #9002	205,000	-	-	205,000
North Valley ID #8801	1,975,000	-	325,000	1,650,000
Bell Road ID #8802	2,315,000	-	375,000	1,940,000
83rd Ave ID #9601	685,000	-	155,000	530,000
Arrowhead Fountains ID #9603	1,055,000	-	245,000	810,000
75th Ave & Paradise Ln ID #9303	842,427	-	264,615	577,812
99 Ave & Northern Ave ID #0601	4,950,000	-	260,000	4,690,000
Total	<u>12,027,427</u>	<u>-</u>	<u>1,624,615</u>	<u>10,402,812</u>
Community Facilities District:				
Vistancia CFD Series 2002	19,000,000	-	825,000	18,175,000
Vistancia CFD Series 2005	22,850,000	-	725,000	22,125,000
Vistancia CFD Series 2006	22,760,000	-	-	22,760,000
Total	<u>64,610,000</u>	<u>-</u>	<u>1,550,000</u>	<u>63,060,000</u>
Total bonds payable	<u>271,923,080</u>	<u>68,440,000</u>	<u>19,849,875</u>	<u>320,513,205</u>
Total governmental debt	<u>\$ 319,368,161</u>	<u>96,457,113</u>	<u>32,583,268</u>	<u>383,242,006</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**BUSINESS-TYPE ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Exhibit 2

	<u>Balance at June 30, 2008</u>	<u>Issued</u>	<u>Retired (1)</u>	<u>Balances at June 30, 2009</u>
Compensated absences	\$ 621,770	773,977	749,677	\$ 646,070
Less current portion	563,460			517,780
Long-term portion of compensated absences	<u>\$ 58,310</u>			<u>\$ 128,290</u>
Contracts payable	<u>\$ 4,363,165</u>	<u>\$ 259,688</u>	<u>\$ 201,811</u>	<u>\$ 4,421,042</u>
Long-term loans payable:				
Suntrust	1,235,000	-	170,368	1,064,632
Total	<u>1,235,000</u>	<u>-</u>	<u>170,368</u>	<u>1,064,632</u>
1995 Wastewater Management Authority	5,422,385	-	606,501	4,815,884
1997 Water Infrastructure Finance Authority	8,210,864	-	717,955	7,492,909
1998A Water and Sewer Revenue	11,940,000	-	855,000	11,085,000
2000 Water and Sewer Revenue	7,615,000	-	700,000	6,915,000
2000 Water Infrastructure Finance Authority, Phase 1	15,298,839	-	923,610	14,375,229
2000 Water Infrastructure Finance Authority, Phase 2	11,254,909	-	617,831	10,637,078
2000 Water Infrastructure Finance Authority, Phase 3	1,605,615	-	80,544	1,525,071
2003 Municipal Development Authority Refunding	1,579,347	-	349,740	1,229,607
2006 Water Infrastructure Finance Authority, DW	16,200,000	-	16,200,000	-
2006 Water Infrastructure Finance Authority, CW Phase 1	27,183,342	-	-	27,183,342
2006 Water Infrastructure Finance Authority, CW Phase 2	42,741,541	-	-	42,741,541
2006 Water Infrastructure Finance Authority, CW Phase 3	-	8,575,248	-	8,575,248
Total bonds	<u>149,051,842</u>	<u>8,575,248</u>	<u>21,051,181</u>	<u>136,575,909</u>
Total business-type bonds & contracts payable	<u>154,650,007</u>	<u>8,834,936</u>	<u>21,423,360</u>	<u>142,061,583</u>
Less current portion of loans, bonds & contracts payable	<u>5,585,734</u>			<u>8,191,099</u>
Long-term portion of loans, bonds & contracts payable	<u>\$ 149,064,273</u>			<u>\$ 133,870,484</u>

(1) Includes 2006 Water Infrastructure Finance Authority DW debt of \$16,200,000 that was canceled in fiscal year 2009.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2009**

Exhibit 3

Fiscal Year	General Obligation								
	General Facilities Purpose 6% Limitation (1)			Other Purpose 20% Limitation (1)			Total General Obligation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	2,185,000	979,822	3,164,822	25,085,000	5,393,847	30,478,847	27,270,000	6,373,669	33,643,669
2011	995,000	655,166	1,650,166	16,385,000	5,225,796	21,610,796	17,380,000	5,880,962	23,260,962
2012	1,030,000	620,244	1,650,244	6,265,000	4,871,584	11,136,584	7,295,000	5,491,828	12,786,828
2013	1,070,000	584,009	1,654,009	6,540,000	4,632,934	11,172,934	7,610,000	5,216,943	12,826,943
2014	1,115,000	545,074	1,660,074	6,780,000	4,384,484	11,164,484	7,895,000	4,929,558	12,824,558
2015	350,000	151,802	501,802	7,855,000	4,477,772	12,332,772	8,205,000	4,629,574	12,834,574
2016	-	-	-	8,530,000	4,316,584	12,846,584	8,530,000	4,316,584	12,846,584
2017	-	-	-	8,445,000	3,997,919	12,442,919	8,445,000	3,997,919	12,442,919
2018	-	-	-	8,225,000	3,655,044	11,880,044	8,225,000	3,655,044	11,880,044
2019	-	-	-	8,570,000	3,293,278	11,863,278	8,570,000	3,293,278	11,863,278
2020	-	-	-	8,900,000	2,930,361	11,830,361	8,900,000	2,930,361	11,830,361
2021	-	-	-	9,290,000	2,550,965	11,840,965	9,290,000	2,550,965	11,840,965
2022	-	-	-	8,485,000	2,175,204	10,660,204	8,485,000	2,175,204	10,660,204
2023	-	-	-	8,845,000	1,800,803	10,645,803	8,845,000	1,800,803	10,645,803
2024	-	-	-	7,480,000	1,445,853	8,925,853	7,480,000	1,445,853	8,925,853
2025	-	-	-	7,800,000	1,123,913	8,923,913	7,800,000	1,123,913	8,923,913
2026	-	-	-	8,140,000	794,961	8,934,961	8,140,000	794,961	8,934,961
2027	-	-	-	8,505,000	452,256	8,957,256	8,505,000	452,256	8,957,256
2028	-	-	-	3,020,000	210,600	3,230,600	3,020,000	210,600	3,230,600
2029	-	-	-	3,170,000	71,325	3,241,325	3,170,000	71,325	3,241,325
	<u>\$ 6,745,000</u>	<u>\$ 3,536,117</u>	<u>\$ 10,281,117</u>	<u>\$ 176,315,000</u>	<u>\$ 57,805,483</u>	<u>\$ 234,120,483</u>	<u>\$ 183,060,000</u>	<u>\$ 61,341,600</u>	<u>\$ 244,401,600</u>

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

Year of Issuance	General Obligation Bond Original Issue Amount	6% Limitation	20% Limitation
1993R	9,900,000	5,475,000	4,425,000
1995	4,695,000	1,900,000	2,795,000
1996	6,000,000	-	6,000,000
1998A	5,930,000	-	5,930,000
1998B	4,030,000	3,060,000	970,000
2000	14,860,000	5,740,000	9,120,000
2003	27,570,000	15,345,000	12,225,000
2007	94,380,000	17,340,000	77,040,000
2007R	18,365,000	2,265,000	16,100,000
2009	68,440,000	-	68,440,000
Total	<u>\$ 254,170,000</u>	<u>51,125,000</u>	<u>203,045,000</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2009**

Exhibit 3

Fiscal Year	Municipal Development Authority (2)			Highway User Revenue			Special Assessment (3)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	5,410,000	2,700,219	8,110,219	3,005,000	85,917	3,090,917	2,230,492	565,714	2,796,206
2011	5,910,000	2,449,319	8,359,319	-	-	-	2,017,320	440,557	2,457,877
2012	3,575,000	2,257,469	5,832,469	-	-	-	1,495,000	316,720	1,811,720
2013	3,730,000	2,120,269	5,850,269	-	-	-	1,140,000	22,820	1,162,820
2014	3,870,000	1,963,944	5,833,944	-	-	-	325,000	149,600	474,600
2015	2,585,000	1,832,381	4,417,381	-	-	-	340,000	135,788	475,788
2016	2,695,000	1,714,306	4,409,306	-	-	-	355,000	121,338	476,338
2017	2,810,000	1,592,831	4,402,831	-	-	-	370,000	106,250	476,250
2018	2,935,000	1,467,681	4,402,681	-	-	-	390,000	90,525	480,525
2019	3,065,000	1,323,981	4,388,981	-	-	-	405,000	73,950	478,950
2020	3,205,000	1,173,931	4,378,931	-	-	-	425,000	56,738	481,738
2021	3,345,000	1,038,141	4,383,141	-	-	-	445,000	38,675	483,675
2022	3,490,000	892,486	4,382,486	-	-	-	465,000	19,763	484,763
2023	3,650,000	736,453	4,386,453	-	-	-	-	-	-
2024	3,805,000	569,193	4,374,193	-	-	-	-	-	-
2025	3,980,000	390,288	4,370,288	-	-	-	-	-	-
2026	4,155,000	194,237	4,349,237	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
	<u>\$ 62,215,000</u>	<u>\$ 24,417,129</u>	<u>\$ 86,632,129</u>	<u>\$ 3,005,000</u>	<u>\$ 85,917</u>	<u>\$ 3,090,917</u>	<u>\$ 10,402,812</u>	<u>\$ 2,138,438</u>	<u>\$ 12,541,250</u>

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

(3) Includes Sunny Boy Water and Sewer Improvement District Bonds, North Beardsley Improvement District Bonds, North Valley Power Center Improvement District Bonds, Bell Road Improvement District Bonds, Arrowhead Fountains Improvement District Bonds, 83rd Avenue Improvement District Bonds, 75th Avenue and Paradise Lane Improvement District Bonds, NE corner of Northern & 99th Ave.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2009**

Exhibit 3

Fiscal Year	Water and Sewer Revenue			Community Facilities District (4)			Long-Term Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	7,498,833	4,733,037	12,231,870	2,170,000	3,329,455	5,499,455	177,094	39,913	217,007
2011	7,312,624	4,453,867	11,766,491	2,275,000	3,222,392	5,497,392	184,087	32,920	217,007
2012	7,573,543	4,186,028	11,759,571	2,385,000	3,108,336	5,493,336	191,355	25,652	217,007
2013	7,841,852	3,907,496	11,749,348	2,505,000	2,985,974	5,490,974	198,910	18,097	217,007
2014	8,122,808	3,617,796	11,740,604	2,630,000	2,854,633	5,484,633	206,763	10,244	217,007
2015	8,411,674	3,319,721	11,731,395	2,765,000	2,711,311	5,476,311	106,423	2,081	108,504
2016	8,718,726	3,003,951	11,722,677	2,920,000	2,555,713	5,475,713	-	-	-
2017	9,351,834	2,664,936	12,016,770	3,080,000	2,388,074	5,468,074	-	-	-
2018	9,706,615	2,298,363	12,004,978	3,255,000	2,207,674	5,462,674	-	-	-
2019	9,134,680	1,939,289	11,073,969	3,440,000	2,015,359	5,455,359	-	-	-
2020	8,073,040	1,616,477	9,689,517	3,635,000	1,810,671	5,445,671	-	-	-
2021	8,399,453	1,308,645	9,708,098	3,850,000	1,593,926	5,443,926	-	-	-
2022	5,727,821	1,054,894	6,782,715	4,070,000	1,362,718	5,432,718	-	-	-
2023	4,859,795	879,265	5,739,060	4,310,000	1,115,388	5,425,388	-	-	-
2024	4,873,999	721,512	5,595,511	4,565,000	862,431	5,427,431	-	-	-
2025	5,031,496	561,466	5,592,962	4,815,000	604,936	5,419,936	-	-	-
2026	5,194,091	396,239	5,590,330	5,080,000	357,175	5,437,175	-	-	-
2027	5,361,950	225,662	5,587,612	5,310,000	120,802	5,430,802	-	-	-
2028	3,548,069	80,007	3,628,076	-	-	-	-	-	-
2028	603,399	10,499	613,898	-	-	-	-	-	-
	<u>\$135,346,302</u>	<u>40,979,150</u>	<u>176,325,452</u>	<u>63,060,000</u>	<u>\$ 35,206,968</u>	<u>\$ 98,266,968</u>	<u>1,064,632</u>	<u>\$ 128,907</u>	<u>\$ 1,193,539</u>

(4) Vistancia Community Facilities District bonds

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2009**

Exhibit 3

Fiscal Year	DEBT SERVICE REQUIREMENTS		
	Principal	Interest	Total
2010	47,761,419	17,827,924	65,589,343
2011	35,079,031	16,480,017	51,559,048
2012	22,514,898	15,386,033	37,900,931
2013	23,025,762	14,271,599	37,297,361
2014	23,049,571	13,525,775	36,575,346
2015	22,413,097	12,630,856	35,043,953
2016	23,218,726	11,711,892	34,930,618
2017	24,056,834	10,750,010	34,806,844
2018	24,511,615	9,719,287	34,230,902
2019	24,614,680	8,645,857	33,260,537
2020	24,238,040	7,588,178	31,826,218
2021	25,329,453	6,530,352	31,859,805
2022	22,237,821	5,505,065	27,742,886
2023	21,664,795	4,531,909	26,196,704
2024	20,723,999	3,598,989	24,322,988
2025	21,626,496	2,680,603	24,307,099
2026	22,569,091	1,742,612	24,311,703
2027	19,176,950	798,720	19,975,670
2028	6,568,069	290,607	6,858,676
2028	3,773,399	81,824	3,855,223
	<u>458,153,746</u>	<u>164,298,109</u>	<u>622,451,855</u>



**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CAPITAL ASSETS  
BY FUNCTION AND CLASSIFICATION  
JUNE 30, 2009**

<b>Governmental activities:</b>						
<b>Asset Type</b>	<b>Culture and Recreation</b>	<b>General Government</b>	<b>Police</b>	<b>Fire</b>	<b>Development Services</b>	<b>Highways and Streets</b>
Work in progress (WIP)	\$ 37,575,379	\$ 7,865,530	\$ 1,003,492	\$ 1,025,225	\$ -	\$ 112,388,308
Land	\$ 51,320,210	\$ 26,913,171	\$ 1,059,975	\$ 1,048,451	\$ -	\$ 235,213,462
Buildings and Improvements	\$ 33,553,914	\$ 67,017,272	\$ 19,700,112	\$ 19,507,483	\$ 119,479	\$ -
Furniture	\$ 50,097	\$ 1,558,721	\$ -	\$ 207,324	\$ 65,914	\$ 57,229
Equipment	\$ 2,709,453	\$ 40,809,075	\$ 6,973,422	\$ 3,858,351	\$ 142,781	\$ 5,876,394
Vehicles	\$ 1,399,319	\$ 1,526,161	\$ 5,487,017	\$ 7,532,801	\$ 336,800	\$ 4,087,219
Storm Drain System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street System	\$ 7,458,289	\$ 20,819	\$ -	\$ -	\$ -	\$ 380,992,361
Park System	\$ 27,619,001	\$ 260,431	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ 161,685,662</b>	<b>\$ 145,971,180</b>	<b>\$ 34,224,018</b>	<b>\$ 33,179,635</b>	<b>\$ 664,974</b>	<b>\$ 738,614,973</b>
Less accumulated depreciation	(17,852,630)	(35,078,957)	(11,792,368)	(9,179,475)	(428,171)	(134,241,437)
Total governmental activities capital assets, net	\$ 143,833,032	\$ 110,892,223	\$ 22,431,650	\$ 24,000,160	\$ 236,803	\$ 604,373,536
<b>Business-type activities:</b>						
	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Sanitation Utility</b>	<b>Stadium</b>	<b>Housing Programs</b>	<b>Total</b>
Work in progress (WIP)	\$ 26,662,468	\$ 1,394,434	\$ -	\$ 17,369	\$ -	\$ 28,074,271
Land	6,025,686	3,878,001	-	6,703,349	410,350	17,017,386
Water Rights	6,095,443	-	-	-	-	6,095,443
Buildings and Improvements	1,642,283	7,659,795	10,799	25,781,679	3,276,922	38,371,478
Furniture	186,058	29,004	-	-	9,613	224,675
Equipment	1,863,781	1,082,629	43,338	749,921	144,422	3,884,091
Vehicles	1,856,327	903,774	8,589,040	490,528	-	11,839,669
Water System	252,017,815	-	-	-	-	252,017,815
Wastewater System	-	331,278,757	-	-	-	331,278,757
<b>Sub-total</b>	<b>296,349,861</b>	<b>346,226,394</b>	<b>8,643,177</b>	<b>33,742,846</b>	<b>3,841,307</b>	<b>688,803,585</b>
Less accumulated depreciation	(49,310,791)	(50,845,197)	(4,179,881)	(10,748,220)	(1,893,896)	(116,977,985)
Total business-type activities capital assets, net	\$ 247,039,070	\$ 295,381,197	\$ 4,463,296	\$ 22,994,626	\$ 1,947,411	\$ 571,825,600

