

**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012**

Fund balances - total governmental funds balance sheet		\$ 270,179,254
Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 1,336,993,581	
Less accumulated depreciation	<u>(246,724,974)</u>	1,090,268,607
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred bond issuance costs	2,751,048	
Deferred loss on bond refunding	<u>466,255</u>	3,217,303
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable	284,330,000	
Governmental contracts payable	62,926,249	
Compensated absences	<u>6,314,240</u>	(353,570,489)
Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting		2,340,000
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		4,551,324
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		(3,092,958)
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		524,517
Interest payable on long-term debt is not reported in the governmental funds.		(5,960,577)
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>37,376,818</u>
Net assets of governmental activities - statement of net assets		<u>\$ 1,045,833,799</u>

The accompanying notes are an integral part of the financial statements