---

<u>Public Works</u>	<u>Human Services</u>	<u>Total</u>
\$ 21,960,190	\$ -	\$ 181,818,124
\$ 10,415,601	\$ 307,757	\$ 326,278,627
\$ 454,256	\$ -	\$ 140,352,516
\$ 50,392	\$ -	\$ 1,989,677
\$ 424,649	\$ -	\$ 60,794,125
\$ 1,310,085	\$ 599,965	\$ 22,279,367
\$ 57,405,904	\$ -	\$ 57,405,904
\$ -	\$ -	\$ 388,471,469
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,879,432</u>
<u>\$ 92,021,077</u>	<u>\$ 907,722</u>	<u>\$ 1,207,269,241</u>
<u>(15,840,229)</u>	<u>(362,702)</u>	<u>(224,775,969)</u>
<u>\$ 76,180,848</u>	<u>\$ 545,020</u>	<u>\$ 982,493,272</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Exhibit 5

Department	Balances July 1, 2008	Additions and Transfers	Deletions and Transfers	Balances June 30, 2009
Culture and Recreation	\$ 151,977,734	\$ 10,510,329	\$ (802,401)	\$ 161,685,662
General Government	135,104,439	11,647,067	(780,326)	145,971,180
Police	32,725,411	2,009,996	(511,389)	34,224,018
Fire	30,611,541	2,775,651	(207,557)	33,179,635
Development Services	781,031	-	(116,057)	664,974
Highways & Streets	634,712,512	104,110,314	(207,853)	738,614,973
Public Works	84,340,722	7,720,628	(40,273)	92,021,077
Human Services	913,314	-	(5,592)	907,722
Sub-total governmental fixed assets	<u>\$ 1,071,166,704</u>	<u>\$ 138,773,985</u>	<u>\$ (2,671,448)</u>	<u>\$ 1,207,269,241</u>
<b>Less accumulated depreciation</b>				
Culture and Recreation	(15,757,890)	(2,368,022)	273,282	(17,852,630)
General Government	(30,048,256)	(5,811,027)	780,326	(35,078,957)
Police	(10,656,552)	(1,591,793)	455,977	(11,792,368)
Fire	(7,577,923)	(1,735,046)	133,494	(9,179,475)
Development Services	(491,416)	(52,813)	116,058	(428,171)
Highways & Streets	(124,937,513)	(9,511,667)	207,743	(134,241,437)
Public Works	(14,415,114)	(1,465,388)	40,273	(15,840,229)
Human Services	(299,481)	(68,813)	5,592	(362,702)
Sub-total accumulated depreciation	<u>\$ (204,184,145)</u>	<u>\$ (22,604,569)</u>	<u>\$ 2,012,745</u>	<u>\$ (224,775,969)</u>
Total governmental activities capital assets, net	<u>\$ 866,982,559</u>	<u>\$ 116,169,416</u>	<u>\$ (658,703)</u>	<u>\$ 982,493,272</u>

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Governmental Funds:</b>			
General	Half-Cent - public safety subsidies	\$ 4,771,880	\$ -
	Half-Cent - economic development subsidy	728,810	-
	Half-Cent - office complex reserve	1,000,000	-
	Development Fee - contribution to branch library construction	-	760,500
	Special Assmt Debt Service - close completed IDs	68,251	-
	GO Bond Capital Projects - capital assets	-	43,465
	Non-major - Storm Drainage - capital assets	2,000	-
	Non-major - Other Grants - employee wellness subsidy	-	10,000
	Non-major - Other Grants - GOHS Traffic - correct grant	-	652
	Non-major - MDA Debt Service - debt payments	-	173,674
	Non-major - CFD Capital Projects - reclass expenditures	-	219,684
	Non-major - ID Capital Projects - reclass expenditures	-	33,736
	Water utility - unspent meters budget	-	624,998
	Wastewater utility - unspent meters budget	-	280,611
	Solid Waste Utility - capital assets	2,000	-
	ISF - Facilities - capital assets	2,959	-
	ISF - IT Fund - capital assets	-	282,011
	ISF- IT Fund - projects	-	437,704
	ISF- IT Fund - computer equipment purchases	-	77,100
	Fund Totals	6,575,900	2,944,135
Half-Cent Sales Tax	General - public safety subsidies	-	4,771,880
	General - economic development subsidy	-	728,810
	General - office complex reserve	-	1,000,000
	Highway User - streets subsidy	-	1,000,000
	Non-major - MDA Debt Service - debt payments	-	2,760,649
	Stadium - debt service subsidy	-	438,601
	Stadium - operating subsidy	-	2,410,000
	ISF - IT Fund - radio project	-	214,000
	ISF - IT Fund - capital assets	-	449,620
	Fund Totals	-	13,773,560
Highway User	Half-Cent - streets subsidy	1,000,000	-
	Transportation Sales Tax - streets subsidy	977,000	-
	Non-major - MDA Debt Service - debt payments	-	302,223
	Non-major - Non-Bond Capital Projects - close streets CIP fund	141,394	-
	ISF - Motor Pool - equipment purchases	-	27,000
	ISF- IT Fund - projects	-	3,719
	ISF- IT Fund - capital assets	-	21,306
	Fund Totals	2,118,394	354,248
Development Fee	General - contribution to branch library construction	760,500	-
	ISF - Motor Pool - capital assets	-	1,110,068
	ISF - IT Fund - capital assets	-	5,656
	Fund Totals	760,500	1,115,724
Transportation Sales Tax	Streets - subsidy	-	977,000
	Transit - subsidy	-	180,500
	Non-major - MDA Debt Service - debt payments	-	4,425,326
	Water Utility - capital assets	-	3,595
	ISF - Motor Pool - capital assets	-	237,602
	Fund Totals	-	5,824,023
Special Assmt Debt Service	General - close completed IDs	-	68,251
GO Bond Capital Projects	General - capital assets	43,465	-
	ISF - IT Fund - capital assets	-	5,128,351
	Fund Totals	43,465	5,128,351

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Other Governmental			
Public Transit	Transportation Sales Tax - transit subsidy	180,500	-
	ISF- IT Fund - projects	-	425
	sub-total	<u>180,500</u>	<u>425</u>
Section 8 Housing	Public housing - capital assets	-	7,899
Other Grants	General - employee wellness subsidy	10,000	-
	General - correct GOHS grant	652	-
	ISF - Motor Pool - capital assets	17,500	489,202
	ISF - IT Fund - projects	-	159
	ISF - IT Fund - capital assets	-	27,531
	sub-total	<u>28,152</u>	<u>516,892</u>
Storm Drainage	General - capital assets	-	2,000
	ISF- IT Fund - projects	-	213
	sub-total	<u>-</u>	<u>2,213</u>
MDA Debt Service	General - debt service	173,674	-
	Half-Cent - debt service	2,760,649	-
	Highway User - debt service	302,223	-
	Transportation Sales Tax - debt service	4,425,326	-
	Water Utility - debt service	174,562	-
	Wastewater Utility - debt service	129,880	-
	Solid Waste Utility - debt service	14,868	-
	Stadium - debt service	280,923	-
	ISF - Motor Pool - debt service	96,208	-
	sub-total	<u>8,358,313</u>	<u>-</u>
CFD Bonds-Debt Service	Non-major - CFD Capital Projects - debt transfers	<u>225,240</u>	<u>-</u>
CFD Bonds-Capital Projects	General - reclass expenditures	219,684	-
	Non-major - CFD Debt Services - debt transfers	-	225,240
	Wastewater Utility - capital assets	271,868	198,505
	sub-total	<u>491,552</u>	<u>423,745</u>
ID Bonds-Capital Projects	General - reclass expenditures	33,736	-
	Non-major - Non-Bond Capital Projects - reclass expenditures	39,527	-
		<u>73,263</u>	<u>-</u>
Non-Bond Capital Projects	Highway User - close streets capital project fund	-	141,394
	Non-major - ID Bonds Capital Projects - reclass expenditures	-	39,527
	Wastewater Utility - capital assets	-	588,509
		<u>-</u>	<u>769,430</u>
	Non-major Fund Totals	<u>9,357,020</u>	<u>1,720,604</u>
	Total Governmental Funds	<u><u>18,855,279</u></u>	<u><u>30,928,896</u></u>

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Enterprise Funds:</b>			
Water Utility	General - unspent meters budget	624,998	-
	Transportation Sales Tax - capital assets	3,595	-
	Non-major - MDA Debt Service - debt service	-	174,562
	Wastewater Utility - capital assets	-	700,375
	Wastewater Utility - debt service	-	1,117,249
	ISF- IT Fund - projects	-	9,565
	ISF- IT Fund - computer equipment purchases	-	2,600
	ISF- IT Fund - capital assets	-	318,251
	Fund Totals	<u>628,593</u>	<u>2,322,602</u>
Wastewater Utility	General - unspent meters budget	280,611	-
	CFD Bonds Capital Projects - capital assets	198,505	271,868
	Non-major - MDA Debt Service - debt service	-	129,880
	Non-major - Non-Bond Capital Projects - capital assets	588,509	-
	Water Utility - capital assets	700,375	-
	Water Utility - debt service	1,117,249	-
	ISF- IT Fund - projects	-	2,445
	ISF - IT Fund - capital assets	-	277,346
	Fund Totals	<u>2,885,249</u>	<u>681,539</u>
Solid Waste Utility	General - capital assets	-	2,000
	Non-major - MDA Debt Service - debt service	-	14,868
	ISF- IT Fund - projects	-	1,116
	Fund Totals	<u>-</u>	<u>17,984</u>
Stadium	Half-Cent - operating subsidy	2,410,000	-
	Half-Cent - debt service subsidy	438,601	-
	Non-major - MDA Debt Service - debt service	-	280,923
	ISF- IT Fund - projects	-	797
	Fund Totals	<u>2,848,601</u>	<u>281,720</u>
Public Housing	Other Govtl - Section 8 Housing - capital assets	7,899	-
	Total Enterprise Funds	<u>6,370,342</u>	<u>3,303,845</u>
<b>Internal Service Funds</b>			
Motor Pool	Highway User - equipment purchases	27,000	-
	Development Fees - capital assets	1,110,068	-
	Transportation Sales Tax - capital assets	237,602	-
	Non-major - Other Grants - capital assets	489,202	17,500
	Non-major - MDA Debt Service - debt service	-	96,208
	ISF- IT Fund - projects	-	903
	ISF- IT Fund - equipment purchases	29,000	-
	Fund Totals	<u>1,892,872</u>	<u>114,611</u>
Self-Insurance	ISF- IT Fund - projects	-	266
Facilities Maintenance	General - capital assets	-	2,959
	ISF- IT Fund - projects	-	2,762
	ISF- IT Fund - computer equipment purchases	-	8,500
	Fund Totals	<u>-</u>	<u>14,221</u>
Information Technology	General - computer equipment purchases	77,100	-
	General - capital assets	282,011	-
	General - IT projects	437,704	-
	Half-Cent -radio project	214,000	-
	Half-Cent - capital assets	449,620	-
	Highway User - computer projects	3,719	-
	Highway User - capital assets	21,306	-
	Development Fees - capital assets	5,656	-

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Internal Service Funds (continued)			
Information Technology (cont)	Non-major -Transit - projects	425	-
	Non-major - Other Grants - projects	159	-
	Non-major - Other Grants - capital assets	27,531	-
	Non-major -Storm Drainage - projects	213	-
	Non-major - GO Bond Capital Projects - capital assets	5,128,351	-
	Water Utility - computer projects	9,565	-
	Water Utility - computer equipment purchases	2,600	-
	Water Utility - capital assets	318,251	-
	Wastewater Utility - computer projects	2,445	-
	Wastewater Utility - capital assets	277,346	-
	Solid Waste Utility - computer projects	1,116	-
	Stadium - computer projects	797	-
	ISF - Motor Pool - computer projects	903	-
	ISF - Motor Pool - equipment purchases	-	29,000
	ISF - Self-Insurance - projects	266	-
	ISF - Facilities - computer projects	2,762	-
	ISF - Facilities - computer equipment purchases	8,500	-
	Fund Totals	<u>7,272,346</u>	<u>29,000</u>
	Total Internal Service Funds	<u>9,165,218</u>	<u>158,098</u>
	Grand Totals	<u>34,390,839</u>	<u>34,390,839</u>

# Statistical Section

---

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

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	149
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	159
These schedules contain information to help the reader assess the City's most significant local revenue sources - sales and use taxes, property taxes and utility user fees.	
<b>Debt Capacity</b>	171
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	182
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	184
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

# Statistical Section

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

<u>Table</u>	<u>Page</u>
<b>Financial Trends</b>	
I Net Assets By Component	149
II Changes in Net Assets	150
III Program Revenues	152
IV Fund Balances, Governmental Funds	153
V Changes in Fund Balances, Governmental Funds	154
VI Government-Wide Revenues By Function	155
VII Tax Revenues By Source, Governmental Funds	156
VIII Intergovernmental Revenues By Source, Governmental Funds	157
IX Development/Expansion Fees By Type	158
<b>Revenue Capacity</b>	
X City Transaction Privilege Taxes By Category	159
XI Direct and Overlapping Sales Tax Rates	160
XII Sales Tax Payers - By Category	161
XIII Secondary Assessed Value and Full Cash Value of Taxable Property	162
XIV Direct and Overlapping Property Tax Rates	163
XV Direct and Overlapping Property Tax Levies	164
XVI Principal Property Tax Payers	165
XVII Property Tax Levies and Collections	166
XVIII Utility Statistical Data	167
<b>Debt Capacity</b>	
XIX Outstanding Debt By Type	171
XX Ratio of Net General Bonded Debt to Full Cash Value and Net Bonded Debt Per Capita	172
XXI Direct and Overlapping Governmental Activities Debt – Current Fiscal Year	173
XXII Direct and Overlapping Governmental Activities Debt – Last Ten Fiscal Years	174
XXIII Legal Debt Margin	175
XXIV Pledged Revenue Coverage - Municipal Development Authority Bonds – Governmental Portion	176
XXV Pledged Revenue Coverage – Revenue Bonds	177
XXVI Pledged Revenue Coverage - Special Assessment Bonds	178
XXVII Special Assessment Collections	179
XXVIII Ratio of Annual Debt Service Expenditures for Governmental Debt to Total Governmental Expenditures and Revenues	180
XXIX Bond Authorizations – Issued and Unissued	181
<b>Economic and Demographic Information</b>	
XXX Demographic and Economic Statistics	182
XXXI Major Employers Within the City	183
<b>Operating Information</b>	
XXXII Authorized Full-time Equivalent City Government Employees By Function	184
XXXIII Building Permits and Home Sales	185
XXXIV Schedule of Insurance in Force	186
XXXV Property Insurance Schedule	187
XXXVI Operating Indicators By Function/Program	188
XXXVII Capital Asset Statistics By Function/Program	189

**CITY OF PEORIA, ARIZONA**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
(accrual basis of accounting)

Table I

	Fiscal Year								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities									
Invested in capital assets, net of related debt	\$ 195,963,096	\$ 230,785,628	\$ 275,314,371	\$ 396,789,364	\$ 412,711,011	\$ 523,429,904	\$ 591,763,494	\$ 602,715,532	\$ 690,708,494
Restricted	29,693,525	44,743,192	23,123,757	22,011,167	35,660,531	41,483,246	40,822,727	65,528,725	54,945,644
Unrestricted	75,707,921	75,812,410	191,628,459	108,663,727	118,007,870	131,307,050	173,833,813	220,374,709	207,958,657
Total governmental activities net assets	<u>\$ 301,364,542</u>	<u>\$ 351,341,230</u>	<u>\$ 490,066,587</u>	<u>\$ 527,464,258</u>	<u>\$ 566,379,412</u>	<u>\$ 696,220,200</u>	<u>\$ 806,420,034</u>	<u>\$ 888,618,966</u>	<u>\$ 953,612,795</u>
Business-type Activities									
Invested in capital assets, net of related debt	\$ 115,133,709	\$ 158,071,050	\$ 186,811,252	\$ 216,306,907	\$ 273,024,663	\$ 311,724,201	\$ 369,615,117	\$ 427,331,359	\$ 429,764,018
Restricted	53,395,184	54,505,333	63,628,468	73,597,149	83,015,115	79,329,431	32,749,544	32,967,702	33,558,490
Unrestricted	60,155,500	60,944,374	57,594,489	58,112,123	55,874,702	53,032,272	68,959,683	41,967,371	36,507,370
Total business-type activities net assets	<u>\$ 228,684,393</u>	<u>\$ 273,520,757</u>	<u>\$ 308,034,209</u>	<u>\$ 348,016,179</u>	<u>\$ 411,914,480</u>	<u>\$ 444,085,904</u>	<u>\$ 471,324,344</u>	<u>\$ 502,266,432</u>	<u>\$ 499,829,878</u>
Primary Government									
Invested in capital assets, net of related debt	\$ 311,096,805	\$ 388,856,678	\$ 462,125,623	\$ 613,096,271	\$ 685,735,674	\$ 835,154,105	\$ 961,378,611	\$ 1,030,046,891	\$ 1,120,472,512
Restricted	83,088,709	99,248,525	86,752,225	95,608,316	118,675,646	120,812,677	73,572,271	98,496,427	88,504,134
Unrestricted	135,863,421	136,756,784	249,222,948	166,775,850	173,882,572	184,339,322	242,793,496	262,342,080	244,466,027
Total primary government net assets	<u>\$ 530,048,935</u>	<u>\$ 624,861,987</u>	<u>\$ 798,100,796</u>	<u>\$ 875,480,437</u>	<u>\$ 978,293,892</u>	<u>\$ 1,140,306,104</u>	<u>\$ 1,277,744,378</u>	<u>\$ 1,390,885,398</u>	<u>\$ 1,453,442,673</u>

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

Source: Statement of Net Assets  
City financial records and reports

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

Table II

	Fiscal Year								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>									
<b>Governmental Activities</b>									
General Government	\$ 10,658,604	\$ 12,518,899	\$ 14,008,647	\$ 16,794,131	\$ 18,810,419	\$ 21,608,973	\$ 24,469,279	\$ 17,077,115	\$ 23,226,263
Culture & Recreation	9,962,666	11,926,736	12,488,931	13,580,663	15,135,836	16,304,875	17,947,721	21,834,144	23,185,665
Police	13,334,357	15,018,206	18,400,046	19,519,868	21,844,025	25,725,922	28,548,401	34,513,465	37,084,671
Fire	8,500,589	9,155,641	10,361,499	11,025,133	12,731,478	14,184,353	17,401,924	19,914,716	21,618,004
Development Services	3,534,282	3,447,617	4,178,383	4,280,766	4,557,154	4,882,448	5,605,618	6,542,413	6,354,769
Highways & Streets	13,830,180	14,507,609	16,423,295	16,554,235	21,839,566	18,713,722	23,031,544	22,909,823	24,046,432
Public Works	2,518,683	3,630,838	4,647,879	4,460,277	5,187,303	5,791,128	6,288,446	7,782,967	7,688,062
Human Services	1,582,952	1,597,081	2,551,175	1,665,219	1,869,601	2,054,042	2,316,358	2,887,625	2,382,604
Interest on long-term debt	5,635,399	5,542,309	6,186,918	6,884,380	6,017,664	7,223,963	8,065,449	11,168,041	12,610,988
Unallocated Deprecation	1,541,927	604,962	587,006	582,180	576,719	575,334	575,334	574,942	574,550
<b>Total governmental activities expenses</b>	<b>\$ 71,099,639</b>	<b>\$ 77,949,898</b>	<b>\$ 89,833,779</b>	<b>\$ 95,346,852</b>	<b>\$ 108,569,765</b>	<b>\$ 117,064,760</b>	<b>\$ 134,250,074</b>	<b>\$ 145,205,251</b>	<b>\$ 158,772,008</b>
<b>Business-type Activities</b>									
Water Utility	\$ 14,222,685	\$ 18,106,642	\$ 18,886,650	\$ 21,344,055	\$ 23,815,912	\$ 25,859,997	\$ 27,058,901	\$ 28,677,086	\$ 32,164,325
Wastewater Utility	9,237,170	10,880,229	12,274,198	11,049,354	12,469,667	12,782,965	14,523,268	17,324,471	31,039,534
Solid Waste Utility	6,564,782	6,896,802	7,787,634	7,798,343	8,462,126	8,688,437	9,458,194	13,250,526	10,624,589
Stadium	5,378,906	5,673,177	3,916,869	4,341,127	4,623,886	5,442,993	5,448,667	6,921,044	5,235,258
Housing	281,411	345,064	347,606	357,785	344,030	369,052	371,540	382,067	331,785
<b>Total business-type activities expenses</b>	<b>\$ 35,684,954</b>	<b>\$ 41,901,914</b>	<b>\$ 43,212,957</b>	<b>\$ 44,890,664</b>	<b>\$ 49,715,621</b>	<b>\$ 53,143,444</b>	<b>\$ 56,860,570</b>	<b>\$ 66,555,194</b>	<b>\$ 79,395,491</b>
<b>Total primary government expenses</b>	<b>\$ 106,784,593</b>	<b>\$ 119,851,812</b>	<b>\$ 133,046,736</b>	<b>\$ 140,237,516</b>	<b>\$ 158,285,386</b>	<b>\$ 170,208,204</b>	<b>\$ 191,110,644</b>	<b>\$ 211,760,445</b>	<b>\$ 238,167,499</b>
<b>Program Revenues</b>									
<b>Governmental Activities</b>									
Charges for services	\$ 10,644,978	\$ 10,374,005	\$ 12,278,699	\$ 14,305,895	\$ 21,078,973	\$ 22,666,481	\$ 23,226,773	\$ 25,523,896	\$ 20,130,962
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484	12,574,749
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499	51,366,296
<b>Total governmental activities program revenues</b>	<b>\$ 39,615,017</b>	<b>\$ 53,937,714</b>	<b>\$ 42,717,972</b>	<b>\$ 51,971,644</b>	<b>\$ 69,515,305</b>	<b>\$ 138,152,424</b>	<b>\$ 96,975,027</b>	<b>\$ 81,504,879</b>	<b>\$ 84,072,007</b>
<b>Business-type Activities</b>									
Charges for services	\$ 38,657,721	\$ 41,520,765	\$ 44,627,823	\$ 47,136,002	\$ 47,962,423	\$ 53,196,965	\$ 61,918,282	\$ 61,936,451	\$ 59,577,008
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174	145,841	158,627
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213	12,186,331
<b>Total business-type activities program revenues</b>	<b>\$ 53,587,297</b>	<b>\$ 61,338,686</b>	<b>\$ 72,274,377</b>	<b>\$ 82,119,032</b>	<b>\$ 96,220,208</b>	<b>\$ 67,432,213</b>	<b>\$ 80,272,879</b>	<b>\$ 84,403,505</b>	<b>\$ 71,921,966</b>
<b>Total primary government program revenues</b>	<b>\$ 93,202,314</b>	<b>\$ 115,276,400</b>	<b>\$ 114,992,349</b>	<b>\$ 134,090,676</b>	<b>\$ 165,735,513</b>	<b>\$ 205,584,637</b>	<b>\$ 177,247,906</b>	<b>\$ 165,908,384</b>	<b>\$ 155,993,973</b>
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (31,484,622)	\$ (24,012,184)	\$ (47,115,807)	\$ (43,375,208)	\$ (39,054,460)	\$ 21,087,664	\$ (37,275,047)	\$ (63,700,372)	\$ (74,700,001)
Business-type Activities	17,902,343	19,436,772	29,061,420	37,228,368	46,504,587	14,288,769	23,412,309	17,848,311	(7,473,525)
<b>Total primary government net expense</b>	<b>\$ (13,582,279)</b>	<b>\$ (4,575,412)</b>	<b>\$ (18,054,387)</b>	<b>\$ (6,146,840)</b>	<b>\$ 7,450,127</b>	<b>\$ 35,376,433</b>	<b>\$ (13,862,738)</b>	<b>\$ (45,852,061)</b>	<b>\$ (82,173,526)</b>

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

Table II

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Taxes									
Property taxes, levied for general purposes	\$ 2,011,880	\$ 2,261,947	\$ 2,697,682	\$ 2,724,739	\$ 2,926,017	\$ 3,274,982	\$ 3,722,092	\$ 3,728,615	\$ 3,629,629
Property taxes, levied for debt service	6,878,678	8,156,576	8,681,164	9,940,516	11,240,627	12,930,561	14,392,472	22,569,309	28,162,003
Sales and use taxes	33,621,787	33,711,972	35,932,415	40,579,522	45,535,559	61,156,870	68,873,970	68,466,910	59,004,816
Franchise taxes	2,022,335	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746	4,019,182
State shared sales taxes - unrestricted	6,971,235	8,350,576	8,474,910	9,116,684	10,038,874	11,681,284	13,130,116	12,695,890	10,991,095
Urban revenue sharing - unrestricted	8,891,990	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768	20,395,663
Auto in-lieu taxes - unrestricted	3,054,248	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558	5,018,384
Investment Earnings	7,677,637	5,395,083	2,950,753	1,698,168	2,930,923	6,723,061	12,100,831	13,328,215	7,896,100
Gain on sale of capital assets	59,397	36,313	91,970	160,917	148,518	81,122	60,785	40,953	115,412
Elimination of development agreement debt	-	-	135,068	839,099	-	17,279	23,941	2,358,431	-
Miscellaneous	171,852	414,835	1,034,025	443,892	2,480,978	5,584,218	7,439,193	3,555,171	3,528,043
Transfers in (out)	(1,463,203)	(1,563,008)	(2,755,444)	(1,404,110)	(14,546,789)	(12,660,507)	2,025,489	(9,779,262)	(3,066,497)
Total governmental activities	<u>\$ 69,897,836</u>	<u>\$ 73,988,872</u>	<u>\$ 75,188,614</u>	<u>\$ 80,772,879</u>	<u>\$ 77,969,614</u>	<u>\$ 108,753,124</u>	<u>\$ 147,474,881</u>	<u>\$ 145,899,304</u>	<u>\$ 139,693,830</u>
Business-type Activities									
Investment Earnings	\$ 7,108,181	\$ 5,357,578	\$ 2,379,114	\$ 1,349,492	\$ 2,846,925	\$ 5,222,148	\$ 5,851,620	\$ 3,314,515	\$ 1,970,474
Gain on sale of capital assets	163,574	104,006	317,474	-	-	-	-	-	-
Elimination of Municipal Sports Authority Bonds	-	18,375,000	-	-	-	-	-	-	-
Transfers in (out)	1,463,203	1,563,008	2,755,444	1,404,110	14,546,789	12,660,507	(2,025,489)	9,779,262	3,066,497
Total business-type activities	<u>\$ 8,734,958</u>	<u>\$ 25,399,592</u>	<u>\$ 5,452,032</u>	<u>\$ 2,753,602</u>	<u>\$ 17,393,714</u>	<u>\$ 17,882,655</u>	<u>\$ 3,826,131</u>	<u>\$ 13,093,777</u>	<u>\$ 5,036,971</u>
Total primary government	<u>\$ 78,632,794</u>	<u>\$ 99,388,464</u>	<u>\$ 80,640,646</u>	<u>\$ 83,526,481</u>	<u>\$ 95,363,328</u>	<u>\$ 126,635,779</u>	<u>\$ 151,301,012</u>	<u>\$ 158,993,081</u>	<u>\$ 144,730,801</u>
Change in Net Assets									
Governmental Activities	\$ 38,413,214	\$ 49,976,688	\$ 28,072,807	\$ 37,397,671	\$ 38,915,154	\$ 129,840,788	\$ 110,199,834	\$ 82,198,932	\$ 64,993,829
Prior Period Adjustment	-	-	110,652,550	-	-	-	-	-	-
Business-type Activities	26,637,301	44,836,364	34,513,452	39,981,970	63,898,301	32,171,424	27,238,440	30,942,088	(2,436,554)
Total primary government	<u>\$ 65,050,515</u>	<u>\$ 94,813,052</u>	<u>\$ 173,238,809</u>	<u>\$ 77,379,641</u>	<u>\$ 102,813,455</u>	<u>\$ 162,012,212</u>	<u>\$ 137,438,274</u>	<u>\$ 113,141,020</u>	<u>\$ 62,557,275</u>

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

Source: Statement of Activities  
City financial records and reports

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

Table III

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Fiscal Year 2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Program Revenues</b>									
<b>Governmental Activities</b>									
Charges for services									
General Government	\$ 1,147,361	\$ 1,261,983	\$ 1,468,973	\$ 1,576,952	\$ 3,122,641	\$ 3,346,730	\$ 2,747,370	\$ 2,293,928	\$ 3,635,662
Culture & Recreation	3,156,382	3,579,918	4,156,225	4,278,605	5,117,914	5,793,176	6,927,760	8,111,802	8,035,499
Police	179,253	173,678	231,147	603,702	1,123,337	828,053	1,283,559	790,269	1,326,404
Fire	244,605	216,299	839,434	730,868	1,557,835	1,844,083	1,737,666	1,717,319	1,748,715
Development Services	3,915,408	3,380,947	3,816,666	4,121,816	5,840,631	5,660,591	4,614,166	3,526,784	1,568,529
Highways & Streets	603,174	247,162	142,242	176,195	205,291	104,654	433,400	345,417	348,351
Public Works	930,258	1,454,693	1,578,903	2,709,759	3,987,875	4,950,541	5,318,686	8,687,833	3,336,840
Human Services	468,537	59,325	45,109	107,998	123,449	138,653	164,166	130,544	130,962
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484	12,574,749
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499	51,366,296
Total governmental activities program revenues	<u>\$ 39,615,017</u>	<u>\$ 53,937,714</u>	<u>\$ 42,717,972</u>	<u>\$ 51,971,644</u>	<u>\$ 69,515,305</u>	<u>\$ 138,152,424</u>	<u>\$ 96,975,027</u>	<u>\$ 81,504,879</u>	<u>\$ 84,072,007</u>
<b>Business-type Activities</b>									
Charges for services									
Water Utility	\$ 19,706,869	\$ 22,230,008	\$ 24,364,355	\$ 25,175,285	\$ 24,932,796	\$ 28,240,253	\$ 33,511,407	\$ 31,866,685	\$ 30,104,254
Wastewater Utility	9,605,153	9,606,324	10,623,544	10,971,239	11,608,902	12,227,879	14,907,360	15,423,188	15,331,781
Solid Waste Utility	6,799,753	7,036,110	7,277,520	7,728,124	8,330,792	9,715,409	10,395,273	11,216,061	11,166,354
Stadium	2,406,658	2,494,194	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780	2,866,609
Housing	139,288	154,129	137,193	128,332	128,141	153,630	150,877	150,737	108,010
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174	145,841	158,627
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213	12,186,331
Total business-type activities program revenues	<u>\$ 53,587,297</u>	<u>\$ 61,338,686</u>	<u>\$ 72,274,377</u>	<u>\$ 82,119,032</u>	<u>\$ 96,220,208</u>	<u>\$ 67,432,213</u>	<u>\$ 80,272,879</u>	<u>\$ 84,403,505</u>	<u>\$ 71,921,966</u>
Total primary government program revenues	<u>\$ 93,202,314</u>	<u>\$ 115,276,400</u>	<u>\$ 114,992,349</u>	<u>\$ 134,090,676</u>	<u>\$ 165,735,513</u>	<u>\$ 205,584,637</u>	<u>\$ 177,247,906</u>	<u>\$ 165,908,384</u>	<u>\$ 155,993,973</u>

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

Source: Statement of Activities  
City financial records and reports

**CITY OF PEORIA, ARIZONA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

Table IV

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 10,649,066	\$ 231,842	\$ 366,670	\$ 730,494	\$ 3,061,807	\$ 150,764	\$ 948,135	\$ 216,652	\$ 264,489	\$ 275,184
Unreserved	54,391,303	53,437,142	43,946,135	41,955,367	43,989,346	52,553,522	65,224,766	74,842,586	77,741,727	67,102,145
Total General Fund	<u>\$ 65,040,369</u>	<u>\$ 53,668,984</u>	<u>\$ 44,312,805</u>	<u>\$ 42,685,861</u>	<u>\$ 47,051,153</u>	<u>\$ 52,704,286</u>	<u>\$ 66,172,901</u>	<u>\$ 75,059,238</u>	<u>\$ 78,006,216</u>	<u>\$ 67,377,329</u>
General Fund as % of current year revenues (1)										
Reserved	15.1%	0.4%	0.6%	1.1%	4.4%	0.2%	1.0%	0.2%	0.2%	0.3%
Unreserved	77.1%	92.6%	70.7%	64.4%	62.6%	64.2%	67.6%	70.9%	71.1%	70.3%
Total General Fund	92.2%	93.0%	71.3%	65.5%	67.0%	64.4%	68.6%	71.1%	71.3%	70.6%
General Fund as % of current year expenditures (2)										
Reserved	21.8%	0.5%	0.6%	1.2%	4.7%	0.2%	1.1%	0.2%	0.2%	0.3%
Unreserved	111.1%	112.4%	75.2%	70.8%	67.3%	68.2%	76.4%	72.0%	70.2%	61.1%
Total General Fund	132.9%	112.9%	75.8%	72.0%	72.0%	68.4%	77.5%	72.2%	70.4%	61.4%
All Other Governmental Funds										
Reserved	\$ 14,551,664	\$ 36,599,179	\$ 40,007,493	\$ 91,475,811	\$ 60,276,977	\$ 82,831,364	\$ 84,931,450	\$ 154,966,318	\$ 143,600,643	\$ 165,129,365
Unreserved, reported in:										
Special revenue funds	4,933,778	21,657,090	19,750,001	20,546,432	21,662,579	25,365,373	41,501,121	49,251,757	62,170,663	57,506,689
Capital projects funds	13,581,014	(3,157,315)	13,613,176	9,533,035	8,300,215	(4,566,517)	(21,988,077)	18,917,375	23,589,696	29,428,677
Total All Other Governmental Funds	<u>\$ 33,066,456</u>	<u>\$ 55,098,954</u>	<u>\$ 73,370,670</u>	<u>\$ 121,555,278</u>	<u>\$ 90,239,771</u>	<u>\$ 103,630,220</u>	<u>\$ 104,444,494</u>	<u>\$ 223,135,450</u>	<u>\$ 229,361,002</u>	<u>\$ 252,064,731</u>

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

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

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

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

**CITY OF PEORIA, ARIZONA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

Table V

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 38,420,066	\$ 44,534,680	\$ 46,097,098	\$ 49,675,987	\$ 55,774,213	\$ 62,170,531	\$ 80,238,340	\$ 90,780,140	\$ 98,358,262	\$ 93,896,013
Intergovernmental	27,039,716	32,083,433	35,187,028	37,076,594	34,841,183	36,747,293	41,899,532	64,283,444	52,612,549	62,718,223
Charges for services	13,972,714	12,384,749	13,497,278	14,719,159	18,430,649	30,768,591	34,863,016	39,290,401	37,609,937	18,479,664
Licenses and Permits	4,416,214	2,847,785	2,771,677	3,022,495	3,597,522	5,041,680	4,807,840	3,878,132	3,020,436	1,802,759
Fines and Forfeitures	796,459	1,159,057	1,080,542	1,093,438	1,086,327	1,823,626	2,112,799	2,203,756	2,666,731	3,733,047
Rents	160,742	30,217	58,606	70,952	89,829	174,837	228,492	249,069	358,215	395,834
Investment Earnings	4,074,836	6,797,894	4,765,132	2,669,885	1,467,703	2,652,530	6,050,060	10,942,001	12,125,018	7,174,109
Special assessments	1,559,116	2,028,389	2,225,642	3,142,875	2,598,445	2,252,142	2,262,770	1,971,991	1,803,344	2,200,782
Miscellaneous	1,589,749	1,167,055	3,610,289	1,089,570	3,293,560	2,560,291	5,562,231	6,992,363	7,882,947	7,488,740
<b>Total Revenues</b>	<b>\$ 92,029,612</b>	<b>\$ 103,033,259</b>	<b>\$ 109,293,292</b>	<b>\$ 112,560,955</b>	<b>\$ 121,179,431</b>	<b>\$ 144,191,521</b>	<b>\$ 178,025,080</b>	<b>\$ 220,591,297</b>	<b>\$ 216,437,439</b>	<b>\$ 197,889,171</b>
<b>Expenditures</b>										
General Government	\$ 14,915,711	\$ 10,201,573	\$ 13,465,303	\$ 13,094,326	\$ 15,386,608	\$ 18,144,444	\$ 19,767,909	\$ 22,833,440	\$ 14,544,047	\$ 17,798,947
Culture & Recreation	9,449,959	9,080,373	10,964,291	11,339,011	12,395,888	13,935,373	15,300,068	17,013,511	21,769,313	22,303,852
Police	17,441,886	12,599,894	14,727,025	17,462,775	18,663,675	20,915,014	24,715,113	28,163,474	33,340,756	36,458,108
Fire	-	8,197,640	9,012,316	9,633,471	10,440,007	12,206,093	13,422,870	16,522,036	19,120,991	20,516,345
Development Services	4,348,716	3,412,057	3,420,333	4,095,448	4,253,710	4,575,963	4,986,442	5,526,599	6,669,979	6,489,199
Highways & Streets	5,959,910	6,704,977	7,752,287	8,740,707	8,825,795	13,930,314	10,333,402	14,679,124	14,632,287	15,469,695
Public Works	-	1,780,346	2,571,543	3,217,245	3,107,787	3,993,427	4,640,211	5,010,116	6,408,150	6,187,633
Human Services	-	1,474,413	1,537,183	2,452,063	1,590,605	1,768,107	1,991,939	2,291,469	2,817,716	2,343,847
Other	8,225	4,518	8,025	3,707	16,823	3,849	539	45,912	-	-
Capital Outlay	16,673,212	22,993,500	20,817,224	24,209,115	52,502,380	33,148,181	34,944,336	76,919,805	74,142,416	77,515,142
Debt Service										
Interest	4,908,180	5,737,720	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704	11,917,582
Principal	7,359,490	9,663,293	9,578,372	10,612,697	9,737,936	15,304,972	16,881,632	16,178,431	31,143,531	25,988,554
<b>Total Expenditures</b>	<b>\$ 81,065,289</b>	<b>\$ 91,850,304</b>	<b>\$ 99,206,370</b>	<b>\$ 111,779,079</b>	<b>\$ 143,220,840</b>	<b>\$ 144,972,313</b>	<b>\$ 153,731,533</b>	<b>\$ 213,283,409</b>	<b>\$ 234,929,890</b>	<b>\$ 242,988,904</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 10,964,323</b>	<b>\$ 11,182,955</b>	<b>\$ 10,086,922</b>	<b>\$ 781,876</b>	<b>\$ (22,041,409)</b>	<b>\$ (780,792)</b>	<b>\$ 24,293,547</b>	<b>\$ 7,307,888</b>	<b>\$ (18,492,451)</b>	<b>\$ (45,099,733)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 14,885,028	\$ -	\$ 3,159,195	\$ 49,213,258	\$ 164,548	\$ 23,809,728	\$ 6,722,550	\$ 122,090,000	\$ 47,000,000	\$ 68,440,000
Proceeds from refunding	-	-	-	24,613,603	-	-	-	18,365,000	-	-
Proceeds from sale of general fixed assets	1,328,591	-	-	-	-	-	-	-	-	-
Payments to bond refunding escrow agent	-	-	-	(22,255,141)	-	-	-	(18,365,000)	-	-
Premium on bonds issued	-	-	-	-	-	75,552	20,559	1,502,204	273,310	808,192
Transfers In	4,566,726	5,506,348	28,513,754	15,978,782	6,193,157	11,766,397	10,116,361	17,798,434	16,426,715	18,855,279
Transfers Out	(8,023,647)	(8,466,414)	(32,844,334)	(21,772,434)	(11,266,511)	(15,827,303)	(26,870,128)	(21,121,233)	(36,035,044)	(30,928,896)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 12,756,698</b>	<b>\$ (2,960,066)</b>	<b>\$ (1,171,385)</b>	<b>\$ 45,778,068</b>	<b>\$ (4,908,806)</b>	<b>\$ 19,824,374</b>	<b>\$ (10,010,658)</b>	<b>\$ 120,269,405</b>	<b>\$ 27,664,981</b>	<b>\$ 57,174,575</b>
<b>Net Change in Fund Balance</b>	<b>\$ 23,721,021</b>	<b>\$ 8,222,889</b>	<b>\$ 8,915,537</b>	<b>\$ 46,559,944</b>	<b>\$ (26,950,215)</b>	<b>\$ 19,043,582</b>	<b>\$ 14,282,889</b>	<b>\$ 127,577,293</b>	<b>\$ 9,172,530</b>	<b>\$ 12,074,842</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>19.1%</b>	<b>22.4%</b>	<b>19.0%</b>	<b>20.0%</b>	<b>17.7%</b>	<b>20.0%</b>	<b>19.9%</b>	<b>17.8%</b>	<b>25.8%</b>	<b>22.9%</b>

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

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

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

Table VI

	Fiscal Year								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:									
General Government	\$ 4,197,681	\$ 6,195,112	\$ 3,475,738	\$ 3,842,493	\$ 5,155,229	\$ 5,471,741	\$ 5,099,910	\$ 3,872,997	\$ 4,092,800
Culture & Recreation	7,491,034	7,036,365	7,017,008	8,427,932	11,784,749	14,003,877	12,243,385	12,673,351	9,516,656
Police	1,357,792	1,023,801	1,147,435	1,697,650	2,579,817	3,128,006	5,271,968	3,468,250	2,844,901
Fire	542,501	588,650	1,375,502	1,553,178	3,075,988	3,729,960	4,098,537	3,202,518	2,148,000
Development Services	4,814,347	4,034,695	4,735,581	4,756,969	6,545,647	6,459,264	5,437,544	4,148,578	2,195,564
Highways & Streets	18,522,808	31,816,700	19,439,898	24,079,992	34,210,694	98,404,102	57,310,910	42,357,347	58,042,435
Public Works	930,258	1,558,305	3,063,471	5,887,194	4,161,349	4,950,541	5,418,686	8,929,561	3,341,185
Human Services	1,758,596	1,684,086	2,463,339	1,726,236	2,001,832	2,004,933	2,094,087	2,852,277	1,890,466
Unallocated General Revenues	71,361,039	75,551,880	77,944,058	82,176,989	92,516,403	121,413,631	145,449,392	155,678,566	142,760,327
Total Governmental Activities	<u>\$ 110,976,056</u>	<u>\$ 129,489,594</u>	<u>\$ 120,662,030</u>	<u>\$ 134,148,633</u>	<u>\$ 162,031,708</u>	<u>\$ 259,566,055</u>	<u>\$ 242,424,419</u>	<u>\$ 237,183,445</u>	<u>\$ 226,832,334</u>
Business-type Activities:									
Water Utility	\$ 24,529,708	\$ 32,751,517	\$ 36,926,991	\$ 45,639,906	\$ 49,238,279	\$ 36,888,294	\$ 44,900,179	44,368,035	37,864,324
Wastewater Utility	16,351,098	17,500,110	24,833,732	24,595,006	34,300,518	16,668,034	21,116,119	24,784,247	19,647,683
Solid Waste Utility	7,670,435	7,633,584	8,031,180	8,493,458	9,454,742	10,732,529	11,017,165	11,674,865	11,276,713
Stadium	4,782,876	3,174,210	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780	2,866,609
Housing	253,180	279,265	257,263	257,640	264,877	283,562	286,051	296,578	266,637
Unallocated General Revenues	7,271,755	23,836,584	2,696,588	1,349,492	2,846,925	5,222,148	5,851,620	3,314,515	1,970,474
Total Business-type Activities	<u>\$ 60,859,052</u>	<u>\$ 85,175,270</u>	<u>\$ 74,970,965</u>	<u>\$ 83,468,524</u>	<u>\$ 99,067,133</u>	<u>\$ 72,654,361</u>	<u>\$ 86,124,499</u>	<u>\$ 87,718,020</u>	<u>\$ 73,892,440</u>
Total Primary Government	<u>\$ 171,835,108</u>	<u>\$ 214,664,864</u>	<u>\$ 195,632,995</u>	<u>\$ 217,617,157</u>	<u>\$ 261,098,841</u>	<u>\$ 332,220,416</u>	<u>\$ 328,548,918</u>	<u>\$ 324,901,465</u>	<u>\$ 300,724,774</u>

Notes: The City implemented GASB 34 for the fiscal year ended June 30, 2001. Prior statements have not been restated to comply with the new requirements.

Unallocated General Revenues do not include transfers between governmental activities and business-type activities.

Source Statement of Activities.

City financial records and reports

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

**Table VII**

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Transaction Taxes (1)	\$ 29,172,894	\$ 33,621,787	33,711,972	\$ 35,932,415	\$ 40,579,522	\$ 45,535,559	\$ 61,156,870	\$ 68,873,970	\$ 68,466,910	\$ 59,004,816
Franchise Taxes	1,720,818	2,022,335	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746	4,019,182
Property Taxes										
Primary Taxes	1,357,963	1,580,367	1,638,719	1,838,829	2,077,178	2,285,792	2,612,397	2,896,360	2,975,900	2,691,525
Secondary Taxes	5,709,744	6,689,726	7,713,406	8,603,538	9,749,392	10,688,571	12,393,713	13,211,927	19,176,935	24,105,340
Special District* Taxes	183,425	384,380	512,196	834,891	619,973	868,197	796,821	1,571,936	3,633,664	3,729,995
In Lieu Taxes	275,222	236,085	192,931	175,135	252,345	293,417	273,644	242,246	256,107	345,155
Total Property Taxes	<u>\$ 7,526,354</u>	<u>\$ 8,890,558</u>	<u>\$ 10,057,252</u>	<u>\$ 11,452,393</u>	<u>\$ 12,698,888</u>	<u>\$ 14,135,977</u>	<u>\$ 16,076,575</u>	<u>\$ 17,922,469</u>	<u>\$ 26,042,606</u>	<u>\$ 30,872,015</u>
Total Taxes	<u><u>\$ 38,420,066</u></u>	<u><u>\$ 44,534,680</u></u>	<u><u>\$ 46,097,098</u></u>	<u><u>\$ 49,675,987</u></u>	<u><u>\$ 55,774,213</u></u>	<u><u>\$ 62,170,531</u></u>	<u><u>\$ 80,238,340</u></u>	<u><u>\$ 90,780,140</u></u>	<u><u>\$ 98,358,262</u></u>	<u><u>\$ 93,896,013</u></u>

(1) See Detail in Table X

Notes: Includes all governmental fund types.

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

Source: City financial records

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

Table VIII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
State Shared Sales Tax	\$ 6,549,653	\$ 6,971,235	\$ 8,350,576	\$ 8,474,910	\$ 9,116,684	\$ 10,038,874	\$ 11,681,284	\$ 13,130,116	\$ 12,695,890	\$ 10,991,095
County Shared Sales Tax	-	-	-	-	-	-	-	-	-	12,837,089
Urban Revenue Sharing	8,297,259	8,891,990	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768	20,395,663
Auto in-Lieu	2,771,158	3,054,248	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558	5,018,384
HURF Revenues	5,334,646	5,606,104	6,719,940	7,020,920	7,501,918	7,878,977	8,475,784	9,870,460	9,488,625	8,287,891
Local Transportation Aid	551,269	598,664	615,115	639,879	650,734	650,056	657,162	658,598	666,237	640,826
Federal	2,243,835	2,251,373	1,700,855	3,552,001	2,340,738	2,685,415	2,822,321	3,101,796	2,904,788	2,970,534
Other	1,291,896	4,709,819	2,903,838	1,733,992	1,053,460	778,059	1,303,622	15,800,183	1,770,683	1,576,741
Total Intergovernmental Revenue	<u>\$ 27,039,716</u>	<u>\$ 32,083,433</u>	<u>\$ 35,187,028</u>	<u>\$ 37,076,594</u>	<u>\$ 34,841,183</u>	<u>\$ 36,747,293</u>	<u>\$ 41,899,532</u>	<u>\$ 64,283,444</u>	<u>\$ 52,612,549</u>	<u>\$ 62,718,223</u>

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

Source: City financial records

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

Table IX

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:										
Streets	\$ 215,358	\$ 1,846,867	\$ 1,911,146	\$ 2,064,748	\$ 2,740,580	\$ 7,029,058	\$ 8,460,281	\$ 11,093,775	\$ 8,950,451	\$ 3,425,308
Parks/Recreation	1,110,776	2,117,536	2,346,030	2,089,955	2,778,480	5,045,791	5,113,046	4,020,306	3,647,109	883,944
Library	436,814	460,258	476,734	457,898	586,200	1,028,504	969,582	691,434	501,209	99,061
Public Safety	531,464	909,116	929,164	1,124,351	1,461,477	2,730,568	3,275,831	5,649,715	3,515,573	654,919
General Government	112,669	926,097	941,436	1,012,151	1,381,237	2,020,208	2,105,106	2,167,340	1,413,319	326,373
Total Governmental Activities	<u>\$ 2,407,081</u>	<u>\$ 6,259,874</u>	<u>\$ 6,604,510</u>	<u>\$ 6,749,103</u>	<u>\$ 8,947,974</u>	<u>\$ 17,854,129</u>	<u>\$ 19,923,846</u>	<u>\$ 23,622,570</u>	<u>\$ 18,027,661</u>	<u>\$ 5,389,605</u>
Business-type Activities:										
Water Expansion	2,395,778	2,431,800	4,458,106	7,013,267	7,025,548	7,671,535	6,972,529	4,973,097	3,297,819	1,073,071
Water Resource	16,882	185,934	475,237	887,389	1,287,101	1,801,486	1,550,288	1,133,833	659,750	321,008
Wastewater Expansion	6,101,944	3,421,540	3,899,520	4,786,965	3,658,370	4,391,622	4,364,858	2,719,879	1,863,749	447,047
Solid Waste Expansion	1,450,380	870,682	597,474	753,660	765,334	1,123,950	1,009,520	621,892	458,804	110,359
Total Business-type Activities	<u>\$ 9,964,984</u>	<u>\$ 6,909,956</u>	<u>\$ 9,430,337</u>	<u>\$ 13,441,281</u>	<u>\$ 12,736,353</u>	<u>\$ 14,988,593</u>	<u>\$ 13,897,195</u>	<u>\$ 9,448,701</u>	<u>\$ 6,280,122</u>	<u>\$ 1,951,485</u>
Total Primary Government	<u>\$ 12,372,065</u>	<u>\$ 13,169,830</u>	<u>\$ 16,034,847</u>	<u>\$ 20,190,384</u>	<u>\$ 21,684,327</u>	<u>\$ 32,842,722</u>	<u>\$ 33,821,041</u>	<u>\$ 33,071,271</u>	<u>\$ 24,307,783</u>	<u>\$ 7,341,090</u>

Source: City financial records

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

Table X

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Retail Sales	\$ 14,738,906	\$ 15,148,939	\$ 17,456,584	\$ 18,284,743	\$ 19,946,715	\$ 21,861,810	\$ 26,832,950	\$ 30,963,887	\$ 30,721,220	\$ 26,694,348
Contracting	5,870,856	6,433,978	5,066,482	5,372,308	6,147,387	7,871,565	14,022,558	13,910,951	11,271,722	7,014,131
Rentals	2,618,602	3,099,174	3,065,400	3,315,297	3,756,875	4,297,474	5,469,550	6,554,938	7,190,660	7,107,109
Utilities	1,714,012	1,703,292	2,156,154	2,255,621	2,445,199	2,576,655	4,949,457	6,005,833	6,584,854	6,836,000
Telecom/Cable TV	484,518	623,951	626,479	719,721	815,105	920,471	1,079,620	1,245,892	1,492,871	1,437,589
Restaurant/Bar	2,283,606	2,789,325	3,223,465	3,944,702	4,432,723	5,052,224	5,986,135	6,782,852	7,032,488	7,026,265
Amusement	149,361	308,340	340,467	373,416	443,680	549,702	655,728	814,307	838,550	727,023
Use	788,801	2,754,177	897,835	602,119	599,172	570,265	485,720	783,997	985,505	599,537
Other	524,232	760,612	880,106	1,064,488	1,992,666	1,835,393	1,675,151	1,811,313	2,349,040	1,562,814
<b>Total</b>	<b>\$ 29,172,894</b>	<b>\$ 33,621,788</b>	<b>\$ 33,712,972</b>	<b>\$ 35,932,415</b>	<b>\$ 40,579,522</b>	<b>\$ 45,535,559</b>	<b>\$ 61,156,869</b>	<b>\$ 68,873,970</b>	<b>\$ 68,466,910</b>	<b>\$ 59,004,816</b>
<b>% Growth by Year</b>										
Retail Sales	19.4%	2.8%	15.2%	4.7%	9.1%	9.6%	22.7%	15.4%	-0.8%	-13.1%
Contracting	5.7%	9.6%	-21.3%	6.0%	14.4%	28.0%	78.1%	-0.8%	-19.0%	-37.8%
Rentals	16.7%	18.4%	-1.1%	8.2%	13.3%	14.4%	27.3%	19.8%	9.7%	-1.2%
Utilities	16.3%	-0.6%	26.6%	4.6%	8.4%	5.4%	92.1%	21.3%	9.6%	3.8%
Telecom/Cable TV	19.6%	28.8%	0.4%	14.9%	13.3%	12.9%	17.3%	15.4%	19.8%	-3.7%
Restaurant/Bar	10.3%	22.1%	15.6%	22.4%	12.4%	14.0%	18.5%	13.3%	3.7%	-0.1%
Amusement	135.0%	106.4%	10.4%	9.7%	18.8%	23.9%	19.3%	24.2%	3.0%	-13.3%
Use	73.4%	249.2%	-67.4%	-32.9%	-0.5%	-4.8%	-14.8%	61.4%	25.7%	-39.2%
Other	35.3%	45.1%	15.7%	20.9%	87.2%	-7.9%	-8.7%	8.1%	29.7%	-33.5%
<b>Total</b>	<b>16.7%</b>	<b>15.3%</b>	<b>0.3%</b>	<b>6.6%</b>	<b>12.9%</b>	<b>12.2%</b>	<b>34.3%</b>	<b>12.6%</b>	<b>-0.6%</b>	<b>-13.8%</b>

Note: Includes all governmental fund types

Source: City financial records and reports

**CITY OF PEORIA, ARIZONA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS**

**Table XI**

	<b>Year Taxes Are Payable</b>									
	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
City Direct Rates:										
Retail Sales	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%
Contracting	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%
Rental	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%
Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.30%	3.30%	3.30%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%
Restaurant/Bar	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%
Amusement	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%
Others	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%
County Rate										
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
State Rate										
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
All Others	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%

Source: Model City Tax Code, ADOR 91-5312

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

**Table XII**

Category	2009				2005			
	<u># of Payers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid</u>	<u>Percentage of Total City Sales Tax Revenue</u>	<u># of Payers</u>	<u>Percentage of Total Payers</u>	<u>Sales Tax Paid</u>	<u>Percentage of Total City Sales Tax Revenue</u>
Retail Sales	3,343	23.21%	\$ 26,694,348	45.2%	2,365	23.4%	\$ 21,861,810	48.0%
Contracting	4,280	29.72%	7,014,131	11.9%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	338	2.35%	7,026,265	11.9%	235	2.3%	5,052,224	11.1%
Rental	4,977	34.56%	7,107,109	12.0%	2,867	28.3%	4,297,474	9.4%
Utilities	15	0.10%	6,836,000	11.6%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	131	0.91%	1,437,589	2.4%	126	1.2%	920,471	2.0%
Use	1,175	8.16%	599,537	1.0%	857	8.5%	570,265	1.3%
Amusement	62	0.43%	727,023	1.2%	45	0.4%	549,702	1.2%
Others	82	0.57%	1,562,814	2.6%	402	4.0%	1,835,393	4.0%
<b>Total</b>	<u>14,403</u>	<u>100.00%</u>	<u>\$ 59,004,816</u>	<u>100.00%</u>	<u>10,122</u>	<u>100.00%</u>	<u>\$ 45,535,559</u>	<u>100.00%</u>

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

Source: City Sales Tax system  
City financial records

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

Table XIII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential (Owner occupied)	\$ 267,224,220	\$ 316,200,286	\$ 371,374,428	\$ 403,937,371	\$ 464,911,130	\$ 497,294,057	\$ 582,512,691	\$ 626,591,494	\$ 1,041,693,334	\$ 1,219,595,280
Residential (Renter occupied)	26,956,291	32,258,579	35,543,344	37,003,847	42,487,659	51,436,849	64,003,067	75,761,506	116,115,688	146,413,989
Commercial, Industrial, Mines & Utilities	106,059,247	128,361,247	151,050,647	170,508,040	190,086,111	218,209,727	242,554,778	293,807,014	334,323,557	419,192,584
Agriculture & Vacant	40,917,076	43,750,084	48,748,154	50,351,826	51,802,238	58,949,534	73,674,495	117,630,028	148,077,787	207,476,727
Railroad	1,008,673	1,073,870	1,094,881	955,802	951,301	1,712,708	1,724,400	1,830,109	1,918,660	1,837,324
Historic & Environmental	163,835	58,510	25,215	28,555	190,782	30,780	-	-	58,450	76,020
Public Property Improvements	1,475	1,430	-	-	-	-	-	-	-	-
Net Assessed Value	<u>\$ 442,330,817</u>	<u>\$ 521,704,006</u>	<u>\$ 607,836,669</u>	<u>\$ 662,785,441</u>	<u>\$ 750,429,221</u>	<u>\$ 827,633,655</u>	<u>\$ 964,469,431</u>	<u>\$ 1,115,620,151</u>	<u>\$ 1,642,187,476</u>	<u>\$ 1,994,591,924</u>
% Growth	15.0%	17.9%	16.5%	9.0%	13.2%	10.3%	16.5%	15.7%	47.2%	21.5%
Net Assessed Value Per Capita	\$ 4,082	\$ 4,520	\$ 4,956	\$ 5,226	\$ 5,651	\$ 6,039	\$ 7,262	\$ 7,264	\$ 10,379	\$ 12,524
Population	108,364	115,432	122,655	126,815	132,805	137,045	132,805	153,592	158,227	159,263
Total Direct Secondary Tax Rate	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.25	1.25
Full Cash Value	3,910,651,859	4,502,876,658	5,405,768,822	5,868,802,159	6,743,773,145	7,525,637,782	8,736,985,007	9,999,273,539	15,118,988,316	18,279,838,277
% Growth	16.2%	15.1%	20.1%	8.6%	14.9%	11.6%	16.1%	14.4%	51.2%	20.9%
Full Cash Value Per Capita	\$ 36,088	\$ 39,009	\$ 44,073	\$ 46,278	\$ 50,780	\$ 54,914	\$ 65,788	\$ 65,103	\$ 95,553	\$ 114,778
Net Assessed Value as a Percentage of Full Cash Value	11.3%	11.6%	11.2%	11.3%	11.1%	11.0%	11.0%	11.2%	10.9%	10.9%

Note: In 1968, a statewide re-appraisal program was completed in which property's value was assessed by usage classification on varying percentages of actual cash value. These percentages for the last ten years are as follows:

Fiscal Year	Property Classifications					
	<u>Mines (b)</u>	<u>Utilities</u>	<u>Railroads, Private Car, and Airline Flight Property</u>	<u>Commercial and Industrial</u>	<u>Residential</u>	<u>Agriculture and Vacant Land</u>
2000	-	-	21%	25.0%	10%	16%
2001	-	-	21%	25.0%	10%	16%
2002	-	-	21%	25.0%	10%	16%
2003	-	-	21%	25.0%	10%	16%
2004	-	-	20%	25.0%	10%	16%
2005	-	-	21%	25.0%	10%	16%
2006	-	-	21%	25.0%	10%	16%
2007	-	-	22%	24.5%	10%	16%
2008	-	-	20%	23.0%	10%	16%
2009	-	-	18%	22.0%	10%	16%

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

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

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

Table XIV

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Direct City										
Primary	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.28	\$ 0.24	\$ 0.19
Secondary	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.25	1.25
School District (1)										
Primary	4.75	4.87	4.32	4.41	4.56	4.46	4.13	4.29	3.82	3.77
Secondary	4.95	4.63	4.40	4.28	4.04	3.90	3.80	3.31	2.72	1.90
County (2)										
Primary	2.68	2.64	2.64	2.66	2.59	2.59	2.59	2.06	1.92	1.78
Secondary	0.74	0.70	0.65	0.62	0.51	0.51	0.51	0.68	0.59	0.59
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	7.75	7.83	7.25	7.36	7.44	7.34	4.42	6.63	5.98	5.74
Secondary	6.99	6.63	6.35	6.20	5.85	5.71	6.56	5.19	4.56	3.74

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

	Deer Valley
Primary	\$ 3.33
Secondary	1.59

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

	Primary	Secondary
Maricopa County	\$ 1.00	\$ -
Education Equalization	-	-
Community College District	0.78	0.16
West Maricopa Education Center	-	0.05
County Flood Control District	-	0.14
Fire District Assistance	-	0.01
County Free Library	-	0.04
Central AZ Water Conservation	-	0.10
Special Health Care	-	0.09
	<u>\$ 1.78</u>	<u>\$ 0.59</u>

Note: All rates rounded to two decimal places from the four shown by the County  
Source: Maricopa County Assessor - Tax Rates and Levies publication

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

Table XV

	Tax Levies									
	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Direct City										
Primary	\$ 1,367,471	\$ 1,585,084	\$ 1,675,077	\$ 1,836,000	\$ 2,077,622	\$ 2,295,435	\$ 2,640,883	\$ 3,012,725	\$ 3,002,150	\$ 2,849,397
Secondary	5,761,359	6,729,710	7,901,877	8,616,211	9,755,580	10,759,238	12,538,103	13,387,442	20,527,343	24,932,399
School District (1)										
Primary	31,023,072	35,993,776	36,367,657	39,965,149	45,718,267	48,345,544	50,475,795	58,945,121	61,400,326	71,071,459
Secondary	33,823,043	36,136,167	38,874,484	40,456,138	42,454,023	44,291,944	49,294,120	48,531,032	56,465,081	47,095,296
County (2)										
Primary	469,465,347	512,232,252	563,545,711	611,337,637	726,446,055	726,446,055	398,725,245	696,740,167	751,042,721	811,397,481
Secondary	129,292,449	137,665,480	141,844,666	144,920,909	145,100,016	145,100,016	167,896,576	240,972,424	272,271,935	312,172,569
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	501,855,890	549,811,112	601,588,445	653,138,786	774,241,944	777,087,034	451,841,923	758,698,013	815,445,197	885,318,337
Secondary	168,876,851	180,531,357	188,621,027	193,993,258	197,309,619	200,151,198	229,728,799	302,890,898	349,264,359	384,200,264

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

Deer Valley	
Primary	\$ 95,094,998
Secondary	59,160,510

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

	Primary	Secondary
Maricopa County	\$ 463,492,311	\$ -
Education Equalization	-	-
Community College District	347,905,170	95,293,956
West Maricopa Education Center	-	10,278,868
County Flood Control District	-	74,674,333
Fire District Assistance	-	3,105,495
County Free Library	-	20,581,183
Central AZ Water Conservation	-	58,315,605
Special Health Care	-	49,923,129
	<u>\$ 811,397,481</u>	<u>\$ 312,172,569</u>

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

Source: Maricopa County Assessor - Tax Rates and Levies publication

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

Table XVI

Taxpayer	2009			2000		
	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value
Arizona Public Service	\$ 20,300,229	1	1.02%	\$ 11,301,826	1	2.56%
Arizona State Land Department	\$ 19,562,225	2	0.98%			
Vistancia LLC	13,745,350	3	0.69%	-		
Vestar Arizona XLVIII LLC	12,245,102	4	0.61%	-		
Parke West LLC	10,462,263	5	0.52%	-		
Sprint Nextel Wireless LP	8,918,055	6	0.45%	-		
Qwest Corporation	8,086,064	7	0.41%	7,724,387	2	1.75%
Ddra Arrowhead Crossing LLC	7,828,875	8	0.39%	2,694,439	6	0.61%
Plaza Iii Limited Partnership	6,881,353	9	0.35%	1,842,599	11	0.42%
Bcc Development Inc	6,130,813	10	0.31%	-		
Lake Pleasant Pavilion LLC	5,732,708	11	0.29%	-		
Target Corporation	5,675,099	12	0.28%	-		
Happy Valley 160 LLC	5,298,185	13	0.27%	-		
Inland Western Glendale LLC	5,151,706	14	0.26%	-		
Southwest Gas Corporation	4,959,398	15	0.25%	2,128,307	8	0.48%
Developers Diversified Realty Corp	-			4,964,621	3	1.12%
Midcor Associates	-			3,272,545	4	0.74%
Freedom Plaza Limited Partner	-			2,893,389	5	0.65%
Schonfeld, Robert	-			2,144,720	7	0.48%
Diamante Crossroads Plaza	-			1,891,082	9	0.43%
Dayton Hudson Corp	-			1,867,038	10	0.42%
Sun Health Corporation	-			1,795,397	12	0.41%
<b>Total</b>	<b>\$ 140,977,425</b>		<b>7.07%</b>	<b>\$ 33,218,524</b>		<b>8.63%</b>

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For Fiscal year 2009, the assessed value of Salt River Project property within the City of Peoria is \$21,455,967.

Source - Maricopa County Treasurer's Office

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

Table XVII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Current Levy	\$ 7,128,830	\$ 8,314,794	\$ 9,576,954	\$ 10,452,211	\$ 11,833,202	\$ 13,054,673	\$ 15,178,986	\$ 16,400,167	\$ 23,529,493	\$ 27,781,796
Current Tax Collections	7,045,289	8,120,403	9,234,358	10,209,517	11,624,426	12,817,287	14,827,945	15,926,805	22,822,879	26,269,411
Percent of Levy Collected	98.8%	97.7%	96.4%	97.7%	98.2%	98.2%	97.7%	97.1%	97.0%	94.6%
Delinquent Tax Collections	22,418	149,690	117,765	325,376	251,331	143,034	91,070	52,195	55,670	71,715
Total Tax Collections	\$ 7,067,707	\$ 8,270,093	\$ 9,352,123	\$ 10,534,893	\$ 11,875,757	\$ 12,960,321	\$ 14,919,015	\$ 15,979,000	\$ 22,878,549	\$ 26,341,126
Total Collection as Percent of Current Levy	99.1%	99.5%	97.7%	100.8%	100.4%	99.3%	98.3%	97.4%	97.2%	94.8%

Notes: Prior to Fiscal Year 2001, secondary Tax Collections were not broken out between Current and Delinquent collections. All secondary taxes collected were reported as current collections. Collections include secured levies. Delinquent tax collections are shown in the year collected.

Source: Maricopa County Treasurer  
City financial records and reports

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

Table XVIII

**Utility Rate Increases & Average Bill**

**Last Ten Fiscal Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Water										
Average bill	\$ 33.59	\$ 34.58	\$ 37.77	\$ 39.61	\$ 39.06	\$ 35.53	\$ 34.59	\$ 34.85	\$ 35.59	\$ 36.73
% Increase	25.29%	2.95%	9.22%	4.87%	-1.39%	-9.04%	-2.65%	0.75%	2.12%	3.20%
Wastewater										
Average bill	17.49	18.10	17.32	18.73	18.53	19.47	18.74	21.52	21.24	21.36
% Increase	2.04%	3.49%	-4.31%	8.14%	-1.07%	5.07%	-3.75%	14.83%	-1.30%	0.56%
Residential Solid Waste										
Average bill	12.49	12.49	12.49	12.49	12.49	13.32	14.58	14.91	14.85	15.18
% Increase	1.54%	no change	no change	no change	no change	6.65%	9.46%	2.26%	-0.40%	2.22%

**Utility Service Connections**

**Last Ten Fiscal Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Water										
#	31,810	34,900	36,221	37,664	38,818	42,673	44,221	45,630	46,146	46,902
% Increase	2.55%	9.71%	3.79%	3.98%	3.06%	9.93%	3.63%	3.19%	1.13%	1.64%
Wastewater										
#	34,190	37,321	38,130	39,806	40,984	43,824	45,933	47,831	48,759	49,923
% Increase	12.94%	9.16%	2.17%	4.40%	2.96%	6.93%	4.81%	4.13%	1.94%	2.39%
Residential Solid Waste										
#	32,615	35,320	36,978	38,546	39,747	42,467	44,198	46,309	47,146	48,006
% Increase	10.50%	8.29%	4.69%	4.24%	3.12%	6.84%	4.08%	4.78%	1.81%	1.82%

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2009**

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

Source: City customer service and billing records

(continued)

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

Table XVIII

<b>Volume Charges for Water Services</b>			
<b>Usage Per Month</b>			
<b>As of June 30, 2009</b>			
<b>Volume Consumption (gallons)</b>	<b>Residential (per 1,000 gallons)</b>	<b>Multiplex (per 1,000 gallons)</b>	<b>Commercial (per 1,000 gallons)</b>
	Base Charge	Base Charge	Base Charge
First 1,000			
1,001 - 5,000	\$ 1.49	\$ 1.49	\$ 1.49
5,001 - 10,000	2.69	2.17	2.17
10,001 - 25,000	3.24	2.63	2.63
25,001 - 50,000 (a)	3.85	3.15	3.15
50,001+	3.85	3.15	3.20

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

<b>Water Meter Permit Charges</b>	
<b>As of June 30, 2009</b>	
<b>Meter Size</b>	<b>Charge</b>
3/4"	\$ 283
1 1/2"	448
2"	567-970
3"	1,629 - 2,474
4"	2,243 - 3,205
6"	3,814 - 5,135
Hydrant meter	1,280
Commercial accounts	By meter size

<b>Charges for Wastewater Services</b>		<b>Charges for Storm Water</b>	
<b>As of June 30, 2009</b>		<b>As of June 30, 2009</b>	
<b>Monthly</b>	<b>All Customers</b>	<b>Monthly</b>	<b>All Customers</b>
Base (a)	\$ 3.11	Base charge	\$ 1.00
Volume (b)	2.35		

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

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

Source: City customer service and billing records

(continued)

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

Table XVIII

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Miscellaneous data on water utility</b>									
Annual consumption (000's gal)	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450
Average gallons/household/month	15,829	15,801	15,712	14,904	15,056	16,213	16,320	14,751	14,606
Average gallons/household/year	189,944	189,608	180,544	178,850	180,679	194,552	195,840	177,016	175,270
Average daily demand (MGD)	16.78	19.32	18.19	20.43	20.10	23.21	24.46	23.63	23.93
Peak demand (MGD)	28.17	30.25	28.82	30.00	32.00	32.00	34.40	33.39	34.84
Number of active wells in system	23	24	25	28	27	27	29	31	31
Available storage capacity (million gallon)	16.1	16.1	22.2	37.3	40.0	40.0	40.0	41.8	42.0
<b>Miscellaneous data on wastewater utility</b>									
Treatment plant capacity:									
Beardsley treatment plant (million gallon/day)	2.00	2.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Jomax treatment plant (million gallon/day)	0.00	0.00	0.00	0.00	0.75	0.75	0.75	2.25	2.25
Tolleson regional plant (million gallon/day)	9.40	9.40	9.40	9.40	9.40	9.40	9.40	9.40	N/A
Butler treatment plant (million gallon/day)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00
Annual wastewater treated:									
Beardsley treatment plant (billion gallon)	0.4	0.485	0.531	0.606	0.674	0.763	0.851	0.870	1.007
Jomax treatment plant (billion gallon)	-	-	-	-	0.0065	0.057	0.091	0.119	0.134
Tolleson regional plant (billion gallon)	2.580	2.200	2.180	2.620	2.731	2.731	2.727	2.600	0.009
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	0.036	2.732
Average daily flow:									
Beardsley treatment plant (million gallon/day)	1.16	1.45	1.46	1.67	1.85	2.09	2.33	2.40	2.75
Jomax treatment plant (million gallon/day)	-	-	-	-	0.02	0.16	0.25	0.33	0.37
Tolleson regional plant (million gallon/day)	7.07	6.54	7.12	7.19	7.48	7.88	7.47	7.12	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	2.57	7.48
Peak flow:									
Beardsley treatment plant (million gallon/day)	1.27	1.58	1.87	3.20	2.30	2.50	3.00	3.50	3.30
Jomax treatment plant (million gallon/day)	-	-	-	-	0.278	0.278	0.33	0.26	0.53
Tolleson regional plant (million gallon/day)	7.60	7.60	8.11	11.80	10.88	10.88	8.92	10.99	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	7.50	10.16
<b>Miscellaneous data on solid waste service</b>									
Residential tonnage processed	52,188	55,081	60,516	64,358	65,950	69,191	71,396	61,290	48,970
Commercial tonnage processed	19,958	22,917	19,642	19,157	18,436	22,943	25,260	20,519	22,856
Recycling tonnage processed	357	498	600	1,133	1,523	1,690	1,927	11,549	16,084
	72,503	78,496	80,758	84,648	85,909	93,824	98,583	93,358	87,910

Source: City records

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

Butler treatment plant operational mid-June 2008

The City stopped using the Tolleson Regional Treatment Plant after opening the City's Butler Plant

(continued)

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

Table XVIII

Entity	Type of User	2009			2003		
		Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage	Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage
Desert Harbor	Homeowner's Association	7,162	1	0.99%	7,236	1	1.31%
City of Peoria Padre's Pump Station	Sports Complex	5,959	2	0.82%	3,438	3	0.62%
Trilogy at Vistancia	Commercial Landscape	3,070	3	0.42%	-		
Sun Garden Park II H/O Assn.	Homeowner's Association	2,168	4	0.30%	1,675	6	0.30%
Freedom Plaza LTD Partnership	Health Care Facility	1,884	5	0.26%	2,108	5	0.38%
Centennial High School	Public School	1,529	6	0.21%	-		
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	1,398	7	0.19%	-		
Casa Del Sol East	Multi-Family Residential	1,362	8	0.19%	-		
5 Star Quality Care - Desert Harbor	Health Care Facility	1,343	9	0.19%	-		
Polynesian Village	Homeowner's Association	1,303	10	0.18%	1,624	7	0.29%
Desert Harbor sprinklers	Homeowner's Association	-		0.00%	1,245	8	0.22%
Greenway Water Treatment Plant	Water Treatment Plant	-		0.00%	4,114	2	0.74%
Arizona American Water Co.	Water Utility	-		0.00%	2,413	4	0.44%
Sun Garden Mobilie Home Park	Homeowner's Association	-		0.00%	1,565	9	0.28%
MHC Operating Ltd. Partnership	Homeowner's Association	-		0.00%	1,330	10	0.24%

Note: Water usage information unavailable prior to FY03

Source: City customer service and billing records

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

Table XIX

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities										
General Obligation Bonds	\$ 50,598,318	\$ 47,669,600	\$ 44,484,200	\$ 68,629,389	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000	\$ 183,060,000
Municipal Development Authority Bonds	29,721,834	27,900,997	25,773,797	23,640,141	22,255,141	20,199,999	24,628,578	21,653,530	65,795,653	60,985,393
Highway User Revenue Bonds	5,470,000	5,205,000	4,925,000	4,625,000	4,305,000	4,075,000	3,830,000	3,570,000	3,295,000	3,005,000
Special Assessment Bonds	18,095,000	15,814,000	17,333,692	15,444,341	12,938,689	11,431,553	9,822,570	13,292,064	12,027,427	10,402,812
Community Facilities District Bonds	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000	63,060,000
Business-type Activities										
Water and Sewer Revenue Bonds	24,370,000	40,255,000	33,470,000	30,740,000	27,350,000	25,395,000	23,275,000	21,050,000	19,555,000	18,000,000
WIFA Bonds	22,914,426	42,022,210	55,448,302	55,084,081	52,606,867	50,042,301	47,387,253	88,021,820	127,917,495	117,346,302
Municipal Development Authority Bonds	4,223,166	4,064,004	3,871,204	2,759,859	2,759,859	2,505,001	2,226,422	1,906,470	1,579,347	1,229,607
Municipal Sports Complex Bonds	21,480,000	20,525,000	1,135,000	-	-	-	-	-	-	-
Long-Term Loan Payable	-	-	-	-	-	-	-	-	1,235,000	1,064,632
<b>Total Primary Government</b>	<b><u>\$ 176,872,744</u></b>	<b><u>\$ 203,455,811</u></b>	<b><u>\$ 186,441,195</u></b>	<b><u>\$ 222,172,811</u></b>	<b><u>\$ 208,445,556</u></b>	<b><u>\$ 213,828,854</u></b>	<b><u>\$ 206,449,823</u></b>	<b><u>\$ 358,413,884</u></b>	<b><u>\$ 422,209,922</u></b>	<b><u>\$ 458,153,746</u></b>
Total debt per capita	\$ 1,632.21	\$ 1,762.56	\$ 1,520.05	\$ 1,751.94	\$ 1,569.56	\$ 1,560.28	\$ 1,422.57	\$ 2,333.55	\$ 2,714.13	\$ 2,876.71
Total Debt as a % of Personal Income	5.8%	6.1%	5.3%	6.0%	5.1%	4.8%	4.2%	6.7%	7.8%	8.3%

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

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

Table XX

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bonded Debt (1)	\$ 50,598,318	\$ 47,669,600	\$ 44,484,200	\$ 68,629,389	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000	\$ 183,060,000
Less:										
Debt Service Reserves	8,076,539	9,749,163	12,167,776	15,323,333	18,843,020	17,598,666	24,205,524	34,727,031	36,464,380	44,978,714
Net Bonded Debt	<u>\$ 42,521,779</u>	<u>\$ 37,920,437</u>	<u>\$ 32,316,424</u>	<u>\$ 53,306,056</u>	<u>\$ 46,136,980</u>	<u>\$ 37,781,334</u>	<u>\$ 26,999,476</u>	<u>\$ 108,107,969</u>	<u>\$ 89,730,620</u>	<u>\$ 138,081,286</u>
Percentage of Net Bonded Debt to Full Cash Value	1.1%	0.8%	0.6%	0.9%	0.7%	0.5%	0.3%	1.1%	0.6%	0.8%
Net Bonded Debt Per Capita	\$392	\$329	\$263	\$420	\$347	\$276	\$186	\$704	\$577	\$867
Net Bonded Debt as a % of Personal Income	1.38%	1.15%	0.91%	1.43%	1.12%	0.85%	0.54%	2.01%	1.66%	2.50%

(1) Represents face value of general obligation debt outstanding

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

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

**CITY OF PEORIA, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - CURRENT FISCAL YEAR**  
**AS OF JUNE 30, 2009**

Table XXI

<b>Governmental Unit</b>	<b>Secondary Assessed Valuation</b>	<b>General Obligation Debt Outstanding</b>	<b>Percentage Applicable to City of Peoria</b>	<b>Amount Applicable to City of Peoria</b>	<b>Secondary Tax Rate per \$100 Assessed</b>
Overlapping:					
State of Arizona	\$ 86,183,351,753	\$ -	2.31%	\$ -	\$ -
Maricopa County	58,303,635,287	-	3.41%	-	-
Community College District	58,303,635,287	507,390,000	3.41%	17,301,999	0.16
County Flood Control District	54,626,432,391	-	3.41%	-	0.14
County Free Library	58,303,635,287	-	3.41%	-	0.04
Fire District Assistance	58,315,604,917	-	3.41%	-	0.01
County Special Health Care	58,303,635,287	-	3.41%	-	0.09
Central AZ Water Conservation	58,315,604,917	-	3.41%	-	0.10
West MEC Vocational District	20,557,736,111	-	0.58%	-	0.05
Sub-total - City-wide overlapping				<u>17,301,999</u>	
Total City-wide debt levies (1)				200,361,999	
Unified School Districts:					
Peoria No. 11	2,483,449,966	261,755,000	80.32%	210,241,616	1.90
Deer Valley No. 97	3,713,048,948	187,630,000	11.49%	<u>21,558,687</u>	1.59
				231,800,303	
Vistancia Community Facilities District	144,250,779	63,060,000	100.00%	<u>63,060,000</u>	2.10
Total overlapping				<u>312,162,302</u>	
Direct:					
City of Peoria	\$ 1,994,591,924	\$ 183,060,000	100.00%	<u>183,060,000</u>	\$ 1.25
Total direct and overlapping general obligation bonded debt				<u>\$ 495,222,302</u>	

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

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

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

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

Table XXII

Governmental Unit	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	2,367,867	1,969,797	1,542,433	1,542,433	550,505	-	-	-	-	-
Community College District	6,707,930	7,982,014	8,102,375	8,102,375	71,257	11,690,706	11,594,345	10,710,280	18,505,348	17,301,999
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	9,075,797	9,951,811	9,644,808	9,644,808	621,762	11,690,706	11,594,345	10,710,280	18,505,348	17,301,999
Total City-wide levies (1)	59,674,115	57,621,411	54,129,008	78,364,808	65,601,762	67,070,706	62,799,345	153,545,280	144,700,348	200,361,999
Unified School Districts:										
Peoria No. 11	114,077,401	114,711,003	118,240,368	138,618,928	142,493,656	134,340,540	196,625,176	205,291,709	224,219,333	210,241,616
Deer Valley No. 97	1,664,226	2,186,348	3,586,515	3,918,198	3,571,920	4,063,815	20,573,318	24,204,834	15,471,750	21,558,687
	115,741,627	116,897,351	121,826,883	142,537,126	146,065,576	138,404,355	217,198,494	229,496,543	239,691,083	231,800,303
Vistancia Community Facilities District	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000	63,060,000
Total overlapping	124,817,424	126,849,162	131,471,691	173,431,934	167,937,338	194,895,061	272,867,839	306,291,823	322,806,431	312,162,302
Direct:										
City of Peoria	50,598,318	47,669,600	44,484,200	68,720,000	64,980,000	55,380,000	51,205,000	142,835,000	126,195,000	183,060,000
Total direct and overlapping general obligation bonded debt	\$ 175,415,742	\$ 174,518,762	\$ 175,955,891	\$ 242,151,934	\$ 232,917,338	\$ 250,275,061	\$ 324,072,839	\$ 449,126,823	\$ 449,001,431	\$ 495,222,302

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

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

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

Table XXIII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Secondary Assessed Value	\$ 442,330,817	\$ 521,704,006	\$ 607,836,669	\$ 662,785,441	\$ 750,429,221	\$ 827,633,655	\$ 964,469,431	\$ 1,115,620,151	\$ 1,642,187,476	\$ 1,994,591,924
<b><u>6% Limitation</u></b>										
Debt limit	\$ 26,539,849	\$ 31,000,582	\$ 36,470,200	\$ 39,767,126	\$ 45,025,753	\$ 49,658,019	\$ 57,868,166	\$ 66,937,209	\$ 98,531,249	\$ 119,675,515
Total net debt applicable to limit	<u>18,968,426</u>	<u>17,084,708</u>	<u>15,004,200</u>	<u>27,999,389</u>	<u>25,500,000</u>	<u>16,400,000</u>	<u>13,350,000</u>	<u>28,470,000</u>	<u>13,310,000</u>	<u>6,745,000</u>
Legal 6% Debt Margin	<u>\$ 7,571,423</u>	<u>\$ 13,915,874</u>	<u>\$ 21,466,000</u>	<u>\$ 11,767,737</u>	<u>\$ 19,525,753</u>	<u>\$ 33,258,019</u>	<u>\$ 44,518,166</u>	<u>\$ 38,467,209</u>	<u>\$ 85,221,249</u>	<u>\$ 112,930,515</u>
Total net debt applicable to the limit as a percentage of debt limit	71.5%	55.1%	41.1%	70.4%	56.6%	33.0%	23.1%	42.5%	13.5%	5.6%
<b><u>20% Limitation</u></b>										
Debt limit	\$ 88,466,163	\$ 103,335,273	\$ 121,567,334	\$ 132,557,088	\$ 150,085,844	\$ 165,526,731	\$ 192,893,886	\$ 223,124,030	\$ 328,437,495	\$ 398,918,385
Total net debt applicable to limit	<u>31,629,892</u>	<u>30,584,892</u>	<u>29,480,000</u>	<u>40,630,000</u>	<u>39,480,000</u>	<u>38,980,000</u>	<u>37,855,000</u>	<u>114,365,000</u>	<u>112,885,000</u>	<u>176,315,000</u>
Legal 20% Debt Margin	<u>\$ 56,836,271</u>	<u>\$ 72,750,381</u>	<u>\$ 92,087,334</u>	<u>\$ 91,927,088</u>	<u>\$ 110,605,844</u>	<u>\$ 126,546,731</u>	<u>\$ 155,038,886</u>	<u>\$ 108,759,030</u>	<u>\$ 215,552,495</u>	<u>\$ 222,603,385</u>
Total net debt applicable to the limit as a percentage of debt limit	35.8%	29.6%	24.2%	30.7%	26.3%	23.5%	19.6%	51.3%	34.4%	44.2%

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

Source: Maricopa County Assessor  
Exhibit 3 to the Financial Statements

**CITY OF PEORIA, ARIZONA  
 PLEDGED REVENUE COVERAGE - MUNICIPAL DEVELOPMENT AUTHORITY BONDS  
 GOVERNMENTAL PORTION  
 LAST TEN FISCAL YEARS**

Table XXIV

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>MDA Debt other than Transportation</b>										
Pledged Revenues (1)	\$ 58,578,166	\$ 67,198,257	\$ 69,544,724	\$ 71,409,403	\$ 77,041,031	\$ 89,807,396	\$ 108,336,399	\$ 117,980,567	\$ 122,039,417	\$ 105,935,592
Debt Service Requirements										
Principal (2)	1,668,375	1,820,838	2,127,200	2,453,938	1,385,000	2,055,142	2,246,421	2,975,048	2,857,877	3,050,260
Interest (2)	1,619,574	1,520,345	1,408,653	1,864,812	611,534	1,017,518	930,530	1,040,265	945,176	799,723
Total Annual Requirements (2)	<u>3,287,949</u>	<u>3,341,183</u>	<u>3,535,853</u>	<u>4,318,750</u>	<u>1,996,534</u>	<u>3,072,660</u>	<u>3,176,951</u>	<u>4,015,313</u>	<u>3,803,053</u>	<u>3,849,983</u>
Estimated Coverage	17.82	20.11	19.67	16.53	38.59	29.23	34.10	29.38	32.09	27.52
<b>Transportation MDA Debt (3)</b>										
Net Pledged Revenues from above (4)										102,085,609
Additional Pledged Revenues (5)										9,356,675
Total										<u>111,442,284</u>
Debt Service Requirements										
Principal										1,760,000
Interest										1,659,171
Total Annual Requirements										<u>3,419,171</u>
Estimated Coverage										32.59

Note: (1) Pledged revenues on the Municipal Development Authority (MDA) Bonds are the "Excise Taxes" and "State Shared Revenues." Excise Taxes are defined to include the transaction privilege and use taxes, business license and permit and franchise fees, user fees and charges and fines and forfeitures which the City imposes. However, the transaction privilege tax increase of 0.3% approved by voters in September 2005 is not part of pledged revenue for this debt. State Shared Revenues are defined as any excise tax, transaction privilege and use taxes and income taxes imposed by the State of Arizona and allocated or apportioned to the City, except the City's share of any such taxes which by State law, rule or regulation must be expended for other purposes.

(2) Debt service requirements reflect the governmental portion of outstanding MDA issues. Sunnyboy Water and Wastewater and Sports Complex allocations of MDA issues are excluded. Those portions are serviced by the Water Utility, Wastewater Utility and Sports Complex funds.

(3) The Transportation MDA Bonds of 2008 are backed by a primary lien on the .03% transaction privilege tax approved by voters in 2005 and a secondary pledge of the "Excise Taxes" discussed in #1 above.

(4) Pledged revenues on the non-transportation MDA Bonds, less the debt requirements for the non-transportation MDA Bonds.

(5) Revenues of the Transportation Sales Tax Fund, primarily consisting of the 0.3% transaction privilege tax discussed above.

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

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

Table XXV

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Revenue (1)	\$ 30,648,093	\$ 35,656,995	\$ 36,573,208	\$ 37,049,975	\$ 39,176,675	\$ 39,037,367	\$ 44,982,822	\$ 53,290,996	\$ 49,812,486	\$ 46,956,831
Operating and Maintenance Expenses (2)	<u>15,355,373</u>	<u>15,245,886</u>	<u>20,628,253</u>	<u>22,922,451</u>	<u>22,617,415</u>	<u>26,151,794</u>	<u>27,318,074</u>	<u>30,532,640</u>	<u>34,287,751</u>	<u>33,751,517</u>
Net Revenue Available for Debt Service	<u>\$ 15,292,720</u>	<u>\$ 20,411,109</u>	<u>\$ 15,944,955</u>	<u>\$ 14,127,524</u>	<u>\$ 16,559,260</u>	<u>\$ 12,885,573</u>	<u>\$ 17,664,748</u>	<u>\$ 22,758,356</u>	<u>\$ 15,524,735</u>	<u>\$ 13,205,314</u>
Development Fee Revenue	<u>8,514,604</u>	<u>6,039,274</u>	<u>8,832,863</u>	<u>12,687,621</u>	<u>11,971,019</u>	<u>13,864,643</u>	<u>12,887,675</u>	<u>8,826,809</u>	<u>5,821,318</u>	<u>1,841,126</u>
Total Net Revenue	<u>\$ 23,807,324</u>	<u>\$ 26,450,383</u>	<u>\$ 24,777,818</u>	<u>\$ 26,815,145</u>	<u>\$ 28,530,279</u>	<u>\$ 26,750,216</u>	<u>\$ 30,552,423</u>	<u>\$ 31,585,165</u>	<u>\$ 21,346,053</u>	<u>\$ 15,046,440</u>
Debt Service Requirements										
Principal (3)	2,366,910	1,975,976	3,797,131	7,215,071	5,867,214	4,680,263	4,950,702	5,175,515	4,547,129	4,721,964
Interest (4)	<u>2,504,469</u>	<u>3,147,993</u>	<u>3,310,090</u>	<u>3,516,929</u>	<u>3,422,812</u>	<u>3,246,056</u>	<u>3,054,982</u>	<u>2,718,837</u>	<u>3,376,974</u>	<u>4,895,459</u>
Total Debt Service Requirements	<u>\$ 4,871,379</u>	<u>\$ 5,123,969</u>	<u>\$ 7,107,221</u>	<u>\$ 10,732,000</u>	<u>\$ 9,290,026</u>	<u>\$ 7,926,319</u>	<u>\$ 8,005,684</u>	<u>\$ 7,894,352</u>	<u>\$ 7,924,103</u>	<u>\$ 9,617,423</u>
Ratio of Total Net Revenue/ Total Bond Expense	4.89	5.16	3.49	2.50	3.07	3.37	3.82	4.00	2.69	1.56
Ratio of Net Available/ Total Bond Expense (5)	3.14	3.98	2.24	1.32	1.78	1.63	2.21	2.88	1.96	1.37

- (1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.
- (2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds less depreciation and amortization. For FY09 also excludes a one-time insurance claim (\$7,930,000) and a one-time charge from Central Arizona Project for back billed water capital recovery charges (\$3,670,364).
- (3) Includes principal for Water and Sewer Revenue bonds, Water Infrastructure Finance Authority bonds, and the utility portion of the Municipal Development Authority bonds.
- (4) Bond interest payments only. Does not include amortization of loss on refunding, capitalized interest, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net assets.
- (5) Excludes Development Fee Revenue.

Source: Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds  
Repayment schedules for debt serviced by the Water and Sewer Utility Enterprise Funds

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

Table XXVI

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Pledged Revenues (1)	\$ 5,822,427	\$ 4,310,686	\$ 4,974,602	\$ 5,876,529	\$ 4,756,382	\$ 3,547,789	\$ 3,516,277	\$ 3,216,095	\$ 3,167,933	\$ 3,365,342
Debt Service Requirements										
Principal	520,000	740,000	1,243,308	1,889,351	2,505,652	1,507,136	1,608,983	1,480,506	1,264,637	1,624,615
Interest (2)	955,340	911,040	1,052,893	1,091,160	972,553	828,532	747,720	638,657	697,840	675,958
Total Annual Requirements	<u>\$ 1,475,340</u>	<u>\$ 1,651,040</u>	<u>\$ 2,296,201</u>	<u>\$ 2,980,511</u>	<u>\$ 3,478,205</u>	<u>\$ 2,335,668</u>	<u>\$ 2,356,703</u>	<u>\$ 2,119,163</u>	<u>\$ 1,962,477</u>	<u>\$ 2,300,573</u>
Estimated Coverage	3.95	2.61	2.17	1.97	1.37	1.52	1.49	1.52	1.61	1.46

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

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

Source: City financial records  
 Governmental Fund Financial Statements

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

Table XXVII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Current Assessments Due	\$ 2,106,995	\$ 1,954,952	\$ 2,069,030	\$ 2,301,354	\$ 2,088,695	\$ 2,065,519	\$ 1,987,461	\$ 1,965,107	\$ 1,749,724	\$ 2,196,027
Assessments Collected	2,098,476	1,932,607	2,061,842	2,291,817	2,069,962	2,057,821	1,983,885	1,961,724	1,749,246	2,193,992
Prepaid Assessments Collected	79,724	88,160	156,055	877,315	504,165	186,624	275,392	7,818	44,061	2,041
Total Assessments Collected (1)	<u>\$ 2,178,200</u>	<u>\$ 2,020,767</u>	<u>\$ 2,217,897</u>	<u>\$ 3,169,132</u>	<u>\$ 2,574,127</u>	<u>\$ 2,244,445</u>	<u>\$ 2,259,277</u>	<u>\$ 1,969,542</u>	<u>\$ 1,793,307</u>	<u>\$ 2,196,033</u>
Ratio of Current Collections to Amount Due	99.6%	98.9%	99.7%	99.6%	99.1%	99.6%	99.8%	99.8%	100.0%	99.9%
Outstanding Assessment Principal (2)	\$ 16,140,436	\$ 14,675,529	\$ 16,256,194	\$ 14,086,246	\$ 12,345,284	\$ 10,845,765	\$ 9,243,866	\$ 12,782,394	\$ 11,476,365	\$ 9,871,061

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

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

Source: City financial records and reports

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

Table XXVIII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Principal Payments	\$ 7,359,490	\$ 9,663,293	\$ 9,578,372	\$ 10,612,697	\$ 9,737,936	\$ 15,304,972	\$ 16,881,632	\$ 16,178,431	\$ 31,143,531	\$ 25,988,554
Interest and Other Charges	4,908,180	5,737,720	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704	11,917,582
Total	<u>\$ 12,267,670</u>	<u>\$ 15,401,013</u>	<u>\$ 14,930,840</u>	<u>\$ 17,531,211</u>	<u>\$ 16,037,562</u>	<u>\$ 22,351,548</u>	<u>\$ 23,628,704</u>	<u>\$ 24,277,923</u>	<u>\$ 41,484,235</u>	<u>\$ 37,906,136</u>
Total Governmental Expenditures	\$ 81,065,289	\$ 91,850,304	\$ 99,206,370	\$ 111,779,079	\$ 143,220,840	\$ 144,972,313	\$ 153,731,533	\$ 213,283,409	\$ 234,929,890	\$ 242,988,904
Ratio of Debt Service to Governmental Expenditures	15.13%	16.77%	15.05%	15.68%	11.20%	15.42%	15.37%	11.38%	17.66%	15.60%
Total Governmental Revenues	\$ 92,029,612	\$ 103,033,259	\$ 109,293,292	\$ 112,560,955	\$ 121,179,431	\$ 144,191,521	\$ 178,025,080	\$ 220,591,297	\$ 216,437,439	\$ 197,889,171
Ratio of Debt Service to Governmental Revenues	13.33%	14.95%	13.66%	15.57%	13.23%	15.50%	13.27%	11.01%	19.17%	19.16%

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

CITY OF PEORIA, ARIZONA  
BOND AUTHORIZATIONS - ISSUED AND UNISSUED  
AS OF JUNE 30, 2009

Table XXIX

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization	Authorization/Purpose	Authorization	Issued	Remaining Authorization
<b>1990 Authorization</b>					<b>Total authorizations by type:</b>			
Police, Fire & Public Service	\$ 4,145,000	\$ 4,025,500	\$ -	\$ 119,500	Police, Fire & Public Service	\$ 140,670,000	\$ 37,901,516	\$ 102,768,484
Streets & Traffic Control	17,935,000	17,461,940	-	473,060	Streets & traffic control	436,785,000	121,772,986	315,012,014
Subtotal	<u>22,080,000</u>	<u>21,487,440</u>	<u>-</u>	<u>592,560</u>	Parks, open space, library	116,180,000	32,571,105	83,608,895
					Water system	170,320,000	69,529,384	100,790,616
<b>1994 Authorization</b>					Waterwater system	88,150,000	34,134,798	54,015,202
Police, Fire & Public Service	5,975,000	1,506,590	-	4,468,410	Solid waste	1,000,000	-	1,000,000
Storm Sewer, Flood					Storm Sewer, Flood Protection &			
Protection & Bridges	15,375,000	15,364,256	-	10,744	Bridges	75,675,000	32,868,452	42,806,548
Streets & Traffic Control	23,700,000	23,485,561	-	214,439	Water, Wastewater & Drainage	202,480,000	78,110,054	124,369,946
Water System	14,820,000	13,404,454	-	1,415,546				
Wastewater System	4,100,000	238,181	-	3,861,819				
Solid Waste	1,000,000	-	-	1,000,000				
Park & Library	10,180,000	9,150,301	-	1,029,699				
Subtotal	<u>75,150,000</u>	<u>63,149,343</u>	<u>-</u>	<u>12,000,657</u>				
<b>1996 Authorization</b>								
Water System	56,500,000	56,124,930	-	375,070				
Wastewater System	19,050,000	2,167,224	-	16,882,776				
Subtotal	<u>75,550,000</u>	<u>58,292,154</u>	<u>-</u>	<u>17,257,846</u>				
<b>1996 WIFA Authorization</b>								
Water/Wastewater	42,480,000	14,330,000	-	28,150,000				
<b>2000 Authorization</b>								
Police, Fire & Public Service	18,550,000	16,020,393	-	2,529,607				
Storm Sewer & Flood								
Protection	22,300,000	17,214,740	289,456	4,795,804				
Streets, Bridges & Traffic								
Control	47,150,000	22,490,912	19,266,320	5,392,768				
Water System	99,000,000	-	-	99,000,000				
Wastewater System	65,000,000	23,154,145	8,575,248	33,270,607				
Parks & Open Space	30,000,000	16,239,443	-	13,760,557				
Subtotal	<u>282,000,000</u>	<u>95,119,633</u>	<u>28,131,024</u>	<u>158,749,343</u>				
<b>2005 Authorization</b>								
Public Safety & Municipal								
Operations	52,000,000	10,450,649	5,898,384	35,650,967				
Water Treatment, Water								
System, Wastewater &								
Drainage	160,000,000	53,407,061	10,372,993	96,219,946				
Streets, Bridges & Traffic								
Control	109,000,000	7,085,141	31,983,112	69,931,747				
Parks, Recreation & Library	35,000,000	6,551,626	629,735	27,818,639				
Subtotal	<u>356,000,000</u>	<u>77,494,477</u>	<u>48,884,224</u>	<u>229,621,299</u>				
<b>2008 Authorization</b>								
Transportation & Drainage	276,700,000	-	-	276,700,000				
Public Safety & Municipal								
Operations	60,300,000	-	-	60,300,000				
Parks, Recreation & Trails	41,000,000	-	-	41,000,000				
Subtotal	<u>378,000,000</u>	<u>-</u>	<u>-</u>	<u>378,000,000</u>				
<b>Grand Totals:</b>	<b>1,231,260,000</b>	<b>329,873,047</b>	<b>77,015,248</b>	<b>824,371,705</b>				

Source: City Financial Records

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

Table XXX

	<u>2000 *</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 *</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City Of Peoria										
Population	108,364	115,432	122,655	126,815	132,805	137,045	145,125	153,592	155,560	159,263
% growth	14.1%	6.5%	6.3%	3.4%	4.7%	3.2%	5.9%	5.8%	1.3%	2.4%
Unemployment Rate	2.3%	3.0%	3.8%	4.0%	3.2%	2.9%	2.2%	2.3%	2.4%	5.8%
Personal income (\$000's) **	3,073,095	3,310,936	3,537,861	3,717,962	4,102,612	4,442,177	4,965,452	5,377,256	5,394,043	5,522,445
Maricopa County										
Population	3,072,149	3,192,125	3,296,250	3,406,170	3,537,630	3,681,300	3,792,675	3,879,150	3,987,492	4,105,623
% growth	5.4%	3.9%	3.3%	3.3%	3.9%	4.1%	3.0%	2.3%	2.8%	3.0%
Unemployment Rate	3.3%	3.9%	5.1%	5.2%	3.9%	4.1%	3.8%	3.2%	4.2%	8.1%
Per Capita Income	28,984	29,250	29,423	29,912	31,523	33,178	35,046	36,135	N/A	N/A
State of Arizona										
Population	5,131,501	5,319,785	5,470,720	5,642,725	5,845,250	6,077,740	6,305,210	6,432,007	6,629,455	6,812,137
% growth	4.2%	3.7%	2.8%	3.1%	3.6%	4.0%	3.7%	2.0%	3.1%	2.8%
Unemployment Rate	4.0%	4.7%	6.0%	5.7%	5.0%	4.7%	4.4%	3.8%	5.0%	8.9%
Per Capita Income	25,656	26,197	26,472	26,975	28,564	30,019	31,936	33,029	32,953	N/A
United States of America										
Unemployment Rate	4.0%	4.8%	6.0%	6.4%	5.6%	5.3%	4.6%	4.6%	5.5%	9.5%
Phoenix MSA										
Per Capita Income	28,359	28,683	28,844	29,318	30,892	32,414	34,215	35,010	34,675	N/A

N/A = Data not available at this time.

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

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

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

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

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

Other population and unemployment data - Arizona Department of Commerce ([www.workforce.az.gov](http://www.workforce.az.gov)) and U.S. Bureau of Labor Statistics.

Unemployment statistics for June of the fiscal year.

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

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

**Table XXXI**

<b>Employer</b>	<b>2009</b>			<b>2003</b>		
	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b># of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Peoria Unified School District	3,776	1	10.4%	4,100	1	15.6%
City of Peoria	1,236	2	3.4%	889	3	3.4%
Plaza Del Rio Campus/Freedom Plaza & Care Center	700	3	1.9%	1,129	2	4.3%
Wal-Mart (2 locations)	635	4	1.7%	280	9	1.1%
Fry's Food Stores (4 Locations)	533	5	1.5%	415	4	1.6%
Target (3 Locations)	492	6	1.4%	300	7	1.1%
Immanuel Care Campus	350	7	1.0%	378	5	1.4%
Safeway (4 Locations)	301	8	0.8%	-		0.0%
Larry Miller Dodge/Hyundai	263	9	0.7%	-		0.0%
Good Shepherd Care Center	250	10	0.7%	230	10	0.9%
Antigua	227		0.6%	210	11	0.8%
Albertson's (2 Locations)	210		0.6%	297	8	1.1%
Arizona Training and Evaluation	-		0.0%	310	6	1.2%
<b>Total</b>	<b>10,033</b>		<b>27.6%</b>	<b>8,538</b>		<b>32.5%</b>

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

Source: City of Peoria Economic Development Department

**CITY OF PEORIA, ARIZONA**  
**AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Table XXXII

	Full-time Equivalent Employees as of June 30,									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government										
Mayor & Council	3.50	3.50	4.00	4.00	4.00	5.00	5.00	6.00	6.00	6.00
City Manager	8.04	8.04	10.04	7.50	7.50	8.50	10.50	12.00	13.00	13.00
Communications & PA	-	-	-	6.00	6.00	7.50	11.00	12.50	13.50	9.50
Human Resources	10.00	11.00	12.00	12.00	12.00	13.00	13.00	14.00	17.00	17.00
Attorney	16.44	16.50	18.80	18.71	19.31	20.20	22.70	23.80	26.00	26.00
City Clerk	5.63	5.63	7.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00
Court	10.05	10.05	11.05	10.00	10.00	11.00	13.00	16.00	22.00	22.00
Economic Development	-	-	-	3.00	3.00	3.00	4.00	4.00	5.00	5.00
Budget	5.00	5.00	5.50	5.00	5.00	7.00	7.00	7.00	9.00	8.00
Finance	58.37	65.37	69.87	71.00	71.00	77.00	79.00	82.00	88.00	88.00
Culture & Recreation	156.31	170.59	186.02	99.90	103.78	111.36	109.36	124.39	131.74	142.04
Police	158.00	165.00	182.00	200.00	208.00	226.00	250.00	264.00	286.00	287.00
Fire	98.00	102.50	107.00	112.00	117.00	131.00	134.00	157.00	173.00	170.00
Community Development	51.92	51.92	52.92	46.50	46.50	49.50	50.80	51.80	53.80	49.80
Engineering	21.00	26.00	30.00	31.50	33.00	38.00	43.00	47.00	49.00	45.25
Highways & Streets	32.29	32.29	33.29	35.00	36.00	39.00	40.00	44.00	44.00	43.00
Public Works	48.00	47.50	53.50	52.50	56.50	59.50	61.50	69.00	70.50	69.50
Human Services	9.25	9.25	8.50	9.00	8.00	8.00	8.50	14.50	14.50	14.50
Water Utility	44.52	47.52	54.52	56.52	60.02	67.02	70.02	72.00	75.00	72.75
Wastewater Utility	16.00	16.00	16.00	16.00	17.50	17.50	16.50	19.00	25.00	28.25
Solid Waste Utility	31.00	35.00	35.00	39.00	40.00	40.00	40.00	44.00	47.00	45.00
Information Technology	19.00	20.00	27.00	33.00	33.00	38.00	39.00	43.00	47.00	47.00
Stadium	19.47	19.48	19.48	14.00	13.00	14.00	14.00	16.00	19.00	19.00
<b>Total FTE</b>	<u>821.79</u>	<u>868.14</u>	<u>943.49</u>	<u>889.13</u>	<u>917.11</u>	<u>999.08</u>	<u>1,049.88</u>	<u>1,150.99</u>	<u>1,244.04</u>	<u>1,236.59</u>

Note: Beginning with fiscal year 2003, the City no longer counts part-time seasonal staff in the FTE calculation. Counts do include part-time non-seasonal benefitted employees.

Source: City budget office

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

Table XXXIII

		<b>Building Permits</b>									
		Fiscal Year									
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Commercial											
	Number of Permits	101	74	151	180	190	177	181	244	153	60
	Value	\$ 46,615,999	\$ 35,619,783	\$ 39,366,098	\$ 69,627,621	\$ 47,808,957	\$ 73,892,753	\$ 64,990,575	\$ 121,602,510	\$ 38,162,527	\$ 18,722,347
Residential											
	Number of Dwelling Units	3,654	1,740	1,620	1,525	1,831	2,927	2,421	1,338	963	383
	Value	420,114,645	243,314,533	215,434,384	199,491,258	241,885,416	373,716,048	320,780,556	213,028,399	154,975,128	47,217,878
Other											
	Number of Permits	2,512	2,254	1,970	1,399	2,203	2,000	2,209	2,110	1,825	1,043
	Value	59,939,189	19,001,442	14,482,349	13,399,434	20,138,826	21,512,846	26,532,508	34,196,112	33,948,358	18,535,296
Total Value		<u>\$ 526,669,833</u>	<u>\$ 297,935,758</u>	<u>\$ 269,282,831</u>	<u>\$ 282,518,313</u>	<u>\$ 309,833,199</u>	<u>\$ 469,121,647</u>	<u>\$ 412,303,639</u>	<u>\$ 368,827,021</u>	<u>\$ 227,086,013</u>	<u>\$ 84,475,521</u>

Source: City Community Development Department

		<b>Single Family Housing Sales</b>								
		Calendar Year								
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
New										
	# of Units	2,822	2,279	1,810	1,583	1,395	1,875	2,235	1,360	925
	Average Sale Amount	\$ 158,987	\$ 183,975	\$ 202,365	\$ 215,825	\$ 270,000	\$ 323,190	395,650	350,000	282,885
	Avr price % increase	10.53%	15.72%	10.00%	6.65%	25.10%	19.70%	22.42%	-11.54%	-19.18%
Resale										
	# of Units	2,275	2,850	2,945	3,515	4,575	5,055	2,930	2,415	3,635
	Average Sale Amount	\$ 136,615	\$ 145,844	\$ 153,360	\$ 151,000	\$ 175,000	\$ 250,000	\$ 270,000	\$ 257,830	\$ 210,000
	Avr price % increase	6.67%	6.76%	5.15%	-1.54%	15.89%	42.86%	8.00%	-4.51%	-18.55%

		<b>New Housing Starts</b>								
		Calendar Year								
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City of Peoria		3,227	2,332	2,183	1,974	2,420	3,560	1,654	2,046	1,098
Maricopa County		43,908	43,732	43,826	47,808	58,882	56,139	40,294	35,465	20,605

Note: Information for calendar year.

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

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INSURANCE IN FORCE  
JULY 1, 2008 THROUGH JUNE 30, 2009**

Table XXXIV

<u>Type of Insurance</u>	<u>Annual Renewal Date</u>	<u>Insurance Carrier</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Deductible Amount</u>	<u>Annual Premium</u>
1. <b>Primary Public Liability &amp; Automobile</b> General & auto liability	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual		N/A
Excess liability -Primary	7/1	St. Paul Companies	GP06301403	5 Million per occurrence	SIR above	759,761
Public Entity E & O	7/1	St. Paul Companies	GP06301403	5 Million per occurrence	SIR above	Included with above
Excess liability - 1st level	7/1	RSUI Indemnity Company	NHA040320	20 Million per occurrence	SIR above	70,000
Excess liability - 2nd level	7/1	RSUI Indemnity Company	NHA040320	20 Million per occurrence	SIR above	12,000
Excess liability - 2nd level -Special Events	7/1	Great American Insurance	GLP0000566241704	1,000,000	N/A	14,782
2. <b>Property (Real &amp; Personal)</b> City buildings and contents	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
Automobile & Equipment	N/A	Self-insured	N/A	\$25,000/\$50,000 (1)	N/A	N/A
Excess buildings and contents (see Note)	7/1	Travelers Casualty and Surety	297T228808	267,000,000	SIR above	252,555
Storage Tank 3rd Party liability	1/6	Great American Insurance	BTA557496104	1,000,000	5,000	2,510
3. <b>Boiler &amp; Machinery</b>	7/1	Travelers Casualty and Surety	7733A918BM21	25,000,000	1,000	17,306
4. <b>Workers' Compensation</b>	N/A	State Compensation	N/A	N/A	N/A	N/A
5. <b>Public Employee Bond</b> Blanket employee dishonesty bond	9/22	Hartford Fire Insurance Co.	83BSBDQ8939	100,000	5,000	400
6. <b>Broker Service Fee</b>						38,000
7. <b>Cyber Liability</b>	7/1	Axis Surplus Insurance Co.	ECN636953	1,000,000	SIR above	5,586
8. <b>Identity Theft</b>	7/1	Travelers Casualty and Surety	104968078	10,000	N/A	4,700
9. <b>Multi-media Liability</b>	7/1	Axis Speciality	MCN636980	1 Million per occurrence	5,000	2,350

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

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

Source: City Risk Management and financial records

CITY OF PEORIA, ARIZONA  
PROPERTY INSURANCE SCHEDULE  
JUNE 30, 2009

Table XXXV

---

**Property**

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

Sources - Risk Management records

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

Table XXXVI

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
General Government										
Registered Voters	43,283	48,142	48,142	51,617	52,674	65,998	62,328	63,544	71,051	76,323
Voter Participation (last election)	21.1%	23.3%	23.3%	11.0%	11.0%	33.8%	25.4%	25.4%	60.6%	81.2%
Culture & Recreation										
Recreation Participants	*	61813	67,182	65,725	65,928	69,206	75,145	77,602	119,620	131,372
New Recreation Accounts	*	*	*	4149	4,998	5,492	5,160	4,923	6,692	6,237
Public Safety										
Police										
Calls for Service	38,988	43,009	50,099	56,430	101,951	142,319	102,385	103,921	**62,341	**60,219
Avg Response Time (minutes)	*	*	*	6	5.3	5.7	4.8	5.2	6.0	5.5
Fire										
Number of Incidents	8,276	9,312	9,977	10,268	11,014	11,618	12,445	12,788	13,649	13,361
Avg Response Time (minutes)	4.2	4.5	4.2	4.2	4.3	4.3	4.3	4.4	4.4	4.4
Development Services										
Building Permits Issued	6,267	4,068	3,741	3,104	4,224	5,104	4,811	3,692	2,943	1,486
Value of Building Permits \$M	\$ 526.7	\$ 297.9	\$ 269.3	\$ 282.5	\$ 309.8	\$ 469.1	\$ 412.3	\$ 368.8	\$ 225.5	\$ 84.5
Highways & Streets										
Asphalt Used (in tons)	*	*	*	*	*	6,654	5,035	7,999	8,365	2,441
Centerline Miles Swept	*	*	*	*	*	9,807	8,697	8,496	7,604	7,526
Lane Miles Assessed	*	*	*	*	*	277	218	90	381	423
Public Works										
Number of Vehicle Work Orders	*	*	*	*	4746	5,056	5,920	5,787	5,679	5,917
Human Services										
Number of Dial-a-Ride users	4,925	5,276	5,236	5,478	5,814	6,010	5,147	5,310	5,750	6,174
Number of Annual Trips	35,028	37,296	36,792	32,256	29,382	34,428	42,232	47,244	45,451	43,263
Section 8 Unit Months Available	*	756	864	984	984	984	984	984	984	984
Section 8 Unit Months Leased	*	746	864	897	819	858	773	788	916	846
Business-type Activities										
Water Utility										
Annual Consumption (000's gal)	5,465,333	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450
Average Gallons/Household/Year	171,812	189,944	189,608	180,544	178,850	180,679	194,552	195,840	177,016	175,270
Wastewater Utility										
Wastewater Treated (billion gal)	2.9	3.0	2.7	2.7	3.2	3.4	3.6	3.7	3.6	3.9
Solid Waste Utility										
Residential Tonnage Processed	44,081	52,188	55,081	60,516	64,358	65,950	69,191	71,396	61,290	48,970
Commercial Tonnage Processed	25,016	19,958	22,917	19,642	19,157	18,436	22,943	25,260	20,519	22,856
Recycle Tonnage Processed	410	357	498	600	1,133	1,523	1,690	1,927	11,549	16,084
Stadium										
Spring Training Attendance	190,945	194,462	230,662	169,932	222,927	225,316	200,153	220,357	230,434	211,243
Sporting Rentals Days	*	*	*	*	*	*	*	195	234	246
Non-Sporting Rentals Days	*	*	*	*	*	*	*	54	83	66
Public Housing										
Unit Months Available	*	840	840	840	840	840	840	840	840	840
Number of Unit Months Leased	*	840	840	822	819	828	831	827	812	796

Notes: \* Information is not available for these fiscal years.

\*\* The drop in calls for service reflect a change in what is considered a "call for service". Prior to FY08, calls for service included officer initiated calls. Beginning in FY08, only calls coming into the 911 center are counted as calls for service.

Source: Various City Departments

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

Table XXXVII

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:										
General Government										
Annexed Area (square miles)	144.0	156.0	162.4	162.6	176.2	177.9	177.9	177.9	177.9	177.9
Culture & Recreation										
# of Neighborhood Parks	20	21	22	23	24	24	26	26	26	28
Total Park Acreage	180	195	205	223	233	240	264	264	264	314
Ramadas	46	50	59	60	74	78	87	87	87	87
Basketball Hoops	38	42	42	42	71	74	82	82	82	82
Tennis Courts	17	19	21	21	22	24	25	25	25	24
Volleyball Courts	5	5	8	8	10	10	12	12	12	12
Multi-Purpose Fields	*	*	*	*	12	37	30	31	31	31
Swimming Pools	2	2	2	2	3	3	3	3	3	3
Urban Lakes	0	0	0	0	1	1	1	1	1	1
Skate Parks	0	0	0	0	1	1	1	1	1	1
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	46	52	59	61	80	86	90	101	103	92
Fire										
Stations (full-time / part-time)	4 / 0	5 / 0	5 / 0	5 / 0	5 / 2	5 / 2	6 / 1	7 / 1	7 / 1	7 / 1
Number of Fire Engines	*	*	*	*	8	7	8	9	9	9
Number of Ladder Trucks	*	*	*	*	1	1	1	1	1	2
Highways & Streets										
Streets (miles maintained)	374	396	414	444	471	487	518	537	538	551
Public Works										
Street Lights	11,315	10,008	10,552	11,186	11,829	12,000	12,000	12,737	13,618	13,726
Vehicles in Fleet	*	*	*	*	543	599	621	661	720	683
Human Services										
Dial-a-Ride Buses	9	9	9	9	9	9	9	11	11	11
Business-type Activities										
Water Utility										
Number of Water Accounts	31,810	34,900	36,221	37,664	38,818	42,673	44,221	45,630	46,146	46,902
Storage Capacity (million gal)	16.1	16.1	16.1	22.2	37.3	40.0	40.0	40.0	41.8	42.0
Wastewater Utility										
Number of Wastewater Accounts	34,190	37,321	38,130	39,806	40,984	43,824	45,933	47,831	48,759	49,923
Treatment Capacity (billion gal)	11.4	11.4	11.4	13.4	13.4	14.2	14.2	14.2	25.7	16.3
Solid Waste Utility										
Number of Solid Waste Accounts	32,615	35,320	36,978	38,546	39,747	42,467	44,198	46,309	47,146	48,006
Stadium										
Number of Practice Fields	13	13	13	13	13	13	13	13	13	13
Number of Clubhouses	3	3	3	3	3	3	3	3	3	3
Total Complex Acreage	145	145	145	145	145	145	145	145	145	145
Public Housing										
Number of Public Housing Units	*	70	70	70	70	70	70	70	70	70

Notes: \* Information is not available for these fiscal years.

Source: Various City Departments

